

Notice of meeting and agenda

Finance and Resources Committee

10.00am, Thursday 27 August 2015

Dean of Guild Court Room, City Chambers, High Street, Edinburgh

This is a public meeting and members of the public are welcome to attend

Contact

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Tel: 0131 529 4283 / 0131 529 4319



1. Order of business

- 1.1 Including any notices of motion and any other items of business submitted as urgent for consideration at the meeting.

2. Declaration of interests

- 2.1 Members should declare any financial and non-financial interests they have in the items of business for consideration, identifying the relevant agenda item and the nature of their interest.

3. Deputations

- 3.1 Deputation Request from Mappin Consulting in regards to Item 8.4 - Proposed 25 year Lease of the Engine Shed, 19 St Leonard's Lane, Edinburgh – e-mail request (circulated)
- 3.2 Deputation Request from Rivers Centre Public Social Partnership/Carr Gomm in regards to Item 8.4 – Proposed 25 Year Lease of the Engine Shed, 19 St Leonard's Lane, Edinburgh – e-mail request (circulated)

4. Minutes

- 4.1 Minutes of the Meeting of 4 June 2015 (circulated)
- 4.2 Minutes of the Meeting of 3 August 2015 (to follow)

5. Business Bulletin

- 5.1 Finance and Resources Committee Business Bulletin (circulated)

6. Forward Planning

- 6.1 Finance and Resources Committee Key Decisions Forward Plan (circulated)
- 6.2 Finance and Resources Committee Rolling Actions Log (circulated)

7. Executive decisions

- 7.1 CEC Transformation Programme: Progress Update – report by the Chief Operating Officer and Deputy Chief Executive (circulated)
- 7.2 Health and Social Care Integration - Update – report by the Chief Social Work Officer (circulated)
- 7.3 Health and Social Care 2015/16 Revenue Budget – Action Plan Update – report by the Chief Social Work Officer (circulated)

- 7.4 Revenue Monitoring 2014/15 – Outturn Report – report by the Chief Operating Officer and the Deputy Chief Executive (circulated)
- 7.5 Capital Monitoring 2014/15 – Outturn and Receipts – report by the Chief Operating Officer and the Deputy Chief Executive (circulated)
- 7.6 Revenue Monitoring 2015/16 – Month 3 Position - report by the Chief Operating Officer and the Deputy Chief Executive (circulated)
- 7.7 Capital Monitoring 2015/16 – Month 3 Position – report by the Chief Operating Officer and the Deputy Chief Executive (circulated)
- 7.8 Corporate Governance Revenue Budget Monitoring 2015/16 and Capital Investment Programme – Month 2 Position – report by the Chief Operating Officer and the Deputy Chief Executive (circulated)
- 7.9 Budget and Transformation 2016-2019: Approach to Engagement – report by the Chief Operating Officer and the Deputy Chief Executive (circulated)
- 7.10 The City of Edinburgh Council Charitable Trusts – Unaudited Financial Statements 2014/15 – report by the Chief Operating Officer and the Deputy Chief Executive (circulated)
- 7.11 Treasury Management: Annual Report 2014/15 – report by the Chief Operating Officer and the Deputy Chief Executive (circulated)
- 7.12 Scottish Government consultation on the Draft Cyber Resilience Strategy for Scotland - Response – report by the Chief Operating Officer and the Deputy Chief Executive (circulated)
- 7.13 Review of Whistleblowing Arrangements – report by the Chief Operating Officer and the Deputy Chief Executive (circulated)
- 7.14 Governance of Major Projects: Progress Report – report by the Chief Operating Officer and the Deputy Chief Executive (circulated)
- 7.15 Update on Cycling Hub and Closed Road Loop – referral report from the Culture and Sport Committee (circulated)
- 7.16 Specialist Marketing and PR for the Assembly Rooms and Church Hill Theatre – Award of Contract - report by the Deputy Chief Executive and the Chief Operating Officer (circulated)
- 7.17 Extension of Contract for Telecare Technology (Installation, Maintenance and

Responsive Repair) – report by the Acting Director of Services for Communities (circulated)

- 7.18 Contract Award for Homeless Prevention - Domestic Abuse Services – report by the Acting Director of Services for Communities (circulated)
- 7.19 Former Tenants Rent Arrears 2014/15 – report by the Acting Director of Services for Communities (circulated)
- 7.20 Homeless Prevention – Advice and Support: Additional Contracts – report by the Acting Director of Services for Communities (circulated)
- 7.21 Our Power: Tackling Fuel Poverty for Council Tenants – referral report from the Health, Social Care and Housing Committee (circulated)
- 7.22 Invest to Improve, Invest to Grow - Edinburgh Housing Revenue Account Business Plan – referral report from the Health, Social Care and Housing Committee (circulated)
- 7.23 Waiver report for Servicing and Repairs Contract – report by the Chief Social Work Officer (circulated)
- 7.24 Approval for Appointment of Workplace Travel Planning Consultant for Smarter Choices, Smarter Places – report by the Acting Director of Services for Communities (circulated)
- 7.25 Bustracker Operation and Maintenance – report by the Acting Director of Services for Communities (circulated)
- 7.26 Supply of Non-Wheeled Waste and Recycling Containers and Spare Parts – report by the Acting Director of Services for Communities (circulated)
- 7.27 Approval to Grant a Licence to Edinburgh Community Solar Co-operative to Install Solar PV Panels on Council Owned Buildings – report by the Acting Director of Services for Communities (circulated)
- 7.28 Edinburgh Technology Transfer Centre Limited – report by the Executive Director of City Strategy and Economy (circulated)
- 7.29 Property Conservation – Programme Momentum Progress Report – report by the Director of Corporate Governance (circulated)

8. Routine decisions

- 8.1 Summary Report on Property Transactions concluded under Delegated Authority – report Acting Director of Services for Communities (circulated)
- 8.2 Sale of Housing Revenue Account Land – 16 Cleric’s Hill, Gateside, Kirkliston – report by the Acting Director of Services for Communities (circulated)
- 8.3 Proposed Short Term Lease Extension of Victorian Market at Tron Kirk, 122 High Street, Edinburgh – report by the Acting Director of Services for Communities (circulated)
- 8.4 Proposed 25 year Lease of the Engine Shed, 19 St Leonard’s Lane, Edinburgh – report by the Acting Director of Services for Communities (circulated)
- 8.5 Proposed Lease of rooftops for the citywide Smart Meter project – report by the Acting Director of Services for Communities (circulated)
- 8.6 Proposed Sale of Baird House, 12 Newtoft Street, Edinburgh – report by the Acting Director of Services for Communities (circulated)
- 8.7 Proposed new Lease to Daniel Kubiak at 10 West Harbour Road, Granton Edinburgh – report by the Acting Director of Services for Communities (circulated)
- 8.8 Grant of Servitude – Gogar Gateway Interchange Station – Gas Main Diversion – report by the Acting Director of Services for Communities (circulated)

9. Motions

- 9.1 If any

Carol Campbell

Head of Legal, Risk and Compliance

Committee Members

Councillors Rankin (Convener), Bill Cook (Vice-Convener), Brock, Corbett, Dixon, Edie, Godzik, Griffiths, Ricky Henderson, Jackson, McVey, Walker, Whyte, Burns, (ex officio) and Howat (ex officio).

Information about the Finance and Resources Committee

The Finance and Resources Committee consists of 15 Councillors and is appointed by the City of Edinburgh Council. The Finance and Resources Committee usually meets every four weeks.

The Finance and Resources Committee usually meets in the Dean of Guild Court Room in the City Chambers on the High Street in Edinburgh. There is a seated public gallery and the meeting is open to all members of the public.

Further information

If you have any questions about the agenda or meeting arrangements, please contact Veronica MacMillan or Laura Millar, Committee Services, City of Edinburgh Council, Business Centre 2.1, Waverley Court, 4 East Market Street, Edinburgh EH8 8BG, Tel 0131 529 4283 / 0131 529 4319 or e-mail veronica.macmillan@edinburgh.gov.uk / laura.millar2@edinburgh.gov.uk

A copy of the agenda and papers for this meeting will be available for inspection prior to the meeting at the main reception office, City Chambers, High Street, Edinburgh.

The agenda, minutes and public reports for this meeting and all the main Council committees can be viewed online by going to www.edinburgh.gov.uk/meetings

For the remaining items of business likely to be considered in private, see separate agenda.

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If you have any queries regarding this, and, in particular, if you believe that use and/or storage of any particular information would cause, or be likely to cause, substantial damage or distress to any individual, please contact Committee Services on 0131 529 4105 or committee.services@edinburgh.gov.uk .

From: Gary Mappin

Item 3.1

Sent: 12 August 2015 10:26

To: Committee Services

Subject: Request to make a deputation | Resources & Finance Committee, 27th August 2015

City of Edinburgh Council
Legal, Risk and Compliance - Committee Services
2.1 Waverley Court
4 East Market Street
Edinburgh
EH8 8BG

Dear Sirs

Resources & Finance Committee, 27th August 2015
The Engine Shed, 19 St Leonard's Lane, Edinburgh EH8 9SD
Request to make a deputation

I write in relation to the scheduled Resources & Finance Committee due to sit on 27 August, 2015. At the committee a proposal to lease "The Engine Shed," 19 St. Leonard's Lane, Edinburgh EH8 9SD is to be considered. My client's (Holyrood Park Distillery) bid is to be recommended for approval.

I am advised that we are able to request approval to make a deputation at the Committee and I would be grateful if you could put this request forward.

The deputation would involve use of the PowerPoint presentation (if that is possible) and representing the Holyrood Park Distillery would be D. Robertson, R. Carpenter and G. Mappin. We note that any deputation is limited to no more than 10 minutes.

Please advise if you require any further information from me.

I look forward to hearing from you and many thanks in anticipation.

Yours faithfully

Gary Mappin MRTPI | Director

From: Emma Galloway
Sent: 17 August 2015 17:30
To: Veronica Macmillan
Subject: Request for Deputation to Finance and Resources Committee - 27th August

Item 3.2

Dear Veronica,

As per our phone conversation earlier, I am formally writing to request a deputation to the Finance and Resource Committee on 27th August 2015 on behalf of Rivers Centre Public Social Partnership (PSP)/Carr Gomm with regard to their proposal to lease the Engine Shed premises.

The deputation will consist of two partners in the PSP:
Dr Claire Fyvie Head of Service and Consultant Clinical Psychologist the Rivers Centre
+ 1 (TBC)

We are intending to circulate a one-page summary.

I would be grateful if you could acknowledge this request and forward relevant information

Kind Regards

Emma Galloway
Project Manager
Rivers PSP

Item 4.1 - Minutes

Finance and Resources Committee

10.00am, Thursday, 4 June 2015

Present

Councillors Rankin (Convener), Bill Cook (Vice-Convener), Bridgman (substituting for Councillor Brock) Corbett, Dixon, Edie, Godzik, Griffiths, Ricky Henderson, Jackson, McVey, Walker and Whyte.

1. Deputation: Unison - Health and Social Care 2015/16 Budget Action Plan

The Committee agreed to hear a deputation from Kirsten Hey, Murdo McLean and Brian Crozier of Unison.

The main points raised by the deputation were:

- Vacant posts from care and social work staff leaving were not being filled which in reality equated to job cuts on the frontline.
- There was a high turnover rate of care staff both within the Council and the private sector. There was uncertainty about whether exit interviews were conducted with staff that were leaving, as this type of feedback could help to identify the issues that could be addressed to prevent further staff from leaving.
- Private care providers were struggling with high staff turnover rates and were sometimes withdrawing care packages at short notice which led to hospital admissions when no alternative arrangements could be made.
- Budget cuts within Health and Social care had resulted in staff feeling overwhelmed without the correct tools or support to do their increasingly complex jobs.
- There were 6000 hours of unmatched home care with clients on waiting lists for up to a year for critical care which led to hospital admissions.

The Convener thanked the Deputation for their presentation and invited them to remain for the Committee's consideration of the report by the Acting Director of Services for Communities.

2. Health and Social Care 2015/16 Budget Action Plan – report by the Director of Health and Social Care

An update was provided on the budget action plan which was developed to mitigate the Health and Social Care overspend. The report also set out the reasons for the increased need for adult social care together with the approaches taken by Health and Social Care to invest in prevention and in the management of demand.

Decision

- 1) To note the 2015/16 Budget position for Health and Social Care as set out in the report, including: an estimated 2014/15 budget overspend of £5.6 million, the £3 million reduction in the Health and Social Care budget for 2015/16, and the full year effect in 2015/16 of unfunded budget pressures of £16.5 million.
- 2) To note the Director of Health and Social Care's Budget Action Plan, detailed at Appendix 1 of the report, that described the actions that had been taken and in hand to deliver expenditure reductions of £11.560 million by the end of 2015/16.
- 3) To note that the Budget Action Plan sat within a wider strategic work/transformation programme in Health and Social Care that was intended to underpin financial sustainability going forward.
- 4) To note the update from the Chief Executive on corporate support to Health and Social Care, in relation to the remaining funding gap of £5 million, and change and programme management support to assist delivery of the wider Health and Social Care transformation programme and that the Finance and Resources Committee would be provided with a report detailing the results of month 3 monitoring to identify any progress/issues in relation to the £5 million Health and Social Care funding gap.
- 5) To note that the draft external review of Health and Social Care's financial challenges had been received from KPMG only recently and that the recommendations were being considered.
- 6) To refer the report to the Health, Social Care and Housing Committee for information.
- 7) To authorise the Director of Corporate Governance, in consultation with the Convener and Vice-Convener of the Finance and Resources Committee, to extend the contract with KPMG for 3 months for additional work to be carried out on the review of the Health and Social Care Budget, subject to funding being identified for the additional £160,000 costs.
- 8) To agree that the Director of Health and Social Care would meet with KPMG to discuss the proposals contained with the report and future measures in relation to the Health and Social Care Budget.
- 9) To agree that the Director of Health and Social Care would clarify whether exit interviews were carried out with staff who had left Health and Social Care posts and to investigate whether untrained staff had administered drugs to health and social care clients.

Declarations of Interest

Councillors Edie and Ricky Henderson declared financial interests as Chair of the Care Inspectorate and as a non-Executive Director of NHS Lothian, respectively.

(References – Finance and Resources Committee, 19 March 2015 (item 5); report by the Director of Health and Social Care, submitted.)

3. Minutes

Decision

To approve the minute of the Finance and Resources Committee of 13 May 2015 as a correct record.

4. Key Decisions Forward Plan

The Finance and Resources Committee Key Decisions Forward Plan from 4 June 2015 to 27 August 2015 was presented.

Decision

To note the Key Decisions Forward Plan from 4 June 2015 to 27 August 2015.

(Reference – Finance and Resources Committee Key Decisions Forward Plan, 4 June 2015 to 27 August 2015, submitted.)

5. Rolling Actions Log

The Finance and Resources Committee Rolling Actions Log for 29 August 2013 to 13 May 2015 was submitted.

Decision

- 1) To note the Rolling Actions Log.
 - 2) To note that Items 11 (action 2) and 18 were recommended for closure.
- (Reference – Rolling Actions Log, 29 August 2013 to 13 May 2015, submitted.)

6. Edinburgh Integration Joint Board – Integrated Senior Management Structure

Committee approval was sought to progress implementation of a new integrated senior management structure to support the Edinburgh Integration Joint Board (EIJB).

Decision

- 1) To agree the proposed organisational arrangements for the senior management structure reporting to the Chief Officer of the Edinburgh Integration Joint Board (EIJB).
- 2) To approve the arrangements for the joint appointments process for the posts reporting to the Chief Officer.

Declarations of Interest

Councillors Edie and Ricky Henderson declared financial interests as Chair of the Care Inspectorate and as a non-Executive Director of NHS Lothian, respectively.

(References – Finance and Resources, 13 May 2015 (item 9); report by the Health and Social Care, submitted.)

7. Health and Social Care Integration - Update

A progress report on the integration of Council social care services with NHS Lothian health services was presented.

Decision

- 1) To note that comments had been received from Scottish Government on the Integration Scheme.
- 2) To note subject to approval of the minor amendments, the first Integration Joint Board (IJB) meeting could be held on 17 July 2015.
- 3) To note the latest Scottish Government guidance on 'aids and adaptations' including the Housing Revenue Account element.
- 4) To note the Council must review its governance and committee arrangements to ensure the IJB was given its statutory role.
- 5) To note the Council must establish and agree how it would provide business support functions to the IJB, jointly with NHS Lothian.

Declarations of Interest

Councillors Edie and Ricky Henderson declared financial interests as Chair of the Care Inspectorate and as a non-Executive Director of NHS Lothian, respectively.

(References – Health, Social Care and Housing Committee, 21 April 2015 (item 15); report by the Director of Health and Social Care, submitted.)

8. Accounts Commission Review of Treasury Management

Details were provided on the review of Treasury Management in local authorities across Scotland produced by the Accounts Commission.

Decision

- 1) To note the Accounts Commission report and the recommendations contained within the report.
- 2) To note that the reporting of Treasury Management activities would be reviewed.
- 3) To consider how scrutiny of Treasury Management could be improved within the Council and what further support would assist in delivering that scrutiny.
- 4) To refer the report to the Governance Risk and Best Value Committee for their further consideration.

(Reference – report by the Director of Corporate Governance, submitted.)

9. Financial Strategy 2015/16 to 2019/20

Committee were presented with the information on the framework designed to align existing resources to the Council's key priorities as part of the overall strategy to reconcile increasing demands with a reduction in funding.

Decision

To note the Council's financial strategy for the period 2015/16 to 2019/20 and that updates on progress would continue to be reported to the Committee going forward. (References – Finance and Resources Committee, 13 May 2015 (item 11); report by the Director of Corporate Governance, submitted.)

10. Finance Policies – Assurance Statement

The Committee considered a report which set out the results of the review of Council policies. A policy framework had been developed which aimed to strengthen governance arrangements by ensuring that all current policies were consistent and easily accessible.

Decision

To note that the Finance policies detailed in the report had been reviewed and were considered as being current, relevant and fit for purpose.

(References – Governance, Risk and Best Value Committee, 22 May 2014 (item 7); report by the Director of Corporate Governance, submitted.)

11. Review of Corporate Debt Policy

Details were provided on the conclusions of the Corporate Debt Policy Working Group which was convened to examine all non-statutory notice related aspects of the Corporate Debt policy.

Decision

To note the main findings of the Corporate Debt Policy Working Group and that a number of minor changes to the current policy would be submitted to the Corporate Policy and Strategy Committee on 9 June 2015 for approval.

(References – Corporate Policy and Strategy Committee, 30 September 2014 (item 6); report by the Director of Corporate Governance, submitted.)

12. Extension of the Contract for Edinburgh's Christmas and Edinburgh's Hogmanay

An update was provided on the performance of Underbelly Ltd and Unique Events Ltd who were awarded the contract for Edinburgh's Christmas and Edinburgh's Hogmanay. Also contained within the report was research into the positive economic impact the contract has had on the city.

Decision

- 1) To note the performance of the 2013/14 and 2014/15 events.
- 2) To note that the consortium was seeking to identify sponsorship or other additional external income which in turn would improve the financial return from the consortium to the Council.
- 3) To note that the consortium was also in discussions to extend the programmes into other areas of the city.

- 4) To approve the extension of the contract to the consortium of Unique Events and Underbelly Ltd for an initial period of 12 months for 2016/17 at a maximum cost of £1,312,456.
- 5) To note that the Director of Corporate Governance had delegated power to agree the final terms of the extension to the contract and to enter into the extension to the contract.
- 6) To refer the report to the Corporate Policy and Strategy Committee for its information.
- 7) To instruct officers to work with event organisers and relevant bids to extend the 2015/16 Christmas and Hogmanay program in the first instance to include the Grassmarket and Old Town.
- 8) To instruct officials from Corporate Governance and Economic Development to work with the event organisers to secure commercial opportunities designed to increase the Council's financial return on the event in 2015/16 and 2016/17
- 9) To submit a report to the Finance and Resources Committee in August 2015 providing details of policing costs for the event for 2015/16 and 2016/17.
- 10) To make representation to the Scottish Government examining mechanisms for funding towards the Council's contribution to increasing visitor numbers in Edinburgh.

Declaration of Interest

Councillor Whyte declared a non-financial interest as a member of the Scottish Police Authority.

(References – Culture and Sport Committee, 26 May 2015 (item 7); report by the Director of Corporate Governance, submitted.)

13. Edinburgh's Christmas and Edinburgh's Hogmanay Key Performance Indicators 2014/15 – referral report from the Culture and Sport Committee

The Culture and Sport Committee on 26 May 2015 considered an update report other key performance indicators of Edinburgh's Christmas and Edinburgh's Hogmanay for 2014/15. The events were successful and returned a profit share of £28,754 however, the Council had to cover an unbudgeted cost of £107,000 for Police Scotland Services. The report was referred to the Finance and Resources Committee as part of its deliberations on the extension of the Edinburgh's Christmas and Edinburgh's Hogmanay contract with a view to covering unbudgeted costs and limiting financial exposure to the Council.

Decision

To note the report.

Declaration of Interest

Councillor Whyte declared a non-financial interest as a member of the Scottish Police Authority.

(References – Culture and Sport Committee, 26 May 2015 (item 7); report by the Director of Corporate Governance, submitted.)

14. Home Energy Efficiency Programmes for Scotland: Area Based Schemes update

An update was provided on the Home Energy Efficiency Programmes for Scotland: Area Based Scheme (HEEPS:ABS) for Edinburgh. HEEPS:ABS was a Scottish Government programme which specifically targeted areas of fuel poverty by funding owners' contributions to energy efficiency works to their homes.

Decision

- 1) To note the success of the Home Energy Efficiency Programmes for Scotland: Area Based Schemes (HEEPS: ABS) projects to date.
- 2) To note that the Council would continue to access the Energy Saving Trust (EST) framework to deliver HEEPS: ABS projects for the duration of it's lifetime.
- 3) To note that additional resources from the Housing Revenue Account (HRA) would be required to establish a customer relationship team where work was being carried out in mixed tenure areas.
- 4) To refer the report to Health, Social Care and Housing Committee for information.

(References – Health, Social Care and Housing Committee, 17 June 2014 (item 9); report by the Acting Director of Services for Communities, submitted.)

15. Temporary Accommodation Framework - Award of Contract

Approval was sought to award a multi-supplier Framework agreement consisting of two Lots for Temporary Accommodation Bed and Breakfast and Shared House delivery for a term of two years.

Decision

To approve the appointment of the following Providers for two years, with the option to extend for up to a maximum of two years:

- Lot 1 – Dalkeith House, Leamington Guest House, 3A Solutions Ltd, Cameron Guest House Group, Ardblair House, Bainfield House, Shiloh B&B, Newington Guest House for the provision of Bed and Breakfast Temporary Accommodation.
- Lot 2 – Camstone (Scotland) Ltd, Cameron Guest House Group, St Albans Lodge for the provision of Shared House Temporary Accommodation.

Declaration of Interest

Councillor Corbett declared a financial interest as an employee of Shelter Scotland.

(Reference – report by the Acting Director of Services for Communities, submitted.)

16. Extension of Short Term Lets for Homeless Households contract

Committee considered a report which sought approval to extend the existing contract to supply emergency accommodation for homeless households to Easylet Scotland (Ltd) for a further 18 months.

Decision

- 1) To approve the extension of the Easylet Scotland (Ltd) contract for an additional 18 months, in line with the option contained in the current contract.
- 2) To agree to increase the scope of the contract by 23 homes which would give a total of 130 homes.
- 3) To authorise the Acting Director of Services for Communities to agree the final terms of the contract extension and to enter into the contract.

Declaration of Interest

Councillor Corbett declared a financial interest as an employee of Shelter Scotland.

(References – Finance and Resources Committee, 16 January 2014 (item 19); report by the Acting Director of Services for Communities, submitted.)

17. Contract Award for Homeless Prevention – Crisis and Complex Services

Approval was sought to award two contracts for the duration of a pilot to two third sector organisations that currently provided support to people who had complex needs and were homeless or at risk of becoming homeless.

Decision

- 1) To note that overall savings of £245,679 had been achieved which reduced the annual budget expenditure from £1,819,843 to £1,574,164. New services would be implemented from August 2015.
- 2) To note the collaborative work with service providers and other stakeholders carried out to date to achieve a joint approach for the delivery of services for people in housing crisis and people who had complex needs as defined in paragraph 2.5 of the report.
- 3) To approve the award of a contract to Turning Point Scotland to provide visiting housing support to this client group for the duration of an 18 month pilot (with an option to extend for a further six months to allow services to be re-procured). The total annual value of the contract from August 2015 was £262,824.
- 4) To approve the award of a contract to Streetwork UK to provide visiting housing support and a Rough Sleeper Crisis Centre to this client group for the duration of an 18 month pilot (with an option to extend for a further six months to allow services to be re-procured). The total annual value of the contract from August 2015 was £1,311,341.

- 5) To note the review process for the pilot as outlined in section 3.13 and 3.14 of the report.

Declaration of Interest

Councillor Corbett declared a financial interest as an employee of Shelter Scotland.

(References – Health, Social Care and Housing Committee, 28 January 2014 (item 16); report by the Acting Director of Services for Communities, submitted.)

18. Sale of Housing Revenue Account Land – Clovenstone Park

The Committee considered a report which sought approval to sell 1120 square metres of Housing Revenue Account (HRA) land to the Wester Hailes Baptist Church (WHBC),

An application would be made to Scottish Ministers for consent to dispose of this HRA site under Section 12 of the Housing (Scotland) Act 1987.

Decision

- 1) To approve the sale of the site to the Wester Hailes Baptist Church (WHBC) under terms and conditions to be agreed by the Acting Director of Services for Communities and the Head of Legal, Risk and Compliance and subject to approval from Scottish Ministers under Section 12 (5) of the Housing (Scotland) Act 1987.
- 2) To grant authority to the Acting Director of Services for Communities to negotiate a sale price with the applicant which reflected best value to the Housing Revenue Account (HRA).
- 3) To grant authority to the Acting Director of Services for Communities to negotiate and conclude sale of the site.

(Reference – report by the Acting Director of Services for Communities, submitted.)

19. Redhall House and Lawn – Progress Report

An update was provided on the progress of Redhall House and Lawn where legal proceedings against the owner which sought to enforce development obligations had formally commenced

Decision

- 1) To note the progress that had been made in relation to the legal and planning processes.
- 2) To note the protracted period since a petition on Redhall House was first submitted in November 2013 and the gap of more than 5 months between a planning application being submitted on 23 December 2014 and additional information being received so that public consultation could commence on 1 June 2015.
- 3) To instruct officers to seek further assurance from the building owner and/or agent that they understood the need for demonstrable progress to protect a deteriorating building.

- 4) To request a further report was brought back to the Finance and Resources Committee no later than October 2015 or upon determination of the planning application if sooner to report on the progress that had been made.

(References – Finance and Resources Committee, 27 November 2014 (item 12); report by the Acting Director of Services for Communities, submitted).

20. Adoption of the Scotland Excel Framework for Janitorial Products from 5 June 2015 until 28 February 2018 with an option to extend for one further year

Approval was sought to adopt the Framework Contract for the supply and distribution of janitorial products with an estimated value of £4.9 million.

Decision

To approve the adoption of the Scotland Excel led Framework Agreement, for the supply and distribution of Janitorial Products, from 4 June 2015 - 28 February 2018, with an optional 12 month extension. The three suppliers awarded a place on the framework were:

- Alliance Disposables;
- Instock Disposables; and
- Unico.

(Reference – report by the Acting Director of Services for Communities, submitted).

21. Supply and Delivery of Refuse Collection Vehicles

Committee considered a report which sought approval to award 12 contracts for the duration of a pilot to third sector organisations that currently provided support to young people to prevent homelessness.

Decision

To approve the appointment of Dennis Eagle Limited, DAF Trucks Ltd, Heil Europe Ltd and FAUN Zoeller (UK) Ltd. to supply and deliver Refuse Collection Vehicles (RCVs), as listed below:

- 26 Tonne RCV Chassis – Dennis Eagle Limited
- 26 Tonne RCV Body - Dennis Eagle Limited
- 26 Tonne RCV Bin Lift - FAUN Zoeller (UK) Ltd
- 26 Tonne Side-loading RCV Chassis – DAF Trucks Ltd
- 26 Tonne Side-loading Body – Heil Europe Ltd
- 18 Tonne RCV Chassis – Dennis Eagle Limited
- 18 Tonne RCV Body - Dennis Eagle Limited
- 18 Tonne RCV Bin Lift - FAUN Zoeller (UK) Ltd.

(Reference – report by the Acting Director of Services for Communities, submitted).

22. Award of Contract for Flooding Planning Consultancy

Approval was sought to award a contract to Mott MacDonald Ltd for Flood Planning Consultancy.

Decision

To approve the appointment of Mott MacDonald Ltd to provide a Flooding Planning Consultant at a cost of £36,561.38.

(Reference – report by the Acting Director of Services for Communities, submitted).

23. Property Conservation – Programme Momentum Progress Report

An update was provided on the progress of the property conservation programme momentum.

Decision

- 1) To note the management information dashboard reports in Appendix 1 of the report.
- 2) To note the progress in respect of financial recovery.
- 3) To note progress on the new debt recovery arrangement with Morton Fraser and to note that the level of outstanding debt would increase initially as the remaining bills were issued and the billing process drew to a close.

(References – Finance and Resources Committee, 13 May 2015 (item 28); report by the Director of Corporate Governance, submitted.)

24. Appointments to Sub-Committees and Working Groups - 2015/16

Approval was sought to re-appoint the membership of the Finance and Resources sub-committees and working groups for 2015/16.

Decision

- 1) To appoint the membership of the Sub-Committees and Working Groups for 2015/16 as detailed in Appendix 1 to the report.
- 2) To note that the Corporate Debt Policy Working Group had concluded its review of the Corporate Debt Policy and did not require to be reappointed.
- 3) To agree that the Property Sub-Committee would be disbanded.

(References – Finance and Resources Committee, 7 May 2014 (item 13); report by the Head of Legal, Risk and Compliance, submitted.)

25. Proposed New Lease to Highland Care Agency Ltd at 4 Granton Square, Edinburgh

Committee authority was sought to grant a new 10 year lease, to Highland Care Agency Ltd, on the terms set out in the report.

Decision

To approve a lease to Highland Care Agency Ltd from 1 July 2015 to 30 June 2025, on the terms outlined in the report, and on other terms and conditions to be agreed by the Acting Director of Services for Communities.

(Reference – report by the Acting Director of Services for Communities submitted.)

26. Roseburn to Union Canal – Approval for Stage 2 of Consultancy Contract

Approval was sought for the appointment of WSP UK Ltd to undertake Stage 2 of the consultancy contract for the Roseburn to Union Canal study.

Decision

To approve the appointment of WSP UK Ltd to undertake Stage 2 of the consultancy contract for the Roseburn to Union Canal study.

(References – Transport and Environment Committee, 3 June 2015 (item 12); report by the Acting Director of Services for Communities, submitted.)

27. Proposed New 15 year Lease of Tourist Information Centre, Princes Mall, Edinburgh

The Committee were provided with a report seeking approval to grant a new 15 year lease of a newly created Tourist information Centre on the Plaza level of Princes Mall, Edinburgh at a rent of £90,700 per annum.

Decision

To approve a 15 year lease for a new Tourist Information Centre to VisitScotland Limited, on the terms outlined in the report, and on the other terms and conditions to be agreed by the Acting Director of Services for Communities.

(Reference – report by the Acting Director of Services for Communities, submitted.)

28. Resolution to consider in private

Decision

The Committee, under Section 50(A)(4) of the Local Government (Scotland) Act 1973, excluded the public from the meeting for the following items of business on the grounds that they involved the disclosure of exempt information as defined in Paragraphs 6, 8 and 9 of Schedule 7(A) of the Act.

29. Property Conservation – Irrecoverable Sums; Debt Recovery and Settlements

An update was provided on irrecoverable sums approved under delegated authority and approval sought for irrecoverable sums in excess of £100,000 per project.

Decision

- 1) To note the irrecoverable sums of less than £50,000 authorised under delegated authority in Appendix 1 of the report.

- 2) To note the irrecoverable sums of between £50,000 and £100,000 authorised under delegated authority in Appendix 2 of the report.
- 3) To authorise the irrecoverable sums in excess of £100,000 per project as set out in Appendix 3 of the report.
- 4) To note the settlement sums authorised to complainants and other affected owners under delegated authority in Appendix 4 of the report.
- 5) To note the provision for impairments and settlements in Appendix 5 of the report.

(References – Finance and Resources Committee, 13 May 2015 (item 36); report by the Director of Corporate Governance, submitted.)

30. ICT Procurement Project – Capital Funding

Details were provided on the risks of an injection of public capital into the ICT Procurement project funded by borrowing in line with the Council's approved Treasury Management Strategy.

Decision

To approve the recommendations by the Director of Corporate Governance, detailed in the confidential schedule, signed by the Convener, with reference to this minute.

(Reference – report by the Director of Corporate Governance, submitted.)

31. 21st Century Homes – Award of Contract for Leith Fort Housing Development

Approval was sought to enter into contracts with CCG (Scotland) Ltd ("CCG") for the design and build of 32 Council homes and associated infrastructure at Leith Fort.

Decision

- 1) To authorise the Acting Director of Services for Communities to enter into two contracts with CCG for Council housing of £3,032,274 and infrastructure of £2,805,828.
- 2) To designate the Acting Director of Services for Communities (or alternative officer designated by him in writing) as the proper officer to execute the contracts, in each case subject to such amendments as the proper officer deemed appropriate and any other associated documents.
- 3) To note that Port of Leith Housing Association (POLHA) had agreed to enter into a contract with CCG for £5,680,718 in respect of housing and would contribute £2,051,416 to the Council for shared costs.

(References – Finance and Resources Committee, 19 November 2013 (item 17); report by the Acting Director of Services for Communities, submitted.)

32. Fountainbridge – Transfer of land to the EDI Group Limited

The Committee were presented with a report that sought approval to sell the surplus development land at Fountainbridge to EDI on the main terms contained within the

report. Also outlined was the process through which receipts for the land would be recouped by the Council.

Decision

- 1) To approve the transfer of the land to EDI in accordance with the terms set out in the report and on such other terms and conditions to be agreed by the Acting Director of Services for Communities.
- 2) To note, with approval, the award to EDI at the Scottish Property Awards 2015 for excellence in master-planning at Fountainbridge, built upon the quality of community engagement; and in that light, recognised the aspiration of the local community to have a permanent physical presence on the development site consistent with the master-plan and the place-making principles cited at paragraph 4.1 of the report.

Declaration of Interest

Councillor Whyte declared a non-financial interest pending confirmation of nomination to the EDI Board.

(References – Health, Social Care and Housing Committee, 21 April 2015 (item 6); report by the Acting Director of Services for Communities, submitted.)



Item 5.1 - Business bulletin

Finance and Resources Committee

10.00am, Thursday 27 August 2015

Dean of Guild Court Room, City Chambers, High Street, Edinburgh

Finance and Resources Committee

Convener:	Members:	Contact:
<p>Convener Cllr Alasdair Rankin</p>  <p>Vice – Convener Cllr Bill Cook</p> 	<ul style="list-style-type: none"> ▪ Cllr Adam McVey ▪ Cllr David Walker ▪ Cllr Denis Dixon ▪ Cllr Paul Edie ▪ Cllr Gavin Corbett ▪ Cllr Iain Whyte ▪ Cllr Joan Griffiths ▪ Cllr Ricky Henderson ▪ Cllr Paul Godzik ▪ Cllr Allan Jackson ▪ Cllr Andrew Burns (ex officio) ▪ Cllr Sandy Howat (ex officio) 	<p>Veronica Macmillan Committee Officer Tel: 0131 529 4283</p> <p>Linda Fraser Professional Support Manager Tel: 0131 469 3928</p>

Recent news	Background
<p>On 4 June, the Chancellor of the Exchequer announced a requirement for an additional £3 billion of UK-wide savings, effective from 2015/16, to be identified as part of a longer-term strategy to eliminate the underlying structural deficit by 2018/19. An element of this change triggered corresponding adjustments to the level of funding provided to Scotland, with these Barnett Consequentials amounting to a £67m reduction in available capital resources and £47m in revenue. As of the time of writing, a decision on the proportion of this sum (if any) to be allocated to local government, and by extension the Council, remains to be confirmed.</p> <p>The Chancellor furthermore advised as part of the UK Spending Review announcement on 7 July that £12 billion of reductions in the level of welfare benefits to be paid relative to previous spending plans would be progressed in 2016/17. As an essentially reserved i.e. non-devolved area, application of this saving, in isolation, will mitigate the overall real-terms</p>	<p>Contact: Hugh Dunn, Head of Finance, hugh.dunn@edinburgh.gov.uk</p>

level of reduction to be applied to the Scottish Block as fewer savings will need to be found elsewhere. Given the Scottish Government's on-going emphasis on mitigating the impact of UK-wide welfare reforms, however, newly-acquired flexibility in these areas may result in additional spending commitments being introduced and, as such, it is too early to speculate on the longer-term overall impact of these funding changes.

The Chancellor also announced changes to the level of the national minimum wage, with the current rate of £6.50 per hour increasing to £7.20 from April 2016 and progressively rising to £9 by April 2020. Subject to confirmation of the precise phasing of this increase, the Council's previous full adoption of the Living Wage means that any direct financial impact will be limited. Of greater potential significance, however, is the impact on externally-provided services, particularly social care, and modelling work is progressing to assess how future increases may affect expenditure in these areas.

The UK Government has in addition announced its intention to release on 25 November details of the level of the Scottish Block up until 2019/20. Following confirmation of its allocation of available funding across the main sectors of health, central and local government, it is hoped that the Scottish Government will then be able to confirm by mid-December authority-specific allocations for, at the very least, 2016/17. The implications of these announcements will be reported to the Committee as relevant details become available.

Forthcoming activities

Item 6.1 - Key decisions forward plan

Finance and Resources Committee

[27 August – 24 September 2015]

Item	Key decisions	Expected date of decision	Wards affected	Director and lead officer	Coalition pledges and Council outcomes
1.	Managing Workforce Change Policy and Pay Transition Policy	24 September 2015		Director: Alastair Maclean, Director of Corporate Governance Lead Officer: Martin Glover , Interim Head of Organisational Development	
2.	Review of Contract procedures Relating to the Council ICT Procurement Process – progress report	24 September 2015		Director: Alastair Maclean, Director of Corporate Governance Lead Officer: Danny Gallacher , Head of Customer Services	
3.	Common Good Annual performance 2014/15	24 September 2015		Director: Alastair Maclean, Director of Corporate Governance Lead Officer: Hugh Dunn , Head of	

Item	Key decisions	Expected date of decision	Wards affected	Director and lead officer	Coalition pledges and Council outcomes
				Finance	
4.	Review of Payment Terms for Council Suppliers and Contractors	24 September 2015		Director: Alastair Maclean, Director of Corporate Governance Lead Officer: Danny Gallacher , Head of Customer Services	
5.	Replacement of Oxfangs YPC	24 September 2015		Director: Gillian Tee, Director of Children and Families Lead Officer: Alistair Gaw , Head of Support to Children & Young People	
6.	Liberton Games Hall Extension	24 September 2015		Director: Gillian Tee, Director of Children and Families Lead Officer: Billy MacIntyre , Head of Resources	
7.	Community and Accessible Transport - Organisational and Contractual Change	24 September 2015		Director: John Bury, Acting Director of Services for Communities Lead Officer: Frank Henderson,	

Item	Key decisions	Expected date of decision	Wards affected	Director and lead officer	Coalition pledges and Council outcomes
8.	Replacement of the Salvesen Steps on the River Almond	24 September 2015		Director: John Bury, Acting Director of Services for Communities Lead Officer: David Jamieson	

Item 6.2 - Rolling Actions Log

Finance and Resources Committee

29 August 2013 – 4 June 2015

1	29-08-13	People's Network Public Internet Access	To request further exploration of opportunities to extend the accessibility of the service in venues in addition to libraries.	Director of Services for Communities	May 2015		
2	05-06-14	Property Conservation - Complaints Resolution	1) To repeal the Committee decisions of 31 October 2013 and 3 February 2014.	Director of Corporate Governance	Ongoing		Ongoing
			2) To instruct the Chief Executive to report back to the Finance and Resources Committee by the end of September 2014, setting out how various complaints were categorised, and in relation to debt recovery, an aged debt analysis and breakdown by value,				Monthly reports were brought to F+R Committee that contain this information - ongoing

			and by the end of December 2014, setting out what (if any) complaints remained unresolved.				
			3) To agree that monthly update reports would be brought to the F+R Committee.				Ongoing
3	30-07-14	Cost of Care at Home	To request that progress reports were brought to the Finance and Resources Committee in December 2014 and March 2015.	Director of Health and Social Care	Ongoing		Report would be brought to the F+R Committee on 13 May 2015 – ongoing.
4	30-07-14	Waiver Report - Clothing Voucher Scheme	To request a report was brought to the next meeting of the Finance and Resources Committee detailing the management process for dealing with contracts.	Director of Children and Families	28-08-14		
5	30-09-14	2015/18 Revenue and Capital Budget Framework	1) To instruct the Chief Executive to bring a business plan for each theme to Finance and Resources in December 2014, to include all financial due diligence including: risk register,	Chief Executive/ Director of Corporate Governance	15-01-15		Report was brought to the F+R Committee 15 January 2015. Further reports would be brought to the F+R Committee

			people plan, savings analysis underpinned by robust management information.				19 March and 13 May 2015 – ongoing.
			2) To agree that each quarterly assessment, of a three year budget framework, was both monitored and subsequently verified by the Finance and Resources Committee against delivery of each theme.	Chief Executive/ Director of Corporate Governance	Ongoing		Report to be brought to F+R Committee of 3 February 2015 - ongoing
6	30-10-14	Revenue Monitoring 2014-15 Half-Year Position	1) To instruct the Director of Health and Social Care to identify proposed measures to bring expenditure back into line with approved levels and report these at period 8.	Director of Health and Social Care/Director of Corporate Governance			Ongoing
7		Revenue Monitoring 2014-15 Half-Year Position	2) In relation to all other debts owed to the Council to establish an Officer/Member Working Group with a remit to review the Corporate Debt Policy and report to the Finance and		15-01-15	04-06-15	Findings of the Working Group would be reported back to the F+R Committee on 4 June 2015 – closed.

			<p>Resources Committee in January 2015, to allow any recommendations to be considered as part of budgetary process. Membership would comprise of the Convener and Vice Convener of the Committee, one member from each political group represented on the Committee and two officers nominated by the Head of Finance. Substitutes may be appointed from the same political group. The Vice-Convener would be the chair of the working group. Meetings would be clerked and minuted by Committee Services, who will also track the Working Group's actions/delivery. A schedule of meetings would be agreed at the</p>				
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			first meeting.				
8		Rolling Actions Log Finance and Resources Committee	To circulate the briefing on Zero Contract Hours previously received by the Convener to members of the Finance and Resources Committee.				A briefing was circulated to members on 22 January 2015. The Convener and Vice Convener would decide if a report was required to come to a future meeting of the F+R Committee. A report would be brought the F+R Committee on 24 September 2015 – ongoing.
9	15-01-15	Governance of Major Projects	1) The Director of Corporate Governance would pursue progress with senior officers at BT regarding the Learning and Teaching Refresh (bandwidth upgrades).	Director of Corporate Governance	As soon as possible		
			2) An update would be		03-02-15	19-03-15	A briefing note

			<p>provided to the Finance and Resources Committee on 3 February 2015 regarding progress on the Water of Leith, Flood Prevention Scheme Phase 2.</p> <p>3) To include a reference to Phase 2 of the Niddrie Burn Restoration in future reports to the Finance and Resources Committee.</p>				would be circulated to members and a report would be brought to the F+R Committee on 19 March 2015 – ongoing.
10	15-01-15	Transport Marshalls – Request for Contract Extension	To request a report detailing management information for contracts and the process which they are controlled was brought to the Finance and Resources Committee in May 2015.	Acting Director of Services for Communities	13-05-15		Report to be brought to the F+R Committee on 13 May 2015 – ongoing
11	15-01-15	Surplus Council Property Assets - referral from	To request a briefing was circulated to members of the Finance and	Acting Director of Services for	As soon as possible		

		Economy	Resources Committee containing further information on the access strip at Whitehill.	Communities			
12	03-02-15	External Funding Initiative - Spend to Save Programme	<ol style="list-style-type: none"> 1) The Head of Finance to liaise with Economic Development to ensure that the fundraising money was classified as additional income. 2) Economic Development to confirm if the progress of the activities described in 3.11(f) of the report would be reported back to the Finance and Resources Committee. 	Director of Economic Development/ Head of Finance	As soon as possible		Closed
13	04-06-15	Health and Social Care Budget – Further Progress Report	<ol style="list-style-type: none"> 1) To note the update from the Chief Executive in Corporate support to Health and Social Care, in relation to the remaining 	Director of Health and Social Care	As soon as possible		

			<p>funding gap of £5 million, and change and programme management support to assist delivery of the wider Health and Social Care Transformation Programme, and to agree that the Committee would be provided with a report detailing the results of month 3 monitoring to identify any progress/issues in relation to the £5 million Health and Social Care funding gap.</p> <p>2) To authorise the Director of Corporate Governance, in consultation with the Convener and Vice Convener of the Finance and</p>				
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			<p>Resources Committee to extend the contract with KPMG for 3 months for additional work to be done on the review of the Health and Social Care budget, subject to funding being identified for the additional £166,000 costs.</p> <p>3) To agree that the Director of Health and Social Care meets with KPMG to discuss the proposals contained within the report and future measures.</p> <p>4) To agree that the Director of Health and Social Care would clarify whether exit interviews were carried out with staff that has left Health</p>				
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			and Social Care posts.				
14	04-06-15	Accounts Commission Review of Treasury Management	The Head of Finance to arrange a seminar for members ahead of the next treasury report being considered at Committee outlining information needed to allow members to fully scrutinise Treasury Management.	Director of Corporate Governance	As soon as possible		
15	04-06-15	Edinburgh's Christmas and Hogmanay Extension to Consortiums Contract	<ol style="list-style-type: none"> 1) To instruct officers to work with event organisers and relevant bids to extend the 2015/16 Christmas and Hogmanay program in the first instance to include the Grassmarket and Old Town. 2) To instruct officers from Corporate Governance and Economic Development to work with the vent organisers to secure commercial 	Director of Corporate Governance	27-08-15		

			<p>opportunities designed to increase the Council's financial return on the event in 2015/16 and 2016/17.</p> <p>3) To submit a report to the Finance and Resources Committee in August 2015 providing details of policing costs for the event for 2015/16 and 2016/17.</p> <p>4) To make a representation to the Scottish Government to examine mechanisms for funding towards the Council's contribution to increasing visitor numbers in Edinburgh.</p>				
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16	04-06-15	Home Energy Efficiency Programmes for Scotland	To provide a briefing note on how the impact of home energy efficiency programmes compared to scale with challenges of fuel poverty and carbon reduction that would be circulated to members.	Acting Director of Services for Communities	As soon as possible	30-06-15	
17	04-06-15	Redhall House and Lawn Progress Report	1) To instruct officers to seek further assurance from the building owner and/or agent, due to the protracted period since a petition on Redhall House was first submitted in November 2013, and the gap of more than 5 months between a planning was submitted on 23 December 2014 and additional information being received so that public consultation could commence on 1 June 2015, that	Acting Director of Services for Communities			

			<p>they understood the need for demonstrable progress to protect a deteriorating building.</p> <p>2) To agree that a further report would be brought to the Finance and Resources Committee no later than October 2015 or upon determinations of the planning application if sooner.</p>				
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Finance and Resources Committee

10.00am, Thursday, 27 August 2015

CEC Transformation Programme: Progress Update

Item number	7.1
Report number	
Executive/routine	
Wards	

Executive summary

This report provides the Finance and Resources Committee with a single, consolidated status update on the Council Transformation Programme, aimed at delivering a lean and agile Council, centred on customers, services and communities. The progress update highlights key challenges and the associated mitigations to simplify the reporting, management information and implementation of the plan.

Links

[Coalition pledges](#)
[Council outcomes](#)
[Single Outcome Agreement](#)

CEC Transformation Programme: Progress Update

Recommendations

- 1.1 Note the accelerated programme plan and savings profile for the core Transformation plan, as set out in Appendix 1.
- 1.2 Note that stop/reduce and service prioritisation proposals will now be integrated within the core programme in order to create one cohesive cost reduction and Transformation Programme, which will be designed to align with the Councils strategic planning framework and simplify the execution of the plan.
- 1.3 Note the alignment of the Health and Social Care Integration work with the Transformation Programme to ensure savings in both support and front line service provision are maximised and operational efficiencies are achieved.
- 1.4 Note the revised governance arrangements as set out from paragraph 3.18 and approve that future bi-monthly reporting will be through a single committee the Finance and Resources Committee.
- 1.5 Note that the Asset Management Strategy business case has been finalised and this will be presented to this Committee on 24 September 2015.
- 1.6 Note the progress across the programme as set out in the workstream updates and the Activity Analysis Report attached as Appendix 2.

Background

- 2.1 The Council continues to operate in a challenging environment with increases in demand for services within ongoing financial constraints. In response, the Council has developed a Transformation Programme aimed at building a lean and agile organisation. Centred on customers, services and communities.
- 2.2 On 25 June 2015, Council approved a report on the Transformation Programme which set out the future operating model for the Council. This report highlights the key challenges to the programme and mitigating actions to continue to progress implementation.
- 2.3 This report also provides an update on progress since made then, including status reports on the following workstreams:
 - Citizens and Localities Services (CLS);
 - Business and Support Services (BSS);

- Third Party Payments;
- Channel Shift;
- Asset Management Strategy; and
- Workforce Strategy and Management.

Main report

Programme Update – Key Challenges and Proposed changes

- 3.1 A significant portion of transformation savings are associated with management de-layering and the implementation of the new operating model. Since the meeting of Council, good progress has been made, however the programme has a number of key challenges which are constraining delivery and these must be addressed in order to accelerate and simplify the implementation of the plan.
- 3.2 In view of the above there is an urgent and pressing need to take the following actions:
- 3.2.1 Acceleration of the Core Transformation Programme;
- 3.2.2 Integration of the stop/reduce and service prioritisation activity into the core Transformation Programme creating one cost reduction plan which is guided by the Councils agreed strategic priorities and simpler to execute;
- 3.2.3 Alignment and integration of the Health and Social Care Integration plans with the work within the Citizens and Localities workstream to ensure operational efficiencies are maximised;
- 3.2.4 Immediately simplify the Programme governance arrangements.

Core Programme Acceleration

- 3.3 The five year period originally set out in the business cases approved by Council in January 2015 is widely considered to be too slow, and likely to create uncertainty over a longer period of time than is necessary. The revised programme plan with key milestones is attached at Appendix 1; programming from quarter 1 of 2015/16 to quarter 1 of 2016/17 and also separately laying out a high level accelerated 3 year plan. The programme plan for 2015/16 is now targeting to complete the tier 4 - 6 levels in the structure on a functional/cluster bases rather than on a tier by tier basis for both the CLS and BSS workstreams.
- 3.4 An initial analysis of accelerating the plan highlights an improved savings profile associated with management de-layering within CLS and BSS, as savings will be realised more quickly than first assumed.
- 3.5 Other savings which are projected for the later years 4 and 5 (2018/19 and 2019/20) include £2.7 million for Channel Shift and £4 million of assumed savings within the CLS workstream associated with demand reduction through

prevention measures, will be re-programmed once there is sufficient visibility of the detail around these savings.

- 3.6 Further work is now underway to update the project business cases to profile accelerated savings and further opportunities for additional savings are being investigated.
- 3.7 It should be noted that this acceleration of the programme will not mitigate against the immediate need to bring forward additional stop/reduce and service prioritisation proposals. The current unresolved pressures in Corporate Property and Health and Social Care will mean that, even with an accelerated core programme, a significant gap will remain and additional service prioritisation proposals will be essential to deliver the financial targets set out by the Head of Finance and agreed by the Council.

Service Prioritisation (Stop/Reduce Proposals)

- 3.8 £51 million of savings are being targeted through service prioritisation over the next 4 years. In order both to provide an element of flexibility in the management of risks and pressures and to allow for a degree of political prioritisation, Directors were asked to develop proposals, capable of full implementation by April 2016, to a total value of at least £34 million.
- 3.9 A more consolidated approach needs to be progressed and it is been agreed that all service prioritisation proposals should be brought into the Transformation Programme, requiring the integration of the two programmes. This will now ensure that savings are realistic, deliverable, in line with transformation objectives and are not double counted.
- 3.10 However more strategic service prioritisation options will need to be considered if the funding gap is to be bridged. Corporate Leadership Group (CLG) is developing a set of strategic principles which will clearly define where service prioritisation should focus on going forward enabling the integrated programme to drive forward proposals which are truly stop or reduce in their nature and not a continued slicing of Directorate budgets which will not achieve the overall savings required.
- 3.11 The Council will be required to look at areas such as non-statutory spend, delivery by others, ineffective spend where outcomes are poor in relation to the Councils strategic objectives.
- 3.12 The Corporate Leadership Group have begun work to progress the integration of these elements into one cost reduction plan and a revised plan will be produced to be considered as part of the Council budget process and will be brought back to the Committee for approval.

Health and Social Care Integration

- 3.13 There are significant risks surrounding the Health and Social Care Integration Programme. Currently, the governance for the two programmes is managed

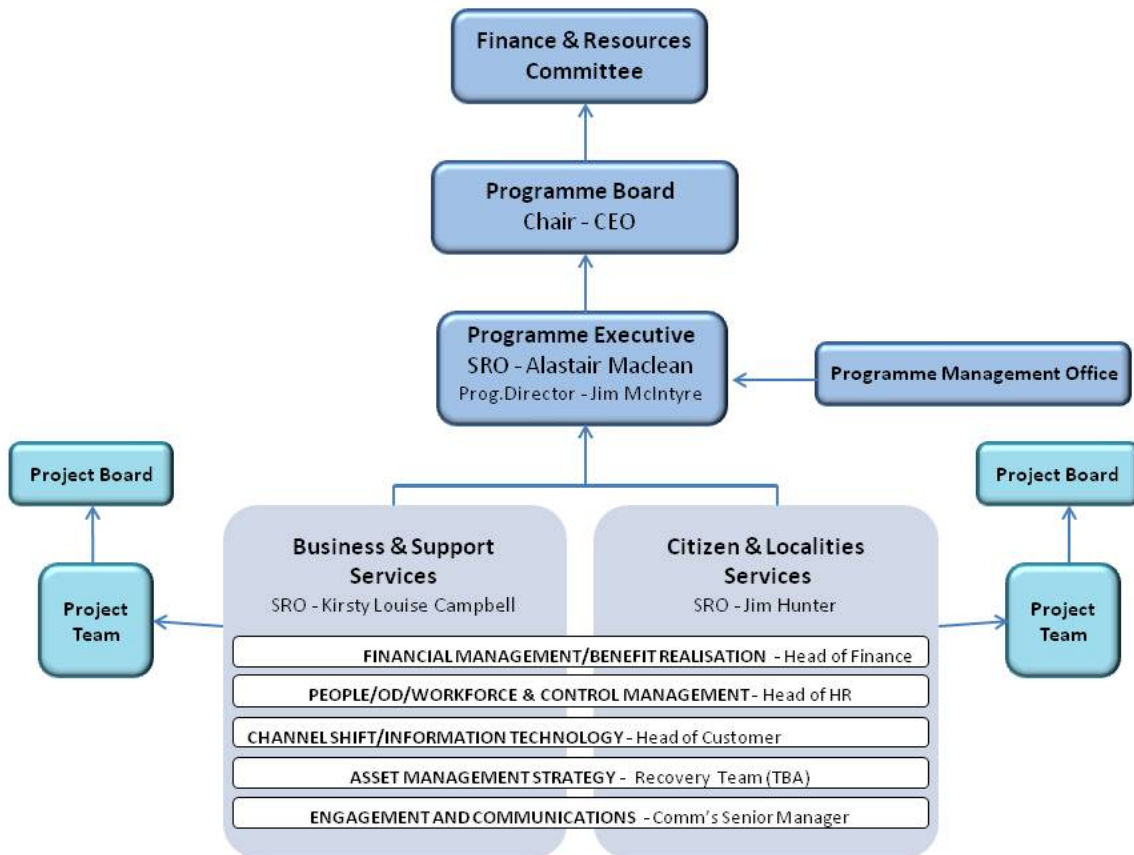
through two separate routes with no agreed financial parameters or cost reduction plans.

- 3.14 There are significant dependencies between the two programmes, particularly in relation to the development of the localities model, the success of which depends on strong integration of services. The current arrangements do not allow for sufficient integration between the two.
- 3.15 Moving forward, it has been agreed to build stronger links between the programmes and a formal relationship will be developed between the Health & Social Care Integration Programme and the CLS workstream. This will enable the coordination of planning, resource and key budget decisions between the two programmes.
- 3.16 Accordingly a report titled 'Delivering the Health and Social Care Locality Model' was made to the Joint Integration Leadership Group on 28 July 2015. This report updated the Joint Leadership Group on work to progress the delivery of a Health and Social Care locality model of working, undertaken in partnership with the Citizens and Localities team (of the Council Transformation Programme). It also sought approval to progress work jointly across a number of key issues identified in the report, in order to enable key operational arrangements to 'go live' by April 2016. The Group (chaired by Councillor Burns) agreed the proposed approach and to progressing the 'next steps' in the report jointly to deliver locality operating model arrangements and structure by April 2016.

Governance Arrangements

- 3.17 The governance arrangements for the programme are currently complex and time consuming. Reports are required by the dedicated Transformation Board, CLG, Finance and Resources Committee, Corporate Policy and Strategy Committee, Governance, Risk and Best Value Committee, the Checkpoint Group and the Budget Core Group. These arrangements need to be streamlined to ensure swift and effective decision making and to allow the programme team to focus on delivery.
- 3.18 Moving forward, it is suggested that governance needs to be streamlined in order to ensure that decisions can be made quickly and effectively. The Transformation Programme Board is to be dissolved and replaced by a dedicated 2 hour monthly meeting of the CLG focused solely on the Transformation and chaired by the CEO. It is also suggested that the main political oversight for the Programme comes through bi-monthly reports submitted to the Finance and Resources Committee and that the current arrangements of also reporting on a quarterly basis to the Corporate Policy and Strategy Committee cease.

The overall governance arrangements moving forward are outlined in the diagram below:



Programme - Workstream Status Updates

Citizens and Localities

- 3.19 The Citizens and Localities Services Project is progressing development of the organisational structure and operating model agreed by Council on 25 June 2015.
- 3.20 Design of the senior management structure (tiers 1 and 2) is complete and consultation with trade unions and relevant staff is in process in accordance with the Council's agreed policies and procedures. Tier 3 design is almost complete and consultation will begin by early September. Appointments to this structure are scheduled to be complete by the end of November 2015. The design and implementation of management structures at tiers 4 and below is being taken forward on a phased basis, with the structure fully designed by December 2015 with implementation as soon as possible thereafter.
- 3.21 The localities operating model is also being developed. This sets out the overarching service approach, principles and governance frameworks that support the locality model, as well as defining the priorities, demand profile and resourcing at locality level. It is intended to pilot the new localities operating

model from December 2015, including testing with Community Planning Partners, ahead of wider implementation in April 2016. A detailed Implementation Plan and Project Plan are now finalised to ensure clear actions are owned to progress this work within the desired timescales.

3.22 In addition, actions are underway to redesign key processes, and realise associated improvements to the customer experience, as set out in the agreed business case. These actions include the analysis of case studies, customer journey mapping and the development of project opportunities emerging from the activity analysis and other initiatives. Delivery of these actions will be undertaken through ongoing engagement with staff and partners to actively manage the change process.

3.23 The summary report on the findings of the activity analysis is attached as Appendix 2.

Business and Support Services

3.24 The BSS project has continued to progress well and the focus has been on two main areas:

- Completion of Phase 1 – the current state assessment and high level design phase.
- Commencement of phase 2 – the detailed design and consolidation phase.

3.25 The activity analysis has been completed and the current state assessment report has been finalised and communicated to Union representatives and Council staff. Concurrently the information/data collected during the review is being used to support the ongoing delivery of the project. This includes refining the project scope, incorporation of improvement opportunities into the future service structures and delivery plan, as well as refining the savings profile and updating the business case to reflect the greater depth of information that is now available. The summary report on the findings of the activity analysis is attached as Appendix 2.

3.26 High level design of the senior management structures (tiers 1 and 2) is complete and consultation with trade unions and staff is underway in accordance with the Council's agreed policies and procedures. Tier 3 design is almost complete and consultation will begin by early September. Appointments to this structure are scheduled to be complete by the end of November 2015.

3.27 The BSS project implementation plan for the consolidation phase has been updated to align with the appropriate HR processes and timescales and builds in delivery of potential service prioritisation initiatives identified by Finance.

3.28 Implementation of the first consolidation phase of the project will continue to be in a staged approach, aligning to the approved tier 2 and future tier 3 structures. It will be delivered in the following four waves from July to December 2015:

1. Strategy, BI and Performance and Communication/Marketing
2. HR, Commercial and Democratic Services
3. Finance, Risk, Legal and Digital/ICT
4. Customer Services and Business Support

Third Party Payments

- 3.29 The Payments to Third Parties workstream continues to progress, with new co-produced grant programmes on schedule for implementation by April 2016 (with the exception of the Cultural Grant Programme, which was reported to the Culture and Leisure Committee on 18 August 2015 and will be implemented in 2016/17).
- 3.30 Work is also being progressed on a contract renewal schedule and associated savings to ensure visibility and achievement of workstream reduction targets.
- 3.31 The Council-wide project team for Payments to Third Parties, which oversees and ensures the coordination of new grant and contract programmes, is also undertaking work to ensure alignment with the emerging service prioritisation proposals, and the development of the localities model through Citizens and Localities Services workstream.

Asset Management Strategy

- 3.32 The business case for Asset Management Strategy (AMS) in relation to the Investment Portfolio; Estate Rationalisation; and Asset and Service Delivery Optimisation provides financial projections over a 10 year period and concludes that despite existing savings initiatives, property expenditure is likely to exceed the Affordability Baseline by a total of £124M throughout the 10 year period unless radical steps are taken to reconfigure the existing Council estate and fundamentally change the way asset and facilities management is delivered by the Council.
- 3.33 The business case has been finalised and will be presented to the Finance and Resources Committee at the end of September. In parallel with the development of the business case plans to establish a business recovery team to support the existing corporate property function have been developed and these will also be presented in September.

Channel Shift

- 3.34 The Channel Shift project aims to reduce the cost of delivery of a wide range of Council services by shifting the channel used for customer contact to the most efficient and appropriate and developing end to end process automation where possible.
- 3.35 This is based on a transaction-by-transaction change and has already seen significant benefits in delivering channel shift. To date, over 40,500 citizens have

registered for a Mygovscot account and over 2,500 transactions are carried out each week with citizens viewing their accounts over 25,000 times a week (figures based on June 2015).

- 3.36 The Channel Shift project has already delivered £355,000 of savings through a reduction of 17 FTE posts in 2015/16. This represents 100% of the Channel Shift savings which were assumed in the 2015/16 budget.
- 3.37 Work is being carried out to prepare for collaboration with the Council's new ICT provider (when appointed) to develop more online, end to end transactions to add to the 37 already live and accessible through our responsive website, on any device.
- 3.38 Strategies are in development to provide a basis on which to enable all channels to deliver a standardised level of customer service across the Council. This will include direct assistance to both staff and citizens in localities to deal with enquiries in the most appropriate and efficient way possible, centred around the needs of the citizen.

Workforce Strategy and Management

- 3.39 Committee previously agreed that proposals on a revised Voluntary Service Scheme would be subject to consultation with unions. The proposals have now been consulted upon and a further report on the outcome will be presented to Committee in September.
- 3.40 Senior leadership 'learning sets' have been launched and delivery scheduled for early September 2016 remains on track. These sets will assist senior leadership in managing the culture changes that will need to take place to ensure that the Transformation Programme can achieve its aims.
- 3.41 It will be crucial to ensure we track our progress as we create the engagement levels, climate and conditions needed for change and transformation to happen. Therefore an initial exercise to capture insight and data at the start of the change process was undertaken and progress will be tracked on a four-monthly basis. Our baseline has now been established and initial survey feedback indicated that staff understand the need for change and feel committed to helping the Council deliver the changes but don't have confidence in our ability to achieve it and don't feel that change is being managed well. The Corporate Leadership Group (CLG) has set ambitious targets for improvement and strategies are being agreed to secure the improvements. A second tracker survey is due to be undertaken at the end of August.

Measures of success

- 4.1 The business cases have identified significant financial and non-financial benefits associated with the Transformation Programme.

- 4.2 The PMO are developing a clear financial and non-financial benefits framework which will form the basis of bi-monthly reporting to Committee.

Financial impact

- 5.1 £34 million of additional recurring savings are being targeted through the Council's Transformation Programme over the period to 2019/20, including £11 million to be delivered in 2016/17. Work is ongoing to develop further proposals and update business cases.

Risk, policy, compliance and governance impact

- 6.1 A risk register has been developed as part of the PMO and is reported monthly to the programme board.

Equalities impact

- 7.1 New locality management arrangements and local community engagement arrangements take cognisance of the needs of equalities communities of interest in addition to communities of place
- 7.2 New grant and contract programmes are designed to ensure the protection of the most vulnerable communities, families and individuals to maintain equality of opportunity.
- 7.3 Face to face contact and other contact channels are maintained for individuals, families and groups that have difficulties when accessing new or IT based channels.

Sustainability impact

- 8.1 The recommendations of this report have been assessed in line with the public bodies duties described within the Climate Change Scotland Act (2009). In summary, a move to enhanced locality working will provide for new opportunities to strengthen the Council's work to mitigate against climate change, adapt to climate change and act in a more sustainable manner.

Consultation and engagement

- 9.1 The Council Transformation Programme has engaged with staff using a number of methods, including drop-in sessions, workshops, a dedicated email address, ORB pages, blogs, communications updates and briefings from line managers.

- 9.2 A comprehensive customer and employee engagement plan will be developed for each of the workstreams, with a dedicated overarching change plan involving staff, elected members, partners and trade unions.

Background reading/external references

[Item 8.2 - Council Transformation Programme: Status Report - 25th June, City of Edinburgh Council](#)

Alastair Maclean

Chief Operating Officer

Deputy Chief Executive

Contact: Jim McIntyre, Programme Director

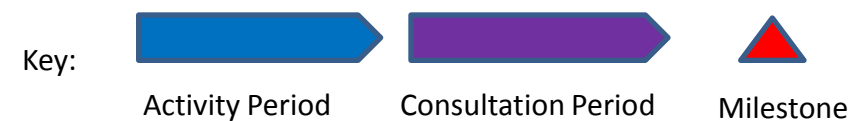
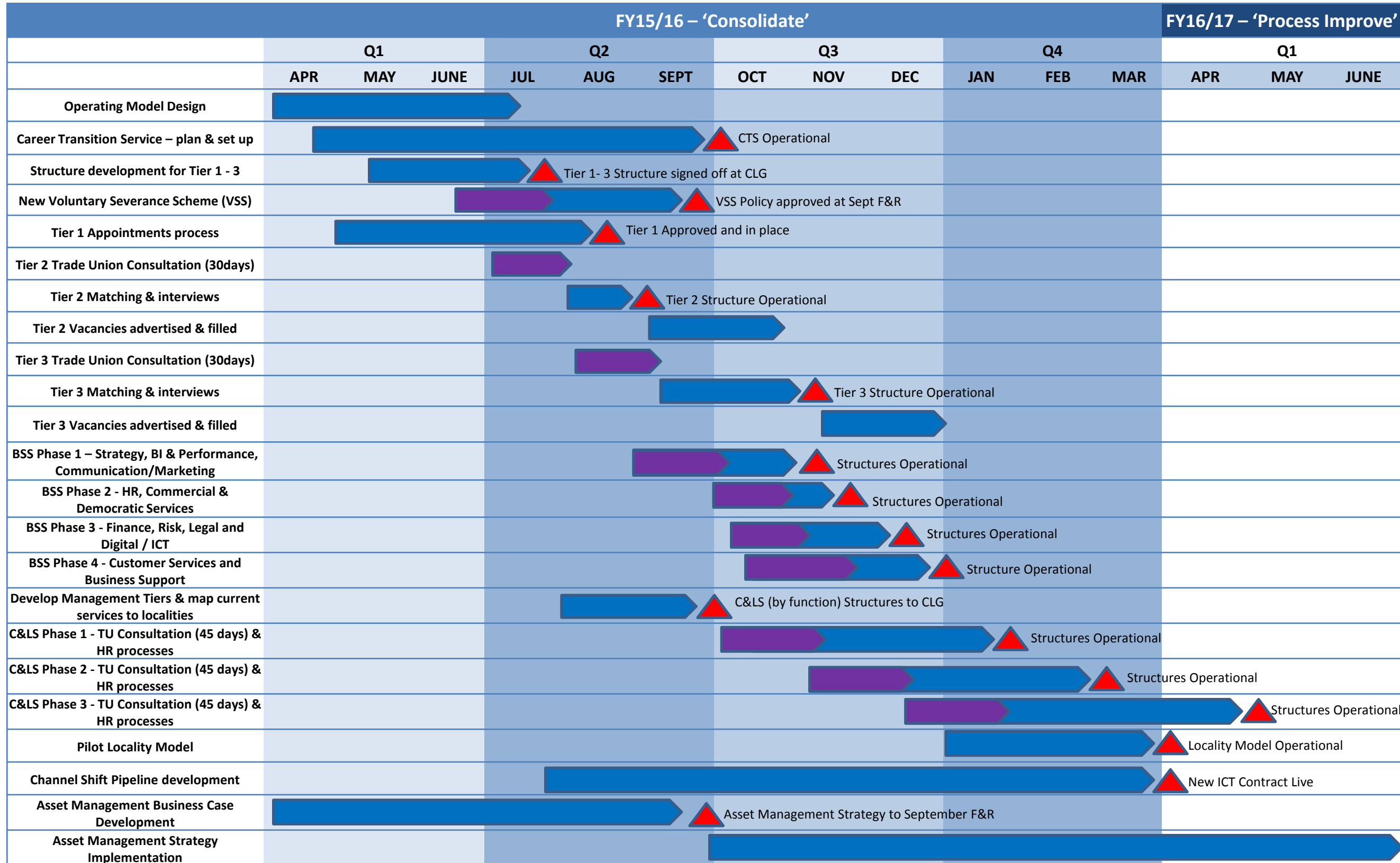
E-mail: jim.mcintyre@edinburgh.gov.uk | Tel: 0131 469 3006

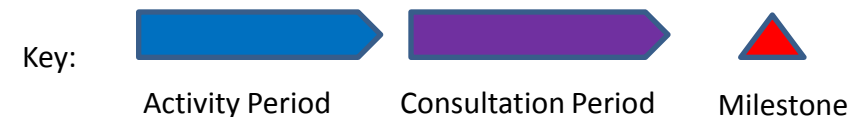
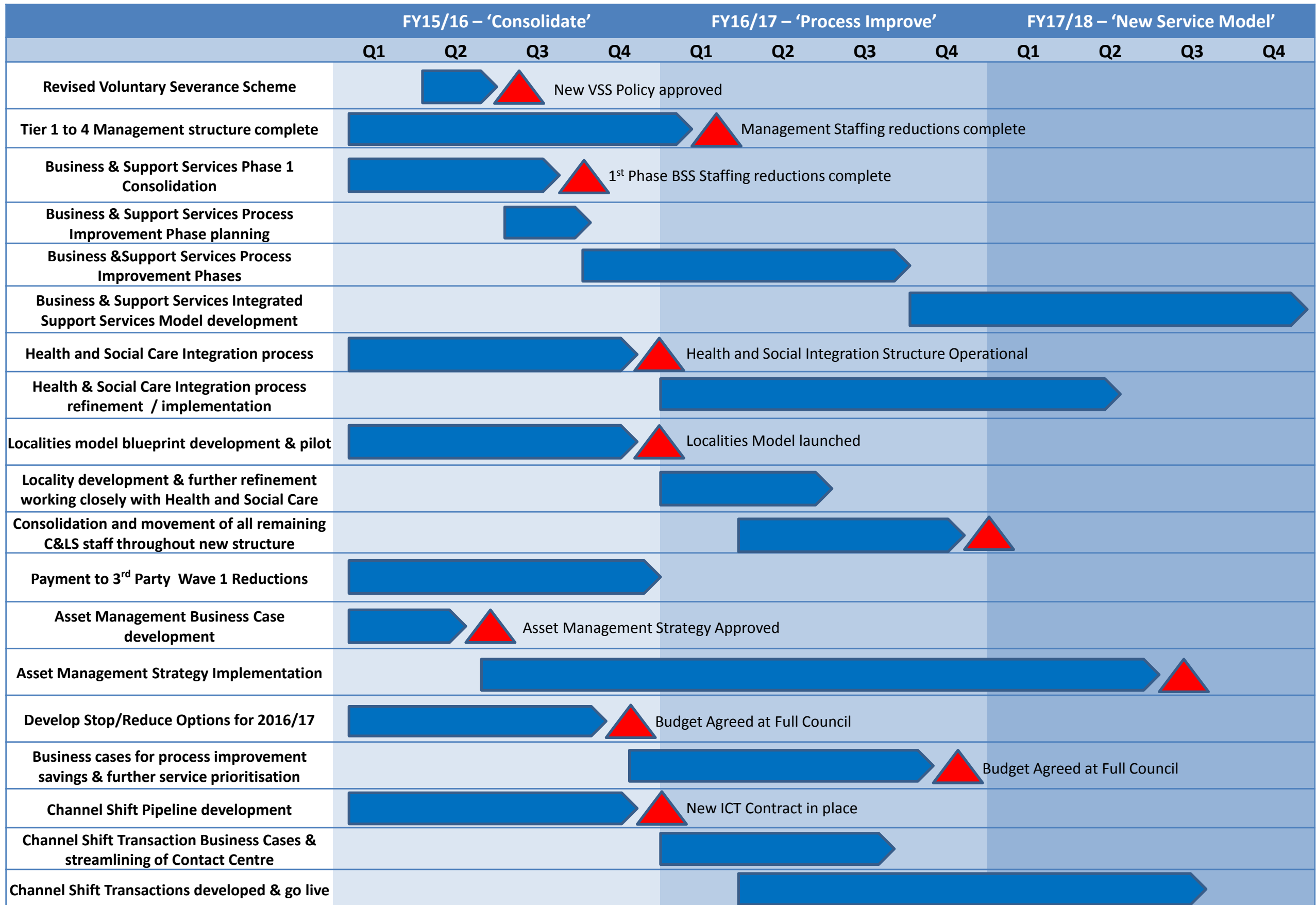
Links

Coalition pledges	P30 - Continue to maintain a sound financial position including long-term financial planning
Council outcomes	CO25 - The Council has efficient and effective services that deliver on objectives
Single Outcome Agreement	SO1 - Edinburgh's Economy Delivers increased investment, jobs and opportunities for all SO2 - Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health SO3 - Edinburgh's children and young people enjoy their childhood and fulfil their potential SO4 - Edinburgh's communities are safer and have improved physical and social fabric
Appendices	Appendix 1 – Programme plan Appendix 2 – Activity Analysis Summary

APPENDIX 1

Implementation plan for organisation restructure - 2015/16





City of Edinburgh Council Transformation
Programme
Current State Assessment Summary Report
July 2015

DOCUMENT PURPOSE

Objective of the current state assessment

The Current State Assessment of the City of Edinburgh Council (CEC) summarises what permanent staff do, how their time is spent, the cost of that time as well as highlighting opportunities for performance improvement or savings delivery.

Data gathering and analyses

The report utilises data and information gathered relating to both business support services and communities and local services. The data gathered captured the activity of over 12,000 staff members. Over a 100 workshops were attended by staff to identify additional opportunities and strengths. The information and analyses is based on data gathered at a point in time only, with final data completion on 9th June 2015. The output and analyses should be regarded as time sensitive.

Purpose of the summary report

The report summary provides an overview of the Transformation Programme explaining why and how the Current State Assessment was completed,. It gives the key observations and opportunities identified by staff members during the review and summaries how the data collected will be used to support the delivery of the transformation programme. The analyses is drawn from information provided by Council staff only and has not been altered to perform the analyses.

The data collected during the assessment will be used to inform the design stage for Citizens and Localities Services (CLS) and the overarching blueprint for the Council, and is currently being used to inform the design and subsequent stages for Business Support Services (BSS).

The summary report, its contents and associated datasets are for City of Edinburgh Council use only and are confidential.

TRANSFORMATION PROGRAMME AND ASSESSMENT PROCESS OVERVIEW

TRANSFORMATION PROGRAMME OVERVIEW - DRIVERS FOR TRANSFORMATION

The Council operates within a challenging environment, with rising demand for services, regulatory change, budget pressures and an increasing population. The cumulative impact of these changes mean the Council needs to reduce current expenditure by £107million over five years and requires the Council to change how services are delivered through transformational change. The key drivers and challenges are summaries below:

External Drivers

- Local Government budget cuts
- Public sector reform
- Increasing service demands
- Population change and growth
- Rising customer expectations
- Changing skills requirements
- New ways of working

Internal Challenges

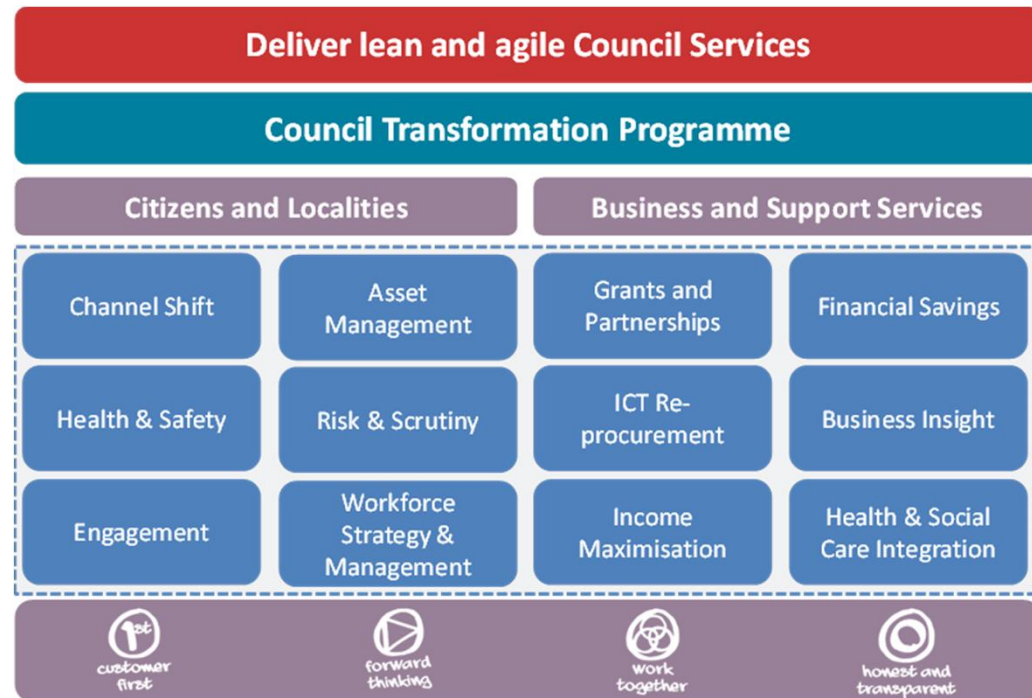
- Meet savings requirements
- Improve customer outcomes
- Improve performance
- Improve Council reputation
- Deliver a lean and agile Council

There are a number of change activities underway, which aim to help achieve the Council's vision to deliver lean and agile council services, contribute to the Council's the target savings, and reshape the structure. These activities have been brought together under a single transformation programme to make sure the overall effect of these changes is understood, dependencies are managed and there is clarity about the scope to avoid issues such as double counting of benefits. The Transformation Programme has a delivery target in excess of £48.8 million of recurring savings over the period to 2019/20

TRANSFORMATION PROGRAMME OVERVIEW – PROGRAMME STRUCTURE

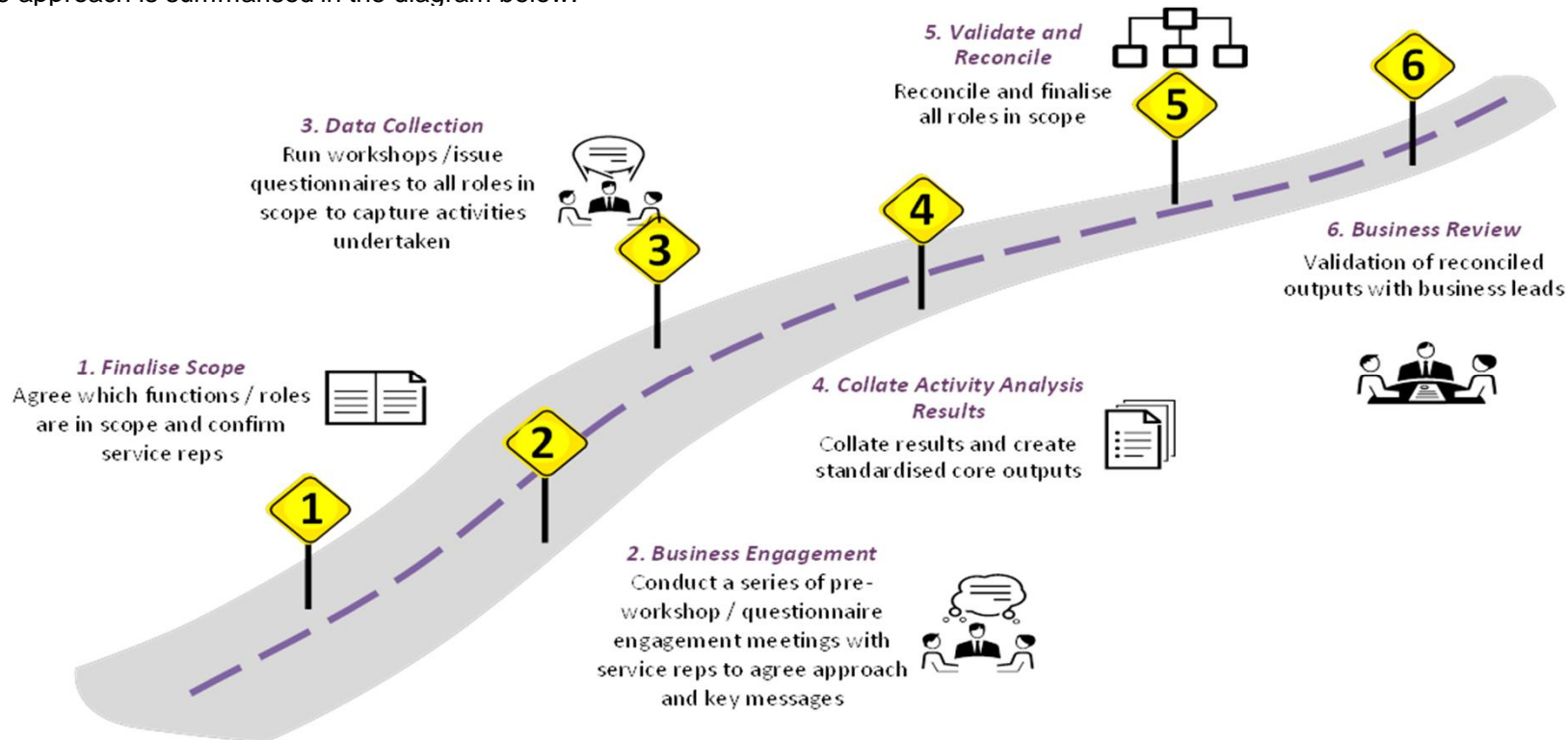
The Transformation Programme comprises of two core projects supported by a number of cross cutting work streams. The structure and an overview of the core projects are shown below:

- **Citizens and Localities (CLS):** This project will deliver a new operating model for the Council in which services have an enhanced focus on local communities. The project will improve local control over services and priorities, reduce bureaucracy and deliver more resources to the frontline
- **Business and Support Services (BSS):** This project will deliver a new model for the provision of central support for Council services. The project will provide a strong strategic centre to support frontline delivery, streamline processes and help move towards a 'right first time', customer focussed approach



CURRENT STATE ASSESSMENT APPROACH

The current State analyses has the objective of better understanding service delivery. A data collection exercise was completed to capture current services, FTE's, strengths and opportunities, and IT systems used. The data collection was lead by a core project team and delivered through over 40 Council Change Representatives from across the organisation. A consistent data gathering approach has been applied across the whole organisation. The approach is summarised in the diagram below:



For the purpose of the data gathering and analysis all the staff in scope were divided into 'clusters' and 'sub clusters'. The staff members within each cluster area were engaged through 1:1 meetings, focus groups and workshops. Standard templates were used to capture the percentage of staff time spent on 34 generic activities and workshops to capture the qualitative data regarding wider opportunities and strengths. All outputs were validated with functional areas Change Representatives

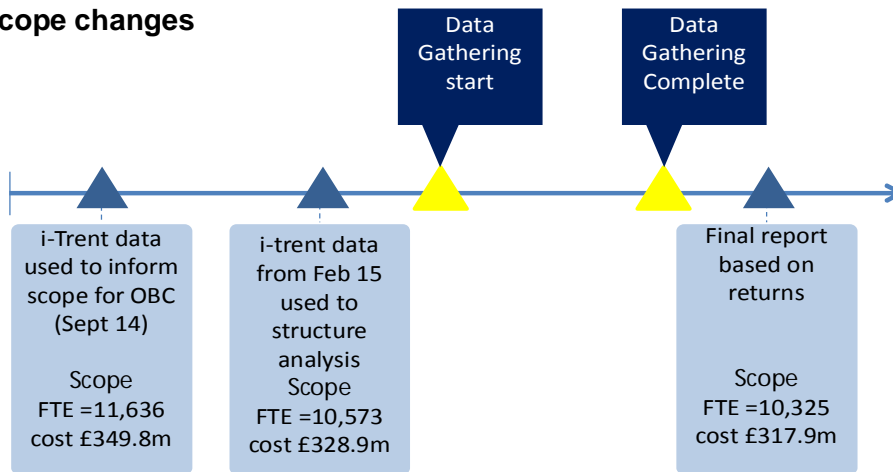
CURRENT STATE ASSESSMENT APPROACH - SCOPE, KEY FACTS AND ASSUMPTIONS

Timeline

The data gathering was completed over a six week period using staff data taken from i-Trent in February 2015. In scope job roles were then allocated to a cluster structure, by CEC, to enable the data gathering process to begin on April 20th.

- Initial figures relate to November 2014 Business Cases
- February 2015 figure relates to the dataset at the start of Activity Analysis data collection
- The final figure relates to the Activity Analysis data that was returned and used in the Current State Assessment

Scope changes



Key Facts regarding data gathering

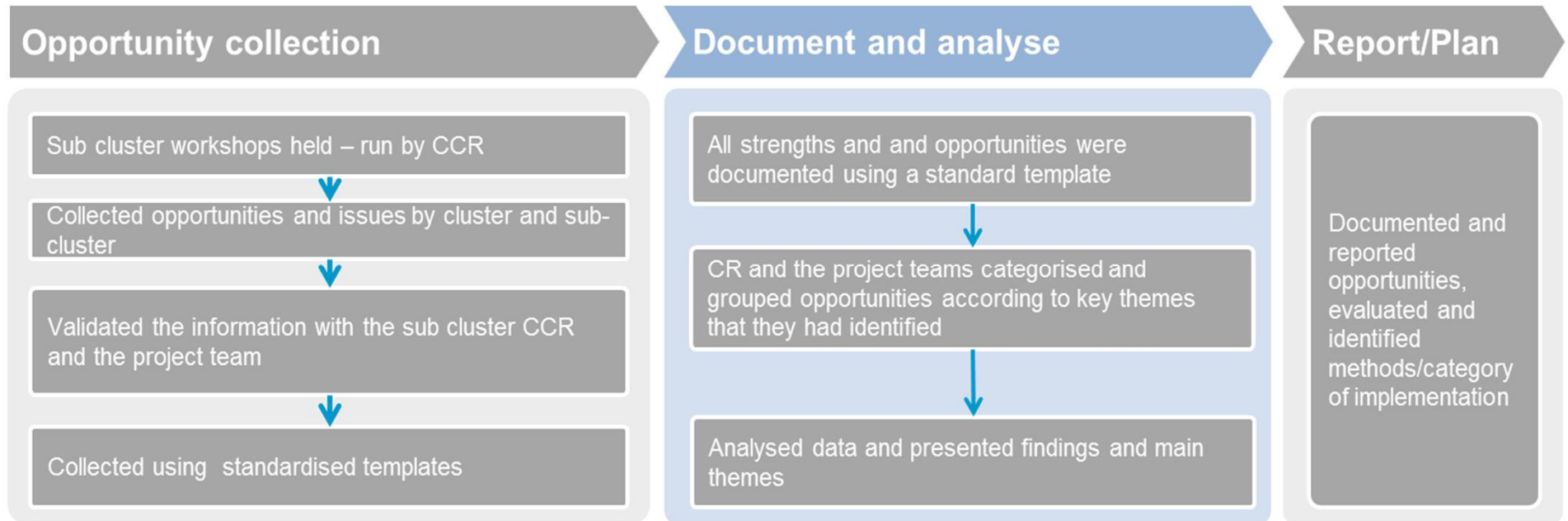
- Activity data has been gathered covering 12,000 staff roles
- Over 100 workshops were held with staff groups across the organisation to identify strengths and opportunities
- Over 800 opportunities were captured for both BSS and CLS with evidence of service strengths

Notes on Scope

- The scope for BSS and CLS shown in the diagram includes all CEC staff, excluding Lothian Pensions staff and Teachers. Asset Management was later removed from scope
- Final scope was agreed with Finance on 21 May 2015. Any future scope changes will require a change request. Changes from the original scope used in the January business cases has been captured within change logs
- During the data gathering 50 leavers were identified. No new joiners were added to scope
- The data is gathered on the basis staff roles as defined in i-Trent, FTE values is applied to the roles
- Costs for the individuals in the data were calculated using actual salary for their grade pro rata to their FTE. On costs of 27% are added for National Insurance and pension contributions
- Only CEC staff members were in scope (agency staff were not included)
- Data collection was from individuals in a role or managers providing a sample of people for that role
- Activity analysis data has been collected for the roles that individuals currently perform, any seconded individuals completed analysis for their seconded post
- Data collected was verified by the Council Change Representative and/or Head of Services
- The analyses is drawn from information provided by Council staff only and has not been altered in any way to perform the analyses

CURRENT STATE ASSESSMENT APPROACH - OPPORTUNITY GATHERING AND DEVELOPMENT

- The process for collecting opportunities and strengths was managed by the Council Change Representatives (CCR) through engagement with staff from their respective areas
- Engagement in the area during these sessions has been high. Staff have seen these sessions as opportunities to share ideas and issues
- Over 800 opportunities have been identified, categorised and analysed
- Opportunities require further development to determine priority and implementation plan in line with the Transformation Programme



- **Categories** = identify how relatively easy it is to implement the opportunities and the need for transformation. Incremental/Quick win - these could be implemented without major transformation, however, they would benefit from being implemented as part of Transformation. Transformational - these require Transformation to be implemented as they encompass the whole of CEC and not just specific areas. Aspirational are potential opportunities but have not been prioritised for implementation at the current time
- **Themes** = key themes are the common subjects running through the collected opportunities, and opportunities have been grouped accordingly 8

KEY OBSERVATIONS

KEY OBSERVATIONS

Common Observations Across Projects

1. There is evidence of duplication of some activity that has already been centralised, such as procurement, ICT and finance which may indicate duplication of activity and roles, inefficiency of support provision and ultimately potential to improve processes that cut across centralised and locally delivered support activity
2. The grade analysis shows certain activity being completed by staff at grades higher than would be expected, which may be a result of poor processes for decision making or a way of working where decision making is referred upwards for approval
3. There are a high number of job roles when compared to staff numbers, although more prevalent in BSS, this does indicate that there is not a consistent view of skills and activity which may mean grades are inconsistent and, ultimately lead to poor workforce flexibility across functions
4. There is evidence of ICT systems used having overlapping functionality, which may lead to duplication of inputting between systems, a number of different means of reporting and additional cost in licences and support requirements

Citizens and Localities specific observations

- Service delivery is below the desired level and staff engagement has shown a strong desire to refocus time on frontline delivery
- Customer contact and assess and decide totalled over 16% of time and over £40m spend. Although seen as adding value to customers, the processes are reported as inefficient by staff due to the number of contact points, hand offs and the proliferation of supporting IT systems
- The percentage of time and associated cost related to managing people is significant at over £19million and 8%. Staff engagement has suggested that there are inefficient processes and systems, as well as need for management training
- Travel time accounted for 6.3% of time and £15.3m in spend, staff supported a move toward more localised working and better planning and use of technology to reduce travel cost

Business and Support Services specific observations

- There appears to be a number of individual areas performing similar activities leading to teams working in silos e.g. multiple call handling teams
- The spread of General Administration and Procurement costs/activities indicate siloed working across the Council which could be leading to significant duplication
- Savings could be made streamlining customer service as this appears across all sub clusters within BSS
- When combining Managing People and Work Planning and Scheduling it makes for the third highest spend, saving could be made in these areas
- Strategy, Policy, Quality Service Development requires more detailed analysis to understand where efficiencies can be made

SOME AREAS OF GOOD PRACTICE

Engagement with staff has highlighted a number of service strength or recent improvement. It is key that any future designs build on these areas of current good practice and that they form the basis of further service redesign

1



Locality based teams are in place to deliver certain services

Across the Council there are some services which are already aligned to Neighbourhoods. This experience will help support the implementation of the future Blueprint and focus the service to the needs of the communities. It has also highlighted challenges which need to be overcome, for example, teams having narrow spans of control and divergent processes and opportunities as wider integration of teams and consolidation of processes

2



Some functional teams have already been consolidated

Finance, ICT and Commercial/Procurement have already consolidated some key staff and standardised some processes to more effectively manage service delivery. This work can be built on. The data captured within the activity analysis will be used to identify fragmented areas/services, which can then be further consolidated

3



Some areas of good practice within Services

The Council is recognised for some areas of good service delivery, which are demonstrated by statistics which show that 89% of residents are satisfied with Edinburgh as a place to live and 88% of residents are satisfied with their neighbourhood. Also, the CEC is recognised by the Scottish Government as leaders in Early Years expansion and the CPS team received the CIPFA award for innovation. However, building on these achievements need to be aligned to current financial constraints

4



New digital ICT partner and a drive towards self-service and channel shift

The Council is currently procuring a new ICT partner with the aim of improving the technology currently available. Aligned to this is a drive to move towards more self-service, both internally and externally, and to deliver more services digitally or through a more effective channel reducing non core customer contact

KEY OBSERVATIONS - COUNCIL SPEND BY ACTIVITY AND DIRECTORATE

The table below shows the total cost by activity broken down by directorate. The variances in spend have been noted and initial exploration with staff within workshops and meetings has identified duplication of activity and many activity areas

Activity groups	City Development	Corporate Governance and Corporate Services	Children & Families	Health and Social Care	Services for Communities	Total
Customer Contact	£505,360	£7,945,425	£11,178,786	£8,756,016	£14,464,196	£42,849,782
Assess and Decide	£153,769	£2,269,538	£5,558,631	£5,542,457	£4,399,988	£17,924,383
Service Delivery	£1,362,012	£6,070,570	£44,496,252	£36,780,580	£38,593,061	£127,302,475
Travelling	£99,974	£388,506	£2,721,880	£6,356,740	£6,293,932	£15,861,033
Work Planning and Scheduling	£284,532	£2,018,896	£5,534,348	£3,931,148	£5,181,770	£16,950,695
General administration	£313,703	£4,203,613	£8,572,362	£12,736,113	£8,231,628	£34,057,418
Strategic, policy, quality service development	£755,257	£3,880,592	£3,125,949	£2,861,472	£6,264,492	£16,887,761
Procurement	£153,740	£1,174,595	£1,474,541	£1,062,673	£2,906,872	£6,772,420
Managing people	£239,348	£2,702,395	£6,299,036	£8,347,066	£7,833,397	£25,421,242
Finance	£150,932	£4,319,836	£2,273,372	£1,050,814	£1,454,735	£9,249,690
ICT	£14,433	£1,159,561	£710,772	£389,103	£461,417	£2,735,286
Total	£4,033,061	£36,133,528	£91,945,930	£87,814,179	£96,085,488	£316,012,185

Key observations

- Savings could be made in key areas of General Administration, Customer Contact and Managing People. It appears across the Council that more streamlined management process, a Council wide approach to Customer Contact and more integrated systems and approach would improve efficiencies
- Further analysis into Workforce Planning and Scheduling, and Strategic, Policy, Quality Service Development to identify specific areas where improved processes, better data, integrated Council approach to collecting, recording and reporting data will improve Council performance, customer experience and make savings

KEY OBSERVATIONS - INDIVIDUAL JOB ROLE ANALYSIS

Across both BSS and CLS there are a high number of roles compared to people delivering the service. This would indicate potential inconsistency of roles and grades across directorates. The tables below show the number roles and staff within each cluster

BSS Sub Cluster	Role Count	People Count	Role to People Fraction
Business Support	154	1156	1/8
Commercial and Procurement	44	85	1/2
Committee Services	9	17	1/2
Customer Services	109	570	1/5
Digital and IT	59	78	3/4
Finance	18	76	1/4
Information Management	17	23	3/4
Internal Audit and Risk	6	13	1/2
Legal	7	29	1/4
Member Services	11	38	2/7
People and Organisation	42	79	1/2
Reputation and Communications	18	48	3/8
Strategy, BI and Performance	119	226	1/2
Transformation and Business Change	13	27	1/2

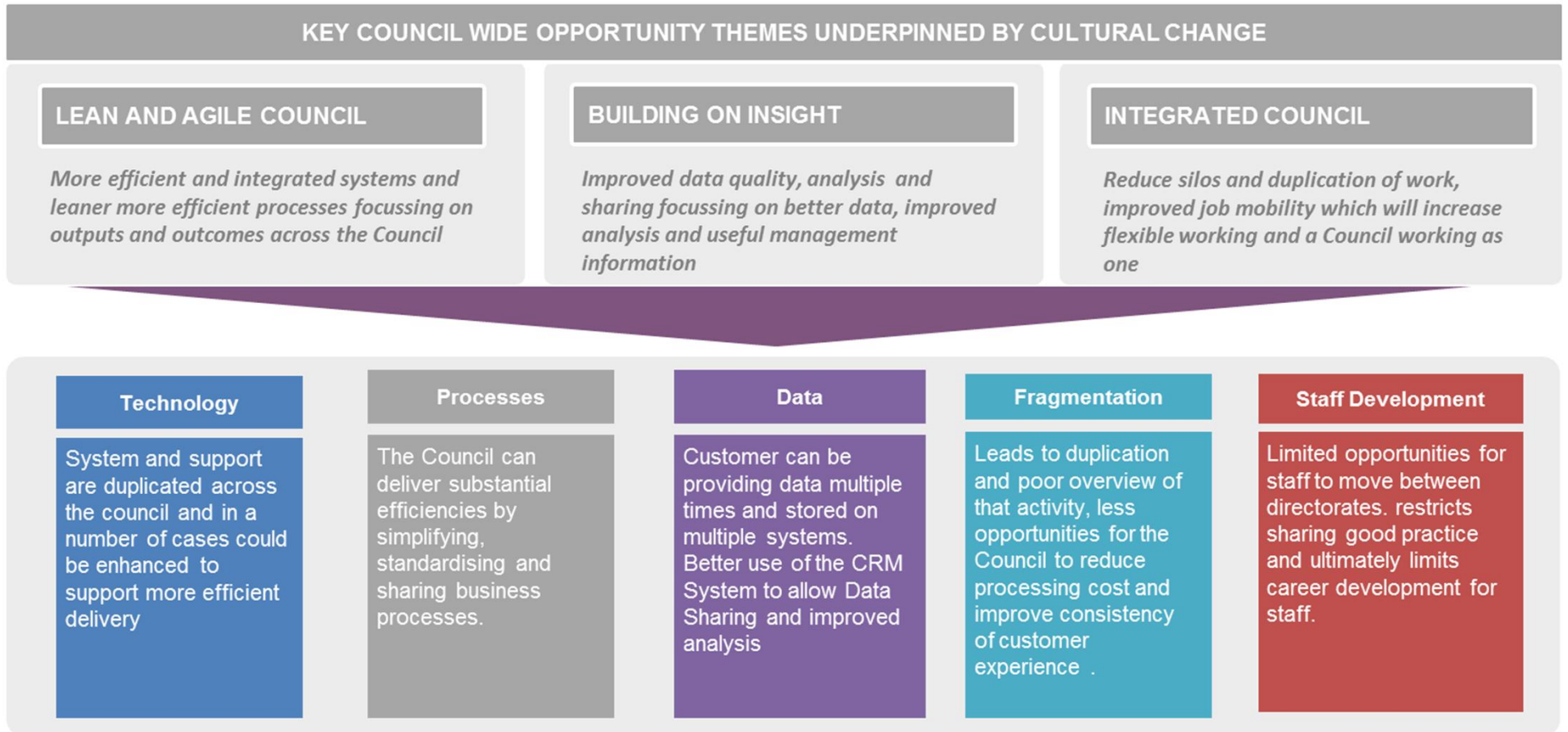
CLS Cluster	Role Count	People Count	Role to People Fraction
Community Safety	69	312	2/9
Learning	145	2706	3/56
Travel	106	371	2/7
Information Advice and Guidance	81	478	1/6
People in Need	272	4107	1/15
Economic Prosperity and Leisure	86	276	1/3
Housing Assets	102	518	1/5
Environment	84	902	4/43
Partnerships and Democracy	14	20	2/3

Key observations

- There are a high number of roles compared to the number of staff within those roles, particularly high examples include Digital and IT (59 roles to 78 people) and People and Organisation (42 roles to 79 people)
- Having such a large number of roles can reduce the flexibility within the workforce as transferable skills aren't easily identifiable and roles may be regarded as specialist reducing movement between functions
- Staff engagement has identified that responsibilities across roles are also inconsistent for example the responsibilities given to two individuals of the same grade may differ hugely, or there is a substantial grade difference for people doing similar roles
- Even though this ratio of roles to staff is high in both BSS and CLS areas, it is particularly prevalent in BSS

OPPORTUNITIES TO IMPROVE CURRENT WORKING PRACTICES

The data collected and the workshops with staff from across the Council highlighted the current working practices that could be improved and opportunities to make these improvements. Below are the key themes:



The areas identified above cross over both the Business and Support Services and Citizens and Localities project scopes and to properly deliver more efficient and resilient Council, the root causes need to be identified

APPLICATION OF THE REPORT AND DATA MOVING FORWARDS

1



Provides a foundation for moving into the future state design and implementation

Following the completion of the report it has now provided the council with a more accurate view of exactly what individuals are doing within their day to day roles. Prior to the current state assessment this was often unclear, from having a more precise understanding it will help ensure the most effective organisational design is implemented. The data gathered is being used as the base to inform the future Organisational Design, consolidation work and implementation of change.

2



Business cases development

Using the information from the current state assessment, there will be further development and update of the project business cases. In conjunction with the high level future organisation design it will allow the benefits identified to be refined to a greater degree of accuracy and additional opportunities incorporated.

3



Implementation of the opportunities identified

The specific opportunities identified within the data collection are being reviewed and where appropriate built into the transformation programme future designs. The transformation programme team will also work with the appropriate council operational teams to support the design and delivery of smaller incremental opportunities which can be delivered by individual council areas outside of the core programme.

Finance and Resources Committee

10am, Thursday 27 August 2015

Health and Social Care Integration – Update

Item number	7.2
Report number	
Executive/routine	
Wards	All

Executive summary

This report presents an update on the integration of Council social care functions with NHS Lothian health functions under the Public Bodies (Joint Working) (Scotland) Act 2014.

Links

Coalition pledges	P12 and P43
Council outcomes	CO10, CO11, CO12, CO13, Co14, Co15
Single Outcome Agreement	SO2

Health and Social Care Integration – Update

Recommendations

- 1.1 Members are recommended to note that:
 - 1.1.1 the Edinburgh Integration Joint Board (EIJB) is now established in law and met for the first time on 17 July
 - 1.1.2 the likely changes to Health, Social Care and Housing Committee remit
 - 1.1.3 the EIJB Draft Strategic Plan will be consulted upon between August and October and that the Council is a key consultee; and
 - 1.1.4 the linkages to the Council's Transformation Programme.

Background

- 2.1 Finance and Resources Committee requested regular update reports to track progress with the work associated with Health and Social Care Integration. This is the sixth report in 2015.

Main report

Integration Scheme and the Edinburgh Integration Joint Board

- 3.1 The Integration Scheme for the Edinburgh Integration Joint Board (EIJB) was approved by Scottish Government in May and Scottish Parliament established the EIJB on 27 June 2015.
- 3.2 The EIJB met for the first time on 17 July and appointed additional members over and above those appointed by NHS Lothian and the Council.
- 3.3 The EIJB is now a formal body established in law with its role spelled out in legislation and regulations.
- 3.4 Formal delegation of functions and resources will, however, not happen until the EIJB approves its Strategic Plan. The current timeline is for approval by the end of December 2015 and for delegation of functions and budgets to take place on 1 April 2016.

Assurance

- 3.5 The Scottish Government requires all parties to undertake appropriate assurance prior to the delegation of functions to the EIJB. A number of steps are underway.

- 3.6 The Council's Corporate Programme Office has recently undertaken a 'health check' of the Council's side of the integration programme. Internal Audit is also reviewing the arrangements for integration. The Terms of Reference for the reviews are complementary.
- 3.7 The outcomes of these assurance reviews will be reported to Finance and Resources Committee in due course. Early feedback has identified two key points for management action.
- Prompt appointment of EIJB Chief Officer and Chief Finance Officer.
 - Further work on the arrangements for establishing EIJB budget and managing overspend.
- 3.8 NHS Lothian internal audit has also undertaken a review of NHS Lothian arrangements for delegation to the EIJB.

Strategic Plan

- 3.1 Functions cannot be delegated to the EIJB unless and until it has approved its Strategic Plan. Functions will be delegated as per current operations, and the Strategic Plan is the high level mechanism by which service re-design will be directed by the EIJB. Further detail will be developed on service re-design proposals for the EIJB to consider in line with their approved Strategic Plan.
- 3.2 The EIJB approved a draft Strategic Plan for consultation on 17 July. The consultation will run from August to October, with the final version being prepared by the end of December 2015. The Council has nominated a representative to the EIJB's statutory Strategic Planning Group and will be a formal consultee.

Impact on the Council

Review of Existing Governance Arrangements

- 3.3 The principle agreed in the Integration Scheme is that existing governance structures will be reviewed and amended to reduce potential for duplication. Furthermore, the EIJB will have the authority to develop additional governance committees if it sees fit.
- 3.4 Within the Council, there are likely to be changes to the Health, Social Care and Housing Committee. This Committee will no longer have responsibility for strategy, planning and service-redesign of adult social care services. These duties now fall to the EIJB. It will, however, retain scrutiny for operational matters, e.g. service standards and quality.

Transformational Change: Dependencies

- 3.5 A statutory requirement of the Public Bodies legislation is to integrate health and social care functions from the point of view of recipients. This is to be achieved via the role of the Chief Officer who is required to manage the majority of delegated services in an integrated structure and to oversee service-redesign.
- 3.6 The draft Strategic Plan recognises the role localities should play in improving service provision. The Joint Leadership Group agreed in July to a joint approach between NHS Lothian and the Council to develop an operational model for service delivery in localities. A project plan for this, integrated with the Council's Citizens and Localities project will be developed. This will also link closely to further work on the Strategic Plan during the consultation period and, at an appropriate time, to the work on the integrated management structure.
- 3.7 The Integration Scheme guidance requires that both NHS Lothian and the Council provide joint business support functions to the Integration Joint Board. NHS Lothian Directors will consider 'Professional/Technical and Administrative' services for the IJBs from a pan-Lothian perspective.
- 3.8 Officers in the Council are working closely with the Council's Business Support Services project to ensure that any new arrangements to provide business support within the Council take account the requirements of the EIJB and the need to support frontline service delivery in line with statute and in an effective and efficient way. This will need to take into account an appropriate way to handle planned savings for 2016/17 given the new role of the EIJB.
- 3.9 Following on from these deliberations, there will be a need to articulate the joint approach with NHS Lothian for each of the Professional/Technical and Administrative services.

Chief Officer and Chief Finance Officer

- 3.10 A process is underway to appoint the Chief Officer of the Edinburgh Integration Joint Board. An appointment is likely in early October 2015, with the candidate taking up post by the end of 2015/early 2016.
- 3.11 The arrangements for the Chief Finance Officer post are in development and are linked to the work stream on integrated organisational structure. An interim Chief Finance Officer is to be appointed in August to ensure adequate financial assurance for the EIJB.

Measures of success

- 4.1 The Scottish Government has issued National Outcomes for the delivery of integrated Health and Social Care as part of the final regulations. These are as expected [National Health and Wellbeing Outcomes Framework](#).
- 4.2 The Strategic (Commissioning) Plan work stream is tasked with planning for the delivery of these outcomes for the services in scope. The Programme Sub Group on Performance and Quality is tasked with establishing local outcomes for measuring the success of the new Health and Social Care Partnership in relation to the national outcomes. A joint baseline has been developed and work is underway on a joint framework for the future.
- 4.3 The content of the Annual Performance Report is set out in regulations and includes performance with respect to the integration planning principles and in respect of localities.
- 4.4 The Edinburgh Integration Scheme outlines the process for determining the performance arrangements and for allocating responsibility for performance.

Financial impact

- 5.1 It is estimated that the Edinburgh Integration Joint Board will include a combined budget in the transition year 2015/16 of around £560 million; c£200 million of Council funds, c£300 million of community health NHS Lothian funds, and an early estimate of acute hospital related 'set aside' funds of c£60 million.
- 5.2 The resources for the functions in scope will be delegated to the Integration Joint Board for governance, planning and resourcing purposes. The delegated resources will be subject to financial assurance in order for the Integration Joint Board to understand any underlying financial risks. The figures may also vary subject to any impact of the Business Support Services proposals.
- 5.3 The Strategic Plan will identify how the resources are to be spent in order to deliver on the national outcomes and how the balance of care will be shifted from institutional to community-based settings. Planned variances will be retained by the Integration Joint Board, which will have the power to carry reserves.

Risk, policy, compliance and governance impact

- 6.1 A detailed risk log is maintained for the Integration Programme and is reported through the status reporting process to the Shadow Health and Social Care

Partnership and through the Corporate Programme Office Major Projects reporting procedure.

- 6.2 Major risks to both the Council and NHS Lothian as a result of the programme of change are also identified on Corporate Management Team, Health and Social Care and NHS Lothian risk registers.
- 6.3 The approach to risk management for the Integration Joint Board and respective parties is set out in the Edinburgh Integration Scheme and the EIJB received a report on 17 July on proposals to develop its Risk Management Strategy.

Equalities impact

- 7.1 The integration of health and social care services aims to overcome some of the current 'disconnects' within and between health and social care services for adults, to improve pathways of care and to improve outcomes.
- 7.2 The intention is to improve access to the most appropriate health treatments and care. This is in line with the human right to health.
- 7.3 A combined impact assessment procedure between NHS Lothian and Health and Social Care has been developed. This will be used for all impact assessments, as required across the joint service, once the Integration Joint Board is fully established.
- 7.4 An impact assessment of all four Lothian Draft Schemes was completed on 10 February 2015 by representatives from NHS Lothian and the four Lothian councils.

Sustainability impact

- 8.1 The proposals in this report will help achieve a sustainable Edinburgh because:
 - joint health and social care resources will be used more effectively to meet and manage the demand for health and care services
 - integrated services will promote personal wellbeing of older people and other adults in need support; and
 - they will promote social inclusion of and care for a range of vulnerable individuals.

Consultation and engagement

- 9.1 Consultation and engagement form a key work stream in the programme. A number of events have taken place with managers and staff during the shadow arrangements.

- 9.2 The Integration Scheme to establish the EIJB was consulted upon widely. A full report on the consultation on the Integration Scheme was provided to Council on 30 April 2015.
- 9.3 A number of members of the EIJB, in line with statute, bring broader perspectives such as service users, carers and the third sector.
- 9.4 A comprehensive engagement programme is also underway to engage with a wide range of staff and stakeholders across the community in relation to the production of the Strategic Plan. The formal consultation on the draft plan will run from August to October. The Council will be a formal consultee.

Background reading/external references

A copy of the terms of reference for each of the audits is available on request from report contact.

[Finance and Resources Committee – 4 June 2015, Health and Social Care Integration Update](#)

[Finance and Resources Committee – 13 May 2015, Health and Social Care Integration Update.](#)

[City of Edinburgh Council – 30 April 2015, Health and Social Care Integration Scheme - Consultation Responses](#)

[Health, Social Care and Housing Committee – 21 April 2015, Health and Social Care Integration Update.](#)

[Finance and Resources Committee – 19 March 2015, Health and Social Care Integration Update.](#)

[City of Edinburgh Council – 12 March 2015, Health and Social Care Integration Scheme: Final for Submission.](#)

Finance and Resources Committee – 3 February 2015, Health and Social Care: Draft Integration Scheme Consultation.

Health, Social Care and Housing Committee – 27 January 2015, Draft Integration Scheme Consultation.

Corporate Policy and Strategy Committee – 20 January 2015, Health and Social Care Integration Scheme: Draft for Public Consultation.

Finance and Resources Committee – 15 January 2015, Health and Social Care Integration; General Update.

City of Edinburgh Council – 11 December 2014, Health and Social Care Integration Scheme; Update on Draft Integration Scheme.

Finance and Resources Committee – 27 November 2014, Health and Social Care Integration Update.

Finance and Resources Committee – 30 October 2014, Health and Social Care Integration Update.

Finance and Resources Committee – 30 September 2014, Health and Social Care Integration Update.

Finance and Resources Committee – 28 August 2014, Health and Social Care Integration Update.

Corporate Policy and Strategy Committee – 5 August 2014, Health and Social Care Integration – Options Analysis of Integration Models.

Corporate Policy and Strategy Committee – 5 August 2014, Response to Draft Regulations relating to the Public Bodies (Joint Working) (Scotland) Act 2014.

See reports above for earlier reporting.

Michelle Miller

Chief Social Work Officer

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Links

Coalition pledges	Ensuring Edinburgh and its residents are well cared for.
Council outcomes	Health and Wellbeing are improved in Edinburgh and there is a high quality of care and protection for those who need it.
Single Outcome Agreement	Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health
Appendices	None

Finance and Resources Committee

10am, Thursday, 27 August 2015

Health and Social Care 2015/16 Revenue Budget – Action Plan Update

Item number	7.3
Report number	
Executive/routine	
Wards	All

Executive summary

The report sets out the projected month three revenue monitoring position for Health and Social Care.

The full-year outturn forecast continues to indicate the significant demand-led pressures within Health and Social Care, which currently shows an overspend of £11.2m, after implementation of mitigating management actions identified to date.

As previously intimated to Committee, the Corporate Leadership Group agreed in June to identify £5m of one-off funding across other services and corporate budgets to offset an element of this pressure, subject to Council approval, which would bring this forecast down to an overspend of £6.2m. Following further consideration, the Chief Executive has now instructed the identification of additional corporate and service-specific savings proposals to a combined value of £4.8m, reducing the projected residual overspend to £1.4m.

Links

Coalition pledges	P30
Council outcomes	CO25
Single Outcome Agreement	SO1

Report

Health and Social Care 2015/16 Revenue Budget – Action Plan Update

Recommendations

- 1.1 Finance and Resources Committee is recommended to:
- a) note the 2015/16 budget position for Health and Social Care as set out in this report
 - b) note the Health and Social Care Budget Action Plan, detailed at Appendix 1, describing actions taken and in hand
 - c) note that the Budget Action Plan sits within a wider strategic transformation programme in Health and Social Care intended to underpin longer term financial sustainability
 - d) note the update from the Chief Executive on corporate support to Health and Social Care
 - e) agree to refer this report to the Health, Social Care and Housing Committee for information.

Background

- 2.1 Members will be aware from previous reports that the Council's Health and Social Care budget faces acute demand-led pressures. The report on 4 June 2015 explained the main background causes.
- 2.2 Edinburgh's Adult Social Care Budget for 2015/16 is £201.1m. Compared per head of population aged 18+, Edinburgh's expenditure ranks 20th out the 32 Scottish local authorities and is 2% below the Scottish average per head figure. This represents a downward movement from 12th in 2014/15 and a 4% movement relative to the Scottish average (Scottish Government POBE Financial Returns, 2014 and 2015).
- 2.3 The 2015/16 Health and Social Care budget included savings of £7.5 million. Most of these (£6.1m) have been delivered or are on track (with a "Red/Amber/Green status" assessed by Finance at "Green"). Those at Red (£0.7m) are staffing savings in the process of being delivered, but with a part-year effect.

Main report

- 3.1 This report:
 - sets out the current financial position at period 3
 - updates the Budget Action Plan to reduce the budget pressures over the course of 2015/16
 - summarises the impacts on care packages being provided, on waiting lists and on delayed discharge targets
 - updates the risk summary
 - reports on work being undertaken with KPMG to support and deliver the Health and Social Care Transformational Change Programme in order to achieve budget sustainability going forward.

2015/16 Financial Position (at period 3)

- 3.2 Budget pressures¹ of £16.5 million were reported to Committee on 4 June. This has now reduced slightly to **£16.2 million**, due mainly to reductions in the projected staffing overspends. The total pressures include: £11.5m in Third Party Payments (care at home, residential and nursing, day care and direct

¹ Note for members of the public: "Budget pressures" are unfunded service commitments. Pressures of £16 million mean that, if no action was taken, the 2015/16 Health and Social Care Budget would be overspent by this amount by the end of the financial year on 31 March 2016.

payments); £1.7m in supplies and services; £1.6m in staff costs (care homes and home care); the income shortfall of £0.8m from being unable to charge for respite care; and projected overspends on transport of £0.3m; and on premises costs of £0.2m.

Budget Action plan

3.3 The Budget Action Plan is at **Appendix 1**; it contains actions that are intended to deliver expenditure reductions of £11.8 million during 2015/16:

- £5.015m of these expenditure reductions have been assessed as “Green”: they either have already been delivered or are funding streams expected to be received shortly.
- £2.422m has been assessed as “Amber”: implementation is at an early stage and the evidence is not yet sufficient to predict the delivery of the full saving.
- £4.375m has been assessed at “Red”: there is significant risk that the savings may not be delivered – this includes the reviews of packages of care, the impact of revised practitioner guidance, and the Council’s share of Scottish Government funding for delayed discharge.

3.4 **Total savings at “Green” already delivered or on track therefore amount to £11.2 m** (£6.170m delivered as part of the agreed budget savings, mentioned in paragraph 2.3 above, and the £5.015m in action to mitigate pressures). Significant savings include:

- the re-provisioning of Silverlea Care Home, with all eleven remaining residents placed successfully in other care homes
- closure of 22 stepdown beds at Silverlea and the reduction of stepdown beds with Care UK
- re-provisioning two day centres for older people, in premises no longer fit for purpose, achieving savings whilst improving the quality of service overall; changes to shift rotas in care homes are reducing the staffing budget overspend needed to meet the higher needs of residents, and reducing the need for agency staff
- reduction in staff numbers through voluntary redundancy, voluntary early retirement, and natural turnover, and the introduction of further controls over staff recruitment
- ongoing efficiency savings in procurement spend on purchased care services.

3.5 Five **staff engagement workshops** were held in July and August with 133 front-line assessment and care management staff to:

- consolidate the understanding of the current financial position and strategic context
- work together to identify solutions and creative ideas based on assessors’ experience and expertise; and

- clarify the next steps, including how ideas and suggestions will be taken forward and addressed.
- 3.6 Outputs from the workshops are being written up so that ideas, concerns and solutions can be shared and taken forward.
- 3.7 Taking the £5.0m of “Green” mitigations from the pressures of £16.2m leaves a **balance of £11.2m to find**. The report from the Deputy Chief Executive on today’s agenda, entitled Revenue Monitoring 2015/16 – month three position, contains proposals for a further £4.8m of one-off transitional corporate funding to assist Health and Social Care, in addition to £5m already agreed. This will provide time for the implementation and phased delivery of the short and medium term transformation workstreams that KPMG has been supporting Health and Social Care to take forward, which are discussed below in a later section of this report.
- 3.8 This leaves a further **£1.4m** to be delivered this year by Health and Social Care. However, the measures taken to reduce expenditure are adding to waiting lists and increasing the numbers of people delayed in hospital. There are also some further pressures over and above the limited growth available, where possible, through natural turnover.

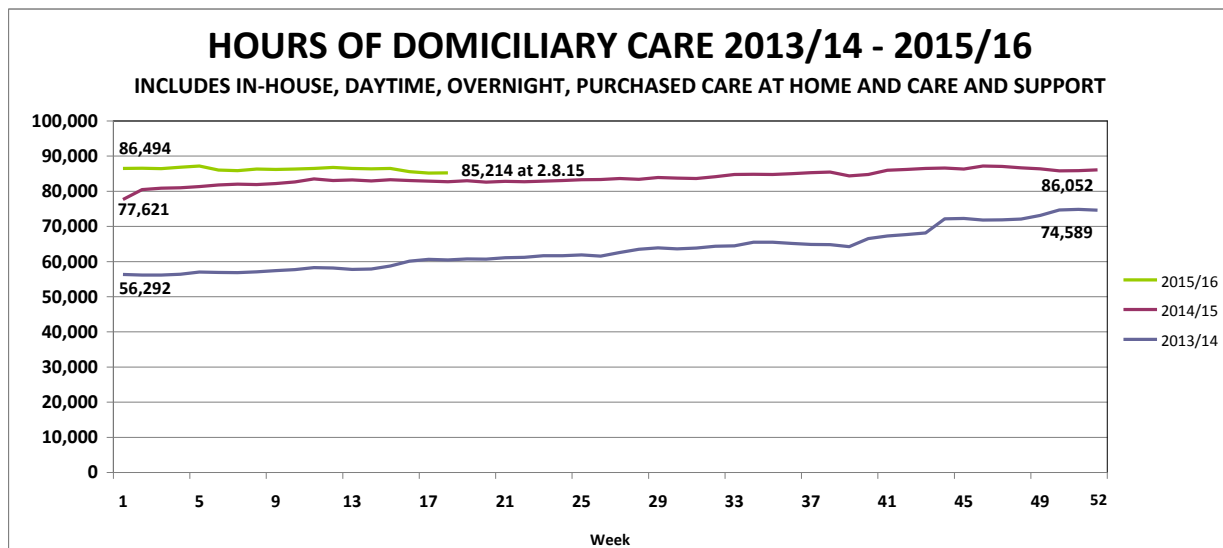
Additional demand for high cost packages of care

- 3.9 Since the beginning of the financial year, Health and Social Care has received requests for service for 20 people requiring high cost packages of care, averaging £2,750 per person per week, and with full-year costs totalling **£2.860 million**. The majority are people with severe learning disabilities, and many have challenging behaviours.
- 3.10 Eight people are living at home supported by an elderly parent or parents no longer able to cope, even with support; one person is in a shared tenancy and another is in a residential school. Half (10 people) are waiting in hospital (six in the Royal Edinburgh Hospital) for packages of care that will cost £1.7 million in a full year. Mental Health Tribunals have determined that two of these patients should be discharged with social care support.
- 3.11 Health and Social Care budgets are already committed and funding these high cost packages will require additional savings elsewhere that are not already identified. The waiting list is not static, is difficult to predict, but is likely to grow with newly expressed need during 2015/16, given restrictions on the number of new care packages that the Council can afford.

Service impacts and waiting lists for Home Care

- 3.12 Domiciliary care hours provided each week (home care and care at home) grew significantly in 2013/14 and less sharply last year, levelling off from early

February 2015 in response to tighter spending controls. A slight downward trend is evident in the first four months of 2015/16:



Note: the increase between the last week of March 2014 (74,589 hours pw) and the first week of April 2014 (77,621 hours pw) is due to the transfer of housing support clients and budgets from Services for Communities to Health and Social Care.

- 3.13 Inevitably, the budgetary restrictions mean that the increasing demand for care cannot be met and waiting lists are increasing as a result, as shown by the graph overleaf. The number of people waiting for domiciliary care has increased from about 250 during December to early March, to around 400 now.
- 3.14 As at 3 August 2015, there were 394 people waiting for a domiciliary care package, 262 in the community and 132 in hospital. People waiting in the community had on average been waiting for longer than people waiting in hospital. Difficulties in recruiting and retaining staff in both the in-house service and the external care at home market is creating capacity issues, affecting the provision of domiciliary care.

Number of people waiting by length of wait as at 3 August 2015

Days waiting	People in hospital	People in community	Total
<3 days	10	9	19
4-7 days	19	15	34
8-13 days	32	32	64
14-19 days	17	15	32
>20 days	54	191	245
Grand Total	132	262	394
Mean	25 days	79 days	61 days
Median	16 days	51 days	34 days

- 3.15 The table below shows the delayed discharge monthly performance, which is reported to the Scottish Government. It illustrates how the landscape of delayed

discharge has changed in Edinburgh since April 2014, when the waits for residential/nursing home care were a greater problem than those for domiciliary care. This position is now reversed.

	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15
Awaiting residential care/nursing home	52	64	66	67	67	63	82	61	71	43	43	34	39	40	32	39
Awaiting domiciliary care	14	33	44	35	38	20	30	21	41	27	28	40	52	62	67	80

3.16 Understandably, there is concern in NHS Lothian and in the Scottish Government about these trends, and discussions have been ongoing with the Council and the Integration Joint Board on the possibility of interim funding to support a set of proposals to transform services for older people within the Edinburgh Health and Social Care Partnership.

Health and Social Care Transformational Change

3.17 Health and Social Care’s Transformational Change programme was summarised in the previous report to Committee on 4 June, including:

- developing a new contract with citizens and communities
- further development of the prevention strategy; enhancing the role of Social Care Direct
- development the whole system approach to strategic planning to support Health and Social Care integration
- enhancing telecare and assistive technology; unblocking and development reablement
- “outcomes based” commissioning; and
- longer term work on alternative delivery models such as employee co-operatives and arms-length companies.

3.18 Health and Social Care staff have been assisted by KPMG to develop business cases to support the development of this extensive programme. At the time of writing, KPMG was finalising a range of detailed business cases, including the following key priorities:

- further devolution of care purchasing budgets to bring them closer to assessment and care planning decisions to improve budget grip and prioritisation

- solutions to unblock reablement and target resources on reabling people with packages of care who had bypassed the reablement service; and
 - further enhancement of Social Care Direct to manage more demand at the “front door” through improved advice, information, and signposting to other sources of help.
- 3.19 Corporate assistance is required to help Health and Social Care resource the Transformational Change programme, which is essential to the medium and long-term sustainability of social care services in Edinburgh.

Measures of success

- 4.1 Full delivery of approved budget savings, and significant reduction of unfunded budget pressures, to achieve an overall balanced position for 2015/16.

Financial impact

- 5.1 Covered in main report.

Risk, policy, compliance and governance impact

- 6.1 The delivery of a balanced budget outturn for the year is the key target. The risks associated with cost pressures, increased demand and procurement savings targets are regularly monitored and reviewed, and management action is taken as appropriate.
- 6.2 There is a risk that the 2015/16 budgeted savings and mitigating actions will not be delivered in full.
- 6.3 There is also a risk that there will be a shortfall in the income expected from NHS Lothian due to its own demand pressures. The full receipt of this income is assumed in the current monitoring position and any decrease in income will negatively impact the Health and Social Care financial position.

Equalities impact

- 7.1 Measures to reduce budget overspends are likely to increase waiting lists for services for older people and people with disabilities, and will also increase the number of people whose discharge from hospital is delayed.

Sustainability impact

- 8.1 There is no direct sustainability impact arising from this report.

Consultation and engagement

9.1 Consultation on the 2015/16 budget was undertaken as part of the budget process.

Background reading/external references

[Finance and Resources Committee, 4 June 2015: Health and Social Care 2015/16 Budget Action Plan, report by the Director of Health and Social Care](#)

Michelle Miller

Chief Social Work Officer

Contact: Monica Boyle

Links

Coalition pledges	P30 – Continue to maintain a sound financial position including long-term financial planning.
Council outcomes	CO25 – The Council has efficient and effective services that deliver on objectives.
Single Outcome Agreement	SO1 – Edinburgh’s economy delivers increased investment, jobs and opportunities for all.
Appendices	1. 2015/16 Budget Action Plan: Mitigating Actions

Appendix 1

2015/16 BUDGET ACTION PLAN: MITIGATING ACTIONS

Ref	Mitigating Action	£'000	RAG	Details
1	Use remaining unallocated demography monies	-1,330	Green	Demography monies for older people (£470k), learning disabilities (£400k), and mental health problems and assessment (£460) have been used for existing unfunded care at home packages, not new demand in year: increase in waiting lists
2	Additional Housing Revenue Account (HRA) contribution to telecare	-550	Green	Agreed increase in Housing Revenue Account's contribution to TeleCare.
3	Use unallocated Integrated Care Fund monies	-465	Green	Agreement reached in June with NHS and Third Sector partnership
4	Do not fill Home Care and Reablement vacancies as they arise in year	-700	Amber	Impact of cessation of temporary NHS/SG funding for additional Reablement staff in 2014/15. Loss of 1,100 hours of Home Care & Reablement service by end of year: negative impacts on delayed discharge and waiting lists.
5	Cease purchasing 20 Step Down Beds via natural turnover	-720	Amber	Transfer funding for 20 purchased step down beds (as people are discharged) to reduce care at home budget pressures. Agreed by Integrated Care Fund Core Group, 16/6/15. Assumes phased bed reduction completed by November: 13 achieved to date.
6	Constrain new purchased Residential/ Nursing Home places to available budget	-800	Amber	Full year effect of 2014/15 overspend reduces budget available for new care home placements – some impact likely on delayed discharges
7	CEC share (8%) of £10m Scottish Government funding for National Care Home Contract fees increase	-800	Green	Scottish Government is paying funding to councils via Health Boards. Sum confirmed: awaiting payment.
8	Scottish Government Funding for Delayed Discharge	-725	Red	Scottish Government delayed discharge funding to NHS Lothian included £2.457m for Edinburgh - £1.1m is being used to fund social care for 55 people being discharged from RVH by end of June: NHSL may need to use £632k to fund RVH wards in April, May and June, leaving £725k for transfer to Council. Under discussion.
9	Integration Transition Funding	-160	Amber	Share of one-off Scottish Government funding for Health and Social Care implementation planning
10	Procurement saving - Additional Monies from Intensive Housing Benefit	-400	Green	Saving from reducing purchased care for amount of IHB that can be claimed to fund certain services is larger than estimate already included in 2015/16 savings
11	Additional procurement savings	-150	Green	Contract management savings
12	Reprovisioning of Silverlea Care home	-420	Green	Reprovision 11 remaining long-stay beds. Relocate residents to vacancies in CEC Care Homes as they arise, and staff redeployed. Saving assumes completed by August: on track.

Ref	Mitigating Action	£'000	RAG	Details
13	Cease Carers payment	-200	Green	One-off payments have been made for the past two years to carers to assist them with their mental health and well-being and to support them in a caring role.
14	Further procurement savings	-262	Amber	Contract management savings
15	Proposed change to contribution-based charging policy	-230	Amber	Committee agreed three month consultation to replace the current service-based charging policy with a contribution-based policy, whereby people with sufficient income will be asked to make a contribution to the cost of their personal budget. Consultation concluded July 2015 and responses being analysed for report and final equalities impacts assessment. HSCH Committee will be asked to make a decision in the autumn.
16	Equivalency model for supporting people at home	-250	Amber	New policy proposal that care at home packages would usually not exceed equivalent cost of residential care. (Based on practice in many English LAs and in at least one Scottish council). Savings estimate is for 6 months only - to be clarified following further implementation planning currently underway. The HSCH Committee will be asked to make a decision in late 2015.
17	Revised practitioner guidance for new cases and reviews	-1,450	Red	Revised practitioner guidance intended to reinforce current eligibility criteria and reduce the cost of care packages has been issued, and further revised following workshops with managers and staff.
18	Review packages of care	-2,000	Red	Four sector review teams have been established to review cases including Direct Payments, day care, and mid/high-cost care at home packages, using revised practitioner guidance - commencing last week of May. (This saving and the one above also require some recalibration of the Financial Allocation System which derives indicative budgets from the assessment information to assist personalised care planning. This work is in two phases, one completed, the second underway).
19	Respite Policy - reduce annual maximum respite from 42 days to 35 days	-200	Red	Any carer assessed as requiring more respite care than 35 days in a year will require this package to be approved by a senior manager.
	TOTAL	-11,812		

Red	-4,375
Amber	-2,422
Green	-5,015
	-11,812

Finance and Resources Committee

10.00am, Thursday, 27 August 2015

Revenue Monitoring 2014/15 – outturn report

Item number 7.4
Report number
Executive/routine
Wards

Executive summary

The report sets out the provisional 2014/15 revenue outturn position for the Council based on the unaudited financial statements. The statement of accounts shows an overall underspend of £0.519m.

Links

Coalition pledges [P30](#)

Council outcomes [C025](#)

Single Outcome Agreement [SO1](#), [SO2](#), [SO3](#), [SO4](#)

Finance and Resources Committee

Revenue Monitoring 2014/15 – outturn report

Recommendations

- 1.1 Members of the Finance and Resources Committee are asked to:
 - 1.1.1 note the contents of this report and the provisional revenue underspend of £0.519m for the year ended 31 March 2015;
 - 1.1.2 earmark up to £0.250m of this General Fund surplus to support the development of the Edinburgh and South East Scotland City Region City Deal proposal, with the remaining balance of the underspend set aside within the Council Priorities Fund;
 - 1.1.3 note the contributions to and from the General Fund as detailed in the report;
 - 1.1.4 note the Housing Revenue Account was balanced after making a contribution of £2.5m to the Renewal and Repairs Fund;
 - 1.1.5 note the Common Good Annual Performance Report will be considered at the Committee's next meeting on 24 September;
 - 1.1.6 refer this report to Council to allocate the capital receipt of £1.183m in respect of the former East Market Street Garage to the Council's Common Good account; and
 - 1.1.7 refer this report to the Governance, Risk and Best Value Committee as part of its workplan.

Background

- 2.1 The Council's statement of accounts for 2014/15 was passed to the external auditor in advance of the statutory deadline of 30 June. This report sets out the provisional outturn position for the revenue budget as detailed within this unaudited statement.
- 2.2 The unaudited financial statements were published on the Council website by 30 June 2015 and made available for public inspection from 1 July 2015 for 15 working days, in accordance with relevant regulations.

Main report

- 3.1 The unaudited outturn position for 2014/15 shows an overall underspend of £0.519m, equating to 0.05% of the Council's total net expenditure. The table below outlines the constituent elements of this variance, alongside the movement from the position projected at period nine, with additional details provided in Appendices 1 and 2.

	Outturn Variance
Service Variance	£000
Children and Families	0
Corporate Governance	(465)
Economic Development	(26)
Health and Social Care	5,878
Services for Communities	(1)
Total Service Variances	5,386
Corporate Variances	
Council Tax Reduction Scheme	(811)
Net Cost of Benefits	(1,374)
Dividends Receivable	(437)
Loan Charges / Interest on Rev Bals	(3,170)
Prior-year and other adjustments	1,508
Council Tax / Community Charge	(4,170)
Contribution to Repairs and Renewals	10,301
Contribution from Earmarked Funds	(7,751)
Total Corporate Variances	(5,904)
In-year (surplus) / deficit	(519)

- 3.2 There was an overspend within service areas of £5.386m. Within this amount, four of the five main service areas returned underspends, or achieved a balanced position, against their approved budgets. Health and Social Care returned an overspend of £5.878m, with £4.75m of this being met through the Council Priorities Fund in accordance with Council's decision of 12 February 2015 and the remainder addressed by means of underspends / additional income from other areas of the Council's budget.

- 3.3 The net underspend of £0.519m has initially been set aside within the Council Priorities Fund, for the purposes of closing the 2014/15 accounts. Following consideration at its meeting of 28 May, Council agreed to allocate up to £0.250m of the combined Economic Development and Corporate Governance underspend (totalling £0.491m) to support the development of a full proposal for the Edinburgh and South East Scotland City Region City Deal. Members are therefore asked to refer this decision, and the resulting set-aside of the remaining balance within the Council Priorities Fund, to Council for approval.
- 3.4 Service variances are outlined in more detail in Appendix 2.

Other variances

- 3.5 In addition to the service-specific position summarised above, the overall outturn reflected a number of other variances, the main elements of which are summarised below:

Council Tax Reduction Scheme

The majority of funding for this scheme is included within the Local Government Finance Settlement. The entirely demand-led nature of this scheme exposes the Council to risks, however the sums paid out in 2014/15 were £0.8m lower than the level of budgetary provision.

Loan Charges / Interest on Revenue Balances

There was an overall favourable variance of £3.17m, largely attributable to the Council's ongoing strategy not to undertake external borrowing to finance capital investment, instead financing this from available cash resources.

Council Tax / Community Charge

Increased property numbers, lower than budgeted levels of exemptions and discounts contributed to a favourable overall variance of £4.170m.

The Community Charge Debt (Scotland) Act 2015 was passed on 19 February 2015, bringing to an end the collection of Community Charge in Scotland. The Council has written off the Community Charge debtor in the annual financial statements during the financial year and no further income collections will be made.

Property Conservation

- 3.6 As part of the 2014/15 financial year-end review process, the adequacy of provision for bad debt and irrecoverable sums was considered by Finance and Property Conservation. Following review, and as a prudent measure, the total amount earmarked for bad debts and irrecoverable sums has been increased by £1.5m, recognising a potential under-provision for legacy work and aged debts. This is in respect of old statutory notice bills that were not part of the Deloitte

process. The total amount now set aside for bad debts and irrecoverable sums is £17.9m.

Approved budget savings delivery

- 3.7 The final outturn position for 2014/15 indicates that 72% of approved savings by value were delivered, with non-delivery primarily as a result of shortfalls in Corporate Property and Health and Social Care. Opportunities to realise savings, and thereby re-establish financial stability, in these areas are being actively examined through the asset management strand of the Transformation Programme and KPMG's work with Health and Social Care.

Housing Revenue Account (HRA)

- 3.8 The HRA achieved a balanced position for 2014/15 after making a contribution of £2.503m to the Renewal and Repairs Fund, which represents sums set aside for the provision of new affordable homes through the 21st Century Homes programme and as a contingency to manage the impact of welfare reform. This contribution was achieved after a voluntary repayment of debt of £6.1m.

Staff severance costs

- 3.9 Costs relating to voluntary severance in 2014-15 were met through a combination of central funding and provision made by service areas. Services were again given the option of having pension strain costs funded centrally by way of a budget virement, with any costs being repaid to the General Fund over a period of up to five years, or managing these within available resources. Full provision to meet these costs was made in-year by all services except Children and Families, with funding of £0.137m being repayable over five years.
- 3.10 The table below summarises voluntary severance and pension strain costs relating to the release of staff during the year to enable approved savings to be delivered. The reported costs and staff numbers are based on when the corresponding commitment was created in accounting terms and not necessarily when the employees concerned left the Council. The number and associated cost of voluntary severance arrangements in 2014/15 reduced by almost 50% compared with 2013/14.

Service	Voluntary Severance Costs £000	Pension Strain Costs £000	Total £000	Number of staff
Children and Families	609	259	868	34
Corporate Governance	393	389	782	14
Economic Development	57	74	131	3
Health and Social Care	72	175	247	12
Services for Communities	328	305	633	18

Total	1,459	1,202	2,661	81
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Reserves

- 3.11 Details of the opening and closing amounts in the General Fund, including earmarked balances are shown in Appendix 3. The unallocated General Fund balance remained unchanged at £13.025m, while there was a net decrease in reserves held for specific purposes by £5.995m. The main elements of this movement were:

Net contributions to General Fund

Balances set aside for specific investment - £1.861m – various additional contributions for specific projects received during the year that are expected to be drawn down in the 2015/16.

Lothian Buses - £2m – additional dividend received from Lothian Buses which is being utilised in 2015/16 to support additional investment in the city's roads and pavements.

Council Tax Discount Fund - £2.301m - monies set aside as a result of reducing Council Tax second home discounts. Use of the fund is prescribed by the Scottish Government and is restricted to affordable housing type projects.

Strategic Acquisition Fund - £3m – on 7 February 2013 Council approved the creation of this fund for the purpose of creating new city development opportunities. During 2014/5 part funding of this initiative was created from a one-off dividend receipt derived through an asset sale from Shawfair Land Ltd.

IT Transformation – £2.298m – a further contribution to the fund was made in 2014/15 to support the IT transformation programme.

Contributions from General Fund

Council Priorities Fund – net reduction of £7.739m comprised a combination of (i) drawdown of £4.75m to reduce the Health and Social Care overspend, as approved by Council, 12 February 2015, (ii) approved funding of Gylemuir House (former Pentland Hill Care Home), (iii) approved tram feasibility funding and (iv) a number of smaller approved drawdowns.

Contingency funding and workforce management - £4.931m net reduction related to (i) £1.276m central funding of voluntary release and pension strain costs, (ii) £3.155m of equal pay claims and (iii) Children and Families contingency funding carried forward from 2013/14.

Older People's Change Fund – remaining funds of £2.67m were drawn down in full during 2014/15 in accordance with funding agreements, for a number of prevention and early intervention initiatives.

Common Good

- 3.12 During 2014/15, the Council generated two capital receipts for the Common Good, with the first being the sale of air rights above Common Good land in the Grassmarket for £0.035m, which was credited to the Common Good Fund. The second sale was that of East Market Street Garage as part of a wider package of properties associated with the New Waverley development.
- 3.13 The Common Good account was credited with a receipt of £1.183m. The receipt, net of costs associated with the disposal, was then transferred to an earmarked reserve pending re-consideration by the Council of its previous decision on 14 November 2002 to transfer the receipt from the sale of the site to the Council to assist with the funding of the rationalisation of office accommodation. Given the subsequent completion of the accommodation programme, culminating in the opening of the Waverley Court Headquarters building in late 2006, and, more fundamentally, intervening changes in economic conditions (including the knock-on impact on the Fund's investment returns), it is recommended that this receipt now be retained within the Council's Common Good account.

Measures of success

- 4.1 The Council has a statutory duty to set a balanced budget each year and the Financial Regulations further set out the Directors' responsibilities in maintaining expenditure within approved levels. This has in overall terms been achieved and has allowed the level of unallocated reserves to be maintained in accordance with the Council's reserves strategy whilst also forming a solid basis from which to deliver subsequent years' savings requirements.

Financial impact

- 5.1 There is no additional financial impact arising from the report's contents but a range of pressures and the corresponding ways in which they were managed during the year is set out.

Risk, policy, compliance and governance impact

- 6.1 Risk-based monitoring, including regular tracking of the delivery of approved savings and active management of risks and pressures, forms a key element of effective financial management. This, in turn, serves as a vital aspect of the Council's wider governance framework.

Equalities impact

7.1 There are no direct equalities impact implications arising from this report.

Sustainability impact

8.1 There is no direct relevance of the report's contents to impacts on carbon, adaptation to climate change and sustainable development.

Consultation and engagement

9.1 There is no direct relevance to the report's contents

Background reading/external references

Common Good (specifically re. sale of East Market Street Garage) – City of Edinburgh Council, 14 November 2002

[Capital Coalition Budget Motion 2013/14](#) – City of Edinburgh Council, 7 February 2013

[Adult Social Care Pressures 2014/15](#) – Finance and Resources Committee, 27 November 2014

[Revenue Monitoring 2014/15 – Nine Month Position](#) – Finance and Resources Committee, 15 January 2015

[Health and Social Care Financial Position – referral report from the Finance and Resources Committee](#) – City of Edinburgh Council, 12 February 2015

[Edinburgh and South East Scotland City Region City Deal](#), City of Edinburgh Council, 28 May 2015

[Unaudited Financial Statements 2014/15](#) – City of Edinburgh Council, 25 June 2015

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Links

Coalition pledges	P30 - Continue to maintain a sound financial position including long-term financial planning
Council outcomes	CO25 – The Council has efficient and effective services that deliver on agreed objectives

Single Outcome Agreement

SO1 – Edinburgh’s economy delivers increased investment, jobs and opportunities for all

SO2 – Edinburgh’s citizens experience improved health and wellbeing, with reduced inequalities in health

SO3 – Edinburgh’s children and young people enjoy their childhood and fulfil their potential

SO4 – Edinburgh’s communities are safer and have improved physical and social fabric

Appendices

Appendix 1 - Unaudited outturn statement, 2014/15

Appendix 2 - Service outturn commentaries

Appendix 3 - General Fund – movements in usable reserves

THE CITY OF EDINBURGH COUNCILUNAUDITED OUTTURN STATEMENT 2014-15

Service	Adjusted Budget £000	Outturn £000	Outturn Variance £000
Children and Families	391,393	391,393	0
Economic Development	12,479	12,453	(26)
Corporate Governance	81,529	81,064	(465)
Health and Social Care	204,359	210,237	5,878
Valuation Joint Board requisition	3,745	3,745	0
Services for Communities	137,316	137,316	(1)
General Fund Services	830,822	836,208	5,386
Council Tax Reduction Scheme	26,597	25,785	(811)
Net Cost of Benefits	2,983	1,609	(1,374)
Non Distributed Costs	10,113	10,113	0
Dividends Receivable	(8,000)	(8,437)	(437)
Loans Charges / Interest on Revenue Balances	118,165	114,995	(3,170)
Prior Year and Other Adjustments	6,157	7,666	1,508
Total Non-Service Specific	156,015	151,731	(4,285)
Total Expenditure to be Funded	986,837	987,938	1,102
Funded by -			
Revenue Support Grant	(386,311)	(386,311)	0
Non Domestic Rates - Contrib from Pool	(364,108)	(364,108)	0
Council Tax / Community Charge	(234,591)	(238,761)	(4,170)
Contribution to Repairs and Renewals	64	10,366	10,301
Contribution to Capital Fund	91	91	0
Contribution from Earmarked Funds	(1,982)	(9,734)	(7,751)
Total Funding	(986,837)	(988,457)	(1,620)
In-year Surplus	0	(519)	(519)

Slight differences above are due to roundings.

Children and Families

Children and Families achieved a breakeven position for 2014-15 which is in line with the position reported at month nine.

The service delivered this position despite a number of significant unbudgeted pressures in demand-led areas including:

- a growth in fostering, kinship and adoption placements which exceeded expected levels;
- increased costs associated with Additional Support Needs home-to-school transport;
- increased employee costs associated with Schools and Community Services.

Mitigating management actions were put in place to manage these pressures in full, including vacancy controls, reduction in discretionary expenditure and application of service reserves.

Corporate Governance

Corporate Governance 2014-15 outturn reflected an underspend of £0.465m compared to budget.

The service achieved the underspend after managing an emerging pressure of £0.1m relating to Discretionary Housing Payments, through additional income of £0.125m from the Usher Hall and other events, £0.2m one-off saving from the transfer of the Single Fraud Investigation Service to the Department for Work and Pensions and control of expenditure within IT Solutions of £0.3m.

Economic Development

The outturn position for Economic Development showed an underspend of £0.026m for 2014-15 against a balanced position forecast at period nine.

Health and Social Care

Health and Social Care continued to face significant demand-led pressures in 2014/15 and the final outturn position was a net overspend of £5.878m. This was an adverse movement from the period nine report of £2.338m.

At the budget setting meeting of 12 February 2015, Council approved the use of up to £4.75m from the Council Priorities Fund towards this overspend. The remainder was met through savings in loans charge expenditure and additional Council Tax income.

The main pressures were in the following areas:

£3.9m Care at Home - demographic and unscheduled care pressures

£1.8m Direct Payments - Self-Directed Support option 1

£1.0m Care Home staffing - increased dependency level of residents

£0.8m Respite Income - new legislation preventing charging for support to carers

£0.5m Residential and Nursing Care - cost of high dependency placements

The "Adult Social Care Pressures 2014/15" report to Finance and Resources Committee on 27 November 2014 outlined £2m of mitigating actions to control the budget overspend. This

was subsequently increased, with £2.3m being achieved.

Agreed income of £1m to help fund the Joint Financial Plan was not made available by NHS Lothian due to increased unscheduled care demand on the acute hospital sector, as reported to Committee on 27 November.

Integration transition funding of £0.283m from NHS Lothian has yet to be received and a gap between one-off funding released by NHSL and the cost of Step Down also created a pressure of £0.492m.

Services for Communities

Services for Communities achieved a balanced budget in 2014/15 in line with the period nine forecast. This was achieved despite the service needing to address pressures of almost £6m in Corporate Property and £3m in Environment.

In order to contain expenditure within budget, money was diverted from budgets across the service to create a contingency and a decision was taken to stop discretionary/non-committed expenditure in the last quarter. This contributed to significant underspends in the Transport and Neighbourhood budgets. There was also an increased level of planning and building warrant income.

General Fund - movement in usable reserves

Appendix 3

	Balance at 31.3.14		Balance at 31.3.15	
	£m	£m	£m	£m
Unallocated General Fund		13.025		13.025
<u>Balances set aside to manage future risks</u>				
Balances set aside for specific investment	12.028		13.889	
Council priorities fund	10.894		3.155	
Contingency funding, workforce management	22.832		17.901	
Dilapidations fund	8.154		8.759	
Insurance fund	<u>11.928</u>		<u>12.557</u>	
		65.836		56.261
<u>Balances set aside from income received in advance</u>				
Licensing income	1.820		1.401	
Lothian Buses	4.000		6.000	
Other minor funds	0.197		0.219	
PPP monies	1.455		1.599	
Recycling monies	1.464		1.371	
National Performance Centre	3.446		1.996	
Council Tax discount fund	16.335		18.636	
Change Fund	2.670		0.000	
Unspent grants	4.610		4.482	
Strategic Acquisition Fund	<u>0.000</u>		<u>3.000</u>	
		35.997		38.704
<u>Balances set aside for investment in specific projects which will generate future savings</u>				
IT transformation	1.183		3.481	
Energy efficiency	0.983		0.800	
Spend to save	<u>5.012</u>		<u>3.989</u>	
		7.178		8.270
Devolved School Management		1.273		1.054
Total General Fund		<u><u>123.309</u></u>		<u><u>117.314</u></u>

Finance and Resources Committee

10.00am, Thursday, 27 August 2015

Capital Monitoring 2014/15 – Outturn and Receipts

Item number	7.5
Report number	
Executive/routine	
Wards	

Executive summary

The final outturn (excluding the tram project) shows that in 2014/15 the Council required to borrow £26.784m and was in receipt of grants and capital income net of the transfer to Capital Fund of £107.283m. Together this funded capital investment of £134.067m. The level of borrowing required was £5.957m greater than budget. This position is subject to the external audit process which will be completed in September 2015.

Links

Coalition pledges	P3; P8; P30; P31; P33; P42
Council outcomes	CO1; CO16; CO20; CO23; CO25
Single Outcome Agreement	SO3; SO4

Capital Monitoring 2014/15 – Outturn and Receipts

Recommendations

- 1.1 Members of the Finance and Resources Committee are requested to:
- 1.1.1 Note the 2014/15 final unaudited capital positions on the General Fund (excluding the tram project) and Housing Revenue Account (HRA);
 - 1.1.2 Approve the revised Capital Programme for 2015-2020; and
 - 1.1.3 Refer the report to the Governance, Risk and Best Value Committee as part of its work-plan.

Background

- 2.1 This report presents the final outturn on the Council's Capital Programme for 2014/15, including details of capital receipts and slippage / acceleration on projects within the Capital Investment Programme.

Main report

- 3.1 The outturn position is summarised in the table below, while further details can be seen in Appendix 1. It should be noted that the outturn position reported excludes the tram project.

	Final Outturn Variance £000	Outturn Variance at Month Nine Restated £000	Movement from Month Nine £000
Net (slippage) / acceleration in gross expenditure	(1,421)	(4,789)	3,368
Net (surplus) / deficit in capital receipts / grant income	(2,622)	(3,709)	1,087
Capital receipts income transferred to Capital Fund	10,000	10,000	0
Net increase / (decrease) in borrowing requirement	5,957	1,502	4,455

- 3.2 As presented in the table at 3.1 above, the final outturn position reports £1.421m of slippage on gross expenditure on projects, compared to an estimated £4.789m variance at month nine. Net capital receipts / grant income exceeded the budgeted level by £2.622m. Of the £14.3m capital receipts income generated from asset sales, £11.298m has been transferred to the Capital Fund. This is based on an end of year assessment of affordability of loan charges and allows future flexibility in realising capital procurement savings within the revenue general fund budget or to fund capital expenditure / offset principal repayments. The net effect of these variances is an increase of £5.957m in the amount that the Council requires to borrow corporately to support its capital programme.
- 3.3 Explanations for significant slippage and accelerations in year are included in Appendix 2. Where applicable, variances on individual projects have been categorised and summarised in order to provide further analysis of the marginal net slippage position.
- 3.4 There are a small number of projects where delays or unforeseen circumstances out with the control of the Council have led to slippage (£3.424m). The remainder of slippage (£4.991m) has arisen due to over optimistic budget setting, programme design / delivery issues and as a result of the timing of cash flow payments. This slippage has been partly off-set by acceleration of projects / better than originally anticipated progress (£6.994m) resulting in a marginal net slippage position of £1.421m.
- 3.5 The slippage on gross expenditure represents a 1.05% variance against budget, which has increased marginally compared to a 0.03% variance on the 2013/14 outturn position. This demonstrates the continued success of the centralised capital monitoring team in tackling optimism bias within the programme along with promoting improved delivery.
- 3.6 Although, on a recurring basis, slippage has been reduced to more acceptable levels, members should note that the nature of capital projects means that in any given year, variance against budget will occur due to delays or unforeseen circumstances out with the control of the Council. The impact of this type of slippage has been minimised this year due to acceleration / better than originally anticipated progress elsewhere in the programme. However, the ability to minimise this inherent slippage in future years is dependent on how 'shovel-ready' projects are to allow for acceleration in year.

- 3.7 Asset Management Works investment continues to demonstrate a marked improvement in delivery of projects. Strengthened delivery and monitoring processes, which include Corporate Property carrying out programming / design phases of projects in the preceding financial year, mean that projects are 'shovel-ready' for delivery as soon as the current financial year begins. For a second year running, delivery has been better than originally anticipated with acceleration of projects leading to outturn expenditure of £18.657m against a revised budget of £14.074m in 14/15. A breakdown by establishment of the £18.657m spent is detailed within Appendix 3.
- 3.8 The final outturn shows that in 2014/15 the Council required to borrow £26.784m and was in receipt of grants and capital income net of the transfer to Capital Fund of £107.283m. Together this funded capital investment of £134.067m. The level of borrowing required was £5.957m greater than budget. This position is subject to the external audit process which will be completed in September 2015.

Capital receipts/grant income

- 3.9 A detailed list of capital receipts, including those ring-fenced for specific projects is shown in Appendix 4.
- 3.10 Of the £14.3m receipts income generated from asset sales in 2014/15, £11.298m has been transferred to the Capital Fund. As stated previously to Members in quarterly capital monitoring reports, the Head of Finance has carried out a year end review and chosen to transfer an element of capital receipt income to the Capital Fund.

Housing Revenue Account (HRA)

- 3.11 As can be seen in Appendix 5, the HRA outturn position reports gross expenditure of £37.308m (£34.135m forecast at month nine), grants and capital income of £17.487m (£14.106m forecast at month nine) and prudential borrowing of £19.821m (£20.029m forecast at month nine).
- 3.12 The final outturn reports £8.418m of slippage on gross expenditure on projects which is broadly in line with that reported at month nine (£8.997m).
- 3.13 Detailed explanation of the reasons for this slippage level was presented within the appendices of the month nine capital monitoring report on the Finance and Resources Committee agenda in January 2015. As a reminder, the high slippage level is mainly due to a combination of managing the level of works to maintain contractor performance and due to delaying other major works that will be packaged under the new HAM Framework contract which will be available in July 2015.

Revised Capital Investment Programme (CIP) 2015-2020

- 3.14 The CIP 2015-2020 approved by Council in February was based on an interim budget which included net slippage / acceleration at month nine.
- 3.15 An additional £13.319m of funding was made available through the budget process and allocated by members in approving the CIP roll forward in February 2015. This additional funding was made available from £5.819m of unallocated additional General Capital Grant, received as part of the 2015/16 Finance Settlement, and £7.5m made available from the Council's Capital Fund.
- 3.16 Members allocated this additional funding based on an assessment of service priorities and pressures that were presented to them at that time. As a result, the funding was allocated as follows:-
- £1m for Channel Shift infrastructure
 - £0.9m for Local Development Plan investment
 - £5m for rising school rolls extension projects
 - £3m for carriageway and footways improvements
 - £3.419m provided for asset management improvement works across the Council estate
- 3.17 Following discussion with colleagues on Local Development Plan investment, Finance has determined that the nature of expenditure proposed does not meet the capital eligibility test and is revenue related spend. As this investment is to be funded from the Capital Fund, it will now be drawn down in revenue to fund the expenditure through the revenue budget rather than the CIP.
- 3.18 The remainder of slippage / acceleration since month nine will be carried forward in the capital programme. The revised CIP for 2015-2020, incorporating additional resources (with the exception of the Local Development Plan investment as explained in 3.17 above) and including actual net slippage from 2014/15 is shown in Appendix 6.
- 3.19 The revised CIP has been realigned and re-phased to ensure that projects reflect the most up to date cash flow projections. The centralised capital monitoring team within Finance has worked closely with project managers to ensure that optimism bias has been avoided where possible. Project managers have been asked to consider risk issues such as adverse weather or other uncontrollable factors that can impact on delivery and to build this into budgeted cash flows.
- 3.20 Where block budgets exist, Finance has sought evidence of the programme of works behind these and clarification of the stage they are at e.g. design, tender / procurement or construction stages. Project managers have then been asked to phase budgets accordingly based on the stage of individual projects within a block.

- 3.21 Through the processes described above, base budgets should reflect realistic spending patterns that take risk factors of delivery into account and avoid optimism bias, with the aim being to maintain low slippage levels in 2015/16.

Revised Housing Revenue Account (HRA) capital programme 2015/16

- 3.22 In revising the HRA capital programme for 2015/16, Finance staff have worked alongside colleagues from within Housing to ensure that best practice principles adopted in the General Fund Programme are applied to the HRA programme. Members should note that these principles will take a period of time to embed and that reduction in slippage levels will occur incrementally over time rather than being immediate.
- 3.23 In revising the HRA programme, the budget has been reduced by £1m, in line with savings in staff costs that have been identified since approval of the budget in February. The programme is now budgeted to deliver £48.830m of capital works in 2015/16.
- 3.24 There are significant challenges in delivering the 2015/16 core HRA capital programme due to the introduction of the new Housing Asset Management (HAM) Framework contract part way through the financial year. There are a number of potential risks that could affect delivery and result in slippage being reported as the financial year progresses. Colleagues within Finance will liaise with colleagues within Housing to monitor and manage risks robustly, minimising the impact of these where possible. The risks are set out in detail in 6.4 of this report.

Additional capital receipt income identified for 2015-2020 CIP

- 3.25 A report presented to the Finance and Resources Committee on 13 May 2015 on the proposed sale of Boroughmuir High School identifies a minimum receipt of £13m paid over two tranches, with £8m to be received in 2016/17 and £5m in 2017/18. The £13m represents additional income of £8m compared to the originally envisaged £5m receipt which underpins expenditure on the new school facility in the 2015-2020 CIP.
- 3.26 Following a Capital Coalition Motion at the same Finance and Resources meeting, it has been agreed that any additional funding received from the sale of the Boroughmuir site (beyond the sum already allocated to the provision of the new school) should be used to provide funding toward:
- The site acquisition for a long-term solution to rising rolls in South Edinburgh;
 - The re-provision of facilities at Leith Primary School.

- 3.27 Neither capital receipt income nor capital expenditure budgets have been updated for this additional £8m in projected settlement value as part of the roll forward revised 2015-2020 CIP presented. Updates will be carried out through future roll forward programmes once missives are concluded and the actual level / timing of receipt is more certain.
- 3.28 A budget update report to the September meeting of Finance and Resources Committee will present a more detailed position on projected capital receipts income underpinning the 2015-2020 CIP.

Measures of success

- 4.1 Completion of capital projects as budgeted for in the 2014/15 capital programme.
- 4.2 Identifying slippage at the earliest opportunity and accelerating projects where possible to ensure best use of available resources.

Financial impact

- 5.1 The 2014/15 general fund outturn (excluding the tram project) outlines capital borrowing of £26.784m. The overall loan charges associated with this borrowing over a 20 year period are a principal amount of £26.784m, interest of £17.436m, resulting in a total cost of £44.220m based on a loans fund interest rate of 5.1%. The loan charges are interest only in the first year, at a cost of £0.7m, followed by an annual cost of £2.176m for 20 years. The borrowing required is carried out in line with the Council's approved Treasury Management Strategy.
- 5.2 The loan charge costs outlined above have been met from this year's revenue budget for loan charges.

Risk, policy, compliance and governance impact

- 6.1 Significant budget virements have complied with relevant financial rules and regulations.
- 6.2 Capital monitoring and budget setting processes adopted ensure effective stewardship of resources. The processes applied aim to ensure projects are delivered on time and budget whilst fulfilling the financial criteria of value for money.
- 6.3 Monitoring of major capital projects including risk assessment is carried out by the Council's Corporate Programmes Office (CPO).

- 6.4 Over 80% of the 2015/16 core HRA capital investment programme will be delivered through the new HAM Framework. This presents significant risks to delivery:
- With over 80% of the programme being tendered in the second half of the financial year, this will reduce the time available to maximise delivery.
 - The Council will not have previous experience of the new contractors on the Framework and as such, there may be capacity or mobilisation issues for contractors given the reduced timeline for delivery.
 - With the majority of the programme starting in the second half of the financial year, there is a risk that delivery of external fabric work streams could be adversely affected by inclement weather over the winter period.

Equalities impact

- 7.1 The Council's capital expenditure contributes to the delivery of the public sector equality duty to advance equality of opportunity and foster good relations e.g. enhancement works related to the Disability Discrimination Act, works on Children and Families establishments and capital expenditure on Council housing stock.
- 7.2 There is little contribution with regard to capital expenditure and the duty to eliminate unlawful discrimination, harassment or victimisation.

Sustainability impact

- 8.1 The impacts of the projects set out within the appendices of this report in relation to the three elements of the Climate Change (Scotland) Act 2009 Public Bodies Duties have been considered, and the outcomes are summarised below. Relevant Council sustainable development policies have been taken into account.
- 8.2 The proposals in this report will help achieve a sustainable Edinburgh because they are ensuring funding for key strategic projects that will enhance facilities and infrastructure in the city. A carbon impact assessment shall be carried out on each new project to achieve the most sustainable outcome for the city in each case.
- 8.3 The proposals in this report will increase the city's resilience to climate change impacts because they are securing funding for flood prevention projects.

Consultation and engagement

- 9.1 Consultation on the budget will be undertaken as part of the budget process.

Background reading/external references

[Proposed Sale: Boroughmuir High School, Viewforth](#), Finance and Resources Committee, 13 May 2015

[Motion by the Capital Coalition](#), The City of Edinburgh Council, 12 February 2015

[Capital Monitoring 2014/15 – Nine Month Position](#), Finance and Resources Committee, 15 January 2015

Alastair D Maclean

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Links

Coalition pledges	<p>P3 – Rebuild Portobello High School and continue progress on all other planned school developments, while providing adequate investment in the fabric of all schools</p> <p>P8 – Make sure the city’s people are well-housed, including encouraging developers to build residential communities, starting with brownfield sites</p> <p>P30 – Continue to maintain a sound financial position including long-term financial planning</p> <p>P31 – Maintain our City’s reputation as the cultural capital of the world by continuing to support and invest in our cultural infrastructure</p> <p>P33 – Strengthen Neighbourhood Partnerships and further involve local people in decisions on how Council resources are used</p> <p>P42 – Continue to support and invest in our sporting infrastructure</p>
Council outcomes	<p>CO1 – Our children have the best start in life, are able to make and sustain relationships and are ready to succeed</p> <p>CO16 – Edinburgh draws new investment in development and regeneration</p> <p>CO20 – Culture, sport and major events – Edinburgh continues to be a leading cultural city where culture and sport play a central part in the lives and future of citizens</p> <p>CO23 – Well-Engaged and Well-Informed – Communities and individuals are empowered and supported to improve local outcomes and foster a sense of community</p> <p>CO25 – The Council has efficient and effective services that deliver on objectives</p>

Single Outcome Agreement	SO3 - Edinburgh's children and young people enjoy their childhood and fulfil their potential SO4 - Edinburgh's communities are safer and have improved physical and social fabric
Appendices	1 - Capital Monitoring 2014/15 – Final Position – General Fund 2 - Slippage / Acceleration on capital projects 2014/15 3 - Breakdown of Asset Management Works Spend 2014/15 4 - Capital Receipts Schedule 2014/15 5 - Capital Monitoring 2014/15 – Final Position - HRA 6 - Revised Capital Investment Programme 2015-2020

Capital Monitoring 2014/15

General Fund Summary

Outturn Position-Unaudited

Expenditure	Revised Budget £000	Adjusts £000	Total Budget £000	Outturn 2014/15 £000	Projected Variance	
					£000	%
Children and Families	17,985	2,959	20,944	16,903	(4,041)	-19.29%
Economic Development	52	-	52	-	(52)	-100.00%
Corporate Governance	5,946	2,624	8,570	7,582	(988)	-11.53%
Health and Social Care	2,985	1,975	4,960	4,616	(344)	-6.94%
Services for Communities	75,862	9,977	85,839	85,260	(579)	-0.67%
Services for Communities-Asset Management	14,216	(142)	14,074	18,657	4,583	32.56%
Council Wide / Corporate Projects	683	366	1,049	1,049	-	0.00%
Total Gross Expenditure	117,729	17,759	135,488	134,067	(1,421)	-1.05%

Resources

<i>Capital Receipts</i>						
General services	8,000	-	8,000	8,652	652	8.15%
Capital receipts in lieu of prudential borrowing				515	515	n/a
Ringfenced asset sales to be provided as part of carryforward	454	-	454	3,749	3,295	725.77%
Ringfenced asset sales	-	11	11	11	-	0.00%
Asset sales to reduce corporate borrowing	3,000	-	3,000	1,373	(1,627)	n/a
Less fees relating to receipts	-	-	-	(213)	(213)	n/a
Less transfer to Capital Fund	-	(1,298)	(1,298)	(11,298)	(10,000)	770.42%
<i>Total Capital Receipts from Asset Sales</i>	<i>11,454</i>	<i>(1,287)</i>	<i>10,167</i>	<i>2,789</i>	<i>(7,378)</i>	<i>-72.57%</i>
Developer and other Contributions	6,561	10,984	17,545	17,545	-	0.00%
<i>Total Capital Receipts</i>	<i>18,015</i>	<i>9,697</i>	<i>27,712</i>	<i>20,334</i>	<i>(7,378)</i>	<i>-26.62%</i>
<i>Grants</i>						
Scottish Government General Capital Grant	50,658	7,017	57,675	57,675	-	0.00%
Cycling, Walking and Safer Streets	762	-	762	762	-	0.00%
Management Development Funding	28,512	-	28,512	28,512	-	0.00%
<i>Total Grants</i>	<i>79,932</i>	<i>7,017</i>	<i>86,949</i>	<i>86,949</i>	<i>-</i>	<i>0.00%</i>
Total Resources	97,947	16,714	114,661	107,283	(7,378)	-6.43%

Balance to be funded through borrowing	19,782	1,045	20,827	26,784	5,957	28.60%
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**CAPITAL MONITORING 2014/2015 - Outturn
Slippage and Acceleration on Projects**

Slippage on projects is shown as a negative value, while acceleration or overspends are shown as positive values.

Key to variance category

Type

1. Slippage due to unforeseen delays

2. Slippage due to optimistic budget

3. Slippage due to timing of payments

4. Acceleration on a project

Explanation

Slippage that has occurred due to unforeseen circumstances or delays that for the most part, are out with the Council's control.

Slippage that has occurred due to optimism bias when budget was set. Issues include projecting spend on block budgets when a programme of works has not been considered or designed, not applying a discount factor for adverse weather / risk issues, providing for too much contingency and predicting an optimistic works timetable.

Slippage that has occurred where a project is on time and schedule but is as a result of the timing of cash flows.

Represents accelerated spend on a project i.e. due to better than anticipated progress.

Note that a project will exhibit an element of all of the above but the over riding reason has been considered when applying a variance category.

	Outturn £000	Period 9 £000	Movement between periods £000	Explanations for Significant Slippage / Acceleration	Variance Category
<u>Children and Families</u>					
Wave 3 - Boroughmuir high school replacement	-2,580	-1,550	-1,030	Revised cash flow projection based on later construction start date as a result of unforeseen piling issues on site.	1
Net (slippage) / acceleration on various projects	-787	-540	-247	Based on revised cash flow projections.	2
Wave 3 - Portobello high school replacement	-674	-932	258	Revised cash flow projection based on starting later on site but forecast to be delivered by original timescales.	3
Total Children and Families	<u>-4,041</u>	<u>-3,022</u>	<u>-1,019</u>		
<u>Economic Development</u>					
CWSS - Promenade	-52	0	-52	Due to delay in obtaining external funding to drive project forward.	1
Total Economic Development	<u>-52</u>	<u>0</u>	<u>-52</u>		
<u>Asset Management Works</u>					
Acceleration across the Asset Management Works programme	4,583	0	4,583	This represents better than anticipated progress on projects and acceleration of future projects across the asset management works programme. This represents a continued improvement in delivery.	4
Asset Management Works	<u>4,583</u>	<u>0</u>	<u>4,583</u>		

	Outturn £000	Period 9 £000	Movement between periods £000	Explanations for Significant Slippage / Acceleration	Variance Category
Corporate Governance					
ICT transformational change investment	-806	0	-806	Based on revised cash flow projections.	2
Net (slippage) / acceleration on various projects	-182	-117	-65	Based on revised cash flow projections.	2
Total Corporate Governance	-988	-117	-871		
Health and Social Care					
New Royston care home	-298	0	-298	Difficulties in reaching an agreement on affordability cap with external project manager.	1
Oxgangs day centre fit out	-207	0	-207	Due to delay as a result of having to carry out a value engineering exercise in order to bring contract costs in line with available budget.	1
Net (slippage) / acceleration on various projects	161	-16	177	Based on revised cash flow projections.	2
Total Health and Social Care	-344	-16	-328		
Services for Communities					
Net (slippage) / acceleration on other projects	-891	-1,108	217	Based on revised cash flow projection.	2
Zero waste - Millerhill	-559	-1,239	680	Payment made to Midlothian Council in March 2015 with remaining slippage representing revised cash flow projection.	2
Bridge Strengthening / replacement (block)	-344	-323	-21	Based on revised cash flow projection.	2
Neighbourhood Environmental Partnership improvement works	-287	-478	191	Due to difficulties agreeing programme of works with neighbourhood partnerships.	1
Public Realm works	-285	-193	-92	Based on revised cash flow projection.	2
George IV Bridge library improvement works	-274	-237	-37	Based on revised cash flow projection.	2
Cycle Projects	-188	230	-418	Based on revised cash flow projection.	2
Roads - Ward allocation	-162	-221	59	Based on revised cash flow projection.	2
Water of Leith - Phase 2	490	267	223	Better than anticipated progress based on funding shortfall issue being resolved.	4
Carriageway and footway works	546	277	269	Better than anticipated progress.	4
Leith Walk improvement programme	1,375	1,391	-16	Represents acceleration of Council funded works on basis that majority of eligible Scottish Government funded works will now take place next year rather than this year.	4
Total Services for Communities	-579	-1,634	1,055		
Total for all Services	-1,421	-4,789	3,368		

Summary of Variance Category	Outturn £000	Period 9 £000	Movement between periods £000	Explanations for Significant Slippage / Acceleration	Variance Category
1. Slippage due to unforeseen delays	-3,424	-2,028	-1,396		
2. Slippage due to optimistic budget	-4,317	-3,764	-553		
3. Slippage due to timing of payments	-674	-932	258		
4. Acceleration on a project	6,994	1,935	5,059		
	<u>-1,421</u>	<u>-4,789</u>	<u>3,368</u>		

Breakdown of Asset Management Works Spend 2014/15

	£000
Children And Families	
Abbeyhill Primary School	457
Balerno High School	40
Balgreen Nursery School	25
Balgreen Primary School	32
Benmore Centre	116
Blackhall Primary School	13
Broughton Primary School	227
Brunstane Primary School	71
Bruntsfield Primary School	3
Bruntsfield House	5
Bruntsfield Nursery School	136
Buckstone Primary School	16
Calderglen Nursery School	25
Cameron House Nursery School	18
Canal View Primary School	28
Carrick Knowe Primary School	4
Castle View Community Centre	15
Castlebrae High School	14
Castleview Community Centre	13
Clovenstone Primary School	27
Corstorphine Nursery School	11
Corstorphine Primary School	154
Craigentenny Community Centre	1
Craiglockhart Primary School	13
Craigmillar Children and Families Centre	16
Cramond Primary School	36
Currie High School	157
Currie Primary School	19
Dalmeny Primary School	20
Dalry Primary School	212
Davidson's Mains Primary School	174
Dean Park Primary School	89
Duddingston Primary School	89
Echline Primary School	20
Estate Wide Vehicles Plant And Equipment	654
Ferryhill Primary School	50
Fox Covert Primary School	9
Gilmerton Community Centre	41
Gilmerton Primary School	138
Gorgie War Memorial	1
Gracemount Primary School	86
Granton Children and Families Centre	24
Granton Primary School	28
Grassmarket Nursery School	13
Greendykes Children and Families Centre	127
Gylemuir Primary School	17
Hailesland Children and Families Centre	13
Hermitage Park Primary School	52
Holy Cross Primary School	209
Hope Cottage Nursery School	41
Inch Community Centre	13
Jack Kane Community Centre	27
James Gillespie Primary School	29
Kaimes Special School	22
Kirkliston Nursery School	13

Kirkliston Primary School	112
Lagganlia Outdoor Centre	87
Leith Academy	350
Leith Primary School	101
Leith Walk Primary School	58
Liberton High School	351
Liberton Primary School	68
Lochrin Nursery School	25
Longstone Primary School	345
Lorne St Primary School	15
Magdalane Community Centre	14
Moffat Early Years	14
Murrayburn Primary School	38
Nether Currie Primary School	526
Newcraighall Primary School	13
Northfield Community Centre	1
Oaklands Special School	31
Panmure St Ann's Primary School	13
Parsons Green Primary School	41
Pentland Community Centre	34
Pentland Primary School	13
Pilrig Children and Families Centre	13
Pilrig Park Special School	237
Portobello High School	143
Preston Street Primary School	13
Prestonfield Primary School	382
Queensferry High School	450
Queensferry Primary School	22
Rannoch Community Centre	2
Ratho Community Centre	1
Royal High Primary School	13
Royal Mile Primary School	97
Sciennes Primary School	89
Sighthill Children and Families Centre	9
Sighthill Primary School	17
South Morningside Primary School	95
Southside Community Centre	26
Spinney Lane Nursery	22
St Bride's Community Centre	2
St Crispin's Special School	66
St Cuthbert Primary School	21
St John Vianney Primary School	286
St Leonards Nursery School	13
St Margaret's Primary School	43
St Mark's Primary School	1
St Mary's Edinburgh Primary School	48
St Mary's Leith Primary School	17
St Ninian's Primary School	3
Stanwell Nursery School	28
Stenhouse Children and Families Centre	13
Stenhouse Primary School	4
Stockbridge Primary School	43
The Royal High School	60
Tollcross Primary School	167
Trinity Academy	533
Tynecastle Nursery School	14
Valley Park Community Centre	13
Victoria Primary School	12
Viewforth Children and Families Centre	15

Wester Hailes Education Centre	1,165
Total	10,351
Corporate Governance	
Assembly Rooms	38
Churchill Theatre	66
City Art Centre	681
Edinburgh Museum	18
Estate Wide Vehicles Plant And Equipment	153
Lauriston Castle	67
Meadowbank Sports Centre	14
Museum Of Childhood	3
Ratho Edinburgh International Climbing Arena	16
Ross Theatre	57
Royal Commonwealth Pool	98
Scott Monument	3
Tron Kirk	1
Usherhall	181
World War 1 Memorials	9
Writer Museum	1
Total	1,406
Corporate Property	
City Chambers	1,311
Estate Wide Vehicles Plant And Equipment	966
Lothian Chambers	62
South Neighbourhood Office	190
Waverley Court	575
Westfield House	844
Woods Centre	1
Total	3,949
Health And Social Care	
Clovenstone Home For Older People	168
Colinton Mains Hostel	2
Craighall Day Centre	26
Estate Wide Vehicles Plant And Equipment	254
Ferrylee Home For Older People	31
Firrhill Day Centre	33
Ford Road Home For Older People	65
Inchview Home For Older People	10
Jewel Home For Older People	69
Longstone Day Centre	3
Marionville Home For Older People	38
Oaklands Home For Older People	15
Parkview Home For Older People	90
Portlee Day Centre	1
Silverlea Home For Older People	63
South Gyle Respite Centre	9
Total	877
Services For Communities	
Bankhead Depot	52
Barnton Depot	5

Blackford Depot	79
Blackhall Library	8
Burgess Road Depot	2
Central Library	155
Craigmillar Depot	27
Currie Library	124
East Neighbourhood Office	16
Estate Wide Vehicles Plant And Equipment	146
Fountainbridge	5
Granton Library	2
Inch Depot	62
Inverleith Depot	43
Leith Library	12
Macdonald Rd Library	39
Moredun Library	63
Morningside Library	4
Mortonhall Crematorium	72
Murrayburn Depot	238
Newington Library	296
North Area Office	1
Parliament Houses	17
Peffer Place Depot	149
Piershill Library	2
Portobello Library	81
Portobello Town Hall	60
Powderhall Depot	139
Russell Road Depot	68
Saughton Depot	1
Seafeld Laboratory	63
South Area Office	1
West Area Office	20
Westfield House	22
Total	2,074

18,657

* It should be noted that in year expenditure below the Council's capital de minimus of £6,000 is the starting or finishing costs related to bigger projects spanning more than one financial year.

CAPITAL MONITORING 2014/15
General Fund - Land and Property Asset Sales

	£000	£000
General asset sales		
South Gyle Wynd - 1st tranche payment	2,933	
Newcraighall North	2,010	
5 New Street	1,110	
Lauriston Farm House	498	
193/197 Canongate	449	
154 McDonald Road	361	
261 Canongate	289	
Bellevue Road	175	
9 Cranston Street	172	
West Gorgie Place	140	
New Mart Road	138	
5a Cranston Street	130	
Craigentenny Avenue North	101	
Marshall's Court	90	
41 St Clair Street	18	
Various vehicle sales	17	
Westfield Footpath	11	
Balgreen Road	10	
	<hr/>	8,652
Ring fenced asset sales to be provided as part of carryforward to 2015/16		
93 Murrayfield Drive	2,228	
Porthaven Carehome	555	
1 Hamilton Terrace	445	
29 Balmwell Terrace	250	
Containerisation Sales	164	
Westfield Court Nursery	107	
	<hr/>	3,749
Ring fenced asset sales provided in year		
Westfield Court Nursery	11	
	<hr/>	11
Asset sales to reduce corporate borrowing on previous expenditure		
Former Curriehill Primary School 1st tranche payment	748	
Towerbank Annexe	313	
Former Oaklands Special School - 2nd tranche payment	312	
	<hr/>	1,373
Capital receipts in lieu of prudential borrowing		
Pennywell Gardens	365	
Leith Waterworld - 1st tranche payment	150	
	<hr/>	515
Total Land and Property Asset Sales		<hr/> <hr/>
		14,300

CAPITAL MONITORING 2014/15**Housing Revenue Account Summary****Outturn Position - Unaudited**

	(re-stated) Revised Budget £000	Outturn £000	Variance	
			£000	%
Gross Expenditure	45,726	37,308	-8,418	-18.4%
Total Gross Expenditure	45,726	37,308	-8,418	-18.4%

Resources				
Capital Receipts	-3,250	-7,090	-3,840	118.2%
Developers and Other Contributions	-6,622	-6,138	484	-7.3%
Specific Capital Grant	-4,219	-4,259	-40	0.9%
Total Resources	-14,091	-17,487	-3,396	24.1%

Borrowing				
Borrowing	31,635	19,821	-11,814	-37.3%
Total	31,635	19,821	-11,814	-37.3%

**REVISED
CAPITAL INVESTMENT
PROGRAMME 2015-2020**
(Incorporating full-year slippage from 2014/15)

REVISED CAPITAL INVESTMENT PROGRAMME 2015-2020**SUMMARY OF EXPENDITURE AND RESOURCES - GENERAL SERVICES**

2015-2020	2015/16	2016/17	2017/18	2018/19	2019/20	Total
	£000	£000	£000	£000	£000	£000
Expenditure	152,352	164,934	74,920	36,904	46,833	475,943
Resources						
Capital receipts						
General asset sales	10,952	13,000	10,000	4,500	3,000	41,452
Asset sales to reduce corporate borrowing	1,900	0	0	0	0	1,900
Ring-fenced asset sales	0	4,895	0	0	10,000	14,895
Developers' and other contributions	14,663	2,319	209	0	0	17,191
Capital Grants unapplied account	689	0	0	0	0	689
Total receipts	28,204	20,214	10,209	4,500	13,000	76,127
Grants						
Specific Capital Grant	32,392	0	0	0	0	32,392
General Capital Grant	57,461	46,000	44,500	44,500	38,000	230,461
Total Grants	89,853	46,000	44,500	44,500	38,000	262,853
Borrowing						
Support brought forward	63,388	0	0	0	0	63,388
Prudential framework						
- Through council tax	4,458	120	0	0	0	4,578
- Departmentally supported	9,127	35,013	27,562	4,585	0	76,287
Total borrowing	76,973	35,133	27,562	4,585	0	144,253
Over / (under)-programming	-42,678	63,587	-7,351	-16,681	-4,167	-7,290
Total Resources	152,352	164,934	74,920	36,904	46,833	475,943

Grant funding for 2016/17, 2017/18, 2018/2019 and 2019/20 is outside the current one year settlement and therefore the grant settlement figures for these years are based on prudent estimates.

REVISED CAPITAL INVESTMENT PROGRAMME 2015-2020**SUMMARY OF EXPENDITURE AND RESOURCES - HOUSING REVENUE ACCOUNT**

2015-2020	2015/16	2016/17	2017/18	2018/19	2019/20	Total
	£000	£000	£000	£000	£000	£000
Expenditure	48,830	48,693	51,485	44,375	40,347	233,730
Resources						
Capital Receipts						
General Asset Sales	6,112	1,175	-	-	-	7,287
Developers' and Other Contributions	7,670	16,383	14,873	10,271	1,811	51,008
Total Receipts	13,782	17,558	14,873	10,271	1,811	58,295
Grants						
Specific Gapital Grant	3,780	736	4,738	-	-	9,254
Total Grants	3,780	736	4,738	0	0	9,254
Borrowing						
Prudential Framework						
- House rents	31,268	30,399	31,874	34,104	38,536	166,181
Total Borrowing	31,268	30,399	31,874	34,104	38,536	166,181
Total Resources	48,830	48,693	51,485	44,375	40,347	233,730

REVISED CAPITAL INVESTMENT PROGRAMME 2015-2020

<u>SUMMARY OF EXPENDITURE</u>	Revised Budget 2015/16 £000	Revised Budget 2016/17 £000	Revised Budget 2017/18 £000	Revised Budget 2018/19 £000	Revised Budget 2019/20 £000	Total Budget 2015-2020 £000
General Services						
Children and Families	57,995	44,626	15,731	6,940	660	125,952
Corporate Governance	2,350	4,794	165	165	165	7,639
Economic Development	52	-	-	-	-	52
Health and Social Care	5,598	4,779	114	-	-	10,491
Services for Communities	73,097	85,985	47,981	21,363	17,835	246,261
Services for Communities - Asset Management Works						
- Children and Families	7,954	12,241	4,482	1,443	8,947	35,067
- Corporate Property	1,171	1,244	-	-	-	2,415
- Corporate Governance	1,684	2,944	75	-	-	4,703
- Health and Social Care	1,083	646	-	-	-	1,729
- Services for Communities	1,368	2,510	-	-	-	3,878
- Not yet allocated to services	-	5,165	6,372	6,993	10,226	28,756
Unallocated - indicative 5 year plan	-	-	-	-	9,000	9,000
Total General Services	<u>152,352</u>	<u>164,934</u>	<u>74,920</u>	<u>36,904</u>	<u>46,833</u>	<u>475,943</u>

REVISED CAPITAL INVESTMENT PROGRAMME 2015-2020

CHILDREN AND FAMILIES	Revised Budget 2015-16	Revised Budget 2016-17	Revised Budget 2017-18	Revised Budget 2018-19	Revised Budget 2019-20	Total Budget 2015-2020
	£000	£000	£000	£000	£000	£000
Early years						
Early learning and childcare	5,059	3,905	-	-	-	8,964
Early years contingency	-	145	-	-	-	145
Fox Covert nursery	1,319	23	-	-	-	1,342
Early years total	6,378	4,073	0	0	0	10,451
Primary schools						
Corstorphine	30	-	-	-	-	30
Towerbank	59	-	-	-	-	59
Upgrade kitchens - free school meals initiative	1,142	1,850	-	-	-	2,992
Waterfront	-	19	-	-	-	19
Primary schools total	1,231	1,869	0	0	0	3,100
Secondary schools						
Liberton high school replacement gym	1,276	1,094	33	-	-	2,403
New high school for Craigmillar	-	-	618	-	-	618
Replacement Queensferry high school	-	2,997	750	2,027	-	5,774
Secondary schools total	1,276	4,091	1,401	2,027	0	8,795
Community centres						
Duncan Place	100	200	-	-	-	300
Royston / Wardieburn	232	-	-	-	-	232
Community centres total	332	200	0	0	0	532
Children's services						
Accommodation young person centre	-	295	-	-	-	295
Heather Vale young person centre	777	240	-	-	-	1,017
Seaview replacement	14	-	-	-	-	14
Children's services total	791	535	0	0	0	1,326
Other projects						
Buckstone primary school - development works	43	100	-	-	-	143
Cost of sale of assets	(52)	-	-	-	-	(52)
Gaelic primary school playground	27	-	-	-	-	27
Kirkliston primary school - development works	2,516	207	-	-	-	2,723
Wester Hailes Healthy Living Centre underpass	55	1	-	-	-	56
Other projects total	2,589	308	0	0	0	2,897

REVISED CAPITAL INVESTMENT PROGRAMME 2015-2020

CHILDREN AND FAMILIES	Revised Budget 2015-16	Revised Budget 2016-17	Revised Budget 2017-18	Revised Budget 2018-19	Revised Budget 2019-20	Total Budget 2015-2020
	£000	£000	£000	£000	£000	£000
Capital investment new Nurseries and Gym						
Blackhall new gym	1,010	15	-	-	-	1,025
Duddingston nursery	954	14	-	-	-	968
Wardie nursery	703	10	-	-	-	713
Capital investment new nurseries and gym total	2,667	39	0	0	0	2,706
Rising school rolls						
Rising school rolls extension works	7,106	4,044	1,061	909	660	13,780
Rising school rolls total	7,106	4,044	1,061	909	660	13,780
Wave three school projects						
Boroughmuir high school replacement	13,121	14,944	400	-	-	28,465
Boroughmuir wave 3 enhancement	15	-	-	-	-	15
James Gillespie's campus	564	802	-	-	-	1,366
Portobello high school replacement	21,468	7,995	559	1,000	-	31,022
St Crispin's special school replacement	-	726	5,656	-	-	6,382
St John's essential improvement works	7	-	-	-	-	7
St John's new wave 3 School	450	5,000	6,654	500	-	12,604
Wave three inflation contingency	-	-	-	2,504	-	2,504
Wave three school projects total	35,625	29,467	13,269	4,004	0	82,365
Total Children and Families	57,995	44,626	15,731	6,940	660	125,952

REVISED CAPITAL INVESTMENT PROGRAMME 2015-2020

<u>CORPORATE GOVERNANCE</u>	Revised Budget 2015-16	Revised Budget 2016-17	Revised Budget 2017-18	Revised Budget 2018-19	Revised Budget 2019-20	Total Budget 2015-2020
	£000	£000	£000	£000	£000	£000
Museums and arts						
Calton Hill redevelopment	140	484	-	-	-	624
Museums and arts Total	140	484	0	0	0	624
Edinburgh Leisure						
Edinburgh Leisure	165	165	165	165	165	825
Edinburgh Leisure total	165	165	165	165	165	825
Sport projects						
3G pitch Malleny park	58	-	-	-	-	58
3G pitch works	-	150	-	-	-	150
Hunter Hall cycle hub and pitch	150	1,065	-	-	-	1,215
National Performance Centre for Sport additional contribution	-	200	-	-	-	200
Sighthill pavilion changing room upgrade	50	-	-	-	-	50
Victoria skate park	10	-	-	-	-	10
Sport projects total	268	1,415	0	0	0	1,683
Strategic support						
BOLD channel shift infrastructure	-	1,741	-	-	-	1,741
CATS ICT capital investment	150	150	-	-	-	300
City dressing programme	39	167	-	-	-	206
Core infrastructure improvements	6	-	-	-	-	6
ICT transformational change investment	1,600	400	-	-	-	2,000
Winter festival lighting	20	23	-	-	-	43
Strategic support total	1,815	2,481	0	0	0	4,296
Miscellaneous projects						
Assembly Rooms - theatre strategy	-	166	-	-	-	166
Contingency	-	83	-	-	-	83
Cost of sale of assets	(38)	-	-	-	-	(38)
Miscellaneous projects total	-38	249	0	0	0	211
Total Corporate Governance	2,350	4,794	165	165	165	7,639

REVISED CAPITAL INVESTMENT PROGRAMME 2015-2020

<u>ECONOMIC DEVELOPMENT</u>	Revised Budget 2015-16	Revised Budget 2016-17	Revised Budget 2017-18	Revised Budget 2018-19	Revised Budget 2019-20	Total Budget 2015-2020
	£000	£000	£000	£000	£000	£000
CWSS - Promenade	52	-	-	-	-	52
Total Economic Development	52	0	0	0	0	52

REVISED CAPITAL INVESTMENT PROGRAMME 2015-2020

<u>HEALTH AND SOCIAL CARE</u>	Revised Budget 2015-16	Revised Budget 2016-17	Revised Budget 2017-18	Revised Budget 2018-19	Revised Budget 2019-20	Total Budget 2015-2020
	£000	£000	£000	£000	£000	£000
Care homes						
Royston care home	3,916	4,693	114	-	-	8,723
Care homes total	3,916	4,693	114	0	0	8,723
Other projects						
Autism day and respite centre	754	70	-	-	-	824
Cost of sale of assets	(9)	-	-	-	-	(9)
Generators and business continuity	20	-	-	-	-	20
Oxgangs day centre	419	8	-	-	-	427
Telecare	180	-	-	-	-	180
Wester Hailes Healthy Living Centre						
Underpass	318	8	-	-	-	326
Other projects total	1,682	86	-	0	0	1,768
Total Health and Social Care	5,598	4,779	114	0	0	10,491

REVISED CAPITAL INVESTMENT PROGRAMME 2015-2020

SERVICES FOR COMMUNITIES	Revised Budget 2015-16	Revised Budget 2016-17	Revised Budget 2017-18	Revised Budget 2018-19	Revised Budget 2019-20	Total Budget 2015-2020
	£000	£000	£000	£000	£000	£000
Environment						
<u>Waste services</u>						
Containers - household waste	630	176	-	-	-	806
Containers - trade waste	50	-	-	-	-	50
Purchase of litter bins	70	199	-	-	-	269
Waste - service re-design	1,239	-	-	-	-	1,239
Waste disposal sites	50	-	-	-	-	50
Zero Waste: Millerhill	565	674	-	-	-	1,239
<u>Parks and green spaces</u>						
Footway landslips	40	-	-	-	-	40
New allotments	50	-	-	-	-	50
New play areas	14	-	-	-	-	14
Parks and green spaces	278	-	-	-	-	278
Pitch and park drainage	26	-	-	-	-	26
Saughton park	25	-	-	-	-	25
<u>Fleet</u>						
Vehicle Purchase	2,987	-	-	-	-	2,987
<u>East Neighbourhood</u>						
Neighbourhood environmental partnerships	267	167	136	136	-	706
Roads ward allocation	124	-	-	-	-	124
Environment total	6,415	1,216	136	136	0	7,903
Community Safety and Libraries						
<u>Community Safety</u>						
CCTV combine services	-	1,125	-	-	-	1,125
Mortonhall - cremator replacement	400	-	-	-	-	400
Purchase of noise equipment	33	-	-	-	-	33
<u>Libraries</u>						
George IV Bridge Library-enhancement works	-	400	-	-	-	400
People's Network	49	12	-	-	-	61
<u>South Neighbourhood</u>						
Neighbourhood environmental partnerships	111	210	136	136	-	593
Roads ward allocation	75	75	-	-	-	150
Community Safety and Libraries total	668	1,822	136	136	0	2,762
Housing and Regeneration						
<u>Housing and Regeneration</u>						
Commuted Sums	500	-	-	-	-	500
Development Funding Grant	31,663	-	-	-	-	31,663
Home owners' adaptation grants	1,000	-	-	-	-	1,000
Kirkliston environmentals	103	-	-	-	-	103
National Housing Trust phase 2	1,525	10,383	-	-	-	11,908
National Housing Trust phase 3	-	22,850	27,562	4,585	-	54,997

REVISED CAPITAL INVESTMENT PROGRAMME 2015-2020

SERVICES FOR COMMUNITIES	Revised Budget 2015-16	Revised Budget 2016-17	Revised Budget 2017-18	Revised Budget 2018-19	Revised Budget 2019-20	Total Budget 2015-2020
	£000	£000	£000	£000	£000	£000
Private Sector Housing Grant	-	1,065	-	-	-	1,065
Stair Lighting LED replacement	1,660	470	-	-	-	2,130
Travelling People's site	14	-	-	-	-	14
<i><u>West Neighbourhood</u></i>						
Neighbourhood environmental partnerships	326	207	136	136	-	805
Roads ward allocation	123	30	-	-	-	153
<i><u>South West Neighbourhood</u></i>						
Neighbourhood environmental partnerships	158	235	136	136	-	665
Roads ward allocation	-	208	-	-	-	208
Housing and Regeneration total	37,072	35,448	27,834	4,857	0	105,211
Projects Controlled by Corporate Property						
Castlebrae business centre	2,518	-	-	-	-	2,518
Duncan Place demolition	49	-	-	-	-	49
Free school meals initiative-equipment	80	-	-	-	-	80
Grassmarket Nursery 6VT relocation	425	-	-	-	-	425
The Causey project	18	-	-	-	-	18
Projects Controlled by Corporate Property total	3,090	0	0	0	0	3,090
Transport and other infrastructure						
<i><u>Engineering</u></i>						
Bridge strengthening	922	224	-	-	-	1,146
Link to Royal Infirmary	48	-	-	-	-	48
Lower Granton Road realignment	10	-	-	-	-	10
St Andrew Square public realm	107	399	-	-	-	506
Traffic signals (renewal)	491	180	-	-	-	671
Transport asset management	-	1,000	1,000	1,000	1,000	4,000
UTMC and parking guidance	230	269	-	-	-	499
Water of Leith - phase 1	472	317	-	-	-	789
Water of Leith - phase 2	2,116	18,061	2,598	1,723	-	24,498
<i><u>Policy & planning</u></i>						
20mph speed limiting [block]	412	48	-	-	-	460
B924 pedestrian crossing	-	-	-	-	-	0
Bus - priority at signals SVD	194	57	-	-	-	251
Bus lane camera enforcement	-	1	-	-	-	1
Bus priority schemes / bus shelters	302	100	-	-	-	402
Bus Tram integration	124	-	-	-	-	124
Bustracker- RTI extension	40	25	-	-	-	65
Charlotte Square refurbishment	5	998	-	-	-	1,003
CWSS road safety	179	-	-	-	-	179
Cycle projects [block]	1,089	500	-	-	-	1,589
Cycling, Walking and Safer Streets	370	-	-	-	-	370

REVISED CAPITAL INVESTMENT PROGRAMME 2015-2020

<u>SERVICES FOR COMMUNITIES</u>	Revised Budget 2015-16	Revised Budget 2016-17	Revised Budget 2017-18	Revised Budget 2018-19	Revised Budget 2019-20	Total Budget 2015-2020
	£000	£000	£000	£000	£000	£000
Electric vehicles	-	20	-	-	-	20
Hermiston park and ride (land acq)	16	9	-	-	-	25
Local bus priority measures [Block]	-	1	-	-	-	1
Park and ride development	-	3	-	-	-	3
Road safety	700	282	-	-	-	982
Road safety, cycling and public transport	-	1,750	1,750	1,750	1,750	7,000
St Andrew Square bus station	53	225	-	-	-	278
Sustrans	1,105	-	-	-	-	1,105
Walking projects [block]	303	95	-	-	-	398
<i><u>City centre - Transport</u></i>						
City Centre public realm	-	82	-	-	-	82
George Street festival works	80	28	-	-	-	108
Leith Walk Constitution Street	824	2,379	-	-	-	3,203
Neighbourhood environmental partnerships	245	166	136	136	-	683
Roads ward allocation	145	86	-	-	-	231
Rose Street public realm	-	245	-	-	-	245
Waverley Bridge / Market Street	292	-	-	-	-	292
West End public realm	194	-	-	-	-	194
<i><u>North Neighbourhood</u></i>						
Neighbourhood environmental partnerships	105	212	136	136	-	589
Roads ward allocation	79	100	-	-	-	179
<i><u>Transport Other</u></i>						
Env asset works order system	15	-	-	-	-	15
<i><u>Roads</u></i>						
Bus Stop Investment	240	-	-	-	-	240
Carriageway / footway works [block]	12,245	16,611	12,755	9,989	13,585	65,185
Right first time carriageway and footway works	900	-	-	-	-	900
Street lighting	1,200	2,999	1,500	1,500	1,500	8,699
Transport and other infrastructure total	25,852	47,472	19,875	16,234	17,835	127,268
SFC - contingency	-	27	-	-	-	27
Total Services for Communities	73,097	85,985	47,981	21,363	17,835	246,261

REVISED CAPITAL INVESTMENT PROGRAMME 2015-2020

SERVICES FOR COMMUNITIES - ASSET MANAGEMENT WORKS	Revised Budget 2015-16	Revised Budget 2016-17	Revised Budget 2017-18	Revised Budget 2018-19	Revised Budget 2019-20	Total Budget 2015-2020
	£000	£000	£000	£000	£000	£000
Children and Families						
Boiler upgrade	58	-	71	58	772	959
Disability Discrimination Act works	-	-	16	16	-	32
Early Years property	37	34	12	-	20	103
External fabric	-	517	209	-	-	726
Fabric enhancement	1,066	1,032	100	156	-	2,354
Fire safety	373	344	200	200	-	1,117
Integration works	-	19	-	-	-	19
Mechanical and engineering upgrade	952	5,769	2,811	452	1,648	11,632
Roof and rainwater	2,173	1,196	261	21	135	3,786
Stonework/masonry	630	224	-	-	108	962
Unallocated funding	-	-	-	-	4,401	4,401
Water quality upgrading	241	1,067	530	400	400	2,638
Windows and doors	2,424	2,039	272	140	1,463	6,338
Total for Children and Families	7,954	12,241	4,482	1,443	8,947	35,067
Corporate Governance						
Disability Discrimination Act works	20	20	-	-	-	40
Fabric enhancement	1,166	1,973	-	-	-	3,139
Fire safety	-	53	-	-	-	53
Fixtures, fittings and equipment upgrade	25	-	-	-	-	25
Mechanical and engineering upgrade	239	438	-	-	-	677
Roof and rainwater	174	396	75	-	-	645
Security works	22	20	-	-	-	42
Water quality upgrading	38	44	-	-	-	82
Total for Corporate Governance	1,684	2,944	75	0	0	4,703
Health and Social Care						
External works	7	-	-	-	-	7
Fabric enhancement	654	383	-	-	-	1,037
Lift upgrade	3	207	-	-	-	210
Mechanical and engineering upgrade	336	27	-	-	-	363
Roof and rainwater	3	13	-	-	-	16
Water quality upgrading	63	12	-	-	-	75
Windows and doors	17	4	-	-	-	21
Total for Health and Social Care	1,083	646	0	0	0	1,729
Services for Communities						
Disability Discrimination Act works	36	73	-	-	-	109
Fabric enhancement	867	1,262	-	-	-	2,129
Fire safety	155	44	-	-	-	199
Internal fabric enhancement	128	109	-	-	-	237
Mechanical and engineering upgrade	104	111	-	-	-	215
Parks infrastructure	9	391	-	-	-	400
Roof and rainwater	51	10	-	-	-	61
Security works	7	-	-	-	-	7

REVISED CAPITAL INVESTMENT PROGRAMME 2015-2020

SERVICES FOR COMMUNITIES - ASSET MANAGEMENT WORKS	Revised Budget 2015-16	Revised Budget 2016-17	Revised Budget 2017-18	Revised Budget 2018-19	Revised Budget 2019-20	Total Budget 2015-2020
	£000	£000	£000	£000	£000	£000
Water quality upgrading	1	83	-	-	-	84
Windows and doors	10	427	-	-	-	437
Total for Services for Communities	1,368	2,510	0	0	0	3,878
Services for Communities - Corporate Property						
Boiler upgrade	217	5	-	-	-	222
Disability Discrimination Act works		12	-	-	-	12
Fire safety	1	52	-	-	-	53
Improvement works	-	60	-	-	-	60
Internal fabric enhancement	81	-	-	-	-	81
Mechanical and engineering upgrade	368	837	-	-	-	1,205
Roof and rainwater	36	9	-	-	-	45
Security works	-	2	-	-	-	2
Stonework/masonry	188	5	-	-	-	193
Unallocated	-	56	-	-	-	56
Water quality upgrading	1	96	-	-	-	97
Windows and doors	279	110	-	-	-	389
Total for Services for Communities - Corp. Property	1,171	1,244	0	0	0	2,415
Funding not yet allocated to projects	-	5,165	6,372	6,993	10,226	28,756
Total Asset Management Works	13,260	24,750	10,929	8,436	19,173	76,548

REVISED CAPITAL INVESTMENT PROGRAMME 2015-2020

<u>HOUSING REVENUE ACCOUNT</u>	Revised Budget 2015-16	Revised Budget 2016-17	Revised Budget 2017-18	Revised Budget 2018-19	Revised Budget 2019-20	Total Budget 2015-2020
	£000	£000	£000	£000	£000	£000
Housing Investment, including SHQS work	33,233	21,360	22,160	21,160	22,060	119,973
Neighbourhood Environment Investment	2,709	2,500	2,500	2,500	2,500	12,709
Community Care	1,879	5,035	5,035	5,035	5,035	22,019
Regeneration	1,284	500	-	-	-	1,784
Other Capital Expenditure	-	3,800	3,800	3,800	3,800	15,200
21st Century Homes Investment	9,725	15,498	17,990	11,880	6,952	62,045
Total Housing Revenue Account	48,830	48,693	51,485	44,375	40,347	233,730

Finance and Resources Committee

10.00am, Thursday, 27 August 2015

Revenue Monitoring 2015/16 – month three position

Item number	7.6
Report number	
Executive/routine	
Wards	

Executive summary

The report sets out the projected month three revenue monitoring position for the Council, based on period two data. The current full-year outturn forecast indicates significant pressures within Health and Social Care which shows an overall overspend of £11.2m after implementation of mitigating management actions identified to date.

As previously intimated to Committee, the Corporate Leadership Group agreed in June to identify £5m of one-off funding across other services and corporate budgets to offset an element of this pressure which, subject to Council approval, would reduce the forecast underspend to £6.2m. Following further consideration, the Chief Executive has now instructed the identification of additional corporate and service-specific savings proposals to a combined value of £4.8m, reducing the projected residual overspend to £1.4m. The Chief Social Work Officer, on behalf of the Health and Social Care service, has furthermore been instructed to ensure that at least an additional £1.4m of previously-agreed mitigating actions, or agreed alternatives, be delivered. Subject to approval by Council of the £9.8m of transitional corporate funding and containment of other risks and pressures, this gives the potential for a balanced overall position to be delivered by the year-end.

Links

Coalition pledges	P30
Council outcomes	CO25
Single Outcome Agreement	SO1 , SO2 , SO3 , SO4

Revenue Monitoring 2015/16 – month three position

Recommendations

- 1.1 Members of the Finance and Resources Committee are asked to:
 - 1.1.1 note the projected balanced position at month three, subject to approval by Council of £9.8m of transitional savings and delivery of additional savings within Health and Social Care as noted below;
 - 1.1.2 note the Health and Social Care forecast overspend of £11.2m and instruct the service to report further to the Committee's meeting on 24 September, setting out progress in both the delivery of the agreed mitigating measures and development of additional proposals as necessary to deliver at least a further £1.4m of net savings, in so doing returning the service budget towards a sustainable position;
 - 1.1.3 note the on-going risks and challenges in achieving the necessary offsetting projected underspends across other areas of the budget which will require further management actions and active scrutiny for the remainder of the year;
 - 1.1.4 note the balanced position projected on the Housing Revenue Account (HRA) after making a £17m contribution towards the construction of new homes;
 - 1.1.5 refer this report to the Governance, Risk and Best Value Committee as part of its work programme; and
 - 1.1.6 refer this report to Council for approval of (i) the Spend to Save application for the Edinburgh Leisure web development project and (ii) the £9.8m of savings referenced in paragraph 3.6 of this report to offset, in part, the forecast overspend in Health and Social Care.

Background

- 2.1 This report sets out the projected overall position for the Council's revenue expenditure budget for 2015/16 as at month three, based on analysis of period two data.

Main report

- 3.1 This report represents the first of the quarterly revenue monitoring reports for 2015/16. On-going analysis of the revenue position is undertaken in line with agreed, risk-based principles, with any material changes reported in the intervening periods as required. The introduction of monthly budget review and challenge meetings has also enhanced the focus on the prompt identification of, and development of appropriate mitigating action to address, service risks and pressures.

Overall position

- 3.2 As of period three, the Council is projecting a balanced position for the year, albeit this is subject to both approval of a number of transitional savings measures and delivery of further savings within Health and Social Care. Most other service areas have, however, also highlighted a number of pressures and/or risks to achieving the projected outturns set out in Appendix 1. Directors have implemented a range of management measures to control expenditure and work is ongoing to identify further actions to ensure identified pressures are contained. Service-specific issues amounting to over £20m, and corresponding mitigating actions, are highlighted in Appendix 2.

Health and Social Care

- 3.3 The report to this Committee on 4 June 2015 highlighted demand-led pressures within the 2015/16 Health and Social Care budget of £16.5m. The position set out at that time has altered slightly, with an overall pressure of £16.2m now forecast, comprising additional Third Party Payments expenditure of £11.5m for Care at Home, Residential and Nursing, Day Care and Direct Payments; Supplies and Services of £1.7m; staff costs of £1.6m for Care Homes and Home Care; an income shortfall of £0.8m related to respite charging; and transport and premises costs of £0.5m.
- 3.4 Potential savings resulting from the mitigating actions reported to this Committee on 4 June of £11.6m have been revised slightly to £11.8m and of these, £5.0m are expected to be delivered in full (Appendix 3). The remaining £6.8m of actions require further development to allow their deliverability to be built into the outturn forecast. A planned programme of mitigation, including a specific focus on demand management, is therefore being progressed in partnership with KPMG; at this stage, however, it is too early to quantify its financial impact in 2015/16.
- 3.5 Discussions concerning the provision of potential one-off Scottish Government funding to contribute to the re-establishment of a sustainable budget are also continuing. Receipt of such funding would, however, require additional expenditure compared to that included in this budget forecast. A further update will be brought to the next Finance and Resources Committee meeting on 24 September 2015.

Transitional corporate funding to address Health and Social Care overspend

- 3.6 The Corporate Leadership Group agreed in June to identify £5m of one-off funding across other service areas and corporate budgets to offset an element of the residual pressure within Health and Social Care. In acknowledging the scale of the financial challenges facing the service and the corresponding need for mitigating measures to be embedded over the medium-term, however, Directors were subsequently requested to identify a further £4.8m of savings capable of delivery in the current year. The impact of these proposals is reflected in Appendix 1, with underspends reflected against each area in accordance with its respective contribution towards the £9.8m of total one-off funding. The identification of these additional contributions re-emphasises the need for strict scrutiny and control of all areas of expenditure if a balanced overall position is to be achieved by year-end.
- 3.7 Onward referral of this report to Council is requested to seek approval of the £9.8m one-off savings identified to reduce the forecast pressure on the Health and Social Care budget. Details of the proposed mitigating measures are shown in Appendix 4, with additional information on the £0.995m of Corporate Governance-specific measures, and wider service position, included elsewhere on today's agenda.
- 3.8 Provision of the above additional transitional funding and management of all other existing risks and pressures would reduce the residual Council-wide overspend to £1.4m. The Chief Social Work Officer, on behalf of the Health and Social Care service, has therefore furthermore been instructed to ensure that at least an additional £1.4m of previously-agreed mitigating actions, or agreed alternatives, be delivered. A further progress update in this area will be provided to the Committee's meeting on 25 September.

Children and Families

- 3.9 The Director of Children and Families is forecasting a break-even position, albeit the service continues to be subject to a number of demand-led pressures in such areas as fostering, out-of-Council residential schools and units and various impacts of increasing pupil rolls. The Senior Management Team remains committed to putting in place additional measures as appropriate to ensure a balanced position is achieved by year-end.
- 3.10 The Director of Children and Families has been requested to identify £2.025m of measures as the service's contribution to address pressures within the Health and Social Care. Proposed measures identified include vacancy controls and postponement of planned additional flexibilities around early years learning and childcare provision.

Services for Communities

- 3.11 The Acting Director of Services for Communities is reporting a £1.65m underspend at period three, representing the service's share of the £9.8m

referred to above. Service-wide pressures of £9.9m have been identified, however, with mitigating actions in place to address £9.1m of these. It is anticipated that the remaining pressure will be managed through further senior management scrutiny of overspending areas to identify potential cost reductions and reviewing areas of underspend in 2014/15 for recurring savings and/or increased income.

- 3.12 The service's proposed £1.65m contribution towards the £9.8m one-off support to the Health and Social Care budget includes the drawing down against in-year expenditure of the earmarked funding put aside to provide a contingency against the impact of severe winter weather, reductions in consultancy spend and additional income resulting from increased planning fee volumes.

Housing Revenue Account

- 3.13 The Housing Revenue Account is forecasting a break-even position after making a £17m contribution towards housing investment, relative to an assumed budgeted contribution of £9m. The favourable movement is due to the delay in the implementation of temporary accommodation-related welfare reforms which has mitigated the reduction in income anticipated in this area and treasury management savings as a result of additional debt write-off made in 2014/15.

Savings delivery

- 3.14 On 12 February 2015, Council approved a budget for 2015/16 underpinned by the delivery of £39.903m of savings spanning all areas of Council activity. Prior to the beginning of the financial year, these savings were the subject of a comprehensive assurance assessment and delivery is now being tracked on a monthly basis by Senior Management Teams.
- 3.15 The assessments categorise progress with savings implementation on a red, amber, green status based on degree of certainty of delivery. The assessments at period three indicate that 78% of these are classified as green, with a further 12% on target subject to additional measures being taken to ensure delivery. A summary of the assessments by service area is shown in Appendix 5. Maximising delivery of savings will be crucial in mitigating other risks within the budget, including any pressures arising, for example, upon confirmation of the agreed level of employee pay award for 2015/16.

Spend to Save

- 3.16 The current level of funding within the Spend to Save Fund to take forward eligible projects is £4m.
- 3.17 Edinburgh Leisure has submitted an application for the use of £0.126m of Spend to Save funding for the development of its website application. The summary of this proposal is shown below, with further details included in Appendix 6.

- 3.18 The business case provided by Edinburgh Leisure is based on extra revenue being generated across a number of activities together with a reduction in administrative costs. The Spend to Save Fund will be reimbursed over two years by a reduction in the annual service payment made to Edinburgh Leisure.

Bidder	Project	Funding Required 2015/16	Payback Period
Edinburgh Leisure	Website development	£126,000	2 Years – 2016-18 £63,000 per annum

Measures of success

- 4.1 Achieving a balanced overall budget outturn position for 2015/16 and successful delivery of approved savings.

Financial impact

- 5.1 The report's contents point to a balanced overall position for the year as a whole, although this is dependent upon Council approval of £9.8m of additional savings measures, delivery of further savings within Health and Social Care and management of other risks and pressures.

Risk, policy, compliance and governance impact

- 6.1 The delivery of a balanced budget outturn for the year is the key target. The risks associated with cost pressures, increased demand and savings delivery targets are regularly monitored and reviewed and management action is taken as appropriate.
- 6.2 Ongoing communications by the Council's section 95 Officer have reinforced the respective responsibilities of Directors to maintain expenditure within approved budgets in accordance with the Financial Regulations. Directors also have a requirement to ensure that savings identified are both achievable and delivered to maintain a sustainable budget across the Council. With this in mind, structured plans are in place for review and feedback on current and future years' savings proposals.

Equalities impact

- 7.1 While there is no direct additional impact of the report's contents, all budget proposals are now subject to an initial Equalities and Rights Impact Assessment.

The equalities and rights impacts of any substitute measures identified to address savings shortfalls are similarly assessed.

Sustainability impact

- 8.1 While there is no direct additional impact of the report's contents, the Council's revenue budget includes expenditure impacting upon carbon, adaptation to climate change and contributing to sustainable development. In addition, all budget proposals are now subject to an upfront Carbon Impact Assessment.

Consultation and engagement

- 9.1 There is no external consultation and engagement arising directly from this report, although the Council's budget continues to be subject to a process of annual consultation and engagement.

Background reading/external references

[Health and Social Care 2015/16 Budget – Further Progress Report](#) – Finance and Resources Committee - 4 June 2015

Service monitoring statements for Period two

Alastair D Maclean

Chief Operating Officer

Deputy Chief Executive

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Links

Coalition pledges	P30 – Continue to maintain a sound financial position including long term financial planning
Council outcomes	CO25 – The Council has efficient and effective services that deliver on objectives
Single Outcome Agreement	SO1 – Edinburgh's economy delivers increased investment, jobs and opportunities for all SO2 – Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health SO3 – Edinburgh's children and young people enjoy their childhood and fulfil their potential SO4 – Edinburgh's communities are safer and have improved physical and social fabric

Appendices

Appendix 1 – Period three service analysis

Appendix 2 – Significant pressures, key risks and mitigating actions

Appendix 3 – Health and Social Care: progress in delivery of mitigating actions

Appendix 4 – Proposed mitigating corporate and service-specific actions to address Health and Social Care pressures

Appendix 5 – Progress assessment of savings delivery

Appendix 6 – Spend to Save proposal - Edinburgh Leisure

REVENUE MONITORING 2015-16

PERIOD 2 REPORT

SERVICE ANALYSIS

Account	Revised Budget £000	Budget to Date £000	Actual to Date £000	Variance to Date		Projected Outturn £000	Projected Variance	
				£000	%		£000	%
Children and Families	396,205	60,127	60,514	387	0.6%	394,181	-2,025	-0.5%
Corporate Governance	75,686	22,364	22,405	41	0.2%	74,691	(995)	-1.3%
Economic Development	11,679	2,924	3,062	138	4.7%	11,429	(250)	-2.1%
Health and Social Care	201,147	46,054	48,015	1,961	4.3%	210,932	9,785	4.9%
Services for Communities	133,305	19,134	19,692	558	2.9%	131,655	(1,650)	-1.2%
Valuation Joint Board Requisition	3,744	624	624	0	0.0%	3,744	0	0.0%
Direct Service Expenditure	821,767	151,227	154,312	3,085	2.0%	826,632	4,865	0.6%
Council-wide - Energy Costs	774	0	0	0	n/a	774	0	0.0%
Council-wide - Living Wage	1,032	0	0	0	n/a	1,032	0	0.0%
Council-wide - Non-Domestic Rates	468	0	0	0	n/a	468	0	0.0%
General Fund Services Subtotal	824,040	151,227	154,312	3,085	2.0%	828,906	4,865	0.6%
Net Cost of Benefits	(62)	(10)	3,520	3,530	n/a	(62)	0	0.0%
Modernising Pay and related employee cost and other contingencies	5,278	0	0	0	n/a	4,478	(800)	-15.2%
Pension Auto Enrolment	226	0	0	0	n/a	226	0	0.0%
Pension Fund - Lump Sum Payment	3,064	511	511	0	0%	3,064	0	0.0%
Non-Domestic Rates - Discret. Relief	350	0	0	0	n/a	350	0	0.0%
Carbon Tax	1,200	1,200	1,218	18	1.5%	1,200	0	0.0%
Insurance Excesses	175	0	0	0	n/a	175	0	0.0%
Loans Charges / Interest on Rev Bals	119,153	0	0	0	n/a	116,473	(2,680)	-2.2%
Dividend and Investment Income	(5,000)	0	0	0	n/a	(5,000)	0	N/a
Unallocated budget motion funding	182	0	0	0	n/a	182	0	N/a
Prior Year and Other Adjustments	4,221	0	0	0	n/a	4,036	(185)	-4.4%
Total General Fund	952,828	152,928	159,561	6,633	4.3%	954,028	1,200	0.1%
Funding								
General Grant Funding	(337,538)	(125,919)	(125,919)	0	0%	(337,538)	0	0.0%
Non Domestic Rates	(404,108)	(67,351)	(67,351)	0	0%	(404,108)	0	0.0%
Council Tax	(237,113)	(39,519)	(39,519)	0	0%	(238,113)	(1,000)	0.4%
Less: Council Tax Reduction Scheme	27,152	4,525	4,525	0	0%	27,152	0	0.0%
Operating Deficit / (Surplus)	1,221	(75,336)	(68,703)	6,633	n/a	1,421	200	n/a
Contribution to / (from) Reserves								
Earmarked Reserves								
- BT Efficiencies Fund	1,662	0	0	0	n/a	1,662	0	0.0%
- Dilapidations Fund	717	0	0	0	n/a	717	0	0.0%
- Council Priorities Fund	(3,600)	0	0	0	n/a	(3,800)	-200	5.6%
Total Contribution to / (from) Reserves	(1,221)	0	0	0	n/a	(1,421)	-200	n/a
In-year Deficit / (Surplus)	n/a					0	0	n/a
Housing - HRA	0	(8,254)	(9,108)	(854)	n/a	0	0	n/a

Note: Net cost of Benefits variance reflects expenditure that will be recovered from the Department for Work and Pensions at period six or seven.

Service Area	Significant Pressures	Mitigating Actions/Key Risks
<p>Children and Families</p>	<p>There are budget pressures in many areas of the service and a number of challenges relating to delivery of approved savings. Areas of significant budget pressure include:</p> <ul style="list-style-type: none"> - out-of-Council residential schools and secure units; - fostering, adoption and kinship placements; and - demographic pressures within the schools budget 	<p>Mitigating management actions have been put in place to address the projected pressures, however currently, a net £3m pressure (aside from the £2.025m of savings addressing corporate pressures) remains.</p> <p>The Senior Management Team remains committed to identifying further actions to address these. There remains a high risk, however, of overspend in relation to vulnerable children, which will require identification of corresponding savings in other areas of the service budget.</p>
<p>Corporate Governance</p>	<p>No pressures are currently foreseen in this service area which cannot be contained within the approved budget.</p>	<p>A service-specific contingency has been created to mitigate budget pressures, including meeting £0.128m related to increased demands on Health and Safety services.</p> <p>One-off or accelerated savings proposals have been developed to meet the service support commitment for Health and Social Care agreed by Corporate Leadership Group.</p> <p>There is a risk of demand for payment of Discretionary Housing Payments exceeding available resources. This will continue to be monitored.</p>
<p>Economic Development</p>	<p>No pressures are currently foreseen in this service area which cannot be contained within the approved service budget.</p>	
<p>Health and Social Care</p>	<p>A number of significant pressures amounting to £16.2m have been identified, including:</p> <ul style="list-style-type: none"> - Care at Home, Residential and Nursing, Day Care and Direct Payments - £11.5m - Supplies and Services - £1.7m - Care Homes and Home Care staff costs - £1.6m - Respite income shortfall - £0.8m - Transport and Premises costs - £0.5m 	<p>£11.8m of mitigating actions have been identified, of which £5.015m are expected to be delivered in full.</p> <p>A planned programme of mitigation is being progressed in partnership with KPMG, including demand management. However at this stage it is too early to quantify the impact of this work in addressing the expenditure pressures identified.</p> <p>Corporate Leadership Group has agreed that one-off funding of up to £9.8m will be identified to assist with the pressures.</p>

Service Area	Significant Pressures	Mitigating Actions/Key Risks
		<p>There is a further emerging pressure from 20 high-cost packages of care currently awaiting approval with an associated estimated full-year cost of £2.9m which is not included in the forecast.</p>
<p>Services for Communities (SfC)</p>	<p>The most significant budget pressures within the service are:</p> <ul style="list-style-type: none"> - Corporate Property £5.5m - mainly related to £7.7m of unachieved iPFM savings, offset in part by increased income and reserves drawdown - Waste Services £2.2m, driven by additional landfill tax, removal of food waste grants, staffing budget pressures, vehicle costs, recycling redesign delays, increasing waste volumes and delays in implementation of savings in public conveniences. 	<p>One-off budget reductions of £4.3m have been made across the SfC budget to create a contingency to manage an element of the pressures.</p> <p>There is £2.6m available within ear-marked reserves to address shortfalls in the internal improvement plans.</p> <p>Further management action is required to balance the overall budget position, which will include:</p> <ul style="list-style-type: none"> - cost reductions in areas currently projecting overspends; - review areas of underspend from 2014/15; and - further cost reduction exercises if required. <p>There are potential further risks which have not been reflected in the pressures above:</p> <ul style="list-style-type: none"> - EBS - potential shortfall of £2m against budgeted contribution due to reduced level of housing repairs and reduced productivity following removal of bonus scheme; - Mortenhall Crematorium - temporary closure for essential repairs, resulting in loss of income; and - Repairs and Maintenance - risk that additional funding of £2m will not be sufficient to cover health and safety and wind and watertight expenditure demands. <p>Management action and assessments are ongoing to contain these potential risks.</p>

Ref	Mitigating Action	Mitigating	Mitigating	Reason
		Action F&R 4th June	Action status as of July	
		£'000	£'000	
1	Use remaining unallocated demography monies	(1,330)	(1,330)	Demography monies for older people (£470k), learning disabilities (£400k), and mental health problems and assessment (£460) have been used for existing unfunded care at home packages, not new demand in year: increase in waiting lists.
2	Additional Housing Revenue Account (HRA) contribution to telecare	(550)	(550)	Agreed increase in Housing Revenue Account's contribution to TeleCare.
3	Use unallocated Integrated Care Fund monies	(400)	(465)	Agreement reached in June with NHS and Third Sector partnership
4	Do not fill Home Care and Reablement vacancies as they arise in year	(700)	(700)	Impact of cessation of temporary NHS/SG funding for additional Reablement staff in 2014/15. Loss of 1,100 hours of Home Care & Reablement service by end of year: negative impacts on delayed discharge and waiting lists.
5	Cease purchased of 20 Step Down Beds via natural turnover	(720)	(720)	Transfer funding for 20 purchased step down beds (as people are discharged) to reduce care at home budget pressures. Agreed by Integrated Care Fund Core Group, 16/6/15. Assumes phased bed reduction completed by November: 13 achieved to date.
6	Constrain new purchased Residential/Nursing Home places to available budget	(800)	(800)	Full year effect of 2014/15 overspend reduces budget available for new care home placements – some impact likely on delayed discharges
7	CEC share (8%) of £10m Scottish Government funding for National Care Home Contract fees increase	(800)	(800)	Scottish Government is paying funding to councils via Health Boards. Sum confirmed: awaiting payment.
8	Scottish Government Funding for Delayed Discharge	(725)	(725)	Scottish Government delayed discharge funding to NHS Lothian included £2.457m for Edinburgh - £1.1m is being used to fund social care for 55 people being discharged from RVH by end of June: NHSL may need to use £632k to fund RVH wards in April, May and June, leaving £725k for transfer to Council. Under discussion.
9	Procurement saving - Additional Monies from Intensive Housing Benefit	(400)	(400)	Saving from reducing purchased care for amount of IHB that can be claimed to fund certain services is larger than estimate already included in 2015/16 savings
10	Procurement savings	(385)	(150)	Contract management savings
11	Further procurement savings	-	(262)	Contract management savings
12	Integration - Transition Fund	-	(160)	Share of one-off Scottish Government funding for Health and Social Care implementation planning
13	Reprovision of Silverlea Care home	(420)	(420)	Reprovision 11 remaining long-stay beds. Relocate residents to vacancies in CEC Care Homes as they arise, and staff redeployed. Saving assumes completed by August: on track.

14	Cease Carers payment	(200)	(200)	One-off payments have been made for the past two years to carers to assist them with their mental health and well-being and to support them in a caring role.
15	Proposed change to contribution-based charging policy	(230)	(230)	Committee agreed three month consultation to replace the current service-based charging policy with a contribution-based policy, whereby people with sufficient income will be asked to make a contribution to the cost of their personal budget. Consultation concluded July 2015 and responses being analysed for report and final equalities impacts assessment. HSCH Committee will be asked to make a decision in the autumn.
16	Equivalency model for supporting people at home	(250)	(250)	New policy proposal that care at home packages would usually not exceed equivalent cost of residential care. (Based on practice in many English LAs and in at least one Scottish council). Savings estimate is for 6 months only - to be clarified following further implementation planning currently underway. The HSCH Committee will be asked to make a decision in late 2015.
17	Revised practitioner guidance for new cases and reviews	(1,450)	(1,450)	Revised practitioner guidance intended to reinforce current eligibility criteria and reduce the cost of care packages has been issued, and further revised following workshops with managers and staff.
18	Review packages of care	(2,000)	(2,000)	Four sector review teams have been established to review cases including Direct Payments, day care, and mid/high-cost care at home packages, using revised practitioner guidance - commencing last week of May. (This saving, and the one above, also require some recalibration of the Financial Allocation System which derives indicative budgets from the assessment information to assist personalised care planning. This work is in two phases, one completed, the second underway).
19	Respite Policy - reduce annual maximum respite from 42 days to 35 days	(200)	(200)	Any carer assessed as requiring more respite care than 35 days in a year will require this package to be approved by a senior manager.

Red	(4,175)	(4,375)
Amber	(3,300)	(2,422)
Green	(4,085)	(5,015)
	<u>(11,560)</u>	<u>(11,812)</u>

Revenue monitoring - three-month update*(based on period two data)*

	£m	£m
Pressures within Health and Social Care		16.162
Less: Potential savings and mitigating actions <i>(with RAG status of green)</i>		<u>(5.015)</u>
Net Pressure		11.147
Direction from Corporate Leadership Group:		
1. Health and Social Care to deliver further mitigating actions		(1.362)
2. Transitional Corporate Funding <i>(see details below)</i>		
Children and Families	(2.025)	
Corporate Governance	(0.995)	
Economic Development	(0.250)	
Services for Communities	(1.650)	
Corporate Funding		
- Council Tax	(1.000)	
- Loan Charges	(2.680)	
- Residual funding from Modernising Pay budget for sleepover costs	(0.800)	
- Council Priorities Fund	(0.200)	
- Residual unallocated funding within approved 2015/16 budget	<u>(0.185)</u>	
		(9.785)
Projected year-end position, subject to approval of above savings and delivery of additional mitigating actions within Health and Social Care		<u><u>0.000</u></u>

Transitional Corporate Funding**Children and Families**

Vacancy controls and discretionary spend (service-wide)	(0.740)
Early Years - postpone flexibility increase for Early Years and Childcare provision	(0.700)
Reprovisioning of Hillview Respite Care Unit	(0.200)
Post-adoption support allowances	(0.125)
Early Years - reduce refurbishment budget	(0.100)
Community Services - Creative Learning	(0.060)
Additional Support for Learning - Queen Margaret University	(0.050)
Community Services - tertiary/sessional work	<u>(0.050)</u>
	<u><u>(2.025)</u></u>

Corporate Governance

Acceleration of savings from transformation programme	(0.200)
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Increased income from venues and one-off ICT contract savings	(0.200)
Further controls over discretionary spending	(0.200)
Release of contingency budget	(0.195)
Council Tax Reduction Scheme, reflecting current demand	(0.100)
Channel Shift marketing budget	(0.100)
	<u>(0.995)</u>

Economic Development

Employability - reduction of 40 training starts	(0.120)
Reduction in grants to incubation projects	(0.040)
Reduction in funding for Marketing Edinburgh	(0.030)
Reduction in discretionary spending	(0.025)
Reduce activity on investment and talent promotion	(0.023)
Business partnerships - reduction in Business Improvement District funding	(0.012)
	<u>(0.250)</u>

Services for Communities

Winter weather budget	(0.607)
Additional planning income	(0.300)
Festival Wheel income (<i>re-direction from planned reinvestment in parks</i>)	(0.245)
Reduction in Transport consultancy budget	(0.193)
Additional parking income	(0.155)
Delay full implementation of shared repairs service	(0.100)
Reduction in transport Learning and Development budget	(0.050)
	<u>(1.650)</u>

Approved Budget Framework savings 2015/16 - assurance assessment

Appendix 5

Services	Total £000	RAG Status			Notes and/or actions
		Red £000	Amber £000	Green £000	
Children and Families	(14,075)	(300)	(1,777)	(11,998)	The current "red" status saving relates to a partial shortfall in increased budgeted income resulting from greater and more efficient community and other use of school facilities and is reflected as a pressure within the overall service monitoring. Risks around full delivery have also been identified for an element of the savings associated with the looked-after children transformation plan. A number of green savings are being achieved through substitutes and one-off solutions which will require long-term plans to allow them to be addressed on a sustainable basis.
Corporate Governance	(6,969)	0	0	(6,969)	The full value of the service's approved savings is projected to be delivered during the year.
Economic Development	(869)	0	0	(869)	The full value of the service's approved savings is projected to be delivered during the year.
Health and Social Care	(7,515)	(704)	(641)	(6,170)	A number of green savings are being achieved through substitutes and one-off solutions. Management actions are being taken to progress delivery of red and amber savings (most of which relate to organisational review-dependent, or other workforce control-related, savings) or identify alternative options.
Services for Communities	(10,475)	(2,765)	(2,518)	(5,192)	Red status savings, the majority of which relate to the Corporate Property functions, are incorporated in pressures in monitoring. There are some delays in progressing savings options and ongoing negotiations with staff on deliverability. Mitigating actions have been developed to manage the red status savings on a one-off basis.
Total	(39,903)	(3,769)	(4,936)	(31,198)	
		9.4%	12.4%	78.2%	

Where applicable, Directors will report further details for consideration at relevant Executive Committees.

Spend to Save proposal - Edinburgh Leisure website development

Project	Description	Outcome	Coalition Pledges and Council Outcomes	Funding	Risk	Payback Period
Website Development	Development of the website application to make improvements to customer access to information, easier booking and improved accuracy of customer data	Increased income generation, through improved access to booking systems and information, with 24 hour access. Ability to book and pay for services online better meets customers' expectations. Improving the reach of future communications and engagement opportunities. Additional administrative savings estimated of £41,000 annually through reduction in staff time on administration of customer data and booking process.	P42 - Continue to support and invest in our sporting infrastructure P43 Invest in healthy living and fitness advice for those in most need P30 Continue to maintain a sound financial position including long term financial planning CO4 - Our children and young people are physically and emotionally healthy CO20 - Culture, sport and major events - Edinburgh continues to be a leading cultural city where culture and sport play a central role in the lives and futures of citizens	£126,000	Low	2 Years

Finance and Resources Committee

10.00am, Thursday, 27 August 2015

Capital Monitoring 2015/16 – Month three position

Item number	7.7
Report number	
Executive/routine	
Wards	

Executive summary

The month three position shows that the Council is projecting to borrow £33.967m and will be in receipt of grants and capital income amounting to £118.385m. Together this will fund projected capital investment of £152.352m. The level of borrowing is projected to be £0.328m less than budget based on a net surplus in capital receipts / grant income. Current projections suggest that over the five-year period of the 2015-2020 Capital Investment Programme, sale of general assets will generate additional income over and above that previously budgeted for. The net surplus in capital receipts / grant income projected this year reflects additional income that counts towards this.

Links

Coalition pledges	P3; P8; P30; P31; P33; P42
Council outcomes	CO1; CO16; CO20; CO23; CO25
Single Outcome Agreement	SO3; SO4

Capital Monitoring 2015/16 – Month three position

Recommendations

- 1.1 Members of the Finance and Resources Committee are requested to:
- 1.1.1 Note the projected capital outturn positions on the General Fund and HRA at month three;
 - 1.1.2 Note the prudential indicators at month three;
 - 1.1.3 Note that the Acting Director of Services for Communities is closely monitoring the capital receipts position; and
 - 1.1.4 Refer the report to the Governance, Risk and Best Value Committee as part of its work-plan.

Background

- 2.1 This report sets out the overall position of the Council's capital budget at month three and the projected outturn for the year.

Main report

- 3.1 The month three position is based on the revised 2015-2020 Capital Investment Programme incorporating net slippage / acceleration from 2014/15 (the detail of which can be seen in Appendix 6 of the Capital Monitoring 2014/15 – Outturn and Receipts report which is also on the agenda).

	Outturn Variance at Month Three £000
Net slippage in gross expenditure	0
Net (surplus) / shortfall in capital receipts / grant income	(328)
Net increase / (decrease) in borrowing requirement	<u>(328)</u>

- 3.2 As presented in the table at 3.1 above and within Appendix 1, a balanced expenditure position is projected at month three (reflecting up to date re-phasing and realignment of the revised capital programme 2015-2020) against a figure of £0.328m for net surplus in capital receipts / grant income. As a result, borrowing is reduced by this amount.

Capital receipts/grant income

- 3.3 A review of capital receipts from asset sales undertaken by Corporate Property and Finance estimates that net receipts of £13.180m will be realised in 2015/16, compared to a budget of £12.852m resulting in a receipts surplus of £0.328m. This is as a result of a small number of receipts being higher than originally envisaged, and also due to the introduction of additional asset sales not previously factored in to the approved budget level. Receipts that are forecast to be realised in 2015/16 include Luton Court, South Gyle Wynd (2nd tranche payment) and 6-8 Market Street.
- 3.4 Current projections suggest that over the five year period of the 2015-2020 Capital Programme, sale of general assets will generate additional income over and above that previously budgeted for, of which this year's net surplus forms a part.
- 3.5 A budget update report to be presented to Finance and Resources Committee in September will provide a more detailed position on capital receipts projections over the next five-year period.

Prudential Indicators

- 3.6 The prudential indicator monitoring at month three is shown in Appendix 2.

Housing Revenue Account (HRA)

- 3.7 The Housing Revenue Account is forecasting to balance to budget as shown in Appendix 3. At month three, the forecast is gross expenditure of £48.830m, capital receipts / grant income of £17.562m and borrowing of £31.268m.
- 3.8 There are significant challenges in delivering the 2015/16 core HRA capital programme due to the introduction of the new Housing Asset Management (HAM) Framework contract part way through the financial year. There are a number of potential risks that could affect delivery and result in slippage being reported as the financial year progresses. Staff within Finance will liaise with colleagues within Housing to monitor and manage risks robustly, minimising these where possible. The risks are set out in detail in 6.4 of this report.

Measures of success

- 4.1 Completion of capital projects as budgeted for in the 2015/16 capital programme.
- 4.2 Identifying slippage at the earliest opportunity and accelerating projects where possible to ensure best use of available resources.

Financial impact

- 5.1 The projected 2015/16 general fund outturn outlines capital borrowing of £33.967m. The overall loan charges associated with this borrowing over a 20 year period would be a principal amount of £33.967m, interest of £22.112m,

resulting in a total cost of £56.079m based on a loans fund interest rate of 5.1%. The loan charges will be interest only in the first year, at a cost of £0.879m, followed by an annual cost of £2.760m for 20 years. The borrowing required is carried out in line with the Council's approved Treasury Management Strategy.

- 5.2 The loan charge costs outlined above will be met from this year's revenue budget for loan charges.

Risk, policy, compliance and governance impact

- 6.1 Significant budget virements have complied with relevant financial rules and regulations.
- 6.2 Capital monitoring and budget setting processes adopted ensure effective stewardship of resources. The processes applied aim to ensure projects are delivered on time and budget whilst fulfilling the financial criteria of value for money.
- 6.3 Monitoring of major capital projects including risk assessment is carried out by the Council's Corporate Programmes Office (CPO).
- 6.4 Over 80% of the 2015/16 core HRA capital investment programme will be delivered through the new HAM Framework. This presents significant risks to delivery:
- With over 80% of the programme being tendered in the second half of the financial year, this will reduce the time available to maximise delivery.
 - The Council will not have previous experience of the new contractors on the Framework and as such, there may be capacity or mobilisation issues for contractors given the reduced timeline for delivery.
 - With the majority of the programme starting in the second half of the financial year, there is a risk that delivery of external fabric work streams could be adversely affected by inclement weather over the winter period.

Equalities impact

- 7.1 The Council's capital expenditure contributes to the delivery of the public sector equality duty to advance equality of opportunity and foster good relations e.g. enhancement works related to the Disability Discrimination Act, works on Children and Families establishments and capital expenditure on Council housing stock.
- 7.2 There is little contribution with regard to capital expenditure and the duty to eliminate unlawful discrimination, harassment or victimisation.

Sustainability impact

- 8.1 The impacts of the projects set out within the appendices of this report in relation to the three elements of the Climate Change (Scotland) Act 2009 Public Bodies Duties have been considered, and the outcomes are summarised below. Relevant Council sustainable development policies have been taken into account.
- 8.2 The proposals in this report will help achieve a sustainable Edinburgh because they are ensuring funding for key strategic projects that will enhance facilities and infrastructure in the city. A carbon impact assessment shall be carried out on each new project to achieve the most sustainable outcome for the city in each case.
- 8.3 The proposals in this report will increase the city's resilience to climate change impacts because they are securing funding for flood prevention projects.

Consultation and engagement

- 9.1 Consultation on the budget will be undertaken as part of the budget process.

Background reading/external references

None.

Alastair D Maclean

Chief Operating Officer

Deputy Chief Executive

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Links

Coalition pledges	<p>P3 – Rebuild Portobello High School and continue progress on all other planned school developments, while providing adequate investment in the fabric of all schools</p> <p>P8 – Make sure the city's people are well-housed, including encouraging developers to build residential communities, starting with brownfield sites</p> <p>P30 – Continue to maintain a sound financial position including long-term financial planning</p> <p>P31 – Maintain our City's reputation as the cultural capital of the world by continuing to support and invest in our cultural</p>
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	infrastructure
	P33 – Strengthen Neighbourhood Partnerships and further involve local people in decisions on how Council resources are used
	P42 – Continue to support and invest in our sporting infrastructure
Council outcomes	CO1 – Our children have the best start in life, are able to make and sustain relationships and are ready to succeed
	CO16 – Edinburgh draws new investment in development and regeneration
	CO20 – Culture, sport and major events – Edinburgh continues to be a leading cultural city where culture and sport play a central part in the lives and future of citizens
	CO23 – Well-Engaged and Well-Informed – Communities and individuals are empowered and supported to improve local outcomes and foster a sense of community
	CO25 – The Council has efficient and effective services that deliver on objectives
Single Outcome Agreement	SO3 - Edinburgh’s children and young people enjoy their childhood and fulfil their potential
	SO4 - Edinburgh’s communities are safer and have improved physical and social fabric
Appendices	1 – Capital Monitoring 2015/16 – General Fund
	2 – Prudential Indicators 2015/16
	3 – Capital Monitoring 2015/16 - HRA

Capital Monitoring 2015/16

General Fund Summary

Period 3

Expenditure	Revised Budget £000	Adjusts £000	Total Budget £000	Actual to Date £000	Projected Outturn £000	Projected Variance	
						£000	%
Children and Families	57,995	-	57,995	7,443	57,995	-	0.00%
Economic Development	52	-	52	-	52	-	0.00%
Corporate Governance	2,350	-	2,350	251	2,350	-	0.00%
Health and Social Care	5,598	-	5,598	1,141	5,598	-	0.00%
Services for Communities	73,097	-	73,097	10,247	73,097	-	0.00%
Services for Communities-Asset Management	13,260	-	13,260	1,245	13,260	-	0.00%
Total Gross Expenditure	152,352	-	152,352	20,327	152,352	-	0.00%

Resources

<i>Capital Receipts</i>							
General Services	10,952	-	10,952	189	11,530	578	5.28%
Asset Sales to reduce Corporate borrowing	1,900	-	1,900	-	1,900	-	n/a
Less Fees Relating to Receipts				(33)	(250)	(250)	
<i>Total Capital Receipts from Asset Sales</i>	<i>12,852</i>	<i>-</i>	<i>12,852</i>	<i>156</i>	<i>13,180</i>	<i>328</i>	<i>2.55%</i>
Developer and other Contributions	14,663	-	14,663	1,050	14,663	-	0.00%
Capital Grants Unapplied Account drawdown	689	-	689	-	689	-	n/a
<i>Total Capital Receipts</i>	<i>28,204</i>	<i>-</i>	<i>28,204</i>	<i>1,206</i>	<i>28,532</i>	<i>328</i>	<i>1.16%</i>
<i>Grants</i>							
Scottish Government General Capital Grant	57,461	-	57,461	14,365	57,461	-	0.00%
Cycling, Walking and Safer Streets	729	-	729	-	729	-	0.00%
Management Development Funding	31,663	-	31,663	-	31,663	-	0.00%
<i>Total Grants</i>	<i>89,853</i>	<i>-</i>	<i>89,853</i>	<i>14,365</i>	<i>89,853</i>	<i>-</i>	<i>0.00%</i>
Total Resources	118,057	-	118,057	15,571	118,385	328	0.28%

Balance to be funded through borrowing	34,295	-	34,295		33,967	(328)	-0.96%
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PRUDENTIAL INDICATORS 2015/16 - Period 3**Indicator 1 - Estimate of Capital Expenditure**

	2014/15 Estimate £000	2014/15 Actual £000	2015/16 Estimate £000	2015/16 Forecast £000	2016/17 Estimate £000	2016/17 Forecast £000	2017/18 Estimate £000	2017/18 Forecast £000	2018/19 Estimate £000	2018/19 Forecast £000	2019/20 Estimate £000	2019/20 Forecast £000
Children & Families	15,843	16,903	68,556	57,995	31,060	44,626	15,543	15,731	4,531	6,940	0	660
Corporate Governance	5,885	7,582	3,895	2,350	2,089	4,794	165	165	165	165	165	165
Economic Development	52	0	0	52	0	0	0	0	0	0	0	0
Health & Social Care	4,646	4,616	7,171	5,598	1,514	4,779	114	114	0	0	0	0
Services for Communities	79,854	85,260	82,358	73,097	68,586	85,985	47,979	47,981	21,361	21,363	17,835	17,835
SfC - Asset Management Programme	14,191	18,657	22,545	13,260	13,657	24,750	14,000	10,929	14,000	8,436	14,000	19,173
Other Capital Projects	797	1,049	0	0	0	0	0	0	0	0	0	0
Trams	5,385	5,246	0	0	0	0	0	0	0	0	0	0
Unallocated funding	0	0	13,319	0	0	0	0	0	0	0	9,000	9,000
Total General Services	126,653	139,313	197,844	152,352	116,906	164,934	77,801	74,920	40,057	36,904	41,000	46,833
Housing Revenue Account	34,135	37,308	49,830	48,830	48,693	48,693	51,485	51,485	44,375	44,375	40,347	40,347
Total	160,788	176,621	247,674	201,182	165,599	213,627	129,286	126,405	84,432	81,279	81,347	87,180

The 'estimate' figures relate to those reported in the prudential indicators as part of the budget motion in February 2015. Differences between these and the 'forecast' figures relate to further realignment and rephasing that has taken place as part of the revised budget process.

Indicator 2 - Ratio of Financing Costs to Net Revenue Stream

	2014/15 Estimate %	2014/15 Actual %	2015/16 Estimate %	2015/16 Forecast %	2016/17 Estimate %	2017/18 Estimate %	2018/19 Estimate %	2019/20 Estimate %
General Services	12.11	11.63	12.56	12.19	12.42	12.29	N/A	N/A
Housing Revenue Account	37.30	33.97	39.61	35.63	41.51	43.05	44.49	45.16

Forecast and estimates include the financing cost relating to the Trams project.

Figures for 2016/17 onwards are indicative as neither the Council nor HRA has set a budget for these years. The figures for General Services are based on the budget framework to the end of the current coalition Council and so figures for 2018/19 and 2019/20 have been excluded.

Indicator 3 - Capital Financing Requirement

	2014/15 Estimate £000	2014/15 Actual £000	2015/16 Estimate £000	2015/16 Forecast £000	2016/17 Estimate £000	2016/17 Forecast £000	2017/18 Estimate £000	2017/18 Forecast £000	2018/19 Estimate £000	2018/19 Forecast £000	2019/20 Estimate £000	2019/20 Forecast £000
General Services (including finance leases)	1,305,992	1,357,972	1,378,274	1,321,519	1,356,927	1,345,256	1,308,749	1,292,677	1,231,180	1,210,448	1,154,804	1,139,145
Housing Revenue Account	372,390	368,053	386,158	380,628	395,556	390,026	404,181	398,651	409,558	407,258	413,587	418,049
Total	<u>1,678,382</u>	<u>1,726,025</u>	<u>1,764,432</u>	<u>1,702,147</u>	<u>1,752,483</u>	<u>1,735,282</u>	<u>1,712,930</u>	<u>1,691,328</u>	<u>1,640,738</u>	<u>1,617,706</u>	<u>1,568,391</u>	<u>1,557,194</u>

Forecasts include the capital financing requirement relating to PPP assets and Trams project

Indicator 4 - Authorised Limit for External Debt

	2015/16 Estimate £000	2015/16 Rev Est £000	2016/17 Estimate £000	2016/17 Rev Est £000	2017/18 Estimate £000	2017/18 Rev Est £000	2018/19 Estimate £000	2018/19 Rev Est £000	2019/20 Estimate £000	2019/20 Rev Est £000
Borrowing	1,579,785	1,579,785	1,636,773	1,636,773	1,636,477	1,636,477	1,607,353	1,607,353	1,541,678	1,541,678
Other Long-Term Liabilities	190,834	226,589	181,516	215,777	172,671	205,412	164,724	195,958	157,281	187,755
Total	<u>1,770,619</u>	<u>1,806,374</u>	<u>1,818,289</u>	<u>1,852,550</u>	<u>1,809,148</u>	<u>1,841,889</u>	<u>1,772,077</u>	<u>1,803,311</u>	<u>1,698,959</u>	<u>1,729,433</u>

Other Long-Term Liabilities includes finance lease repayments for PPP assets

Indicator 5 - Operational Boundary for External Debt

	2015/16 Estimate £000	2015/16 Rev Est £000	2016/17 Estimate £000	2016/17 Rev Est £000	2017/18 Estimate £000	2017/18 Rev Est £000	2018/19 Estimate £000	2018/19 Rev Est £000	2019/20 Estimate £000	2019/20 Rev Est £000
Borrowing	1,558,752	1,558,752	1,611,363	1,611,363	1,609,881	1,609,881	1,579,955	1,579,955	1,514,969	1,514,969
Other Long-Term Liabilities	190,834	226,589	181,516	215,777	172,671	205,412	164,724	195,958	157,281	187,755
Total	<u>1,749,586</u>	<u>1,785,341</u>	<u>1,792,879</u>	<u>1,827,140</u>	<u>1,782,552</u>	<u>1,815,293</u>	<u>1,744,679</u>	<u>1,775,913</u>	<u>1,672,250</u>	<u>1,702,724</u>

Other Long-Term Liabilities includes finance lease repayments for PPP assets

Indicator 6 - Impact on Council Tax and House Rents

	2015/16	2015/16	2016/17	2016/17	2017/18	2017/18	2018/19	2018/19	2019/20	2019/20
	Estimate	Forecast	Estimate	Forecast	Estimate	Forecast	Estimate	Forecast	Estimate	Forecast
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
for the band "D" Council Tax	0.29	-6.37	4.14	-12.24	10.19	6.43	N/A	N/A	N/A	N/A
for the average weekly housing rents	0.21	0.09	0.69	0.30	0.52	0.13	-0.05	-0.37	0.52	0.51

In calculating the incremental impact of capital investment decisions on the band "D" Council Tax, investment decisions relating to National Housing Trust Phases have been omitted. As agreed with the Scottish Government, the borrowing and associated interest costs related to this expenditure are directly rechargeable to developers at agreed periods in the future. As such, there is no cost to the Council in relation to this element of borrowing and therefore it has been omitted in calculating the incremental impact of capital investment decisions.

The changes between the forecast and the original estimate reflect the realignment of the Capital Investment Programme reported to Finance and Resources Committee in August 2015.

CAPITAL MONITORING 2015/16**Housing Revenue Account Summary****Period 3**

	Revised Budget £000	Actual to Date £000	Projected Outturn £000	Projected Variance	
				£000	%
Gross Expenditure	48,830	4,592	48,830	0	0.0%
Total Gross Expenditure	48,830	4,592	48,830	0	0.0%

Resources					
Capital Receipts	-6,112	0	-6,112	0	0.0%
Developers and Other Contributions	-7,670	-320	-7,670	0	0.0%
Specific Capital Grant	-3,780	-837	-3,780	0	0.0%
Total Resources	-17,562	-1,157	-17,562	0	0.0%

Borrowing					
Borrowing	31,268	3,435	31,268	0	0.0%
Total	31,268	3,435	31,268	0	0.0%

Finance and Resources Committee

10.00a.m., Thursday, 27 August 2015

Corporate Governance Revenue Budget Monitoring 2015/16 and Capital Investment Programme - Month Two Position

Item number	7.8
Report number	
Executive/routine	
Wards	All

Executive summary

Following the requirements of the Council's Financial Regulations, this report provides information on the Corporate Governance revenue budget financial performance, in comparison to budget.

The report advises of a projected favourable variance of £0.995 million for the Corporate Governance revenue budget for 2015/16. It is anticipated this favourable variance will be used to offset budget pressure in the Health and Social Care revenue budget. The attainment of this position is subject to on-going management of service-specific risks and pressures.

Links

Coalition pledges	P30
Council outcomes	CO25
Single Outcome Agreement	

Corporate Governance - Revenue Budget Monitoring 2015/16 and Capital Investment Programme - Month Two position

Recommendations

1.1.1 It is recommended that the Finance and Resources Committee notes:

- 1.1.1 the Corporate Governance service is currently projecting a favourable variance of £0.995 million;
- 1.1.2 the risks to the Corporate Governance service 2015/16 revenue budget projection; and
- 1.1.3 expenditure on the Corporate Governance Capital Investment Programme is projected to be in line with budget.

Background

- 2.1 The Council's Financial Regulations require submission of quarterly monitoring reports on Corporate Governance service financial performance to the Finance and Resources Committee.
- 2.2 This report advises on the financial position of the Corporate Governance revenue budget after two months of the financial year and provides an update on the projected outturn for 2015/16. A projection is also provided for the Corporate Governance Capital Investment Programme.

Main report

Month Two Position

- 3.1 The Corporate Governance net revenue budget for 2015/16 is £74.1 million. This requires achievement of approved savings of £6.969 million.
- 3.2 The period two projection reflects a favourable variance of £0.995 million. An analysis of this projection by service area is provided in Appendix 1. One-off and accelerated savings proposals of £0.995 million have been developed to offset Health and Social Care budget pressures in 2015/16. Savings measures identified are:
 - increased income recoveries (2015/16 only) – Culture and Sport - halls, museums and venues £0.1 million;
 - controls over discretionary expenditure (2015/16 only) - £0.345 million;

- one-off savings in cost of benefits (2015/16 only) - £0.1 million;
- inflation provision indexation (2015/16 only) - £0.050 million;
- acceleration of planned savings from 2016/17 to 2015/16 - £0.2 million; and
- favourable variance on service contingency (2015/16 only) - £0.2 million.

Savings Implementation Plans

- 3.3 The revenue budget approved by Council requires Corporate Governance to achieve incremental savings of £6.969 million in 2015/16. These are detailed in Appendix 2. Savings implementation plans have been developed and revenue budget monitoring reports are considered by the Corporate Governance Management Team on a regular basis.
- 3.4 Savings and additional income targets are forecast to be fully achieved in 2015/16.

Risks

- 3.5 There remain a number of risks in the Corporate Governance revenue budget, primarily relating to:
- Demand for payment of Discretionary Housing Payment (DHP) exceeding available resources. To mitigate this risk, payment thresholds will continue to be monitored during 2015/16 and reviewed, if required;
 - Cost of supernumerary staff within Human Resources and Organisational Development;
 - Risk of under-recovery of Council Tax and Non-Domestic Rates intervention income. The level of income achievable is not fully known with certainty until the year end;
 - Risk of savings targets not being fully achieved.

Contingency Planning

- 3.6 A contingency of £0.5 million is held to mitigate service risks. The contingency is anticipated to be partially utilised during 2015/16 to offset Health and Social Care budget pressures of £0.2 million and to fund additional Health and Safety staff costs of £0.1million. A service contingency of £0.2 million is therefore forecast to be available to mitigate service financial risks during 2015/16.

Capital

- 3.7 Corporate Governance service has a capital investment programme of £2.4 million in 2015/16. This is projected to be spent in line with the approved budget. The main projects are:
- Customer Services ICT Investment/Transformation (£1.8 million);
 - Pavilion, pitches and sports facilities (£0.3 million);
 - Edinburgh Leisure – investment in sports facilities (£0.2 million);

- Calton Hill/Collective Gallery project (£0.1 million).

Measures of success

- 4.1 Corporate Governance final outturn for 2015/16 is within budgeted levels and the service meets performance targets.

Financial impact

- 5.1 The report identifies a projection of a favourable Corporate Governance revenue budget variance of £0.995 million for 2015/16. Attainment of this position is subject to active management of financial risks and, where appropriate, the taking of timely remedial action.

Risk, policy, compliance and governance impact

- 6.1 The delivery of expenditure within the approved revenue budget for 2015/16 is the key target. The risk of budget pressures arising throughout the course of the financial year will continue to be regularly monitored and reviewed and management action is taken as appropriate.

Equalities impact

- 7.1 While there is no direct additional impact of the report's contents, all budget proposals are subject to an initial Equalities and Rights Impact Assessment.

Sustainability impact

- 8.1 There are no impacts on carbon, adaptation to climate change and sustainable development arising directly from this report.

Consultation and engagement

- 9.1 There is no external consultation and engagement arising directly from this report. The Council undertook a budget engagement exercise when developing the 2015/16 revenue budget.

Background reading/external references

None.

Alastair D Maclean

Chief Operating Officer

Deputy Chief Executive

Contact: Iain Shaw, Principal Accountant

E-mail: iain.shaw@edinburgh.gov.uk | Tel: 0131 469 3117

Links

Coalition pledges	P30 – Continue to maintain a sound financial position including long term financial planning
Council outcomes	CO25 – The Council has efficient and effective services that deliver on objectives
Single Outcome Agreement	
Appendices	Appendix 1 - Revenue Budget Monitoring 2015/16 - Month Two position - Forecast Revenue Outturn by Service Area. Appendix 2 - Corporate Governance - Approved Revenue Budget Savings 2015/16.

Appendix 1

Corporate Governance

Revenue Budget Monitoring 2015/16

Month Two position

Forecast Revenue Outturn by Service Area

	Revised Budget	Projected Outturn	Projected Variance	Adverse / Favourable
	£'000	£'000	£'000	£'000
Corporate Programme Office	216	232	16	Adv
Organisational Development and HR	5,460	5,560	100	Adv
Culture and Sport	19,260	19,160	(100)	Fav
Finance	6,859	6,859	0	-
Legal Risk and Compliance	3,042	3,042	0	-
Communications	1,917	1,902	(16)	Fav
Customer Services	35,508	35,358	(150)	Fav
Directorate / Chief Executive	1,343	1,343	0	-
Service wide controls on discretionary expenditure	-	(345)	(345)	Fav
Contingency	500	200	(300)	Fav
Transformational Programme savings	-	(200)	(200)	Fav
Total Net Expenditure	74,106	73,111	(995)	Fav

Appendix 2

Corporate Governance

Approved Revenue Budget Savings 2015/16

Service	Saving Description	2015/16 £ million	Red/Amber/Green assessment
Communications	Development of merchandising.	0.025	
Communications	Contract Reviews - reduction in news management and media monitoring services	0.003	
Corporate Programme Office	Corporate Programme Office – funding to be achieved from support provided to projects.	0.225	
Culture and Sport	Reduction in Service Payment - Edinburgh Leisure.	0.500	
Culture and Sport	Reduction in Events Partnership funding.	0.190	
Culture and Sport	Reduction in Activity budget.	0.025	
Culture and Sport	Staff savings/vacancy management.	0.016	
Culture and Sport	Policy and Planning - vacancy management.	0.045	
Culture and Sport	Public Safety - vacancy management.	0.015	
Culture and Sport	Implement recharges for Licensing for non-houses of multiple occupancy.	0.056	
Culture and Sport	Rates - vacant property (Leith Waterworld) - property transfer concluded.	0.100	
Culture and Sport	Cessation of approved investment to undertake a review of sports facilities and services currently managed by Edinburgh Leisure and the Council.	0.050	
Culture and Sport	Additional Income from the Assembly Rooms, Usher Hall and Museums.	0.184	
Culture and Sport	Public Safety - additional external income.	0.010	
Customer Services	Staffing reductions in Non Domestic Rates, Council Tax debt recovery and Banking	0.200	
Customer Services	ICT Transformation - Core ICT team workforce management, to include reduction in agency staff and vacancy management.	0.075	
Customer Services	Customer Services Improvement Plan - staff savings, driven by maximising uptake of online services and through increased marketing activity.	0.375	
Customer Services	Sheriff Officer contract - new contract negotiated with reduced commission rates.	0.200	
Customer Services	Additional income - Council Tax Fraud Team.	0.050	
Customer Services	Revenues and Benefits, Contact Centre, Human Resource Service Centre / Payroll, ICT (Operations) and Print Services.	0.918	
Customer Services	Channel Shift.	0.128	
Customer Services	Contract Review – postages.	0.100	
Customer Services	Customer Services ICT Transformation.	0.150	

Appendix 2 (cont.)

Corporate Governance

Approved Revenue Budget Savings 2015/16

Service	Saving Description	2015/16 £ million	Red/Amber/Green assessment
Customer Services	Council Tax Reduction Scheme - re-alignment of expenditure to reflect current demand.	0.486	
Customer Services	Housing Benefits - re-alignment of expenditure to reflect current demand.	0.350	
Finance	Financial Services staff saving.	0.250	
Finance	Procurement Service staff saving.	0.050	
HR and Org Dev	Agency staff contract - negotiate supplier rebate.	0.090	
HR and Org Dev	Members' Services - staff saving.	0.100	
HR and Org Dev	Re-alignment of budgeted expenditure.	0.030	
Legal, Risk and Compliance	Legal Services staff saving and efficiencies.	0.350	
Legal Risk and Compliance	Governance Service staff saving.	0.050	
Legal, Risk and Compliance	Transfer former District Court to Corporate Property resource.	0.460	
Legal, Risk and Compliance	Governance Service: Records Centre - recharges to other local authorities.	0.050	
Legal, Risk and Compliance	Staffing reductions in Business Intelligence.	0.100	
Legal, Risk and Compliance	Re-align Risk Management service.	0.025	
Legal, Risk and Compliance	Cessation of time-limited investment in business intelligence, external relationships and community planning partnerships.	0.050	
Service-wide	Sharing of support staff	0.100	
Service-wide	Reduction in discretionary expenditure	0.045	
Service-wide	Procurement efficiency tariff	0.058	
Service-wide	Workforce savings	0.685	
	TOTAL	6.969	

Finance and Resources Committee

10.00am, Thursday, 27 August 2015

Budget and Transformation 2016-2019: Approach to engagement

Item number	7.9
Report number	
Executive/routine	
Wards	All

Executive summary

This report provides details of engagement with people and other stakeholders on the budget proposals 2016 to 2019. It is based on a three year continuous engagement programme, building on the success of the 2014 budget engagement which generated a record level of interest and feedback (3525 responses), and supporting the Council's transformation programme. The purpose of the engagement is to involve as many stakeholders as possible in the way we deliver services and reduce costs. The key objectives are:

- to increase awareness of the Council's budget position, range and cost of services, and likely impact of budget decisions;
- to encourage and enable all sections of the population and the Council's partners to participate and have their say, retaining the same response as 2014; and
- to promote a positive and collaborative approach to obtaining feedback on all issues relevant to the budget framework and transformation of services, including the integration of Health and Social Care.

Links

Coalition pledges	All
Council outcomes	All
Single Outcome Agreement	All

Budget and Transformation 2016-2019: Approach to engagement

Recommendations

- 1.1 To approve the objectives and planned engagement tools outlined in paragraphs 3.8 and 3.9 of this report.

Background

Financial position

- 2.1 Over the next 20 years, Edinburgh is projected to be home to the fastest-growing population of any local authority in Scotland. By 2027 the city's population is forecast to rise to almost 566,000 people, an increase of 83,000 (17%) over the level estimated in 2012. Most of this increase will be amongst the youngest and oldest age groups – those who receive the greatest proportion of local authority services. By way of illustration, the number of primary school pupils is forecast to increase by a quarter between 2010 and 2020 and those aged 65 and above to grow by almost 65% from current levels by 2035.
- 2.2 The Council's budget also continues to be subject to a range of cost pressures arising from inflation and the effects of legislative change. Taken together with the additional costs arising from changes in the size and profile of the city's population, these factors contribute to an estimated increased need to spend of £35m in 2016/17 alone.
- 2.3 Approval of the three most recent years' revenue budgets has been underpinned by the delivery of almost £80m of recurring annual savings. Demand for services continues to outstrip changes in funding, however, and the Council therefore still needs to find at least £107m of savings by 2019/20.
- 2.4 The Council has refreshed its financial strategy to address these challenges. The four elements of this strategy are:
 1. controlling overspends within the Health and Social Care and Corporate Property areas and returning them, in due course, to a sustainable financial footing;

2. implementing and delivering in full the savings approved as part of previous years' budget motions;
3. implementing, and delivering the savings associated with, the Council's transformation programme; and
4. delivering the remaining savings requirement through use of service prioritisation, focusing resources on the areas that make the biggest contribution to priority outcomes for people.

Main report

Purpose of engagement

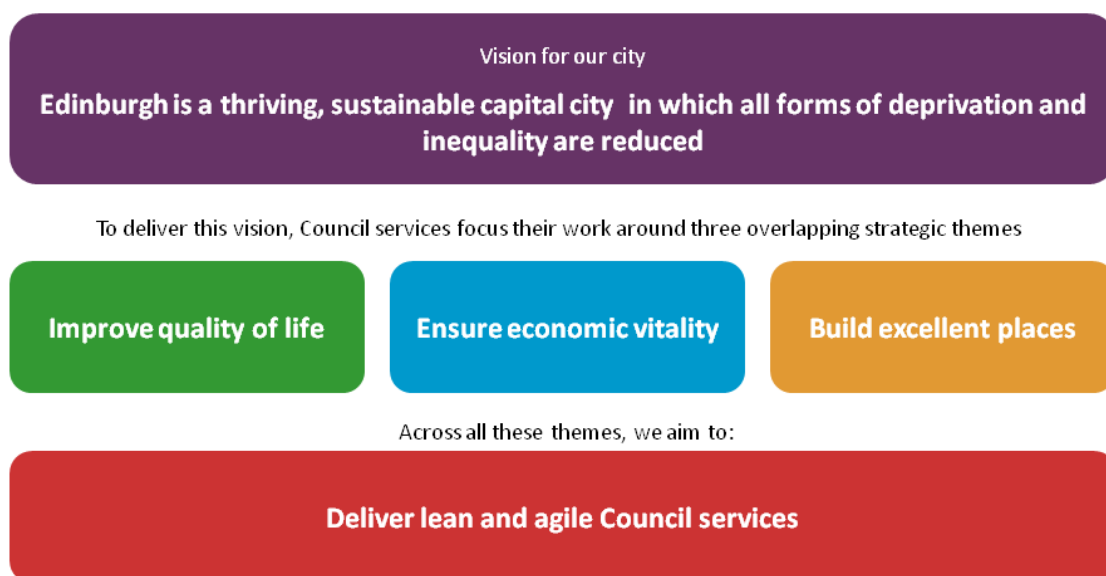
- 3.1 This report outlines methods for enabling a meaningful dialogue open to all Edinburgh people and stakeholders on all issues relating to the Council's budget and the transformation of services. It is based on the strengths of previous budget engagement exercises and responds to feedback from the participants of the 2014 budget engagement, including Edinburgh residents, Council employees and partner organisations.
- 3.2 The approach is designed to encourage as many people as possible, including partners and equalities groups to participate, building on the success of last year's exercise which reached over 600,000 individuals and organisations, and generated responses from 3,525 people.
- 3.3 The use of dynamic engagement tools are proposed to retain strong digital and social channels. These will be supported by traditional channels to ensure all sections of the population have an opportunity to participate.
- 3.4 The principles of the approach are to:
 - support creative problem solving, rather than just accepting or opposing a position that is put forward;
 - ensure meaningful engagement for all amounts of time invested – it should be possible to influence the budget and submit/or submit ideas for service development in one minute on your phone as well as two hours in a workshop;
 - offer an open dialogue involving discussion groups, online forums or message boards that preserve debates and work on problems;
 - connect genuinely interested, engaged and informed groups with service managers and other experts to deal with specific issues;
 - demonstrate how positive action by people can reduce budget pressures without negative impact on service delivery;
 - work with partner organisations to achieve a more collaborative approach to budgeting and service development;
 - build on the participatory budgeting approach for local communities to have a greater say in how the budget is spent in their neighbourhood and how their neighbourhood can be improved, and to;

- be up-front about what we can't change and why.

3.5 The approach for engagement builds on good practice from recent budget engagement ([Budget Proposals: Overview of Feedback and Engagement](#)) and support existing local activities, including participatory budgeting ([Participatory Budgeting Update](#)).

3.6 The Council aims to engage key groups with the relevant issues and to provide their views across the Council's three strategic themes and our aim to deliver lean and agile services, as included in the [Council Business Plan](#) for 2015-18, and summarised below.

Council's strategic vision and purpose

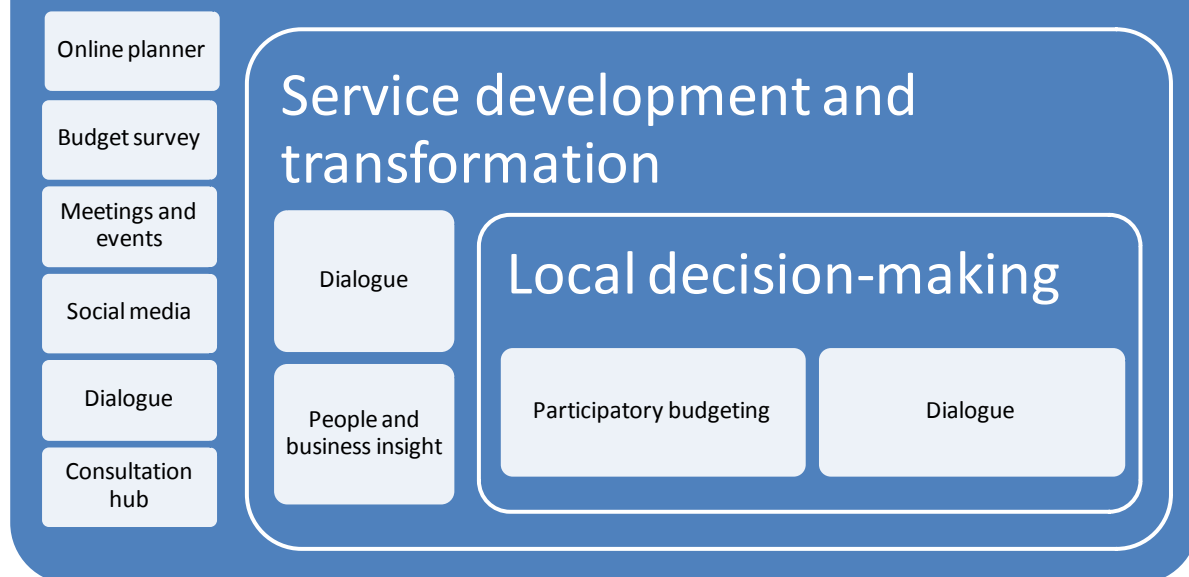


Engagement framework

3.7 The proposed framework is designed to meet the needs of budget planning and the Council's transformation programme for services in both local and corporate contexts. It promotes a continuous engagement programme over a three year period, utilising a variety of tools to ensure wide accessibility and high participation rates. The framework is summarised in the diagram below.

Budget and Transformation 2016/17 – 2019/20

Budget options – prioritise, save, reduce



3.8 These tools are described below.

- 3.8.1 **People and business insight** - this combined data will be used to build people insight in terms of the city's population, needs and aspirations – to better support service development and decision-making.
- 3.8.2 **Budget planner** - this online interactive tool presents aspects of the budget that have been identified as a stop or reduce measure, providing people and other stakeholders the opportunity to prioritise certain areas of the reduced service - gaining insight into what aspects of the service people really need. This channel will only be used if the participants' views are able to influence the final budget decisions around the stop and reduce measures.
- 3.8.3 **Dialogue app** – online forum for groups and individuals to submit ideas for saving money, generating income and transforming services. This tool has been used successfully by other local authorities notably Bristol City Council for [the Bristol Future Libraries project](#). The dialogue app can be used in conjunction with social media.
- 3.8.4 **Budget survey** – a survey will run in parallel to the other engagement tools and will be available online and in paper copy. The survey will focus on the proposed budget options for 2016/17.
- 3.8.5 **Meetings and events** - themed sessions relevant to groups with a specialist interest (business, transport, schools, care homes, voluntary sector etc).

Public open days providing drop in sessions will also take place to reach the wider community and different geographic locations. This will include 'live' Question Time events with webcasting.

3.8.6 **Consultation hub** – the budget engagement channels, meetings, events and the outputs of engagement will be publically available on the Council's [consultation hub](#).

3.8.7 **Participatory budgeting** – where communities are invited to make decisions on priorities, services and budgets in their local area. This has been implemented at a neighbourhood level since 2010 and is being developed through the Participatory Budgeting Development Plan, involving the Council (Services for Communities, Children and Families, Health and Social Care and Economic Development), the Edinburgh Voluntary Organisations' Council, NHS Lothian and the Scottish Government.

Communications strategy

3.9 The communications strategy will build upon the success of the 2014 'budget challenge' campaign which adopted a cost effective approach to reaching a wide audience, using a range of channels and themes. The campaign will include focused short-term plans to support the budget process leading up to the Council meeting in February in addition to long term plans to support the ongoing, three year engagement.

3.10 Digital tools will be used including an infographic presentation and dedicated web pages which will be updated through the engagement. Particularly during the short term phase, extensive social media, including twitter Q&A sessions, will again be delivered to raise awareness as well as provide an opportunity for public discussion and capture comments.

3.11 Traditional communications such as media coverage, leaflets and street boards will also be used. New tools used last year such as the webcast Question Time session will be developed in addition to exploring new ideas such as broadcasting sessions with STV Edinburgh and working with other local media. We will also plan increased communications with partner and equalities organisations to make the engagement as inclusive as possible.

3.12 A range of communications channels, including face to face events, will also be used to engage with employees who contributed 25% of the comments in 2014. These communications will align with other transformation programme communications activity to ensure a consistent and joined up approach.

Project governance

3.13 To support a successful budget engagement process for the 2015/16 budget governance arrangements were put in place. An officers group was established in June 2014 to ensure that public and stakeholder engagement was prioritised. The group includes representatives from each service area as well as representatives from Strategy and Governance, Communications,

Finance and Business Intelligence. The service area leads have a key role in ensuring that budget engagement is undertaken with staff and stakeholders. The work of the group is sponsored by the Convener and Vice-Convener of the Finance and Resources Committee who are regularly updated on progress. A representative from Corporate Policy and Strategy will join the group to provide advice on equalities and lead engagement with equalities groups and partners across the city.

Measures of success

- 4.1 The key measures of success for the continuous budget engagement process are:
- whether the budget changes as a result of feedback received;
 - the number of individuals reached by budget messages;
 - the number of respondents to the budget process; and
 - feedback on the engagement process itself.
- 4.2 Feedback on the approach will be recorded in a lessons learned log to refine the approach and inform future consultation exercises.

Financial impact

- 5.1 The budget engagement process will again seek to achieve a cost effective approach as last year's budget engagement exercise, to reach as wide an audience as possible, using digital formats where appropriate. Approximately £25,000 from existing budgets was spent on promotion, communications and the online planner for last year's budget engagement exercise. Approximately 2,000 hours of staff time were spent on the process from staff, in all departments. No new staff were recruited. The budget planner and dialogue app each cost £5,000 per year.

Risk, policy, compliance and governance impact

- 6.1 There is a general acceptance that a local authority has a responsibility to meaningfully engage with stakeholders on its budget. An open, transparent budget engagement process is a key part of several corporate strategies and local community plans. This process reduces the overall risk of legal action and reputational damage for the Council.

Equalities impact

- 7.1 The Council will take all reasonable steps to ensure wide awareness and access to the engagement process by people of all ages, abilities and backgrounds. Services and partner organisations will be consulted on the

overall approach to engagement and appropriate methods for making consultation accessible to all equalities groups.

Sustainability impact

- 8.1 The approach to the budget engagement will aim to provide evidence on people and stakeholder perceptions and priorities which will enable services to adapt, to be delivered more efficiently and to understand customer and community needs. Through this improved understanding, it is expected that the budget engagement process will have a positive impact on social justice and economic wellbeing.
- 8.2 The Council will undertake carbon impact assessments to feed into the wider budget planning process. The approach to budget engagement will provide stakeholders with the opportunity to submit ideas for carbon emission reduction.

Consultation and engagement

- 9.1 To develop the approach for continuous budget consultation, elected members, services and partner organisations will be consulted on the overall approach and appropriate methods for engaging people and stakeholders, and to ensure that every effort is made within services to maximise reach. The approach will also be informed by lessons learned and good practice from previous budget engagement exercises.

Background reading / external references

[Budget Proposals: Overview of Feedback and Engagement](#)

[Council Transformation Programme – Status update, June 2015](#)

[Participatory Budgeting Update](#)

[Council Business Plan](#)

Alastair Maclean

Chief Operating Officer

Deputy Chief Executive

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Links

Coalition pledges	All
Council outcomes	All
Single Outcome Agreement	All
Appendices	

Finance and Resources Committee

10.00am, Thursday, 27 August 2015

The City of Edinburgh Council Charitable Trusts – Unaudited Financial Statements 2014/15

Item number	7.10
Report number	
Executive/routine	
Wards	

Executive summary

The report presents to the Committee the unaudited Charitable Trusts financial statements for 2014/15.

The unaudited Charitable Trusts financial statements were issued to the External Auditor by 30 June 2015.

Links

Coalition pledges [P31](#), [P42](#)

Council outcomes [CO6](#), [C10](#)

Single Outcome Agreement [SO2](#), [SO3](#)

The City of Edinburgh Council Charitable Trusts – Unaudited Financial Statements 2014/15

Recommendations

- 1.1 Members of the Finance and Resources Committee are asked to:
 - 1.1.1 Note the unaudited financial statements for 2014/15 and that these have been submitted to the External Auditor; and
 - 1.1.2 Note that any relevant commentary on the Charitable Trusts will be included in the External Auditor's Annual Report on the 2014/15 Audit which will be reported to the Governance, Risk and Best Value Committee in September 2015.

Background

- 2.1 This purpose of this report is to update the Committee with the 2014/15 Charitable Trusts Unaudited Financial Statements.
- 2.2 The Committee's remit includes the review of all matters relating to external audit of the Charitable Trusts.
- 2.3 The External Auditor is required to comply with International Standard on Auditing 260. As part of the standard, the Auditor is required to highlight relationships that bear on independence, unadjusted misstatements and material weaknesses in internal control.
- 2.4 The Council, as the trustee, has overall responsibility for ensuring that:
 - there are appropriate systems of control;
 - proper accounting records are maintained which disclose the financial position of the charities;
 - assets of the charities are safeguarded against unauthorised use or disposition;
 - reasonable steps for the prevention and detection of fraud are taken; and
 - reasonable assurances are provided that the charities are operating efficiently and effectively.

Objectives and Activities

2.5 At the year end the Council acted as sole trustee for a total of seven trusts which have charitable status and are registered with the Office of the Scottish Charity Regulator (OSCR). These Trusts were;

- Jean F. Watson with the purpose of purchasing works of art by artists who have connections with Edinburgh.
- Edinburgh Education Trust with the purpose of funding activities to support looked after children and school prizes.
- Nelson Halls with the purpose of providing reading rooms for those who require them, in the four Nelson Halls in Edinburgh.
- Boyd Anderson Trust with the purpose of provision of outdoor education and skiing opportunities.
- Usher Hall Conservation with the purpose of funding renovation of the Usher Hall.
- Lauriston Castle Trust with the purpose of making the artefacts and buildings available to be viewed by the public.
- Royal Scots Monument Trust with the purpose of maintenance of the Royal Scots Monument.

Achievements and Performance

2.6 The significant events and developments during the financial year included; The Surplus Fire Fund was transferred to Edinburgh Voluntary Organisations' Trust (EVOT) on 29 July 2014 following new legislation being successfully progressed through the Scottish Parliament in April 2014.

For the 2014/15 accounts, items belonging to the Jean F. Watson collection valued at over £4,000 were revalued internally. Therefore, 177 items in total were revalued, increasing the total valuation of the collection by £1,304,000 to £5,232,000.

The Edinburgh Education Trust provided £2,108 to contribute to a range of activities for looked after children and school prizes.

Plans for the Future Period

2.7 Further rationalisation of the Charitable Trusts will be explored by investigating the potential to transfer the Royal Scots Monument Trust to an external charity. Future plans include the full disbursement of the remaining funds of the Boyd Anderson and Usher Hall Appeal Trusts.

Main report

3.1 The Unaudited Financial Statements for the City of Edinburgh Council Charitable Trusts are shown in Appendix 1.

Measures of success

- 4.1 The Charitable Trusts receive an unqualified audit certificate from the External Auditor by 30 September 2015.

Financial impact

- 5.1 There is no direct financial impact of the report's contents but the fund balances carried forward as of 31 March 2015 have increased by £190,000 (£141,000 2013/14). This represents the net impact of £64,000 of investment income, a net £12,000 increase from revaluation and transfer of Trusts, an increase in unrealised gain on investments of £133,000 offset by £19,000 expended on charitable activities and governance costs.

Risk, policy, compliance and governance impact

- 6.1 The Committee's remit includes the review of all matters relating to external audit of the Charitable Trusts.

Equalities impact

- 7.1 No full ERIA is required.

Sustainability impact

- 8.1 There are no impacts on carbon, adaptation to climate change and sustainable development arising directly from this report.

Consultation and engagement

- 9.1 The financial statements were made available for public inspection in July for a period of 15 working days in accordance with the provisions of Part VII of the Local Government (Scotland) Act 1973 and the Local Authority Accounts (Scotland) Regulations 2014. The Council received no requests for further information under these Regulations.

Background reading/external references

None.

Alastair D Maclean

Chief Operating Officer

Deputy Chief Executive

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Links

Coalition pledges	P31 – Maintain our city’s reputation as the cultural capital of the world by continuing to support and invest in our cultural infrastructure. P42 – Continue to support and invest in our sporting infrastructure.
Council outcomes	CO6 – Our children’s and young people’s outcomes are not undermined by poverty and inequality. C10 – Improved health and reduced inequalities.
Single Outcome Agreement	SO2 – Edinburgh’s citizens experience improved health and wellbeing, with reduced inequalities in health SO3 – Edinburgh’s children and young people enjoy their childhood and fulfil their potential
Appendices	Appendix 1 – Unaudited 2014/15 Financial Statements

**The City of Edinburgh Council Charitable Trusts
Trustee's Annual Report and Accounts
for the year ended 31 March 2015**

Legal and Administrative Information

Trustee

The City of Edinburgh Council acts as sole trustee for the charities in this report. The delegated responsibility for charitable trusts was transferred from the Pensions and Trusts Committee to the Finance and Budget Committee as part of the review of governance arrangements under the Committee Terms of Reference and Delegated Functions approved by Council on 20 September 2012 (Section 6.6). The Finance and Budget Committee has since been renamed the Finance and Resources Committee and now has delegated responsibility from Council to act in the role of trustee of its charities.

In addition to the above a separate Committee exists to manage the Jean F Watson Bequest Art Collection. The Committee on the Jean F Watson Bequest has the following delegated authority: "With monies from the Jean F Watson Bequest, to purchase and commission for the City's collection, works of artists and craftspeople born, practising in, or otherwise associated with Scotland, and in particular Edinburgh; all decisions to be guided by the Collection and Disposal Policy for the City Museums and Galleries."

Registered Office

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Auditor

Stephen O'Hagan
Senior Audit Manager
Audit Scotland
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Investment Managers

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UK Branch
PO Box 9031
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CM99 2WN

M&G Charities
PO Box 9038
Chelmsford
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Trustee's Annual Report

The trustee presents their annual report and financial statements of the City of Edinburgh Council Charitable Trusts for the year ending 31 March 2015. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Charities Accounts (Scotland) Regulations 2006 and the principles of Accounting and Reporting by Charities: Statement of Recommended Practice (revised 2005), commonly referred to as the SORP.

Reference and Administrative Details

At the year end the Council acted as sole trustee for a total of seven trusts which have charitable status and are registered with the Office of the Scottish Charity Regulator (OSCR). A list of all the charities can be found on page 3 of this report and in the accounts.

The Council administers these charities but their assets are not available to the Council and have not been included in the Council's balance sheet.

Structure, Governance and Management

The charities that the Council administers are constituted in a variety of different ways. Details of how each charity was originally established are available from the Council.

The Trustee section on the previous page describes the Committees of the Council which are involved with administration. All committee members are elected Councillors. Members of the Finance and Resources Committee have been provided with copies of the OSCR guidance which explains the role and responsibilities of charity trustees. Risk management is covered as part of the Council's general risk management procedures.

Responsibilities of the Trustee

Charity law requires charity trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the surplus or deficit of the charity for that period.

The Council, as the trustee, has overall responsibility for the following:

1. Ensuring that there are appropriate systems of controls, financial and otherwise.
2. Keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charities and enable them to ensure that the financial statements comply with the Charities Accounts (Scotland) Regulations 2006.
3. Safeguarding the assets of the charities.
4. Taking reasonable steps for the prevention and detection of fraud and other irregularities.
5. Providing reasonable assurance that:
 - the charities are operating efficiently and effectively;
 - the charitable assets are safeguarded against unauthorised use or disposition;
 - proper records are maintained and financial information used by the charities is reliable;
 - the charities comply with relevant laws and regulations.

The systems of internal control are designed to provide reasonable, but not absolute assurance against material misstatement or loss. They include:

1. A strategic plan approved by the charity trustee;
2. Regular consideration by the charity trustee of financial results and non-financial performance indicators;
3. Delegation of authority and segregation of duties;
4. Identification and management of risks.

Objectives and Activities

Details of the charitable purposes of the charities as at 31 March 2015 are as follows:

Name	Scottish Charity Registration Number	Purposes	Market Value at 31/3/15 £'000
Jean F. Watson	SC018971	The purchase of works of art by artists who have connections with the city	6,198
Edinburgh Education Trust	SC042754	To fund activities to support Looked after Children and school prizes	879
Nelson Halls	SC018946	Maintenance of the four "Nelson Halls" in Edinburgh to provide reading rooms for the poor	224
Boyd Anderson	SC025067	Provision of outdoor education and skiing opportunities	120
Usher Hall Appeal	SC030180	Raise funds for the renovation of the Usher Hall	70
Lauriston Castle Trust	SC020737	To make the artefacts and buildings available to be viewed by the public	7,041
Royal Scots Monument Trust	SC018945	Maintenance of the Royal Scots Monument	33
Total			14,565

Achievements and Performance

Progress on the implementation of the new investment arrangements and the trust reorganisation project is described in the sections that follow.

The Surplus Fire Fund was transferred to Edinburgh Voluntary Organisations' Trust (EVOT) on 29 July 2014 as agreed by the Pension and Trusts Committee on 6 December 2011. The transfer required new legislation to be passed which successfully progressed through the Scottish Parliament in April 2014. There has been a revaluation of 177 items belonging to the Jean F. Watson collection, increasing the total valuation of the collection by £1,304,000. The new IT inventory system Ke Emu is now live and it will contain a record of items, where they are located and their valuations.

The Edinburgh Education Trust provided £2,108 to contribute to a range of activities for looked after children and school prizes.

Financial Review

The financial statements present the financial position of the trusts for the year ended 31 March 2015. This section describes briefly the key points of each statement. Please be aware that the financial statements and notes have been rounded to the nearest thousand.

The Statement of Financial Activities - Shows that the total income from generated funds to be £64,102 (2013/14 £72,007). This decrease in income compared to the previous year is largely due to the transfer of the Surplus Fire Fund to EVOT.

The direct expenditure on charitable activities is lower than last year, after discounting the impact of the 2013/14 accrual reversal in the Boyd Anderson Trust. This once again is primarily as a result of the transfer of the Surplus Fire Fund to EVOT; as last year £29,648 was spent by the Surplus Fire Fund compared to nothing this year. In addition, grants were paid from the Edinburgh Education Trust; these were primarily to fund activities for Looked after Children.

The total resources expended is £19,000 (2013/14 £-728). This total is detailed in Note 3, with the values against Nelson Hall, Lauriston Castle and Royal Scot Monument being allocated to the maintenance of the assets. The negative amount last year is the product of both expenditure and the reversal of accruals made in respect of awards by the Boyd Anderson Trust which were not paid out due to two beneficiaries not being able to meet the conditions required to receive the funding.

The Balance Sheet - fixed asset investments have decreased from £3,007,899 to £1,933,460. Whilst this appears to be a significant decrease, £1,207,234 relates to the transfer of the Surplus Fire Fund, therefore, excluding the transfer this represents an increase of £132,795. Movements on the valuation of the investments are further analysed in note 14 and note 15.

Fixed asset properties and collections have been included in the accounts at revalued amounts. The Jean F. Watson Art Collection (items over £4,000) has been revalued, increasing the value of the collection by £1,304,000 to £5,231,960.

The plan for the rationalisation of the Councils 118 trusts was approved by the Pensions and Trusts Committee on 8 December 2008. The rationalisation process required separate bank accounts to be established for the trusts, which has now been completed.

Investment Policy and Performance

The current asset allocation is 22% in Charibond Charities Fixed Interest, 37% in Chariguard UK Equities Income and 41% in Chariguard Overseas Fund Income; against an original target allocation of 25% bonds, 37.5% UK equities and 37.5% Global Equities.

The objective for each fund is to match the performance of their respective benchmark indices. The Chariguard UK Equity Fund is benchmarked against the FTSE All-Share Index, the Chariguard Overseas Fund is benchmarked against the FTSE World Index ex UK (adjusted) and the Charibond Fixed Interest Fund is benchmarked against the FTSE British Government All-Stocks Index.

With regard to the performance to the year ended 31 December 2014, the Chariguard UK Equities Fund was just above the benchmark. The fund returned 1.18% compared to the benchmark of 1.1%. The performance of the Chariguard Overseas Equities Fund exceeded its benchmark, as it returned 9.97% compared to the benchmark of 9.7%.

In 2013/14, RCM were taken over by Allianz and the RCM Fixed Interest Fund was liquidated. To replace these fixed interest investments the funds were transferred to M&G during 2013/14. Performance information for 12 months to 3 November 2014 by Charibond Charities Fixed Interest Common Investment Fund was a total return (capital performance with gross income reinvested) of 4.9% compared to the FTSE British Government All Stocks Index - a broad index of UK government bonds which does not include corporate bonds - which returned 6.4% over the same period. While the value of Charibond's income shares fell slightly in the review period, its distribution yield on 3 November 2014 was maintained at 5.2% with this expected to be maintained for the next 12 months.

Reorganisation of Charitable Trusts

The Council is committed to making the management and administration of its charities and other trusts more effective, so that the benefit to the public can be maximised and risks minimised. On 8 December 2008, the Pensions and Trusts Committee approved a strategy to radically restructure its charities and other trusts by a combination of: transfers to suitable external charities; consolidation; and expenditure of capital.

A decision was made to transfer the Surplus Fire Fund (SFF) to the Edinburgh Voluntary Organisations Trust (EVOT) by the Pension and Trusts Committee on 6 December 2011. The transfer was agreed subject to a safeguard in the deed of appointment which ensures that the Surplus Fire Fund operates as a restricted fund within EVOT and that the Fire Brigades Union will have the right to send up to two representatives to meetings where Surplus Fire Fund business is considered. The transfer required new legislation to be passed which successfully progressed through the Scottish Parliament in April 2014. As a result, the transfer was successfully completed in 2014/15.

Pensions and Trusts Committee approved the creation of a new educational charity to receive the assets of 53 small trusts. Work on consolidating these trusts into a new 'Edinburgh Education Trust' charity was completed in 2014. With the creation of the Edinburgh Education Trust there has been a focus on looked-after children and the existing school pupil prizes.

Further rationalisation of the administration of the charitable trusts has been progressed and the Jean F. Watson Committee now deals with the future spending plans of the Catherine Cowper Trusts.

It had previously been agreed by Committee to wind up the Boyd Anderson Trust and plans were agreed for the final disbursements of the capital of the Boyd Anderson Trust for appropriate snow sports developments that directly relate to the legacy of George Boyd Anderson. These payments have been unable to complete because two potential beneficiaries were not able to meet the conditions required to receive the funding. Once the expenditure is completed, which should be in 2015/16, an application will be made to OSCR to remove the charity from the Register.

Plans for Future Period

The strategy to radically restructure the trusts by a combination of: transfers to suitable external charities; consolidation; and expenditure of capital is almost complete. Further rationalisation of the charitable trusts will be explored by investigating the potential to transfer the Royal Scot Monument Trust to an external charity. Future plans include the full disbursement of the remaining funds of the Boyd Anderson, Usher Hall and Catherine Cowper Trusts. The Catherine Cowper Trust is not included in the accounts as it is not a registered charity.

Signed on behalf of the trustee of the charities:

Councillor Alasdair Rankin

Convener of the Finance and Resources Committee

Date:

The City of Edinburgh Council Charitable Trusts
Statement of Financial Activities
For the year ended 31 March 2015

	Note	Unrestricted funds	Endowment funds	Total funds 2014/15	Total funds 2013/14
		£'000	£'000	£'000	£'000
Incoming resources					
<i>Incoming resources from Generated Funds</i>					
Investment income	2	64	-	64	72
Total incoming resources		<u>64</u>	<u>-</u>	<u>64</u>	<u>72</u>
Resources expended					
<i>Charitable Expenditure</i>					
Charitable activities	3	10	-	10	(15)
<i>Governance costs</i>	4	9	-	9	14
Total resources expended		<u>19</u>	<u>-</u>	<u>19</u>	<u>(1)</u>
Net (outgoing) / incoming resources before other recognised gains and losses:					
		<u>45</u>	<u>-</u>	<u>45</u>	<u>73</u>
Realised and unrealised gains on investments	14	-	133	133	68
Net movement in funds		<u>45</u>	<u>133</u>	<u>178</u>	<u>141</u>
Reconciliation of funds					
Capital as 1 April 2014		4,347	10,028	14,375	3,928
Revaluation Reserve		1,304	-	1,304	10,074
Market Value Adjustment		(84)	(1,208)	(1,292)	233
Fund balances brought forward	14	<u>5,567</u>	<u>8,820</u>	<u>14,387</u>	<u>14,234</u>
Fund balances carried forward	15	<u>5,612</u>	<u>8,953</u>	<u>14,565</u>	<u>14,375</u>

Prior year adjustments are explained in *Note 11*.

The City of Edinburgh Council Charitable Trusts
Balance Sheet
As at 31 March 2015

	Note	Unrestricted funds	Endowment funds	Total funds 2014/15	Total funds 2013/14
		£'000	£'000	£'000	£'000
Fixed Assets:					
Jean F. Watson Collection	5	5,232	-	5,232	3,928
Heritable Property	6	-	7,020	7,020	7,020
Investments	7	-	1,933	1,933	3,008
		<u>5,232</u>	<u>8,953</u>	<u>14,185</u>	<u>13,956</u>
Current Assets:					
Cash at Bank	8	413	-	413	479
		<u>413</u>	<u>-</u>	<u>413</u>	<u>479</u>
Liabilities:					
Creditors due within one year	9, 10	33	-	33	60
		<u>33</u>	<u>-</u>	<u>33</u>	<u>60</u>
Net Current Assets		<u>380</u>	<u>-</u>	<u>380</u>	<u>419</u>
Net Assets		<u>5,612</u>	<u>8,953</u>	<u>14,565</u>	<u>14,375</u>
Financed by:					
Unrestricted Funds	15	5,612	-	5,612	4,347
Endowment Funds	15	-	8,953	8,953	10,028
		<u>5,612</u>	<u>8,953</u>	<u>14,565</u>	<u>14,375</u>

**The City of Edinburgh Council Charitable Trusts
Cash Flow Statement
As at 31 March 2015**

	31 March 2015 £'000	31 March 2015 £'000
Operating Activities		
Interest received (<i>Note 2</i>)	(64)	
Cash inflows generated from operating activities	<hr/>	(64)
Cash paid to School Pupils (<i>Note 3</i>)	2	
Cash paid to cover Legal Fees (<i>Note 3</i>)	1	
Cash outflows generated from operating activities	<hr/>	3
Net cash flows from operating activities		<hr/> (61)
Investing Activities		
Transfer of Surplus Fire Fund to Edinburgh Voluntary Organisations Trust	127	
Net cash flows from investing activities	<hr/>	127
Net cash flows from financing activities		<hr/> 0
Net (increase)/decrease in cash and cash equivalents		<hr/> 66 <hr/>
	April 2014	
Cash and cash equivalents (<i>Note 8</i>)	479	
	<hr/>	479
	March 2015	
Cash and cash equivalents (<i>Note 8</i>)	413	
	<hr/>	413
Net (increase)/decrease in cash and cash equivalents		<hr/> 66 <hr/>

Signed on behalf of the charity trustee:

**Councillor Alasdair Rankin
Convener of the Finance and Resources Committee**

Date:

The City of Edinburgh Council Charitable Trusts
Notes to the accounts
For the year ended 31 March 2015

1 Accounting policies

a) Basis of preparation

The financial statements have been prepared under the historical cost convention as modified by the inclusion of investments at market value, in accordance with the Charities Accounts (Scotland) Regulations 2006 and the principles of Accounting and Reporting by Charities: Statement of Recommended Practice (revised 2005) commonly referred to as the SORP.

In line with Regulation 7 of the 2006 Regulations, these financial statements have been prepared on the basis that the Trust Funds for which the City of Edinburgh Council acts as sole Trustee are connected charities. As such, the accounts for the individual charities have been prepared on a collective basis. These financial statements contain all the relevant information that the individual charity accounts would have contained if they had been prepared on an individual basis.

b) Fund accounting

Unrestricted funds are general funds that are available for use at the trustee's discretion in the furtherance of any of the objectives of the charities.

Almost all of the charities have an endowment fund consisting of invested capital and any heritable property. Endowment funds are held on trust to be retained for the benefit of the charity as a capital fund. The income arising from the investments is available for the purposes of each charity and is added to the relevant unrestricted fund. In most cases the trustee has discretion to expend endowment funds should the need arise.

c) Investment income

Investment income is accounted for in the period in which the charity is entitled to receive it and the amount can be measured with reasonable certainty.

d) Resources expended

Expenditure is included in the financial statements on an accruals basis.

e) Heritable property and depreciation

Heritable properties are stated in the accounts at a revalued amount where this is available. Where this is not available historic cost has been used, this is the case for the Nelson Halls. Depreciation is not currently provided on heritable property.

f) Heritage assets and depreciation

Heritage assets are deemed to have indeterminate lives and a high residual value; hence it is not considered appropriate to charge depreciation. The type of assets include collections of: paintings, ceramics, textiles, silverware, clocks and books. The valuations used for these assets are based on values for insurance purposes.

g) Investments

Investments are included at market value at the balance sheet date in accordance with the principles of the SORP. Any gain or loss on revaluation is shown on the Statement of Financial Activities.

h) Reserves policy

The endowment fund is maintained for the charity as a capital fund. The amount of income generated by investments is available for expenditure on charitable purposes. With a manageable number of trusts remaining, the Finance & Resources Committee will agree a policy on reserves for each of the trusts, set with reference to any specific requirements in the trust deed and the aims of the charity.

2 Investment income

	2014/15	2013/14
	£'000	£'000
Dividend income	63	69
Interest received	1	2
	<u>64</u>	<u>71</u>

3 Cost of charitable activities

	2014/15	2013/14
	£'000	£'000
Direct Expenditure:		
Boyd Anderson - snow sport projects and property repair	0	(57)
Surplus Fire Fund Legal Fees	1	30
Lauriston Castle	1	1
Royal Scots Monument	0	0
Nelson Halls	6	4
Education Grants	2	7
	<u>10</u>	<u>(15)</u>
Allocation of governance costs	9	14
Total cost of charitable activities	<u>19</u>	<u>(1)</u>

4 Governance costs

	2014/15	2013/14
	£'000	£'000
Allocated costs	9	14

No trustee received any remuneration or expenses during year ending 31 March 2015.
There are no employees of the City of Edinburgh Council Charitable Trusts.

5 Jean F. Watson collection

	2014/15	2013/14
	£'000	£'000
Balance brought forward at 1 April	3,928	3,928
Revaluation during the year	1,304	-
Balance carried forward at 31 March	<u>5,232</u>	<u>3,928</u>

In 1961 an agreement was signed by Miss Jean F. Watson and the Corporation of the City of Edinburgh which set up a fund to purchase works of art in memory of Miss Watson's parents. The Trust acquires works of art for public viewing in Edinburgh by artists who have connections with the city. The agreement allows for existing items in the collection to be sold and the proceeds used to purchase other works of art. For the 2014/15 accounts, items valued over £4,000 have been revalued internally and this figure has been used in the accounts. A detailed external valuation of the highest value works is proposed for 2015/16. A full inventory of the Jean F Watson collection is nearing completion and these items will be recorded in the new IT system, Ke Emu.

6 Heritable Property

	2014/15	2013/14
	£'000	£'000
Nelson Halls Trust	19	19
Lauriston Castle	7,001	7,001
	<u>7,020</u>	<u>7,020</u>

The Nelson Halls properties have not been valued for the purposes of these accounts and are stated at cost. These buildings are now often incorporated into the fabric of existing buildings and are therefore difficult to revalue.

The Lauriston Castle valuation includes the museum and contents.

7 Investments	At 31/3/14	Purchases at cost	Transferred/ Sold	Net gain on revaluation	At 31/3/15
	£'000	£'000	£'000	£'000	£'000
Investments	3,008	-	(1,077)	2	1,933
	<u>3,008</u>	<u>-</u>	<u>(1,077)</u>	<u>2</u>	<u>1,933</u>

8 Cash at bank

	2014/15	2013/14
	£'000	£'000
Boyd Anderson	127	127
Edinburgh Education Trust	130	111
Surplus Fire Fund	0	119
Usher Hall	72	71
Jean F. Watson	65	39
Nelson Halls	13	8
Royal Scots Monument	4	3
Lauriston Castle	2	1
	<u>413</u>	<u>479</u>

9 Creditors due within one year	Unrestricted funds £'000	Endowment funds £'000	2014/15 Total £'000	2013/14 Total £'000
Legal fees for 2013/14 paid by Surplus Fire	-	-	-	6
Amounts due to the Council	33	-	33	54
	33	-	33	60

10 Related party transactions

During the year the City of Edinburgh Council made payments on behalf of the Charitable Trusts. At the end of the year £33,287 was owed to the Council by the Trusts (2013-14 £53,765).

11 Prior Period Adjustment

The Jean F. Watson collection was revalued in 2014/15 as per Note 5.

The market value of Jean F. Watson was understated and Nelson Halls was overstated by £12,895 in 2013/14, however, this did not affect the overall Market Value of the Trusts as at 31 March 2014.

12 Post Balance Sheet Event

Events after the balance sheet date

There have been no events since 31 March 2015, and up to the date when these accounts were authorised, that require any adjustments to these accounts.

13 Audit fee

The fee payable to Audit Scotland in respect of the audit services for the Council's Charitable Trusts is £4,250 for 2014/15. This fee was included in the overall fee for the Council and not allocated directly to the individual Trusts.

14 Trusts at Market Value - Year Ended 31 March 2015

Charity Name	SC Number	(Re-stated) Funds b/fwd £'000	Income in year £'000	Expenditure in year £'000	Gains on investments £'000	Jean F. Watson Revaluation £'000	Transfer to EVOT £'000	Funds carried forward £'000	(Re-stated) 2013/14 £'000
Edinburgh Education Trust	SC042754	815	21	(5)	48	0	0	879	815
G Boyd Anderson-Skiing	SC025067	123	0	(3)	0	0	0	120	123
Jean F. Watson Bequest	SC018971	4,805	25	(1)	65	1,304	0	6,198	4,805
Lauriston Castle Trust	SC020737	7,038	1	(1)	3	0	0	7,041	7,038
Nelson Halls Trust	SC018946	209	6	(6)	15	0	0	224	209
Royal Scots Monument Trust	SC018945	30	1	-	2	0	0	33	30
Surplus Fire Fund	SC018967	1,283	10	(1)	0	0	(1,292)	0	1,283
Usher Hall Conservation Trust	SC030180	72	0	(2)	0	0	0	70	72
		14,375	64	(19)	133	1,304	(1,292)	14,565	14,375

15 Trusts at Market Value - Year Ended 31 March 2015

Charity Name	SC Number	Jean F. Watson Collection	Heritable Property incl. Lauriston Castle	Investments	Investments Market Value Adjustment	Cash at Bank	Amounts due to Council	Total	(Re-stated) 2013/14
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Edinburgh Education Trust	SC042754	0	0	657	99	130	(7)	879	815
G Boyd Anderson-Skiing	SC025067	0	0	0	0	127	(7)	120	123
Jean F. Watson Bequest	SC018971	5,232	0	747	156	65	(2)	6,198	4,805
Lauriston Castle Trust	SC020737	0	7,001	34	7	2	(3)	7,041	7,038
Nelson Halls Trust	SC018946	0	19	168	35	13	(11)	224	209
Royal Scots Monument Trust	SC018945	0	0	25	5	4	(1)	33	30
Surplus Fire Fund	SC018967	0	0	0	0	0	0	0	1,283
Usher Hall Conservation Trust	SC030180	0	0	0	0	72	(2)	70	72
		5,232	7,020	1,631	302	413	(33)	14,565	14,375

Finance and Resources Committee

10.00am, Thursday, 27 August 2015

Treasury Management: Annual Report 2014/15

Item number	7.11
Report number	
Executive/routine	
Wards	

Executive summary

The purpose of this report is to give an update on Treasury Management activity in 2014/15.

In the Strategy set in March 2014 the Council stated there would be no borrowing completed during the financial year and capital expenditure would be funded temporarily from investments. The only borrowing completed was £1.995m interest free funding from Salix in relation to street lighting. This approach generated significant short-term savings in Loans Charges for the Council.

The investment return for 2014/15 continued to show out-performance against the Fund's benchmark, although low in absolute terms, while maintaining the security of the investments.

Treasury Management: Annual Report 2014/15

Recommendations

- 1.1 It is recommended that the Committee:
- 1.1.1 notes the Annual Report on Treasury Management for 2014/15; and
 - 1.1.2 refers the report to Council for approval and subsequent referral by Council to the Governance Risk and Best Value Committee for their scrutiny.

Background

- 2.1 The Council has adopted the CIPFA Code of Practice on Treasury Management in the Public Sector, and under the code, an Annual Report on Treasury Management has to be submitted to the Council after the end of each financial year. A separate mid-term report will also be produced during the financial year and therefore, no update on the current year is included in this report.

Main report

3.1 Key Points

- 3.1.1 The key points in this report are that:
- the Council's capital repayments were greater than its new capital expenditure funded by borrowing, so the Council's need to borrow reduced by £30.92m during the year;
 - £27.74m of PWLB debt naturally matured during the year and was not replaced;
 - the Council continued its strategy of funding capital expenditure from a reduction in temporary investments and was £97m under-borrowed at the year end;
 - the Council has not borrowed PWLB or market debt since December 2012; and
 - the average interest rate on the Cash Fund for the year was 0.47%, which continued to outperform the benchmark, which was 0.35% for the year.

3.2 Prudential Indicators

(a) Prudential Indicator 1 - Estimate of Capital Expenditure

This gives a breakdown of the actual capital expenditure incurred during 2014/15.

	2013/14 Actual £'000	2014/15 Estimate £'000	2014/15 Actual £'000
Children & Families	15,670	31,563	16,903
Corporate Governance	4,211	5,433	7,582
Economic Development	1	0	0
Health & Social Care	4,160	3,934	4,616
Services for Communities	108,953	93,017	85,260
SfC Asset Management Programme	17,082	25,965	18,657
Other Capital Projects	923	933	1,049
Trams	53,198	0	5,246
Unallocated funding	0	0	0
Total General Services	204,198	160,845	139,313
Housing Revenue Account	39,206	48,195	37,308
Total	243,404	209,040	176,621

Table 1 – Capital Expenditure 2014/15

Members are asked to note that the above estimates reflect the budget position as at February 2014. Expenditure is re-phased on an annual basis, with a revised programme being reported annually to the Finance and Resources Committee in August. Change relate to re-phasing of works across the five-year programme, based on cash-flow information. Re-phased projects included the school replacement programme and various infrastructure works in Services for Communities and the Housing Revenue Account.

As can be noted from the above table, actual expenditure decreased from £243m in 2013/14 to £177m, a reduction of £66m, of which £48m relates to the tram project, reflecting completion of the project.

Further detail on the capital expenditure is included in the Finance & Resources Committee report 'Capital Monitoring 2014/15 – Out-turn and receipts'.

[Link](#)

The following table shows how the £176.6m of capital expenditure incurred in 2014/15 was funded

	Gen Fund £'000	HRA £'000	CEC Total £'000	Police £'000	Fire £'000	Total £'000
Net Cap Adv (01/04/14)	1,150,258	369,361	1,519,619	20,351	4,467	1,544,437
Gross Cap Ex	139,313	37,308	176,621	0	0	176,621
Cap Income	108,339	17,487	125,826	0	0	125,826
Net Cap Ex	30,974	19,821	50,795	0	0	50,795
Capital Repaid	-60,585	-21,129	-81,714	-2,089	-1,275	-85,078
Net Cap Adv (01/04/15)	1,120,647	368,053	1,488,700	18,262	3,192	1,510,154

Table 2 – Source of Funding for Capital Expenditure 2014/15

The CEC Total column shows £125.8m being funded by capital grants and capital receipts, leaving £50.8m to be funded by borrowing. However, the Council repaid principal of £81.71m for previous capital advances, giving a net reduction in the need to borrow of £30.92m. In addition, previous capital advances of £3.36m were repaid on behalf of the former Police and Fire joint boards, giving a total reduction in the need to borrow of £34.28m.

(b) Indicator 2 - Ratio of Financing Costs to Net Revenue Stream

This gives an indication of the cost of the Council's debt relative to its income.

	2013/14 Actual %	2014/15 Estimate %	2014/15 Actual %
General Services	11.60	12.93	11.63
Housing Revenue Account	36.01	39.63	33.97

Table 3 – Ratio of Financing Costs to Net Revenue Stream

The movement in the HRA prudential indicator can be explained by lower than anticipated borrowing required to fund HRA capital expenditure during 2013/14 and 2014/15, in addition to voluntary contributions made towards outstanding debt during the same period.

(c) Indicator 3 - Capital Financing Requirement (CFR)

This shows the Council underlying need to borrow / take on other forms of Capital funding.

	2013/14 Actual £'000	2014/15 Estimate £'000	2014/15 Actual £'000
General Services (including finance leases)	1,359,099	1,350,332	1,357,972
Housing Revenue Account	369,361	394,568	368,053
Total	1,728,460	1,744,900	1,726,025

Table 4 – Capital Financing Requirement

Although the total CFR including both General Fund and HRA remained broadly the same over the last year, the balance of liabilities changed as can be seen from the following break down of the CFR figures:

	2013/14 Actual £'000	2104/15 Actual £'000
General Fund Capital Advances	1,150,258	1,120,647
HRA Capital Advances	369,361	368,053
Total CEC Borrowing CFR	1,519,619	1,488,700
Other Long Term Liabilities	208,841	237,325
Total CEC Debt CFR	1,728,460	1,726,025

Table 5 – Split of Capital Financing Requirement

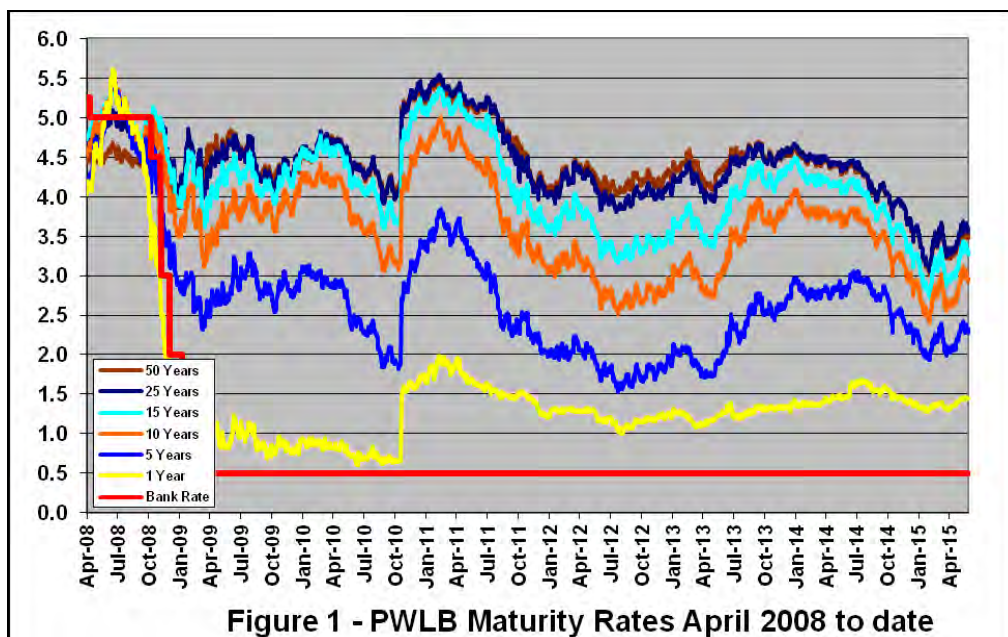
The reduction of £30.92m in Net Capital Advances shown in Table 2 above was offset by a similar increase in Other Long Term Liabilities – i.e. Finance Leases.

The increase in other-long term liabilities is mainly the result of inclusion of costs relating to on-going works at James Gillespies High School.

3.2.1 The Council operated within both the Authorised Limit and the Operational Boundary at all times during the year and there were no breaches of the Council's Treasury Management Policy.

3.3 Borrowing Overview

3.3.1 2014/15 was characterised by a number of significant global macro economic issues and political uncertainties. There were concerns over the Ukraine conflict and the effect that the sanctions on Russia would have on the EU economy. These were compounded by the political uncertainty in Greece as growth in the Eurozone stalled. There were concerns too over the growth in the Chinese economy slowing. On top of this, oil and energy prices reduction led to inflation in the UK and Europe at or below zero. All this meant that the bubble in Bond prices continued, particularly at the long end, with the 10 year UK Gilt yield dropping to 1.33% in January 2015. Figure 1 shows PWLB borrowing rates since 2008.



3.3.2 This shows the drop in interest rates for borrowing last year, particularly for the longer maturities.

3.3.3 The strategy for 2014/15 approved in March 2014 was

“Depending on the Council’s cash flows, it is intended to use investments and temporary borrowing to fund the net borrowing requirement for 2014/15. PWLB borrowing, if any, is also likely to be short term and will be considered as the economy and interest rates evolve.”

However, as detailed in Table 2, the total underlying need to borrow actually fell by £34.28m during the year. Table 6 below summarises the outstanding debt portfolio during the year.

Type of Loan	Balance 01.04.2014 £m	Borrowing Raised £m	Borrowing Repaid £m	Balance 31.03.2015 £m
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PWLB - fixed	1,141.43	0.000	-27.743	1,113.687
PWLB - variable	0.000	0.000	0.000	0.000
Salix Finance Ltd	0.000	1.995	-0.039	1.956
Market	280.900	0.000	0.000	280.900
Temp	11.959	7.168	-2.672	16.455
	<u>1,434.289</u>	<u>9.163</u>	<u>-30.454</u>	<u>1,412.998</u>
Capital Advances	<u>1,544.437</u>			<u>1,510.154</u>
Under-borrowed	<u>110.148</u>	Under-borrowed		<u>97.156</u>

Table 6 – Outstanding Debt Portfolio 2014/15

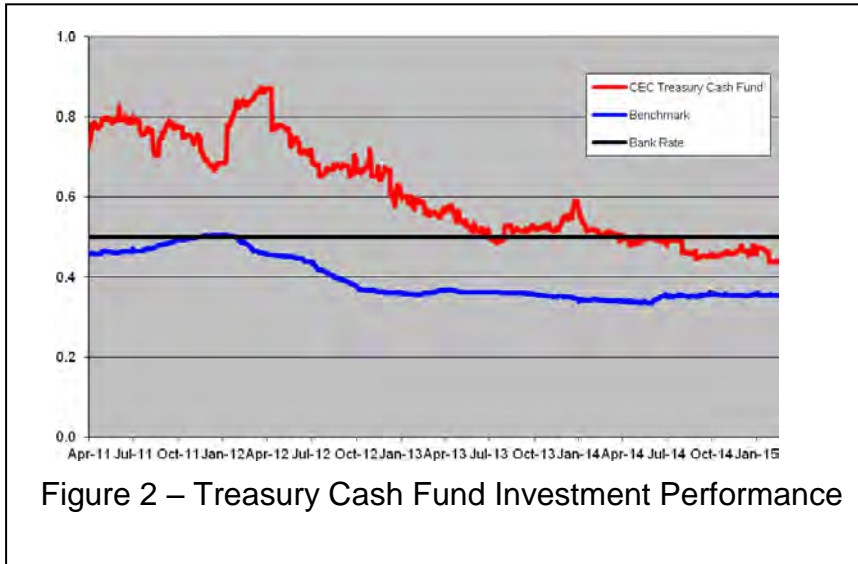
3.3.4 £27.74m of PWLB debt naturally matured during the year, and this was not replaced. The only external borrowing undertaken during the year was £2m in interest free loans from Salix in relation to street lighting replacement projects.

3.3.5 When the PWLB borrowing rates fell to the lows in January, serious consideration was given to taking some further short to medium term debt. However, with the reduced need to borrow, the cost of carrying the debt was still going to be significant, and it was determined to continue to use temporary investments to fund capital expenditure at the time. The Council's borrowing therefore fell by £21.29m over the year, but since the net capital advances fell more, the Council's under-borrowed position reduced from £110m to £97m.

3.4 Investment Out-turn 2014/15

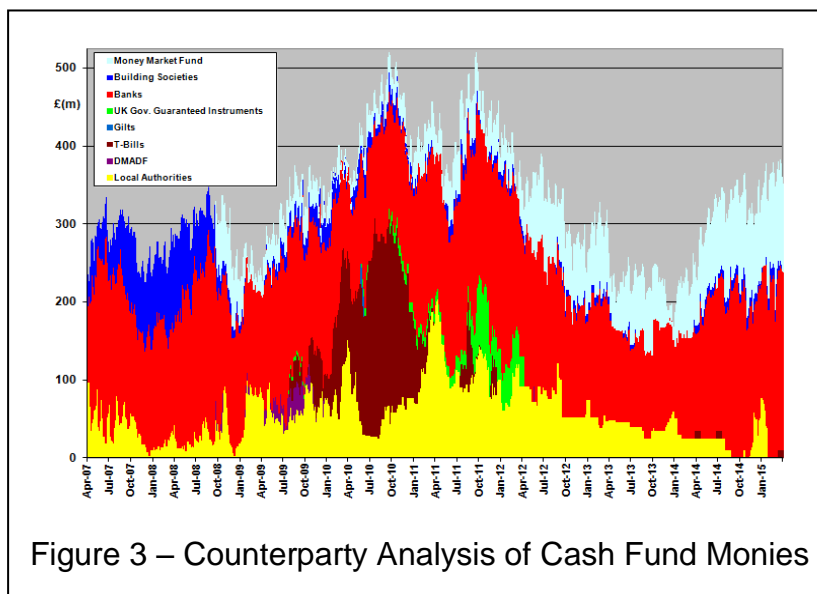
3.4.1 The Council's money is invested via the Treasury Cash Fund. The Cash Fund encompasses a number of organisations, including Lothian Pension Fund. Interest is accrued on a monthly basis and performance is evaluated against a benchmark, which is 7-day LIBID.

3.4.2 Figure 2 below shows the investment performance during the financial year.



3.4.3 The average interest rate on the Fund for the year was 0.47%, which continued to outperform the benchmark which was 0.35% for the year. The Fund generated income of just over £482k for the financial year to CEC.

3.4.4 The emphasis remained on security during the financial year with the return of the principal sum being the main concern. With the Strategy being around the security of the investments, Cash Fund money invested with banking institutions is mostly on call or on short term fixed deposit. Rates being achieved with Local Authority deposits and in Treasury Bills have remained low during the year which has given another year of difficulty securing principal while achieving an attractive interest rate. Once again in December rates paid by Local Authorities for short term cash increased due to seasonal cash shortage and fewer participants in the market. The Council was able to take advantage of this albeit the investment was only for a short duration. Figure 3 below shows the distribution of the Cash Fund investments since April 2007.



3.4.5 The Cash Fund's Investment Strategy continued to be based around the security of the investments. Figure 4 below shows the weighted average life (WAL) of the Cash Fund since inception.

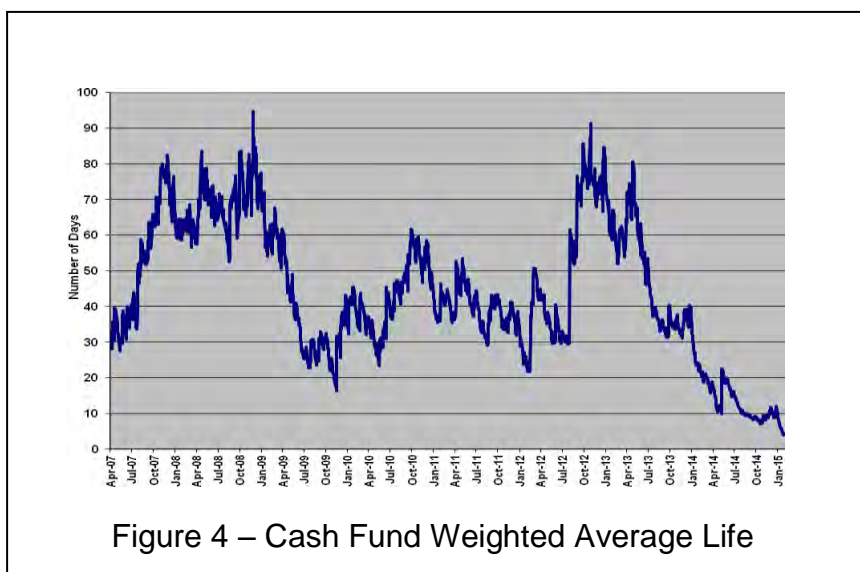


Figure 4 – Cash Fund Weighted Average Life

3.4.6 With the short term deposits placed with other local authorities over the Christmas and New Year periods maturing, the WAL (weighted average time to the final maturity of investments) has decreased. As the market returned to pre-holiday period levels, short term inter-authority rates reverted to around 0.30%.

3.5 Other Issues

3.5.1 There are a number of other issues on Treasury Management which have arisen during the year. These include:

The Scottish Government are reviewing the regulations for local authority borrowing and are likely to issue a consultation document later in the year with a view to implementation on 01 April 2016. While the new regulations are likely to have little impact on borrowing, they may well have longer term implications for the repayment profile of future capital advances and therefore Council expenditure.

MiFID (the Markets in Financial Instruments Directive) is the cornerstone of the European Union's regulation of financial markets. The EU have revised the directive to improve the functioning of financial markets in light of the financial crisis and to strengthen investor protection. The FCA is currently considering how MiFID II will be implemented in practice in the UK. It is likely that local authorities will be re-classified as 'retail' rather than 'professional' clients with criteria set to enable an opt up to 'professional' status.

3.5.2 Both of these are at an early stage and will be covered in more depth in future reports as the issues and implication for the City of Edinburgh Council become clearer.

3.6 Conclusions

- 3.6.1 The Strategy set in March 2014 the Council stated there would be no borrowing completed during the financial year and capital expenditure would be funded temporarily from investments rather than borrowing. The only borrowing completed was £1.995m in interest free funding. This approach continues to generate significant short term savings for the Council.
- 3.6.2 The investment return for 2014/15 continued to show out-performance against the Fund's benchmark, although low in absolute terms, while maintaining the security of the investments.

Measures of success

- 4.1 The success of the Treasury Section can be measured by the out-performance of the Treasury Cash Fund against its benchmark and managing the Council's debt portfolio to minimise the cost to the Council while mitigating risk.

Financial impact

- 5.1 The Council continues to manage its debt portfolio so as to minimise the medium term cost of funding its capital projects.
- 5.2 The Treasury Cash Fund has generated significant additional income for the Council.

Risk, policy, compliance and governance impact

- 6.1 The Council complies with the relevant CIPFA code of practice whilst undertaking Treasury Management activities. The significant financial risks associated with Treasury Management activities have been successfully managed during 2014/15.

Equalities impact

- 7.1 There are no adverse equality impacts arising from this report.

Sustainability impact

- 8.1 There are no adverse sustainability impacts arising from this report.

Consultation and engagement

9.1 None.

Background reading / external references

None.

Alastair Maclean

Chief Operating Officer

Deputy Chief Executive

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Links

Coalition pledges	P30 - Continue to Maintain a sound financial position including long-term financial planning
Council outcomes	C025 - The Council has efficient and effective services that deliver on objectives
Single Outcome Agreement	SO1 - Edinburgh's Economy Delivers increased investment, jobs and opportunities for all
Appendices	Appendix 1 - PWLB Debt Portfolio

Appendix 1

Outstanding PWLB debt as at 31st March 2015

Loan Ref	Start Date	Maturity Date	Loan Type	Principal Outstanding	Interest Rate %
495502	12/05/2009	12/05/2015	M	10,000,000.00	3.08
468121	23/02/1990	15/05/2015	M	8,000,000.00	10.875
468872	06/11/1990	25/03/2016	M	10,000,000.00	11.375
469721	17/05/1991	25/03/2016	M	10,000,000.00	11
496093	13/10/2009	13/04/2016	M	5,000,000.00	2.95
495471	23/04/2009	23/04/2016	M	5,000,000.00	2.96
469013	17/01/1991	15/05/2016	M	15,000,000.00	11.25
495565	09/06/2009	09/06/2016	M	5,000,000.00	3.37
470061	27/09/1991	25/09/2016	M	2,736,307.00	10.5
469898	15/08/1991	15/11/2016	M	10,000,000.00	10.875
495143	10/12/2008	10/12/2016	M	5,000,000.00	3.61
499194	02/12/2011	02/06/2017	M	5,000,000.00	2.28
471030	27/03/1992	25/09/2017	M	10,000,000.00	10.625
494911	09/10/2008	09/10/2017	M	5,000,000.00	4.39
471179	03/04/1992	25/03/2018	M	30,000,000.00	10.875
495472	23/04/2009	23/04/2018	M	15,000,000.00	3.24
471710	17/09/1992	15/05/2018	M	8,496,500.00	9.75
495566	09/06/2009	09/06/2018	M	5,000,000.00	3.75
473528	17/09/1993	15/11/2018	M	5,000,000.00	7.875
474273	23/03/1994	15/11/2018	M	5,000,000.00	8
474226	14/03/1994	11/03/2019	M	2,997,451.21	7.625
473697	18/10/1993	25/03/2019	M	5,000,000.00	7.875
495414	30/03/2009	30/03/2019	M	5,000,000.00	3.46
495457	21/04/2009	21/04/2019	M	10,000,000.00	3.4
495473	23/04/2009	23/04/2019	M	5,000,000.00	3.38
495030	12/11/2008	12/11/2019	A	2,540,803.99	3.96
474274	23/03/1994	15/11/2019	M	5,000,000.00	8
474935	07/12/1994	15/11/2019	M	10,000,000.00	8.625
495086	01/12/2008	01/12/2019	A	2,520,023.77	3.65
496260	01/12/2009	01/12/2019	M	5,000,000.00	3.77
496354	14/12/2009	14/12/2019	M	10,000,000.00	3.91
475161	15/02/1995	25/03/2020	M	5,000,000.00	8.625
495458	21/04/2009	21/04/2020	M	10,000,000.00	3.54
495501	12/05/2009	12/05/2020	M	10,000,000.00	3.96
474801	21/10/1994	15/05/2020	M	5,000,000.00	8.625
474936	07/12/1994	15/05/2020	M	5,000,000.00	8.625
499159	21/11/2011	21/05/2020	M	15,000,000.00	2.94
476237	16/08/1995	03/08/2020	M	2,997,451.21	8.375
474958	09/12/1994	15/11/2020	M	5,000,000.00	8.625
497203	10/05/2010	10/05/2021	A	3,155,846.94	3.09
474802	21/10/1994	15/05/2021	M	10,000,000.00	8.625
475259	10/03/1995	15/05/2021	M	11,900,000.00	8.75

476031	12/06/1995	15/05/2021	M	10,000,000.00	8
497378	02/06/2010	02/06/2021	M	5,000,000.00	3.89
474661	16/08/1994	03/08/2021	M	2,997,451.21	8.5
474418	28/04/1994	25/09/2021	M	5,000,000.00	8.125
495474	23/04/2009	23/04/2022	M	5,000,000.00	3.76
476030	12/06/1995	15/05/2022	M	10,200,000.00	8
497425	14/06/2010	14/06/2022	M	10,000,000.00	3.95
475781	31/03/1995	25/09/2022	M	6,206,000.00	8.625
475176	16/02/1995	03/02/2023	M	2,997,451.21	8.625
475822	24/04/1995	25/03/2023	M	10,000,000.00	8.5
476731	05/12/1995	15/05/2023	M	5,200,000.00	8
473573	20/09/1993	14/09/2023	M	2,997,451.21	7.875
473574	20/09/1993	14/09/2023	M	584,502.98	7.875
477656	08/05/1996	25/09/2023	M	10,000,000.00	8.375
496094	13/10/2009	13/10/2023	M	5,000,000.00	3.87
476732	05/12/1995	15/11/2023	M	10,000,000.00	8
497197	10/05/2010	10/05/2024	M	10,000,000.00	4.32
476350	28/09/1995	28/09/2024	M	2,895,506.10	8.25
501250	14/05/2012	14/11/2024	M	10,000,000.00	3.36
496355	14/12/2009	14/12/2024	A	7,249,741.49	3.66
1478311	17/10/1996	25/03/2025	M	10,000,000.00	7.875
497199	10/05/2010	10/05/2025	M	5,000,000.00	4.37
501723	16/11/2012	16/05/2025	M	20,000,000.00	2.88
1478760	13/02/1997	18/05/2025	M	10,000,000.00	7.375
1478830	20/02/1997	15/11/2025	M	20,000,000.00	7.375
496261	01/12/2009	01/12/2025	A	11,203,753.09	3.64
476771	21/12/1995	21/12/2025	M	2,397,960.97	7.875
1479368	21/05/1997	15/05/2026	M	10,000,000.00	7.125
1479530	28/05/1997	15/05/2026	M	10,000,000.00	7.25
479851	29/08/1997	15/11/2026	M	5,000,000.00	7
1479594	24/06/1997	15/11/2026	M	5,328,077.00	7.125
1479783	07/08/1997	15/11/2026	M	15,000,000.00	6.875
1480039	13/10/1997	25/03/2027	M	10,000,000.00	6.375
1480175	22/10/1997	25/03/2027	M	5,000,000.00	6.5
1480241	13/11/1997	15/05/2027	M	3,649,966.00	6.5
1480257	17/11/1997	15/05/2027	M	5,000,000.00	6.5
501797	13/12/2012	13/06/2027	M	20,000,000.00	3.18
1480580	12/03/1998	15/11/2027	M	8,677,693.00	5.875
497854	06/09/2010	06/09/2028	M	10,000,000.00	3.85
498768	14/07/2011	14/07/2029	M	10,000,000.00	4.9
368245	14/07/1950	03/03/2030	E	3,791.77	3
498769	14/07/2011	14/07/2030	M	10,000,000.00	4.93
80101	15/06/1951	15/05/2031	E	3,866.97	3
497855	06/09/2010	06/09/2031	M	20,000,000.00	3.95
499252	15/12/2011	15/06/2032	M	10,000,000.00	3.98
498994	15/09/2011	15/09/2036	M	10,000,000.00	4.47
499019	22/09/2011	22/09/2036	M	10,000,000.00	4.49

494139	10/12/2007	10/12/2037	M	10,000,000.00	4.49
498974	08/09/2011	08/09/2038	M	10,000,000.00	4.67
498995	15/09/2011	15/09/2039	M	10,000,000.00	4.52
499052	06/10/2011	06/10/2043	M	20,000,000.00	4.35
498851	09/08/2011	09/02/2046	M	20,000,000.00	4.8
491119	23/01/2006	23/07/2046	M	10,000,000.00	3.7
491226	23/01/2006	23/07/2046	M	10,000,000.00	3.7
491628	19/05/2006	19/11/2046	M	10,000,000.00	4.25
494202	07/01/2008	07/01/2048	M	5,000,000.00	4.4
491258	27/01/2006	27/07/2051	M	1,250,000.00	3.7
492718	16/01/2007	16/07/2052	M	40,000,000.00	4.25
492853	30/01/2007	30/07/2052	M	10,000,000.00	4.35
492908	13/02/2007	13/08/2052	M	20,000,000.00	4.35
492937	20/02/2007	20/08/2052	M	70,000,000.00	4.35
492960	22/02/2007	22/08/2052	M	50,000,000.00	4.35
493036	08/03/2007	08/09/2052	M	5,000,000.00	4.25
493334	30/05/2007	30/11/2052	M	10,000,000.00	4.6
493377	11/06/2007	11/12/2052	M	15,000,000.00	4.7
493383	12/06/2007	12/12/2052	M	25,000,000.00	4.75
493428	05/07/2007	05/01/2053	M	12,000,000.00	4.8
493516	25/07/2007	25/01/2053	M	5,000,000.00	4.65
493701	10/08/2007	10/02/2053	M	5,000,000.00	4.55
493872	24/08/2007	24/02/2053	M	7,500,000.00	4.5
493920	13/09/2007	13/03/2053	M	5,000,000.00	4.5
493979	12/10/2007	12/04/2053	M	5,000,000.00	4.6
494045	05/11/2007	05/05/2057	M	5,000,000.00	4.6
494725	15/08/2008	15/02/2058	M	5,000,000.00	4.39
499195	02/12/2011	02/12/2061	M	5,000,000.00	3.98
Total				<u>1,113,687,597.12</u>	

Outstanding Market debt as at 31st March 2015

Loan Ref	Start Date	Maturity Date	Principal Outstanding	Interest Rate %	Counterparty
6000007	03/12/1990	04/12/2015	2,000,000.00	11	PRUDENTIAL PORTFOLIOMANAGERS UK LTD
6000008	12/12/1990	11/12/2015	2,000,000.00	11	PRUDENTIAL PORTFOLIOMANAGERS UK LTD
6000017	30/03/1992	30/03/2017	1,000,000.00	10.25	BAYERISCHE LANDESBANKGIROZENTRALE
6000019	21/08/1992	21/08/2017	500,000.00	9.75	DRESDNER BANK AG
6000020	21/08/1992	21/08/2017	500,000.00	9.75	DRESDNER BANK AG
6000091	12/11/1998	13/11/2028	3,000,000.00	4.75	DEUTSCHE PFANDBRIEFBANK AG
6000102	15/12/2003	15/12/2053	10,000,000.00	5.25	FMS WERTMANAGEMENT AoR
6000105	18/02/2004	18/02/2054	10,000,000.00	4.54	DEXIA CREDIT LOCAL
6000109	28/04/2005	28/04/2055	12,900,000.00	4.75	FMS WERTMANAGEMENT AoR
6000110	01/07/2005	01/07/2065	10,000,000.00	3.86	DEXIA CREDIT LOCAL BARCLAYS BANKGLOBAL
6000111	30/06/2005	30/06/2065	5,000,000.00	4.4	SERVICES BARCLAYS BANKGLOBAL
6000112	07/07/2005	07/07/2065	5,000,000.00	4.4	SERVICES
6000113	24/08/2005	24/08/2065	5,000,000.00	4.4	DEXIA CREDIT LOCAL
6000114	07/09/2005	07/09/2065	10,000,000.00	4.99	ECPKA IN LUXEMBURG S.A.
6000115	13/09/2005	14/09/2065	5,000,000.00	3.95	ECPKA IN LUXEMBURG S.A.
6000116	03/10/2005	05/10/2065	5,000,000.00	4.375	KA FINANZ AG BARCLAYS BANKGLOBAL
6000117	21/12/2005	21/12/2065	5,000,000.00	4.99	SERVICES BARCLAYS BANKGLOBAL
6000118	28/12/2005	24/12/2065	12,500,000.00	4.99	SERVICES
6000119	23/12/2005	23/12/2065	10,000,000.00	4.75	FMS WERTMANAGEMENT AoR

6000120	03/04/2006	01/04/2066	10,000,000.00	4.875	DEXIA CREDIT LOCAL
6000121	03/04/2006	01/04/2066	10,000,000.00	4.875	DEXIA CREDIT LOCAL
6000122	03/04/2006	01/04/2066	10,000,000.00	4.875	DEXIA CREDIT LOCAL
6000123	07/04/2006	07/04/2066	10,000,000.00	4.75	ECPKA IN LUXEMBURG S.A.
6000124	06/03/2006	04/03/2066	5,000,000.00	4.625	DANSKE BANK LONDON BARCLAYS BANKGLOBAL
6000125	14/03/2006	15/03/2066	15,000,000.00	5	SERVICES BARCLAYS BANKGLOBAL
6000126	18/08/2006	18/08/2066	10,000,000.00	5.25	SERVICES
6000127	17/03/2006	17/03/2066	10,000,000.00	5.25	DEXIA CREDIT LOCAL
6000128	05/06/2006	07/06/2066	20,000,000.00	5.25	DEXIA CREDIT LOCAL
6000129	05/06/2006	07/06/2066	16,500,000.00	5.25	DEXIA CREDIT LOCAL BARCLAYS BANKGLOBAL
6000130	01/02/2008	01/02/2078	10,000,000.00	3.95	SERVICES
6000131	26/02/2010	26/02/2060	5,000,000.00	7.144	Royal Bank of Scotland plc
6000132	26/02/2010	26/02/2060	10,000,000.00	7.144	Royal Bank of Scotland plc
6000133	25/02/2011	25/02/2060	15,000,000.00	7.16	Royal Bank of Scotland plc
6000134	25/02/2011	25/02/2060	10,000,000.00	7.16	Royal Bank of Scotland plc
Total			<u>280,900,000.00</u>		

Outstanding Special Loan debt as at 31st March 2015

Loan Ref	Start Date	Maturity Date	Principal Outstanding	Interest Rate %	Counterparty
8000029	07/01/2015	01/09/2021	513,221.41	0	SALIX FINANCE LTD
8000030	31/03/2015	01/04/2023	<u>1,442,317.95</u>	0	SALIX FINANCE LTD
Total			<u>1,955,539.36</u>		

Finance and Resources Committee

10.00am, Thursday 27 August 2015

Scottish Government Consultation on the draft Cyber Resilience Strategy for Scotland - Response

Item number	7.12
Report number	
Executive/routine	
Wards	ALL

Executive summary

This report provides a response to the Scottish Government's consultation on the draft Cyber Resilience Strategy for Scotland.

This consultation takes forward their commitment to building cyber resilience amongst Scotland's communities, businesses and public services. It seeks views from individuals and organisations, across sectors, on how Scotland can become even more resilient from cyber attacks and crime when using online technologies.

The draft Strategy has been produced by the Scottish Government, with input from a wide range of partners across the public and private sectors.

Links

Coalition pledges	P30, P33
Council outcomes	CO23, CO24, CO25, CO26
Single Outcome Agreement	

Scottish Government Consultation on the draft Cyber Resilience Strategy for Scotland - Response

Recommendations

- 1.1 It is recommended that the Finance and Resources Committee:
 - 1.1.1 agree the consultation responses, as set out in appendix one, be submitted to the Scottish Government.

Background

- 2.1 On the 5 June 2015 the Council received an invitation to respond to a consultation being undertaken by Scottish Government on the draft Cyber Resilience Strategy for Scotland.
- 2.2 The Strategy has been developed in partnership with a wide range of stakeholders, the draft strategy sets out the direction on how Scotland and its people can become more resilient online; how Scotland can be more alert to online risk and know how to quickly recover from any cyber-attack.
- 2.3 The consultation runs from 5 June to the 28 August 2015.

Main report

- 3.1 The draft Cyber Resilience Strategy for Scotland, see appendix 2, has been developed by the Scottish Government to address a key issue emerging from the commitment to delivering digital connectivity across the whole of Scotland by 2020: The Digital Future Strategy.
- 3.2 With this increasing use and dependence on cyberspace new types of risk have emerged. The strategy's focus is helping individuals and organisations to protect themselves from criminals and other malicious users of cyberspace, building on the "[UK Cyber Security Strategy: Protecting and Promoting the UK in a digital world](#)¹".

¹ See: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/60961/uk-cybersecurity-strategy-final.pdf

3.3 It is not intended to be a technical document. Rather it is targeted at raising awareness and knowledge across the full range of users of internet services and through increased awareness

3.4 The consultation seeks views on 12 questions:

- Q1: Are the guiding principles right for this strategy? Are there any other principles that should be considered when continuing to develop the strategy?
- Q2: Do you agree with the vision?
- Q3: Do you agree with the three strategic outcomes? Are there additional outcomes that should be considered?
- Q4: Do you think we are focusing on the right objectives? Are there additional key objectives that should be considered?
- Q5: Do you agree with the main areas of focus for effective leadership and promoting collaboration? Are there other areas that should be considered?
- Q6: Do you agree with the main areas of focus for raising awareness and ensuring effective communication? Are there other areas that should be considered?
- Q7: Do you agree with the main areas of focus for developing education and skills in cyber resilience? Are there other areas that should be considered?
- Q8: Do you agree with the main areas of focus for strengthening research and innovation? Are there other areas that should be considered?
- Q9: Are there additional actions that will help us achieve making Scotland and its people more cyber resilient?
- Q10: Do you think the monitoring and evaluation arrangements are sufficient?
- Q11: Have you ever experienced cyber crime (see examples diagram on page 9?) If so, did you report it? Please provide details.
- Q12: Would you be willing to share your experiences with us?

3.5 The responses proposed to these specific questions are set out in Appendix 1. In addition the Council has identified a number of related issues that it proposed to provide as part of the response and these are included at the end of Appendix 1.

3.6 In summary, it is recommended that the Council welcomes the development of a national strategy, but highlights the need for this to be rooted in an Action Plan which is clear about the actions that will be undertaken at UK National, Scottish

National, and Local Authority levels.

Measure of success

- 4.1 The strategy indicates the expectation that stakeholders will share their action plans and keep track of milestones and progress on an annual basis. As part of the new ICT Contract the Council will be, both, assuring security of our own services, and through social benefit be seeking to undertake digital enablement works for residents. These will be reported on as part of the ongoing management of the new contract.

Financial impact

- 5.1 There is no direct financial impact from this consultation.

Risk, policy, compliance and governance impact

- 6.1 In terms of this consultation exercise there are no direct implications in relation to risk, compliance or governance.
- 6.2 Engagement with the Strategy and national actions plans would support risk management of potential threats to Council services as well as supporting the residents and businesses in Edinburgh to be cyber aware.

Equalities impact

- 7.1 There are no equalities impacts associated with this report.

Sustainability impact

- 8.1 The impacts of this report in relation to the three elements of the Climate Change (Scotland) Act 2009 Public Bodies Duties have been considered. In summary, the proposals in this report would have no material impact on sustainability.

Consultation and engagement

- 9.1 Consultation has taken place with the Resilience Unit of the Council.

Background reading / external references

[Countering the Cyber Threat to Business](#)

Alastair Maclean
Chief Operating Officer
Deputy Chief Executive

Contact: Ritchie Somerville, Chief Information Officer (Interim), Customer Services

E-mail: ritchie.somerville@edinburgh.gov.uk | Tel: 0131 529 3409

Links

Council outcomes	CO25 - The Council has efficient and effective services that deliver on objectives CO26 - The Council engages with stakeholders and works in partnership to improve services and deliver on agreed objectives
Appendices	Appendix 1 – Responses to the consultation on proposal for a Cyber Resilience Strategy for Scotland Appendix 2 – Consultation on proposal for a Cyber Resilience Strategy for Scotland: Consultation Document

Responses to the consultation on proposal for a Cyber Resilience Strategy for Scotland

Q1: Are the guiding principles right for this strategy? Are there any other principles that should be considered when continuing to develop the strategy?

Response:

The focus of this strategy is one which appears to be best described as cyber awareness. In this context the principles cover the main issues. However, the balance of focus is slightly confusing. There are many users of the Internet, all with different roles, and this strategy seeks to bridge the position between:

- *ensuring a safe and secure operation and*
- *the parallel need for economic development*

This is a complex balancing act, and the strategy could benefit from separating these two aspects more distinctly to ensure its purpose and direction are as clear as they can be for all the audiences it intends to target.

The internet is a global resource and all responses to it need to be considered in that context. It is important that the principles reflect the key themes of security that exist at a global, European and UK level, with differentiations being about how these will apply in a Scottish context. This is particularly relevant for the “UK Cabinet Office Cyber Security Strategy”, given the joint responsibility in this area.

In terms of other principles, It is essential to recognise that the Internet is not a national resource; nations, multi-national organisations, business great and small, as well as possibly a greater proportion of individuals from all walks of life, all work and play here. In this context it is important that we, in Scotland, recognise that much of the resource and service in cyber space are provided without a great deal of reference to national boundaries. Making them safer or more secure cannot be a single nation’s remit, and a principle regarding collaboration to support safety and security could be helpful.

Q2: Do you agree with the vision?

Response:

The vision statement, in isolation, does not explain itself clearly nor express the role of Government, at all its levels, in this vision. .

Whilst clearly we would all want to ensure that people and businesses in Scotland can use the Internet in ways that are safe and secure and deliver prosperity, there is

a need to anchor this in relation to the actions that government will take. For example:

“Our vision is to support safe and secure participation in cyberspace and enable Scotland to prosper through engagement with new digital marketplaces and communities.”

Q3: Do you agree with the three strategic outcomes? Are there additional outcomes that should be considered?

Response:

While the nation can improve awareness of the risks and confidence in using online technologies, it cannot provide safety other than through making people aware of those risks.

Of the three stated outcomes, outcome three is least well expressed:

“We all have confidence in the resilience of our digital public services.”

The focus here is on Confidence, a personal belief, and to seek to measure this could lead to a level of complexity that exceeds the underlying theme: ensuring that digital public services are resilient.

The focus should rather be on ensuring that security and resilience are an integral part of the provision of such services rather than a ‘wrapper’ added later. The change in emphasis should therefore be:

“Our digital public services operate with a level of resilience we can all have confidence in.”

No obvious additional outcomes are apparent at this time.

Q4: Do you think we are focusing on the right objectives? Are there additional key objectives that should be considered?

Response:

The objectives do appear to have an appropriate focus. There are two comments we would add, to strengthen this section7.

This section would benefit from greater clarity on whom is included in the “we all” referred to.

If this is, as it appears, a general call to arms then it needs to be seen in the context that the CESG and Institute of Directors report referenced in the strategy, “Countering the cyber threat to business” identified that “basic information risk management can stop up to 80% of the cyber attacks seen today.” This statement was made in the context of “the responsibility to manage your organisation’s cyber risks starts and stops at board level.” In this context it is important that the objectives work both for individual organisations and for the collective.

There may be some benefit in making the distinction within the objectives about what “I can do”, what “we will do”.

Q5: Do you agree with the main areas of focus for effective leadership and promoting collaboration? Are there other areas that should be considered?

Response:

Yes, the main areas of focus make sense. However the strategy is confusing in relation to the statement “aspects of protecting Scotland’s critical national infrastructure are reserved to the UK Government”. Given that the audience for this strategy will not be limited to those with a professional understanding of this subject area, there would be benefit in tabulating the differences between UK Government and Scottish Government cyber security responsibilities.

It is important to also recognise the existing body of good practice that already exists in Scotland, such as the GSi code of connection. There should be advantages possible for all from the stipulation of further funded common standards.

Q6: Do you agree with the main areas of focus for raising awareness and ensuring effective communication? Are there other areas that should be considered?

Response:

The industry and government has a wide number of useful security and alert feeds already. The Scottish local authorities have a very well established and long standing security community that has shared much and contributed towards many Scottish initiatives and is well regarded by SOCITM, SOLACE, as well as the Cabinet Office and CESG.

Security industry professionals are already developing and promoting best practice, and have ever since computers were invented. Promoting or supporting initiatives like GetSafeOnline is helpful in raising education and awareness for citizens and consumers.

There may be some benefit from referencing the role of SOCITM, SOLACE and other professional bodies, and the contribution they can make, in this strategy.

Q7: Do you agree with the main areas of focus for developing education and skills in cyber resilience? Are there other areas that should be considered?

Response:

Yes. However, it is important to recognise the educational initiatives that already exist, in many different forms.

Again, given the wide audience for this strategy, it is important to differentiate between cyber awareness in the community, that can be taught at school for example, and information security, that is a well established profession, albeit one that Scotland may wish to seek to excel in.

Q8: Do you agree with the main areas of focus for strengthening research and innovation? Are there other areas that should be considered?

Response:

Yes. This is a fast moving and dynamic area, and one where observed learning (watching what people are doing, particularly the hacking community) is critical.

Q9: Are there additional actions that will help us achieve making Scotland and its people more cyber resilient?

Response:

The development of an action plan and timetable outlining the activities, milestones and outcome, to support the delivery of the Cyber Resilience Strategy would ensure clarity of understanding, and how best to contribute.

Other more specific actions that could contribute include:

- Electronic one time password tokens possibly aligned to MyGovScot so that everyone can improve identity security*
- Education, support and free tools for parents to help them protect their children from themselves.*

Q10: Do you think the monitoring and evaluation arrangements are sufficient?

Response:

The strategy suggests “The Scottish Government will be asking stakeholders to share their action plans and keep track of milestones and progress on an annual basis” As it is not clear at this point who the exact stakeholders are to this strategy it is difficult to understand what action plans may look like or include. In this regard measuring anything would seem aspiration rather than achievable in any meaningful way.

This relates to the response to Q9 above. The Strategy needs to have a dedicated action plan which can then be monitored and evaluated for impact.

Q11: Have you ever experienced cyber crime (see examples diagram on page 9?) If so, did you report it? Please provide details.

Response:

Yes. In line with legislative requirements and good practice the incident was reported to GovCertUK and the Information Commissioner Office.

Q12: Would you be willing to share your experiences with us?

Response:

Yes.

Additional Comments:

- 1.1 There is a need to ensure that links and interdependencies with the forthcoming Scottish Government Resilience Strategy are clear and well explained.
- 1.2 The position of the Strategy in relation to NHS Scotland and its Boards, needs to be clarified, along with other Emergency Services and Utilities. There may be benefit from their inclusion, given the experience in resilience planning.
- 1.3 More detail is required on the expectation around the cascaded development of action plans by stakeholders to the Strategy, and the measurement and communication of these plans, as referenced on page 11 of the consultation document.
- 1.4 Again on page 11, reference is made to many aspects of the Scotland's CNI being reserved to the UK Government, as referenced in the formal responses above. Going forward, stakeholders will need to have a fuller understanding of which parts of this are reserved and what measures UK Government is taking to preserve continuity of these services to Scotland. Given the interdependencies inherent in these, a failure in any part of the system can impact on other aspects e.g. Electricity/Water/Communications/Fuel/Finance.
- 1.5 There would be benefit for stakeholders if the strategy was able to better explain how the Scottish Strategy integrates with the UK Strategy, perhaps through a strategy map.
- 1.6 Further detail on governance, the definition of key strategic policies and resource allocation would enhance the Strategy or a resultant action plan and increase stakeholder buy-in.

Consultation on proposal for a Cyber Resilience Strategy for Scotland

June 2015

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1. Purpose of this consultation

This consultation takes forward our commitment to building cyber resilience amongst our communities, our businesses and our public services. It seeks views from individuals and organisations, across sectors, on how Scotland can become even more resilient from cyber attacks and crime when using online technologies. It has been produced by the Scottish Government, with input from a wide range of partners across the public and private sectors.

2. Responding to this consultation paper

Responses should reach us by **28 August 2015**. Earlier responses would be welcome.

Please complete your response using the online system at Consult.scotland.gov.uk/cyberconsultation or send your response with the completed [Respondent Information Form](#) (See “Handling your Response” below) to:

Cyberresilience@scotland.gsi.gov.uk

Or:

Cyber Resilience Policy Team
Scottish Government
4th Floor
5 Atlantic Quay
150 Broomielaw
Glasgow
G2 8LU

If you have any queries contact the Cyber Policy Team on 0300 244 6832.

This consultation, and all other Scottish Government consultation exercises, can be viewed online on the consultation web pages of the Scottish Government website at <http://www.scotland.gov.uk/consultations>.

The Scottish Government has an email alert system for consultations <http://register.scotland.gov.uk>. This system allows stakeholders, individuals and organisations to register and receive a weekly email containing details of all new consultations (including web links). It complements, but in no way replaces, SG distribution lists, and is designed to allow stakeholders to keep up to date with all SG consultation activity, and therefore be alerted at the earliest opportunity to those of most interest.

Handling your response

We need to know how you wish your response to be handled and, in particular, whether you are happy for your response to be made public. Please complete the consultation online at Consult.scotland.gov.uk/cyberconsultation or complete and return the [Respondent Information Form](#) as this will ensure that we treat your

response appropriately. If you ask for your response not to be published we will regard it as confidential, and we will treat it accordingly.

All respondents should be aware that the Scottish Government are subject to the provisions of the Freedom of Information (Scotland) Act 2002 and would therefore have to consider any request made to it under the Act for information relating to responses made to this consultation exercise.

Next steps in the process

Where respondents have given permission for their response to be made public and after we have checked that they contain no potentially defamatory material, responses will be made available to the public in the Scottish Government Library. These will be made available to the public in the Scottish Government Library by and on the Scottish Government consultation web pages by 18 September 2015. You can make arrangements to view responses by contacting the SG Library on 0131 244 4552. Responses can be copied and sent to you, but a charge may be made for this service.

What happens next?

Following the closing date, all responses will be analysed and considered along with any other available evidence to help us reach a decision on the questions contained in the consultation. We will analyse responses to support the further development of the strategy, which we aim to be publish in November 2015.

Impact Assessments

This consultation will allow us to gather information and evidence to inform the development and subsequent publication of the Business Regulatory Impact Assessment, Equality Impact Assessment, Privacy Impact Assessment and Children's Rights and Wellbeing Impact Assessment.

Comments and complaints

If you have any comments about how this consultation exercise had been conducted, please send them to the contact details above.

3. Consultation Questions

Specific questions on which the Scottish Government is seeking views are listed below and are summarised on the [Respondent Information Form](#) at the end of this document. To aid our analysis it would be helpful if responses could be structured around these questions. However, we welcome contributions on any aspect of the draft strategy and consultees are free to provide additional comments, suggestions and information which they feel are not covered by this format.

Q1: Are the guiding principles right for this strategy? Are there any other principles that should be considered when continuing to develop the strategy?

Q2: Do you agree with the vision?

Q3: Do you agree with the three strategic outcomes? Are there additional outcomes that should be considered?

Q4: Do you think we are focusing on the right objectives? Are there additional key objectives that should be considered?

Q5: Do you agree with the main areas of focus for effective leadership and promoting collaboration? Are there other areas that should be considered?

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Q9: Are there additional actions that will help us achieve making Scotland and its people more cyber resilient?

Q10: Do you think the monitoring and evaluation arrangements are sufficient?

Q11: Have you ever experienced cyber crime (see examples diagram on page 9?) If so, did you report it? Please provide details.

Q12: Would you be willing to share your experiences with us?

A message from the Deputy First Minister

We all want to see a Scotland where people feel confident online and can safely use the internet, where businesses can prosper, where our children are not exploited and where online public services are resilient as well as simple to use.

There can be little doubt that the internet and mobile technologies have transformed the way we all go about our business. The opportunities provided in this digital world are clear for all to see and experience.

However, our increasing reliance on online technologies makes us potentially more vulnerable to the criminals who seek to exploit these technological advancements for malicious purposes, whether that is online bullying, child sexual exploitation, the theft of intellectual property or the damage to critical infrastructure. The internet therefore brings great opportunities but with risks that we all increasingly need to be alive to. I want us all to minimise these risks and maximise the opportunities so that Scotland is seen as one of the best places to be on-line.

The 2014 *Programme for Government* signalled our intention to develop and bring forward a cyber resilience strategy that will take a positive approach to developing cyber resilience in Scotland, for the benefit of our people and our economy.

We are here to listen to what you have to say and this is your opportunity to give us your views. This is why we are launching this consultation. *A Cyber Resilience Strategy for Scotland: Safe, Secure and Prosperous Online* sets out a compelling vision to ensure that Scotland has the ability to resist and rapidly recover from cyber incidents to benefit from the economic and personal opportunities and advantages that online technologies provide. The focus is to position cyberspace as an enabler for individuals, industry, and the public sector.

This is something that government cannot do alone – we all have a stake in it. By working together, I strongly believe that we can make Scotland one of the safest places in the world to live and do business, ensuring our economy and our people reap the rewards of expanding digital opportunities.



A handwritten signature in black ink, which appears to read "John Swinney". The signature is written in a cursive style and is positioned below the portrait.

John Swinney
Deputy First Minister

2. Why do we need a cyber resilience strategy?

The digital age is transforming Scotland

The growth of the internet and online technologies offers speed, agility, efficiency and access that have transformed the way we do business, the way we spend our leisure time, the way our public services run and the way our national infrastructures operate.

As individuals, we can more easily keep in touch with friends and family and more readily obtain information, products and services from around the world - thanks to increased access to the internet, facilitated by more mobile technology and faster broadband.

Our businesses rely more and more on online connectivity and reap the benefits, thanks to widening trade partners, more innovation and greater competition. This in turn helps grow our economy.

Also, there is a huge potential for Scotland to meet the ever-growing global demand for cyber resilience and security professionals, goods and services. If Scotland does not seize these opportunities, we will be left behind.

Our public services are increasingly being provided online with the aim of improving access for all, reducing costs while improving operational performance. For example the future *mygov.scot* will be the online place for people in Scotland to access public services.

In our national infrastructure, Scotland relies more and more on online technologies to run the systems that heat our houses, provide fuel for our vehicles and ensure that our water is safe to drink. Linking our national infrastructures such as energy, telecommunications, and transport systems to the internet brings considerable benefits in terms of efficiency and innovative practice.

These important transformations will only continue as we enter the age of the “internet of things”.

The “internet of things” refers to the way in which any device, which can be turned on and off, is connected to the internet, or to other devices. This includes everything from mobile phones, tablets, coffee makers, fridges, boilers, lamps, headphones, and other wearable devices. This also applies to components of machines, for example a jet engine of an aeroplane or the drill of an oil rig.

The Scottish Government has committed to delivering digital connectivity across the whole of Scotland by 2020. The *Digital Future Strategy* outlines the steps required to ensure Scotland is well placed to take full advantage of all the economic, social and environmental opportunities offered by the digital age.

- The estimate of Scotland's total sales conducted over computer networks in 2012 was £38bn¹
- In 2014, a third of the businesses expect internet sales to make up at least 20% or more of their total sales over the next 2-3 years²
- 92% of businesses in Scotland have broadband³
- The Scottish Household Survey 2012 shows that almost 80% of adults use the internet for personal use
- 65% of Scots are happy to shop online⁴

With these opportunities come new risks

Our increasing dependence on and use of cyberspace has brought new risks.

At the highest level of risk, cyberspace is now widely considered to be as strategically important for national security as defending attacks from land, sea and air. The UK's National Security Strategy⁵ places cyber attacks as a Tier 1 threat.

The malign use of cyberspace ranges across a spectrum: from script-kiddies⁶ testing skills against the security of systems, to criminals committing traditional crimes facilitated online, through to politically-motivated hacking and commercial and government espionage.

Consequences of cyber attacks	
Personal	Online crime has a clear impact on the lives of families in Scotland. As our use of online technology increases we are at more risk of becoming victims of criminal or unscrupulous behaviour. This can lead to a number of serious consequences including fraud or extortion, accidental disclosure of personal information, or being subject to forms of abuse including stalking, bullying and exploitation.
Organisational	Organisations of all sizes have information assets, such as databases of client details - crucial to their function and of value to cyber criminals. Cyber criminals often operate through stealth with businesses often failing to notice cyber attacks until some time after the initial compromise. Businesses may be reluctant to share news or information about their attack. Criminals focus on the easiest targets and we know that small and medium enterprises (SMEs) are particularly vulnerable.
Economic	The UK Government previously estimated the cost of cybercrime to the UK to be in excess of £27bn per annum, and the main loser – at a total estimated cost of £21bn – is UK business. In January 2015 GCHQ stated that 8 in every ten of the biggest British companies have suffered a serious cyber attack, costing the UK economy tens of millions of pounds annually.
National	There is the potential to damage Scotland's reputation as a safe place to live, work and trade, if, for instance, its infrastructure is attacked, is subject to hostile reconnaissance or its intellectual property is stolen.

¹ This is an estimate only and is intended to provide an indication of the scale of activity. It is based on UK-level data - adjusted for Scotland's share of UK employees in each sector

² <http://www.gov.scot/Resource/0047/00473602.pdf>

³ <http://www.gov.scot/Resource/0047/00472573.pdf>

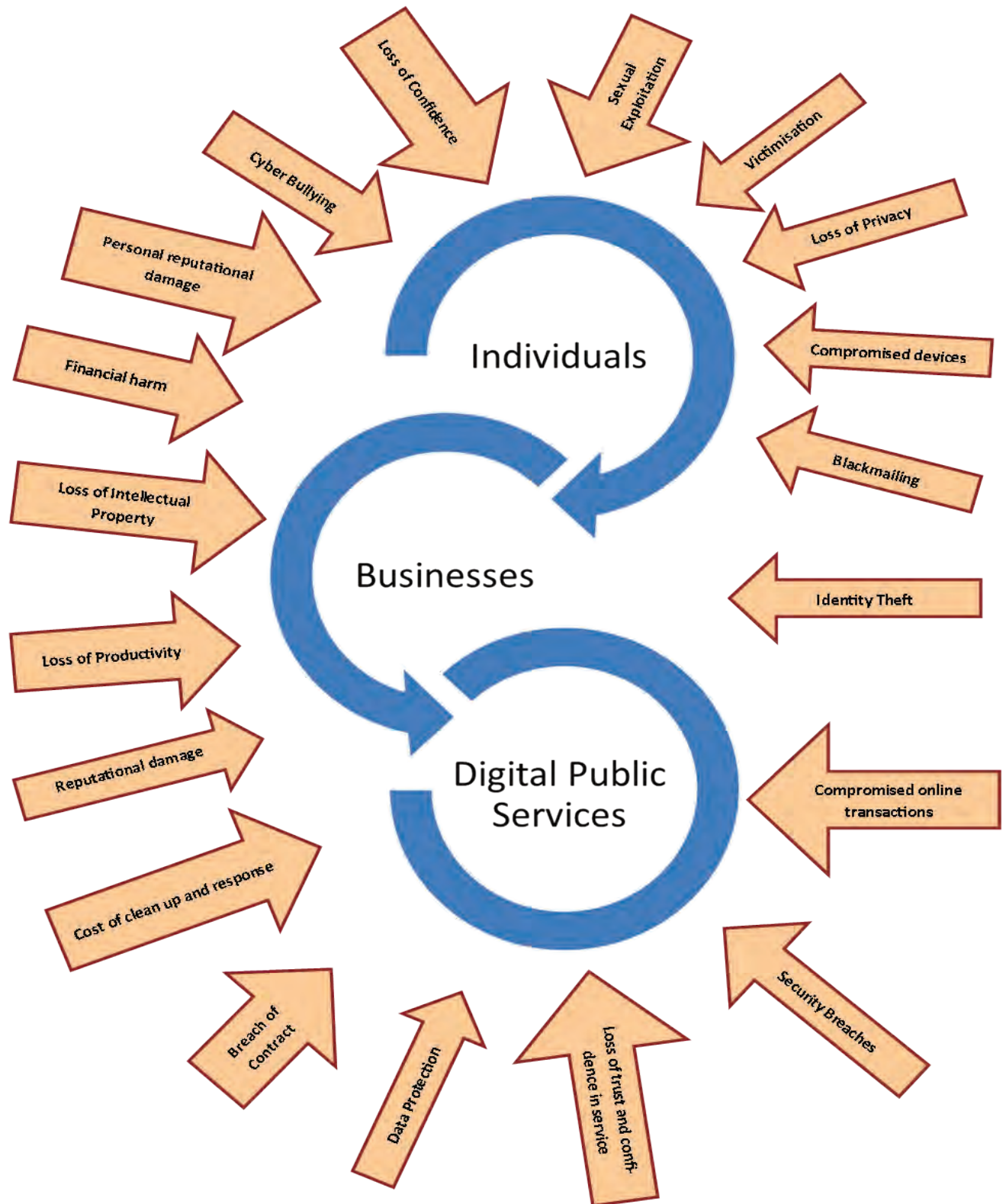
⁴ <http://www.scotlandsdigitalfuture.org/digital-participation>

⁵ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/61936/national-security-strategy.pdf

⁶ An unskilled individual who uses scripts or programs developed by others to attack computer systems and networks, and deface websites

We need to be alert to the risks so that we can make the most of the opportunities. Cyber risks are constantly evolving and are here to stay, but as with other kinds of (non-cyber) risks, we need to acknowledge and address them.

Diagram: Types of cyber risks and cybercrime



3. What are the aims of the strategy?

Often other nations' cyber security strategies have primarily focused on systems and control measures for defence and security purposes. While this is extremely important, the most common risks are changing as our society becomes increasingly dependent on networked technologies and much of the risk comes from the individual.

This strategy: *A Cyber Resilience Strategy for Scotland: Safe, Secure and Prosperous Online* builds on the *UK Cyber Security Strategy: Protecting and Promoting the UK in a digital world*⁷. Our focus is on helping individuals and organisations to protect themselves from criminals and other malicious users of cyberspace. It recognises the particular requirements of Scotland, our institutions and our business community, for instance the enormous and distinct part small to medium sized businesses play in Scotland's economy⁸. We know that many small companies work from home and do not always have access to the latest skills and knowledge.

This strategy provides a current picture of the importance of cyber resilience for Scotland's citizens, businesses and public services. It outlines a vision and strategic outcomes, and sets the key areas for the Scottish Government and its partners to focus on.

Cyberspace is the complex environment that results from the interaction of people, software and services on the internet by means of the technological devices and networks connected to it. This environment does not exist in any physical form.

Cyber resilience is all about being confident in your own knowledge and how to keep your information and that of others safe. It is the actions or steps taken to mitigate and respond to threats from cyberspace (sometimes referred to as "cybercrime" or "cyber attacks"). It means being able to prepare for, adapt to, withstand and rapidly recover and learn from disruptions caused by cybercrime.

Cyber security is the protection of systems, networks, infrastructure and data in cyberspace

⁷ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/60961/uk-cyber-security-strategy-final.pdf

⁸ Small and Medium sized businesses account for 99.3% of the Scottish business landscape.

4. How can you help?

The strategy is for policy makers - at local and national level: it highlights the importance of cyber resilience across all relevant policy areas. It is dependent on and, in turn, supports many other strategies and programmes, such as Scotland's Economic Strategy⁹, Digital Future Strategy¹⁰, Digital Justice Strategy¹¹, Curriculum for Excellence¹², e-Health Strategy¹³, Equally Safe¹⁴ and the forthcoming Serious & Organised Crime Strategy and the Resilience Strategy. It is a strategic document that all policy makers can refer to when developing and implementing policies/strategies/initiatives - no matter what the policy area, as cyber is present in every aspect of society.

It is for stakeholders and delivery partners who engage with individuals and families in a range of settings including Police Scotland, Education Scotland, Skills Development Scotland, schools, local authorities, Scottish Enterprise, the Scottish Business Resilience Centre, Skills Development Scotland, colleges and universities and Highlands and Islands Enterprise.

It is for the private sector, for businesses, industry and enterprises. It provides direction for organisations, employers and employees to face the cyber challenge to become stronger and more successful online.

It is for the third sector. Third sector organisations are well placed to support families and communities to become more cyber resilient.

Once we have heard back from all those interested, a detailed action plan will follow this strategy to help everyone involved to develop their own action plans which will, in turn, contribute to making Scotland and its people more cyber resilient.

⁹ <http://www.gov.scot/Publications/2015/03/5984>

¹⁰ <http://www.gov.scot/resource/doc/981/0114237.pdf>

¹¹ <http://www.gov.scot/Resource/0045/00458026.pdf>

¹² <http://www.educationscotland.gov.uk/learningandteaching/thecurriculum/>

¹³ <http://www.gov.scot/Publications/2012/11/7663>

¹⁴ <http://www.gov.scot/Resource/0045/00454152.pdf>

5. What principles is this strategy built on?

National leadership: The scale and complexity of the cyber resilience challenge requires strong and committed national leadership. Central to delivering this strategy is the adoption of an approach which involves collaborative leadership and a focus on the delivery of better outcomes.

Shared responsibilities: We are all users of technology. Therefore we all have a role to play in taking steps to protect ourselves and our organisations.

Working together: All parties have a role in helping to create a safer online environment, being open to sharing knowledge, skills and effective practice.

Protecting Scotland's values: By pursuing this cyber resilience strategy to enhance safe, secure and prosperous use of online technologies, we will protect Scots' values including preserving our right to privacy and protecting the most vulnerable in our society.

1) CONSULTATION QUESTION

Are these the right guiding principles for this strategy?

Are there any other principles that should be considered when continuing to develop this strategy?

6. What is our vision?

In the first half of 2015, the Scottish Government brought together a Strategic Working Group to agree a vision and strategic outcomes for a more cyber resilient Scotland.

Our vision is for a cyber resilient Scotland that is safe, secure and prosperous.

2) CONSULTATION QUESTION

Do you agree with the vision?

We will turn this vision into reality by achieving the following **three strategic outcomes**:

- 1. Our citizens are informed, empowered, safe and confident in using online technologies.**
- 2. Our businesses are resilient and can trade and prosper securely online.**
- 3. We all have confidence in the resilience of our digital public services.**

By achieving these outcomes we will contribute positively to many of the National Outcomes in the National Performance Framework¹⁵, and in particular:

- We live our lives safe from crime, disorder and danger
- We live in a Scotland that is the most attractive place for doing business in Europe
- Our young people are successful learners, confident individuals, renowned for our research and innovation
- Our public services are high quality, continually improving, efficient and responsive to local people's needs

This strategy also plays its part in achieving the ambitions of *Scotland's Economic Strategy* by helping Scottish businesses succeed at a global level, increasing competitiveness, and tackling inequality through helping all people to use the internet safely and securely.

3) CONSULTATION QUESTION

Do you agree with the three strategic outcomes?

Are there additional outcomes that should be considered? If yes, what are they and why?

¹⁵ <http://www.gov.scot/About/Performance/scotPerforms>

7. What can we all do to become more cyber resilient?

We are living in a digital world where activities happen at great speed and we all require to develop a culture of cyber resilience as the norm.

The first thing to do is accept the potential risk and become more cyber aware. The reality is that around 80% of cybercrime can be prevented by simply getting the basics right¹⁶. It is not all about high level controls, understanding the technology and buying in expensive cyber security software or professional advice. We all have a stake in becoming more resilient. In doing so, we will enjoy the benefits that online technologies present.

Becoming more cyber resilient requires a sustained, collective effort. We will focus on four key objectives:

1. **Provide effective leadership and promote collaboration**
2. **Raise awareness and ensure effective communication**
3. **Develop education and skills in cyber resilience**
4. **Strengthen research and innovation**

None of these objectives is more important than another. In fact, they are mutually dependent to ensure success of this strategy.

4) CONSULTATION QUESTION

Do you think these are the right objectives to focus on?

Are there additional objectives that should be considered?

¹⁶ GCHQ, Countering the cyber threat to business, Spring 2013

Objective 1: Provide effective leadership and promote collaboration

The Scottish Government has a strong track record in successfully leading work on national resilience through a collaborative approach. We will take this same approach to cyber resilience. At present, we do not propose legislation or regulation. Instead, successful implementation of this strategy will be through involving partners and stakeholders at every stage of planning and development.

While many aspects of protecting Scotland's critical national infrastructure are reserved to the UK Government, the Scottish Government will, where it has powers to do so, coordinate a collaborative approach to manage and ensure that critical services remain available despite cyber attacks.

No one individual or organisation can meet this challenge by itself. A collaborative, multi-stakeholder approach must be taken within and across sectors including government, industry, commerce and academia. Even industry competitors must become partners to help promote the safe use of the internet and digital technologies and to share current information.

Public Bodies becoming more cyber resilient

The Scottish Government has worked closely with a number of public bodies in Scotland including all local authorities to implement a common set of technical, physical and procedural security measures to provide a level of mutual trust for the communication and processing of public sector data. Initiatives such as the UK 'Cyber Essentials' scheme and the '10 Steps to Cyber Security' are being adopted and are helping the public sector in Scotland align itself with best practice whilst equipping organisations with the knowledge they need to defend against common cyber-attacks.

In recognition of the rise in cyber-attacks, the annual Holyrood Connect awards celebrating public sector excellence in ICT in Scotland, now in its 3rd year, have introduced the 'Connect Security' award.



It is important the Scottish Government models best practice in cyber resilience for the rest of the public sector – other government agencies, local authorities etc. We will therefore, continue to enhance cyber resilience within our online services. While we do not anticipate legislating, we will hold to account, other public public bodies for the resilience of their online services. Main areas of focus:

- The Scottish Government to set up and lead a national strategic implementation group to implement, monitor and evaluate the impact of this strategy
- The Scottish Government to be at the forefront of providing safe and secure services, and sharing their knowledge with other organisations
- Collaborating with partners, the Scottish Government will lead and coordinate efforts to develop national cyber resilience
- Ministers and their officials continue to raise the profile of the importance of cyber resilience across a range of policy areas
- Ministers report on the Government’s progress in building a culture of cyber resilience and good practice across the Scottish Government and its agencies
- The standards of cyber resilience adopted by the Scottish Government’s online services – and those of other public agencies - will be available to service users.

5) CONSULTATION QUESTION

Do you agree with the main areas of focus for effective leadership and promoting collaboration?

Are there any other areas that should be considered?

Objective 2: Raise awareness and ensure effective communication

Criminals make use of the internet either through weaknesses in system coding or more commonly by exploiting human behaviour. Human beings are therefore the primary cyber risk, often due to lack of understanding and sometimes naïve online behaviour. It is vital individuals and businesses build resilience and that we all foster a culture of cyber awareness and preparedness.

Trusted networking between businesses and government will ensure the usefulness of sharing sensitive information on cyber threats, vulnerabilities and their potential consequences.



Online Code of Conduct:

10 tips for staying safe online



www.getsafeonline.org

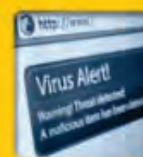
PUT A PIN ON IT

Whether it's a phone, website or a social media account, your first line of defence is a **PIN** or **Password**. Never use the same password, make sure it is hard to guess (don't use your pet's name, your birthday or your favourite football team) and never share your passwords with anyone.



BE SOFTWARE SAVVY

Protect all your devices with anti-virus software and make sure you regularly install updates to any programs or apps, as they often include improved security settings.



LOOK FOR THE PADLOCK

When shopping or banking online always check there is a padlock symbol in the web browser window when you have logged in or registered, and that the web address begins with **'https://'**. The 's' stands for 'secure'.



POST IN HASTE, REPENT AT LEISURE

What goes online stays online so never say anything that could hurt, anger or endanger yourself or someone else.



SECURE THE WIFI

Make sure your home WiFi is protected with a strong password that only you and your family know. When out and about never use a hotspot that may be unsecured, especially when what you're doing is personal or private.



KEEP IT PRIVATE

Check the privacy settings on all of your social media accounts so that only the people you want to share your information with can see it.



LOG-OUT/LOG-OFF

Always make sure you log out of your accounts when you've finished with them and log off a computer when you've finished using it.



BID SMARTLY

When using an auction site, make sure you never transfer any money directly to a bank account or hand over any personal details. If you're thinking of making a big purchase like a car, or finding somewhere to live, always make sure it exists and is genuine.



MANAGE YOUR MESSAGES

Never open or forward a suspicious looking email or respond to a social media message from someone you don't know.



REPORT IT

If you are a victim of online fraud, report it to www.actionfraud.police.uk, this way we can all help to make the internet a safer place.



Main areas of focus:

- The Scottish Government alongside its partners to co-ordinate general awareness raising activity to promote a culture of cyber resilience among all Scottish citizens, including promoting the national online safety websites Get Safe Online¹⁷ and E-crime Scotland¹⁸ across Scotland
- Stakeholders and partners to implement audience-specific awareness raising activity, targeted at employees, educators, leaders and board members
- Working alongside the UK Government, the Scottish Government and partners from across the business world to form a network to share information about online threats and vulnerabilities.
- Industry professionals to develop and promote best practice in cyber resilience

6) CONSULTATION QUESTION

Do you agree with the main areas of focus for raising awareness and ensuring effective communication?

Are there any other areas that should be considered?

¹⁷<https://www.getsafeonline.org/>

¹⁸<https://www.ecrimescotland.org.uk/>

Objective 3: Develop education and skills in cyber resilience

We all should be able to exploit digital opportunities for our personal fulfilment and professional development, whilst knowing how to protect ourselves from risks. Education and skills are an important part of the cyber resilience agenda.

Cyber resilience skills for every citizen

Every child, young person and adult must have cyber skills for learning, life and work.

In addition to public awareness raising campaigns, the curriculum needs to develop skills which will allow learners to become more cyber resilient, and learning materials and guidance needs to be available for all educators, including those in non-formal learning contexts, such as youth work and the voluntary sector.

Core cyber competence for all professions

Many jobs already feature or have some connection to digital technology and this will only intensify. Whether it's a healthcare worker entering or accessing patient data, a maintenance professional managing a WiFi-enabled heating control system, or a farmer using satellite technology to plot optimum crop yields – any technology in cyber space may be vulnerable to malicious or accidental damage. Therefore, training in all vocational areas, not just digital occupations, need to include specific learning outcomes relating to cyber resilience.

Schools and Police Scotland working together for a safe online experience



First year pupils at Kyle Academy in Ayr take part in a 12-week course on Cyber Security.

The course, developed with Police Scotland and Scottish Universities, focused on:

- Password security
- Online bullying
- Grooming
- Computer Crime
- Social networking

Learners get the chance to take their knowledge home, discovering how much (or little!) their parents and carers know about online security and then helping them to become more cyber resilient



Building an effective workforce of cyber security professionals in Scotland

It is crucial that we have technical expertise in cyber security, and that we support the growth of a world-leading professional sector in cyber security work. For Scotland's continued economic growth we must ensure professional learning opportunities are available to support the development of this rapidly growing economic sector.

Main areas of focus:

- The Scottish Government and its partners promote the development and delivery of cyber resilience education in early learning and childcare settings, schools, colleges, universities and other learning settings
- Business partners build cyber resilience capabilities within workforces
- Scottish Enterprise and other business partners help develop the cyber security and resilience goods and services industry in Scotland

7) CONSULTATION QUESTION

Do you agree with the main areas of focus for developing education and skills in cyber resilience?

Are there any other areas that should be considered?

Objective 4: Strengthen research and innovation

Cyberspace is continuously evolving and it is important that we keep up with this change.

The true size and scale of cyber related criminality, and the cost to people and organisations, is challenging to measure for a number of reasons, including lack of clarity on when, what, where, who and how to report such issues. It is important that the recording of cybercrimes is developed in such a way that can help create a baseline for measurement and help decide our priorities.

Scottish researchers should be at the forefront of building knowledge and intelligence. Universities and colleges should work together with industry user groups and the Scottish Government. Scottish participation in international forums should be encouraged. The Scottish Government with the help of Police Scotland should be able to articulate the cost to our economy as a result of cybercrime and limited cyber resilience among our citizens and businesses.

Scottish businesses, especially those in high technology sectors need to protect their intellectual property. Scottish business organisations, including the enterprise companies, should be at the leading edge of collaborative measures to enhance the cyber resilience of key sectors and enterprises.

The UK Government has set a national target of exporting £2 billion of cyber security goods and services annually¹⁹. Scotland's world beating university research combined with our entrepreneurial expertise should create a steady stream of start-up companies in this sector creating a long term economic benefits.

Main areas of focus:

- The Scottish Government, Police Scotland and other partners progress with research to baseline the cost of cybercrime to Scotland
- Partners undertake and share research on understanding “what works” in preventing cybercrime, using knowledge from local, national and international angles
- Partners work together to target funding for cyber resilience research
- Enterprise funding is targeted at innovative methods to support the cyber resilience of individual or groups of enterprises.

8) CONSULTATION QUESTION

Do you agree with the main areas of focus for strengthening research and innovation?

Are there any other areas that should be considered?

¹⁹ <http://www.contracts.mod.uk/features/uk-cyber-security-strategy-the-next-big-export/>

8. How will we use this strategy to achieve real change?

Implementation

This high level strategy for cyber resilience in Scotland is the overarching driver for change.

For each of the outcomes, the Scottish Government and its partners are developing a detailed action plan setting out the short, medium and long term activities. These specific measures will be published in early 2016. Within this action plan there will be practical activities, projects and improvements to support individuals and organisations to become more cyber resilient, as well as steps to build up the cyber security goods and services sector in Scotland.

Please help us to address this task together. It is essential that stakeholders commit to successfully implementing the strategy and associated action plan. Successful implementation of this strategy will require the input and the action from every part of Scottish society – communities, small businesses, large organisations, local authorities, third sector organisations, academia, law enforcement and central government and, of course, citizens themselves.

9) CONSULTATION QUESTION

Are there actions that will help us achieve making Scotland and its people more cyber resilient?

9. How will we know if we are succeeding?

The Scottish Government will be asking stakeholders to share their action plans and keep track of milestones and progress on an annual basis. This will help to provide regular updates to the national strategic implementation group (see Objective 1).

Given the rapid technological changes and local, national and international developments in this area, it is vital to capture learning and share effective practice.

We will know we are succeeding if we are able to see a step-change in the cyber resilience of citizens, businesses, organisations and government. Scotland will:

- ✓ be a place where individuals and families can make the most of the internet safely
- ✓ be a place where businesses can operate and trade with minimal risk
- ✓ have an excellent global reputation for being a secure place to set up businesses and to trade with
- ✓ have trusted and effective online public services
- ✓ ensure that critical emergency, infrastructure and key services such as financial services can continue to work effectively in the face of a cyber attack
- ✓ capitalise on, and grow, a cyber security goods and services industry to meet the demand of the rest of the world

10) CONSULTATION QUESTION

Do you think these monitoring and evaluating arrangements are sufficient? If not, what arrangements would you like to see?

11) CONSULTATION QUESTION

Have you ever experienced cyber crime (see diagram on page 11)? If so, did you report it? Please provide details.

12) CONSULTATION QUESTION

Would you be willing to share your experiences with us?

Annex A

Glossary

Cybercrime: an umbrella term used to describe two distinct, but closely related criminal activities: cyber-dependent and cyber-enabled crimes. Cyber-dependent crimes are offences that can only be committed by using a computer, computer networks, or other forms of ICT e.g. malicious software, hacking. Cyber-enabled crimes are traditional crimes that are increased in their scale or reach by the use of computers, computer networks or other ICT e.g. fraud, theft.

Cyber resilience: being able to prepare for, adapt to, withstand and rapidly recover and learn from disruptions from cyber criminality/attacks. To do this, people need to develop the skills, knowledge and understanding of the risk, in whatever setting they find themselves in, and then take the necessary steps to prepare for and respond to such events.

Cyber security: the collection of tools, policies, security concepts, security safeguards, guidelines, risk management approaches, actions, training, best practices, assurance and technologies that can be used to protect the cyber environment and organization and user's assets

Cyberspace: Cyberspace is the complex environment that results from the interaction of people, software and services on the Internet by means of the technology devices and networks connected to it, which does not exist in any physical form.

Hacking: breaking into computer systems

Annex B Cyber Resilience Strategy



RESPONDENT INFORMATION FORM

Please Note this form **must** be returned with your response to ensure that we handle your response appropriately

1. Name/Organisation

Organisation Name

Title Mr Ms Mrs Miss Dr *Please tick as appropriate*

Surname

Forename

2. Postal Address

Postcode	Phone	Email

3. Permissions - I am responding as...

Individual / **Group/Organisation**
Please tick as appropriate

(a) Do you agree to your response being made available to the public (in Scottish Government library and/or on the Scottish Government web site)?

Please tick as appropriate Yes No

(b) Where confidentiality is not requested, we will make your responses available to the public on the following basis

Please tick ONE of the following boxes

Yes, make my response, name and address all available

or

Yes, make my response available, but not my name and address

or

Yes, make my response and name available, but not my address

(c) The name and address of your organisation **will be** made available to the public (in the Scottish Government library and/or on the Scottish Government web site).

Are you content for your **response** to be made available?

Please tick as appropriate Yes No

(d) We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

Please tick as appropriate Yes No

CONSULTATION QUESTIONS

National leadership; Shared responsibilities; Working together; Protecting Scotland's values

Q1 Are the guiding principles right for this strategy?

Yes No

Are there any other principles that should be considered when continuing to develop the strategy?

Comments

Our vision is for a cyber resilient Scotland that is safe, secure and prosperous

Q2 Do you agree with the vision?

Yes No

Strategic Outcomes:

- 1. Our citizens are informed, empowered, safe and confident in using online technologies*
- 2. Our businesses are resilient and can trade and prosper securely online*
- 3. We all have confidence in the resilience of our digital public services*

Q3 Do you agree with the strategic outcomes?

Yes No

Are there additional outcomes that should be considered?

Comments

Key Objectives:

- 1. Provide effective leadership and promote collaboration*
- 2. Raise awareness and ensure effective communication*
- 3. Develop education and skills in cyber resilience*
- 4. Strengthen research and innovation*

Q4 Do you think these are the right objectives to focus on?

Yes No

Are there additional key objectives that should be considered?

Comments

Objective 1: Provide effective leadership and promote collaboration

Main areas of focus:

- *The Scottish Government to set up and lead a national strategic implementation group to implement, monitor and evaluate the impact of this strategy*
- *The Scottish Government to be at the forefront of providing safe and secure services, and sharing their knowledge with other organisations*
- *Collaborating with partners, the Scottish Government will lead and coordinate efforts to develop national cyber resilience*
- *Ministers and their officials continue to raise the profile of the importance of cyber resilience across a range of policy areas*
- *Ministers report on the Government's progress in building a culture of cyber resilience and good practice across the Scottish Government and its agencies*
- *The standards of cyber resilience adopted by the Scottish Government's on-line services – and those of other public agencies - will be available to service users.*

Q5 Do you agree with the main areas of focus for effective leadership and collaboration?

Yes No

Are there other areas that should be considered?

Comments

Objective 2: Raise awareness and ensure effective communication

Main areas of focus:

- *The Scottish Government alongside its partners to co-ordinate general awareness raising activity to promote a culture of cyber resilience among all Scottish citizens, including promoting the national online safety websites Get Safe Online and E-crime Scotland across Scotland*
- *Stakeholders and partners to implement audience-specific awareness raising activity - targeted at employees, educators, leaders and board members*
- *Working alongside the UK Government, the Scottish Government and partners from across the business world to form a network to share information about online threats and vulnerabilities*
- *Industry professionals develop and promote best practice in cyber resilience*

Q6 Do you agree with the main areas of focus for raising awareness and ensure effective communication?

Yes No

Are there other areas that should be considered?

Comments

Objective 3: Develop education and skills in cyber resilience

Main areas of focus:

- *The Scottish Government and its partners promote the development and delivery of cyber resilience education in early learning and childcare settings, schools, colleges, universities and other learning settings*
- *Business partners build cyber resilience capabilities within workforces*
- *Scottish Enterprise and other business partners help develop the cyber security and resilience goods and services industry in Scotland*

Q7 Do you agree with the main areas of focus for developing education and skills in cyber resilience?

Yes No

Are there other areas that should be considered?

Comments

Objective 4: Strengthen research and innovation

Main areas of focus:

- *The Scottish Government, Police Scotland and partners progress with research to baseline the cost of cybercrime to Scotland*
- *Partners undertake and share research on understanding “what works” in preventing cybercrime, using knowledge from local, national and international angles*
- *Partners work together to target funding for cyber resilience research*
- *Enterprise funding is targeted at innovative methods to support the cyber resilience of individual or groups of enterprises*

Q8 Do you agree with the main areas of focus for strengthening research and innovation?

Yes No

Are there other areas that should be considered?

Comments

How will we use the strategy to achieve real change?

For each of the outcomes, the Scottish Government and its partners are developing a detailed action plan setting out the short, medium and long term activities. These specific measures will be published in early 2016. Within this action plan there will be practical activities, projects and improvements to support individuals and organisations to become more cyber resilient, as well as steps to build up the cyber security goods and services sector in Scotland.

Q9 Are there additional actions that will help us achieve making Scotland and its people more cyber resilient?

Comments

How will we know if we are succeeding?

The Scottish Government will be asking stakeholders to share their action plans and keep track of milestones and progress on an annual basis. This will help to provide regular annual updates to the national strategic implementation group.

Q10 Do you think the monitoring and evaluation arrangements are sufficient?

Yes No

If not, what arrangements would you like to see?

Comments

Q11 Have you ever experienced cyber crime (see examples on page 16)?

Yes No

If so, did you report it? Please provide details.

Comments

Q12 Would you be willing to share your experiences with us?

Yes No



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Finance and Resources Committee

10.00am, Thursday, 27 August 2015

Review of whistleblowing arrangements

Item number	7.13
Report number	
Executive/routine	
Wards	All

Executive summary

This report summarises the findings of an external review into the Council's pilot whistleblowing arrangements, carried out by employment law specialists from Morton Fraser LLP, and recommends approval of an action plan to continue to develop and improve the service.

Links

Coalition pledges	
Council outcomes	CO25 & CO27
Single Outcome Agreement	

Review of whistleblowing arrangements

Recommendations

- 1.1 To note the findings of the review;
- 1.2 To consider the review's recommendation to revise the whistleblowing policy and adjust the role of the external provider outlined in paragraph 3.3 of this report;
- 1.3 To agree the action plan outlined in Appendix 2; and
- 1.4 To approve the extension of the pilot contract arrangements with the current external provider until 11 May 2016.

Background

- 2.1 On 19 September 2013 the Finance and Resources Committee agreed to support a one-year pilot of a whistleblowing service, with a review at six months to determine whether the arrangements increased the reported frequency of protected disclosures and if the service represents value for money.
- 2.2 The Council's Corporate Leadership Group agreed terms of reference for the review in February 2015 and Morton Fraser LLP were commissioned to carry out the review.
- 2.3 The review commenced in March 2015 with a desktop review of relevant documentation including council policies, contractual documentation, disclosure reports, investigation outcome reports and committee reports. This was followed by qualitative engagement through face to face interviews with elected members, senior officers, staff and trades unions.
- 2.4 The detail of whistleblowing disclosures was not considered under the terms of the review. The interviews focussed on the whistleblowing process and the views of interviewees based on their involvement in the process.
- 2.5 Morton Fraser submitted their final report to the Council in August 2015. An executive summary covering their conclusions and recommendations is attached as Appendix 1.

Scope of the review

- 3.1 Morton Fraser (the review team) was asked to consider:
 - 3.1.1 the role of the current third party provider;
 - 3.1.2 the terms and effectiveness of the whistleblowing policy, and
 - 3.1.3 additional related matters.
- 3.2 The following provides an outline of the key areas identified to further develop and improve the ongoing service provision.

Whistleblowing and HR policies

- 3.3 The whistleblowing policy should be updated to reflect the role and responsibilities of the whistleblowing team, liaison arrangements between all of the parties involved and to remove the external provider's sole discretion to determine if investigations are conducted externally or internally.
- 3.4 The current suite of HR policies should be reviewed to ensure they align with whistleblowing investigations and are adequately cross referenced.
- 3.5 An appropriate mechanism should be introduced for managers to notify the external service provider of internally reported disclosures to meet the requirements of the whistleblowing policy.
- 3.6 Guidance and procedures need to be developed on confidentiality and the sharing of information, the assessment of disclosures to determine the appropriate process to be followed and the settling of any differences of opinion that might arise between the external service provider and the Council.

Staff engagement and reporting

- 3.7 The whistleblowing service should be re-launched with a sustained messaging programme emphasising the collective responsibilities of the Council and its employees to seek to identify and resolve perceived problems internally.
- 3.8 Some employee groups will have more direct involvement in the process than others and the Council should develop the knowledge and understanding of these groups in the whistleblowing policy and the investigation process.
- 3.9 The whistleblowing team should explore with the external service provider development of the initial report template to collect valuable management information e.g. reasons for not reporting matters internally.
- 3.10 The service needs to develop a consistent and robust approach to dealing with anonymous disclosures and communicate this to employees.
- 3.11 The service should formalise arrangements for providing appropriate and timeous feedback to whistleblowers, service users and managers.

- 3.12 The Council could utilise the Employee Survey to gauge employee awareness, understanding and engagement with the process.

Value for money

- 3.13 The cost of provision of the whistleblowing hotline itself is minimal and fixed at £5,898.75 per quarter. Additional costs are incurred when the external service provider investigates major/significant disclosures which are charged at an hourly rate agreed during the procurement process.
- 3.14 The appointment of an external service provider is considered to add value primarily because of their independence and all interviewees agreed that such an arrangement should continue.
- 3.15 Regular review and audit of the whistleblowing policy and service should be instituted to ensure continued assessment of value for money.

Measures of success

- 4.1 Employees feel able to report suspected wrongdoing as early as possible in the knowledge that:
- 4.1.1 their concerns will be taken seriously and investigated appropriately;
 - 4.1.2 they will be protected from victimisation; and
 - 4.1.3 the provisions of the whistleblowing policy ensure all matters at the Council are fully transparent and officers are accountable.
- 4.2 Implementation of improvement actions contained in the action plan attached as Appendix 2.

Financial impact

- 5.1 Fees for the review total £13,831.60.

Risk, policy, compliance and governance impact

- 6.1 The whistleblowing policy was developed and agreed to complement existing management reporting arrangements and to ensure employees have the right to raise concerns in the knowledge that they will be taken seriously, that matters will be investigated appropriately and confidentiality will be maintained.

Equalities impact

- 7.1 There are no direct equalities implications arising from this report.

Sustainability impact

8.1 There are no sustainability implications arising from this report.

Consultation and engagement

- 9.1 Consultation was undertaken with the trades unions to secure a local agreement.
- 9.2 A range of stakeholders including officers, elected members, the external provider, a whistleblower and trade union were interviewed during the course of the review.

Background reading/external references

[Finance and Resources Committee 19 September 2013: item 7.2 - Revised Whistleblowing Policy](#)

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Links

Coalition pledges

Council outcomes

CO25 - The Council has efficient and effective services that deliver on objectives.

CO27 - The Council supports, invests in and develops our people.

Single Outcome Agreement

Appendices

Appendix 1 – Review of Whistleblowing Arrangements – Executive Summary

Appendix 2 – Development of Whistleblowing Arrangements - Action Plan

Review of Hotline Provider and Whistleblowing Policy for the City of Edinburgh Council

Executive Summary

This report was commissioned for Morton Fraser LLP to review the pilot whistleblowing arrangement for the City of Edinburgh Council (the "Council"). The methodology adopted involved qualitative engagement with numerous key stakeholders, as well as a desktop review exercise.

Conclusions

1. The Council has a whistleblowing system in place which differs significantly from other organisations. The key difference is that the external provider can determine the nature of any investigations to be carried out and, indeed, may be involved in carrying them out.
2. All of those interviewed considered that there was value in having an external whistleblowing service and that such an arrangement should continue.
3. A significant feature of the interviews was the strong sense that the value of having an external whistleblowing service should not be at the expense of greater responsibility being taken within the Council in identifying and tackling perceived concerns. Whilst the value of an external whistleblowing service was recognised, the majority view was that this should be a last resort and that the culture should be that matters are dealt with internally, where possible.
4. Whilst there was consensus that the concept of an external provider was sound, there was a strong view expressed by many that the practicalities of the pilot arrangement had not worked quite in the way anticipated. Areas focused upon included the lack of informed understanding of the process at many levels within the Council, the lack of training of those who might be impacted upon by the policy and the question of the skill base and extent of resource available to assist with investigations internally.
5. A number of interviewees expressed substantial criticism of the current external provider's methodology in relation to one major investigation in particular. There has been no criticism of the Whistleblowing Hotline, and indeed, a general sense that this has worked well. The concerns expressed related mainly to the investigation process and report. Setting this aside, there was a strong feeling amongst many interviewees that, if not for the involvement of an external body, certain matters may not have come to light.

Recommendations

- 1 The Council should continue with the provision of an external Whistleblowing Helpline.
- 2 The Council should not continue with a policy in terms of which an external provider has the discretion to determine if investigations are conducted externally or internally, albeit there should be an ability to use external investigators where appropriate.
- 3 The whistleblowing service should be re-launched with a sustained messaging programme.
- 4 Employees should be upskilled in the Whistleblowing Policy and in investigation processes.
- 5 The Council's current suite of HR policies should be reviewed, with a view to ensuring that they align with any whistleblowing investigation to allow these to be utilised going forward in terms of other internal investigations and to ensure that the policies are adequately cross referenced.
- 6 A greater emphasis should be placed upon the collective responsibilities of both the Council and its employees to seek to identify and resolve perceived problems internally, with a view to a corresponding cultural shift.
- 7 A regular review and audit of the Whistleblowing Policy and service should be instituted.

Whistleblowing Review Action Plan – August 2015

Appendix 2

No	Recommendation/improvement area	Management Action	Responsible Officer(s)	Target Date
01	Extend pilot contract arrangements with current external provider	Extend pilot contract to 11 May 2016	Kirsty-Louise Campbell Legal Services	30.09.2015
02	Continue service beyond pilot	Procure external provider from 12 May 2016	Kirsty-Louise Campbell Martin Glover	31.03.2016
Whistleblowing and Council policies				
03	Roles and responsibilities	Update whistleblowing policy to reflect current roles and responsibilities of the whistleblowing team	Kirsty-Louise Campbell Martin Glover	31.12.2015
04	Liaison	Update section 4.5.6 to 4.5.8 of the whistleblowing policy to reflect the liaison required between Council managers, the external provider and the whistleblowing team	Kirsty-Louise Campbell Martin Glover	31.12.2015
05	Amend whistleblowing policy to remove external providers sole discretion to determine if investigations are conducted externally or internally	Amend whistleblowing policy	Martin Glover	31.12.2015
		Amend pilot contract to reflect change	Kirsty-Louise Campbell	31.12.2015
		Develop protocol to determine categorisation of disclosure and decide whether an internal or external investigation should take place	Kirsty-Louise Campbell	31.12.2015
06	Review current suite of HR policies ensuring they align with whistleblowing investigations and are adequately cross referenced	Review current suite of HR policies (and procedures) and submit where appropriate to committee	Martin Glover	31.03.2016
07	Notification of internally reported disclosures to external provider	Develop guidance for managers and a robust process for ensuring this policy requirement is met	Kirsty-Louise Campbell Martin Glover	31.03.2016
08	Internal and external investigation alignment	Develop an investigative framework that meets the requirements of council policies, procedures and legislation	Kirsty-Louise Campbell Martin Glover	31.03.2016
		Resource and develop an experienced and skilled internal pool of investigating managers	Executive Directors Kirsty-Louise Campbell Martin Glover	30.04.2016
09	Guidance on confidentiality requirements and the sharing of information	Develop guidance and procedures on confidentiality and the appropriate sharing of information within the legislative framework	Kirsty-Louise Campbell	31.03.2016
10	Guidance on disclosure assessment	Develop a robust process to ensure that each disclosure is carefully considered before determining the	Kirsty-Louise Campbell Martin Glover	30.09.2015

		appropriate process to be followed		
11	Differences of opinion	Develop a procedure for settling differences of opinion between the external service provider and the Council	Kirsty-Louise Campbell Legal Services	31.03.2016
12	Child Protection policy and procedures	Consider the policies and ensure appropriate alignment making any necessary changes.	Kirsty-Louise Campbell Children and Families	31.03.2016
Staff engagement and reporting				
12	Re-launch whistleblowing service with a sustained messaging programme	Re-launch service , update communications plan, distribute publicity materials, update Orb guidance, etc	Kirsty-Louise Campbell Lesley McPherson	31.10.2015
		Develop sustained messaging approach to coincide with launch of permanent service from 12 May 2016	Kirsty-Louise Campbell Lesley McPherson	31.03.2016
13	Emphasise the collective responsibilities of the Council and its employees to seek to identify and resolve perceived problems internally	Emphasise through management and employee engagement and training activity in relation to recommendations 3 and 4	Martin Glover Kirsty-Louise Campbell Lesley McPherson	31.03.2016
14	Up-skill relevant employee groups (senior management, directorate liaison officers, investigating managers) in the whistleblowing policy and the investigation process	Develop communications and appropriate training for each employee group	Martin Glover Kirsty-Louise Campbell Lesley McPherson	31.12.2015
15	Improved management information	Develop improved initial report template with external provider, to facilitate the collection of valuable management information, eg. whether the matter has been raised internally and, if not, why that is the case	Kirsty-Louise Campbell	30.09.2015
16	Anonymous disclosures	Develop a consistent and robust approach to dealing with anonymous disclosures and communicate this to employees	Kirsty-Louise Campbell Martin Glover Lesley McPherson	31.12.2015
17	Feedback to whistleblowers, service users, managers, etc	Develop a procedure for providing appropriate feedback on conclusion of investigations or where an investigation is protracted	Kirsty-Louise Campbell	31.12.2015
18	Employee understanding and engagement	Incorporate whistleblowing questions into the 2016 Employee Survey to establish employees awareness, understanding of the policy/process and their views/confidence in using it	Kirsty-Louise Campbell	28.02.2016
Value for money				
19	Regular review and audit of the whistleblowing policy and service	Policy review annually (default for all policies)	Martin Glover	31.03.2016
		Audit of whistleblowing service at key milestones eg.	Kirsty-Louise Campbell	31.03.2016

		towards end of contract period (frequency to be determined)		
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Finance and Resources Committee

10.00am, Thursday 27 August 2015

Governance of Major Projects: progress report

Item number	7.14
Report number	
Executive/routine	
Wards	All

Executive summary

The former Policy and Strategy Committee on 7 August 2012 agreed the role and remit of the Corporate Programme Office, ("CPO"), which was to include the supervision of major projects, namely those with a value of over £5million or which are particularly sensitive to the Council's reputation. This report contains an update of the major projects portfolio and the forthcoming assurance review schedule.

Links

Coalition pledges	P03, P20, P23, P27, P28, P36, P41, P44, P47, P49, P51, P53
Council outcomes	C01, C02, CO25, CO26
Single Outcome Agreement	All

Governance of Major Projects: progress report

Recommendations

- 1.1. It is recommended that Finance and Resources Committee note:
 - 1.1.1 the current synopsis of the dashboard reports for the major projects portfolio set out in appendix 1; and
 - 1.1.2 the current assurance review schedule for the last two quarters of 2015/16 as set out in appendix 2.

Background

- 2.1 The former Policy and Strategy Committee agreed the role and remit of the Corporate Programmes Office (“CPO”), which was to include oversight of major projects, namely those with a value of over £5million or which are particularly sensitive to the Council’s reputation.
- 2.2 This report forms the scheduled quarterly status update to the Finance and Resources Committee.

Main report

CPO Reporting Arrangements

- 3.1. Project Managers of each of the major projects are required to complete dashboard reports for each project. These returns seek to establish how key dimensions of the project are progressing and aim to ensure there is clear visibility of the status of each major project within the Council.
- 3.2. It should be noted that the content and sign off of each dashboard report remains the responsibility of the SRO/Sponsor.
- 3.3. A synopsis of the latest set of dashboard summaries is contained in appendix 1. Full dashboard reports are shared in the [major projects folder](#).

Assurance Reviews

- 3.4. The status of Major Project Assurance Reviews, undertaken since the previous Major Projects progress report, is shown below:

Project/Programme	RAG status	Status
H&SC Integration	Amber-Green	Complete
ICT re-Procurement	Amber-Green	Complete
Programme Momentum		Underway

- 3.5. Key recommendations from health checks and assurance reviews completed during this reporting period are detailed below.
- 3.6. The health check of Health & Social Care Integration has been completed with an overall assessment of Amber-Green. The Programme is employing good programme management practice and there is strong strategic alignment and stakeholder engagement. Since the previous Assurance Review a Strategic Business Case has been agreed. However whilst the programme is ready to move to next phase, significant challenges lie ahead once the Integrated Joint Board (IJB) is formed and the new organisation begins to implement its strategic plan. The importance of maintaining tight control of a programme of this scale cannot be over-estimated and the challenges in the next phase mean that the programme could very quickly slip towards a red status. The Council and NHS Lothian need to be assured of the IJB's capacity to undertake the delegation of functions, to manage within its financial limits and to deliver the change programme. In relation to these matters, a separate financial assurance audit has been undertaken by the Council's Internal Audit team with KPMG. The report is currently being finalised and will report to Governance, Risk and Best Value Committee in September but it has raised critical concerns in relation to governance and finance in the next phase.
- 3.7. The CPO Assurance Review makes the following recommendations:
- Governance – the review team recommended that the remit is agreed for the Stakeholder Group prior to the delegation of functions to the IJB.
 - Business Case - should be updated at all key stages of the Programme and ideally in conjunction with NHS Lothian. The review team suggest that as a minimum the Business Case should be updated prior to Implementation of the new Governance model, i.e. formation of the IJB, at revision of the Strategic Plan and then again just prior to the delegation of functions.
 - Business Case – that the programme plan is regularly reviewed to ensure any slippage outwith programme tolerances can be identified as early as possible and addressed by the appropriate governance body.
 - Resources - the programme should consider provision of additional resource to manage 'touch points' with other key projects and programmes where dependencies have been identified to ensure there is understanding, clarity and input when decisions are made that will impact on the H&SC Integration deliverables.

- Resources - the IJB, once formed, should review the activities required through to the 1st April 2016 and put processes in place to ensure the right mix of skills and number of resources are in place particularly in relation to change where there will be a significant requirement to ensure there is a smooth transition to commence work required to deliver integrated services.
 - Engagement - The following documentation should be reviewed and if required updated for IJB approval, (i) Stakeholder maps and engagement plans, (ii) Communication plan, (iii) Involvement campaigns, (iv) Training and coaching plans.
 - Readiness for next phase – the review team recommended that a workshop is undertaken with key stakeholders within NHS Lothian and the Council to ensure there is a common understanding of activities, timelines, roles and accountabilities to ensure all activities for the Implementation of the Strategic Plan and service re-design are delivered by 1 April 2016.
- 3.8. The ICT & Transformation Procurement Assurance Review covers the project to the point of contract award which is on schedule to be completed by August 2015. The Review Team found that the overall project status is Amber-Green. The project has progressed significantly since the previous review with many of the risks and issues having been addressed. The procurement project has followed a rigorous competitive dialogue process and, at the time of the review, evaluation of final bids was about to commence. The review team were satisfied that the project had processes in place to undertake a thorough and fair evaluation of bids and had a sound understanding of the risks associated with contract award and how these would be managed. Since the completion of the Assurance Review, the Finance & Resources Committee has received a full report on the evaluation with a recommendation on the Preferred Bidder.
- 3.9. It should be noted that at contract award, the procurement project will be closed and another project will take forward the transition and transformation activities. No assessment has therefore been made with respect to these latter activities but the new project will be complex and carry significant risk for the Council. It will therefore come under the major projects remit and be subject to oversight and assurance by the Corporate Programmes Office.
- 3.10. A full report was presented to Finance and Resources Committee on 3 August which recommended Committee grant authorisation for the Deputy Chief Executive to sign the contract following the standstill period.
- 3.11. Assurance review recommendations are presented below:
- Governance - Further consultation should be completed to understand and agree the broader approach to benefits management during the transition and transformation phases.

- Business Case - The project should agree whether the business case needs to be presented as an addendum to the main report that will be presented to F&R Committee on the 3rd August.
- Risk - The project team formally identifies the risks and mitigation required in the event of the results of the evaluation being “close” and the additional measure to secure and verify the result.
- Risk - The project risk register does identify the risk of challenge to the procurement process. The risk/mitigation measures should be fully articulated and managed.
- Engagement - In preparation for Committee in August, the SRO should satisfy the Project Board that elected members have received any necessary briefings and the information, documentation and detail required for Committee to make a decision on the appointment of preferred bidder has been agreed.
- Readiness for next phase - the review team understand that the project team have a plan to engage with political and management stakeholders in the run-up to the appointment of preferred bidder on 3 August 2015. This plan should be updated to include (i) how the evaluation and moderation process fits in to the overall plan, (ii) what tasks need to be completed in July leading up to Finance and Resources Committee on 3 August, (iii) identify what additional tasks may need to be undertaken if the outcome of the evaluation is “close”, and (iv) what tasks need to be completed between “approval” on 3 August and contract signature on 24th August, including possible “clarification” tasks.

Current highlights in the major projects portfolio

- 3.12. No new projects or programmes have been added to the Major Projects portfolio since the previous report to Committee.

Edinburgh St James

- 3.13. On 1 July 2015 several of the reserved matters relating to the Outline Planning Consent were approved by Development Management Committee. The details of the proposed hotel are scheduled to be considered by Committee on 12 August 2015.

ICT & Transformation Procurement

- 3.14. The ICT & Transformation Procurement project will be closed on award of contract to the preferred bidder to deliver ICT services to the Council. A new transition and transformation project will be created and will continue to report in to the major projects portfolio from August 2015.
- 3.15. The transition and transformation project will manage the migration from the Council's existing ICT provider to the new one through to July 2016. In addition

there are a number of transformation activities that need to be delivered as part of this project such as the replacement of the current Oracle Financial system.

Early Years Projects

- 3.16. All three projects remain on programme to complete in August. The project at Fox Covert Primary School will deliver a new detached 70/70 nursery building and play space. In order to satisfy planning requirements a new 3G pitch will also be delivered with the expected timescale being summer 2016. The existing nursery building at Duddingston Primary School is being replaced with a new larger 60/60 detached nursery building and associated play space. A new detached 40/40 nursery building is being delivered at Wardie Primary School.
- 3.17. Final contract sums have been agreed for all projects. Although market costs to deliver some work packages had increased, these have been accommodated by utilising project contingency allowances.

Leith Programme

- 3.18. The Leith Programme arose from a decision by the Transport, Infrastructure and Environment Committee on 29 November 2011 to undertake £3.2million worth of remediation and reinstatement works on Leith Walk and Constitution Street, funded from the Capital Roads Maintenance Programme. On 31 July 2012, the Finance and Resources Committee approved additional funding of £2.3million, using headroom investment from within the Tram budget, to extend the scope of these works. In September 2013 the Scottish Government gave a commitment to provide up to £3.6m of funding towards project costs, via Sustrans Scotland, bringing the total funding available to the project up to £9.1 million.
- 3.19. Updates on progress have been provided to the Transport and Environment and Finance and Resources Committees via a number of reports made at appropriate stages of the project. On 19 March 2013, the Transport and Environment Committee delegated authority to make decisions on design matters to a project Oversight Group, consisting of the Convener and Vice Convener of Transport and Environment and local ward members. A Project Board is also in place and this meets and reviews formal project status reports every two months.
- 3.20. The project is being progressed in a series of phases, to minimise disruption to road users and the local community, and construction of each phase is delivered via a stand-alone contract, which is awarded shortly before the works for that phase are due to commence. Committee approval is sought prior to the award of each contract, where this is required by Contract Standing Orders.
- 3.21. Phases 1 to 3 of the project have been successfully delivered, covering the whole of Constitution Street and the section of Leith Walk to the north of Pilrig Street. This includes major upgrades to the junctions at Bernard Street/Baltic Street and the Foot of the Walk to simplify their layout and significantly improve facilities for pedestrians. The work undertaken includes widened and decluttered footways, additional/improved pedestrian crossings, improved cycle

lanes and cycle parking facilities, new street trees in Constitution Street and major public realm improvements at the Foot of the Walk, outside the Newkirkgate shopping centre. It is intended to introduce new street greenery in the northern section of Leith Walk in autumn 2015.

- 3.22. A concept design for Phase 4, which covers the area from Pilrig Street to McDonald Road including both junctions, has been developed and the statutory processes necessary to introduce the new road layout are about to commence. Construction is currently expected to commence in spring 2016, subject to satisfactory completion of these statutory processes. It is expected that the delivery of the remainder of the Leith Programme would be carried out in two further phases, covering the areas from McDonald Road to Elm Row (Phase 5) and from Elm Row to Picardy Place, including replacing the roundabout at London Road with a new junction (Phase 6). Development of a concept design for Phase 5 is currently underway.
- 3.23. The original project timeline had to be revised, due to the requirement to hold a mandatory Public Hearing in September 2014 to consider certain objections that arose from the statutory processes for the section of Leith Walk to the north of Pilrig Street (Phase 2). There is a risk that further mandatory Hearings might also be required for future phases. The timeline for Phase 4 onwards also had to be revised to allow the original concept designs for these sections to be reviewed to take account of the interface between the Leith Programme, the proposed construction of a new transport interchange at Picardy Place as part of the Edinburgh St James development and a possible future tram extension on Leith Walk.
- 3.24. All phases completed to date have been delivered within budgetary expectations. However the formal funding agreement, entered into with Sustrans Scotland in March 2014 for the Scottish Government funding award, contains conditions relating to the timing of this funding which are affected by the subsequent revisions to the project timeline described above. Discussions are currently underway with Transport Scotland and Sustrans Scotland about altering these conditions to accommodate the revised project timescales. Contingency plans also being prepared for various possible scenarios involving a partial loss of this external funding.

Additional Consultancy Support

- 3.25. The CPO also provides consultancy and project development support as required. Terms of reference for the work including scope, timescales and any charges are agreed with sponsors in advance.
- 3.26. The CPO is providing project and consultancy support in the following areas:
- development and management of the Transformation programme;
 - resource to deliver the Connected Capital programme;

- project management support for the establishment of a new Enforcement Service and, legacy closure aspects of Programme Momentum (previously Property Conservation / Shared Repairs);
- specific resource to Organisational Development, Commercial Excellence programmes and Business Intelligence;
- support for the ICT Procurement project including the competitive dialogue process and bidder evaluation; and
- Programme Management support to Edinburgh St James.

3.23 The staffing compliment in the CPO has reduced significantly in recent months which means it is difficult to provide direct support to new projects although advice and guidance is readily available. It is anticipated that once the new arrangements for Business Support are in place this will improve capacity for project support and assurance.

Measures of success

4.1 A successful project delivers its output(s) on time, on or under budget and to quality standards agreed with its stakeholders. The new reporting arrangements introduced by the CPO seek to ensure transparent and consistent reporting across all major projects by analysing key milestones, benefits, financials, risk and governance processes.

Financial impact

5.1 There are no financial implications directly arising from this report. The financial impacts of major projects will also be reported through the revenue and capital monitoring process.

Risk, policy, compliance and governance impact

6.1 The process of reporting and senior management oversight of risk within the project portfolio serves to strengthen the control environment and where appropriate prompt mitigating action.

Equalities impact

7.1 Equalities impact assessments are carried out within individual major projects and addressed in separate reports to Council or committee. In addition CPO has launched an engagement programme, and established a Programme, Project and Change Management Community within the Council to promote best

practice.

Sustainability impact

- 8.1 Each project within the major projects portfolio is responsible for undertaking its own sustainability impact assessment.

Consultation and engagement

- 9.1 Consultation and engagement is carried out within individual projects and is addressed in separate reports to Council or committee.

Background reading / external references

[Governance of Major Projects](#) – Finance and Resource Committee, 15 January 2015

[Governance of Major Projects](#) – Governance, Risk and Best Value Committee, 21 May 2015

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Links

Coalition pledges

P03 - Rebuild Portobello High School and continue progress on all other planned school developments, while providing adequate investment in the fabric of all schools

P20 - Work with the Scottish Government to deliver a larger return of business rate receipts as part of the Business Rates Incentivisation Scheme (BRIS)

P23 - Identify unused Council premises to offer on short low-cost lets to small businesses, community groups and other interested parties

P27 - Seek to work in full partnership with Council staff and their representatives

P28 - Further strengthen our links with the business community by developing and implementing strategies to promote and protect the economic well being of the city

P36 - Develop improved partnership working across the Capital and with the voluntary sector to build on the "Total Craigroyston" model

P41 - Take firm action to resolve issues surrounding the Council's

property services

P44 - Prioritise keeping our streets clean and attractive

P47 - Set up a city-wide Transport Forum of experts and citizens to consider our modern transport needs

P49 - Continue to increase recycling levels across the city and reducing the proportion of waste going to landfill

P51 - Investigate the possible introduction of low emission zones

P53 - Encourage the development of Community Energy Co-operatives

Council outcomes

C01 - Our children have the best start in life, are able to make and sustain relationships and are ready to succeed.

C02 - Our children and young people are successful learners, confident individuals and responsible citizens making a positive contribution to their communities.

CO25 – The Council has efficient and effective services that deliver on its objectives.

CO26 – The Council engages with its stakeholders and works in partnership to improve services and deliver on agreed objectives

Single Outcome Agreement

All

Appendices

Appendix 1 - Overview of CPO major projects portfolio – October 2014

Appendix 2 - Assurance review schedule Q3/4 2014/15

Appendix 1: Overview of CPO Major Projects - June 2015

Ref	Appendix 1	Overall	Time	Cost	Quality	Benefits	Risk (reputational / deliverability)
MP2	Connected Capital	<p>BDUK funding has been allocated to a number of projects within this programme including;</p> <ul style="list-style-type: none"> - Voucher scheme – to assist with broadband connectivity charges for SMEs. Uptake of vouchers by SMEs has been lower than forecast but the scheme was widened to incorporate 50 cities accessing a challenge fund of £40 million. It has been agreed that the Council will administer the extension of the voucher scheme on behalf of the Lothians, Fife, Scottish Borders, Glasgow, Stirling, Dundee, and Inverness through to 31 March 2016. - Public Building WiFi – delivery of free WiFi access to approx 45 sites. All work within the control of CEC has been completed. BT Openreach remain to complete their piece of the work. All Non Council Buildings (25) are now live. 18 Council Buildings are now fully live with another 4 expected to go live imminently. We have approximate go live dates with BT Open Reach for a further 11 buildings. - Wireless Concession – Contract discussions with the preferred bidder are now progressing towards finalisation. In the meantime significant progress is being made with finalising the network plan, determining works required to make 	<p>Overall Programme delivery deadline of March 2015 has now been revised. Some flexibility has been agreed with BDUK that will allow funding availability for wireless concession to be available up to September 2015.</p> <p>There is a dependency on BT Openreach to deliver components of the Public Buildings WiFi and a risk that slippage may occur as a result.</p>	Spend within budget.	Assurance Review completed with focus being on the Wireless Concession project and found that good project management techniques had been employed in delivery of the project to date.	<p>Faster and better broadband connections to SMEs via a voucher scheme contributing towards costs of connection.</p> <p>Wireless coverage in some public places, public buildings and across the Lothian Bus and Edinburgh Trams fleet.</p>	<p>Risk: Amber</p> <p>BT Openreach delivering to the schedule agreed for Public Building WiFi, i.e. all sites 'live' by end June 2015.</p>

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		<p>our lighting stock fit for purpose and meeting buildings owners to secure agreement to use their buildings. BDUK has agreed to extend the timescale for the enhanced concession budget (£250k)</p> <ul style="list-style-type: none"> - Transport WiFi – WiFi deployment across the Edinburgh Tram and Lothian Buses fleet was completed in Dec 2014. By the summer of 2015 the services will also benefit from delivery of a content management solution that will enhance the user experience further by providing infotainment channels to passengers using the on board WiFi. 					
MP8	James Gillespie's Campus	The teaching block is now complete and occupied by the school. All of the remaining old school buildings are now demolished and work has commenced to the construction of the Performance and Sports blocks.	Phase 1 (teaching block) and Secondary School decant complete. Phase 2 (performance and Sports blocks) completion scheduled for August 2016.	Principals meeting held with confirmation that the total value of Change Order Requests will be capped and that no claim for acceleration costs or similar will be submitted.	12 month defect period for the DB contract is now concluded. Positive feedback continues to be received from the public at a recent open day for the new teaching block.	Coalition Pledge P03 – Rebuild James Gillespie's High School while providing adequate investment in the fabric of all schools.	Risk : Green
MP10	National Housing Trust	NHT Phase 1 - 422 new affordable homes complete and tenanted – This project is now closed and housing management taking forward as 'business as usual'.	On time.	The City of Edinburgh Council on 12 Feb 2015 approved borrowing for phase 3	November 2014 Assurance Review completed with status of Green.	Provision of affordable housing.	Risk: Green

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		<p>Phase 2: The Council has entered into contracts with FP Newhaven Two Ltd. Construction started in Nov 2014. 96 homes will be completed over 6 phases with completion scheduled for Dec 2016.</p> <p>Phase 3: The Council will now enter into a contract to establish four new limited liability partnerships with developers and Scottish Futures Trust to deliver up to 413 affordable homes. The first contract signing for 80 homes at Fruitmarket, Chesser is due to start on site in August 2015. FP Newhaven Two Contract Signing is scheduled for August 2015.</p>		of up to £54. 998m. Forecast to complete within budget.		Neighbourhood regeneration and creation of jobs and training opportunities.	
MP11	21st Century Homes	<p>Gracemount: development complete and all properties let.</p> <p>Greendykes C: development complete and all properties let. The project was a runner up at the Homes for Scotland awards in the Best Partnership in Affordable Housing Delivery category.</p> <p>West Pilton Crescent: development complete and all properties let.</p> <p>Pennywell: works started on phase 1 (108 Council and 85 Private homes) on 23 June 2014. Handover of the first Council homes anticipated by mid July 2015. Delivery progressing to schedule. The showhome is now open for Urban Union's home for sale. As</p>	Programme progress within target timescales.	Within budget		<p>Community Benefits including employment and training opportunities.</p> <p>Increasing affordable housing supply across the city.</p> <p>(iii) Providing support to the economy and construction industry.</p>	Risk: Green

Appendix 1: Overview of CPO Major Projects - June 2015

Ref	Appendix 1	Overall	Time	Cost	Quality	Benefits	Risk (reputational / deliverability)
		<p>at 17 June five owners have moved into homes for sale.</p> <p>North Sighthill: Design work instructed to enable an Approval of Matters specified by conditions (AMC) application to be submitted to planning in summer 2015. OJEU notice placed on 30 March 2015 and PQQs were invited and evaluated. Tenders will now be invited following F & R approval in May 2015.</p> <p>Leith Fort: Tenders approved at F & R in June and contract will be awarded following a standstill period. Site start anticipated to commence by late 2015.</p> <p>Small Sites Programme: 7 additional sites, tenure mix and energy strategy are to be reported to the Political Sounding Board in September and a delivery plan is being developed with the Council's procurement team.</p>					
MP12	New Boroughmuir High School	<p>A revised programme plan has been agreed due to the extensive existing concrete slabs encountered below ground level which delayed the piling foundation operations. The revised completion date is 23 September 2016 therefore the move to the new school will now take place during the October 2016 break. This change has been communicated by a newsletter to the school community.</p>	<p>As previously advised the contractor experienced significant slippage due to extensive existing concrete slabs encountered below ground level which have delayed the piling foundation operations. The implications of this</p>	<p>Within Budget. The sale of the existing school building has now been concluded securing first tranche of £5m has been approved as a contribution towards the</p>		<p>Aligns with Council Outcomes – C01, C02, and SO3.</p>	

Appendix 1: Overview of CPO Major Projects - June 2015

Ref	Appendix 1	Overall	Time	Cost	Quality	Benefits	Risk (reputational / deliverability)
			on the programme have been discussed in detail with the contractor and a revised programme has now been agreed which shows a revised construction completion date of 23 September 2016 which would then allow the new school to be opened following the October 2016 school holidays. This change has now been communicated by a newsletter to the school community.	construction of the new school facility. The contractor submitted a claim for an extension of time and costs however a settlement was negotiated at a figure which was considerably lower than that claimed. The impact on the project budget was further reduced by a saving which has arisen in a provisional sum within the contract held as a contingency for abnormal ground conditions, the majority of which has now been released.			
MP13	New Portobello High School	Balfour Beatty have continued with steady progress and they remain confident of completing the revised contract completion date. The structural steelwork is now virtually complete with only area 2b east end remaining. Internal fit out works have now commenced to areas 3.1 and 4	On target for completion in June 2016 with an opening date August 2016. However the project is working towards the possibility of a decant from the old school will be before the school holidays in		Currently the likely BREEAM score is above that required to secure Very Good under the 2011 Scheme. The BREEAM advisor (AECOM) and cost consultants (G&T) have been tasked with identifying and costing the items which, if it was possible	Aligns with Council Pledge P03, Council Outcome C01 and C02 and Single Outcome Agreement SO3	Risk: Green

Appendix 1: Overview of CPO Major Projects - June 2015

Ref	Appendix 1	Overall	Time	Cost	Quality	Benefits	Risk (reputational / deliverability)
		Balfour Beatty continue to engage directly with local residents in respect of queries and day to day liaison. Their community liaison officer has produced a Community Engagement Plan which currently includes direct involvement in: the School's career fair; opportunities for work placements; youth involvement events; and volunteering opportunities.	summer 2016. This would allow existing pupils who would leave at the end of the 2015/16 school year an opportunity to experience the new school and would allow an early start to the project to deliver a new St John's RC Primary School.		to do so, would be required to make the achievement of Excellent possible in order that informed choices can be made		
MP29	Water of Leith, Flood Prevention Scheme Phase 2	<p>Tenders for the main works contract were issued on 20 Mar 2015 with bids to be returned on Jun 2015. Evaluation ongoing with Target date for award of the main works contract remains unchanged at Nov 2015.</p> <p>Work ongoing to identify key roles within the project including appointment of preferred bidder, Health and Safety and Project Management roles.</p>	Programme progress is within target timescales.	Council approved the funding at the end of September 2014 based on a reallocation of funding within the SfC Capital Investment Programme. Awaiting tender submission and the opening of the pricing element of bids.	<p>Assurance Reviews have been included in the programme plan at scheme definition (Sept 2014) and prior to award of contract (Nov 2015). Currently the project is assessed as being Amber-Green (delivery probable).</p> <p>Ongoing stakeholder engagement activities have raised no significant issues.</p>	<p>Protect 492 residential & commercial properties.</p> <p>Reduce dependency on temporary flood defences.</p> <p>Provide enhanced access to the riverside.</p> <p>Improve quality of life for residents affected by flooding.</p>	<p>Risk: Amber</p> <p>Key Project Roles to be filled.</p>

Appendix 1: Overview of CPO Major Projects - June 2015

Ref	Appendix 1	Overall	Time	Cost	Quality	Benefits	Risk (reputational / deliverability)
MP22	Zero Waste: Edinburgh and Midlothian	<p>The food waste transition project is making good progress and the supplier awarded the contract to build and operate the food waste treatment facility, Alaura Renewable Energy (ARE) remain on track for service commencement by 31 Dec 2015. Discussions are ongoing with the contractor with a view to the Partner Councils providing food waste for the commissioning period expected to commence Aug/Sept 2015.</p> <p>Provision of access road, bridge and utilities directly by the Councils remains within programme tolerances in spite of the Councils' contractors having been substantially delayed and having to undertake significant unforeseen additional works arising from Borders Railway construction issues. Recent contingency arrangements and re-scheduling of work particularly related to provision of the potable water supply have addressed all significant road and utility risks for now.</p> <p>FCC Medio Ambiente SA (FCC) were announced as the preferred bidder for the residual waste treatment contract in December 2014. The joint zero waste partners aim to sign the 25 year contract in 2015, with FCC operating on site by 2018.</p> <p>FCC has lodged a planning application with Midlothian Council (March 2015). The project</p>	<p>The food waste transition project remains confident that service commencement date of 31 Dec 2015 will be met and that the other dependencies, e.g. access road, utilities and bridge work remain within the programme tolerances.</p> <p>The residual waste project remains within target timescales.</p>	<p>Current forecast indicates project will come in or below budget. However the capital budget is seeing some pressures which will need to be managed as construction progresses.</p> <p>Finance and Resources Committee on 27 Nov 2014 were made aware that by entering into the residual waste treatment contract the Council will be liable for legacy payments of up to £10.3M under the existing landfill contract until 2020.</p> <p>The total net value of savings over the Treatment Contract term is estimated at £141.7m. Work is ongoing to mitigate</p>	<p>An assurance review undertaken in December 2014 assessed the programme as Amber- Green (delivery probable).</p>	<p>Dedicated food waste treatment facilities.</p> <p>Deliver a step change in diversion of waste from landfill.</p> <p>Affordable residual and food waste treatment contract.</p>	<p>Risk: Green Planning risks are of a low likelihood but carry very severe impacts should they materialise.</p> <p>Substantial mitigation strategies now agreed by the Project Board are in place.</p>

Appendix 1: Overview of CPO Major Projects - June 2015

Ref	Appendix 1	Overall	Time	Cost	Quality	Benefits	Risk (reputational / deliverability)
		team understands that the planning application is not to be determined until August 2015. The final tender price is held until October 2015, but the project team is now reviewing the target date for financial close to take account of Judicial Review Risk.		the financial impact of this, with a number of options under consideration including transfer of third party waste and changes to disposal operations			
MP24	Leith Programme	<p>Phase 1 -3 Construction Work completed.</p> <p>Phase 4 (Leith Walk – Pilrig Street to McDonald Road). New “tram proofed” design, approved by the Tram Extension Business Case Board. Draft plans put on display on project webpage, public drop in information session held on 11 June and Stakeholder Group on 25 June. Design modified to reflect feedback arising from this process and approved by Oversight Group on 9 July. Statutory processes to commence shortly.</p> <p>Phase 5 (McDonald Road to Elm Row) Tram proofed design concept likely to also be applied to Phase 5. Design development underway.</p> <p>Phase 6 (Elm Row to Picardy Place) Review of design for London Road junction is ongoing to ensure tram proofed, while still meeting aspirations of the Leith Programme for significantly improved facilities for pedestrians and cyclists. Design development for remainder of area not yet underway.</p>	Delivery of Phase 4 is no longer possible within timescales originally communicated to stakeholders due to dependencies with other initiatives outwith the scope and control of the Leith Programme. Timescales and delivery methods for future phases will also be similarly affected.	Discussions underway with third party funding providers on possible scope to alter conditions of funding to accommodate revised timescales. Further information currently being prepared to assist with this process. Contingency plans also being prepared for various possible scenarios involving a partial loss of external funding.	Phase 4: Work on interface between Leith Programme and St James Quarter and a possible future tram extension on Leith Walk are ongoing including review of London Road junction design, timescale and funding considerations.	<p>Increase in cyclists using Leith Walk.</p> <p>Improved cycle pedestrian & businesses env.</p> <p>Increased levels of satisfaction within the local Community.</p> <p>Fewer claims/ complaints-trips & potholes.</p> <p>Uptake of local tables/chairs b’sness licenses</p> <p>Enforcement of parking/loading restrictions.</p>	<p>Risk: Red</p> <p>Due to possible unfunded component and slippage to plan outwith tolerances.</p>

Appendix 1: Overview of CPO Major Projects - June 2015

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MP25	Forth Replacement Crossing	<p>Services for Communities, as the directorate with responsibility for roads, structures and neighbourhood management, have been responsible for managing the Council's risk liabilities and commitments as set out in the Forth Crossing Act. Transport Scotland (TS) are the lead agency for the construction of the bridge and the Act sets out the process for the transfer of some enabling road and property assets to the Council as the local authority and Roads authority</p> <p>Construction of the U221 road is now complete. All side roads will be completed before the road comes under CEC management at which the 5 year defect liability period will commence.</p> <p>Realignment of the A904 has been delayed due to weather conditions but the road construction is now complete and open to traffic. Installation of new traffic signals for new roundabout commenced in May 2015 with anticipated completion date of 24th July. Soft landscaping will continue.</p> <p>B800 bridge construction works are programmed to be complete in late April 2015 allowing the temporary transfer of traffic to facilitate the construction of the realigned road whilst maintaining two way traffic. Utility diversions are now complete.</p>	As TS is the lead agency, CEC has no influence on delivery timescales. However the project continues to be on time and under budget with a forecasted completion of Autumn 2016.	As TS is the lead agency no budget information reported. Capital funding for CEC Project Manager to be secured. Circa £25K.	<p>Work in progress with Transport Scotland to define adoption extents, clarify handover, and quality assurance processes.</p> <p>Establishment of a Memorandum of Understanding underway with TS.</p>	Enhance transportation links locally and nationally.	Risk: Amber

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Ref	Appendix 1	Overall	Time	Cost	Quality	Benefits	Risk (reputational / deliverability)
		Construction for widening of Society Road completed Dec 2013. Non destructive testing will continue over a 3 month period.					
MP28	H&SC Integration	<p>Following Scottish Government feedback on the Edinburgh Integration Scheme, some additions and changes were completed quickly to the Scheme to meet the deadline. The Edinburgh Integration Scheme has now been approved by the Cabinet Secretary, and the Order was laid before Parliament for 28 days. The parliamentary process has now concluded and the Integration Joint Board has been legally established with effect from 27 June 2015. The first meeting of the Edinburgh IJB will take place on 17 July 2015.</p> <p>The national timescale for full operation of all the integration of authorities and associated delegation remains unchanged at the 1st April 2016. This is the date that the Scottish Ministers intend to prescribe as the date by which all functions must be delegated to NHS Lothian and the Council. All the integration arrangements as set out in the Act, Orders and Regulations, must be in place and responsibility for the functions delegated.</p> <p>Work is progressing with delivering to this timescale and work on Strategic Commissioning underway.</p>	All integration authorities and associated delegation must be in place by 1 April 2016.	<p>In May 2014, the Scottish Government allocated £615,000 transition funding to the Edinburgh City Partnership. This funding was for 2014/15.</p> <p>Due diligence has commenced with Internal Audit involving Financial Assurance undertaken with CEC, NHS Lothian and the new Integrated Joint Board.</p>	<p>Health Check Amber Green, key findings are:</p> <p>Business Case should be updated at all key stages of the Programme and ideally in conjunction with NHS Lothian. The review team suggest that as a minimum the Business Case should be updated prior to Implementation of the new Governance model, i.e. formation of the IJB, at revision of the Strategic Plan and then again just prior to the delegation of functions.</p>	<p>High level benefits identified through options analysis work and business case.</p> <p>Detailed benefits to be developed in line with the statutory strategic plan, baseline performance framework, national outcomes and SQAs, and service workstreams on improving outcomes for people.</p>	<p>Risk: Amber</p> <p>Leave of Absence of joint Director and fragmented interim cover arrangements leave a risk of discontinuity of approach. Arrangements are being made between the Council and NHS Lothian for a temporary secondment to the Chief Finance Officer post in order to allow timely progression of key financial issues, pending confirmation</p>

Appendix 1: Overview of CPO Major Projects - June 2015

Ref	Appendix 1	Overall	Time	Cost	Quality	Benefits	Risk (reputational / deliverability)
							of Chief Officer appointment and operational arrangements
MP30	Recycling Service Project	<p>The new Recycling and Waste Collection Service is being rolled out to approximately 140,000 households between September 2014 and September 2015.</p> <p>The first three of five rollout phases are complete, i.e. 60K out of 140K households.</p> <p>Palm Recycling will manage the transition period (September 2014 – November 2015) from the existing to the new service. From 1st November 2015 the recycling collection service will be brought in house and Palm/ FMG staff will TUPE to City of Edinburgh Council.</p>	<p>Phase 1: September 2014: 20K households (COMPLETE)</p> <p>Phase 2: November 2014: 20K households (COMPLETE)</p> <p>Phase 3: March 2015: 20K households (COMPLETE)</p> <p>Phase 4: June 2015; 40K households. (UNDERWAY)</p> <p>Phase 5: September 2015: 40K households</p>	<p>Capital budget for bins and vehicles on track.</p> <p>Revenue Budget – finalisation of budget for 2015/16 now complete. For future financial clarity all costs are now posted to the Recycling Redesign cost centre</p>	<p>Metrics being collated to measure changes to recycling of waste with encouraging early indicators.</p>	<p>Initial data indicates recycling yields are 90% higher than when residents were using red and blue boxes.</p> <p>Landfill waste, early indications are that the landfill tonnages reducing by 30% since the start of the service.</p>	Risk: Low
MP31	Fleet Review	<p>The Programme focus is to define the fleet operating model for the future. This includes in-house and external provision in line with the Council Transformation Programme. In the interim, support for front line service delivery</p>	<p>Current project plan includes large number of concurrent procurements for different vehicle types – project team to be</p>	<p>Capital Budget on target. Revenue savings are £400k less than the £1.3m target and work is ongoing</p>	<p>Assurance review of the programme has been completed and rated the programme as amber overall.</p>	<p>Delivery of £1.3M benefits. likely to be £400k short due to late</p>	

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		<p>is being progressed through provision of vehicles that meet service need. This is being done through improving vehicle specifications and requiring manufacturers to provide new vehicles with warranties that minimise future costs to services. This work will be supported by improved management information (through vehicle management software and telematics) to service areas to enable needs to be better identified and costs controlled.</p> <p>The project team has been working with Ernst & Young to align the Project with the Council Transformation Programme. Ernst & Young will be working with the service to determine all initiatives that have been carried out to date and quantify the savings that have been achieved.</p> <p>Recruitment process completed, however new post holder not yet in position.</p>	<p>resourced to support this level of activity.</p> <p>Once the scope is agreed a revised programme plan will be prepared.</p>	to mitigate this deficit.	The review team recommended that a Business Case for the programme is developed and agreed, and should include a clear definition of the programme scope, options, vision and benefits	<p>procurement of cars and vans. Work ongoing to mitigate the deficit.</p> <p>Reduction in number of vehicles and carbon footprint.</p> <p>Improved service delivery from more reliable fleet with manufacturer's warranty of four and five years.</p>	
MP32	Programme Momentum (previously Property Conservation / Shared Repairs)	<p>Programme Momentum has completed one full year and is currently on schedule and key risks and issues are being managed via the Programme Board. The settlement process is progressing well and is on target to finish in the summer. From 1 April the scope of Morton Fraser was extended to include all statutory notice debt recovery under the revised debt recovery policy. This is a pilot and progress is being closely monitored by the Programme Board. The legal workstream continues to</p>	<p>Programme is currently progressing to schedule and key risks and issues are being managed via the programme office and board.</p>	<p>Budget provision is a key risk following the saving of £0.5m requested for 2016/17.</p>	<p>Metrics to be provided (i) detailing progress with recovery of outstanding debt and WIP, and (ii) resolution of complaints and deferred cases.</p>	<p>Reduce outstanding debt and billing of completed work.</p> <p>Delivery of a sustainable and transparent service.</p>	<p>Risk: Amber/Red</p> <p>Reputational and ability to realise full debt.</p>

Appendix 1: Overview of CPO Major Projects - June 2015

Ref	Appendix 1	Overall	Time	Cost	Quality	Benefits	Risk (reputational / deliverability)
		escalate as more debt recovery cases are pursued by the Council. The dashboard reports have again been refreshed and an activity volume forecast is provided to show the estimated remaining programme to close the legacy service and launch the new replacement service. Customer enquiries and FOI requests are increasing.					
MP33	Edinburgh St James	<p>The Edinburgh St James programme is a partnership being delivered by the City of Edinburgh Council, Scottish Government and the developer TIAA Henderson. The programme aims to redevelop the St James Quarter of the city at the east end of Princes Street. The development end value will be ~£850M and work is due to be undertaken between 2015 and 2020.</p> <p>Compulsory Purchase Order (CPO) has now been achieved. The Scottish Government gave notice on 12 Mar 2015 that a Public Inquiry would be held and a pre inquiry meeting would be held on 31 Mar 2015. A reporter has been appointed by the Scottish Government to conduct the inquiry and submit a report to Scottish Ministers.</p> <p>On 1 July the Development Management Committee approved several reserve matters relating to the Outline Planning Consent, including the use of limestone cladding.</p>	Date for commencement of CPO public enquiry has now been set for Sept. This has a knock on effect to the commencement of works on site, with reports delaying start from Sept 2015 to Feb 2016.	Contractual arrangements have been structured to minimise financial risk to CEC.	A Programme Manager has been assigned to support the SRO and closely monitor outputs from agreed obligations, as negotiated in agreements between the Council and other parties.	Redevelopment of an area at east end of Princes Street creating 42,500m2 of high-quality retail space, deliver 2,300m2 of grade A office space, a 210-bedroom five-star hotel, a 152-bedroom four-star hotel, a 55-bedroom apart-hotel, a theatre, restaurants and 138 residential units.	<p>Risk: Amber/Red</p> <p>Although the Council has fulfilled its responsibilities on this project, the requirement for the developer to delay construction to allow for the CPO could have an adverse reputational impact for the city.</p>

Appendix 1: Overview of CPO Major Projects - June 2015

Ref	Appendix 1	Overall	Time	Cost	Quality	Benefits	Risk (reputational / deliverability)
MP34	ICT Re-procurement	ISFT Evaluation now complete and a specially convened Finance and Resources Committee on 3 August will review the preferred bidder and planned transition period ahead of the new service provider starting in April 2016.	<p>Transition to a new ICT provider by 1st April 2016.</p> <p>1) Appointment of preferred bidder – 3 August</p> <p>(2) Contract award – 24.08.15</p> <p>(3) transition commences – w/c 24.08.15</p>	Project delivery budget shortfall identified of £125k. This is being managed by the SRO.	Assurance Review undertaken with a Green Amber Rating.	<p>£6m saving on target against £26.2m core spend</p> <p>The project will further develop their approach to delivering these savings.</p>	<p>Risk: Green</p> <p>However careful management of both transition and transformation to new ICT provider is essential.</p>
MP35	Early Years Projects	<p>These are three distinct and separate projects.</p> <p>The project at Fox Covert Primary School will deliver a new detached 70/70 nursery building and external play space.</p> <p>The project at Duddingston Primary School will demolish the existing nursery building and deliver a replacement and extended 60/60 nursery building and associated external play space.</p> <p>The project at Wardie Primary School will deliver a new detached 40/40 nursery building and associated play space.</p> <p>Procurement for each of these projects is being undertaken via Hub South East Scotland (Hub) involving Scott Brownrigg as the architects and Morrison Construction Ltd as</p>	All projects within programme are progressing to plan for completion in August 2015. Programmed early access dates for furniture installation are in place.	Market costs have increased on some work packages although CEC will assess this and utilise project contingency allowances as required.	The designs were progressed in consultation with the School Community. Pre-completion inspection meetings are being programmed with the Care Inspectorate.	Delivery will support the following Council outcomes CO1 and CO2 and Single Outcome Agreement SO3.	Risk: Green

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Ref	Appendix 1	Overall	Time	Cost	Quality	Benefits	Risk (reputational / deliverability)
		<p>the tier 1 contractor. Hub Stage 1 submission has previously been approved by CEC. Hub are currently finalising the Stage 2 process which includes detailed design and market testing. The market testing is running slightly behind although anticipate Stage 2 completion by mid June 2015. All projects are currently under construction having been progressed under a Letter of Intent to ensure that the required delivery dates can be achieved.</p>					

Appendix 2: Assurance Review Schedule Q3/4 2015/16

Ref	CPO Portfolio	Project/Programme	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	
MP2	Major Projects	EICC		Close Review: LS(L) & JMc, Laura					
MP4	Major Projects	James Gillespies Campus	Externally led - next CPO review July 2016 at completion. This will be a close review.						
MP7	Major Projects	New Boroughmuir High	Externally led - next CPO review July 2016 at completion. This will be a close review.						
MP8	Major Projects	New Portobello High School	Externally led - next CPO review July 2016 at completion. This will be a close review.						
MP16	Major Projects	H&SC Integration	Assurance Review: S Salvini?						
MP17	Major Projects	Personalisation					Post-project review		
MP18	Major Projects	Recycling Service Project	Close Review						
MP19	Major Projects	Fleet Review		Health check					
MP21	Major Projects	St James Quarter				Assurance Review:			
MP22	Major Projects	ICT Reprocurement		Ass'Rw: SR(L), Susan Hamilton,					

Finance and Resources Committee

10.00am, Thursday, 27 August 2015

Update on Cycling Hub and Closed Road Loop – referral from the Culture and Sport Committee

Item number	7.15
Report number	
Wards	All

Executive summary

The Culture and Sport Committee on 18 August 2015 considered the attached report by the Chief Operating Officer and Deputy Chief Executive providing an update on the appointment of a new Design Team to create a sustainable cycling hub at Hunter's Hall Park. A parallel search for a suitable location for a Closed Road Loop had identified two possible sites in the West of Edinburgh.

The report has been referred to the Finance and Resources Committee for information.

Links

Coalition pledges	See attached report
Council outcomes	See attached report
Single Outcome Agreement	See attached report
Appendices	See attached report

Terms of Referral

Update on Cycling Hub and Closed Road Loop

Terms of referral

- 1.1 On 13 May 2015, the Finance and Resources Committee approved the award of the contract for the multi-discipline design team to develop the cycling hub at Hunter's Hall Park to Faithful & Gould. In addition, the Committee noted that once the project's funding requirements had been confirmed, formal approval would be sought from the relevant committee to proceed to the construction phase. The Committee had requested a progress report within two cycles.
- 1.2 On 18 August 2015, the Culture and Sport Committee considered a report providing an update on the new design team appointed to develop a sustainable cycling hub at Hunter's Hall Park.
- 1.3 A parallel search for a suitable location for a Closed Road Loop had identified two possible sites in the West of Edinburgh.
- 1.4 The Culture and Sport Committee agreed:
 - 1.4.1 To note the progress of the cycling hub project.
 - 1.4.2 To note the results to date of the search for a suitable location for a closed road loop in the city.
 - 1.4.3 To refer the report by the Chief Operating Officer and Deputy Chief Executive to the Finance and Resources Committee for information.

For Decision/Action

- 2.1 The Finance and Resources Committee is asked to note the report.

Background reading / external references

[Minute of Culture and Sport Committee of 16 December 2014](#)

[Minute of Finance and Resources Committee of 13 May 2015](#)

Carol Campbell

Head of Legal, Risk and Compliance

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Links

Coalition pledges	See attached report
Council outcomes	See attached report
Single Outcome Agreement	See attached report
Appendices	See attached report

Update on Cycling Hub and Closed Road Loop

Item number	7.4
Report number	
Executive/routine	
Wards	All, and Portobello/Craigmillar in particular

Executive summary

This report provides an update on the appointment of a new Design Team, working to Faithful and Gould as main consultants, to create the cycling hub at Hunter's Hall Park, with two new 3G pitches, and an upgrading of the Jack Kane Sport Centre and Community Wing. Visits to exemplar facilities in York and Knowsley have helped to confirm design direction for the cycling facilities.

A parallel search for a suitable location for a closed road loop has identified two possible sites in the west of the city. These loops might be suitable for junior training; further work is needed to confirm this, to carry out a public consultation and to secure the necessary approvals and permissions.

Links

Coalition pledges	P42 and P45
Council outcomes	CO4, CO10, CO20 and CO23
Single Outcome Agreement	SO2, SO3 and SO4

Update on Cycling Hub and Closed Road Loop

Recommendations

- 1.1 Note the progress of the cycling hub project;
- 1.2 Note the results to date of the search for a suitable location for a closed road loop in the city; and
- 1.3 Refer this report to the Finance and Resources Committee to meet that Committee's request for an update in August 2015.

Background

- 2.1 Members will recall that the results of a public consultation on the proposed cycling hub at Hunter's Hall Park were reported to the Committee's meeting on 16 December 2014. The Committee approved feasibility work to progress Option 4 for the cycling hub, comprising a BMX track, an outdoor velodrome, a cycle speedway track, two synthetic turf (3G) pitches, six grass pitches, and an upgrading of the Jack Kane Sport Centre and Community Wing. Committee also approved the procurement of consultants to develop the project to RIBA Stage C (pre-build phase), noting that the results of the procurement process would be reported to the Finance and Resources Committee for approval.
- 2.2 The Culture and Sport Committee instructed officers to work with Scottish Cycling to investigate potential locations for a closed road loop in the city and present the findings within three committee cycles (ie to the present meeting.)

Main report

Procurement update

- 3.1 At its meeting on 13 May 2015, the Finance and Resources Committee approved the award of the contract for the multi-discipline design team to develop the cycling hub designs to RIBA Stage C to Faithful & Gould, for the sum of £136,500, using the SCAPE Framework Agreement.
- 3.2 The Finance and Resources Committee noted that once the project's funding requirement is confirmed, formal approval will be sought from the relevant committee to proceed to the construction phase.
- 3.3 The Finance and Resources Committee requested a progress report in two cycles (ie to its 27 August 2015 meeting).

Cycling hub design update

- 3.4 Following the contract award, Faithful & Gould organised a study daytrip for representatives from the Design Team, Council officers and Edinburgh Leisure staff. The group visited a 250m outdoor velodrome at York University's cycling hub, and a 400m outdoor velodrome in Knowsley, built and owned by the local authority. The York facility was built in 2014 and Knowsley in 2012.
- 3.5 The Sir Chris Hoy Velodrome, Scotland's national track cycling arena, is an indoor facility, designed to host national and international track cycling competitions (which take place largely on 250m tracks). The steep banking of the York University velodrome mimics the geometry of indoor tracks, and uses a high quality tarmac surface to provide good grip. The facility is used by students and the University-based cycling club, and is open to the general public for taster sessions. Members of the public are encouraged to join the cycling club.
- 3.6 A BMX track and a small pump track (to practice riding over bumps) are included in the centre of the larger velodrome at Knowsley, and accessed when the velodrome track is not in use. The Knowsley facility is open to a wide range of cyclists. The York and Knowsley facilities are all enclosed to ensure no unauthorised access.
- 3.7 The trip provided valuable insights into the operation and design of cycling facilities. As a result of the trip, the design team will consider the following amendments for the cycling hub at Hunter's Hall Park:
 - 3.7.1 whether it would be practical and affordable to place the speedway track in the centre of the velodrome, with appropriate tunnel or bridge access;
 - 3.7.2 an enclosure around the velodrome, BMX track and possibly the speedway track;
 - 3.7.3 an additional pump track, to be unenclosed and accessible at any time to local children and young people;
 - 3.7.4 use of the high quality tarmac which provides good grip, dries out more quickly than a wooden track after wet weather, and is easier and cheaper to maintain than a wooden track.
- 3.8 A Stage 1 funding application has now been submitted to **sportscotland** as part of a two-stage process. The Stage 2 application cannot be submitted until further into the project, following the completion of elements such as the site surveys, planning permission, detailed designs, etc. Only once the Stage 2 application has been considered will **sportscotland** confirm whether funding has been approved, and to what level.
- 3.9 Early estimates of the project's timeline, prepared during the feasibility study, suggested that the works would be complete by late summer 2016. Faithful and Gould have now assessed the project and suggest that the completion date for the outdoor works will be closer to autumn 2016, while any upgrading to the Jack Kane Centre, which is dependent on funding, will be later.

Closed road loop update

- 3.10 The search for a suitable location for a closed road loop has been ongoing for several years, in partnership with the city's biggest cycling club, the Edinburgh Road Club, which has some 500 members.
- 3.11 Contact was made recently with Heriot-Watt University's Estates Manager and the group overseeing the National Performance Centre for Sport (NPCS), who confirmed that it would not be feasible to site a closed road loop on the University's estate or within the NPCS footprint. An approach was also made to the University of Edinburgh, who were also unable to identify a suitable site.
- 3.12 The Council held a workshop on 4 March 2015 with members of the cycling community and the governing body to try to identify parts of the existing road network that might potentially be closed off and used for cycling. This workshop generated over 30 potential sites, almost all of which are impractical because the roads in question are in use.
- 3.13 Two of these sites, both in west Edinburgh, have been chosen for more detailed investigation. Their limited size means that they could be suitable for junior riders but not for adult riders. A closed road loop is of most importance to juniors, as under-16s cannot be coached on public roads. Further work is needed to determine whether a loop could be created at one of these sites either permanently, or closed off at evenings and weekends, and whether either site would meet the logistical demands of coaches and riders. If the sites pass those tests, and internal discussions confirm in principle that the relevant permissions would be likely, the next stage would involve costing the minimal works required to close a loop, and consulting with the public and the cycling community on a draft proposal.

Measures of success

- 4.1 Development of a sustainable cycling hub in Hunter's Hall Park. Identification of a site for a closed road loop.

Financial impact

- 5.1 There are no direct financial implications arising from this report. As previously reported, the total cost of the cycling hub project is estimated at £6m to £7m. The work to develop a Stage C design is progressing within budget.
- 5.2 Scottish Cycling has worked with the Council to try to identify suitable sites for a closed road loop in the city, but is unable to commit any funding to this unbudgeted project. The search for a suitable site has focused on the existing road network as the most economical way to create a closed road loop. Should either of the two potential sites pass the logistical and sporting requirements

outlined above, the work which would be required to close off a loop would be costed at that stage.

Risk, policy, compliance and governance impact

6.1 There are no risk, policy, compliance or governance impacts arising from this report.

Equalities impact

7.1 There are no equalities impacts arising from this report.

Sustainability impact

8.1 There are no impacts on sustainability arising from this report.

Consultation and engagement

9.1 The Council has engaged with stakeholders to investigate potential sites for a closed road loop. If further work produces promising results, a proposal will be presented for public consultation.

Background reading/external references

Minute of Council meeting of [7 February 2013](#)

Report to Culture and Sport Committee on [28 May 2013](#)

Report to Culture and Sport Committee on [11 March 2014](#)

Report to Culture and Sport Committee on [27 May 2014](#) and article in Business Bulletin of Culture and Sport Committee of [21 October 2014](#)

Report to Culture and Sport Committee of [16 December 2014](#)

Report to Finance and Resources Committee of [13 May 2015](#)

Alastair D Maclean

Chief Operating Officer

Deputy Chief Executive

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Links

Coalition pledges	P42 Continue to support and invest in our sporting infrastructure P45 Spend 7% of the transport budget on provision for cyclists
Council outcomes	CO4 Our children and young people are physically and emotionally healthy CO10 Improved health and reduced inequalities CO20 Culture, sport and major events – Edinburgh continues to be a leading cultural city where culture and sport play a central part in the lives and futures of citizens CO23 Well engaged and well informed – Communities and individuals are empowered and supported to improve local outcomes and foster a sense of community
Single Outcome Agreement	SO2 Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health SO3 Edinburgh's children and young people enjoy their childhood and fulfil their potential SO4 Edinburgh's communities are safer and have improved physical and social fabric
Appendices	None

Finance and Resources Committee

10.00am, Thursday, 27 August 2014

Specialist Marketing and PR for Assembly Rooms and Church Hill Theatre – Award of Contract

Item number	7.16
Report number	
Executive/routine	
Wards	All

Executive summary

This report seeks approval to award a Specialist Marketing and PR contract for the Assembly Rooms and Church Hill Theatre to 3x1 Public Relations for the contract sum of £108,000 over the full four-year contract term. The contract is for an initial two years (from 1 September 2015 to 31 August 2017) at a cost of £54,000 with an option to extend it for a further two years as one year extensions (2+1+1) at a cost of £27,000 per annum.

Links

Coalition pledges	P24 and P31
Council outcomes	CO8, CO20 and CO26
Single Outcome Agreement	SO1

Specialist Marketing and PR for Assembly Rooms and Church Hill Theatre – Award of Contract

Recommendations

- 1.1 Approve the award of a contract for Specialist Marketing and PR for the Assembly Rooms and Church Hill Theatre to 3x1 Public Relations for the contract sum of £108,000 over the full four-year contract term. The contract is for an initial two years (from 1 September 2015 to 31 August 2017) at a cost of £54,000 with an option to extend it for a further two years as one year extensions (2+1+1) at a cost of £27,000 per annum.

Background

- 2.1 The Assembly Rooms is a Grade A listed venue of major cultural, civic and historic significance in central Edinburgh. The Church Hill Theatre is a Grade B listed 356-seater theatre in Morningside. Both are managed by the Culture and Sport Service.
- 2.2 In July 2012 the Assembly Rooms re-opened after an extensive refurbishment project. As previously reported to the Culture and Sport Committee, the first three years of its operation have been successful. The business has met its initial income and strategic targets and established itself as a market leader, hosting a variety of events and conferences throughout the year, as well as festival performances during the summer and winter seasons in particular, and renting space to two high end retailers and a restaurant. The Church Hill Theatre is a receiving house and is popular with non-professional performance companies and a variety of other hirers.
- 2.3 The Assembly Rooms and Church Hill Theatre requires specialist marketing and PR resource to work with them over the next four years to develop and deliver a communications and marketing strategy to support their challenging business objectives.
- 2.4 Following the completion of an initial pre-qualification process, an Invitation to Tender was issued to three bidders on 9 June 2015 with the tender deadline of 26 June 2015. The tender review and evaluation period was concluded on 30 June 2015. 3x1 Public Relations has been identified as the preferred bidder with a tender bid for the amount of £108,000 over the full four-year contract term. The contract is for an initial two years (from 1 September 2015 to 31 August 2017) at

a cost of £54,000 with an option to extend it for a further two years as one year extensions (2+1+1) at a cost of £27,000 per annum.

Main report

- 3.1 The Assembly Rooms and Church Hill Theatre teams within the Culture and Sport Service require the appointment of specialist marketing and PR resource to develop and deliver a communications and marketing strategy to support their business objectives over the next four years.
- 3.2 Commercial and Procurement Services conducted the tender and evaluation process in accordance with Council Standing Orders, Public Procurement (Scotland) 2012 Regulations and EU Procurement Directives.
- 3.3 Commercial and Procurement Services, in conjunction with Culture and Sport and Communications, undertook a full tender exercise by placing a contract notice on the Public Contracts Scotland Portal and in the Official Journal of the European Union as a two stage procedure on 6 May 2015.
- 3.4 Thirty-three companies noted their interest in the contract notice and downloaded the Pre-Qualification Questionnaire (PQQ) documentation. Twelve companies submitted PQQs.
- 3.5 The aim of the PQQ evaluation process was to allow the Council to identify suitably qualified and experienced bidders to be invited to tender. The PQQ evaluation considered bidders' financial stability, technical capability, capacity and their compliance with certain mandatory criteria. As a result of the PQQ process five bidders were selected to be invited to tender.
- 3.6 The Invitation to Tender (ITT) stated that the contract would be awarded on the basis of the most economically advantageous tender with 60% of the overall score being given to quality and 40% given to price. The emphasis on quality in the ratio split was to encourage suitably qualified and experienced companies to tender for the opportunity to work with the Assembly Rooms and Church Hill Theatre to deliver a successful marketing strategy for the venues.
- 3.7 Tender documentation was issued on 9 June 2015 to the five bidders selected at the PQQ stage to tender. Three companies submitted tenders on 26 June 2015.
- 3.8 The three bidders were invited to attend a Bidders Presentation Day on 30 June 2015 to deliver presentations on their communications and marketing strategy for the contract to the evaluation panel and procurement lead as part of their quality submission.
- 3.9 On completion of the individual evaluation process the evaluation team members and the procurement lead from Commercial and Procurement Services held a consensus meeting. Individual evaluation criteria scores were reviewed and debated and a consensus score reached for each bidder. The

appropriate weighting was then applied to each of the individual evaluation criteria to arrive at a final quality score.

- 3.10 As all bidders achieved the minimum threshold score of 50% for quality, their pricing bids were opened and were subject to a cost analysis. All three tenders were compliant bids.
- 3.11 The quality scores were then combined with the scores from the cost analysis to derive an overall score for each bidder out of a maximum of 100. The results are detailed in the table below.

Bidder	Quality Score	Price Score	Total Score
3x1 Public Relations	48.00	39.12	87.12
Bidder 2	42.00	40.00	82.00
Bidder 3	36.00	28.04	64.04

- 3.12 The bidder with the highest overall score which represents the most economically advantageous tender is from 3x1 Public Relations which provided satisfactory responses to all elements of the award evaluation criteria and met all mandatory criteria for insurance levels, financial stability and business probity. Further details of the procurement process, including the members of the evaluation team and the three quality evaluation criteria and their respective weightings, are provided in appendix 1.
- 3.13 It is therefore recommended that the contract for the Marketing and PR Specialist for the Assembly Rooms and Church Hill Theatre be awarded to 3x1 Public Relations for the contract sum of £108,000 over the full four-year contract term. The contract is for an initial two years (from 1 September 2015 to 31 August 2017) at a cost of £54,000 with an option to extend it for a further two years as one year extensions (2+1+1) at a cost of £27,000 per annum.

Measures of success

- 4.1 The procurement of specialist marketing and PR resource to deliver a marketing strategy to support the delivery of business objectives for the Assembly Rooms and Church Hill Theatre.

Financial impact

- 5.1 The recommended contract value can be accommodated within the approved project budget, within the Culture and Sport revenue budget for 2015/16 to 2016/17. The approved total budget for the initial two-year contract is £54,000 for the provision of the marketing and PR services. Where additional services are required over and above those established in the tender documents, the

additional services will be reimbursed in accordance with all-in hourly rates, agreed as part of the tender submission in advance of the commencement of the contract. Allowance is included in the Culture and Sport revenue budget to 2018/19 inclusive should the option to extend the contract be required.

- 5.2 The costs associated with procuring this contract are estimated to be between £10,001 and £20,000.

Risk, policy, compliance and governance impact

- 6.1 There are no negative risk, policy, compliance or governance impacts arising from this report.

Equalities impact

- 7.1 There are no negative equality or human rights impacts arising from this report.

Sustainability impact

- 8.1 There are no sustainability impacts arising from this report.

Consultation and engagement

- 9.1 There is no public consultation impact arising from this report.

Background reading/external references

None.

Alastair D Maclean

Chief Operating Officer

Deputy Chief Executive

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Links

Coalition pledges	P24 - Maintain and embrace support for our world-famous festivals and events. P31 - Maintain our city's reputation as the cultural capital of the world
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by continuing to support and invest in our cultural infrastructure.

Council outcomes	CO8 – Edinburgh’s economy creates and sustains job opportunities CO20 – Culture, sport and major events – Edinburgh continues to be a leading cultural city where culture and sport play a central part in the lives and futures of citizens. CO26 – The Council engages with stakeholders and works in partnership to improve services and deliver on agreed objectives.
Single Outcome Agreement	SO1 - Edinburgh's Economy Delivers increased investment, jobs and opportunities for all.
Appendices	1 – Summary of Tendering and Tender Evaluation Processes.

Appendix 1 – Summary of Tendering and Tender Evaluation Processes

Contract	Specialist Marketing and PR for the Assembly Rooms and Church Hill Theatre
Contract period	Initial two-year contract (1 September 2015 to 31 August 2017) with the option to extend for a further two years as one year extensions (2+1+1).
Contract value	£108,000 over the lifetime of the four-year contract term (£54,000 for the initial two-year contract with the option to extend if for a further two years at a cost of £27,000 per annum).
Standing Orders observed	2.4 Requirement to advertise 5.1.b Selection of the most economically advantageous tender
Portal used to advertise	www.publiccontractsscotland.co.uk
EU Procedure chosen	Restricted
Invitations to tender issued	Five
Tenders returned	Three
Tenders fully compliant	Three
Recommended supplier	3x1 Public Relations
Primary criterion	Most Economically Advantageous Tender with 60% of the overall score being given to quality and 40% given to price
Evaluation criteria and weightings	Quality – 60% Cost – 40% <u>Quality Weightings</u> 1. Project delivery team – roles and responsibilities: 30% 2. Partnership working: 30% 3. Outline marketing and communication strategy: 40%
Evaluation Team	<u>Internal Evaluation Team:</u> Shona Clelland, General Manager (Assembly Rooms and Church Hill Theatre), Culture and Sport, Corporate Governance Lindsay Robertson, Arts and Events Manager, Culture and Sport, Corporate Governance Lesley McPherson, Chief Communications Officer, Corporate Governance

Finance and Resources Committee

10.00am, Thursday, 27 August 2015

Extension of Contract for Telecare Technology (Installation, Maintenance and Responsive Repair)

Item number	7.17
Report number	
Executive/routine	
Wards	All

Executive summary

It is recommended that Committee authorises a waiver of the Contract Standing Orders and the award of a contract extension to SPIE Scotshield for the installation, maintenance and responsive repair of telecare technology until 31 March 2016, at a value of approximately £90,000.

The waiver will bring the end dates of the two existing contracts in line with each other, therefore allowing them to be merged into a single contract. The benefits of merging the contracts are:

- Direct financial savings to the Council; and
- Improved consistency of technical works across mainstream and sheltered housing units.

Links

Coalition pledges	P8
Council outcomes	CO16
Single Outcome Agreement	SO4

Extension of Contract for Telecare Technology (Installation, Maintenance and Responsive Repair)

Recommendations

- 1.1 It is recommended that Committee authorises a waiver of the Contract Standing Orders and the award of a contract extension to SPIE Scotshield for the installation, maintenance and responsive repair of telecare technology until 31 March 2016, at a value of approximately £90,000.

Background

- 2.1 The Council currently uses Warden Call and Smart technology to assist in providing telecare and assistive technology to the city's vulnerable residents. Warden Call technology is in place in sheltered housing, and Smart telecare technology is used in individual homes, both by Council tenants and private residents. This telecare service is paid for by individual customers, and the technology contracts are currently managed by the Housing Asset Management team in Services for Communities. Warden Call technology is currently serviced by McGill Electrical, and Smart technology by SPIE Scotshield.
- 2.2 In previous years, the Warden Call and Smart technology contracts have been managed separately. It has been identified that there are clear synergies within the remit of both contracts.
- 2.3 On 14 October 2014, the Housing & Regeneration Procurement Board considered this situation and agreed that the best course of action was to merge these two individual contracts in to a single contract to achieve best value. This is anticipated to have the following benefits:
- Direct financial savings to the Council; and
 - Improved consistency of technical works across mainstream and sheltered housing units.

Main report

- 3.1 The procurement timetable to arrange the provision of a four year contract for both Warden Call and Telecare Smart Technology is now projected to complete by the end of 2015. The current contract in place with Scotshield for Telecare Smart Technology has been previously extended by waiver from 1 October 2014 until 30 June 2015. This waiver anticipated spend of £90,000 (with spend expected to be approximately £80,000 to the end of June).

- 3.2 Preparation for procurement has taken longer than initially anticipated. The reasons for this include collating appropriately robust management information, complexities resulting from the transfer of the team which manages the Telecare service to Health and Social Care, and the complexity of merging service requirements from two specifications into one.
- 3.3 Although contract award is now expected in December 2015, this waiver allows for a further tolerance in timescales, mitigating against any further unforeseen issues. To ensure there is no risk to provision of service to these vulnerable residents, this waiver requests that a contract extension is put in place until the end of March 2016, at a value of approximately £90,000.00.
- 3.4 The Contract Standing Orders (CSOs) state that, for services in excess of £25,000, a public advertisement followed by an invitation to tender should be carried out before the award of contract. Under Paragraph 9, the CSOs can be waived if justified as a legislative exemption or in the Council's best interests. It is considered that in these circumstances a waiver is justified in the Council's best interests.
- 3.5 The continuation of the current Warden Call contractual arrangements with McGill Electrical was approved on 1 June 2015 by Corporate Procurement Services and Head of Housing and Regeneration by a separate waiver under Delegated Authority from 1 July 2015 to 31 March 2016, to a maximum value of £25,000.

Measures of success

- 4.1 The Contract Standing Orders (and waiver process) set out the basis and application of strong authorisation and internal controls which require to be applied in a consistent manner for and on behalf of the Council.
- 4.2 The measure of success in this instance will be the continuity of service levels until the new contract for telecare technology is awarded.

Financial impact

- 5.1 The total value of the waiver is £90,000 to cover the period from 1 July 2015 to 31 March 2016. There is a service level agreement in place between Community Alarm Telecare Service and Housing Asset Management. Health and Social Care fund the Telecare provision with the provision of Sheltered Housing Warden Call funded from the Housing Revenue Account (HRA) budget 2015/16.
- 5.2 Through merging these Warden Call and Smart technology contracts, it is anticipated that there will be financial savings to the Council, the value of which will be ascertained as the procurement process progresses.
- 5.3 The continuation of Warden Call contractual arrangements has been approved on 28 May 2015 by Cathy King, Head of Service by separate waiver under Delegated Authority from 1 July 2015 to 31 March 2016. This is anticipated at a

maximum value of £25,000 which is also provided for within the current HRA Capital budget 2015/16.

Risk, policy, compliance and governance impact

- 6.1 It is currently anticipated that the risk of legal challenge from the market is low. Formal procurement process is expected to commence in August which will give competitors an opportunity to take part in open competition.
- 6.2 If the contract is not extended there is significant risk to frail and vulnerable residents who require the installation and maintenance of Telecare equipment. There is an increased risk of delayed discharge, as NHS patients who could be discharged home with Telecare support will be occupying beds that could be used for new admissions.
- 6.3 There is a probability of significant reputational risk for the Council should the waiver not be agreed due to the end users of this requirement being vulnerable residents.
- 6.4 After an assessment of risk, these services have continued to be delivered in order to minimise disruption; however, approval of a waiver would ensure full compliance with Contract Standing Orders until the new contract is in place.

Equalities impact

- 7.1 There is no negative equality or human rights impact arising from this report. The Warden Call equipment installed in Sheltered Housing allows vulnerable people to continue to live in the community with minimal support.
- 7.2 The installation of Telecare in client homes enables them to continue living independently but still have access to support if required.
- 7.3 These technologies have a positive equalities impact by allowing vulnerable people to continue to be part of and contribute to the wider community as well as fostering tolerance, understanding and equality within neighbourhoods across the city.

Sustainability impact

- 8.1 There is no sustainability impact relating to these proposals.

Consultation and engagement

- 9.1 Consultation between Housing Asset Management and Commercial and Procurement will ensure that requirements of users will be appropriately considered and incorporated into the tender for the new contract to be procured.

Background reading/external references

n/a

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Links

Coalition pledges	P8
Council outcomes	CO16
Single Outcome Agreement	SO4
Appendices	n/a

Finance and Resources Committee

10.00am, Thursday, 27 August 2015

Contract Award for Homeless Prevention – Domestic Abuse Services

Item number	7.18
Report number	
Executive/routine	Executive
Wards	All

Executive summary

The commissioned services referred to in this report help the City of Edinburgh Council meet a range of statutory duties relating to women who are suffering from the effects of domestic abuse and are homeless or at risk of homelessness. The purpose of this report is to seek approval to award seven contracts, for the duration of a pilot, to third sector organisations that currently provide support to women suffering domestic abuse.

The Domestic Abuse work stream of the Homelessness Prevention Commissioning Plan includes visiting housing support and temporary accommodation. This workstream forms part of a wider programme of collaborative working to achieve significant savings and rebalancing of services towards homelessness prevention.

Overall savings of £196,690 have been achieved, reducing the annual budgeted expenditure from £1,173,298 to £976,608 from November 2015.

Links

Coalition pledges	P8, P13, P14, P30, P32, P36
Council outcomes	C09, C10, C11, C13, C14, C16, C23, C25, C26
Single Outcome Agreements	S02, S04

Contract Award for Homeless Prevention – Domestic Abuse

Recommendations

It is recommended that the Finance and Resources Committee:

- 1.1 Notes that overall annual equivalent savings of £196,690 have been achieved through reducing the annual budgeted expenditure from £1,173,298 to £976,608 from November 2015.
- 1.2 Notes the collaborative work with service providers and other stakeholders, carried out to date, for the delivery of services to women who have suffered domestic abuse within Edinburgh.
- 1.3 Approves the award of three contracts to provide visiting housing support to women who have suffered domestic abuse for the duration of an 18 month pilot (with an option to extend for a further six months to allow services to be re-procured). The organisations to be awarded contracts are: Edinburgh Women's Aid, Shakti Women's Aid and Saheliya. The total annual value of the contracts from November 2015 is £240,168 up to a £480,336 for 18 months plus extension.
- 1.4 Approves the award of four contracts to provide temporary accommodation in the form of three refuges and one hostel for the duration of an 18 month pilot (with an option to extend for a further six months to allow services to be re-procured). The organisations to be awarded contracts are Edinburgh Women's Aid (2 contracts), Keymoves Cranston Street Women's Hostel, Shakti Women's Aid refuge. The total annual value of the contracts from November 2015 is £739,440 up to a £1,478,880 for 18 months plus extension.
- 1.5 Notes the review process for the pilot as outlined in section 3.14 and 3.15 of this report.

Background

- 2.1 On 6 September 2011, the Homelessness Prevention Commissioning Plan (the Plan) was agreed by Policy and Strategy Committee. This sets out the need to prevent homelessness wherever possible. The Plan was developed after extensive consultation and is part of the City of Edinburgh Council's wider City Housing Strategy 2012-2017.

- 2.2 On 27 January 2015, the Health, Social Care and Housing Committee considered a range of options to procure homeless prevention services for women suffering domestic abuse. Having considered the risks, Committee agreed the preferred option was to undertake a collaborative pilot with the current providers of services and referred the report and its decision to Finance and Resources Committee.
- 2.3 The report also noted that the specific services within this work stream are only for women and their children. Other services are available for men suffering from or fleeing domestic abuse, including the Caledonian Project, Safer Families and Male Domestic Abuse Support Service. All services commissioned by City of Edinburgh Council are being reviewed as a joint project between Services for Communities, Children and Families and Health and Social Care.
- 2.4 On 3 February 2015, following consideration, Finance and Resources Committee noted the report and decision of the Health, Social Care and Housing Committee.
- 2.5 On 13 February 2014, as part of the annual budget setting process, the City of Edinburgh Council agreed savings in the Revenue Budget Framework of £2.3 million from the Commissioning budget between 2014/15 and 2016/17. The savings required from the domestic abuse services have been met through the proposed contracts.

Main report

- 3.1 The services included in this report help the City of Edinburgh Council meet a range of statutory duties towards women who have suffered domestic abuse and provide:
- Accommodation to people who are assessed as homeless,
 - Support to people assessed as homeless and requiring housing support.
- 3.2 Service specifications have been co-produced by service users, service providers and the Council. They will achieve savings and deliver reshaped services that were approved by Health, Social Care and Housing Committee on 27 January 2015.
- 3.3 Key changes to Domestic Abuse Services are:
- Adoption of a new criterion to prioritise access to the service that determines those most in need due to their current circumstances.

- A new coordinated referral route for all of the commissioned accommodation under this work stream. Places will be allocated in collaboration between the services and Homelessness Assessment and Temporary Accommodation.
 - Payments focussing on occupancy rates and the outcomes individuals achieve, rather than block contracts for accommodation or the hours of support provided by visiting support. This will give providers greater flexibility to give women the support they require and deliver the sustainable outcomes to help them avoid becoming homeless.
 - Standard rates for similar accommodation and for all visiting housing support services.
 - The introduction of standard referrals and case management across providers.
 - A simplified reporting process to be submitted to Services for Communities, Health & Social Care and Children & Families services, focussing on the outcomes that people achieve and minimising time spent on administration.
- 3.4 The proposed approach will involve coordinated work between commissioned homelessness services and the Council's Homelessness Assessment and Temporary Accommodation services. The pathway will prioritise services to women in the most critical need and this may result in some women who are less in need receiving support from mainstream accommodation and support services. The proposed services will form a coordinated pathway through two delivery mechanisms that include:
- Temporary accommodation,
 - Visiting housing support.
- 3.5 These delivery mechanisms will work in close partnership through the pilot. Visiting housing support services will begin to work with women before they move out of commissioned accommodation. This will ensure a coordinated transition between services, ensuring continuity of support resulting in more women sustaining a tenancy when they leave supported accommodation.
- Accommodation**
- 3.6 The accommodation services will provide support that will be tailored to the women's needs. Support will include:
- Short-term accommodation for women in domestic abuse crisis. Support or mediation is provided to help them understand their options

and make an informed choice as to whether or not to return to their existing home,

- Medium term accommodation for women suffering domestic abuse who are homeless and cannot return to their existing home,
 - An environment where the women feel safe,
 - Housing options advice, and assistance to gain and move into settled accommodation.
- 3.7 Where it is safe, and the woman is happy to do so, support and mediation services will be provided to ensure that she can return to her own home. It is expected that the pilot will result in a reduction in length of stay for women staying in temporary accommodation, prior to finding a settled home.
- 3.8 The services will help to prevent homelessness by providing women with support to gain independent living skills and moving them into sustainable settled accommodation.
- 3.9 Accommodation providers will be paid, based on both the occupancy rates at the accommodation and the outcomes that they support women to achieve.

Visiting Housing Support

- 3.10 The visiting housing support service will ensure sustainable outcomes by:
- Resolving and preventing homelessness and providing support as required by the Housing (Scotland) 2010 Act.
 - Developing women's independent living skills (as set out in the Life Skills Matrix).
 - Supporting women to enter training, education and employment.
 - Signposting women to specialist services to provide advice on matters such as:
 - Benefits advice (including changes due to Welfare Reform),
 - Housing options (including private renting, social renting, owner occupation, shared ownership, mid-market rent, supported accommodation, sharing, subletting, and managing moves due to changes in welfare benefits),
 - Developing financial and budgeting skills,
 - Tenancy issues (including leases, repairs, deposits, notices and encouraging responsible behaviour as a tenant).

- 3.11 Women will be able to access visiting housing support through self-referral or following a referral from third sector or Council services. This includes women moving out of hostels or refuges into settled accommodation.
- 3.12 Visiting housing support will be provided to women who are either living in their own tenancies but are at risk of becoming homeless, or to people in temporary accommodation to help them get a home.
- 3.13 Providers will have the flexibility to provide support in the way that best meets the needs of the individual and will focus on the outcomes the women will achieve.

Review of the Pilot

- 3.14 There will be a review of the domestic abuse services pilot. The purpose of the review will be to:
- Review the number of women who get support and the outcomes providers help women achieve.
 - Ensure payments by outcomes are challenging, but do not make services financially unviable.
 - Identify good practice.
 - Inform the development of service specification for the re-commissioning of services after the pilot.
- 3.15 The review will take account of the performance of the service and external monitoring by the Care Inspectorate. The review will also include feedback from other services, a full range of stakeholders and service users.

Measures of success

- 4.1 Reshaped services in the pilot will:
- Prevent homelessness by:
 - Achieving 95% occupancy rate across accommodation for women who have suffered domestic abuse,
 - Supporting at least 70% of the target number of women worked with to access or keep settled accommodation,
 - Supporting at least 70% of the target number of women worked with to achieve core skills as outlined in the Life Skills Matrix;
 - Supporting at least 70% of the target number of women worked with to improve the Empowerment Star score by an average of 4 points.

- Support at least 480 women during the pilot period.

Financial impact

- 5.1 On 13 February 2014 as part of the annual budget setting process, the City of Edinburgh Council approved a reduction in the budget for externally commissioned housing advice and support services. This totalled £2.3 million over three years between 2014/15 and 2016/17.
- 5.2 Following a small efficiency saving of 1.1% applied to contracts for 2014/15, budget reductions of around 13.5% have been built into the domestic abuse services contracts for visiting housing support for the duration of the pilot. Revised rates have already been agreed with the providers.
- 5.3 The total equivalent annual value of the contracts currently awarded under this work stream is currently £1,173,298. From November 2015 the total annual value of the contracts will be £979,608 delivering savings of £192,640. If contracts for the 18 month pilot are extended for a maximum of six months to allow re-procurement, the total costs associated with the contracts over 24 months will be £1,959,216 delivering savings of £385,280.

Risk, policy, compliance and governance impact

- 6.1 The proposals for reshaping domestic abuse services are part of the implementation of the Homelessness Prevention Commissioning Plan that was approved by the Policy and Strategy Committee on 6 September 2011.
- 6.2 The contracts for the pilot have incorporated savings of £192,640 in the first year and contain a clause that allows further savings to be applied with appropriate notice, in the event that further reductions are required. Negotiations have taken place with providers to ensure savings are achieved in line with the strategic goals of the City of Edinburgh Council.
- 6.3 The previous report to Finance and Resources Committee, on 3 February 2015, identified the risks associated with the Committee's favoured option to work with existing providers rather than tender the contracts.
- 6.4 There is a risk of challenge against the awarding of contracts which have not been tendered. Such challenges could come from providers interested in delivering a similar range of services. However, this should be minimal because the proposal is to pilot new services for a relatively short timescale, with the intention to tender reconfigured services following the review. Additionally, Finance and Resources Committee agreed the approach on 3 February 2015 and no challenge against the approach has been made.

- 6.5 If the pilot is not progressed new risks will be created. Providers have negotiated to date in good faith and there is a risk of reputational damage if the Council now decides to go out to tender.
- 6.6 Delays in commissioning increases the risk that efficiencies will not be achieved. Without the realignment to the proposed model there will be an increased risk of a reduction in the amount of support women who have suffered domestic abuse get and a greater risk of services becoming financially unviable.
- 6.7 A Check Point Group, which involves providers, service users, trade unions and other stakeholders, is in place to oversee the consultation and communication of the Homelessness Prevention and Commissioning Plan. The group met in March 2015 to commence oversight of the consultation process for domestic abuse services. In July 2015 the group approved the consultation that had taken place to date in the Domestic Abuse work stream. The group will continue to have oversight of all of the work streams in the Plan.

Equalities impact

- 7.1 An Equalities and Rights Impact Assessment (ERIA) was completed for the Homelessness Prevention Commissioning Plan and a further assessment has been carried out in respect of the proposals for the Domestic Abuse work stream.
- 7.2 This pilot will have a positive impact by helping women who have suffered domestic abuse to retain a home and access support to recover from the trauma of abuse. This will apply to all women with protected characteristics.
- 7.3 If current services are decommissioned, there is potentially a negative impact on service users. However, this risk could be mitigated by supporting service users to find alternative provision or to make the transition to new commissioned services. This would impact across all protected characteristics.

Sustainability impact

- 8.1 The proposal in this report will help achieve a sustainable Edinburgh and will impact positively on local communities and businesses. The services will also have a positive impact on social cohesion and inclusion, and promote personal wellbeing through the proposals to prevent homelessness and enhance independent living skills.

- 8.2 The impacts of this report have been considered in relation to the three elements of the Climate Change (Scotland) Act 2009 Public Bodies Duties. Relevant City of Edinburgh Council's sustainable development policies have been taken into account.

Consultation and engagement

- 9.1 Initial consultation was carried out with service providers and stakeholders between August 2014 and June 2015 to identify the services that women who have suffered domestic abuse use, their needs, the context, gaps in service provision, and potential types of services that can help women avoid becoming homeless. The consultation was used to develop the broad direction for services that was subsequently approved by Health, Social Care and Housing Committee on 27 January 2015.
- 9.2 There was extensive co-production to develop the service specifications between August 2014 and June 2015. Staff and service users from all of the current services played a key role in the co-production. Staff from Health & Social Care, Children & Families, Homelessness Assessment and Temporary Accommodation were integral to the co-production of service specifications.
- 9.3 A number of methods were used to engage stakeholders throughout the co-production to ensure it was inclusive. These included a drop-in session and a questionnaire. As a result, all of the components of the service specifications were co-produced including;
- Entry criteria for services,
 - Descriptions of the type of support to be offered,
 - Measurements of the effectiveness of services,
 - Targets for the number of women to receive services and achieve outcomes,
 - Payment rates.
- 9.4 The co-production was overseen by the Check Point Group, which includes service users, providers and stakeholders from the third sector and across the City of Edinburgh Council.

Background reading/external references

[Homelessness Prevention Commissioning Plan, Policy and Strategy Committee, 6 September 2011](#)

[Homeless Prevention Commissioning Plan, Health, Social Care and Housing Committee, 27 January 2015 – Domestic Abuse Services](#)

[Homeless Prevention Commissioning Plan, Finances and Resources Committee, 3 February 2015 – Domestic Abuse Services](#)

John Bury

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Links

Coalition pledges

P8. Make sure the city's people are well-housed, including encouraging developers to build residential communities, starting with brownfield sites.
P13. Enforce tenancy agreements (council and private landlord) with a view to ensuring tenants and landlords fulfil their good conduct responsibilities.
P14. Strengthen Council housing allocation policy to give recognition to good tenants and to encourage responsible tenant behaviour and responsibilities.
P30. Continue to maintain a sound financial position including long-term financial planning.
P32. Develop and strengthen local community links with the police.
P36. Develop improved partnership working across the Capital and with the voluntary sector to build on the "Total Craigroyston" model.

Council outcomes

C09. Edinburgh residents are able to access job opportunities
C10. Improved health and reduced inequalities
C11. Preventative and personalised support in place

	C13. People are supported to live at home
	C14. Communities have the capacity to help support people
	C16. Well-housed – People live in a good quality home that is affordable and meets their needs in a well managed
	C23. Well engaged and well informed – Communities and individuals are empowered and supported to improve local outcomes and foster a sense of community
	C25. The Council has efficient and effective services that deliver on objectives
	C26. The Council engages with stakeholders and works in partnership to improve services and deliver on agreed objectives
Single Outcome Agreement	S02. Edinburgh’s citizens experience improved health and wellbeing, with reduced inequalities in health
	S04. Edinburgh’s communities are safer and have improved physical and social fabric
Appendices	Appendix 1: Contract Awards and Values

Appendix 1: Contract Awards and Values

Visiting Housing Support

Provider	Contract Type	Annual Equivalent Value (from Aug 2015)	Maximum Value (18 months plus 6 month extension)
Edinburgh Women's Aid	Visiting support	£30,869	£61,738
Shakti Women's Aid	Visiting support	£169,107	£338,214
Saheliya	Visiting support	£40,192	£80,384

Accommodation

Edinburgh Women's Aid	24 hour refuge	£208,000	£416,000
Edinburgh Women's Aid	Shared refuge	£177,840	£355,680
Keymoves	Women's hostel	£249,600	£499,200
Shakti Women's Aid	Refuge	£104,000	£208,000
Total		£979,608	£1,959,216

Finance and Resources Committee

10.00am, Thursday, 27 August 2014

Former Tenants Rent Arrears 2014/15

Item number	7.19
Report number	
Executive/routine	Executive
Wards	All

Executive summary

The purpose of this report is to seek committee approval to write-off £530,187 of rent arrears from the Housing Revenue Account (HRA) for 221 former tenants with more than £1,000 rent arrears outstanding.

A further 573 rent accounts of former tenants with arrears of less than £1,000 totalling £179,226 have already been written off under the delegated authority of the Director of Services for Communities.

Accounting practice is to write off rent arrears of former tenants, where there is little likelihood of the debt being recovered. This is carried out at the end of each financial year and provision is made for this within the HRA budget.

Where tenancy arrears are written off the Council will still pursue the recovery of these debts.

Links

Coalition pledges	P13 , P14 and P30
Council outcomes	CO16
Single Outcome Agreement	SO4

Former Tenants Rent Arrears 2014/15

Recommendations

It is recommended that Finance and Resources Committee:

- 1.1 Approves the write-off of £530,187 rent arrears of 221 former Council tenants who have a balance greater than £1,000 outstanding in 2014/15
- 1.2 Notes that the total number of former tenants' arrears cases written off has reduced by 9%, from 869 in 2013/14, to 794 in 2014/15.
- 1.3 Notes that debt written off, excluding deceased cases, will continue to be pursued by the Council.

Background

- 2.1 The Council is required to write-off, from the HRA, the rent arrears of former tenants. The write-off relates to any accounts with outstanding arrears where all attempts to trace the tenant and collect the rent due have been unsuccessful.
- 2.2 Provision is made for this annually within the HRA budget. This is the standard accounting practice adhered to by local authorities whereby debts arising from former tenancy arrears that cannot be collected are written off on an annual basis.
- 2.3 Write-off for arrears under £1,000 is carried out under the delegated authority of the Director of Services for Communities. Arrears of £1,000 and over require committee approval.

Main report

- 3.1 Tenants' rent payment obligations, under their tenancy agreement, are actively enforced. All tenancies terminating with arrears are investigated and payment sought on all outstanding rent and tenancy related charges. Collection of former tenancy arrears debt is challenging and is affected by difficulties in tracing tenants once they have left their Council home, the level of debt owed and the potential for financial hardship.
- 3.2 Income collection for current and former tenancy arrears debt is included within the annual Scottish Social Housing Charter performance indicators. For 2014/15 gross arrears, (for current and former tenancies prior to write-off), as a percentage of rent due to be collected was 6.33%. Early benchmarking of peer performance indicates this performance to be in line with the Scottish Local Authority average of 6.16%.

- 3.3 The number of former tenants' arrears cases identified for write-off in 2014/15 was 794. This is a reduction of 9% on the 869 cases written-off in 2013/14. The cash value of cases written-off is £708,638 for 2014/15 compared to £682,086 in the previous financial year. This is an increase of £26,552.
- 3.4 There are 221 former tenants with arrears of over £1,000 for write-off in 2014/15, totalling £530,187. A further 573 rent accounts of former tenants with arrears of less than £1,000 have already been written-off under delegated authority. The value of these arrears was £179,226. A breakdown of the reasons for termination of those tenancies with rent arrears to be written-off is contained in Appendix 1.
- 3.5 Where rent arrears are written-off, these debts will continue to be pursued where the tenants' whereabouts can be traced or if they apply for council housing in the future. Income collected during 2014/15 for former tenancy accounts written-off in previous financial years was £30,479.
- 3.6 In accordance with legislation, former tenants and current tenants looking to move, who have outstanding arrears of more than a twelfth of the gross annual rental charge, would normally be suspended from receiving an offer of housing. This would not however apply where they have maintained a repayment plan for at least three months, cleared the arrears in full or where the Council has a statutory obligation to provide permanent accommodation to a homeless household.

Measures of success

- 4.1 The amount of rent arrears owed by former Council tenants is minimised.
- 4.2 Reasonable arrangements are provided to debtors, allowing them to meet their obligation to reduce and then clear debts.
- 4.3 Improved performance against the annual statutory Scottish Social Housing Charter indicators.

Financial impact

- 5.1 Where a debt is irrecoverable it will be subject to a write-off process that is consistent with recognised accounting practices. This action ensures that debt recovery projections are realistic and that write-offs are provided for within the HRA's annual projected outturn.
- 5.2 Based on the final ledger figure, the total value of former tenancy arrears written-off in 2014/15 would be £708,638. There is a slight variation of £775 between this final ledger figure and the breakdown of the accounts included in Appendix 1. This is due to payments collected after the write-off process was completed.
- 5.3 The write off for 2014/15 was £28,638 above the planned HRA budget provision of £680,000.
- 5.4 The value of arrears which have been written-off represents 0.75% of the overall value of HRA rental income due to be collected in 2014/15 for current and

former tenancies. Scottish Government benchmarking figures for HRA income and expenditure, currently only available for 2013/14, indicate this would be better than the Scottish Local Authority average write-off level of 0.87%.

Risk, policy, compliance and governance impact

- 6.1 Rent arrears are written-off in accordance with the Council's Financial Regulations.
- 6.2 The summary of written-off rent arrears is reported on an annual basis, in line with the requirements of the Council's Corporate Debt Policy.
- 6.3 On 30 October 2014, the Finance and Resources Committee requested that a Corporate Debt Policy Working Group was established to examine all non-statutory notice related aspects of the Corporate Debt Policy to determine if any changes to the policy were required. On 4 June 2015, the Finance and Resources Committee considered a report on the main findings of the Corporate Debt Policy Working Group, and referred the report to the Corporate Policy and Strategy Committee on 9 June 2015 for approval of a number of minor changes to the current policy.

Equalities impact

- 7.1 There are no negative equality or human rights impacts arising from this report. The collection of rental income supports the delivery of housing services to a wide range of households, including low income and vulnerable households.

Sustainability impact

- 8.1 The impacts of this report have been considered in relation to the Climate Change (Scotland) Act 2009 Public Bodies Duties.
- 8.2 The collection of rental income supports the modernisation of existing homes, including improving energy efficiency. It also supports the construction of new affordable homes.

Consultation and engagement

- 9.1 The Council adopted a Corporate Debt Policy in September 2013. The policy was subject to consultation and engagement with elected members, equalities and anti-poverty groups. This was reviewed and updated in June 2015.
- 9.2 Edinburgh Tenants Federation and Registered Tenants Organisations are consulted as part of the annual review of the HRA Business Plan and the development of the HRA Budget.

Background reading/external references

[Review of Corporate Debt Policy](#), Corporate Policy and Strategy Committee, 9 June 2015

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Links

Coalition pledges	P13: Enforce tenancy agreements (council and private landlord) with a view to ensuring tenants and landlords fulfil their good conduct responsibilities. P14: Strengthen Council housing allocation policy to give recognition to good tenants and to encourage responsible tenant behaviour and responsibilities P30: Continue to maintain a sound financial position including long-term financial planning
Council outcomes	CO16: Well-housed – People live in a good quality home that is affordable and meets their needs in a well managed Neighbourhood
Single Outcome Agreement	SO4: Edinburgh's communities are safer and have improved physical and social fabric
Appendices	Appendix 1 - Summary of rent arrears written off in 2013/14

Appendix 1: Summary of Rent Arrears written off in 2014/15

The data below represents all accounts identified for write off.

Balances Over £1,000

Balance	Accounts Written Off	Termination Reason
£217,739.24	92	Abandoned
£18,131.71	10	Deceased
£6,536.54	3	Eviction - Anti Social Behaviour
£113,270.04	31	Eviction - Rent Arrears
£3,049.29	1	Institutional Care
£151,880.54	73	Normal*
£17,325.85	10	Rehoused
£2,253.54	1	Succession- Transfer for Family Reasons
£530,186.75**	221	

Balances Under 1,000

Balance	Accounts Written Off	Termination Reason
£28,307.63	53	Abandoned
£43,533.86	169	Deceased
£2,014.08	4	Eviction - Rent Arrears
£3,208.87	16	Institutional Care
£547.26	5	Mutual Exchange
£84,851.04	255	Normal*
£259.98	1	Re-habilitation
£13,664.45	59	Rehouse
£135.27	3	Rehouse on decree
£956.84	2	Succession - Transfer on Death
£1,746.47	6	Succession - Transfer for Family Reasons
£179,225.75**	573	

**Normal terminations will include cases where no notice was given by the tenant, but the 28 day statutory notice period required under their tenancy agreement was applied.*

***The slight variation (£775) in the total write-off figure of £708,638 compared to the breakdown of the accounts included in this appendix is due to payments being made after the write off analysis completed for 2014/15.*

Finance and Resources Committee

10.00am, Thursday, 27 August 2015

Homeless Prevention - Advice and Support: Additional Contracts

Item number	7.20
Report number	
Executive/routine	Executive
Wards	All

Executive summary

The purpose of this report is to approve award of contracts for the provision of housing support for the period 13 October 2014 to 31 March 2016, to a value of £686,442. This will require the Contract Standing Orders to be waived. This is deemed to be in the Council's best interests to ensure continuity of support. These contracts are exempt from full EU tendering requirements as being "Health and Social Services".

This report highlights the:

- Need to have contracts in place to govern support arrangements with providers for individual service users; and
- Risk to service users should services be withdrawn.

Links

Coalition pledges	P11. P13. P14. P32. P36.
Council outcomes	C09. C10. C11. C13. C14. C16. C23. C25. C26
Single Outcome Agreement	S02. S04

Homeless Prevention – Advice and Support: Additional Contracts

Recommendations

It is recommended that Finance and Resources Committee:

- 1.1 Approves the award of contracts to four providers (Blackwood Care, Health in Mind, Link Living and Penumbra) for the period 13 October 2014 to 31 March 2016 to provide housing support to identified individuals, to a total value of £686,442.
- 1.2 Authorises the Contract Standing Orders to be waived, deemed to be in the Council's best interests to ensure continuity of care.
- 1.3 Notes that, in relation to EU tendering, these contracts are categorised as "Health and Social Services" and are exempt from full EU tendering requirements.

Background

- 2.1 The Homelessness Prevention Commissioning Plan, approved by the Policy and Strategy Committee on 6 September 2011, sets out the need to prevent homelessness wherever possible and the key outcomes that will prevent homelessness in Edinburgh. The Homelessness Prevention Commissioning Plan is part of the Council's wider City Housing Strategy 2012-2017.
- 2.2 Finance and Resources Committee, on 30 September 2014, agreed to the award of contracts to a range of providers for the pilot of reshaped Advice and Support services. There are three contracts for housing support (provided on a consortia basis which encompasses 13 partner organisations), one contract for a citywide advice service, one contract for a citywide mediation service and one contract for a citywide home management/food preparation service.
- 2.3 The main purpose of the reshaped services is to provide short-term interventions to prevent people becoming homeless. Contract payments will be dependent on the achievement of relevant outcomes.
- 2.4 The pilot was co-produced with existing voluntary sector providers and commenced 13 October 2014. It will run for 18 months with an option to extend for a further six months. The reshaped services work on a short-term basis to resolve housing crises and prevent people from becoming homeless.
- 2.5 The Commissioning Plan states that housing support should be focussed on short term interventions to prevent people becoming homeless. This change in

the nature of housing support is key to the reshaping of services being piloted under the Advice and Support workstream. In the course of negotiations to develop the pilot, it was apparent that a significant number of people would not benefit from the service model to be piloted, and should continue to receive housing support on a longer term basis. These are predominantly people with mental health problems who generally need a low level of visiting support to help them to continue to live independently.

- 2.6 Agreement was reached with the four providers that these individuals would not be included in the pilot and their support would be purchased on a spot contract basis. At the start of the pilot this arrangement applied to 133 people (though this has now reduced to 126). These support packages would normally have been managed as spot contracts for named individuals but the volume was such that it was more practical to group these in block arrangements with the four providers.
- 2.7 Since the report to Finance and Resources in September 2014, it has been established that there were no formalised contracts in place for the clients who were not included in the pilot. After an assessment of risk, these services have continued to be delivered in order to minimise disruption; however, approval of a waiver would ensure full compliance with Contract Standing Orders until the new contract is in place.

Main report

- 3.1 The spot purchase arrangements have continued on an hourly rate basis while the services in the pilot have moved on to a 'payment by outcomes' system. The hourly rates range from £14.98 to £17.56 and the support packages range between 1.5 to 11.5 hours per week.
- 3.2 The total annual value of the services being spot purchased is £469,672. The value of the waiver is £686,442 to cover the period 13 October 2014 to 31 March 2016. This is the maximum amount which would be payable and it is anticipated that this will reduce over time as individual support requirements come to an end.
- 3.3 The Contract Standing Orders (CSOs) state that, for services in excess of £25,000, a public advertisement followed by an invitation to tender should be carried out before the award of contract. Under Paragraph 9, the CSOs can be waived if justified as a legislative exemption or in the Council's best interests. It is considered that in these circumstances a waiver is justified in the Council's best interests and that these contracts are currently exempt from full EU tendering requirements as they are categorised as "Health and Social Services".
- 3.4 Following a review of the Advice and Support pilot, and in consultation with Commercial and Procurement Services, recommendations will be made to this Committee regarding future procurement of services, including the option of a

competitive tender. This will incorporate the services to individuals covered by the spot purchase arrangements.

- 3.5 The waiver will allow these contracts to run in parallel with the Advice and Support pilot. The intention is to agree framework-type contracts with the four providers which would specify the hours and rates for named individuals detailed within a schedule until 31 March 2016.

Measures of success

- 4.1 The measure of success will be the agreement of formal contracts which will allow housing support services to continue for a number of vulnerable people.

Financial impact

- 5.1 The total value of the waiver is £686,442 to cover the period 13 October 2014 to 31 March 2016. This is likely to reduce as individual support arrangements come to an end. Any reduction in volume will result in savings, but the rate at which this will happen is not predictable and is not expected to be extensive.
- 5.2 Further savings may be possible through the procurement of services which will be informed by the review of the Advice and Support services pilot. This exercise will include these spot purchase arrangements within its scope.

Risk, policy, compliance and governance impact

- 6.1 Should the waiver not be agreed there is a high risk that these vulnerable people could lose their service in an unplanned manner. This consequently increases the risk of people losing their accommodation and becoming homeless.
- 6.2 There is a risk, should the waiver not be agreed, that best value is not being demonstrated in line with CSO's that require all services valued above £25,000 to be competitively tendered. However quality and price are part of continuous improvement discussions and reporting with the incumbent providers.
- 6.3 The contract values for the proposed contracts are above the minimum threshold set for public contracts that are regulated by the European Procurement Regulations, as such there is a risk of challenge to the direct award of these contracts should there be any potential cross-border interest. However, "Health and Social Services" are currently exempt from the full application of EU tendering requirements, but will be incorporated into these requirements through new legislation during 2016.
- 6.4 The Regulations require as a minimum a notification when a contract is awarded for social welfare contracts. There is an opportunity to confirm contract award to meet the Council's obligations, thus reducing potential risk of future challenge.
- 6.5 The risk of challenge by an alternative provider is very low given the nature of the service provided and the short length of the contract.

- 6.6 After an assessment of risk, these services have continued to be delivered in order to minimise disruption; however, approval of a waiver would ensure full compliance with Contract Standing Orders until the new contract is in place.

Equalities impact

- 7.1 An Equalities and Rights Impact Assessment was completed for the Homelessness Prevention Commissioning Plan and a further assessment was carried out in respect of the proposals for Advice and Support services.
- 7.2 The re-commissioning of advice and housing support services for people that are homeless or threatened with homelessness will have a positive impact in that they will receive help to find and retain a home, overcome poverty and access specialist health services. This will support the Council's duty to eliminate harassment of people who are homeless, especially people with a disability, addictions or from a minority ethnic background.
- 7.3 The majority of people receiving housing support under these arrangements have mental health problems and the loss of these services would negatively impact on their rights and their ability to live independently in the community.

Sustainability impact

- 8.1 There is no sustainability impact relating to these proposals.

Consultation and engagement

- 9.1 In 2013, the proposals for Advice and Support workstream were developed through collaborative consultation with current providers, potential providers, service users and stakeholders to develop the model. This was set out in a report to the Health, Social Care and Housing Committee on 12 November 2013.
- 9.2 The exclusion of these service users from the pilot of reshaped Advice and Support services was agreed with providers and clients during the summer of 2014. This was done in the interests of individuals who were assessed and requiring ongoing support and who would have difficulty living independently in the community without the service.
- 9.3 Throughout this process there has been ongoing consultation with Commercial and Procurement Services.

Background reading/external references

- [Homelessness Prevention Commissioning Plan, Policy and Strategy Committee, 6 September 2011](#)
- [Homelessness Prevention Commissioning Plan Update and Proposals for Advice and Support – referral from the Health, Social Care and Housing Committee, Finance and Resources, 28 November 2013](#)

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Links

Coalition pledges	<p>P11. Encourage the development of co-operative housing arrangements</p> <p>P13. Enforce tenancy agreements (council and private landlord) with a view to ensuring tenants and landlords fulfil their good conduct responsibilities</p> <p>P14. Strengthen Council housing allocation policy to give recognition to good tenants and to encourage responsible tenant behaviour and responsibilities</p> <p>P32. Develop and strengthen local community links with the police</p> <p>P36. Develop improved partnership working across the Capital and with the voluntary sector to build on the “Total Craigroyston” mode</p>
Council outcomes	<p>C09. Edinburgh residents are able to access job opportunities</p> <p>C10. Improved health and reduced inequalities</p> <p>C11. Preventative and personalised support in place</p> <p>C13. People are supported to live at home</p> <p>C14. Communities have the capacity to help support people</p> <p>C16. Well-housed – People live in a good quality home that is affordable and meets their needs in a well managed</p> <p>C23. Well engaged and well informed – Communities and individuals are empowered and supported to improve local outcomes and foster a sense of community</p> <p>C25. The Council has efficient and effective services that deliver on objectives</p> <p>C26. The Council engages with stakeholders and works in partnership to improve services and deliver on agreed objectives</p>
Single Outcome Agreement	<p>S02. Edinburgh’s citizens experience improved health and wellbeing, with reduced inequalities in health</p> <p>S04. Edinburgh’s communities are safer and have improved physical and social fabric</p>
Appendices	<p>1. Breakdown of providers and support arrangements</p>

Appendix 1. Breakdown of providers and support arrangements

Provider	No. Spots	Value 2014/15*	Value 2015/16	Combined value 13 Oct 14 to 31 Mar 16
Blackwood Care	16	£26,015	£56,366	£82,381
Health in Mind	56	£72,533	£157,155	£229,688
Link Living	9	£23,399	£50,698	£74,097
Penumbra	45	£94,824	£205,452	£300,276
Total	126	£216,771	£469,672	£686,442

* Values are part-year commencing 13 October 2014

Finance and Resources Committee

10.00 am, Thursday, 27 August 2015

Our Power: Tackling Fuel Poverty for Council Tenants

Item number	7.21
Report number	
Wards	All

Executive summary

The Health, Social Care and Housing Committee on 16 June 2015 considered a report by the Acting Director of Services for Communities seeking approval for the Council, as a social housing provider, to join Our Power and enter into agreement with the company as the preferred supplier for its empty homes.

Links

Coalition pledges	See attached report
Council outcomes	See attached report
Single Outcome Agreement	See attached report
Appendices	See attached report

Terms of Referral

Our Power: Tackling Fuel Poverty for Council Tenants

Terms of referral

- 1.1 The Health, Social Care and Housing Committee on 16 June 2015 considered a report by the Acting Director of Services for Communities seeking approval for the Council, as a social housing provider, to join Our Power and enter into agreement with the company as the preferred supplier for its empty homes.
- 1.2 Details were provided of Our Power which was a new, non-profit distributing Community Benefit Society, set up by a consortium of Scottish Housing Associations, led by Edinburgh based housing association Castle Rock Edinvar.
- 1.3 Our Power would be a nationwide supplier of affordable and renewable energy with a main objective to tackle fuel poverty through the supply of affordable and renewable energy to social housing tenants. Social housing tenants would be the core customers of the company.
- 1.4 The Health Social Care and Housing Committee agreed.
 - 1.4.1 To approve the proposal for the Council, as a social housing provider, to join Our Power and enter into agreement with the company as the preferred supplier for its empty homes.
 - 1.4.2 To note the relationship with Energy for Edinburgh, the Council-led ESCo, and opportunities for collaborative working.
 - 1.4.3 To refer this report to Finance and Resources Committee for ratification.

For Decision/Action

- 2.1 To approve the proposal for the Council, as a social housing provider, to join Our Power and enter into agreement with the company as the preferred supplier for its empty homes.

Background reading / external references

Health, Social Care and Housing Committee 16 June 2015.

Carol Campbell

Head of Legal, Risk and Compliance

Contact: Blair Ritchie, Assistant Committee Clerk

Links

Coalition pledges	See attached report
Council outcomes	See attached report
Single Outcome Agreement	See attached report
Appendices	See attached report

Health, Social Care and Housing Committee

10am, Tuesday, 16 June 2015

Our Power: Tackling Fuel Poverty for Council Tenants

Item number	7.14
Report number	
Executive/routine	Executive
Wards	All

Executive summary

Our Power is a new, non-profit distributing Community Benefit Society, set up by a consortium of Scottish Housing Associations, led by Edinburgh based housing association Castle Rock Edinvar. The Society will operate a licensed energy supply company.

Our Power will be a nationwide supplier of affordable and renewable energy. Its main objective is to tackle fuel poverty through the supply of affordable and renewable energy to social housing tenants. Social housing tenants will be the core customers of the company.

It is proposed that the Council joins Our Power to benefit Council tenants by providing access to affordable energy and exemplary customer service.

Links

Coalition pledges	P28, P50
Council outcomes	CO8, CO10, CO18, CO26
Single Outcome Agreement	SO1 SO2

Our Power: Tackling Fuel Poverty for Council Tenants

Recommendations

It is recommended that Health, Social Care and Housing Committee:

- 1.1 Approves the proposal for the Council, as a social housing provider, to join Our Power and enter into agreement with the company as the preferred supplier for its empty homes.
- 1.2 Notes the relationship with Energy for Edinburgh, the Council-led ESCo, and opportunities for collaborative working.
- 1.3 Refers this report to Finance and Resources Committee for ratification.

Background

- 2.1 Our Power is a new Community Benefit Society (CBS) set up to address the pressure in the current energy sector to tackle fuel poverty for social housing tenants. The housing associations developing Our Power found that significant investment to their homes was not addressing fuel poverty for their tenants, due to low incomes and high energy costs. Our Power is a non-profit distributing membership organisation. It is asset-locked to ensure that the public benefit or community benefit of any public funding is maintained, and cannot be of private benefit.
- 2.2 Under this structure, it will set up a licensed energy supply company, aiming to provide long-term affordable energy prices for social housing tenants. The Our Power Business Plan has been completed by a consortium of Scottish housing associations led by Castle Rock Edinvar. The company is currently in the final stages of raising the necessary working capital, to enter the market.
- 2.3 Our Power approached the Council in 2013, as part of discussions on co-operative and collaborative working. This led to a Scottish Government Warm Homes funded feasibility and case study on how a local authority could become involved, and how Council tenants could benefit from the Council's membership of the supply company. The study found that there were opportunities for collaboration to deliver the Council's ambitions, goals and targets in reducing fuel poverty and carbon emissions, through supporting the licensed energy supply company and the wider goals of developing a renewable generation pipeline and engagement in district heating.
- 2.4 Energy for Edinburgh is the Council-led Energy Services Company which is under development. A report on this was considered by the City of Edinburgh Council on 25 September 2014. It will be set up as an arms length company to

deliver energy projects. The first projects will focus on energy retrofit of non-domestic buildings, renewable energy generation and district heating. The Council ESCo does not plan, at this stage, to become an energy supply company. Its purpose is to drive the implementation of the Sustainable Energy Action Plan (SEAP), enabling and coordinating, with a strategic remit across the energy agenda. Housing and Regeneration projects are included in the SEAP and the service has been included in consultation on this plan.

- 2.5 The City Housing Strategy 2012-17 Annual Review and the Homes and Energy Strategy were considered at Health, Social Care and Housing Committee at its meeting of 17 June 2014. Alleviating fuel poverty is a key a priority of the City Housing Strategy. Consultation with Council tenants has established that reducing energy costs is one of the four investment priorities for the Housing Revenue Account (HRA), along with building new affordable homes, providing a quality repairs service and investing in neighbourhoods.

Main report

- 3.1 The Homes and Energy Strategy approved by Health, Social Care and Housing Committee, in June 2014, identified four priorities:
- building new energy efficient homes;
 - improving existing homes;
 - reducing the cost of energy and; and
 - providing and promoting education and advice for Edinburgh residents to help them save money and energy.
- 3.2 Tenant feedback through the Tenants' Survey 2013 and the 'Your Rent Your Priorities' consultation on the Council's future rent strategy showed that tenants are concerned about energy prices and the negative effect that price increases have on their incomes. The Tenants' Survey showed that 37% of tenants said they have had trouble affording to heat their homes, and 52% said they knew little or nothing about using energy efficiently.
- 3.3 Membership of Our Power gives the Council an opportunity to have an impact on the cost of energy for tenants. Our Power aims to provide competitive tariffs, replace prepayment meters with pay as you go services on standard tariffs, and provide smart meters to help tenants use energy efficiently. Membership of the Community Benefit Society offers the Council the opportunity to work with Our Power as a partner, and in collaboration with around 40 housing associations and other local authority landlords in Scotland.
- 3.4 Social housing tenants are the intended core customers for Our Power. The company expects to be able to offer its customers an estimated £100 reduction in the price of energy per customer, per year, with additional energy efficiency gains as a result of having a smart meter. It also anticipates that this will improve the quality of life for the majority of these customers, through being able to top-

up their energy account from home, as well as having an improved customer experience. Our Power also aims to offer eligible tenants the Warm Homes Discount, which is currently £140.

Membership

- 3.5 Our Power will be a membership organisation made up of housing associations and local authority housing services. Membership of Our Power would require the Council to transfer the energy supply for empty homes to Our Power. It is estimated that this would mean between 1300 and 1600 new accounts each year. As a member, the Council would also be expected to raise awareness of Our Power as an energy supplier to existing tenants.
- 3.6 Around 40 social landlords across Scotland have expressed an interest in joining Our Power, with a combined housing stock of around 220,000. The company will follow a controlled market entry plan, aiming to provide energy to 150,000 to 200,000 tenants over the next five years.
- 3.7 Our Power will also develop a number of other businesses, including metering services, district heating and energy advice. Membership is open to social housing providers across Scotland and the north of England. The cost of joining is £10,000.
- 3.8 Membership of Our Power will reinforce the Council's strategy to raise awareness of energy efficiency with tenants, address the cost of energy in tenants' homes and develop longer term investment plans to improve energy efficiency through upgraded heating systems and options for district heating.
- 3.9 Membership of Our Power would replace the current default energy supplier arrangement with Scottish Southern Electric (SSE), where empty homes are transferred to SSE. The benefit of this contract is primarily to ensure tenants have an energy supplier at the start of their tenancy, although tenants can change to any supplier once they move in. Three months notice is required to end the SSE contract.
- 3.10 The arrangement proposed is beneficial for tenants, as it links the roll-out of smart meters and competitive tariffs for prepayment customers, with enhanced energy advice and support from Our Power. With a default energy supplier offering a competitive deal from the beginning of their tenancy, tenants are at less risk of falling into arrears with their utility company.
- 3.11 Our Power's objective is to provide a competitive tariff to tenants, in particular those on prepayment meters. Prices for gas and electricity are not yet confirmed, as the company has not yet started trading. If the prices charged by Our Power to tenants were not competitive once the company launches, the Council may seek an alternative default energy supplier.
- 3.12 Our Power aims to begin controlled market entry throughout July and August 2015, as it is required by Ofgem to sign up the first 1,000 customers slowly to

ensure that its systems and processes work correctly. The Council would join once it has ended its contract with its current supplier.

Longer term relationship

- 3.13 Our Power has had advanced discussions with potential social impact investors to allow the company to enter into energy purchasing agreements with wholesalers.
- 3.14 There is a longer term opportunity for the Council and Our Power to form a partnership to deliver renewable energy and district heating schemes. As reported to Corporate Policy and Strategy Committee in January 2014, a study was funded by the Warm Homes Fund to scope:
- How Our Power could supply energy to new and existing tenants.
 - The opportunity for Our Power to deliver district heating schemes.
 - Energy generation opportunities from the housing estate, including renewable energy, and low carbon distribution such as district heating.
- 3.15 There is an opportunity for the Council to invest into Our Power on a commercial basis, in the form of debt funding. This would give the Council a return on investment and meet a range of social objectives on fuel poverty and employment. It would support the priorities of the Council-led ESCo. Becoming a member, and investing in Our Power, provides an opportunity for the Council to participate in shaping the company as it develops.

Measures of success

- 4.1 Measures of success will include a significant reduction in fuel poverty, reduced energy bills for tenants by around £100 per year, and satisfaction with Our Power as an energy supplier.

Financial impact

- 5.1 The cost of joining Our Power to benefit tenants directly through supplying affordable energy is £1 per home, capped at £10,000. Therefore with 20,000 homes the Council will pay £10,000. This can be contained within current HRA budgets.
- 5.2 As a member, an opportunity would exist to invest in Our Power in future. Up to £1.5 million could be invested from the HRA. This would generate a good rate of annual return to the HRA over five years, as income to the HRA to benefit tenants. A range of investment options are available to minimise risk to the Council. A social return is expected on the investment, potentially to include jobs based in Edinburgh, and savings on energy bills allowing tenants to spend more of their income in the local economy. The current assumption is that Our Power will secure support from a range of social investors. £1.5 million is indicative of a share between a group of four or five investors. Each £1 million in additional investment is expected to allow Our Power to provide energy to an

additional 13,000 customers. Any decisions on an investment proposal will be subject to a business case being agreed by the relevant Council committee.

Risk, policy, compliance and governance impact

- 6.1 As a Community Benefit Society, Our Power is governed by a board of directors selected from its members, who may be housing association landlords, local authority landlords, energy co-operatives and community controlled organisations. Housing association members must always be in the majority on this board. Membership requires the purchase of at least one share in the Society; shares have a nominal value of £1. Members agree to participate in meetings and take an active role in the development of the business. As a member, there could be a reputational risk in the event of insolvency, but the liability of a member is limited to the amount of their shareholding.
- 6.2 As a member of Our Power, the Council would be required to allow Our Power to provide an energy supply to empty homes prior to them being let to new tenants. As they can now, Council tenants would have the ability to move to another energy provider if they were unhappy with the cost or quality of the service. The Council currently has a default energy supplier arrangement with SSE. If the Council agrees to become a member of Our Power, it would terminate the existing contract with the current supplier. The current contract allows for a three month notice to terminate the contract.
- 6.3 The membership requirement to provide Our Power with the opportunity to provide the energy supply to Council empty homes means that there is a potential risk of challenge from other private sector energy supply companies which have not had the opportunity to compete for this business. If a challenge was made a potential outcome would be that the Council may be required to end its membership of Our Power and tender this service.
- 6.4 There is potential in the future to develop a collaborative partnership between Energy for Edinburgh and Our Power and share expertise in the development of energy supply and generation. This could include the delivery of renewable energy and low carbon distribution projects. A detailed report on Energy for Edinburgh was considered by the City of Edinburgh Council on 25 September 2014.

Equalities impact

- 7.1 Council tenants would retain the option to switch their supplier. The Tenants' Survey (2013) shows few tenants switch supplier. If the default energy supplier is aligned with social housing providers to offer a good standard tariff to tenants, in particular those with prepayment meters, this would have a positive impact on equalities. It is estimated that just over 40% of tenants have prepayment meters.

Sustainability impact

- 8.1 Our Power aims to buy energy from a minimum of 30% renewable sources (70% from wholesale energy markets), investing in renewable energy generation such as wind farms, increasing this over time. Membership of Our Power contributes to meeting Council pledges on greenhouse gases and addressing poverty and inequality.

Consultation and engagement

- 9.1 The Tenants' Survey 2013 results showed that large numbers of tenants were concerned about their energy bills, had found it more difficult to pay their bills over the previous year, and did not know where to seek energy advice. The Edinburgh Tenants Federation (ETF) indicated support for the proposal contained in this report at the bi-monthly meeting with Housing Managers on 18 March 2015.
- 9.2 Our Power provided a briefing to the Convenors and Vice Convenors of the Health, Social Care and Housing and Transport and Environment Committees in September 2014.
- 9.3 The 'Your Rent, Your Priorities' consultation identified improving the energy efficiency of homes as a priority, and the tenants who responded to this consultation also felt that energy prices should be reduced to help address fuel poverty. Use of HRA funding to benefit tenants was identified as an important priority.

Background reading/external references

[21 January 2014, Corporate Policy and Strategy Committee, Energy Services Companies](#)

[5 June 2014, Finance & Resources Committee, Council Energy Services Company](#)

[5 June 2014, Finance & Resources Committee, Procurement of Default Energy Supplier Arrangement](#)

[25 September 2014, City of Edinburgh Council, Energy for Edinburgh](#)

[3 February 2015, Finance and Resources Committee, Housing Revenue Account Budget 2015/16](#)

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Health Social Care and Housing Committee – 16 June 2015

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Links

Coalition pledges	P28 - Further strengthen our links with the business community by developing and implementing strategies to promote and protect the economic well being of the city P50 - Meet greenhouse gas targets, including the national target of 42% by 2020
Council outcomes	CO8 Edinburgh's economy creates and sustains job opportunities CO10 - Improved health and reduced inequalities CO18 - Green - We reduce the local environmental impact of our consumption and production CO26 - The Council engages with stakeholders and works in partnership to improve services and deliver on agreed objectives
Single Outcome Agreement	SO1 - Edinburgh's Economy Delivers increased investment, jobs and opportunities for all SO2 - Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health
Appendices	None

Finance and Resources Committee

10.00 am, Thursday, 27 August 2015

Invest to Improve, Invest to Grow – Edinburgh Housing Revenue Account Business Plan

Item number	7.22
Report number	
Wards	All

Executive summary

The Health, Social Care and Housing Committee on 16 June 2015 considered a report by the Acting Director of Services for Communities seeking approval for the Housing Revenue Account (HRA) Business Plan 2015/16 to 2045/46

Links

Coalition pledges	See attached report
Council outcomes	See attached report
Single Outcome Agreement	See attached report
Appendices	See attached report

Terms of Referral

Invest to Improve, Invest to Grow – Edinburgh Housing Revenue Account Business Plan

Terms of referral

1.1 The Health, Social Care and Housing Committee on 16 June 2015 considered a report by the Acting Director of Services for Communities seeking approval for the Housing Revenue Account (HRA) Business Plan 2015/16 to 2045/46, which identified key investment priorities for the HRA and how risk was managed through effective treasury and performance management. Details were provided of the following key drivers for the HRA Business Plan:

- Increasing the supply and quality of homes.
- Creating successful communities.
- Delivering tenant investment priorities.
- Ensuring value for money for Council tenants.
- Supporting the Council's Transformation Programme.
- Supporting health and social care objectives.

1.2 The Health Social Care and Housing Committee agreed.

1.2.1 To note the robust approach to risk management set out in the Housing Revenue Account Business Plan.

1.2.2 To note that the HRA Business Plan, supported the Council's transformation objectives, particularly in relation to channel shift and providing locally focussed services.

1.2.3 To approve the HRA Business Plan priorities set out in "Invest to Improve, Invest to Grow."

1.2.4 To refer the report to Finance and Resources Committee to seek approval to review options for increasing the HRA's contingency and future investment fund over the next five years.

For Decision/Action

2.1 To agree to review the options for increasing the HRA's contingency and future investment fund over the next five years.

Background reading / external references

Health, Social Care and Housing Committee 16 June 2015.

Carol Campbell

Head of Legal, Risk and Compliance

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Links

Coalition pledges	See attached report
Council outcomes	See attached report
Single Outcome Agreement	See attached report
Appendices	See attached report

Health, Social Care and Housing Committee

10.00am, Tuesday, 16 June 2015

Invest to Improve, Invest to Grow – Edinburgh Housing Revenue Account Business Plan

Item number

Report number

Executive/routine

Executive

Wards

All

Executive summary

This report seeks Committee approval of the Housing Revenue Account (HRA) Business Plan 2015/16 to 2045/46, which identifies key investment priorities for the HRA and how risk is managed through effective treasury and performance management.

The report sets out key drivers for the HRA Business Plan:

- Increasing the supply and quality of homes
- Creating successful communities
- Delivering tenant investment priorities
- Ensuring value for money for Council tenants
- Supporting the Council's Transformation Programme
- Supporting health and social care objectives

The report highlights that the HRA is in a sound financial position and able to support investment that will deliver better quality homes for Council tenants, a significant increase in new affordable homes across the city. In doing this it supports Council wide health and social care and economic objectives.

Links

Coalition pledges [P8](#), [P9](#) and [P30](#)

Council outcomes [CO7](#), [CO8](#), [CO9](#), [CO10](#), [CO16](#), [CO19](#) and [CO25](#)

Single Outcome Agreement [SO1](#) and [SO4](#)

Invest to Improve, Invest to Grow – Edinburgh’s Housing Revenue Account Business Plan

Recommendations

It is recommended that Health, Social Care and Housing Committee:

- 1.1 Notes the robust approach to risk management set out in the HRA Business Plan.
- 1.2 Notes that the HRA Business Plan, supports the Council’s transformation objectives, particularly in relation to channel shift and providing locally focussed services.
- 1.3 Approves the HRA Business Plan priorities set out in *Invest to Improve, Invest to Grow*.
- 1.4 Refers the report to Finance and Resources Committee to seek approval to review options for increasing the HRA’s contingency and future investment fund over the next five years.

Background

- 2.1 The HRA is a ring-fenced account that holds all income and expenditure relating to the Council’s landlord service. All income to the HRA is derived from rent and service charges paid by Council tenants and service users, or by the sale or lease of HRA land and properties.
- 2.2 Local authorities must ensure that their HRAs are managed in accordance with the Scottish Government’s Guidance on the Operation of Local Authority Housing Revenue Accounts (HRAs) in Scotland. The key principle of the guidance is that HRA assets must be used to chiefly benefit present or prospective tenants.
- 2.3 The HRA has an annual revenue budget of approximately £100 million and capital investment programme of around £45 million each year.

Main report

- 3.1 The purpose of this report is to set out the key strategic drivers behind the HRA Business Plan (Appendix) and to seek approval of the key priorities for investment.

- 3.2 The HRA Business Plan covers a rolling 30 year period, 2015/16 to 2045/46. The plan focuses on the management of the Council's housing related assets and challenges facing the housing service. The plan is a working document which is reviewed annually and sets out investment priorities for the HRA and the approach to managing risk.
- 3.3 The HRA Business Plan is part of a suite of plans which sets the strategic direction for the housing service. This includes a Service Transformation Plan which is currently under development and an Asset Management Strategy which is currently under review.
- 3.4 The housing service is characterised by high levels of tenants' satisfaction and high service standards. Benchmarking shows that Edinburgh is in the top three local authorities in Scotland for tenants' satisfaction in relation to the housing service, quality of home and neighbourhood. The housing service also provides a repairs service with standards that are consistently higher than the average employed by other landlords.
- 3.5 Whilst performance is good, there is scope for improvement and the ambition is to become the best performing landlord in Scotland. The key strategic drivers for the HRA Business Plan are:
- Increasing the supply and quality of homes
 - Creating successful communities
 - Delivering tenant investment priorities
 - Ensuring value for money for Council tenants
 - Supporting the Council's Transformation Programme
 - Supporting health and social care objectives.
- 3.6 These drivers are addressed through the Invest to Improve, Invest to Grow strategy which the Business Plan will seek to deliver.

Invest to Improve

- 3.7 Invest to Improve reflects the priority given to providing a quality service for existing tenants.
- 3.8 All social rented homes are required to meet the Scottish Housing Quality Standard by 2015 and this has been a major driver of our investment programme over recent years. The Council complies with the requirements of SHQS. However, around 3,000 homes are currently classed as in abeyance as it has not been possible to bring the properties up to the standard where tenants or in some cases, neighbouring owners, being unwilling to participate in improvement works. Almost all of these abeyances are due to the lack of a secure door entry system.

- 3.9 Investment priorities have been identified and agreed by the Council, based on engagement with tenants through 'Your Rent, Your Priorities' consultation, statutory requirements and what we know about the condition of the housing stock. The top priorities for tenants are:
- Reducing household energy costs
 - Building new affordable homes
 - Providing a quality repairs service
 - Investing in neighbourhoods.
- 3.10 At its meeting on 11 November 2014, the Health, Social Care and Housing Committee agreed that one of the priorities for capital investment should be aiming to have no kitchen or bathroom over 20 years old by 2020. The Business Plan ensures resources are available to deliver this commitment, with a view to prioritising those living in sheltered housing.
- 3.11 Further consultation will take place with tenants over summer/autumn 2015 to review these priorities and ensure any emerging tenant priorities are addressed in next year's budget.
- 3.12 A priority for the HRA Business Plan is also ensuring more effective engagement with owners in mixed tenure blocks. The Council owns homes in approximately 4,500 blocks and is a minority owner in around 45% of them. Managing common repairs and improvements in these blocks is challenging and the service needs to invest in working more intensively with these owners to ensure that Council tenants in mixed tenure blocks do not lose out in terms of the quality of their home. This will include making better use of legislative tools such as the Tenement Management Scheme (TMS) to ensure repairs and improvements can be carried out. Despite significant improvements to homes, some mixed tenure blocks and estates are beginning to suffer from a lack of investment. This is having an adverse impact on the appearance of estates and satisfaction with local neighbourhoods.
- 3.13 The challenge of mixed tenure works will also be addressed through:
- selective acquisition and disposal of homes which is currently being piloted; and
 - reviewing approaches to planned maintenance in mixed tenure blocks.

Invest to Grow

- 3.14 Edinburgh needs around 40,000 new homes over the next 10 years (according to the Housing Need and Demand Assessment for South East Scotland). In 2014/15, 1,437 affordable homes were approved, with the majority of new affordable homes being delivered through the Affordable Homes Supply

Programme, National Housing Trust and the Council's 21st Century Homes programme.

- 3.15 The number of homes being delivered directly by the housing service has doubled since the 21st Century Homes Programme began. Through exploring innovative models, the Housing service is delivering affordable homes through a number of Limited Liability Partnerships (LLPs) as well as through 21st Century Homes.
- 3.16 House building contributes significantly to economic growth and the economic wellbeing of the city. Ensuring there is an adequate supply of affordable homes is essential if the city is to continue to thrive and grow.
- 3.17 The 21st Century Homes model has proved to be a robust and affordable model that not only helps meet housing needs and economic objectives, but also strengthens the HRA Business Plan through recovering investment costs quickly and increasing the income stream to the HRA over the long-term.
- 3.18 The Council has already agreed to develop a business case for expanding the 21st Century Homes Programme by a further 400 homes but there is an opportunity to expand this further. The HRA has the capacity to support an ongoing new build programme of at least 500 homes a year over the next 10 years through a combination of prudential borrowing, developer contributions and the strategic use of contingency funding. There may be scope to reduce the cost to the HRA by identifying additional Scottish Government grant funding through the Affordable Housing Supply Programme.
- 3.19 Through using HRA resources to acquire sites from the Council's General Fund and from other public sector bodies, such as the NHS, there is an opportunity for the Council to drive house building and economic growth in the city, meeting the city's housing and health objectives.

Managing Risk

- 3.20 The HRA is in a strong financial position and capable of supporting the Invest to Improve, Invest to Grow strategy. This is a result of robust management, including effective treasury management which has meant that the cost to tenants of borrowing has been minimised. Through adopting a strategy of repaying expensive debt, this has freed up capacity within the HRA for new investment.
- 3.21 Any major capital investment programme is tested for viability and its impact on the Business Plan. This ensures that the impact of any major investment is considered and any risks mitigated and managed.
- 3.22 In February 2015, the Council approved an HRA Budget which was based on three core assumptions:
 - Investment requirements of existing homes are met

- A minimum of £20 million set aside in the investment and contingency fund to absorb any short term impacts in income reduction or support any unforeseen expenditure;and
 - The construction of 400 additional Council homes over the period 2017/18 to 2019/20.
- 3.23 The HRA investment and contingency fund is held within the Repairs and Renewal (R&R) Fund, which was historically made up of a combination of General Fund and HRA contributions. In 2013/14, £13.20 million was transferred out of the R&R Fund and into General Fund contingency to enable maximum flexibility in regard to the use of contingencies and to underpin financial plans. £10.26 million of this was HRA derived and as a result has been returned to the HRA in 2015/16. Since the original transfer in 2013/14, the R&R Fund has exclusively been an investment and contingency fund for the HRA.
- 3.24 Over the next five years £50 million of HRA investment is required for the 21st Century Homes programme. The investment and contingency fund currently stands at £35 million. The Housing service plans to generate income to contribute £35 million to the fund over the next five years, meeting this £50 million funding requirement and aiming to hold a minimum of £20 million in uncommitted contingency at the end of the period.
- 3.25 It is prudent business planning to ensure the HRA maintains a contingency fund to address risks and ensure peaks and troughs of life cycle investment can be met. The establishment of the uncommitted contingency is required to ensure the HRA can react to and absorb short term impacts on income reduction caused by welfare reform, as well as supporting any unforeseen expenditure in response to emergencies and events, such as severe weather.

Priorities for the HRA Business Plan

- 3.26 The Business Plan identifies that the HRA is in a robust position and capable of meeting the challenges ahead. The priorities for the HRA Business Plan are:
- To meet tenants' priorities and aspirations through delivering a capital investment programme that will reduce energy costs, deliver more affordable homes and improve neighbourhoods.
 - To develop more effective ways of engaging with owners to manage the long term maintenance of mixed tenure blocks.
 - To explore the potential for 21st Century Homes to be further expanded, with the aim of delivering at least 500 additional affordable homes each year for 10 years.
 - To step up the Council's approach to meeting housing need through exploring potential for the HRA to support acquisition of key sites from partners to deliver shared housing and health and social care objectives.

- To develop the Housing Service Transformation Plan to ensure the service is geared up to meet these challenges and supports the Council's Transformation Programme, particularly in relation to channel shift and focus on local delivery.

Measures of success

- 4.1 Edinburgh is the best performing landlord in Scotland for tenant satisfaction.
- 4.2 Council homes meet and are maintained at a level which exceeds the SHQS.
- 4.3 Council homes meet EESSH by 2020.
- 4.4 At least 500 additional affordable homes delivered each year over 10 years.

Financial impact

- 5.1 The HRA Business Plan ensures that the HRA is in a position to deliver investment requirements and manage risk. Delivering the priorities identified in this report is financially viable based on the current rent strategy.
- 5.2 Over the next five years the Business Plan projects total income of £533 million (net rental income of £480 million).
- 5.3 Gross expenditure over the next five years is projected at £499 million, resulting in net income of £35 million.
- 5.4 The Business Plan currently projects capital expenditure of £270 million over the next five years (of which £97 million is investment in the 21st Century Homes programme).
- 5.5 The Repairs and Renewal (R&R) Fund holds £34.5 million for future investment and contingency planning. The Business Plan assumes that a total of £50 million will be required from HRA's investment and contingency fund to deliver the 21st Century Homes Programme and going forward this fund will need to be topped up. The business plan projects an uncommitted £20 million contingency fund by 2020. This is dependent on the HRA being able to deliver income over and above its year on year operating requirements.

Risk, policy, compliance and governance impact

- 6.1 Failure to establish a robust business plan may result in reduced investment in existing Council homes and services, which would have a negative impact on performance and tenant satisfaction.
- 6.2 The rent strategy is reviewed annually so it continues to ensure affordability for tenants and sustainability for the HRA.
- 6.3 Business planning assumptions are reviewed every six months to ensure they are current and that the business plan continues to be robust and viable.

- 6.4 The Business Plan projects an uncommitted contingency of £20 million by 2020. Given the risks facing the HRA, this is a relatively small amount and options to increase this to approximately 50% of annual operating costs will be explored.

Equalities impact

- 7.1 The proposals in the report will have a positive impact on Council tenants.
- 7.2 Investing in improving the condition of existing homes will increase energy efficiency.
- 7.3 Investment is also targeted at supporting people who need accessible homes, whether that is through facilitating disabled adaptations or through building new accessible homes.

Sustainability impact

- 8.1 Invest to improve will increase energy efficiency and reduce carbon emissions.
- 8.2 Invest to grow will deliver new affordable homes on brownfield sites, reducing pressure on Edinburgh's green belt. New homes are built to high standards in terms of energy efficiency and sustainability.

Consultation and engagement

- 9.1 An extensive Tenant Survey was carried out in 2013, the results of which are helping to inform future investment priorities and the shape of the housing service. Over 1,000 tenants were surveyed, with the results being reported to Health, Social Care and Housing Committee on 18 June 2013. A further survey will be carried out in autumn 2015 to inform future investment and will feed into next years business plan review.
- 9.2 Tenant priorities were identified through the Your Rent, Your Priorities consultation which took place in 2013 and 2014. The purpose of the consultation was to identify tenants' priorities for investment and views on affordability to help inform the Council's future rent strategy and business plan.
- 9.3 Tenant Panel meetings were held across the city in January to discuss the draft Budget for 2015/16 and these discussions have helped to inform priorities for this business plan.

Background reading/external references

[Council Housing Business Plan – Investment Strategy and Rent Options 2015-2020, Report to Health, Social Care and Housing Committee, 11 November 2014](#)

Investing in Edinburgh's Council Housing - HRA Capital Programme 2015/16, Report to Health, Social Care and Housing Committee, 16 June 2015

City Housing Strategy 2012-2017 Annual Review, Report to Health, Social Care and Housing Committee, 16 June 2015

John Bury

Director of Services for Communities

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Links

Coalition pledges	P8 - Make sure the city's people are well-housed, including encouraging developers to build residential communities, starting with Brownfield sites P9 - Work in partnership with Scottish Government to release more funds for Council homes for rent P30 - Continue to maintain a sound financial position including long-term financial planning
Council outcomes	CO7 - Edinburgh is an excellent place in which to live, study, work, visit and invest CO8 - Edinburgh's economy creates and sustains job opportunities CO9 - Edinburgh residents are able to access job opportunities CO10 - Improved Health and reduced inequalities CO16 - Well-housed – People live in a good quality home that is affordable and meets their needs in a well managed Neighbourhood CO19 - Attractive Places and Well Maintained – Edinburgh remains an attractive city through the development of high quality buildings and places and the delivery of high standards and maintenance of infrastructure and public realm CO25 - The Council has efficient and effective services that deliver on objectives
Single Outcome Agreement	SO1 - Edinburgh's Economy Delivers increased investment, jobs and opportunities for all SO4 - Edinburgh's communities are safer and have improved physical and social fabric
Appendices	Appendix 1: Business Plan

HRA Business Plan 2015/16-2045/46

Invest to Improve, Invest to Grow

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- Improve rent collection and tenancy sustainment.
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- Improve mixed tenure management and cyclical maintenance.
- Listen to what our tenants are telling us.

4. Invest to Improve – Asset Management

- Scottish Housing Quality Standard
- Kitchens and Bathrooms Programme
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- Mixed Tenure Management

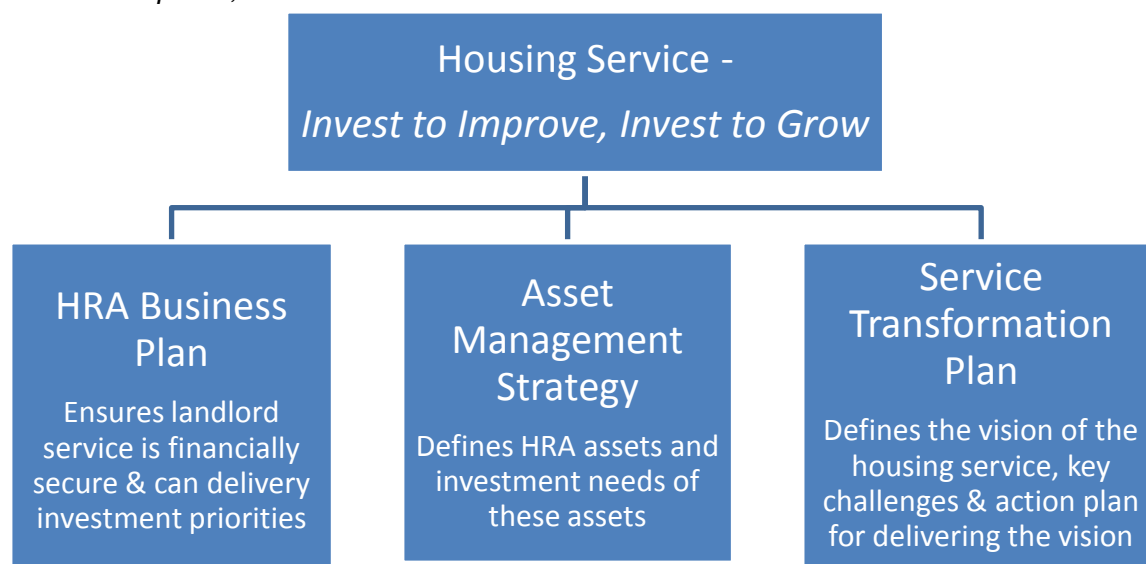
5. Invest to Grow

- Progress to date
- Potential for Growth

1. Context

Introduction

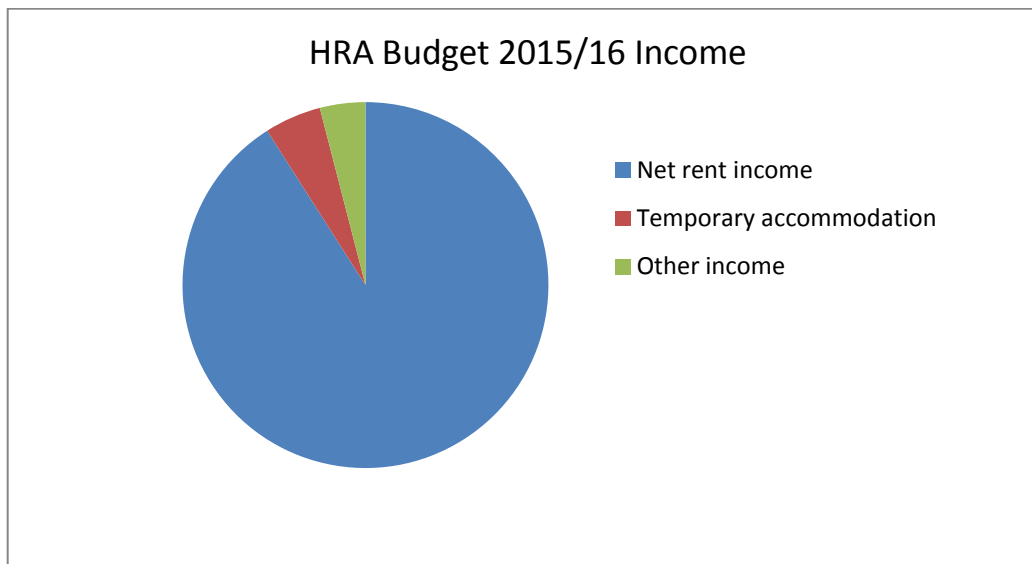
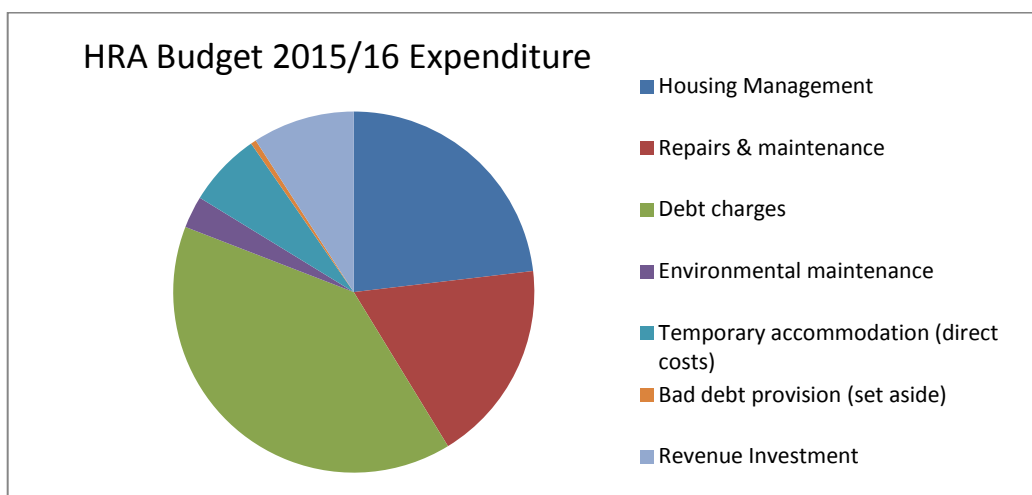
- 1.1. Edinburgh's housing service is one of the largest landlords in the country, providing housing services to nearly 20,000 tenants. It has an annual revenue budget of approximately £100 million and capital investment programme of around £46 million. The service is in the top three local authority landlords in Scotland for tenant satisfaction with service, home and neighbourhood.
- 1.2. Satisfaction is high amongst Edinburgh's Council tenants, and maintaining this requires significant investment in homes and services.
- 1.3. Edinburgh is a growing city with a large unmet demand for housing of all tenures. Demand for Council homes is high across the city with no areas of low demand. There is a need for approximately 40,000 new homes over the next 10 years. The Council has an excellent record in delivering new affordable homes, however housing need will not be met at current rates of delivery. Significantly increased investment is required.
- 1.4. This is a robust business plan which allows the service to deliver an ambitious investment programme to improve tenants' homes and meet housing need.
- 1.5. The Housing Revenue Account (HRA) Business Plan covers the 30 year period 2015/16 to 2045/46. The plan concentrates on the management of the Council's housing related assets and the challenges facing the housing service. The Plan is a working document which is reviewed annually and sets out investment priorities for the HRA and the approach to managing risk.
- 1.6. The HRA Business Plan is part of a suite of plans which set the strategic direction for the housing service. The approach set out in these plans will enable the service to *Invest to Improve, Invest to Grow*.



What is the Housing Revenue Account?

- 1.7. The HRA records all income and expenditure relating to a local authority's landlord service. It is a ring-fenced account which means that the Council must collect sufficient income from rents to cover HRA expenditure.

- 1.8. All income to the HRA is derived from rent and service charges paid by Council tenants or by the sale or lease of HRA land and properties. Borrowing based on rental income funds capital investment in improvement programmes and the Council's 21st Century Homes programme.
- 1.9. The chart below shows HRA income and expenditure for 2015/16, based on the Budget agreed by Council at its meeting on 12 February 2015.



1.10. Local authorities must ensure that their HRAs are managed in accordance with the Scottish Government's Guidance on the Operation of Local Authority Housing Revenue Accounts in Scotland.

1.11. The key principles of this guidance are that:

- The HRA must comply with legislation, statutory guidance and accounting codes of practice;

- HRA assets must be used to benefit present or prospective tenants either in direct usage or as investment properties providing a financial return;
- There must be a robust, written methodology for calculating and allocating HRA costs (including internal costs charged by the Council to the HRA);
- There must be clear, published mechanisms and procedures for consulting with tenants on matters of financial transparency; and
- Where appropriate, non-council tenants living in mixed tenure areas benefiting from HRA provided services are charged for goods and services.

Strategic Drivers

- 1.12. The housing service is characterised by high levels of tenant satisfaction and high service standards. Benchmarking information shows that Edinburgh is in the top three local authorities in Scotland for tenant satisfaction in relation to the housing service, quality of home and neighbourhood.
- 1.13. The housing service also provides a repairs service with standards that are consistently higher than the average employed by other landlords.
- 1.14. Whilst performance is good, there is scope for improvement and the ambition is to become the best performing landlord in Scotland. The Housing Service Transformation Plan is currently under development and will set out the vision and strategic direction for the service.
- 1.15. One of the key drivers for the Business Plan is ensuring best value for money for tenants. Benchmarking shows that the service already provides good value for money in terms of housing management costs, and the cost to the HRA for repairs is reducing as a result of improved quality through capital investment. Some overheads are above average compared to other landlords. One of the objectives of *Invest to Improve*, *Invest to Grow* is to reduce costs to the HRA (and therefore to tenants) whilst improving services.
- 1.16. The Council's Transformation Programme is a key driver for the Business. Channel Shift will form a key part of the Housing Transformation Service Plan by ensuring the Council's tenants are equipped to make the best use of new channels, digital inclusion is a key part of *Invest to Improve*, *Invest to Grow*.
- 1.17. The Business Plan and Service Transformation Plan are also intended to support the BOLD objective of becoming more locally focussed, delivering a more holistic service that meets the needs of customers in the most efficient and cost effective way.
- 1.18. A key driver for the HRA Business Plan is meeting the aspirations of current and future tenants. The 'Your Rent, Your Priorities' consultation carried out in 2013 and 2014 identified that the key investment priorities for tenants were:
- Reducing energy costs.
 - Building new homes.
 - Having a quality repairs service.
 - Investing in neighbourhoods.

1.19. The HRA Business Plan is also a critical part of the City Housing Strategy delivery plan and plays a key role in delivering the outcomes. City Housing Strategy outcomes are:

- People live in a home they can afford.
- People live in a warm, safe home in a well-managed neighbourhood.
- People can move home if they need to.

1.20. The HRA can support the Council and other partners to meet strategic priorities. For example, through capital investment in new and existing homes to improve health and social care outcomes. Reshaping HRA services can support the delivery of cost efficient, joined up services. This can be done through increasing the supply of accessible homes that meet the needs of people throughout their lives and focusing services on early intervention and preventative approaches.

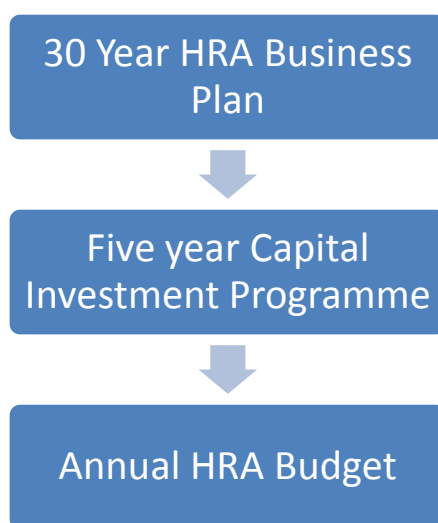
1.21. These corporate and partner objectives can be met through adopting an *Invest to Improve, Invest to Grow* strategy.

Rent Strategy

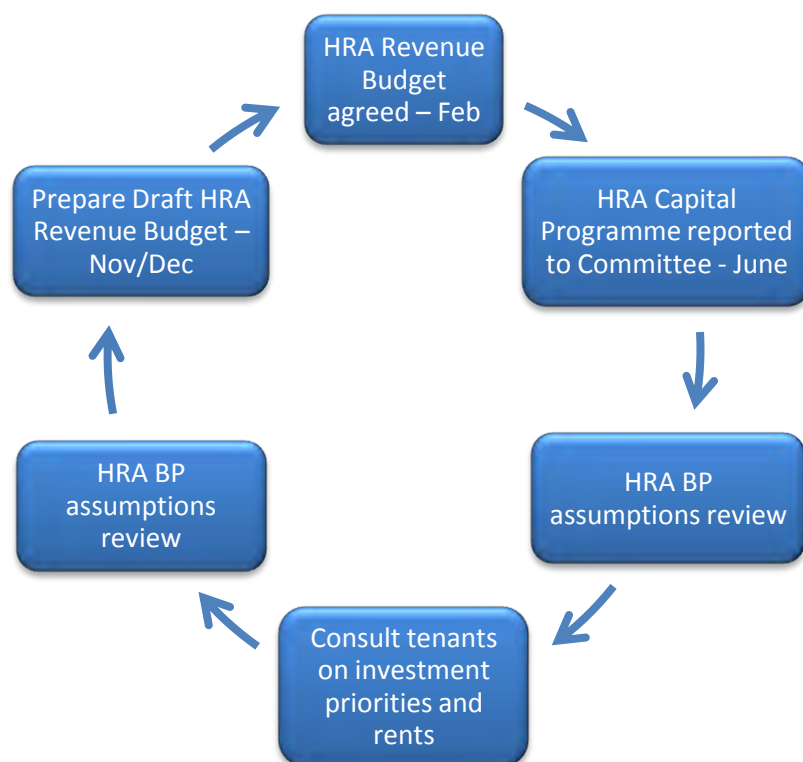
1.22. In 2007, following consultation with tenants, a rent strategy was adopted of annual rent increases of inflation plus 2.7% until 2007 and by inflation thereafter. This business plan is predicated on this rent strategy continuing and assumes inflationary increases throughout the 30 year plan period. Any variation in this strategy would impact on the HRA's capacity to deliver investment priorities. Modelling of rent options is carried out each year as part of the business planning and budget preparation process.

The Business Planning Process

1.23. The HRA Business Plan is a 30 year financial plan, and is reviewed every six months to ensure it is in a position to respond to changing financial environment and pressures. The chart below shows the relationship between the HRA Business Plan and the annual HRA Budget.



1.24. The Business Planning Process is a rolling process of reviewing assumptions, assessing risks and engaging with tenants.



1.25. The Business Plan is based on a range of inputs and assumptions which are kept under regular review. The key inputs and assumptions for 2015/16 are:

Input	2015/16 Assumption	Note
Total operating income	£101.609m	
Total operating expenditure	£101.609m	Includes £9.282m for revenue investment
Capital investment programme – existing homes	£39.105m	Includes work to meet Scottish Housing Quality Standard, Energy Efficiency Standard for Scottish Social Housing, neighbourhood regeneration, community care and capital salaries.
Capital investment programme – 21 st Century Homes	£9.725m	Net of Scottish Government subsidy and developer contributions
Total HRA Capital Expenditure	£48.830m	
Inflation	2%	Based on Bank of England target inflation rate for 2015/16, November 2014 RPI and Council's Long Term Financial Plan.

Rent Strategy	Inflation (2%)	Based on Rent Strategy agreed with tenants in 2007 (Inflation +2.7% until 2014/15 and inflation thereafter) and subject to Council approval as part of the budget process.
Right to Buy Income	£5.200m	Right to buy to end in 2016.
Rent lost on Empty Homes	0.75%	Upper quartile performance amongst a benchmarked peer group of 25 similar sized landlords.
Interest on debt	5.1%	Based on estimated interest rate at December 2014

2. Managing Risk

Financial and Treasury Management

- 2.1. As a result of robust management, the HRA is in a strong financial position and capable of supporting the *Invest to Improve, Invest to Grow* strategy.
- 2.2. Effective Treasury Management over the last few years has meant that the cost to tenants of borrowing has been minimised. Adopting a strategy of repaying expensive debt has freed up capacity within the HRA for new investment.
- 2.3. Any major capital investment programme is tested for viability and its impact on the Business Plan. This ensures that the impact of any major investment is considered and any risks mitigated.
- 2.4. In February 2015, the Council approved an HRA budget which was based on three core assumptions:
 - Investment requirements of existing homes are met;
 - A minimum of £20 million set aside in the investment and contingency fund to absorb any short term impacts in income reduction or support any unforeseen expenditure; and
 - The construction of 400 additional Council homes over the period 2017/18 to 2019/20.

Risk Management

- 2.5. A range of risks are considered as part of the business planning process. These risks are evaluated, with higher risks having mitigation plans in place.

Risk	Evaluation Low/Medium/High	Reason for assessment	Mitigation Summary
Income collection falls	High	Introduction of direct payment of Universal Credit to tenants.	Reshape housing service to focus on early intervention Contingency to manage income loss risk.
Income from temporary accommodation falls	High	Introduction of Benefit Cap and Universal Credit will reduce income.	Temporary accommodation review aiming to reduce costs and reduce the length of time people have to stay in temporary accommodation before moving on to more suitable accommodation.
Empty	Low	Strong demand for	Performance

Risk	Evaluation Low/Medium/High	Reason for assessment	Mitigation Summary
homes/letting times increase		homes across the city.	framework ensures any increase in turnaround times is managed through re-allocation of resources.
Stock condition	Medium	Stock condition survey identifies investment requirements. Mixed tenure issues mean quality declining in some blocks due to inability to get agreement to invest.	Investment in improvements and shift towards greater cyclical maintenance. Investment in more engagement with owners and use of legislative tools.
Right to Buy	Low	Right to Buy levels have been reducing in recent years. Right to Buy to be abolished in 2016.	
Changes to Rent Strategy	Medium	This HRA Business Plan is predicated on maintaining current rent strategy. Higher rent increase would increase capacity to invest. Lower rent increase would reduce capacity to invest.	Regular viability testing of investment programme and rent strategies.
Council recruitment controls	High	The application of recruitment controls restricts the ability to make the most efficient use of the HRA.	Ensure that clear Business Cases highlighting income generation and efficient operation of the HRA, as a self financing service, are made.

- 2.6. It is essential that the HRA Business Plan addresses the risks presented by welfare reform and uncertainties around future rental income. Prudent management of the HRA has ensured that the housing service is well placed to manage these risks.
- 2.7. In February 2015, the Council agreed a HRA budget which was based on a set of core assumptions, one of which was that a minimum of £20 million should be held in contingency to manage the impact of welfare reform.

Investment and contingency funding

- 2.8. A key feature of the HRA Guidance is that the HRA should operate in the interests of current and future tenants. This covers, not only HRA capital and revenue expenditure, but also the use of contingency.
- 2.9. The HRA investment and contingency fund is held within the Repairs and Renewal (R&R) Fund, which was historically made up of a combination of General Fund and HRA contributions. In 2013/14, £13.2 million was transferred out of the R&R Fund and into General Fund contingency to enable maximum flexibility in regard to the use of contingencies and to underpin financial plans. £10.26 million of this was HRA derived and as a result has been returned to the HRA in 2015/16. Since this transfer in 2013/14, the R&R Fund has exclusively been an investment and contingency fund for the HRA.
- 2.10. It is prudent business planning to ensure the HRA maintains a contingency fund to address risks and ensure peaks and troughs of life cycle investment can be met. As such, resources may be transferred from revenue to contingency as appropriate.
- 2.11. All current funds held in contingency are committed to future capital investment priorities. The 21st Century Homes programme requires £50 million investment over the next five years. The investment and contingency fund currently stands at £35 million. The Housing service plans to generate income to contribute £35 million to the fund over the next five years, meeting this £50 million funding requirement and aiming to hold a minimum of £20 million in uncommitted contingency at the end of the period. This is dependent on the HRA being able to deliver income over and above its year on year operating requirements.
- 2.12. The establishment of the uncommitted contingency is required to ensure the HRA can react to and absorb short term impacts on income reduction caused by welfare reform, as well as supporting any unforeseen expenditure in response to emergencies and events, such as severe weather. Given the risks facing the HRA and that it is a wholly self financing public service, this is a relatively modest contingency. On the basis of the current business plan it will take five years to achieve a contingency fund equivalent to less than three months operating expenditure. Options to increase this to approximately 50% of annual operating costs will be explored.

Performance Management

- 2.13. A rigorous performance monitoring framework is in place to ensure the housing service understands, anticipates and moves to mitigate risks and is able to take action quickly if performance starts to slip in any area. The Capital Investment Programme is closely monitored to ensure delivery.
- 2.14. Performance (including financial performance) of the housing service is scrutinised through participation in benchmarking clubs. The comparative cost of the service is

scrutinised to ensure scope for improvement is identified and lessons learned from the top performing landlords.

3. Invest to Improve - Service

Housing Service Transformation Plan

3.1. The Housing Service Transformation Plan is currently under development and will be reported to Committee for approval. The purpose of the plan is to identify the key challenges and an action plan for ensuring the service:

- Is the best landlord in Scotland;
- Is a locally delivered, preventative service;
- Has customers at the heart of service design and delivery;
- Has a flexible workforce that can respond to a changing environment;
- Has tenants who know their housing officers and housing officers who know their tenants;
- Is a Housing Developer and strategic partner in the regeneration of the city; and
- Is innovative and responsive to changes in the wider economy that impact on our customers.

3.2. The Housing Service Transformation Plan will be developed in support of the Council's Transformation objectives. Based on tenant priorities, a review of housing performance and to become the top performing landlord in Scotland the Service needs to:

- Improve rent collection and tenancy sustainment.
- Accelerate channel shift.
- Improve mixed tenure management and cyclical maintenance.
- Listen to what our tenants are telling us.

Improve rent collection and tenancy sustainment

3.3. Lessons learned from the top performing landlords in Scotland, show that a more generic approach to tenancy management, which focuses on early invention through effective 'patch working' or 'generic' housing management delivers higher levels of tenancy sustainment and lower levels of rent arrears, with tenants feeling informed and able to participate in decision making.

3.4. The service needs to invest in empowering and equipping frontline staff to take responsibility for a wider range of tenancy management and landlord functions to ensure the relationship between tenant and landlord will be strengthened and simplified. This is in line with the transformational change proposed by the Council.

Accelerate channel shift

3.5. Channel shift is not about deleting any communications channels, it is about allowing routine queries to be dealt with efficiently, freeing up staff time to focus on providing support to customers who need it most. However, there is a risk that some Council tenants who currently lack access to infrastructure, devices and/or skills, will become excluded without significant investment. There is also a need to invest in training and

support to ensure staff and tenants have the necessary skills to maximise the benefits of digital services.

Improve mixed tenure management and cyclical maintenance

- 3.6. The Housing Service Transformation Plan needs to focus on increasing resources to address the challenges of mixed tenure management. This, along with an increased emphasis of cyclical maintenance is addressed in the *Invest to Improve - Homes* section of the Business Plan.

Listen to what our tenants are telling us

- 3.7. In order to be the top performing landlord the service needs to focus on ensuring tenants feel they have adequate opportunities to participate in decision making, that their views are valued and that they are kept informed. The expansion of the Council's patch working approach, where tenants know their housing officer and housing officers know their tenants will improve communications.
- 3.8. The Tenant Participation Strategy 2015-18 'Have your say, make a difference' was approved at Health, Social Care and Housing Committee in April 2015. The strategy seeks to encourage more tenants to take part in decision making by building on initiatives such as the Tenants Panel which provides a range of options for engaging with the service, from attending focus groups, to completing short surveys, taking part in estate walkabouts and taking part in policy reviews or tenant led inspections. Participation needs to increase by giving tenants more and better opportunities to scrutinise services and hold the service to account.

4. Invest to Improve – Homes

- 4.1. *Invest to Improve* reflects the priority given to maintaining quality services for existing tenants. Significant progress has been made by further improving the quality and condition of Council homes.

Scottish Housing Quality Standard

- 4.2. All social rented homes are required to meet the Scottish Housing Quality Standard (SHQS) by 2015 and this has been a major driver of our investment programme over recent years. The Council complies with the requirements of SHQS. However, around 3,000 homes are currently classed as abeyances as it has not been possible to bring the properties up to the standard due to tenants, or in some cases, neighbouring owners, being unwilling to participate in improvement works. Almost all of these abeyances are due to the lack of a secure door entry system.
- 4.3. These abeyances will be kept under constant review and a priority for the HRA Capital Investment Programme over the next two years will be to attempt to engage with tenants and owners to ensure the work is carried out.
- 4.4. Investment priorities have been identified and agreed by the Council, based on engagement with tenants (through ‘Your Rent, Your Priorities’ consultation), statutory requirements and what we know about the condition of the housing stock. The priorities for the next five years include:
- Increasing the number of new homes (addressed under *Invest to Grow*).
 - Ensuring no kitchen or bathroom is more than 25 years old by 2020.
 - Reducing energy costs for tenants.
 - Maintaining a high quality repairs service (addressed under *Invest to Improve – the housing service*).
 - Improving neighbourhoods.

Kitchens and Bathrooms Programme

- 4.5. At its meeting on 11 November 2014, Health, Social Care and Housing Committee agreed that one of the priorities for capital investment should be aiming to have no kitchen or bathroom over 25 years old by 2020. The Business Plan ensures resources are available to deliver this commitment, and the most vulnerable households will be prioritised within the programme.

Homes and Energy Strategy

- 4.6. The Homes and Energy Strategy was approved by Health, Social Care and Housing Committee in June 2014 and sets out four key themes:
- Improve the energy efficiency of existing homes.
 - Build new energy efficient home.
 - Reduce the impact of energy costs.
 - Provide and promote education and advice for Edinburgh residents.

- 4.7. Over the last five years the Council has spent approximately £40 million improving the energy efficiency of Council homes, resulting in Council homes being some of the most energy efficient in the city. In 2014 the Scottish Government published an Energy Efficiency Standard for Social Housing (ESSH), which all social rented homes will have to meet by 2020. Further investment is required over the next five years to ensure Council homes meet ESSH by 2020 and this is one of the priorities for the capital investment programme for the next five years.
- 4.8. In addition to investing in the fabric of the building, there is a need to address the cost of energy for tenants. Some of this can be addressed through changing tenants' energy consumption, however it is largely dependent of the actual cost of energy and the relationship with energy providers. Reducing the cost of energy to tenants is a priority for the service and opportunities for doing so are being explored.
- 4.9. The Business Plan ensures that resources are available to fund the capital investment requirements. There is also capacity within the HRA to meet any additional revenue requirements associated with reducing energy costs for tenants.

Mixed Tenure Management

- 4.10. One of the key challenges facing the service and a potential risk to the HRA is managing common repairs and maintenance in blocks with a mixed of tenures. The Council owns homes in approximately 4,500 blocks of flats and is a minority owner in 45% of them.
- 4.11. In order to address this, the service needs to invest in working more intensively with owners in these blocks to ensure that Council tenants in mixed tenure blocks do not lose out in terms of quality of their home. This will include making greater use of legislative tools such as the Tenement Management Scheme to ensure repairs and improvements can be carried out.
- 4.12. A strategy of stock consolidation through selective acquisition and disposal is being piloted with the objective of increasing the number of blocks where the Council has 100% ownership.

Investing in Cyclical Maintenance

- 4.13. Repairs costs have fallen in recent years as a result of investment in homes. Benchmarking shows that, although Edinburgh performs well in terms of satisfaction with home, the service spends less than average on cyclical maintenance.
- 4.14. Through investing more in cyclical maintenance, particularly in relation to external fabric of homes, there is an opportunity to improve the exterior of homes as part of community regeneration. This preventative approach would be beneficial for the HRA as well as for the condition of the homes and satisfaction with neighbourhood.
- 4.15. This kind of planned approach to maintenance may support the objective of engaging more effectively with owners, through demonstrating how they can benefit from participating in shared works.

5. Invest to Grow – Meeting Housing Need

Progress

- 5.1. Edinburgh needs around 40,000 new homes over the next 10 years. In 2014/15, 1,437 affordable homes were approved, with the majority of new affordable homes being delivered through the Affordable Homes Supply Programme, National Housing Trust and the Council's 21st Century Homes programme.
- 5.2. The number of homes being delivered directly by the housing service has doubled since the 21st Century Homes Programme began. Through exploring innovative models, the Housing service is delivering affordable homes through a number of Limited Liability Partnerships (LLPs) as well as through 21st Century Homes.
- 5.3. House building contributes significantly to economic growth and the economic wellbeing of the city. Ensuring there is an adequate supply of affordable homes is essential if the city is to continue to thrive and grow.
- 5.4. 21st Century Homes is delivering high quality, energy efficient affordable homes across the city. The programme has been a catalyst for wider regeneration through providing infrastructure improvements, local investment, local jobs, training opportunities and community engagement. The programme has brought the Council recognition as a thriving house builder through award nominations and success.
- 5.5. The 21st Century Homes model has proved to be a robust and affordable model that not only helps meet housing needs and economic objectives, but it also strengthens the HRA Business Plan through recovering investment costs quickly and increasing the income stream to the HRA over the long term.

Potential for Growth

- 5.6. Although Edinburgh is at the forefront of delivering affordable homes, if the city's housing need is to be met, a significant increase in investment is required.
- 5.7. The Council has already agreed to develop a business case for expanding the 21st Century Homes Programme by a further 400 homes but there is an opportunity to expand this further. The HRA has the capacity to support an ongoing new build programme of at least 500 homes a year over the next 10 years through a combination of prudential borrowing, developer contributions and the strategic use of contingency funding. There may be scope to reduce the cost to the HRA by working with the Scottish Government to identify additional grant funding.
- 5.8. Through using HRA resources to acquire sites from the Council's General Fund and from other public sector bodies, such as the NHS, there is an opportunity for the Council to drive house building and economic growth in the city, meeting the city's housing need and demand.
- 5.9. Experience has shown that the service has the ability to deliver high quality homes that people want to live in and that provide a long term stable income stream to the Council, in terms of rent to the HRA, but also in terms of increased Council Tax revenue.
- 5.10. The Housing Service has a long history of working successfully with Registered Social Landlords and private developers to increase housing supply, regenerate communities

and meet health and social care needs. From 2008 to 2013, the Housing Service trebled the number of completed affordable homes from 411 to 1,285 and in 2014/15 funding, loans and equity support was approved for over 1,400 homes.

- 5.11. The Housing Service Investment Team has, since 2004, enabled delivery of affordable housing throughout the city. This has been done through approving grant funding, loans and equity assistance and delivering affordable housing land through the Affordable Housing Planning Policy. Working directly with registered social landlords and developers, the team has enabled over £1 billion of investment in over 8,600 affordable homes since 2004. The Affordable Housing Policy has helped deliver affordable housing across the city and ensures that an affordable housing contribution is sought in every residential development of 12 homes or more.
- 5.12. Through building on this experience, the Housing Service and the HRA is in a strong position to make significant inroads into meeting the city's housing need.

Health, Social Care and Housing Committee

10.00am, Tuesday, 16 June 2015

Invest to Improve, Invest to Grow – Edinburgh Housing Revenue Account Business Plan

Item number	7.9
Report number	
Executive/routine	Executive
Wards	All

Executive summary

This report seeks Committee approval of the Housing Revenue Account (HRA) Business Plan 2015/16 to 2045/46, which identifies key investment priorities for the HRA and how risk is managed through effective treasury and performance management.

The report sets out key drivers for the HRA Business Plan:

- Increasing the supply and quality of homes
- Creating successful communities
- Delivering tenant investment priorities
- Ensuring value for money for Council tenants
- Supporting the Council's Transformation Programme
- Supporting health and social care objectives

The report highlights that the HRA is in a sound financial position and able to support investment that will deliver better quality homes for Council tenants, a significant increase in new affordable homes across the city. In doing this it supports Council wide health and social care and economic objectives.

Links

Coalition pledges	P8 , P9 and P30
Council outcomes	CO7 , CO8 , CO9 , CO10 , CO16 , CO19 and CO25
Single Outcome Agreement	SO1 and SO4

Invest to Improve, Invest to Grow – Edinburgh’s Housing Revenue Account Business Plan

Recommendations

It is recommended that Health, Social Care and Housing Committee:

- 1.1 Notes the robust approach to risk management set out in the HRA Business Plan.
- 1.2 Notes that the HRA Business Plan, supports the Council’s transformation objectives, particularly in relation to channel shift and providing locally focussed services.
- 1.3 Approves the HRA Business Plan priorities set out in *Invest to Improve, Invest to Grow*.
- 1.4 Refers the report to Finance and Resources Committee to seek approval to review options for increasing the HRA’s contingency and future investment fund over the next five years.

Background

- 2.1 The HRA is a ring-fenced account that holds all income and expenditure relating to the Council’s landlord service. All income to the HRA is derived from rent and service charges paid by Council tenants and service users, or by the sale or lease of HRA land and properties.
- 2.2 Local authorities must ensure that their HRAs are managed in accordance with the Scottish Government’s Guidance on the Operation of Local Authority Housing Revenue Accounts (HRAs) in Scotland. The key principle of the guidance is that HRA assets must be used to chiefly benefit present or prospective tenants.
- 2.3 The HRA has an annual revenue budget of approximately £100 million and capital investment programme of around £45 million each year.

Main report

- 3.1 The purpose of this report is to set out the key strategic drivers behind the HRA Business Plan (Appendix) and to seek approval of the key priorities for investment.

- 3.2 The HRA Business Plan covers a rolling 30 year period, 2015/16 to 2045/46. The plan focuses on the management of the Council's housing related assets and challenges facing the housing service. The plan is a working document which is reviewed annually and sets out investment priorities for the HRA and the approach to managing risk.
- 3.3 The HRA Business Plan is part of a suite of plans which sets the strategic direction for the housing service. This includes a Service Transformation Plan which is currently under development and an Asset Management Strategy which is currently under review.
- 3.4 The housing service is characterised by high levels of tenants' satisfaction and high service standards. Benchmarking shows that Edinburgh is in the top three local authorities in Scotland for tenants' satisfaction in relation to the housing service, quality of home and neighbourhood. The housing service also provides a repairs service with standards that are consistently higher than the average employed by other landlords.
- 3.5 Whilst performance is good, there is scope for improvement and the ambition is to become the best performing landlord in Scotland. The key strategic drivers for the HRA Business Plan are:
- Increasing the supply and quality of homes
 - Creating successful communities
 - Delivering tenant investment priorities
 - Ensuring value for money for Council tenants
 - Supporting the Council's Transformation Programme
 - Supporting health and social care objectives.
- 3.6 These drivers are addressed through the Invest to Improve, Invest to Grow strategy which the Business Plan will seek to deliver.

Invest to Improve

- 3.7 Invest to Improve reflects the priority given to providing a quality service for existing tenants.
- 3.8 All social rented homes are required to meet the Scottish Housing Quality Standard by 2015 and this has been a major driver of our investment programme over recent years. The Council complies with the requirements of SHQS. However, around 3,000 homes are currently classed as in abeyance as it has not been possible to bring the properties up to the standard where tenants or in some cases, neighbouring owners, being unwilling to participate in improvement works. Almost all of these abeyances are due to the lack of a secure door entry system.

- 3.9 Investment priorities have been identified and agreed by the Council, based on engagement with tenants through ‘Your Rent, Your Priorities’ consultation, statutory requirements and what we know about the condition of the housing stock. The top priorities for tenants are:
- Reducing household energy costs
 - Building new affordable homes
 - Providing a quality repairs service
 - Investing in neighbourhoods.
- 3.10 At its meeting on 11 November 2014, the Health, Social Care and Housing Committee agreed that one of the priorities for capital investment should be aiming to have no kitchen or bathroom over 20 years old by 2020. The Business Plan ensures resources are available to deliver this commitment, with a view to prioritising those living in sheltered housing.
- 3.11 Further consultation will take place with tenants over summer/autumn 2015 to review these priorities and ensure any emerging tenant priorities are addressed in next year’s budget.
- 3.12 A priority for the HRA Business Plan is also ensuring more effective engagement with owners in mixed tenure blocks. The Council owns homes in approximately 4,500 blocks and is a minority owner in around 45% of them. Managing common repairs and improvements in these blocks is challenging and the service needs to invest in working more intensively with these owners to ensure that Council tenants in mixed tenure blocks do not lose out in terms of the quality of their home. This will include making better use of legislative tools such as the Tenement Management Scheme (TMS) to ensure repairs and improvements can be carried out. Despite significant improvements to homes, some mixed tenure blocks and estates are beginning to suffer from a lack of investment. This is having an adverse impact on the appearance of estates and satisfaction with local neighbourhoods.
- 3.13 The challenge of mixed tenure works will also be addressed through:
- selective acquisition and disposal of homes which is currently being piloted; and
 - reviewing approaches to planned maintenance in mixed tenure blocks.

Invest to Grow

- 3.14 Edinburgh needs around 40,000 new homes over the next 10 years (according to the Housing Need and Demand Assessment for South East Scotland). In 2014/15, 1,437 affordable homes were approved, with the majority of new affordable homes being delivered through the Affordable Homes Supply

Programme, National Housing Trust and the Council's 21st Century Homes programme.

- 3.15 The number of homes being delivered directly by the housing service has doubled since the 21st Century Homes Programme began. Through exploring innovative models, the Housing service is delivering affordable homes through a number of Limited Liability Partnerships (LLPs) as well as through 21st Century Homes.
- 3.16 House building contributes significantly to economic growth and the economic wellbeing of the city. Ensuring there is an adequate supply of affordable homes is essential if the city is to continue to thrive and grow.
- 3.17 The 21st Century Homes model has proved to be a robust and affordable model that not only helps meet housing needs and economic objectives, but also strengthens the HRA Business Plan through recovering investment costs quickly and increasing the income stream to the HRA over the long-term.
- 3.18 The Council has already agreed to develop a business case for expanding the 21st Century Homes Programme by a further 400 homes but there is an opportunity to expand this further. The HRA has the capacity to support an ongoing new build programme of at least 500 homes a year over the next 10 years through a combination of prudential borrowing, developer contributions and the strategic use of contingency funding. There may be scope to reduce the cost to the HRA by identifying additional Scottish Government grant funding through the Affordable Housing Supply Programme.
- 3.19 Through using HRA resources to acquire sites from the Council's General Fund and from other public sector bodies, such as the NHS, there is an opportunity for the Council to drive house building and economic growth in the city, meeting the city's housing and health objectives.

Managing Risk

- 3.20 The HRA is in a strong financial position and capable of supporting the Invest to Improve, Invest to Grow strategy. This is a result of robust management, including effective treasury management which has meant that the cost to tenants of borrowing has been minimised. Through adopting a strategy of repaying expensive debt, this has freed up capacity within the HRA for new investment.
- 3.21 Any major capital investment programme is tested for viability and its impact on the Business Plan. This ensures that the impact of any major investment is considered and any risks mitigated and managed.
- 3.22 In February 2015, the Council approved an HRA Budget which was based on three core assumptions:
 - Investment requirements of existing homes are met

- A minimum of £20 million set aside in the investment and contingency fund to absorb any short term impacts in income reduction or support any unforeseen expenditure;and
 - The construction of 400 additional Council homes over the period 2017/18 to 2019/20.
- 3.23 The HRA investment and contingency fund is held within the Repairs and Renewal (R&R) Fund, which was historically made up of a combination of General Fund and HRA contributions. In 2013/14, £13.20 million was transferred out of the R&R Fund and into General Fund contingency to enable maximum flexibility in regard to the use of contingencies and to underpin financial plans. £10.26 million of this was HRA derived and as a result has been returned to the HRA in 2015/16. Since the original transfer in 2013/14, the R&R Fund has exclusively been an investment and contingency fund for the HRA.
- 3.24 Over the next five years £50 million of HRA investment is required for the 21st Century Homes programme. The investment and contingency fund currently stands at £35 million. The Housing service plans to generate income to contribute £35 million to the fund over the next five years, meeting this £50 million funding requirement and aiming to hold a minimum of £20 million in uncommitted contingency at the end of the period.
- 3.25 It is prudent business planning to ensure the HRA maintains a contingency fund to address risks and ensure peaks and troughs of life cycle investment can be met. The establishment of the uncommitted contingency is required to ensure the HRA can react to and absorb short term impacts on income reduction caused by welfare reform, as well as supporting any unforeseen expenditure in response to emergencies and events, such as severe weather.

Priorities for the HRA Business Plan

- 3.26 The Business Plan identifies that the HRA is in a robust position and capable of meeting the challenges ahead. The priorities for the HRA Business Plan are:
- To meet tenants' priorities and aspirations through delivering a capital investment programme that will reduce energy costs, deliver more affordable homes and improve neighbourhoods.
 - To develop more effective ways of engaging with owners to manage the long term maintenance of mixed tenure blocks.
 - To explore the potential for 21st Century Homes to be further expanded, with the aim of delivering at least 500 additional affordable homes each year for 10 years.
 - To step up the Council's approach to meeting housing need through exploring potential for the HRA to support acquisition of key sites from partners to deliver shared housing and health and social care objectives.

- To develop the Housing Service Transformation Plan to ensure the service is geared up to meet these challenges and supports the Council's Transformation Programme, particularly in relation to channel shift and focus on local delivery.

Measures of success

- 4.1 Edinburgh is the best performing landlord in Scotland for tenant satisfaction.
- 4.2 Council homes meet and are maintained at a level which exceeds the SHQS.
- 4.3 Council homes meet EESSH by 2020.
- 4.4 At least 500 additional affordable homes delivered each year over 10 years.

Financial impact

- 5.1 The HRA Business Plan ensures that the HRA is in a position to deliver investment requirements and manage risk. Delivering the priorities identified in this report is financially viable based on the current rent strategy.
- 5.2 Over the next five years the Business Plan projects total income of £533 million (net rental income of £480 million).
- 5.3 Gross expenditure over the next five years is projected at £499 million, resulting in net income of £35 million.
- 5.4 The Business Plan currently projects capital expenditure of £270 million over the next five years (of which £97 million is investment in the 21st Century Homes programme).
- 5.5 The Repairs and Renewal (R&R) Fund holds £34.5 million for future investment and contingency planning. The Business Plan assumes that a total of £50 million will be required from HRA's investment and contingency fund to deliver the 21st Century Homes Programme and going forward this fund will need to be topped up. The business plan projects an uncommitted £20 million contingency fund by 2020. This is dependent on the HRA being able to deliver income over and above its year on year operating requirements.

Risk, policy, compliance and governance impact

- 6.1 Failure to establish a robust business plan may result in reduced investment in existing Council homes and services, which would have a negative impact on performance and tenant satisfaction.
- 6.2 The rent strategy is reviewed annually so it continues to ensure affordability for tenants and sustainability for the HRA.
- 6.3 Business planning assumptions are reviewed every six months to ensure they are current and that the business plan continues to be robust and viable.

- 6.4 The Business Plan projects an uncommitted contingency of £20 million by 2020. Given the risks facing the HRA, this is a relatively small amount and options to increase this to approximately 50% of annual operating costs will be explored.

Equalities impact

- 7.1 The proposals in the report will have a positive impact on Council tenants.
- 7.2 Investing in improving the condition of existing homes will increase energy efficiency.
- 7.3 Investment is also targeted at supporting people who need accessible homes, whether that is through facilitating disabled adaptations or through building new accessible homes.

Sustainability impact

- 8.1 Invest to improve will increase energy efficiency and reduce carbon emissions.
- 8.2 Invest to grow will deliver new affordable homes on brownfield sites, reducing pressure on Edinburgh's green belt. New homes are built to high standards in terms of energy efficiency and sustainability.

Consultation and engagement

- 9.1 An extensive Tenant Survey was carried out in 2013, the results of which are helping to inform future investment priorities and the shape of the housing service. Over 1,000 tenants were surveyed, with the results being reported to Health, Social Care and Housing Committee on 18 June 2013. A further survey will be carried out in autumn 2015 to inform future investment and will feed into next years business plan review.
- 9.2 Tenant priorities were identified through the Your Rent, Your Priorities consultation which took place in 2013 and 2014. The purpose of the consultation was to identify tenants' priorities for investment and views on affordability to help inform the Council's future rent strategy and business plan.
- 9.3 Tenant Panel meetings were held across the city in January to discuss the draft Budget for 2015/16 and these discussions have helped to inform priorities for this business plan.

Background reading/external references

[Council Housing Business Plan – Investment Strategy and Rent Options 2015-2020, Report to Health, Social Care and Housing Committee, 11 November 2014](#)

Investing in Edinburgh's Council Housing - HRA Capital Programme 2015/16, Report to Health, Social Care and Housing Committee, 16 June 2015

City Housing Strategy 2012-2017 Annual Review, Report to Health, Social Care and Housing Committee, 16 June 2015

John Bury

Director of Services for Communities

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Links

Coalition pledges	P8 - Make sure the city's people are well-housed, including encouraging developers to build residential communities, starting with Brownfield sites P9 - Work in partnership with Scottish Government to release more funds for Council homes for rent P30 - Continue to maintain a sound financial position including long-term financial planning
Council outcomes	CO7 - Edinburgh is an excellent place in which to live, study, work, visit and invest CO8 - Edinburgh's economy creates and sustains job opportunities CO9 - Edinburgh residents are able to access job opportunities CO10 - Improved Health and reduced inequalities CO16 - Well-housed – People live in a good quality home that is affordable and meets their needs in a well managed Neighbourhood CO19 - Attractive Places and Well Maintained – Edinburgh remains an attractive city through the development of high quality buildings and places and the delivery of high standards and maintenance of infrastructure and public realm CO25 - The Council has efficient and effective services that deliver on objectives
Single Outcome Agreement	SO1 - Edinburgh's Economy Delivers increased investment, jobs and opportunities for all SO4 - Edinburgh's communities are safer and have improved physical and social fabric
Appendices	Appendix 1: Business Plan

HRA Business Plan 2015/16-2045/46

Invest to Improve, Invest to Grow

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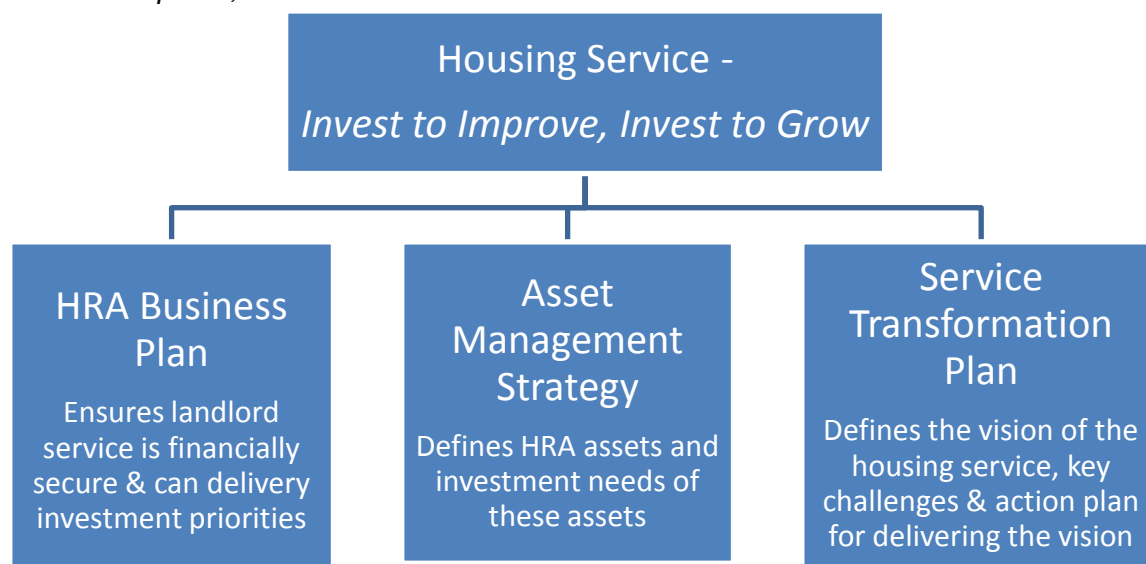
5. Invest to Grow

- Progress to date
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1. Context

Introduction

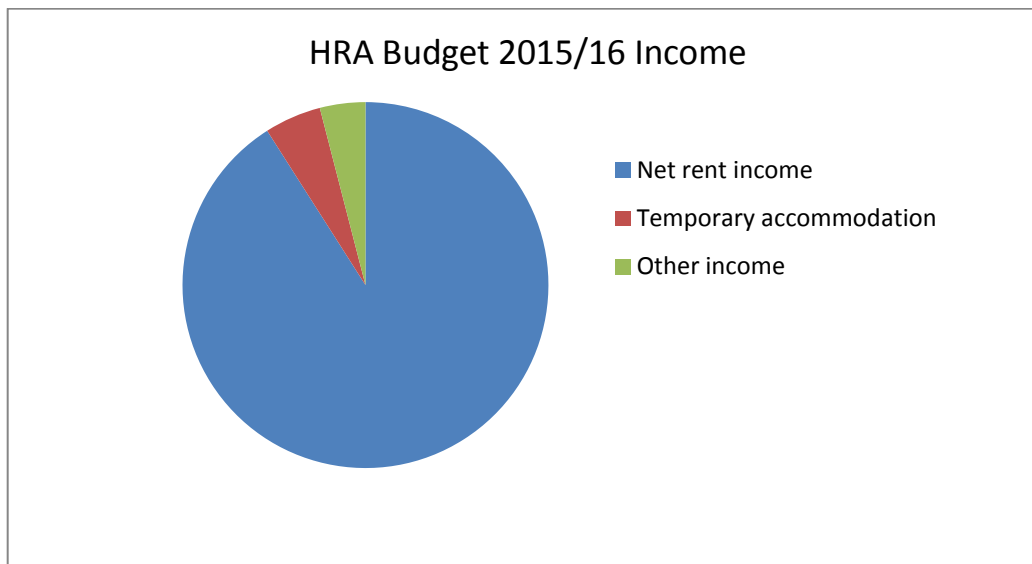
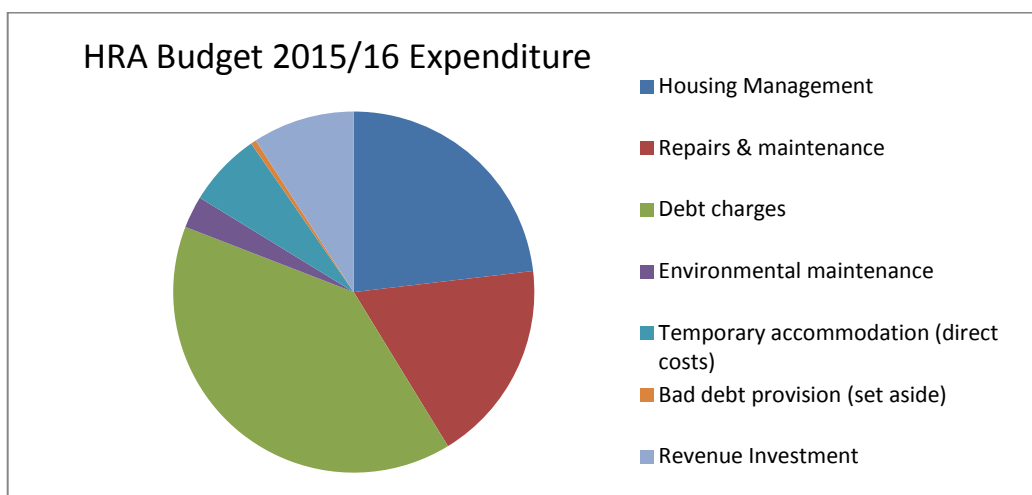
- 1.1. Edinburgh's housing service is one of the largest landlords in the country, providing housing services to nearly 20,000 tenants. It has an annual revenue budget of approximately £100 million and capital investment programme of around £46 million. The service is in the top three local authority landlords in Scotland for tenant satisfaction with service, home and neighbourhood.
- 1.2. Satisfaction is high amongst Edinburgh's Council tenants, and maintaining this requires significant investment in homes and services.
- 1.3. Edinburgh is a growing city with a large unmet demand for housing of all tenures. Demand for Council homes is high across the city with no areas of low demand. There is a need for approximately 40,000 new homes over the next 10 years. The Council has an excellent record in delivering new affordable homes, however housing need will not be met at current rates of delivery. Significantly increased investment is required.
- 1.4. This is a robust business plan which allows the service to deliver an ambitious investment programme to improve tenants' homes and meet housing need.
- 1.5. The Housing Revenue Account (HRA) Business Plan covers the 30 year period 2015/16 to 2045/46. The plan concentrates on the management of the Council's housing related assets and the challenges facing the housing service. The Plan is a working document which is reviewed annually and sets out investment priorities for the HRA and the approach to managing risk.
- 1.6. The HRA Business Plan is part of a suite of plans which set the strategic direction for the housing service. The approach set out in these plans will enable the service to *Invest to Improve, Invest to Grow*.



What is the Housing Revenue Account?

- 1.7. The HRA records all income and expenditure relating to a local authority's landlord service. It is a ring-fenced account which means that the Council must collect sufficient income from rents to cover HRA expenditure.

- 1.8. All income to the HRA is derived from rent and service charges paid by Council tenants or by the sale or lease of HRA land and properties. Borrowing based on rental income funds capital investment in improvement programmes and the Council's 21st Century Homes programme.
- 1.9. The chart below shows HRA income and expenditure for 2015/16, based on the Budget agreed by Council at its meeting on 12 February 2015.



1.10. Local authorities must ensure that their HRAs are managed in accordance with the Scottish Government's Guidance on the Operation of Local Authority Housing Revenue Accounts in Scotland.

1.11. The key principles of this guidance are that:

- The HRA must comply with legislation, statutory guidance and accounting codes of practice;

- HRA assets must be used to benefit present or prospective tenants either in direct usage or as investment properties providing a financial return;
- There must be a robust, written methodology for calculating and allocating HRA costs (including internal costs charged by the Council to the HRA);
- There must be clear, published mechanisms and procedures for consulting with tenants on matters of financial transparency; and
- Where appropriate, non-council tenants living in mixed tenure areas benefiting from HRA provided services are charged for goods and services.

Strategic Drivers

- 1.12. The housing service is characterised by high levels of tenant satisfaction and high service standards. Benchmarking information shows that Edinburgh is in the top three local authorities in Scotland for tenant satisfaction in relation to the housing service, quality of home and neighbourhood.
- 1.13. The housing service also provides a repairs service with standards that are consistently higher than the average employed by other landlords.
- 1.14. Whilst performance is good, there is scope for improvement and the ambition is to become the best performing landlord in Scotland. The Housing Service Transformation Plan is currently under development and will set out the vision and strategic direction for the service.
- 1.15. One of the key drivers for the Business Plan is ensuring best value for money for tenants. Benchmarking shows that the service already provides good value for money in terms of housing management costs, and the cost to the HRA for repairs is reducing as a result of improved quality through capital investment. Some overheads are above average compared to other landlords. One of the objectives of *Invest to Improve*, *Invest to Grow* is to reduce costs to the HRA (and therefore to tenants) whilst improving services.
- 1.16. The Council's Transformation Programme is a key driver for the Business. Channel Shift will form a key part of the Housing Transformation Service Plan by ensuring the Council's tenants are equipped to make the best use of new channels, digital inclusion is a key part of *Invest to Improve*, *Invest to Grow*.
- 1.17. The Business Plan and Service Transformation Plan are also intended to support the BOLD objective of becoming more locally focussed, delivering a more holistic service that meets the needs of customers in the most efficient and cost effective way.
- 1.18. A key driver for the HRA Business Plan is meeting the aspirations of current and future tenants. The 'Your Rent, Your Priorities' consultation carried out in 2013 and 2014 identified that the key investment priorities for tenants were:
- Reducing energy costs.
 - Building new homes.
 - Having a quality repairs service.
 - Investing in neighbourhoods.

1.19. The HRA Business Plan is also a critical part of the City Housing Strategy delivery plan and plays a key role in delivering the outcomes. City Housing Strategy outcomes are:

- People live in a home they can afford.
- People live in a warm, safe home in a well-managed neighbourhood.
- People can move home if they need to.

1.20. The HRA can support the Council and other partners to meet strategic priorities. For example, through capital investment in new and existing homes to improve health and social care outcomes. Reshaping HRA services can support the delivery of cost efficient, joined up services. This can be done through increasing the supply of accessible homes that meet the needs of people throughout their lives and focusing services on early intervention and preventative approaches.

1.21. These corporate and partner objectives can be met through adopting an *Invest to Improve, Invest to Grow* strategy.

Rent Strategy

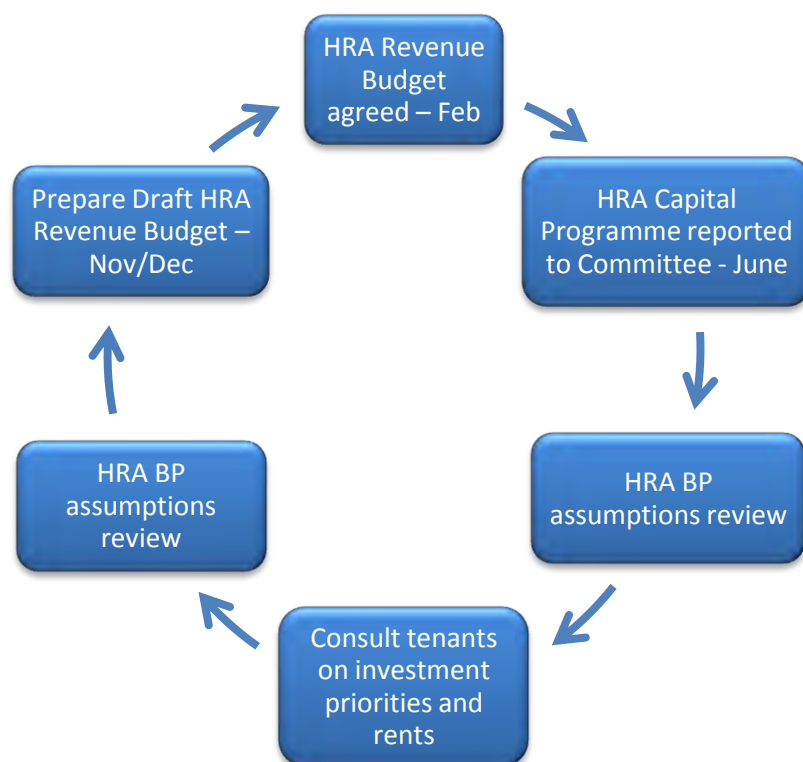
1.22. In 2007, following consultation with tenants, a rent strategy was adopted of annual rent increases of inflation plus 2.7% until 2007 and by inflation thereafter. This business plan is predicated on this rent strategy continuing and assumes inflationary increases throughout the 30 year plan period. Any variation in this strategy would impact on the HRA's capacity to deliver investment priorities. Modelling of rent options is carried out each year as part of the business planning and budget preparation process.

The Business Planning Process

1.23. The HRA Business Plan is a 30 year financial plan, and is reviewed every six months to ensure it is in a position to respond to changing financial environment and pressures. The chart below shows the relationship between the HRA Business Plan and the annual HRA Budget.



1.24. The Business Planning Process is a rolling process of reviewing assumptions, assessing risks and engaging with tenants.



1.25. The Business Plan is based on a range of inputs and assumptions which are kept under regular review. The key inputs and assumptions for 2015/16 are:

Input	2015/16 Assumption	Note
Total operating income	£101.609m	
Total operating expenditure	£101.609m	Includes £9.282m for revenue investment
Capital investment programme – existing homes	£39.105m	Includes work to meet Scottish Housing Quality Standard, Energy Efficiency Standard for Scottish Social Housing, neighbourhood regeneration, community care and capital salaries.
Capital investment programme – 21 st Century Homes	£9.725m	Net of Scottish Government subsidy and developer contributions
Total HRA Capital Expenditure	£48.830m	
Inflation	2%	Based on Bank of England target inflation rate for 2015/16, November 2014 RPI and Council's Long Term Financial Plan.

Rent Strategy	Inflation (2%)	Based on Rent Strategy agreed with tenants in 2007 (Inflation +2.7% until 2014/15 and inflation thereafter) and subject to Council approval as part of the budget process.
Right to Buy Income	£5.200m	Right to buy to end in 2016.
Rent lost on Empty Homes	0.75%	Upper quartile performance amongst a benchmarked peer group of 25 similar sized landlords.
Interest on debt	5.1%	Based on estimated interest rate at December 2014

2. Managing Risk

Financial and Treasury Management

- 2.1. As a result of robust management, the HRA is in a strong financial position and capable of supporting the *Invest to Improve, Invest to Grow* strategy.
- 2.2. Effective Treasury Management over the last few years has meant that the cost to tenants of borrowing has been minimised. Adopting a strategy of repaying expensive debt has freed up capacity within the HRA for new investment.
- 2.3. Any major capital investment programme is tested for viability and its impact on the Business Plan. This ensures that the impact of any major investment is considered and any risks mitigated.
- 2.4. In February 2015, the Council approved an HRA budget which was based on three core assumptions:
 - Investment requirements of existing homes are met;
 - A minimum of £20 million set aside in the investment and contingency fund to absorb any short term impacts in income reduction or support any unforeseen expenditure; and
 - The construction of 400 additional Council homes over the period 2017/18 to 2019/20.

Risk Management

- 2.5. A range of risks are considered as part of the business planning process. These risks are evaluated, with higher risks having mitigation plans in place.

Risk	Evaluation Low/Medium/High	Reason for assessment	Mitigation Summary
Income collection falls	High	Introduction of direct payment of Universal Credit to tenants.	Reshape housing service to focus on early intervention Contingency to manage income loss risk.
Income from temporary accommodation falls	High	Introduction of Benefit Cap and Universal Credit will reduce income.	Temporary accommodation review aiming to reduce costs and reduce the length of time people have to stay in temporary accommodation before moving on to more suitable accommodation.
Empty	Low	Strong demand for	Performance

Risk	Evaluation Low/Medium/High	Reason for assessment	Mitigation Summary
homes/letting times increase		homes across the city.	framework ensures any increase in turnaround times is managed through re-allocation of resources.
Stock condition	Medium	Stock condition survey identifies investment requirements. Mixed tenure issues mean quality declining in some blocks due to inability to get agreement to invest.	Investment in improvements and shift towards greater cyclical maintenance. Investment in more engagement with owners and use of legislative tools.
Right to Buy	Low	Right to Buy levels have been reducing in recent years. Right to Buy to be abolished in 2016.	
Changes to Rent Strategy	Medium	This HRA Business Plan is predicated on maintaining current rent strategy. Higher rent increase would increase capacity to invest. Lower rent increase would reduce capacity to invest.	Regular viability testing of investment programme and rent strategies.
Council recruitment controls	High	The application of recruitment controls restricts the ability to make the most efficient use of the HRA.	Ensure that clear Business Cases highlighting income generation and efficient operation of the HRA, as a self financing service, are made.

- 2.6. It is essential that the HRA Business Plan addresses the risks presented by welfare reform and uncertainties around future rental income. Prudent management of the HRA has ensured that the housing service is well placed to manage these risks.
- 2.7. In February 2015, the Council agreed a HRA budget which was based on a set of core assumptions, one of which was that a minimum of £20 million should be held in contingency to manage the impact of welfare reform.

Investment and contingency funding

- 2.8. A key feature of the HRA Guidance is that the HRA should operate in the interests of current and future tenants. This covers, not only HRA capital and revenue expenditure, but also the use of contingency.
- 2.9. The HRA investment and contingency fund is held within the Repairs and Renewal (R&R) Fund, which was historically made up of a combination of General Fund and HRA contributions. In 2013/14, £13.2 million was transferred out of the R&R Fund and into General Fund contingency to enable maximum flexibility in regard to the use of contingencies and to underpin financial plans. £10.26 million of this was HRA derived and as a result has been returned to the HRA in 2015/16. Since this transfer in 2013/14, the R&R Fund has exclusively been an investment and contingency fund for the HRA.
- 2.10. It is prudent business planning to ensure the HRA maintains a contingency fund to address risks and ensure peaks and troughs of life cycle investment can be met. As such, resources may be transferred from revenue to contingency as appropriate.
- 2.11. All current funds held in contingency are committed to future capital investment priorities. The 21st Century Homes programme requires £50 million investment over the next five years. The investment and contingency fund currently stands at £35 million. The Housing service plans to generate income to contribute £35 million to the fund over the next five years, meeting this £50 million funding requirement and aiming to hold a minimum of £20 million in uncommitted contingency at the end of the period. This is dependent on the HRA being able to deliver income over and above its year on year operating requirements.
- 2.12. The establishment of the uncommitted contingency is required to ensure the HRA can react to and absorb short term impacts on income reduction caused by welfare reform, as well as supporting any unforeseen expenditure in response to emergencies and events, such as severe weather. Given the risks facing the HRA and that it is a wholly self financing public service, this is a relatively modest contingency. On the basis of the current business plan it will take five years to achieve a contingency fund equivalent to less than three months operating expenditure. Options to increase this to approximately 50% of annual operating costs will be explored.

Performance Management

- 2.13. A rigorous performance monitoring framework is in place to ensure the housing service understands, anticipates and moves to mitigate risks and is able to take action quickly if performance starts to slip in any area. The Capital Investment Programme is closely monitored to ensure delivery.
- 2.14. Performance (including financial performance) of the housing service is scrutinised through participation in benchmarking clubs. The comparative cost of the service is

scrutinised to ensure scope for improvement is identified and lessons learned from the top performing landlords.

3. Invest to Improve - Service

Housing Service Transformation Plan

3.1. The Housing Service Transformation Plan is currently under development and will be reported to Committee for approval. The purpose of the plan is to identify the key challenges and an action plan for ensuring the service:

- Is the best landlord in Scotland;
- Is a locally delivered, preventative service;
- Has customers at the heart of service design and delivery;
- Has a flexible workforce that can respond to a changing environment;
- Has tenants who know their housing officers and housing officers who know their tenants;
- Is a Housing Developer and strategic partner in the regeneration of the city; and
- Is innovative and responsive to changes in the wider economy that impact on our customers.

3.2. The Housing Service Transformation Plan will be developed in support of the Council's Transformation objectives. Based on tenant priorities, a review of housing performance and to become the top performing landlord in Scotland the Service needs to:

- Improve rent collection and tenancy sustainment.
- Accelerate channel shift.
- Improve mixed tenure management and cyclical maintenance.
- Listen to what our tenants are telling us.

Improve rent collection and tenancy sustainment

3.3. Lessons learned from the top performing landlords in Scotland, show that a more generic approach to tenancy management, which focuses on early invention through effective 'patch working' or 'generic' housing management delivers higher levels of tenancy sustainment and lower levels of rent arrears, with tenants feeling informed and able to participate in decision making.

3.4. The service needs to invest in empowering and equipping frontline staff to take responsibility for a wider range of tenancy management and landlord functions to ensure the relationship between tenant and landlord will be strengthened and simplified. This is in line with the transformational change proposed by the Council.

Accelerate channel shift

3.5. Channel shift is not about deleting any communications channels, it is about allowing routine queries to be dealt with efficiently, freeing up staff time to focus on providing support to customers who need it most. However, there is a risk that some Council tenants who currently lack access to infrastructure, devices and/or skills, will become excluded without significant investment. There is also a need to invest in training and

support to ensure staff and tenants have the necessary skills to maximise the benefits of digital services.

Improve mixed tenure management and cyclical maintenance

- 3.6. The Housing Service Transformation Plan needs to focus on increasing resources to address the challenges of mixed tenure management. This, along with an increased emphasis of cyclical maintenance is addressed in the *Invest to Improve - Homes* section of the Business Plan.

Listen to what our tenants are telling us

- 3.7. In order to be the top performing landlord the service needs to focus on ensuring tenants feel they have adequate opportunities to participate in decision making, that their views are valued and that they are kept informed. The expansion of the Council's patch working approach, where tenants know their housing officer and housing officers know their tenants will improve communications.
- 3.8. The Tenant Participation Strategy 2015-18 'Have your say, make a difference' was approved at Health, Social Care and Housing Committee in April 2015. The strategy seeks to encourage more tenants to take part in decision making by building on initiatives such as the Tenants Panel which provides a range of options for engaging with the service, from attending focus groups, to completing short surveys, taking part in estate walkabouts and taking part in policy reviews or tenant led inspections. Participation needs to increase by giving tenants more and better opportunities to scrutinise services and hold the service to account.

4. Invest to Improve – Homes

- 4.1. *Invest to Improve* reflects the priority given to maintaining quality services for existing tenants. Significant progress has been made by further improving the quality and condition of Council homes.

Scottish Housing Quality Standard

- 4.2. All social rented homes are required to meet the Scottish Housing Quality Standard (SHQS) by 2015 and this has been a major driver of our investment programme over recent years. The Council complies with the requirements of SHQS. However, around 3,000 homes are currently classed as abeyances as it has not been possible to bring the properties up to the standard due to tenants, or in some cases, neighbouring owners, being unwilling to participate in improvement works. Almost all of these abeyances are due to the lack of a secure door entry system.
- 4.3. These abeyances will be kept under constant review and a priority for the HRA Capital Investment Programme over the next two years will be to attempt to engage with tenants and owners to ensure the work is carried out.
- 4.4. Investment priorities have been identified and agreed by the Council, based on engagement with tenants (through ‘Your Rent, Your Priorities’ consultation), statutory requirements and what we know about the condition of the housing stock. The priorities for the next five years include:
- Increasing the number of new homes (addressed under *Invest to Grow*).
 - Ensuring no kitchen or bathroom is more than 25 years old by 2020.
 - Reducing energy costs for tenants.
 - Maintaining a high quality repairs service (addressed under *Invest to Improve – the housing service*).
 - Improving neighbourhoods.

Kitchens and Bathrooms Programme

- 4.5. At its meeting on 11 November 2014, Health, Social Care and Housing Committee agreed that one of the priorities for capital investment should be aiming to have no kitchen or bathroom over 25 years old by 2020. The Business Plan ensures resources are available to deliver this commitment, and the most vulnerable households will be prioritised within the programme.

Homes and Energy Strategy

- 4.6. The Homes and Energy Strategy was approved by Health, Social Care and Housing Committee in June 2014 and sets out four key themes:
- Improve the energy efficiency of existing homes.
 - Build new energy efficient home.
 - Reduce the impact of energy costs.
 - Provide and promote education and advice for Edinburgh residents.

- 4.7. Over the last five years the Council has spent approximately £40 million improving the energy efficiency of Council homes, resulting in Council homes being some of the most energy efficient in the city. In 2014 the Scottish Government published an Energy Efficiency Standard for Social Housing (ESSH), which all social rented homes will have to meet by 2020. Further investment is required over the next five years to ensure Council homes meet ESSH by 2020 and this is one of the priorities for the capital investment programme for the next five years.
- 4.8. In addition to investing in the fabric of the building, there is a need to address the cost of energy for tenants. Some of this can be addressed through changing tenants' energy consumption, however it is largely dependent of the actual cost of energy and the relationship with energy providers. Reducing the cost of energy to tenants is a priority for the service and opportunities for doing so are being explored.
- 4.9. The Business Plan ensures that resources are available to fund the capital investment requirements. There is also capacity within the HRA to meet any additional revenue requirements associated with reducing energy costs for tenants.

Mixed Tenure Management

- 4.10. One of the key challenges facing the service and a potential risk to the HRA is managing common repairs and maintenance in blocks with a mixed of tenures. The Council owns homes in approximately 4,500 blocks of flats and is a minority owner in 45% of them.
- 4.11. In order to address this, the service needs to invest in working more intensively with owners in these blocks to ensure that Council tenants in mixed tenure blocks do not lose out in terms of quality of their home. This will include making greater use of legislative tools such as the Tenement Management Scheme to ensure repairs and improvements can be carried out.
- 4.12. A strategy of stock consolidation through selective acquisition and disposal is being piloted with the objective of increasing the number of blocks where the Council has 100% ownership.

Investing in Cyclical Maintenance

- 4.13. Repairs costs have fallen in recent years as a result of investment in homes. Benchmarking shows that, although Edinburgh performs well in terms of satisfaction with home, the service spends less than average on cyclical maintenance.
- 4.14. Through investing more in cyclical maintenance, particularly in relation to external fabric of homes, there is an opportunity to improve the exterior of homes as part of community regeneration. This preventative approach would be beneficial for the HRA as well as for the condition of the homes and satisfaction with neighbourhood.
- 4.15. This kind of planned approach to maintenance may support the objective of engaging more effectively with owners, through demonstrating how they can benefit from participating in shared works.

5. Invest to Grow – Meeting Housing Need

Progress

- 5.1. Edinburgh needs around 40,000 new homes over the next 10 years. In 2014/15, 1,437 affordable homes were approved, with the majority of new affordable homes being delivered through the Affordable Homes Supply Programme, National Housing Trust and the Council's 21st Century Homes programme.
- 5.2. The number of homes being delivered directly by the housing service has doubled since the 21st Century Homes Programme began. Through exploring innovative models, the Housing service is delivering affordable homes through a number of Limited Liability Partnerships (LLPs) as well as through 21st Century Homes.
- 5.3. House building contributes significantly to economic growth and the economic wellbeing of the city. Ensuring there is an adequate supply of affordable homes is essential if the city is to continue to thrive and grow.
- 5.4. 21st Century Homes is delivering high quality, energy efficient affordable homes across the city. The programme has been a catalyst for wider regeneration through providing infrastructure improvements, local investment, local jobs, training opportunities and community engagement. The programme has brought the Council recognition as a thriving house builder through award nominations and success.
- 5.5. The 21st Century Homes model has proved to be a robust and affordable model that not only helps meet housing needs and economic objectives, but it also strengthens the HRA Business Plan through recovering investment costs quickly and increasing the income stream to the HRA over the long term.

Potential for Growth

- 5.6. Although Edinburgh is at the forefront of delivering affordable homes, if the city's housing need is to be met, a significant increase in investment is required.
- 5.7. The Council has already agreed to develop a business case for expanding the 21st Century Homes Programme by a further 400 homes but there is an opportunity to expand this further. The HRA has the capacity to support an ongoing new build programme of at least 500 homes a year over the next 10 years through a combination of prudential borrowing, developer contributions and the strategic use of contingency funding. There may be scope to reduce the cost to the HRA by working with the Scottish Government to identify additional grant funding.
- 5.8. Through using HRA resources to acquire sites from the Council's General Fund and from other public sector bodies, such as the NHS, there is an opportunity for the Council to drive house building and economic growth in the city, meeting the city's housing need and demand.
- 5.9. Experience has shown that the service has the ability to deliver high quality homes that people want to live in and that provide a long term stable income stream to the Council, in terms of rent to the HRA, but also in terms of increased Council Tax revenue.
- 5.10. The Housing Service has a long history of working successfully with Registered Social Landlords and private developers to increase housing supply, regenerate communities

and meet health and social care needs. From 2008 to 2013, the Housing Service trebled the number of completed affordable homes from 411 to 1,285 and in 2014/15 funding, loans and equity support was approved for over 1,400 homes.

- 5.11. The Housing Service Investment Team has, since 2004, enabled delivery of affordable housing throughout the city. This has been done through approving grant funding, loans and equity assistance and delivering affordable housing land through the Affordable Housing Planning Policy. Working directly with registered social landlords and developers, the team has enabled over £1 billion of investment in over 8,600 affordable homes since 2004. The Affordable Housing Policy has helped deliver affordable housing across the city and ensures that an affordable housing contribution is sought in every residential development of 12 homes or more.
- 5.12. Through building on this experience, the Housing Service and the HRA is in a strong position to make significant inroads into meeting the city's housing need.

Finance and Resources Committee

10am, Thursday, 27 August 2015

Waiver Report for Servicing and Repairs Contract

Item number	7.23
Report number	
Executive/routine	
Wards	

Executive Summary

This report seeks the approval of the Finance and Resources Committee to approve the waiver of contract standing order to allow the extension of current contracts for service and repair to enable the creation of a new contract/framework through a tendering process. The term of the contract extension will be 31 August 2015 to 1 December 2015.

Links

[Coalition pledges](#)
[Council outcomes](#)
[Single Outcome Agreement](#)

Recommendations

- 1.1 It is recommended that the Finance and Resources Committee approve the waiver reports attached in Appendix 1.

Background

- 2.1 The Council has a statutory duty to maintain and service the equipment provided by its Community Equipment Store to people with illness and disabilities in their own home.
- 2.2 The City of Edinburgh Council has several servicing and maintenance contracts in place, which have expired or are due to expire.
- 2.3 After a review, all servicing and maintenance provision will come under one single Framework Agreement, which will be tendered for in collaboration with Midlothian Council, East Lothian Council, West Lothian Council, Scottish Borders Council and NHS Lothian. Due to the time taken to set up this collaboration, there will be a gap in service contracts expiring and the new tender being ready.

Main report

- 3.1 There have been different contracts for servicing and maintenance of a range of equipment, however, the intention is to include servicing and maintenance of all equipment under one Framework Agreement. This should create savings and facilitate contract management. We anticipate that the initial savings will be approximately £80,000 per annum.
- 3.2 Delays in servicing of equipment could leave service users and carers at risk of injury.
- 3.3 The consolidation of contracts and collaboration with other local authorities has caused a delay, which will result in a gap between the current contracts and the implementation of the new Framework Agreement.
- 3.4 It is in the best interests of service users and the Council to extend the contract to mitigate the identified risk.

Financial impact

- 4.1 The Framework Agreement (estimated value £415,819 per annum and £1,663,276 over 4 years) is scheduled to be in place for 1 December 2015 and will include the following equipment:

- Mobile hoists £58,610
- Mattresses £43,477

• Beds	£99,608
• Powered seating for adults and children	£56,730
• Powered shower seating	£11,326
• Ceiling track hoists	£10,233
• Bath hoists auto lifts	£ 3,335
• Bath seats	£ 8,000
• Powered solo toilet raisers	£ 2,000
• Powered bidet toilets	£65,000
• Stair lifts	£57,500

- 4.2 The existing waiver for stair lifts (Advanced Stair lifts) and powered bidet toilets (Total Hygiene) will expire on 31 August 2015. An extension to these waivers is sought to cover the period between the expiry date and the new Framework Agreement being in place, approximately 4 months, 31 August 2015 to 1 December 2015. This is built into existing budgets and partners are re-charged based on usage of the service. Any budgetary concerns are raised at quarterly Management and Finance group meetings throughout the year.

Risk, policy, compliance and governance impact

- 5.1 There is a risk that the extensions to the current contracts could be deemed to constitute new contracts and therefore be in breach of the procurement rules, primarily based on the increased value in the contract, as noted above. However, as there are a number of current contracts and the value of each is a proportion of the overall total value of £ 415,819, none of the extensions exceeds the current EU thresholds.
- 5.2 An aggrieved potential bidder could raise an action in the Sheriff Court or Court of Session to seek the set aside of the contract extension and to obtain an award of damages. If the Court did rule in favour of an aggrieved potential bidder, the risk of a significant award of damages would be low. However, the successful challenge itself would have an adverse reputational impact on the Council. The resultant setting aside of the contract would necessitate a new procurement exercise.
- 5.3 Although there is a risk of a successful legal challenge, this risk is deemed to be low. The market will also be aware that the Council is retendering the opportunity under OJEU Open procedure, as published in our Prior Indication Notice of 29 May 2015, and it is therefore likely that potential bidders will wait to bid for the opportunity. On balance, granting the extension carries the lesser risk.

Equalities impact

- 6.1 There is no relationship to the public sector general equality duty to the matters described in this report and no direct equalities impact arising from this report.

Sustainability impact

7.1 As part of the contract, the providers are required to evidence their environmental policy.

Consultation and engagement

8.1 We have collaborated with NHS Lothian, Borders Council, East Lothian Council, Midlothian Council and West Lothian Council on the specification and evaluation. All are in agreement that this collaboration will give greater purchasing power, which should provide savings.

Background reading/external references

None

Michelle Miller

Chief Social Work Officer

Contact: Linda Bertram, Community Equipment Service Manager

E-mail: linda.bertram@edinburgh.gov.uk | Tel: 0131 529 6300

Contract Standing Orders – Waiver Approval Form

CPS use only:	
Waiver number:	
Waiver Register updated:	
Contract Register updated:	
Buyer's Pool:	

Directorate (select from menu)	Health & Social Care			
Service	Community Equipment Service			
Service Manager	Linda Bertram			
Supplier Name	Total Hygiene Ltd			
Waiver Type (select from menu)	Direct Award			
Contract Name and Ref (if Extension) (Name and Unique Code from Contract Register)	CT0431: Unique code is 100002235 Waiver 443			
Justification (select from menu)	Council's Best Interests			
Waiver Level (select from menu)	More than £25,000 & less than £250,000			
Proposed duration of Waiver (Where no specific dates apply, the current financial year will be used)	Start date:	30/06/15	End date:	31/12/15
Waiver Value (£)	Full Value of Waiver:		£65000	
Is the Waiver for the Appointment of a Consultant?	No			
Is this a "repeat" Waiver?	Yes	<p>Purchase order 1839932 is incomplete as the amount on it exceeds the current waiver contract. There is already a waiver set up for £26,866.73, however £27,196.72 worth of orders have already been released.</p> <p>Because the waiver has been exceeded, new purchase orders created for Total Hygiene Ltd will not be automatically processed.</p> <p>The contract is for "supply and service and repair of electronic bidet toilets to Total Hygiene Ltd"</p>		
Waiver Summary This text will be copied into the quarterly public report to Finance and Resources Committee NB Please limit your summary to no more than 70 words	<p>Approval of this Waiver of Contract Standing Orders is sought to allow the extension of current contracts for Supply, Service and repair of electric bidet toilets to enable the creation of a new contract/ Framework Agreement with the complete revision of specifications (to include provision for bariatric clients) and consolidation of the requirements from all five participating Councils through a compliant OJEU tendering process.</p>			
Full background and justification to support approval process Please include resource and budget implications.	<p>The CES has an existing contract with Total Hygiene Ltd which has expired. We now require to go out to contract tender specifically for bidet toilets. Until this time it is essential that CES need to be able to have a supply and maintenance temporary contract to ensure the council are compliant with H&S legislation and ensure clients are able to use the equipment safely. If we are unable to maintain these items, the council will be in breach of legislation and putting clients at risk.</p> <p>A specific costing and quotations for the following have been sought from Total Hygiene for supply, service and repair.</p> <p>CES currently has 132 electronic bidet toilets in situation in client homes across the city.</p> <p>CES have completed a Procurement Requirement Form (PRF) via the Orb in order to engage Commercial & Procurement Services assistance with developing a new contract for these goods.</p> <p>Until the tender is complete CES will need to have a contract for the next 7 months (31st December 2015) to supply, service and repair bidet toilets totalling approx £65,000.00 expenditure.</p> <p>The cost can be accommodated by the existing approved revenue budget for 3011,3021 and 3031 Aids and adaptations, service and repair for CES cost centre 67931.</p>			

Risk Review Please outline reputational, legal and service risks of waiving/not waiving the CSOs. For example, risk of legal challenge from another provider or to service continuity. You must include an assessment of risk level (High, Medium, Low) and mitigating actions.		The risks of waiving the CSOs are as follows: The council will be in breach of H&S legislation and putting clients at risk within their own home. The risk of challenge is low as the market for this specialised equipment as last time we tendered we only received one bid because it is specialised, and we are in the process of developing a tender to which all suitably qualified suppliers would be able to bid for.	
Future arrangements Please outline the planned actions to enable compliance with CSOs on this spend, including dates to review progress		A new contract/Framework Agreement for this requirement as a separate lot (excluding supply), is being constructed in partnership with four other Councils and NHS Lothian, starting on 1 December 2015. Regular contract management reviews will be an integral feature of the specification to ensure the benefits of economies of scale, and streamlined services are secured. Provision for Bariatric clients will be made available as a development in light of demographic trends.	
CPS Category Manager NB: the Service is responsible for liaison with CPS on Waiver requirements		Signature:	Date:
Approval Level (please select from the menu in accordance with the Waiver Level above) NB: if value is over £250k, please contact the CPS Category Manager for guidance		>£25,000 and <£250,000 - Service Director and Director of Corporate Governance	
Approved by:	Head of Service / Service Director: (As required)	Signature:	Date:
	CPS Manager / Corp. Governance Director: (As required)	Signature:	Date:

This form must be completed by the relevant Service Manager in consultation with Commercial and Procurement Services – see available guidance on the Orb

NB: The signed Waiver Approval Form should be scanned as a PDF and emailed to waivers@edinburgh.gov.uk

Contract Standing Orders – Waiver Approval Form

CPS use only:	
Waiver number:	
Waiver Register updated:	
Contract Register updated:	
Buyer's Pool:	

Directorate (select from menu)	Health & Social Care			
Service	Community Equipment Service			
Service Manager	Linda Bertram			
Supplier Name	Advanced Stairlifts Ltd			
Waiver Type (select from menu)	Direct Award			
Contract Name and Ref (if Extension) (Name and Unique Code from Contract Register)	Contract ref CT0402: Unique code is 100002359			
Justification (select from menu)	Council's Best Interests			
Waiver Level (select from menu)	More than £25,000 & less than £250,000			
Proposed duration of Waiver (Where no specific dates apply, the current financial year will be used)	Start date:	30/06/15	End date:	31/12/15
Waiver Value (£)	Full Value of Waiver:		£57500	
Is the Waiver for the Appointment of a Consultant?	No			
Is this a "repeat" Waiver?	Yes	Purchase order 1834667 is incomplete as the amount on it, £4,410.00, exceeds the contract, CPA1811120, that it has been raised against. CPA1811120 for waiver 482 is for £23,950.00; the cumulative amount on the CPA with purchase order 1834667 is £25,703.15. The contract is for 'Provision of equipment and adaption's to people with illnesses' and the supplier is Advanced Stairlifts Scotland Limited.		
Waiver Summary This text will be copied into the quarterly public report to Finance and Resources Committee NB Please limit your summary to no more than 70 words	Approval of this Waiver of Contract Standing Orders is sought to allow the extension of current contracts for Supply, Service and repair of stair lifts, lifting platforms, through floor vertical lifts to enable the creation of a new contract/ Framework Agreement with the complete revision of specifications (to include provision for bariatric clients) and consolidation of the requirements from all five participating Councils through a compliant OJEU tendering process.			
Full background and justification to support approval process Please include resource and budget implications.	The Community Equipment Store has a statutory duty to maintain and service the equipment provided to people with illness and disabilities in their own homes. Currently the City of Edinburgh Council has a contract with Advanced Stair lifts limited which expires on 31 st August 2015. A new contract tender process will be set up however a waiver needs to be signed off for a period from 30 th June 2015 to 31 st December 2015 to cover the tender period. A cost of £23,950.00 based on previous months service and purchase costs with Advanced was the initial amount estimated to be able to cover the period of the previous waiver from 23 rd Jan 2015 – 31 st August 2015. To date we have exceeded this original budget ahead of fulfilment. The cost can be accommodated by the existing approved revenue budget for 3011 Aids and adaptations for CES cost centre 67931			
Risk Review Please outline reputational, legal and service risks of waiving/not waiving the CSOs. For example, risk of legal challenge from another provider or to service continuity. You must include an assessment of risk level (High, Medium, Low) and mitigating actions.	The risks of waiving the CSOs are as follows: Delays or prevention of the provision of servicing of equipment would leave clients at risk of injury or unsafe in their homes and carers at risk of injury, consequently the Council potentially being liable. The risk of challenge is diminished by the publication of a Prior Information Notice (PIN) on 29.05.15 inviting expressions of interest in this contract opportunity across all five lots including this requirement.			

Future arrangements Please outline the planned actions to enable compliance with CSOs on this spend, including dates to review progress		A new contract/Framework Agreement for this requirement as a separate lot (excluding supply), is being constructed in partnership with four other Councils and NHS Lothian, starting on 1 December 2015. Regular contract management reviews will be an integral feature of the specification to ensure the benefits of economies of scale, and streamlined services are secured. Provision for Bariatric clients will be made available as a development in light of demographic trends.	
CPS Category Manager NB: the Service is responsible for liaison with CPS on Waiver requirements		Signature:	Date:
Approval Level (please select from the menu in accordance with the Waiver Level above) NB: if value is over £250k, please contact the CPS Category Manager for guidance		>£25,000 and <£250,000 - Service Director and Director of Corporate Governance	
Approved by:	Head of Service / Service Director: (As required)	Signature:	Date:
	CPS Manager / Corp. Governance Director: (As required)	Signature:	Date:

This form must be completed by the relevant Service Manager in consultation with Commercial and Procurement Services – see available guidance on the Orb

NB: The signed Waiver Approval Form should be scanned as a PDF and emailed to waivers@edinburgh.gov.uk

Finance and Resources Committee

10am, Tuesday, 27 August 2015

Approval for Appointment of Workplace Travel Planning Consultant for Smarter Choices, Smarter Places

Item number	7.24
Report number	
Executive/routine	
Wards	

Executive summary

In April 2014, Paths for All, on behalf Transport Scotland, informed the City of Edinburgh Council that the Council had been allocated £496,371 of revenue funding for Smarter Choices Smarter Places (SCSP) activities during 2015/16. This was reported to the Transport and Environment Committee on 14 January 2015 and it was agreed that the programme be undertaken.

The SCSP funding will be applied to behaviour change activities, aimed at persuading and encouraging people to undertake more journeys by active travel and reduce the number of car journeys. A key objective of the Council's SCSP programme is the delivery of workplace travel planning. This specialised activity requires consultancy support. In accordance with the guidance on the appointment of consultants, an OJEU open tender process has been undertaken. Committee approval is sought to award the contract to Grontmij Limited for a value of £122,532.00.

Links

Coalition pledges	P45 and P50
Council outcomes	CO22 , CO24 and CO26
Single Outcome Agreement	SO2 and SO4

Approval for Appointment of Workplace Travel Planning Consultant for Smarter Choices, Smarter Places

Recommendations

- 1.1 It is recommended that Committee approves award of the workplace travel planning contract to Grontmij Limited for a value of £122,532.00.

Background

- 2.1 The SCSP programme of behaviour change initiatives complements the Council's outcome to increase walking and cycling trips.
- 2.2 The draft SCSP programme was agreed by the Transport and Environment Committee on 13 January 2015. At this meeting, the Committee also agreed that delegated powers be granted to the Director of Services for Communities, in consultation with the Convener, Vice Convener, the Active Travel Forum, and Transport and Environment spokespersons to develop and agree a programme for the SCSP funding. A programme has now been developed, and delivery is now underway.
- 2.3 Travel planning is recognised as one of the key behaviour change tools to encourage people to undertake more journeys by active travel. The investment in travel planning is therefore a very significant aspect of the SCSP programme.
- 2.4 Instigating travel planning involves engaging people directly about their current travel patterns, needs and barriers to alternative travel options. From this basis an open dialogue can commence about the options that are available to them to travel in other ways and how to support them in choices they wish to make.
- 2.5 Travel planning can be undertaken in various formats, including events, one-to-one 'clinics', promotional materials and online tools.

Main report

- 3.1 On 29 May 2015, an OJEU contract notice for a single stage open procedure was published in the Public Contracts Scotland Portal inviting expressions of interest from suitable applicants to deliver the contract. Interested parties responding to the notice were provided with the tender documentation.

- 3.2 All interested applicants submitted their response by the closing date of 13 July 2015.
- 3.3 To ensure that the tender was awarded to the providers offering best value, the bids were assessed based on the most economically advantageous tenders. The weightings used for the selection of the consultant was based on Quality 70% and Price 30%.
- 3.4 Tenders were independently scored in relation to quality and price. The tender returns were checked for compliance and all were deemed compliant by the evaluation panel.
- 3.5 The quality analysis was based on weighted Award Criteria questions, which were scored using a 0 to 4 matrix. Following completion of the quality analysis, tenders that pass the minimum threshold score of 50% for quality were subject to a cost analysis.
- 3.6 The cost element was assessed on the prices submitted for a lump sum fee to carry out all services detailed in the specification. The tenders were independently evaluated and the results of the evaluation process are shown below:

Bidder	Quality Score 70%	Price Score 30%	Combined Total 100%
Grontmij Limited	64.75	30.00	94.75
Bidder 2	58.63	15.32	73.95
Bidder 3	57.75	14.20	71.95
Bidder 4	51.63	14.58	66.20
Bidder 5	47.25	16.82	64.07
Bidder 6	45.50	15.81	61.31
Bidder 7	36.75	15.37	52.12

- 3.7 Tendered prices ranged from £122,532.00 to £258,839.31
- 3.8 The outcome of the tender evaluation is that Grontmij Limited submitted the most economically advantageous tender at a cost of £122,532.00 and has been identified as the Preferred Bidder based on quality and price.

- 3.9 Grontmij Limited will undertake a set of travel planning activities targeted at Edinburgh's larger employers. These include:
- promotional events,
 - one-to-one personalised travel planning,
 - workplace promotional materials,
 - locality specific travel maps; and
 - incentives to travel actively.
- 3.10 Grontmij Limited's travel planning scheme will have a focus on one-to-one personalised travel planning. Grontmij Limited has demonstrated through its submitted plan, past experience and expert knowledge that this approach will be an effective way of promoting active travel and increasing the numbers of employee's walking and cycling.
- 3.11 Some existing workplace active travel engagement programmes are already in existence in Edinburgh, through organisations like Sustrans and the Bike Station. Furthermore some business groups, such as Edinburgh Park, are actively seeking to engage in travel planning. Grontmij Limited's programme will build on these links and establishing new ones so significant progress is made towards establishing a single network of coordinated workplace travel planning across the city. Establishing this network will increase the numbers of employees engaged and quality of this engagement. It will also improve the self-sustaining legacy of this travel planning programme beyond the SCSP funding.

Management and Staffing Arrangements

- 3.12 The SCSP programme is managed using PRINCE2 methods, to ensure effective organisation and accountability.
- 3.13 The Travel Planning project will be managed by a full time member of the City of Edinburgh Council staff, who will liaise with Grontmij Limited. The timeframe and scale of the project to reach workplaces outside of the Council means that the procurement of Grontmij Limited, as an expert in travel planning, is necessary.

Measures of success

- 4.1 Measures of success will be developed in the Project Plan, in accordance with the guidelines stipulated by the Scottish Government, these include:
- Increased awareness of active travel routes in the target area (%).

- Increased awareness of sustainable travel facilities in the target area (%).
 - Provision of promotional materials and maps related to the key local destinations in the target area by foot and bike (No).
 - Numbers of employees: (1) engaged with the programme, (2) engaged in personalised travel planning, (3) who have increased or are considering increasing their level of active travel.
 - Changes in attitudes toward active travel as a positive and possible way of getting around the city.
- 4.2 Following the project, it is also intended to carry out longer term measurements:
- increases in local walking/cycling/public transport journeys, over the baseline (%).
 - reductions in single occupancy car/van journeys, over the baseline (%).

Financial impact

- 5.1 The total SCSP programme value is £992,742. This comprises 50% match by the Council and project partners: Living Streets, SEStran, Edinburgh Fringe Festival and CycleStreets. The remaining 50% is from the SCSP grant funding (Scottish Government administered by Paths For All).
- 5.2 The costs associated with procuring this contract are estimated at up to £10,000.
- 5.3 A budget of £262,150 has been allocated within the overall SCSP programme to undertake this consultancy work.
- 5.4 The funding from Transport Scotland for SCSP is time limited and needs to be spent within the current financial year.
- 5.5 Given the cost of the contract to be awarded is £122,532.00; this leaves additional funds of £139,618.00 which will be re-allocated to projects within SCSP.

Risk, policy, compliance and governance impact

- 6.1 Procurement guidelines for using consultants are being closely adhered to.
- 6.2 The project provides a positive impact in delivering the Local Transport Strategy and Active Travel Action Plan.

Equalities impact

- 7.1 An Equalities and Rights Impact Assessment has been undertaken, and will be maintained as part of the project.
- 7.2 There is likely to be positive impacts on enhancing a range of human rights. In particular, the project promotes: an increased awareness of vulnerable road users; engagement in and information regarding active travel options and accessibility to destinations including work; the health and social benefits through exercise and well being; reduction in road traffic and associated injury; promotion of the highway code; employment and upskilling of officers and partners in behaviour change; and a greater acceptance of the cycling or walking community.
- 7.3 There are potential positive impacts on protected characteristics, such as gender and disability. These will be considered in the development of proposals, in particular through additional research (eg through desk studies and focus groups, and the Active Travel Forum).
- 7.4 There are unknown areas of potential impact in terms of older and younger age groups, gender reassignment, race, and religion. Further research (eg through feedback surveys) will be undertaken to assess any barriers to engagement in active travel that may be experienced by these groups, and recommendations will be integrated into the project proposals and future development. Regarding the older and younger age groups who are not working, other aspects of the wider SCSP programme are targeted to reach them.

Sustainability impact

- 8.1 The impacts of this report in relation to the three elements of the Climate Change (Scotland) Act 2009 Public Bodies Duties have been considered, and the outcomes are summarised below. Relevant Council sustainable development policies have been taken into account and are noted at Background Reading later in this report.
- 8.2 The project will help develop and contribute towards the outcomes of the Active Travel Action Plan and Sustainable Energy Action Plan. In so doing the proposals in this report will reduce carbon emissions, increase the city's resilience to climate change impacts, and help achieve a sustainable Edinburgh.

Consultation and engagement

- 9.1 The development of the SCSP programme has been informed by a series of market research exercises in 2013-14, involving more than 150 Edinburgh resident participants in focus groups and over 2,500 residents in household interviews. Presentations have been made to various groups, including university students, the Cycle Forum, and transport professionals in Edinburgh. The findings of these have been documented in the Council's Active Travel Marketing Strategy.
- 9.2 The Council's Active Travel Forum has been consulted on the composition of the SCSP programme, including travel planning and is supportive of it. Engagement with and reporting to the forum will continue throughout the project.
- 9.3 Further consultation with relevant groups involved in travel planning has been undertaken and will continue throughout the project.

Background reading/external references

[Active Travel Action Plan](#)

[Smarter Choices, Smarter Places 2015/16 Application Guidance, November 2014](#)

John Bury

Acting Director of Services for Communities

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Links

Coalition pledges	P45 - Spend 5% of the transport budget on provision for cyclists P50 - Meet greenhouse gas targets, including the national target of 42% by 2020
Council outcomes	CO22 - Moving efficiently – Edinburgh has a transport system that improves connectivity and is green, healthy and accessible CO24 - The Council communicates effectively internally and externally and has an excellent reputation for customer care CO26 - The Council engages with stakeholders and works in partnership to improve services and deliver on agreed objectives
Single Outcome Agreement	SO2 - Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health SO4 - Edinburgh's communities are safer and have improved physical and social fabric
Appendices	1. Summary of Tendering and Tender Evaluation Process

Appendix 1

Summary of Tendering and Tender Evaluation Processes

Procurement of Workplace Travel Planning Consultant

Contract period	1 year
Estimated contract value	£262,150.00
Standing Orders observed	2.4
Governing UK Regulation	Public Contracts (Scotland) regulations 2012
Invitations to tender issued	52
Tenders returned	7
Tenders fully compliant	7
Recommended suppliers	1
Primary criterion	Most economically advantageous tender 70% Quality 30% Price

Finance and Resources Committee

10am, Thursday, 27 August, 2015

Bustracker Operation and Maintenance

Item number	7.25
Report number	
Executive/routine	
Wards	All

Executive summary

Edinburgh's Real Time Passenger Information (RTPI) system, Bustracker, is provided by French based company Cofely Ineo. Real time prediction is provided for all bus stops served by Lothian Buses and is now integrated with SEStran Bustracker to provide for stops served by First Bus and Stagecoach. RTPI is available via website, smartphone applications, or 400 on-street signs. The system has worked reliably for over 10 years and has made a significant contribution to increased public transport patronage.

The purpose of this report is to recommend that Committee approves a waiver of the Contract Standing Orders and approves use of the system for a minimum of a further 12 months at a value of approximately £450,000, with an option to extend for a further 6 months. This will ensure the system continues to operate while an options appraisal for longer-term maintenance, development and appropriate procurement strategy are confirmed.

Links

Coalition pledges	P19
Council outcomes	CO9 , CO10 , CO22
Single Outcome Agreement	SO1 , SO2

Bustracker Operation and Maintenance

Recommendations

- 1.1 It is recommended that Committee authorises continued quarterly maintenance payments to Cofely Ineo and associated payments to radio infrastructure and first line maintenance providers for a period of 12 months at a value of approximately £450,000, with an option to extend for a further 6 months. This will allow the Bustracker system to continue operating until an options appraisal for longer-term maintenance, development and appropriate procurement strategy are confirmed.

Background

- 2.1 The existing contract with Cofely Ineo expired in 2011 and this proposed interim arrangement provides for continuing operation and maintenance under existing terms, which were developed through the initial OJEU competitive procedure.
- 2.2 In the interests of transparency and compliance with the waiver process outlined within the Council's Contract Standing Orders, this report sets out the interim solution that is already in place. Contract Standing orders (CSOs) state that, for services in excess of £25,000, a public advertisement followed by an invitation to tender should be carried out before the award of contract. Under Paragraph 9, the CSOs can be waived if justified as a legislative exemption, or in the Council's best interests. It is considered that in this circumstance a waiver is justified in the Council's best interests.
- 2.3 This report seeks Committee authorisation for a waiver to continue payment while the appropriate solution is agreed.
- 2.4 Options for future RTPI provision will require detailed investigation in conjunction with Lothian Buses, as many parts of the system are shared assets. The system's success is largely due to close partnership working with Lothian Buses. It is investigating newer tracking equipment for installation on its buses and any new arrangement for provision of RTPI will need to accommodate this.

- 2.5 A new contract was not put in place, prior to expiry of the original contract, because it is not yet clear exactly what is required, and the development of technology in this area is fast moving. Ongoing maintenance arrangements could only be met by the existing supplier. Retendering for a new supplier as an interim measure until a longer term strategy is agreed would be likely to require significant cost to put in place new technology. It may even require the installation of new on-street infrastructure to support a new system at significant cost.
- 2.6 To date the supplier has undertaken a significant level of development work on the systems at no added cost to the Council.

Main report

- 3.1 Bustracker has been operating successfully since 2004. Although the system is open to all bus operators, only Lothian Buses invested in the tracking equipment. They installed all necessary Automatic Vehicle Location (AVL) equipment on its entire fleet and this provides a comprehensive fleet management system. The Council operate the Real Time Passenger Information side of the project, using data fed from the AVL system.
- 3.2 The RTPI has grown a positive reputation due to the accuracy of data.
- 3.3 The AVL/RTPI system is a specialist product which has been maintained by the system supplier since commissioning. Maintenance by a third party might, therefore, be impractical and introduce significant risks.
- 3.4 The system software is owned by the system supplier and any transition from existing supplier to new supplier is likely to result in significant disruption of service.
- 3.5 Bustracker is based on a combination of complex hardware, software, communications systems and transport databases. It is important to note that it is a “live” system which is used to manage the bus network 24/7. It requires the ongoing, day-to-day commitment of the project partners to deliver a high quality effective service.
- 3.6 Bustracker is one of the most successful public transport projects delivered by the City of Edinburgh Council. This is supported by system coverage and the level of use by the public:
- RTPI 24/7 for the entire Lothian bus fleet (approximately 700 buses – including tourist services);
 - RTPI for every stop in the Lothian Buses’ network – over 2,700 bus stops;

- 425 on-street RTPI signs - with increasing public requests for more; and
 - approximately 12 million RTPI queries per month on web, mobile and smartphone app services.
- 3.7 Although the existing level of use is high, web statistics suggest it is still increasing.
- 3.8 Bespoke smartphone applications have been introduced to target specific markets and continue to be developed. For example, Lothian Buses' own Smartphone app includes easy to use "Take Me Home" functions which:
- use smartphone GPS positioning to identify your current location;
 - provide a web based journey planning tool to plan your route from your current location to your "home"; and
 - predict the journey time to reach a destination.
- 3.9 Bustracker has now been integrated with SEStran Bustracker. Both systems are provided by Cofely Ineo. The SEStran system has covered much of the First and Stagecoach fleet in its area and its integration work allows RTPI predictions for relevant services to be added to on-street signs in Edinburgh.
- 3.10 The original Bustracker tender process was subject to the EU OJEU "restricted" procedure. The process was administered by the City of Edinburgh Council procurement staff with the support of the Bustracker Project Team. The original tender included both maintenance and the option of system expansion from the outset.
- 3.11 This recognised the complexity and specialist nature of the system and the fact that AVL/RTPI systems are not manufactured to a rigid EU or UK standard or specification. They are compliant with electrical and safety standards but the component parts, system software and overall system functionality is defined by the supplier and the needs of their customers.
- 3.12 The approach taken also satisfied the business needs of bus operator partners (both Lothian Buses and First Bus were involved in the procurement process). They were investing in the project with the aim of making Bustracker one of their key business systems. They therefore needed assurance that the system would be reliably maintained and supported from the outset.
- 3.13 As there were no obvious third party maintenance or support alternatives, maintenance costs were included in the financial assessment.
- 3.14 The approach taken also ensured that the City of Edinburgh Council did not experience the problems faced by other authorities. Some authorities appointed on the basis of capital costs and subsequently found themselves in a weak position when they had to negotiate maintenance, software licences and system development costs with a single supplier - the successful tenderer.

- 3.15 The current system is based on two contractual agreements between:
- the City of Edinburgh Council and Ineo Systrans - covering the supply and maintenance of the Bustracker system; and
 - the City of Edinburgh Council and Lothian Buses - covering the responsibilities of each partner regarding financial contributions, system administration operation and ongoing maintenance.

Conclusion

- 3.16 The Bustracker system was successfully delivered under the terms of the contract. It has been developed significantly in terms of functionality and continues to operate well. It is clear that the project is still following the principles set out in the terms of the Main Contract and the separate Agreement between the City of Edinburgh Council and Lothian Buses.
- 3.17 This approach has produced a successful AVL/RTPI system. Lothian Buses has made a significant contribution and should be consulted on any proposed changes to the maintenance regime.
- 3.18 An analysis of actions under the maintenance contract clearly demonstrates that the maintenance activity is much more than simply keeping the existing infrastructure and systems operational with occasional increases in the quantity of “units” (buses, signs etc) installed.
- 3.19 A major part of the maintenance activity has been to expand the capacity, functionality and performance of the system to satisfy the requirements and aspirations of the City of Edinburgh Council, Lothian Buses and the travelling public who use the system.
- 3.20 Cofely Ineo continue to perform well, actively monitoring the system with a dedicated team. They frequently identify problems and resolve issues without the travelling public being aware. Any issues reported by the City of Edinburgh Council officers are dealt with swiftly and professionally.
- 3.21 The options appraisal will look in detail at new emerging technologies and investigate the potential of reducing ongoing operation and maintenance costs.

Measures of success

- 4.1 Continued operation of the Bustracker system.

Financial impact

- 5.1 Current cost of maintaining the system:
- Quarterly payments due to Cofely Ineo £92,999 in 2015, rising to £94,889 in 2016 (Cofely Ineo payment increases are aligned to calendar years).
 - Bridge Systems, radio infrastructure provision and maintenance, up to £30,000 per year.
 - Arqiva, radio infrastructure site lease, up to £25,000 per year.
 - Ofcom, radio licence provider, up to £7,000 per year.
 - Real Time Information Group (RTIG), provide advice on UK industry standard, key resource for information that will shape future provision. Membership is £1,500 per year.
- 5.2 An allowance should be made for additional operating costs to cover amendments and developments that are not covered by general maintenance and improve system performance.
- 5.3 Costs can be met from the Public Transport budget.

Risk, policy, compliance and governance impact

- 6.1 The recommendation in this report is consistent with existing policies and aspirations of the Council.
- 6.2 Compliance with the Council's waiver procedure under the Contract Standing Orders enhances transparency and measures of compliance.
- 6.3 Objective *PubTrans5* of the current Local Transport Strategy applies to the issues addressed in this report.
- PubTrans5:** The Council will seek to ensure a good waiting environment at bus stops, including shelter and seating wherever necessary and possible. Relevant and up to date information will be provided.
- 6.3 The contract was originally tendered through OJEU procedure, and the risk of challenge in continuing with existing arrangements is deemed to be low due to the existing operating software belonging to Cofely Ineo. This software is commercially sensitive and not transferable to a new system operator. It is important that the procurement exercise is developed to ensure the industry is not excluded in any future tender.
- 6.4 Any disruption in service is a significant risk to Council reputation and partnership working with Lothian Buses.

Equalities impact

- 7.1 Continued provision or enhancement of the quality of life of users through the enhancement of access to employment, educational, leisure and shopping opportunities.
- 7.2 Withdrawing the service would particularly affect vulnerable users who rely on the reassurance provided by accurate RTPI.

Sustainability impact

- 8.1 The impacts of this report in relation to the three elements of the Climate Change (Scotland) Act 2009 Public Bodies Duties have been considered, and the outcomes are summarised below:
- The report's proposal.
 - The need to build resilience to climate change impacts is not relevant.
 - This report's proposals will help achieve a sustainable Edinburgh.
- (Reducing dependence on transport by private car by Council's sustainability aims.)

Consultation and engagement

- 9.1 The Council's Commercial and Procurement Services have been consulted on this proposal, and supports the approach recommended.
- 9.2 Further consultation with other partners and users will be undertaken where appropriate.

Background reading/external references

None.

John Bury

Acting Director of Services for Communities

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Links

Coalition pledges	P19 - Keep Lothian Buses in public hands and encourage the improvement of routes and times
Council outcomes	CO9 - Edinburgh residents are able to access job opportunities CO10 - Improved health and reduced inequalities CO22 - Moving efficiently – Edinburgh has a transport system that improves connectivity and is green, healthy and accessible
Single Outcome Agreement	SO1 - Edinburgh's economy delivers increased investment, jobs and opportunities for all SO2 – Edinburgh's citizens experience improved health and well being with reduced inequalities in health
Appendices	None

Finance and Resources Committee

10am, Thursday, 27 August 2015

Supply of Non-wheeled Waste and Recycling Containers and Spare Parts

Item number	7.26
Report number	
Executive/routine	
Wards	

Executive summary

This report outlines the result of a competitive tender process for a framework agreement to supply Non-wheeled Waste and Recycling Containers and Spare Parts.

The report seeks the approval of the Finance and Resources Committee to award a contract for the Supply of Non-Wheeled Waste and Recycling Containers and Spare Parts to Spider UK Ltd, from 1 September 2015 to 31 August 2017, with the option to extend for up to two 12 month periods.

The maximum potential value of the framework, including extension, is £5,000,000.

Links

Coalition pledges	P49
Council outcomes	CO18
Single Outcome Agreement	SO4

Supply of Non-wheeled Waste and Recycling Containers and Spare Parts

Recommendations

- 1.1 It is recommended that the Finance and Resources Committee approves the appointment of Spider UK Ltd, as a single supplier framework agreement for the Supply and Delivery of Non-wheeled Waste and Recycling Containers and Spare Parts, for a period of two years with the option to extend by two 12 month periods.

Background

- 2.1 The Transport Infrastructure and Environment Committee, at its meeting of 29 November 2011, approved the report 'Modernising Waste Collection in the World Heritage Area (Modernising Waste)'.
 - 2.2 As part of the report, the Committee approved the use of non-wheeled waste containers in certain streets in the World Heritage Area, as a major contribution to ending black bag refuse collection.
 - 2.3 The Redesign of Recycling Outline Business Case approved by the Transport and Environment Committee at its meeting of 27 August 2013, proposed increasing the capacity of recycling containers for high-density housing areas by using 3200 litre side-loading containers where appropriate.
 - 2.4 It is estimated that up to 5,000 non-wheeled containers will be required over the next 4 years to provide an adequate supply for the Modernising Waste Project, expansion of on-street recycling services and replacements for current and future container stock.

Main report

- 3.1 The City of Edinburgh Council has a policy of containerising refuse collection within the city. Currently all of the city's high density housing is serviced through the on-street siting of communal wheeled and non-wheeled side-loading containers of various sizes.
- 3.2 It was established through extensive analysis that the market is very limited for side-loading containers.

- 3.3 Waste containers are normally procured through the Scotland Excel Framework Agreement for Recycle and Refuse Containers. However this is not suitable for use in this instance because the Framework does not include side-loading containers, and none of the suppliers on the Framework manufactures this type of container.
- 3.4 The procurement strategy was to advertise the opportunity Europe wide rather than conduct a non-competitive action contract award, as it was considered that there might be manufacturers that the Council had not been able to engage with during the market engagement phase of the procurement.
- 3.5 Commercial and Procurement Services advertised the opportunity through Public Contracts Scotland, on 5 March 2015, using the open procedure, as set out in the Public Contracts (Scotland) Regulations 2012.
- 3.6 Suppliers engaged and submitted bids for this opportunity through Public Contracts Scotland Tender website.
- 3.7 There were nine notes of interest, however only one bid was received. This would reaffirm the market engagement prior to going out to Tender.
- 3.8 The Tender was evaluated using 70% Price and 30% Quality with the Technical (Quality) aspect being assessed by officers from Waste Services. The Commercial (Price) aspect was assessed by officers within Commercial and Procurement Services.
- 3.9 The offer from Spider UK Ltd was evaluated and confirmed as meeting the Quality Criteria laid down in the Contract Specification.
- 3.10 Officers from Waste Services will be responsible for contract management and will monitor the performance of the contract.

Measures of success

- 4.1 Entering into a contract for the Supply of Non-wheeled Waste Containers will help to ensure stability of pricing.
- 4.2 The Contract will support implementation of the Modernising Waste and Redesign of Recycling projects (para. 2.1 and 2.3 above), increasing the Council's recycling rate.

Financial impact

- 5.1 The maximum potential value of the framework, including extension, is £5,000,000.
- 5.2 The cost of replacements for existing provision is estimated at £100,000 per annum, which will be met from the containers' capital budget. Actual expenditure

will be dependent on the types of containers and spare parts purchased from the framework.

- 5.3 The Contract will also be utilised for the purchase of containers for the New Tenemental Recycling Service and in furtherance of the Modernising Waste Project; external funding is being pursued to finance this activity.
- 5.4 The costs associated with procuring this contract are estimated to be from £10,001 to £20,000.

Risk, policy, compliance and governance impact

- 6.1 Entering into the Contract will help provide stability of supply.
- 6.2 In the event of supplier failure the service could continue to be provided using wheeled containers although this would not offer the same capacity.
- 6.3 Entering into the Contract will ensure compliance with the Public Contracts (Scotland) Regulations 2012 and with the Council's Contract Standing Orders.

Equalities impact

- 7.1 An Equalities and Rights Impact Assessment was carried out and potential impacts on the elderly and disabled were identified. Measures to address these potential impacts are in place.

Sustainability impact

- 8.1 Extending the recycling provision within the World Heritage Site will increase the Council's recycling rate and reduce the amount of waste sent to landfill.
- 8.2 Replacement of 1280 litre containers with 3200 litre containers will increase the capacity of recycling sites and potentially reduce vehicle miles and emissions required to service them.

Consultation and engagement

- 9.1 Refuse Collection, other local authorities and Scotland Excel were consulted on technical aspects of the requirement.
- 9.2 As part of the Modernising Waste and Redesign of Recycling Projects, extensive consultations were held with community groups, residents' associations and Zero Waste Scotland.

Background reading/external references

[Modernising Waste Collection in the World Heritage Area, Transport Infrastructure and Environment Committee - 29 November 2011](#)

[Redesign of Recycling Services – Outline Business Case, Transport and Environment Committee - 27 August 2013](#)

John Bury

Acting Director, Services for Communities

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Links

Coalition pledges P49 –Continue to increase recycling levels across the city and reduce the proportion of waste going to landfill.

Council outcomes CO18 - We reduce the local environmental impact of our consumption and production.

Single Outcome Agreement

SO4 - Edinburgh's communities are safer and have improved physical and social fabric.

Appendices

Appendix A – Summary of Tendering and Tender Evaluation Processes

Appendix A - Summary of Tendering and Tender Evaluation Processes

Contract	CT9703 Supply of Non-Wheeled Waste and Recycling Containers and Spare Parts
Contract period (including any extensions)	Four years
Estimated contract value	£ 1,250,000 (Annual) £ 5,000,000 (Total)
Standing Orders observed	2.4, 3.2, 4.1, 4.2, 5.1, 5.3, 6.1, 8.1
Portal used to advertise	Public Contracts Scotland Website / OJEU
EU Procedure chosen	Open Procedure
Notes of interest received	Nine
Tenders returned	One
Tenders fully compliant	One
Recommended supplier/s	Spider UK Ltd
Primary criterion	Most Economically Advantageous Offer
Evaluation criteria and weightings	Commercial (Price) 70%, Technical (Quality) 30%. Technical Breakdown Production 40% / Delivery 40% / Monitoring, Enquiries and Complaints 20%
Evaluation Team	Officers from Waste Services, Financial Services and Commercial and Procurement Services

Finance and Resources Committee

10.00 a.m, Thursday, 27 August 2015

Approval to Grant a Licence to Edinburgh Community Solar Co-operative to Install Solar PV Panels on Council owned Buildings

Item number	7.27
Report number	
Executive/routine	
Wards	

Executive summary

On the 3 December 2013, the Corporate Policy and Strategy Committee approved the signing of a Memorandum of Understanding (MoU), between the City of Edinburgh Council and the Edinburgh Community Solar Cooperative (ECSC), a local community benefit society, for the development of a community-owned Solar PV scheme on 25 Council buildings.

The purpose of this report is to seek authority to grant a 21 year licence to Edinburgh Community Solar Limited, known as Edinburgh Community Solar Co-operative (ECSC), to install community-owned Solar Photovoltaic (PV) panels on the roof of 25 Council owned buildings.

Links

Coalition pledges	P15 , P33 , P50 , P53
Council outcomes	All
Single Outcome Agreement	SO4

Approval to Grant a Licence to Edinburgh Community Solar Co-operative to Install Solar PV Panels on Council owned Buildings

Recommendations

That Committee:-

- 1.1 Approves the grant of a 21 year licence to Edinburgh Community Solar Co-operative for the installation of Solar PV Panels on Council owned buildings.

Background

- 2.1 On the 3 December 2013, the Corporate Policy and Strategy Committee approved the signing of a Memorandum of Understanding, between the City of Edinburgh Council and the Edinburgh Community Solar Cooperative (ECSC), a local community benefit society, for the development of a community-owned Solar PV scheme on 25 Council buildings.
- 2.2 On the 13 January 2015, the Transport and Environment Committee delegated decision making on this issue to the Director of Services for Communities, in consultation with the Convenor and Vice-Convenor of the Committee.
- 2.3 Heads of Terms outlining the principles for an agreement, between the Council and ECSC, were signed in March 2015.

Main report

- 3.1 A legal contract to grant ECSC a licence to install Solar PV Panels on the roofs of 25 Council buildings has been drafted. The contract also sets out the service and community benefits to be delivered by ECSC. The contract will be for 21 years.
- 3.2 Following signing of the Heads of Terms, ECSC secured financial support from CARES (Community and Renewable Energy Scheme) and has entered the project delivery stage. ECSC expects to be in a position to start raising funds (to purchase and install the Solar PV System) through a community share offer by early autumn. The contract agreement, granting licence to use the buildings, requires to be in place before ECSC release the share offer.
- 3.3 Negotiations are ongoing between the Council and ECSC on the terms of the licence, and associated contract documentation. The intention is for the contract to be signed by early September 2015 to align with the forthcoming share offer.

- 3.4 A list of 25 buildings, along with four reserve buildings, for inclusion in the scheme has been identified (Appendix 1). Each building will be subject to further survey by ECSC's contractor, on appointment, to establish technical suitability. Consequently, the list may be subject to minor revision if the installation of a Solar PV System on any individual property is deemed technically challenging or cost prohibitive. Any changes to this list would be subject to approval from Council Officers and ECSC.

Measures of success

- 4.1 Measures of success relate to meeting Capital Coalition Pledge commitments and objectives, including meeting the Council's commitment to encouraging the development of community energy co-operatives, under Pledge 53. The project will also assist in meeting Pledge 50, specifically the Climate Change (Scotland) Act 2009, which requires the Council to contribute to national emissions reduction targets, deliver any statutory adaptation programmes, and act in a sustainable manner.
- 4.2 Further measures of success include reductions in the use of grid supplied electricity in individual buildings, and an associated reduction in electricity charges and building-related carbon emissions.

Financial impact

- 5.1 Assuming all panels remain operational for the full term of the contract, ECSC's proposal could deliver an estimated net benefit of £0.6m to the Council through reduced electricity charges. The final level of benefit will be dependent on future electricity price increases, and actual electricity generation from the installations.
- 5.2 The ECSC requires no capital investment from the Council, and no ongoing maintenance costs over the 21 year period.
- 5.3 The installation of the 25 solar panels would bring an estimated reduction in carbon tax of £0.24m over the 21 year period. Any saving would depend on the continued existence of the tax in its present form.
- 5.4 The creation of a community benefit fund, from ECSC's surplus revenue, will have a direct financial impact on beneficiaries, albeit at a low level for the first 10 years of operation. It is estimated that £1m will accrue to the community benefit fund over the 21 year period.
- 5.5 At the end of the agreement, ECSC shall transfer ownership of the Solar PV System to the Council. This will be worth a further £1m to the Council if all panels continue to generate electricity over remaining five years of their estimated operational life.
- 5.6 Members in the scheme will receive a return on investment envisaged at 5% +RPI.

Risk, policy, compliance and governance impact

- 6.1 ECSC's proposal has been subject to review by Council Officers and consideration by the Transport and Environment Committee, where issues around the risks including best value, reputational damage or impact on Council business and service delivery have been assessed. There are no compliance or governance issues arising at this stage.
- 6.2 The contract documentation will detail responsibilities, liabilities and benefits to CEC and ECSC for the duration of the agreement.

Equalities impact

- 7.1 The encouragement of community energy co-operatives is closely aligned to equality, and enables progress against the Equality Act 2010 duties to eliminate illegal discrimination, victimisation and harassment, advance equality of opportunity, and foster good relations. In addition, progress in this area also enables the enhancement of human rights for citizens and service users.
- 7.2 At the request of the Convenor and Vice-Convenor of the Transport and Environment Committee, it is proposed the composition of the Board of ECSC will have a balanced gender mix.

Sustainability impact

- 8.1 The impacts of ECSC's proposal in relation to the three elements of the Climate Change (Scotland) Act 2009 Public Bodies Duties have been considered.
- 8.2 In summary, the proposal will help achieve a sustainable Edinburgh through a reduction of carbon emissions, by increasing resilience to climate change impacts, and by improving social justice, economic wellbeing and environmental good stewardship.

Consultation and engagement

- 9.1 Discussions on the formation, governance and operation of ECSC have been ongoing between ECSC and the Council over the last two years.

Background reading/external references

- [Edinburgh Community Solar Cooperative](#), Transport and Environment Committee, January 2015
- [Edinburgh Community Solar Cooperative Proposal](#), Corporate Policy and Strategy Committee, December 2013
- [Business Bulletin](#), Transport and Environment Committee, January 2016
- [Edinburgh Community Solar Cooperative website](#)

John Bury

Acting Director of Services for Communities

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Links

Coalition pledges	<p>P15 - Work with public organisations, the private sector and social enterprise to promote Edinburgh to investors.</p> <p>P33 - Strengthen Neighbourhood Partnerships and further involve local people in decisions on how Council resources are used.</p> <p>P50 - Meet greenhouse gas targets, including the national target of 42% by 2020.</p> <p>P53 - Encourage the development of Community Energy Cooperatives.</p>
Council outcomes	All
Single Outcome Agreement	S04 - Edinburgh's communities are safer and have improved physical and social fabric.
Appendices	Appendix 1: List of Buildings.

Appendix 1

	Property Name
On list of 25	Cameron House Community Centre
On list of 25	Buckstone Primary School
On list of 25	Carrick Knowe Primary School
On list of 25	East Craigs Primary School
On list of 25	Currie Community High School
On list of 25	Redhall Primary School
On list of 25	Canal View Primary School
On list of 25	Dean Park Primary School
On list of 25	Tumbles at Portobello Gymnastics and Soft Play Centre
On list of 25	Ratho Primary School
On list of 25	Davidsons Mains Primary School
On list of 25	Oaklands Special School
On list of 25	Clermiston Primary School
On list of 25	St Ninian's Primary School
On list of 25	Carrickvale Community Centre
On list of 25	Gylemuir Primary School
On list of 25	Currie Primary School
On list of 25	Woodlands School
On list of 25	Liberton Primary School
On list of 25	Cramond Primary School
On list of 25	Drumbrae Leisure Centre
On list of 25	Wardie Primary School
On list of 25	St Catherine's Primary School
On list of 25	Ainslie Park Leisure Centre
On list of 25	Trinity Academy
Reserve List	Blackhall Primary School
Reserve List	Castleview Community Centre
Reserve List	Craighall Day Centre
Reserve List	Prospect Bank School

This property list does not necessarily represent the final list of properties to be included in the scheme. If, on further investigation, any named property is not deemed appropriate for inclusion in the scheme, by either party, then CEC and ECSC endeavour to work together to identify a suitable substitute building for inclusion.

Finance and Resources Committee

10.00am, Thursday, 27 August 2015

Edinburgh Technology Transfer Centre Limited

Item number	7.28
Report number	
Executive/routine	
Wards	All

Executive summary

At its meeting on 24 June 2014, the Economy Committee received a [report](#) on the future of Edinburgh Technology Training Centre (ETTC), a joint venture company set up in 1988 by the University of Edinburgh (the University) and the Council to provide business incubation space.

The University has streamlined its business incubation services and the Economy Committee agreed to relinquish the Council's position in the board of ETTC, noting that the University remains a strategic partner which is committed to the provision of incubation services.

The Finance and Resources Committee is now asked to approve the termination of the Council's shareholding in ETTC in order that the University can liquidate the company. In addition, Committee is asked to approve the termination of the lease of the 3rd and 4th floors of the Alrick Building from the Council to ETTC and subsequently the Council's lease from the University.

Links

Coalition pledges	P28
Council outcomes	CO8
Single Outcome Agreement	SO1

Edinburgh Technology Transfer Centre Limited

Recommendations

- 1.1 To agree to renounce the Council's shareholding in Edinburgh Technology Transfer Centre Limited.
- 1.2 To approve the termination of the lease of the 3rd and 4th floors of the Alrick Building to Edinburgh Technology Transfer Centre.
- 1.3 To approve the termination of the lease of the 3rd and 4th floors of the Alrick Building to the Council from the University of Edinburgh.
- 1.4 To note that the University of Edinburgh remains committed to providing business incubation services and is a key partner in the Council's Interspace programme.

Background

- 2.1 The Council entered into a partnership with the University of Edinburgh in 1988 to form a joint venture company ETTC.
- 2.2 Since 1988 the business incubation landscape has changed considerably. The University has introduced further incubation facilities and remains a key partner in the Council's Interspace project, which provides a platform for collaboration across the cities incubator network.

Main report

ETTC Shareholding and Board Membership

- 3.1 ETTC has provided incubation space since 1988 but is now part of a wider range of business support services provided by the University.
- 3.2 The Economy Committee on 24 June 2014 agreed that the Director of Economic Development (now Executive Director for City Strategy and Economy) would resign from the Council's position on the ETTC board.
- 3.3 The University now wishes to subsume ETTC within its wider range of services and streamline the management and governance arrangements however, to do so, the Council is required to renounce its shareholding in the company.

- 3.4 The Committee is asked to renounce the Council's shareholding in ETTC, noting that the University intend to liquidate the company thereafter.

Lease for 3rd and 4th Floors of Alrick Building

- 3.5 The Council currently leases the 3rd and 4th floors of Alrick Building from the University, with the Council leasing these premises to ETTC. The cost of the lease to the Council and to ETTC is £1 if requested.
- 3.6 Committee is asked to approve the termination of the Council's lease arrangement with ETTC and the termination of the Council's lease from the University.
- 3.7 The original purpose for setting up this joint venture (in 1988) was for the Council to help the University to increase its capacity to support spin out companies and this has been fulfilled. The University remains a committed partner, working closely with the Council and other business incubator providers in the city both independently and through Interspace. These actions, together with the Board membership resignation, would end the Council's relationship with ETTC and will allow the University to liquidate the company.

Measures of success

- 4.1 ETTC has supported incubation services for 26 years and supported over 140 companies.

Financial impact

- 5.1 The Council has no financial stake in ETTC and there are no financial impacts arising from this report.

Risk, policy, compliance and governance impact

- 6.1 The recommendations comply with Council Practice in relation to External Organisations.

Equalities impact

- 7.1 There are no equalities impacts arising from this report.

Sustainability impact

- 8.1 There are no sustainability impacts arising from this report.

Consultation and engagement

9.1 No consultation or engagement is required.

Background reading/external references

Greg Ward

Director of Economic Development

Contact: Jim Galloway, Service Manager

E-mail: j.galloway@edinburgh.gov.uk | Tel: 0131 529 3211

Links

Coalition pledges	P28 - Further strengthen our links with the business community by developing and implementing strategies to promote and protect the economic well being of the city
Council outcomes	CO8 - Edinburgh's economy creates and sustains job opportunities
Single Outcome Agreement	S01 - Edinburgh's Economy Delivers increased investment, jobs and opportunities for all
Appendices	None

Finance and Resources Committee

10.00am, Thursday, 27 August 2015

Property Conservation – Programme Momentum Progress Report

Item number	7.29
Report number	
Executive/routine	
Wards	

Executive summary

This report provides Committee with a progress update for Programme Momentum

Links

Coalition pledges	P40 , P41
Council outcomes	CO7 , CO19
Single Outcome Agreement	SO4

Property Conservation – Programme Momentum Progress Report

Recommendations

- 1.1 Committee is requested:
 - 1.1.1 To note the management information dashboard reports in Appendix 1.
 - 1.1.2 To note the financial statements for Delegated Authority - irrecoverable sums and settlements.
 - 1.1.3 To note the value of irrecoverable sums from Deloitte reviewed casework (Project Joule).
 - 1.1.4 To note the progress of debt recovery work.

Background

- 2.1 Programme Momentum has been established as a robust end-to-end process across all workstreams relating to the legacy Statutory Notice issues, including the development of the blueprint for the new enforcement service.
- 2.2 This report gives details of progress to the end of July 2015.

Main report

Management information

- 3.1 Management Information as at 25 July 2015 is attached in Appendix 1.

Financial Recovery

Delegated Authority – Irrecoverable Sums & Settlements

- 3.2 As part of the 2014/2015 financial year end review process the adequacy of provision for Bad Debt and Irrecoverable Sums was considered by Finance and Property Conservation. Following review, and as a prudent measure, the total amount earmarked for Bad Debts and Irrecoverable Sums has been increased by £1.5m recognising a potential under provision for old legacy work and aged debts. This is in respect of old statutory notice bills which were not part of the Deloitte process. The total amount now set aside for Bad Debts and Irrecoverable Sums is £17.9m.

- 3.3 As at 25 July 2015 a total of £9.8m has been approved for write-off against this provision comprising irrecoverable sums of £6.7m, aged debt of £0.2m and settlements of £2.9m. The provision remains subject to regular review by the Head of Edinburgh Shared Repairs, the Head of Finance and the Deputy Chief Executive.
- 3.4 Committee is asked to note that the total of irrecoverable sums from Project Joule reviewed casework is finalised at £6.4m. This follows case reviews of 412 projects of which 265 projects with non-recovery amounts ranging from £0.01 to a single project irrecoverable sum of £508,094.88. Within the £6.4m non-recovery amount, the single largest cause was Value of Works Outside Notice at a value of £2.3m representing 36% of all reviewed casework.
- 3.5 Committee is also asked to note that under delegated authority for projects less than £50k an irrecoverable sum write off has been approved for works associated with 213 aged (>5 years old) legacy door closed entry systems with a value of £267,282 at an average of £1,254 per address. This sum is contained within the overall Bad Debt and Irrecoverable Sums provision.

The current provision remains under review.

Billing Process

- 3.6 As at 25 July 2015, billing on Deloitte reviewed cases has now reached £17.4m with £8.2m received in payments. There are 7 projects with a value of £0.6m (including administration charge) remaining to be invoiced. The current average monthly repayment rate is 59%.
- 3.7 The remaining Work In Progress (WIP) figure is £1.6m which includes Deloitte Project WIP of £0.5m. Billing for Deloitte defect free cases is now complete. Those few remaining cases requiring defect works will be completed in Autumn 2015. The total Irrecoverable WIP for the Deloitte reviewed casework is finalised at £6.4m.
- 3.8 The provision for impairments and irrecoverable sums has been reviewed with the total provision being retained at £17.9m. As at 25 July 2015, a total of £9.8 million has been written-off against this provision.

Debt Recovery

- 3.9 Under the extended contracted arrangements, instructions continue to be sent to Morton Fraser for statutory notice debt recovery. Since 1 April 2015, 662 invoices with a total value of £3m have been forwarded to Morton Fraser for collection.
- 3.10 Based on the Morton Fraser status report of 17 July 2015 there has been debt settlement by 46 (20%) customers at a value of £0.2m (9%) and instalment arrangements agreed by 16 (7%) customers at a value of £0.2m (7.9%). This represents an overall total to date of 62 customers (27%) with a total payment commitment of £0.5m (17%).

- 3.11 As at 25 July, every £1 spent on fees has a current rate of return of £122 per debt recovered.
- 3.12 Monthly review meetings are now established between the Council and Morton Fraser with performance measures, standards and reporting in place.

Complaint Resolution & Settlements

- 3.13 The settlement process for complainants remains on target to be completed in Summer 2015.
- 3.14 The total number of settlement letters issued to date are 1644 resulting in 1143 individual cases now being closed. Acceptance rates from complainants are 69% and other affected owners are 70%.

New Service update

Pilot

- 3.15 The pilot for the new service will run between September 2015 and March 2016.
- 3.16 The purpose of the Pilot is to test the practice and procedures designed by Deloitte for implementation in to the new service ahead of the launch in April 2016. The procedures cover the four areas of the service:-
- Customer contact
 - Intervention
 - Enforcement
 - Finance
- 3.17 Deloitte have provided written procedural documents for each of these four areas of the service. These procedures have been developed in conjunction with the Council staff who will be responsible for these over the pilot period and in the new service.
- 3.18 During the closure of Property Conservation a number of property owners have been in contact with the service requesting Council assistance with property repairs. The cases brought to the Service have been considered for inclusion in the Pilot.
- 3.19 From September a small number of requests from owners will be assessed using the new procedures.

ICT Delivery Plan

- 3.20 The new ICT approach was agreed by the Property Conservation Board on 15 July. The approach delays the implementation of a new system until 2016/17 with the following deliverables for 2015/16:

- Continued utilisation of the current Shared Repairs systems, with system improvements delivered to support the service until a new system is in place next year.
- Improved and new reports to support the new service.
- Data cleanse of relevant data, both from legacy and new service to enable the migration of data to the new system at a later date and to facilitate the closure of legacy ICT systems.

Updated system training to support standards of data collection across the service and a draft records management policy with defined retention policies of records

Measures of success

- 4.1 Conclusion of reviewing statutory notice projects.
- 4.2 Billing and collection of outstanding debt.
- 4.3 Resolution of complaints.
- 4.4 Launch of new replacement enforcement service.

Financial impact

- 5.1 Significant financial issues with a collective value of approaching £30 million require to be concluded and resolved.
- 5.2 On 19 March 2015, following the decision to make available a budget for 2015/16 of £1.5 million, the Finance and Resources Committee considered a report on the revised implementation plan for the new Shared Repairs Service. Committee approved option 1 which proposes launching the service on a pilot basis from 1 September 2015, with the full launch scheduled for late March 2016.
- 5.3 The overall 2015/16 available budget for the legacy and new Shared Repairs Service is £3.9 million.

Risk, policy, compliance and governance impact

- 6.1 This area of work represents a significant financial and reputational risk for the Council.

Equalities impact

- 7.1 There is no equalities impact arising from this report.

Sustainability impact

8.1 There is no adverse environmental impact arising from this report.

Consultation and engagement

9.1 Not applicable.

Background reading/external references

[Report to Finance and Resources Committee, 19 March 2015 - Property Conservation - Programme Momentum Progress Report](#)

[Report to City of Edinburgh Council, 12 February 2015, Shared Repairs Services - Development of a New Service.](#)

[Report to City of Edinburgh Council 11 December 2014, Shared Repairs Services - Development of a New Service -](#)

Alastair Maclean

Chief Operating Officer

Deputy Chief Executive

Contact: Andrew Field, Head of Shared Repairs Service

E-mail: andrew.field@edinburgh.gov.uk | Tel: 0131 529 7354

Links

Coalition pledges	P40 – Work with Edinburgh World Heritage Trust and other stakeholders to conserve the city’s built heritage P41 – Take firm action to resolve issues surrounding the Council’s Property Services
Council outcomes	CO19 – Attractive Places and Well Maintained – Edinburgh remains an attractive city through the development of high quality buildings and places and the delivery of high standards and maintenance of infrastructure and public realm
Single Outcome Agreement	SO4 – Edinburgh’s communities are safer and have improved physical and social fabric
Appendices	Appendix 1: Management Information Dashboards



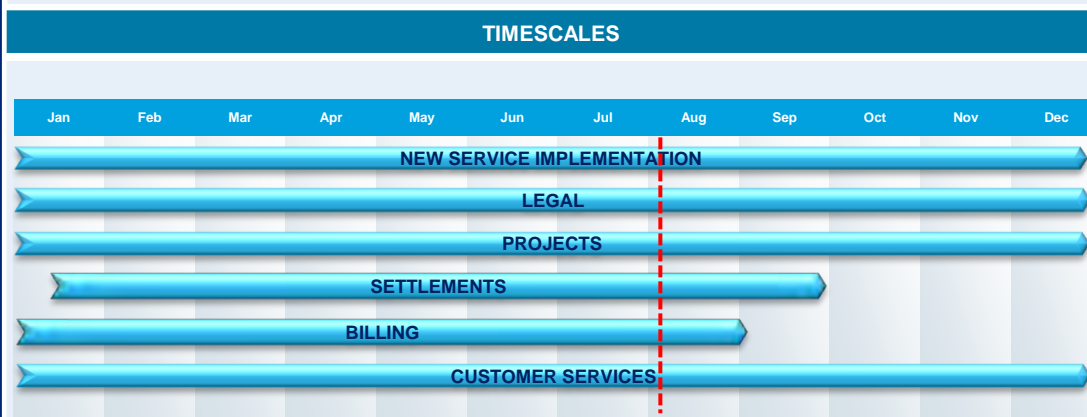
Programme Momentum Dashboard July 2015

Monthly progress update (for reporting purposes month end is 25 July)



OVERVIEW OF PROGRESS

The legacy service continues to draw to a close in respect of billing, projects and settlements. There remains a high level of customer service contact as the final cases are released for billing. In addition, there remains a high value of debt to recover, both independently assessed cases and historic legacy cases. Progress is being made in key areas for the pilot of the new service in September 2015 with the full launch in March 2016. The main risks to the launch of the New Edinburgh Shared Repairs Service are in relation to budget pressures which impact upon recruitment and ICT development. Work is also ongoing to complete the policy, procedures and performance measures for the new service.



TOP RISKS	MITIGATION	RAG
1. Debt Recovery	Additional provisions have been made through the appointment of Morton Fraser	Yellow
2. Budget Provision	Ongoing discussion with Corporate Finance in relation to the budget provision for the new service and the closure of the legacy service	Red
3. Bad Debt Provision	The provision has been increased and will continue to be monitored and reported monthly.	Red
4. Settlement Process	Settlement process underway but reputational and financial risk remains high.	Yellow
5. IT Systems	Alternative IT approach approved at July Board. Addressing IT activity underway to improve systems ahead of new service launch.	Red
6. Procurement	Recommended Procurement strategy to be presented to August Board.	Yellow

OVERALL STATUS	RAG	COMMENTS
Customer services	Yellow	Complaints decreasing but Councillor enquiries and FOI requests remain high
Billing	Green	7 cases remain to be billed and are on target for completion within reported timescales
Legal	Red	Steady increase in the number of cases requiring legal action and in numbers being resolved.
Case Reviews and Settlements	Yellow	All Momentum cases are completed. Additional cases commenced. Settlement process implemented
New service	Yellow	Implementation activities have commenced. ICT functionality, Procurement and Recruitment provision remain the key risks

INFORMATION / DECISIONS
1. Ongoing legacy closure and new service progress report
2. Impact of budgetary provision for 2015-17 a key risk
3. ICT Development and Procurement Strategy paper for consideration by Programme Board in August

KEY PLANNED ACTIVITIES
1. Bidders day planned to test market interest on Contractor Framework
2. Develop new service governance, policy and performance framework
3. Begin training and finalise pilot projects
4. Client and performance management of debt recovery partnership
5. Continued focus on billing and settlements activities





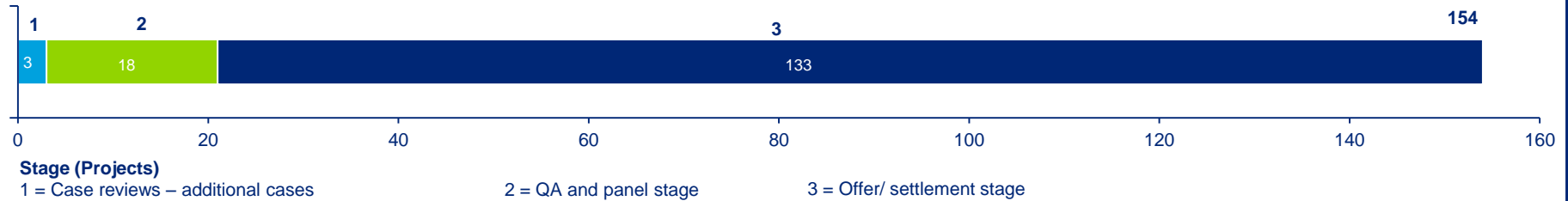
Settlements

Programme dashboard as at 25 July 2015

Progress

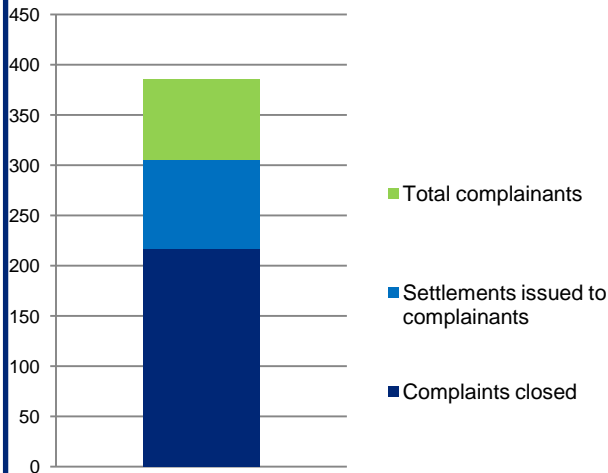
The settlement process for complainants remains on target to be completed by Summer 2015, with Deloittes currently working on the last 3 cases which are expected to be completed at the end of July 2015. The total number of settlement letters issued to date are 1644 resulting in 1143 individual cases now being closed. Acceptance rates from complainants are 69% and other affected owners are 70%. Of the 501 open cases, follow up letters have been issued however; the numbers still not responding is 36%. An exercise to analyse these non responding owners will be carried out at the end of the settlement process or earlier if possible.

Complex Complaints Case Reviews & Settlements

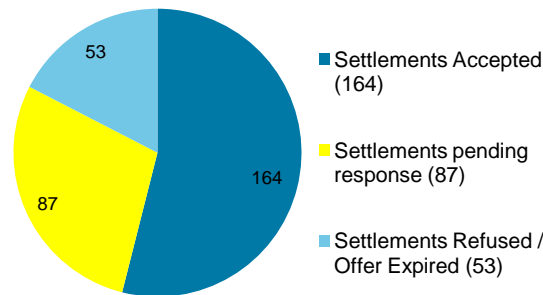


Settlement Status

Settlements Issued to Complainants



Complainant Closure Status



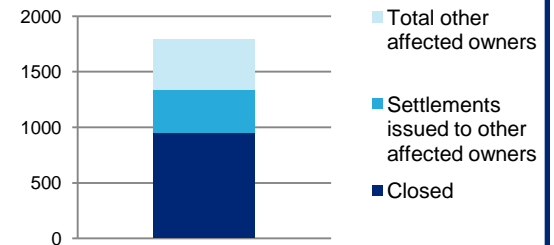
Settlement acceptance rate

71%

Settlement Value

Total Value of projects reviewed	£8.638m
Total settlements approved under delegated authority	£2.91m
Settlements paid/credited to date	£1.7m

Other Affected Owners

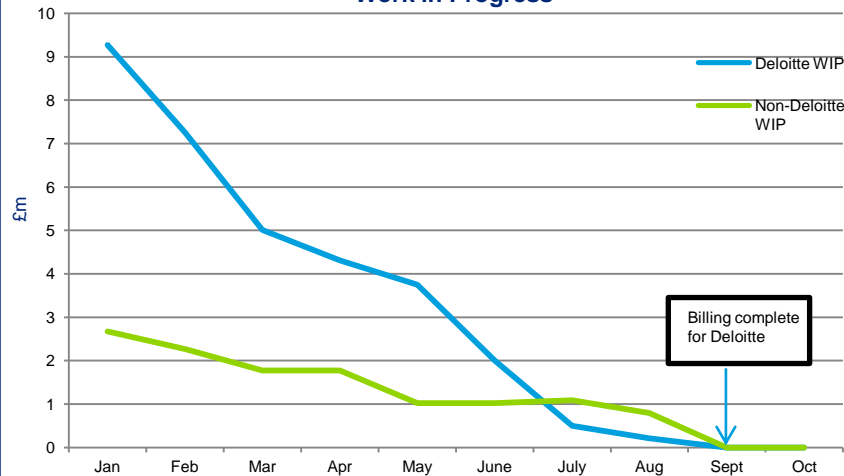




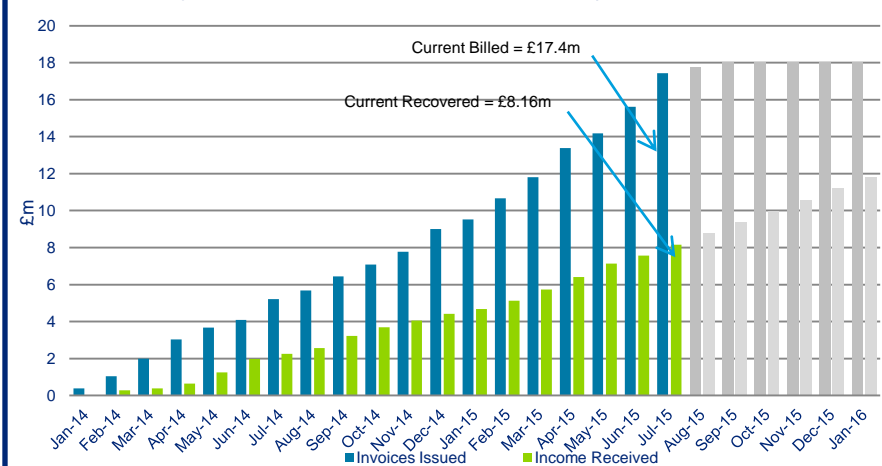
Progress

Billing on Deloitte reviewed cases has now reached £17.4m with £8.16m received. As at 25th July 2015 there are 7 projects with a value of £0.575m (including administration charge) remaining to be invoiced. The remaining Work In Progress (WIP) figure is £1.6m which includes Deloitte Project WIP of £0.5m. Billing for Deloitte defect free cases is now complete. A target date of October 2015 has been set for those few remaining cases requiring defect works. The total Irrecoverable WIP for the Deloitte reviewed casework is finalised at £6.4m

Work in Progress



Projection of Deloitte approved Statutory Notice repair debt



15/16 Budget Requirements

	Revenue Budget 2015/2016 £	Period budget to 30/06/15 £	Spend to 30/06/15 £	Variance to 30/06/15 £
Closure Programme & Defect Remedy Costs	2,103,243	432,499	270,706	-161,793
New Enforcement Service (implementation and pilot launch from 01/09/2015)	1,400,000	234,705	228,787	-5,918
Shared Repairs Service(part year to 31 August 2015)	137,680	91,227	100,266	9,039
TOTAL BUDGET 2015/2016	3,640,923	758,431	599,759	-158,672



Debt Recovery

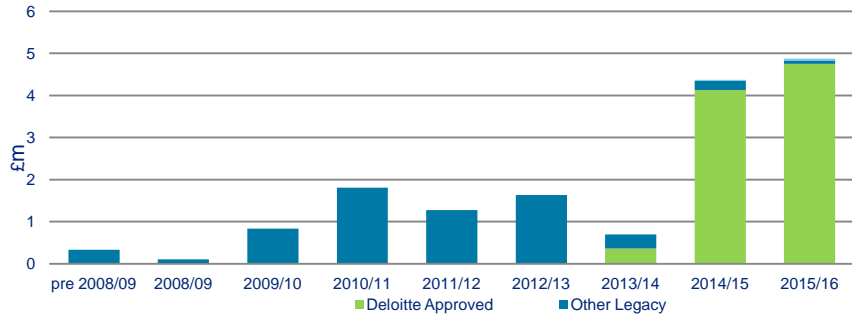
Programme dashboard as at 25 July 2015



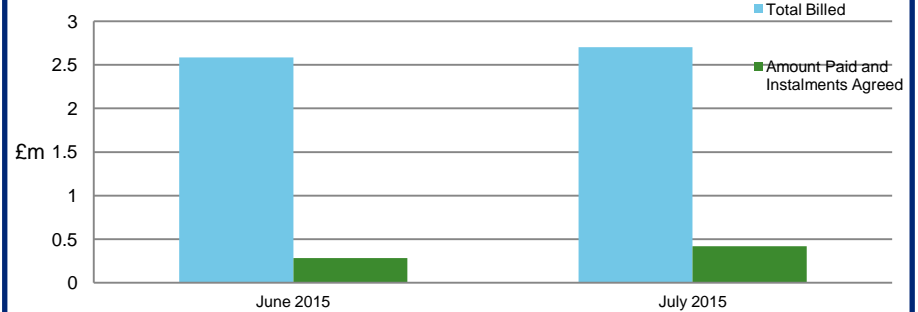
Progress

The total aged debt for the Council remains an issue with outstanding £15.9m. Of this figure a total of £10.8m is being pursued through active billing. Morton Fraser recovery or other legal collection. A further £5.1m is either being prepared for legal action or is suspended legacy debt. .

Aged Debt at 25 July by year



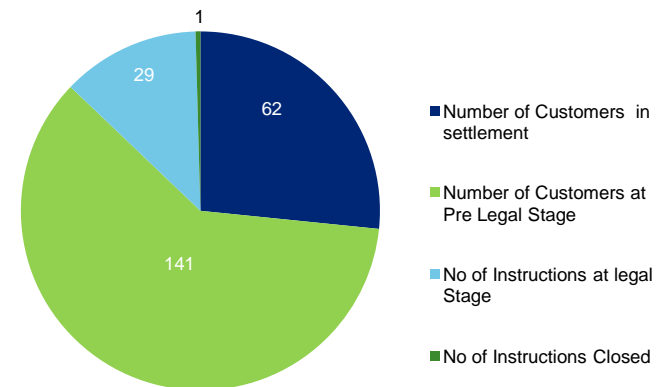
Morton Fraser Recovery Rate



Debt Status	Deloitte Reviewed	Legacy and Shared Repairs	Total
Total debt being pursued	£8,564,789.79	£2,226,012.20	£10,790,801.99
Total debt scheduled for action	£673,528.59	£4,452,654.41	£5,126,183.00
Total Debt	£9,238,318.38	£6,678,666.61	£15,916,984.99
Instalment plans agreed within debt total	£1,198,779.09	£416,884.33	£1,615,663.42

Morton Fraser Debt Recovery Cases pursued by the Council	June	July
Total debt recovery cases pursued by Morton Fraser	212	233
Total value of instructions issued	£2.6m	£2.7m
Total debtors settled or in payment plan	42	62
Total sum recovered or in payment plan	£0.3m	£0.5m
Total sum recovered of in payment plan as % of debt recovery	11%	17%

Debt Recovery Overview





Legal Claims

Programme dashboard as at 25 July 2015



Progress

There are currently no live court cases raised against the Council by owners. The last was resolved in the Council's favour in June.

Legal claims raised against the Council	Apr 14 – July 15
Total claims raised against the Council	5
Total claims resolved to date	5
Settlement payment by Council to owner	4
Court judgement for the Council	1
Court judgement against the Council	0



Customer Services

Programme dashboard as at 25 July 2015

Progress

Customer Services has seen a dip in volumes of enquiries compared to previous months.

Solicitor enquiries remain at a high level.

FOI enquiries has dipped considerably in July compared to June possibly due to holiday period.

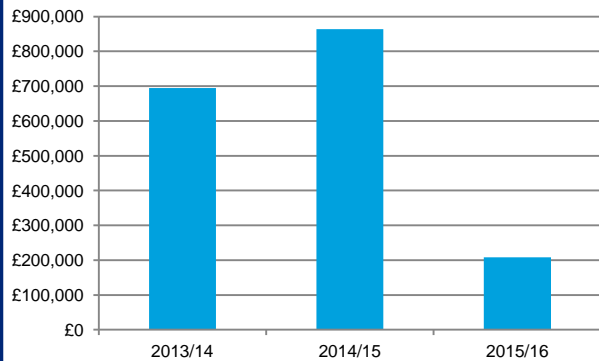
Customer Services	May 15	Jun 15	Jul 15
No. of customer enquiries received	571	655	543
No. of customer enquiries closed	569	697	627
No. of Solicitor enquiries	768	784	707
No. of customer complaints received	33	23	10
No of customer complaints closed	36	20	14
No. of FOI's received	29	38	13



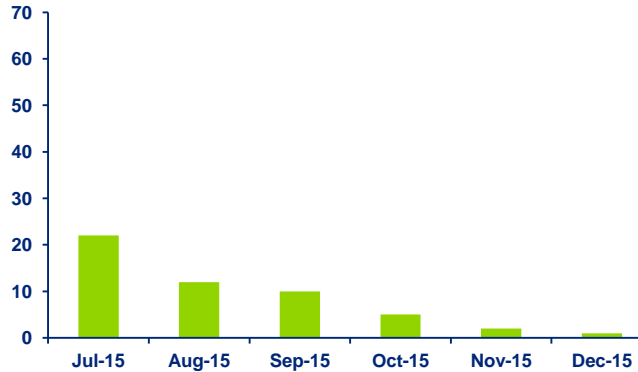
Projects

Programme dashboard as at 25 July 2015

Project Costs Incurred by the Council each year



Future Activity on Projects



Progress

Thomson Bethune continue to provide technical support to the programme including site surveys and reports, together with liaison with consultants and owners to bring cases to a close.

Projects are due to be completed by the end of 2015.



Shared repairs

Programme dashboard as at 25 July 2015

SHARED REPAIRS KPI	May 15	Jun 15	Jul 15	Trend
No of requests for advice/ info only.	297	260	250	↓
No. of service requests	74	97	98	↑
No of emergency repair inspections resulting in statutory notices issued	45	67	69	↑
No. of Emergency service requests where information/ advice was provided	29	30	29	↓
Value of invoices issued to owners for emergency repairs (cumulative)	£602,869	£633,175	£665,050	↑
Value of income received from owners for emergency repairs (cumulative)	£513,654	£534,463	£564,906	↑

Progress

- The number of requests for advice has reduced by 4%
- The number of requests for service has reduced by 10%.
- For invoices issued prior to the end of March 2015, the collection rates are 85% for Shared Repairs.
- Stats showing that the advice being provided remains consistent with previous months.

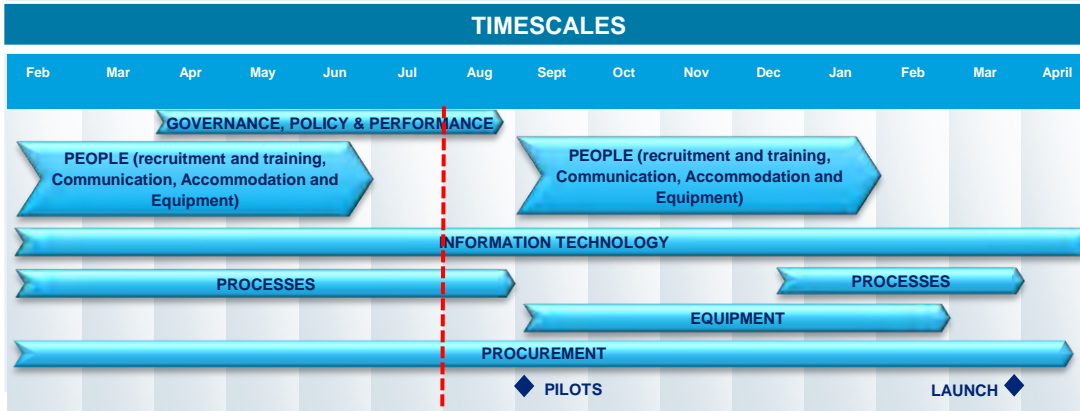


New Service

Programme dashboard as at 25 July 2015

OVERVIEW OF PROGRESS

The project remains on course to deliver within timetable and budget. The focus of activities during July has been preparation for the pilot phase of the project – drafting has continued of the four procedure manuals, a Senior User identified for each manual and detailed review meetings held. A range of potential projects, largely emanating from non-Emergency requests to SRS, have been identified to test the procedures during the pilot phase, and resource and training plans have been drafted. A Pilot Planning and Procedure review workshop was held with the Head of Service on 30 July to review progress and prioritise activities for August. Procurement soft market testing has completed and the draft Procurement Strategy is being presented to the Programme Board on 10 August. Following approval of the new IT workstream approach, the IT Project Manager has drafted a detailed project and resource plan for review and held initial staff awareness sessions.

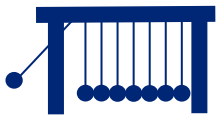


TOP RISKS	MITIGATION	RAG
1. Unable to deliver against blueprint due to budget pressures	Recruitment profile and ICT spend have been changed to fit the new budget allocation. Ongoing analysis of costed business plan ahead of budget setting.	Red
2. New IT functionality not in place for full service launch	Alternative IT approach approved by Board in July. Interim IT activity to be undertaken to improve legacy systems and reporting ahead of new service launch.	Red
3. Market interest in Contractor Framework is low	Soft market testing demonstrated market interest, however bidder's day planned to test interest further. Recommended Procurement Strategy drafted for Programme Board consideration.	Yellow
4. Unable to secure technical resource due to recruitment and budget issues	Option to co-source to be revisited under new budget constraints	Yellow

OVERALL STATUS	RAG	COMMENTS
Governance, Policy & Performance	Green	Draft Governance, Policy and Performance framework prepared for review by Programme Board. Performance and Policy elements to be tested during the Pilot phase.
People	Yellow	Recruitment on hold until September 2015. The pilot will facilitate a review of recruitment requirements in line with demand and within the remaining budget. SRS Service Review to be signed off and communicated by December.
IT	Red	New IT approach approved at July Board. Detailed plan and resource requirements has been drafted for review by the Implementation Panel.
Processes	Green	Senior Users identified for procedure manuals and one-to-one review meetings have been held. Head of Service review session has been held with final drafting prior to Pilot projects to be completed in early August.
Procurement	Yellow	Recommended Procurement Strategy presented to Programme Board for approval. Draft plan to issue PQQ to contractors in October 2015 with projected award in Summer 2016.

INFORMATION / DECISIONS

Programme Board 10/08/2015 – Procurement Strategy presented for approval. Draft Governance Framework and plan for pilot projects to be noted.



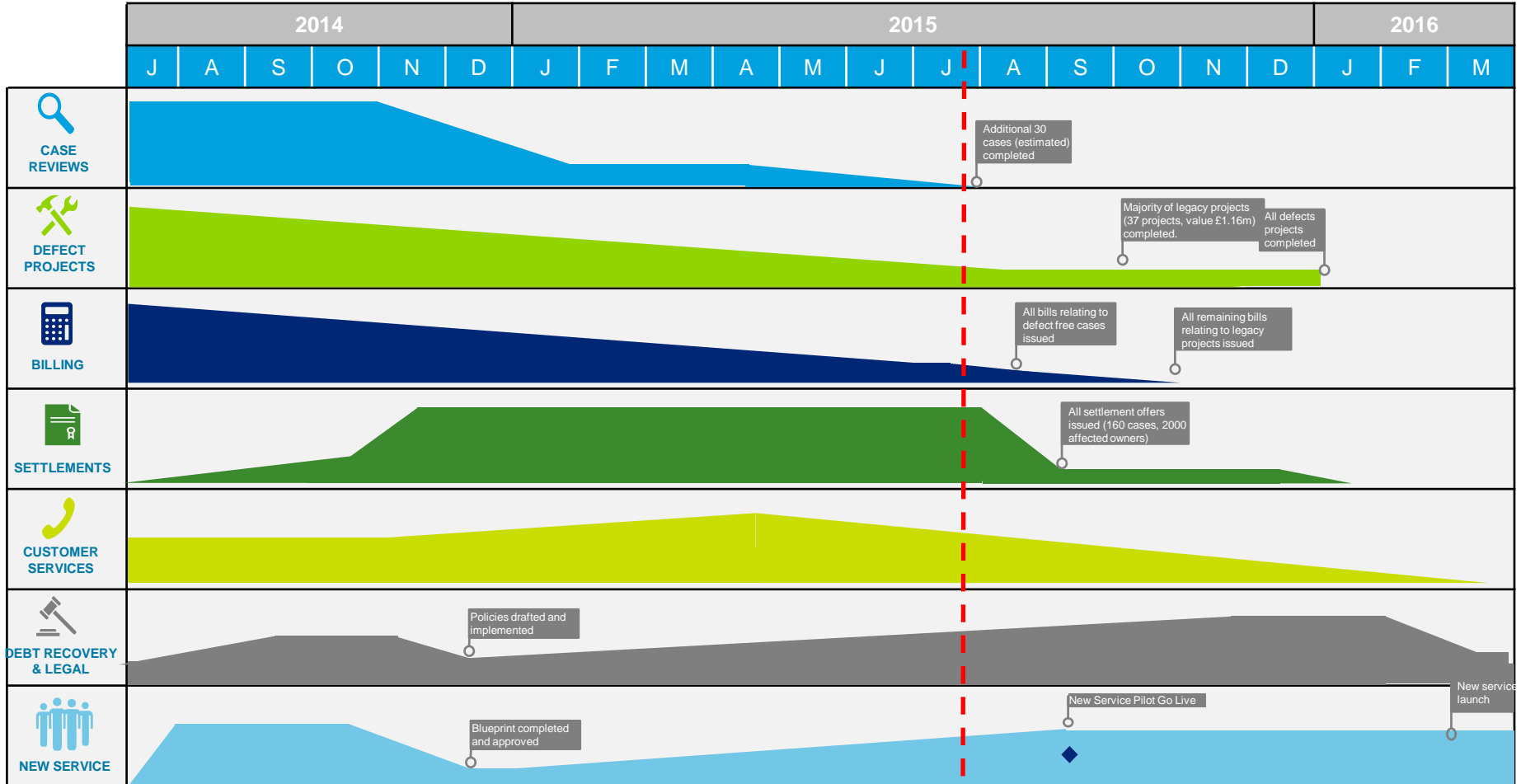
Programme Momentum – Remaining Activity

Monthly progress update (for reporting purposes month end is 25 July)



PROGRESS AND FORECAST

Below, an activity volume forecast is provided below to show the progress since the Programme Momentum was established in July 2014 and the estimated remaining programme to close the legacy service and launch the new replacement service.



Finance and Resources Committee

10.00 a.m., Thursday 27 August 2015

Summary Report on Property Transactions concluded under Delegated Authority

Item number	8.1
Report number	
Executive/routine	Routine
Wards	City-wide

Executive summary

To advise the Committee of all lease agreements, etc. concluded in terms of the Council's 'Scheme of Delegation to Chief Officials'.

This delegated authority currently extends to the conclusion of all new leases of up to five years in length where the rental is no greater than £50,000 per annum, and rent reviews where the rental is no greater than £50,000 per annum. The authority also includes the sale of property which has been declared surplus to the requirements of the Council, and sold on the open market to the highest bidder. Any transactions outwith these parameters are reported separately to Committee.

Links

Coalition pledges	P30
Council outcomes	CO7
Single Outcome Agreement	SO1

Summary Report on Property Transactions concluded under Delegated Authority

Recommendations

That Committee:-

- 1.1 Notes the 81 transactions, detailed in the attached Appendix, that have been concluded in terms of the Council's 'Scheme of Delegation to Chief Officials.'

Background

- 2.1 Under the Council's Scheme of Delegation to Officers, it is the responsibility of the Chief Executive or relevant Director to keep the elected members appropriately informed about activity arising within the scope of the delegated authority under the Scheme. Reporting on a quarterly basis is considered the appropriate manner and frequency of keeping members advised.

Main report

- 3.1 Appendix 1 provides details of 81 transactions completed under delegated authority since the last quarterly report. These transactions comprise 29 new leases, 25 licences for events, three lease renewal/extension and 10 rent reviews. These transactions, together with other rental income, reported separately on this agenda, will result in additional rental income of £601,872 per annum, plus one off rental income of £108,782.
- 3.2 In addition, 14 disposals have also been completed. These transactions, together with other proposed disposals on this agenda, represent potential capital receipts of £17,115,606.

Measures of success

- 4.1 n/a

Financial impact

- 5.1 There are no financial implications as a result of this report.

Risk, policy, compliance and governance impact

- 6.1 There are no risk, policy, compliance or governance impacts as a result of this report.

Equalities impact

7.1 Equalities and Rights Impact Assessments have been carried out on all of the enclosed transactions.

Sustainability impact

8.1 There are no sustainability impacts as a result of this report.

Consultation and engagement

9.1 n/a

Background reading/external references

n/a

John Bury

Acting Director of Services for Communities

Contact: Graham Tully, Acting Estates Services Manager

E-mail: graham.tully@edinburgh.gov.uk | Tel: 0131 529 5961

Links

Coalition pledges	P30 - Continue to maintain a sound financial position including long-term financial planning.
Council outcomes	CO7 - Edinburgh draws new investment in development and regeneration.
Single Outcome Agreement	SO1 - Edinburgh's economy delivers increased investment, jobs, and opportunities for all.
Appendices	Appendix 1.

APPENDIX 1

NEW LEASES

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
1. 21291 JW	4 – Forth	Services for Communities (General Property)	Unit 14a&b, 12-14 Pennywell Court, EH4 4TZ	North Edinburgh Arts	Temporary artist studio	Old Rent: £0 per annum New Rent: £1 per annum Lease Period: 3 months from 1 Apr 2015 to 30 Jun 2015 and month to month thereafter. Payable: Monthly, in advance
<input checked="" type="checkbox"/> ERIA received? REMARKS: <i>Nominal rent reflects the temporary letting of a vacant unit which is in very poor repair. The Council will be relieved of rates liability.</i>						

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
2. 6818/1 ASM	12 – Leith Walk	Services for Communities (General Property)	Unit 1 Abbeymount Techbase, 2 Easter Road	Edinburgh Contemporary Crafts	Workshop	Old Rent: £2,200 per annum New Rent: £2,200 per annum Lease Period: 1 Apr 2015 – 22 Jul 2017 Payable: Monthly, in advance
<input checked="" type="checkbox"/> ERIA received? REMARKS: <i>New lease to run concurrently with occupier's existing leases within the building, with a 2 month rent free period granted. Vacant since September 2014. Previous rent set April 2013.</i>						

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
3. 6818/8 ASM	12 – Leith Walk	Services for Communities (General Property)	Unit 8 Abbeymount Techbase, 2 Easter Road	Edinburgh Contemporary Crafts	Workshop	Old Rent: £1,840 per annum New Rent: £1,850 per annum Lease Period: 7 Apr 2015 – 22 Jul 2017 Payable: Monthly, in advance

ERIA received?

REMARKS: *New lease to run concurrently with occupiers existing leases within the building, with a 2 month rent free period granted. Vacant since January 2015. Previous rent set September 2014.*

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
4. 6818/12 ASM	12 – Leith Walk	Services for Communities (General Property)	Unit 12 Abbeymount Techbase, 2 Easter Road	Edinburgh Contemporary Crafts	Workshop	Old Rent: £5,380 per annum New Rent: £5,200 per annum Lease Period: 7 Apr 2015 – 22 Jul 2017 Payable: Monthly, in advance

ERIA received?

REMARKS: *New lease to run concurrently with occupiers existing leases within the building, with a 2 month rent free period granted. Vacant since October 2014. Previous rent set August 2014.*

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
5. PEF01-U12 ASM	17 – Portobello / Craigmillar	Services for Communities (General Property)	Block 5 Unit 2/3 Peffermill Industrial Estate	Travis Perkins (Properties) Ltd	Trade Counter	Old Rent: £20,000 per annum New Rent: £27,500 per annum Lease Period: 7 Apr 2015 – 6 Apr 2020 Payable: Quarterly, in advance

ERIA received?

REMARKS: *Former occupier went into administration. 5 year lease with 8 month rent free period granted to new occupier (to reflect the poor condition of the property).*

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
6. 723/5 ASM	13 – Leith	Services for Communities (General Property)	Unit 26 Tennant Street	Mr Ali Lauder & Mr Ewan Cameron	Music Studio	Old Rent: £11,650 per annum New Rent: £11,650 per annum Lease Period: 5 May 2015 – 4 May 2018 Payable: Monthly, in advance

ERIA received?

REMARKS: *This forms part of a lease renunciation / re-letting agreement. This letting was subject to the outgoing tenant's debt of £10,000 being repaid. The former lease was on a month to month basis. 2 month rent free period granted.*

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
7. 16414/2 ASM	7 – Sighthill / Gorgie	Services for Communities (General Property)	200 Dalry Road	Gnostic Cultural Association	Training Centre	Old Rent: £5,000 per annum New Rent: £4,000 per annum Lease Period: 6 May 2015 – 5 May 2018 Payable: Quarterly, in advance

ERIA received?

REMARKS: *3 year lease with no rent free period granted. Vacant since May 2014 with limited interest. Previous rent set in 2009 and was above market rent.*

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
8. 16496/4 ASM	7 – Sighthill / Gorgie	Services for Communities (General Property)	Unit 4 Russell Road Industrial Estate, Sauchiebank	Lo Spuntino Ltd	Warehouse - Bakery	Old Rent: £13,200 per annum New Rent: £14,000 per annum Lease Period: 8 May 2015 – 7 May 2020 Payable: Quarterly, in advance

ERIA received?

REMARKS: 5 year lease with 3 month's rent free period granted. Vacant since June 2014 and previous rent set in 2011. Market rent rate for the estate achieved.

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
9. 16496/5 ASM	7 – Sighthill / Gorgie	Services for Communities (General Property)	Unit 5 Russell Road Industrial Estate, Sauchiebank	John McDonald Metal Recycling Ltd	Warehouse – Metal recycling	Old Rent: £12,870 per annum New Rent: £14,000 per annum Lease Period: 20 May 2015 -19 May 18 Payable: Quarterly, in advance

ERIA received?

REMARKS: Tenant relocated from smaller unit within estate. 3 year lease with 3 month's rent free period granted. Vacant since March 2015. Market rent rate for the estate achieved.

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
10. 17896/7 ASM	16 – Liberton / Gilberton	Services for Communities (General Property)	Block B Unit 4 Gracemount Business Pavillions	Ms Zoe Greener	Martial Arts Centre	Old Rent: £7,000 per annum New Rent: £7,000 per annum Lease Period: 1 May 2015 – 31 Apr 2018 Payable: Quarterly, in advance

ERIA received?

REMARKS: 3 year lease with 3 month's rent free period granted. Vacant since March 2015. Market rent rate for the estate achieved.

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
11. EST/AF	4 – Forth	Services for Communities (Housing and Regeneration)	Land at Muirhouse Loan/Muirhouse Drive, Edinburgh	North Edinburgh Arts on behalf of the Centipede Project	Outdoor Community event	Old Rent: n/a New Rent: £1, if asked Lease Period: 07:00 to 19:00, 18 May 2015 Payable: In advance

ERIA received?

REMARKS:

ITEM & REF NO.	WARD	OWNING DEPT/ ACCOUNT	SUBJECTS	TENANT	USE	TERMS
12. 1/H263(G) CL	1 – Almond	Services for Communities (General Property)	Hawes Pier, South Queensferry	Colin Aston	Seasonal Berthing Rights for Rigid Inflatable Boat “Inchcolm”	Old Rent: £1,000 for the period New Rent: £1,000 for the period Payable: In advance Lease Period: 1 Apr – 31 Oct 2015

ERIA received?

REMARKS:

ITEM & REF NO.	WARD	OWNING DEPT/ ACCOUNT	SUBJECTS	TENANT	USE	TERMS
13. 19127 CL	1 – Almond	Services for Communities (General Property)	Berthing rights at Hawes Pier, South Queensferry	Forth Boat Tours	Berthing of the Forth Belle passenger boat	Old Rent: £8,000 for the period New Rent: £8,000 for the period Payable: Monthly Lease Period: 1 Apr – 31 Oct 2015

ERIA received?

REMARKS: *Seasonal berthing of an established passenger boat.*

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
14. 6422 ASM	11 – City Centre	Services for Communities (General Property)	244 Canongate, Edinburgh	Tabletop Cafe Ltd	Books shop & cafe.	Old Rent: £17,500 p.a New Rent: £17,500 p.a Lease Period: 21/07/15 – 20/07/2020 Payable: Quarterly in advance
<input checked="" type="checkbox"/> ERIA received? REMARKS: <i>No rent free, tenant break option 20 March 2018</i>						

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
15. 19/L411/163 AMcA	12 – Leith Walk	Service for Communities (Tram)	163 Leith Walk	Out of the Blue	Artist Studios	Old Rent: £0 New Rent: £6,888 Lease Period: 01/08/15 to 31/07/16 Payable: Quarterly subject to three months rent free period
<input checked="" type="checkbox"/> ERIA received? REMARKS: <i>Temporary lease for 12 months pending disposal/redevelopment of the property</i>						

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
16. 16104/1/D6 AMcA	11 – City Centre	Services for Communities (General Property)	Development site at 22 Potterrow	Underbelly	Public realm area as an ancillary space to the adjacent Festival Theatre studio, which Underbelly runs as a Fringe venue (Topside). Use to include ancillary entrainment and pop-up food and beverage offering.	Old Rent: £0 New Rent: £20,000 Lease Period: 26/07/15 to 04/09/15 Payable: Single Payment

ERIA received? **REMARKS:** *Temporary lease for the Edinburgh International Festival*

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
17. 16496/15 ASM	7 – Sighthill / Gorgie	Services for Communities (General Property)	Unit 15 Russell Road Industrial Estate, Sauchiebank	Mr Steven Malcolm	Short Term Festival Storage	Old Rent: £0.00 p.a New Rent: £4,680 p.a Lease Period: 26/05/15 - 31/07/15 Payable: In full, on entry.

ERIA received?

REMARKS: *Short term letting agreed (circa 2 months) with an existing occupier within the estate, to provide additional storage prior to the festival period. The Council will continue to actively market throughout this time.*

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
18. 16496/15 ASM	7 – Sighthill / Gorgie	Services for Communities (General Property)	Unit 15 Russell Road Industrial Estate, Sauchiebank	Mr Innes Messer	Trade Counter	Old Rent: £6,400 p.a New Rent: £6,800 p.a Lease Period: 01/08/15 - 31/07/19 Payable: Quarterly in advance

ERIA received?

REMARKS: *5 year lease with 3 month's rent free period granted. Market rate for the estate achieved and previous rent set in 2012. New letting to run concurrently with short term letting.*

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
19. 42/5717/4 MB	11 – City Centre	Services for Communities (General Property)	4 St Mary's Street	Kazim Pala	Retail – sandwich shop	Old Rent: £15,000 p.a New Rent: £22,500 p.a Lease Period: 01/05/15 - 30/04/20 Payable: Quarterly in advance

ERIA received?

REMARKS: *Previous tenant removed due to non payment of rent. 5 year FRI lease with 3 months rent free. Property was on the market since March 2015. Substantial interest with closing date set.*

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
20. 14167/5 MB	11 – City Centre	Services for Communities (General Property)	21 Cockburn Street	Westwood Lifestyle Ventures Limited	Retail - salon	Old Rent: £29,600 p.a New Rent: £32,126 p.a Lease Period: 31/07/15 - 30/07/20 Payable: Quarterly in advance
<input checked="" type="checkbox"/> ERIA received?						
REMARKS: <i>Previous tenant lease expired in March 2014. 5 year FRI lease with 6 months rent free. Property was on the market since March 2014 and previously under offer but tenant withdrew. Remarketed in January 2015 with substantial interest and closing date set.</i>						

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
21. 4934/MB	11 – City Centre	Services for Communities (General Property)	181/183 Canongate	The Scotland Kilt Company	Retail	Old Rent: £17,500 p.a, New Rent: £35,000 p.a Lease Period: 24/07/15 - 21/07/20 Payable: Monthly in advance
<input checked="" type="checkbox"/> ERIA received?						
REMARKS: <i>Previous tenant removed due to non payment of rent. 5 year FRI lease with 6 months rent free (rent payable from day one but at half normal annual rate for first year). Property was on the market since January 2014 and previously under offer for restaurant use but letting collapsed due to refusal of planning application for class 3.</i>						

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
22. EST/MB	4 – Forth	Services for Communities (WEL Portfolio)	23 West Harbour Road	Swift TG Energy (Scotland) Limited	Industrial – wind turbines	Old Rent: £12,000 p.a New Rent: £11,920 p.a Lease Period: 29/06/15 - 28/06/20 Payable: Quarterly in advance
<input checked="" type="checkbox"/> ERIA received?						
REMARKS: Previous lease expired in August 2013 with the property vacant and on the market since then with very little interest. 5 year FRI lease with reduced rent to reflect very poor condition of the property with tenant having to spend £125,000 on repairs and fit out.						

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
23. EST/MB	4 – Forth	Services for Communities (WEL Portfolio)	23B West Harbour Road	Muirhouse Youth Development Group	Storage	Old Rent: £3,750 p.a, New Rent: £14,000 p.a Lease Period: 01/06/15 - 31/05/20 Payable: Quarterly in advance
<input checked="" type="checkbox"/> ERIA received?						
REMARKS: Previous lease expired in July 2013 with the property vacant and on the market since then with very little interest. 5 year FRI lease with 5 months rent free (spread over first 2 years of lease).						

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
24. EST/MB	4 – Forth	Services for Communities – WEL Portfolio	Unit 1 West Shore Business Centre	Chauffeurline (UK) Limited	Storage	Old Rent: £10,500 p.a New Rent: £13,000 p.a Lease Period: 01/05/15 -30/04/20 Payable: Quarterly in advance

ERIA received?

REMARKS: Previous lease expired in August 2014 with the property vacant and on the market since then with very little interest. 5 Year lease with 9 months rent free to reflect poor condition of the property. Average rent of £13,000 (annual increases of £1,000 per annum running from £11,000 in year 1 to £15,000 in year 5).

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
25. 01/P805/75 A/ RMcG	1 Almond	CS SPO	Unit 27 Port Edgar Marina and associated hard standing	The Marine Society and Sea Cadets	Sea Cadet/Royal Navy Sailing Association Boat Station	Old Rent: £3,000 p.a. New Rent: £3,000 p.a. Lease Period: 3 yrs Payable: Monthly in advance

ERIA received?

REMARKS: No rental increase appropriate due to current rates and benefit of maintaining facility on site for future development of marina.

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
26. LF001/MBr	9 – Fountainbridge	Services for Communities (General Property)	West Approach Road at Canning Street	J C Decaux	Advertising Site	Old Rent: £ 0 New Rent: £7,000 p.a Lease Period: 13/11/14 - 12/10/2024 Payable: Annually in Arrears from 24/08/2015 (Live Date)

ERIA received?

REMARKS: Ten year lease based on 35% of gross revenue. No breaks or reviews. Option to extend for 5 years.

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
27. LF002/MBr	5 – Inverleith	Services for Communities (General Property)	Ferry Road	J C Decaux	Advertising Site	Old Rent: £0 New Rent: £8,750 p.a Lease Period: 21/07/15 - 31/10/2024 Payable : Annually in Arrears from 05/10/2015 (Live Date)

ERIA received?

REMARKS: Ten year lease based on 35% of gross revenue. No breaks or reviews. Option to extend for 5 years.

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
28. LF003/MBr	11 – City Centre	Services for Communities (General Property)	Dalry Road Outbound	J C Decaux	Advertising Site	Old Rent: £0 New Rent: £8,750 p.a Lease Period: 21/07/15 - 31/10/2024 Payable: Annually in Arrears from 21/09/2015 (Live Date)

ERIA received?

REMARKS: Ten year lease based on 35% of gross revenue. No breaks or reviews. Option to extend for 5 years.

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
29. LF004/MBr	1 – Almond	Services for Communities (General Property)	Gogar Roundabout	J C Decaux	Advertising Site	Old Rent: £0 New Rent: £350,000 p.a Lease Period: 21/07/15 - 31/10/2024 Payable: Annually in Arrears from 1 st December 2015 (Live Date)

ERIA received?

REMARKS: Ten year lease based on 35% of gross revenue. No breaks or reviews. Option to extend for 5 years.

NEW LEASES – EVENTS/LICENCE FOR WORKS

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
30. 1/H263/1 CL	1 – Almond	Services for Communities (General Property)	Hawes Car Park, South Queensferry	John Robertson	Funfair	Rent: £900 for the period Lease Period: 1800h, 10 Aug – 12 am, 16 Aug 2015 Payable: In advance

ERIA received? **REMARKS:** *This annual funfair is held in conjunction with the long running Ferry Fair.*

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
31. 20420 CL	1 – Almond	Services for Communities (General Property)	Hawes Car Park, South Queensferry	RNLI	Lifeboat Fundraising Day	Rent: £1, if asked Payable: In advance Lease Period: 28 Jun 2015

ERIA received? **REMARKS:** *One day fundraising event*

ITEM & REF NO.	WARD	OWNING DEPT/ ACCOUNT	SUBJECTS	TENANT	USE	TERMS
32. 8097/TS	6 – Corstophine / Murrayfield	Services for Communities (Parks and Greenspace)	St Margarets Park	Ms Gilly Herbie Project Play Corstorphine Primary School High Street Edinburgh EH12 7SY	Family Fun Run 2015	Rent: £1 p.a. (if asked) Surveyor's Fee: £nil Parks Mgt Fee: £nil Lease Period: 13 June 2015 Payable: In Advance

ERIA received? **REMARKS:**

ITEM & REF NO.	WARD	OWNING DEPT/ ACCOUNT	SUBJECTS	TENANT	USE	TERMS
33. 18345/TS	5 - Inverleith	Services for Communities (Parks and Greenspace)	Inverleith Park	Mrs Sue Hitchen The Media Company Publications Ltd 21 Royal Circus Edinburgh EH3 6TL	Foodies Festival Event	Rent: £3,120 Surveyor's Fee: £250 Parks Mgt Fee: £312 Lease Period: from 04 - 11 August 2015 Payable: In Advance

ERIA received? **REMARKS:** *Annual event which is part of Edinburgh Festival*

ITEM & REF NO.	WARD	OWNING DEPT/ ACCOUNT	SUBJECTS	TENANT	USE	TERMS
34. 11137/20/TS	8 – Colinton/ Fairmilehead	Services for Communities (Parks and Greenspace)	Colinton Mains Park	Ms Heather Levy Firrhill Community Council Oxgangs Care Office 12 Firrhill Neuk Edinburgh EH13 9FF	Oxgangs Gala Day 2015	Rent: £1 p.a. (if asked) Surveyor's Fee: £nil Parks Mgt Fee: £nil Lease Period: 13 June 2015 Payable: In Advance

ERIA received?

REMARKS: *Annual Community / fundraising event*

ITEM & REF NO.	WARD	OWNING DEPT/ ACCOUNT	SUBJECTS	TENANT	USE	TERMS
35. 20790/TS	7 – Sighthill / Gorgie	Services for Communities (Parks and Greenspace)	Murieston Park	Mr Jim Young Gala Day Coordinator Gorgie Dalry Community Association 232 Dalry Road Edinburgh EH11 2JG	Gorgie / Dalry Gala Day 2015	Rent: £1 p.a. (if asked) Surveyor's Fee: £nil Parks Mgt Fee: £nil Lease Period: 13 June 2015 Payable: In Advance

ERIA received?

REMARKS: *Annual Community / fundraising event*

ITEM & REF NO.	WARD	OWNING DEPT/ ACCOUNT	SUBJECTS	TENANT	USE	TERMS
36. 16110/TS	4 - Forth	Services for Communities (Parks and Greenspace)	Victoria Park	Bonnington House Nursery 159 Newhaven Road Edinburgh EH6 4QA	Bonnington House Nursery Sports Day	Rent: £1 p.a. (if asked) Surveyor's Fee: £40 Parks Mgt Fee: £nil Lease Period: 27 June 2015 Payable: In Advance

ERIA received? **REMARKS:** *Annual Community / fundraising event*

ITEM & REF NO.	WARD	OWNING DEPT/ ACCOUNT	SUBJECTS	TENANT	USE	TERMS
37. 18345/TS	5 - Inverleith	Services for Communities (Parks and Greenspace)	Inverleith Park	Mr John Laurie Burn It Fitness c/o Standard Life Alba Business Centre Alba Campus Livingston EH54 7EG	Standard Life Fun Run	Rent: £1 p.a. (if asked) Surveyor's Fee: £40 Parks Mgt Fee: £nil Lease Period: 21 June 2015 Payable: In Advance

ERIA received? **REMARKS:** *Community / Fundraising Event*

ITEM & REF NO.	WARD	OWNING DEPT/ ACCOUNT	SUBJECTS	TENANT	USE	TERMS
38. 20791/TS	5 - Inverleith	Services for Communities (Parks and Greenspace)	King George V Park (Eyre Place)	Mr Geoff Hunt HemsleyLeys Lane Frome BA11 2JT	Rope - A Scene from a Play	Rent: £300 Surveyor's Fee: £40 Parks Mgt Fee: £nil Lease Period: from 11 - 19 August 2015 Payable: In Advance

ERIA received? **REMARKS:** *Community / fundraising event*

ITEM & REF NO.	WARD	OWNING DEPT/ ACCOUNT	SUBJECTS	TENANT	USE	TERMS
39. 18356/TS	11 – City Centre	Common Good /Services for Communities (Parks and Greenspace)	Calton Hill	Beltane Fire Society St Margarets House 151 London Road Edinburgh EH7 6AE	Beltane Fire Festival 2015	Rent: £1,600 Surveyor's Fee: £250 Parks Mgt Fee: £160 Lease Period: from 28 April - 02 May 2015 Payable: In Advance

ERIA received? **REMARKS:** *Annual Festival*

ITEM & REF NO.	WARD	OWNING DEPT/ ACCOUNT	SUBJECTS	TENANT	USE	TERMS
40. 8425/20	7 – Sighthill / Gorgie	Services for Communities (Parks and Greenspace)	Saughton Park	Mr Iain Majcher Youth Worker Gorgie Dalry Parish Church 190 Gorgie Road Edinburgh EH11 2NX	The Tent 2015	Rent: £1 p.a. (if asked) Surveyor's Fee: £40 Parks Mgt Fee: £nil Lease Period: from 12 - 20 July 2015 Payable: In Advance

ERIA received? **REMARKS:** *Annual Community / fundraising event*

ITEM & REF NO.	WARD	OWNING DEPT/ ACCOUNT	SUBJECTS	TENANT	USE	TERMS
41. 20790/TS	1 – Almond	Services for Communities (Parks and Greenspace)	Lauriston Castle	Lord Provost's & Members' Services Lord Provost's Office City Chambers Edinburgh EH1 1YJ	Lord Provost's Garden Party 2015	Rent: £645 Surveyor's Fee: £250 Parks Mgt Fee: £64.50 Lease Period: from 30 July - 01 August 2015 Payable: In Advance

ERIA received? **REMARKS:** *Annual community event*

ITEM & REF NO.	WARD	OWNING DEPT/ ACCOUNT	SUBJECTS	TENANT	USE	TERMS
42. 20786/TS	13 - Leith	Services for Communities (Parks and Greenspace)	Leith Links	Edinburgh MELA Unit 14, Abbeymount Techbase 2 Easter Road Edinburgh EH7 5AN	The Edinburgh MELA 2015	Rent: £2,520 Surveyor's Fee: £250 Parks Mgt Fee: £252 Lease Period: from 24 August to 01 September 2015 Payable: In Advance

ERIA received?

REMARKS: Annual Community / fundraising event

ITEM & REF NO.	WARD	OWNING DEPT/ ACCOUNT	SUBJECTS	TENANT	USE	TERMS
43. 20786/TS	13 - Leith	Services for Communities (Parks and Greenspace)	Leith Links	Leith Festival Association Ltd 3 Wellington Place Edinburgh EH6 7EQ	Leith Festival Gala Day 2015	Rent: £1 p.a. (if asked) Surveyor's Fee: £40 Parks Mgt Fee: £nil Lease Period: on 13 June 2015 Payable: In Advance

ERIA received?

REMARKS: Annual Community / fundraising event

ITEM & REF NO.	WARD	OWNING DEPT/ ACCOUNT	SUBJECTS	TENANT	USE	TERMS
44. JSM/TS	11 – City Centre	Services for Communities (Parks and Greenspace)	Princes Street Gardens	Mr John Stout Regular Music 44 York Place Edinburgh EH1 3HU	Magner's Summer Nights	Rent: £6,000 Surveyor's Fee: £250 Parks Mgt Fee: £600 Lease Period: from 23 August to 28 August 2015 Payable: In Advance

ERIA received?

REMARKS: *Music Festival – part of Edinburgh Fringe Festival*

ITEM & REF NO.	WARD	OWNING DEPT/ ACCOUNT	SUBJECTS	TENANT	USE	TERMS
45.16403/D7	2 – Pentland Hills	Services for Communities (Parks and Greenspace)	Malleny Park	Mr Micheal Gregson 44 Marchbank Drive Balerno EH14 7ER	Balerno Childrens Gala - Malleny Park	Rent: £1 p.a. (if asked) Surveyor's Fee: £nil Parks Mgt Fee: £nil Lease Period: from 24 - 25 May 2015 Payable: In Advance

ERIA received?

REMARKS: *Annual Community / fundraising event*

ITEM & REF NO.	WARD	OWNING DEPT/ ACCOUNT	SUBJECTS	TENANT	USE	TERMS
46. 16110/TS	4 - Forth	Services for Communities (Parks and Greenspace)	Victoria Park	Mr Allan Prentice Prentice Events7 Upper Kinneddar Gardens Saline KY12 9TY	Two Capitals Bike Ride 2015	Rent: £215 Surveyor's Fee: £40 Parks Mgt Fee: £21.50 Lease Period: on 07 June 2015 Payable: In Advance

ERIA received?

REMARKS: Annual Cycling / fundraising event from Dunfermline to Edinburgh

ITEM & REF NO.	WARD	OWNING DEPT/ ACCOUNT	SUBJECTS	TENANT	USE	TERMS
47. 20786/TS	13 - Leith	Services for Communities (Parks and Greenspace)	Leith Links	William Keith Taylor Leith Annual Festival Fun Fair 1 Niddrie Mains Road Edinburgh EH16 4BE	Leith Annual Festival Fun Fair 2015	Rent: £2,030 Surveyor's Fee: £250 Parks Mgt Fee: £203 Lease Period: from 8 June to 14 June 2015 Payable: In Advance

ERIA received?

REMARKS: Annual Community / fundraising event during Leith Festival

ITEM & REF NO.	WARD	OWNING DEPT/ ACCOUNT	SUBJECTS	TENANT	USE	TERMS
48. 18345/TS	5 - Inverleith	Services for Communities (Parks and Greenspace)	Inverleith Park	Walk the Walk in Action Limited 6 Genesis Business Park Albert Drive, Woking GU21 5RW	Edinburgh Moonwalk 2015	Rent: £4,180 (£380/day) Surveyor's Fee: £250 Parks Mgt Fee: £418 Lease Period: from 08 – 18 June 2015 Payable: In Advance

ERIA received? **REMARKS:** *Annual fundraising event*

ITEM & REF NO.	WARD	OWNING DEPT/ ACCOUNT	SUBJECTS	TENANT	USE	TERMS
49. 2084/JMcV	Ward 10 – Meadows/ Morningside	Common Good/ Services for Communities (Parks and Greenspace)	The Meadows	Edinburgh Students' Charities Appeal	Meadows Marathon Event	Rent: £0 Lease Period: 08/03/2015 Payable: In advance

ERIA received? **REMARKS:** *One day charitable event. Administration fee of £50*

ITEM & REF NO.	WARD	OWNING DEPT/ ACCOUNT	SUBJECTS	TENANT	USE	TERMS
50. 18801/ JMcV	Ward 11 City Centre	Common Good/ Services for Communities (Parks and Greenspace)	Princes Street Gardens West	Church of Scotland	Heart and Soul Event	Rent: £1,320 Lease Period: 17/05/2015 Payable: In advance

<input checked="" type="checkbox"/> ERIA received? REMARKS: <i>Administration fee of £150</i>						
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ITEM & REF NO.	WARD	OWNING DEPT/ ACCOUNT	SUBJECTS	TENANT	USE	TERMS
51. 2084/ JMcV	Ward 10 – Meadows/ Morningside	Common Good/ Services for Communities (Parks and Greenspace)	The Meadows	The Meadows Festival Association	Meadows Annual Festival Event	Rent: £361 Lease Period: 01/06/2015 - 07/06/2015 Payable: In advance

<input checked="" type="checkbox"/> ERIA received? REMARKS: <i>Administration fee of £50</i>						
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ITEM & REF NO.	WARD	OWNING DEPT/ ACCOUNT	SUBJECTS	TENANT	USE	TERMS
52. 2084/ JMcV	Ward 10 – Meadows/ Morningside	Common Good/ Services for Communities (Parks and Greenspace)	The Meadows	Mr Taylor	Meadows Annual Festival Funfair	Rent: £3,605 Lease Period: 01/06/2015 - 07/06/2015 Payable: In advance

ERIA received?

REMARKS: Administration fee of £150

ITEM & REF NO.	WARD	OWNING DEPT/ ACCOUNT	SUBJECTS	TENANT	USE	TERMS
53. 2084/ JMcV	Ward 10 – Meadows/ Morningside	Common Good/ Services for Communities (Parks and Greenspace)	Bruntsfield Links	Edinburgh Golf	Golf in the Park Event	Rent: £340 Lease Period: 04/07/2015 Payable: In advance

ERIA received?

REMARKS: Administration fee of £50

ITEM & REF NO.	WARD	OWNING DEPT/ ACCOUNT	SUBJECTS	TENANT	USE	TERMS
54. 18801/ JMcV	Ward 11 - City Centre	Common Good/ Services for Communities (Parks and Greenspace)	Princes Street Gardens West	G Warrington & Sons	Victorian Carousel	Rent: £8,386.79 Lease Period: 24/07/2015 – 02/09/2015 Payable: In advance

ERIA received?

REMARKS: Administration fee of £150

ITEM & REF NO.	WARD	OWNING DEPT/ ACCOUNT	SUBJECTS	TENANT	USE	TERMS
55. 2084/ JMcV	Ward 10 – Meadows/ Morningside	Common Good/ Services for Communities (Parks and Greenspace)	The Meadows	Mr Evans	Funfair at the Fringe	Old Rent: £6,580 New Rent: £6,580 Lease Period: 04/08/2015 - 17/08/2015 Payable: In advance

ERIA received?

REMARKS: Administration fee of £100

RENT REVIEWS

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
56. 13849/62 IL	11 – City Centre	Housing Revenue Account	18/20 High Street Edinburgh, EH1 1TB	Surinder Singh	Scottish Themed Gifts & Souvenirs	Old Rent: £23,350 per annum New Rent: £33,600 per annum From: 1 Apr 2015 to 31 Mar 2020
<input checked="" type="checkbox"/> ERIA received? REMARKS:						

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
57. 8406 IL	9 – Fountainbridge / Craiglockhart	Services for Communities (General Property)	97 – 101 Morrison Street, Edinburgh, EH3 8BX	Huseyin Kulhas	Restaurant	Old Rent: £18,000 per annum New Rent: £19,000 per annum From: 9 Mar 2015 to 8 Mar 2018
<input checked="" type="checkbox"/> ERIA received? REMARKS:						

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
58. 1423/6 IL	11 – City Centre	Services for Communities (General Property)	29 Leith Street, Edinburgh EH1 3AT	Imran Mahmood	Newsagent	Old Rent: £10,500 per annum New Rent: £11,750 per annum From: 20 Apr 2015 to 20 Apr 2020
<input checked="" type="checkbox"/> ERIA received? REMARKS:						

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
59. 13241/1/D1 IL	11 – City Centre	Services for Communities (General Property)	36 Market Street, Edinburgh, EH1 1DF	Waverley Leisure Ltd	Offices	Old Rent: £12,710.56 per annum New Rent: £14,660 per annum From: 1 Apr 2015 to 1 Apr 2020
<input checked="" type="checkbox"/> ERIA received? REMARKS:						

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
60. 13241/1 IL	11 – City Centre	Services for Communities (General Property)	39 Market Street, Edinburgh, EH1 1DF	Waverley Leisure Ltd	Nightclub	Old Rent: £39,627.05 per annum New Rent: £45,725 per annum From: 1 Apr 2015 to 1 Apr 2020
<input checked="" type="checkbox"/> ERIA received? REMARKS:						

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
61. 6315 IL	11 – City Centre	Services for Communities (General Property)	42 Candlemaker Row, Edinburgh, EH3 8BX	Joyce Forsyth	Designer knitwear shop	Old Rent: £7,000 per annum New Rent: £8,500 per annum From: 15 May 2015 to 15 May 2020
<input checked="" type="checkbox"/> ERIA received? REMARKS:						

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
62. 6986A IL	10 – Meadows & Morningside	Services for Communities (General Property)	8 Falcon Road, Edinburgh, EH10 4AH	Childs Play Children's Nursery Ltd	Nursery	Old Rent: £32,900 per annum New Rent: £41,300 per annum From: 1 Apr 2015 to 1 Apr 2020
<input checked="" type="checkbox"/> ERIA received? REMARKS:						

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
63. 1423 IL	11 – City Centre	Services for Communities (General Property)	5/11 Leith Street, Edinburgh, EH1 3AT	Duddingston Leisure Limited	Public House	Old Rent: £25,620 per annum New Rent: £29,560 per annum From: 1 Apr 2015 to 1 Apr 2020
<input checked="" type="checkbox"/> ERIA received? REMARKS:						

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
64. 13849/65	11 – City Centre	Housing Revenue Account	30 High Street Edinburgh, EH1 1TB	Jim Garrahy's Fudge Kitchen Ltd	Retail (Class 1) Fudge Retailer	Old Rent: £19,575 per annum New Rent: £33,000 per annum From: 21 July 2015 to 20 July 2020. Payable: Quarterly in Advance.
<input checked="" type="checkbox"/> ERIA received? REMARKS:						

LEASE RENEWALS/EXTENSIONS

ITEM & REF NO.	WARD	OWNING DEPT/ ACCOUNT	SUBJECTS	TENANT	USE	TERMS
65. COW-U001 IL	11 – City Centre	Services for Communities (General Property)	156 Cowgate, Edinburgh, EH1 IJS	Access To Industry	Employment and Job Seeking Skills Agency office	Old Rent: £43,500 per annum New Rent: £47,600 per annum Payable: Quarterly, in advance Lease Period: 14 Apr 2015 to 13 Apr 2020

<input checked="" type="checkbox"/> ERIA received?	REMARKS:
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ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
66. EST/41/J633/8-13 EX2/IL	11 – City Centre	Services for Communities (General Property)	8 – 13 Johnston Terrace, Edinburgh, EH1 2PW	VOCAL – Voice of Carers Across Lothians	Office (Class 2) Offices and meeting rooms	Old Rent: £44,900 per annum New Rent: £48,000 per annum From: 1 July 2015 to 30 June 2020 Payable: Quarterly in Advance.

<input checked="" type="checkbox"/> ERIA received?	REMARKS:
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ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
67. 16496/14/IL	7 – Sighthill / Gorgie	Services for Communities (General Property)	13 & 14 Sauchiebank, Russell Road Ind Estate, Edinburgh, EH11 2NN	Tool and Plant Services Ltd	Business Use (Class 4/6) Office / Showroom & Workshop	Old Rent: £10,850 per annum New Rent: £14,965 per annum From: 1 August 2015 to 31 July 2020 Payable: Monthly in Advance.
<input checked="" type="checkbox"/> ERIA received? REMARKS:						

DISPOSALS

ITEM & REF NO.	WARD	OWNING DEPT/ ACCOUNT	SUBJECTS	PURCHASER	USE	TERMS
68. 21135 AMcA	3 - Drum Brae/Gyle	Services for Communities (HRA)	25 Ransome Gardens, Edinburgh EH4 7ET	Norma Muir	Garden Ground	Purchase price: £850 Date of entry: 15 May 2014 Sale concluded: 15 May 2014
<input checked="" type="checkbox"/> ERIA received? REMARKS: <i>Minor land transaction.</i>						

ITEM & REF NO.	WARD	OWNING DEPT/ ACCOUNT	SUBJECTS	PURCHASER	USE	TERMS
69. 20689 CJ	11 – City Centre	Services for Communities (General Property)	37 – 39 Montrose Terrace	Mr Patrick Black	Residential dwelling	Purchase price: £ 135,353.70 Date of entry: 15 May 2015 Sale concluded: 15 May 2015
<input checked="" type="checkbox"/> ERIA received? REMARKS: <i>Highest offer following open market tender.</i>						

ITEM & REF NO.	WARD	OWNING DEPT/ ACCOUNT	SUBJECTS	PURCHASER	USE	TERMS
70. 11773D CJ	1 – Almond	Services for Communities (General Property)	Lauriston Farmhouse, Lauriston Farm Road	Kwok Hei Yuen	Private residential dwelling	Purchase price: £498,168 Date of entry: 26 Mar 2015 Sale concluded: 26 Mar 2015
<input checked="" type="checkbox"/> ERIA received? REMARKS: <i>Highest offer following open market tender.</i>						

ITEM & REF NO.	WARD	OWNING DEPT/ ACCOUNT	SUBJECTS	PURCHASER	USE	TERMS
71. 21135 - AMcA	7 – Sighthill Gorgie	Services for Communities (General Property)	22 McLeod Street, Edinburgh EH112HN	Cruden Homes East	Residential	Purchase price: £397,056 Payable in two payments – 21/08/15 and 21/08/16 Date of entry: 21 August 2015 Sale concluded: 21 August 2015

ERIA received? **REMARKS:** *Highest offer following open market tender.*

ITEM & REF NO.	WARD	OWNING DEPT/ ACCOUNT	SUBJECTS	PURCHASER	USE	TERMS
72. AMcA	11 – City Centre	Services for Communities (General Property)	Cathedral Lane Edinburgh	Edinburgh St James	Electricity Substation	Purchase price: £666,000 Date of entry: 31 July 2015 Sale concluded: 31 July 2015

ERIA received? **REMARKS:** *New electricity substation to facilitate the St James Development.*

ITEM & REF NO.	WARD	OWNING DEPT/ ACCOUNT	SUBJECTS	PURCHASER	USE	TERMS
73. 41/J663/17 RJO'D	11 – City Centre	Services for Communities (General Property)	17 Johnston Terrace	The Scotch Whisky Heritage Centre	Office	Purchase Price: £352,255 Date of Entry: TBC Sale Completed: In Legals.

ERIA received? **REMARKS:** Highest Offer Following Open Market Tender.

ITEM & REF NO.	WARD	OWNING DEPT/ ACCOUNT	SUBJECTS	PURCHASER	USE	TERMS
74. 56/P544/83 RJO'D	8 – Colinton / Fairmilehead	Services for Communities (General Property)	83 Pentland View	Chamberlain Bell Limited	Residential	Purchase Price: £1,319,293 Date of Entry: TBC Sale Completed: In Legals.

ERIA received? **REMARKS:** Highest Offer Following Open Market Tender.

ITEM & REF NO.	WARD	OWNING DEPT/ ACCOUNT	SUBJECTS	PURCHASER	USE	TERMS
75. 21188/ RJO'D	14 – Craigentenny / Duddingston	Services for Communities (General Property)	11 Loaning Road	Ryce Limited	Residential	Purchase Price: £79,111 Date of Entry: TBC Sale Completed: In Legals.

ERIA received?

REMARKS: Highest Offer Following Open Market Tender.

ITEM & REF NO.	WARD	OWNING DEPT/ ACCOUNT	SUBJECTS	PURCHASER	USE	TERMS
76. 16849/a RJO'D	5 – Inverleith	Housing Revenue Account	(BF2) 47 St Stephen Street	Applecross Creation Ltd	Residential	Purchase Price: £151,927 Date of Entry: TBC Sale Completed: In Legals.

ERIA received?

REMARKS: Highest Offer Following Open Market Tender.

ITEM & REF NO.	WARD	OWNING DEPT/ ACCOUNT	SUBJECTS	PURCHASER	USE	TERMS
77. 16849/ RJO'D	5 – Inverleith	Services for Communities (General Property)	(BF3) 47 St Stephen Street	Applecross Creation Ltd	Residential	Purchase Price: £89,073 Date of Entry: TBC Sale Completed: In Legals.

ERIA received?

REMARKS: Highest Offer Following Open Market Tender. (BF2 & BF3 Sold Together to Gain Marriage Value).

ITEM & REF NO.	WARD	OWNING DEPT/ ACCOUNT	SUBJECTS	PURCHASER	USE	TERMS
78. CJ	99 - Midlothian	Children and Families	Former Wellington School, Peebles Road	Lochay Homes	Residential	Purchase Price: £1,740,000 (Gross) subject to abnormal costs, planning and acquisition of 3 rd party land. Date of Entry: TBC Sale Completed: In Legals.

ERIA received?

REMARKS: Highest Offer Following Open Market Tender.

ITEM & REF NO.	WARD	OWNING DEPT/ ACCOUNT	SUBJECTS	PURCHASER	USE	TERMS
79. 45/S189/48/ 2 DS	17 – Portobello /Craigmillar	Children and Families (Linked to the C & F Capital Investment Programme)	48-52 Seaview Crescent, Joppa	Seaview Homes (Scotland) Ltd.	Former Children's Hostel. Conversion to Residential subject to Planning.	Purchase Price: £650,000 Date of Entry: TBC Sale Completed: In Legals.

ERIA received?

REMARKS: Highest Offer Following Open Market Tender.

ITEM & REF NO.	WARD	OWNING DEPT/ ACCOUNT	SUBJECTS	PURCHASER	USE	TERMS
80. 21252/ RJO'D	1 - Almond	Services for Communities (General Property)	11.33 Acres at West Mains, Ingliston.	Taylor Wimpey	Residential	Purchase Price: £5,790,019 subject to Abnormal Costs, Section 75 Conditions and Planning Consent. Date of Entry: TBC Sale Completed: In Legals.

ERIA received?

REMARKS: Highest Offer (Gross Price) Following Open Market Tender. Purchase price net of clawback in favour of former owners.

ITEM & REF NO.	WARD	OWNING DEPT/ ACCOUNT	SUBJECTS	PURCHASER	USE	TERMS
81. 54/0793/4 - GMcG	8 Colinton/ Fairmilehead	Children & Families	Former Hunter's Tryst Primary School, 4 Oxfangs Green, Edinburgh	Hopefield Partnership	Residential Development	Purchase price: £2,008,000 Date of entry: TBC Sale concluded: In Legals.
<input checked="" type="checkbox"/> ERIA received? REMARKS: <i>Highest bidder following closing date.</i>						

Finance and Resources Committee

10.00am, Thursday, 27 August 2015

Sale of Housing Revenue Account Land – 16 Cleric’s Hill, Gateside, Kirkliston

Item number	8.2
Report number	
Executive/routine	Executive
Wards	1 – Almond

Executive summary

This report seeks Committee approval for the disposal of 167 square metres of Housing Revenue Account (HRA) land immediately adjacent to the applicant’s property.

The applicant has informally maintained this area of HRA land as a garden since 2004, incorporating a patio and car parking space. No formal permission was granted for this work however the applicant has maintained the area to a very high standard. The applicant now wishes to buy the land in order to formalise this arrangement.

The site has no operational value to the HRA and no future development potential and disposal to the applicant would achieve best value to the HRA.

Should Committee approve the recommendations in this report, an application will be made to Scottish Ministers for consent to dispose of this HRA site under Section 12 of the Housing (Scotland) Act 1987.

Links

Coalition pledges	P33
Council outcomes	C10
Single Outcome Agreement	SO4

Sale of Housing Revenue Account Land – 16 Cleric’s Hill, Gateside, Kirkliston

Recommendations

It is recommended that the Finance and Resources Committee:

- 1.1 Approves a sale of the site to the applicant under terms and conditions to be agreed by the Director of Services for Communities and the Head of Legal, Risk and Compliance.
- 1.2 Grants authority to the Director of Services for Communities to negotiate a sale price with the applicant which reflects best value to the HRA.
- 1.3 Notes that an application will be made to Scottish Ministers under Section 12(5) of the Housing (Scotland) Act 1987 for consent to dispose of the site.

Background

- 2.1 The Gateside estate was built to an open plan design with no garden provision around the homes. This estate was previously part of West Lothian Council and transferred to the City of Edinburgh Council in 1996.
- 2.2 Over the last 25 years, residents have sporadically fenced off areas of HRA land in order to create informal garden areas adjacent to their homes. No formal permission has been granted from the Council for residents to do this.
- 2.3 The Council has been aware of the practice for a number of years and has reviewed several options including;
 - Returning the informal garden areas back to open plan amenity space;
 - Allowing the informal arrangements to continue, and
 - Agreeing to consider formal disposal of the sites on a case by case basis through the Land Transaction process.
- 2.4 Following consideration of the options, the West Neighbourhood Management Team decided to consider each request to purchase land on a case by case basis and formalise arrangements with residents.
- 2.5 Consultation with the local community and elected members has taken place and this option is supported.

Main report

- 3.1 A request has been received from the owner of 16 Cleric's Hill, Gateside, Kirkliston, to purchase the land adjacent to his property shown outlined in red on the attached plan (Appendix 1). The applicant installed a patio and parking space in 2004 and has had the unchallenged use of this space since this time. While no formal request was made to the Council for this work, the area has been maintained to a high standard.
- 3.2 The site measures approximately 167 square metres and has no operational value to the HRA and no future development potential. Disposal to the applicant would achieve best value for the Council.
- 3.3 It is proposed that the applicant will purchase the site from the Council at open market value. Following disposal, the applicant would be responsible for all future maintenance costs of the site.

Measures of success

- 4.1 Ensures that the Council is working with communities and residents to achieve their desired outcomes.
- 4.2 Realising best value for an HRA asset that has no operational or development value.

Financial impact

- 5.1 A capital receipt representing open market value of the site will be credited to the HRA.
- 5.2 The HRA will not be responsible for any future maintenance costs relating to the site.

Risk, policy, compliance and governance impact

- 6.1 As the site exceeds the 150 square metres in size, it falls outwith the delegated authority of the Director of Services for Communities as detailed in the City of Edinburgh Council - Scheme of delegation to officers. Committee approval is therefore required to dispose of the site.
- 6.2 Following approval from Committee, a report will be sent to the Scottish Government seeking consent from Scottish Ministers to dispose of the site under Section 12(5) of the Housing (Scotland) Act 1987.
- 6.3 There are no significant risks associated with the proposed transaction detailed in this report.

Equalities impact

- 7.1 This report has been assessed in terms of equalities and human rights. There are currently no negative equality and rights impacts arising from this report.

Sustainability impact

8.1 There are no sustainability issues arising from this report.

Consultation and Engagement

- 9.1 Consultation took place with a range of stakeholders: 20 surrounding residents received hand delivered letters whilst elected members, Edinburgh Tenants Federation, Kirkliston Community Council and Gateside Residents Association were consulted via e-mail. No objections were received.
- 9.2 Responses were received from Councillors Norman Work and Lindsay Paterson, Gateside Residents Association and the Kirkliston Community Council who all stated they were supportive of the land being sold for garden ground.
- 9.3 No response was received from Edinburgh Tenants Federation.
- 9.4 The West Neighbourhood Management Team supports the application.

Background reading/external references

None

John Bury

Acting Director of Services for Communities

Contacts: John McDonald, Acting Neighbourhood Regeneration Manager

john.mcdonald1@edinburgh.gov.uk Tel: 0131 529 6349

Links

Coalition pledges	P33 – Strengthen Neighbourhood Partnerships and further involve local people in decisions on how Council resources are used
Council outcomes	C010 – Improved health and reduced inequalities
Single Outcome Agreement	S04 – Edinburgh’s communities are safer and have improved physical and social fabric
Appendices	Appendix One – Location plan

Appendix 1 – Location Plan



Finance and Resources Committee

10.00 a.m, Thursday, 27 August 2015

Proposed short-term lease extension of Victorian Market at Tron Kirk, 122 High Street, Edinburgh

Item number	8.3
Report number	
Executive/routine	Routine
Wards	11 – City Centre

Executive summary

Pending the grant of a long-term lease of the Tron Kirk to the Edinburgh World Heritage Trust (EWHT) for redevelopment into a visitor attraction, the property has been used as a festival venue and Victorian market.

The tenancies expire in August 2015, and this report seeks authority to grant a 12 month lease extension, for use as a Victorian market, on the provisionally agreed terms set out in the report.

Links

Coalition pledges	P17
Council outcomes	CO7
Single Outcome Agreement	SO1

Proposed short-term lease extension of “Victorian Market” at Tron Kirk, 122 High Street, Edinburgh

Recommendations

That Committee:-

- 1.1 Approves a 12 month lease extension to Edinburgh 2014, on the terms outlined in the report, and on the other terms and conditions to be agreed by the Director of Services for Communities.

Background

- 2.1 The Tron Kirk, 122 High Street, is a large, former church situated in the heart for the Royal Mile, as shown hatched red on the attached plan.
- 2.2 In June 2014, the Finance and Resources Committee authorised the grant of a long-term lease of the property to Edinburgh World Heritage Trust (EWHT) for the creation of a new visitor attraction. The lease will commence once EWHT has worked up its development proposals and secured the necessary funding. Pending commencement of the lease, the property has been let as a festival venue on several occasions up to 31 August 2015.
- 2.3 In October 2013, the Council authorised that, when not being used as a festival venue, the property should be made available for other short-term lets. Following marketing, a short-term lease was granted for the periods 8 September 2014 to 21 November 2014, and 6 January 2015 to 11 July 2015, for use as a Victorian market. The annual equivalent rent is £36,400.
- 2.4 EWHT has yet to finalise its redevelopment plans for the long-term use of the property and it is expected to be a further 12 months before confirmation of funding can be achieved. Consequently, the tenant has requested a 12 month extension for use as a Victorian market.

Main report

- 3.1 The following main terms have been provisionally agreed with Edinburgh 2014:
 - Subjects: Tron Kirk, 122 High Street, Edinburgh;
 - Lease Term: 12 months from 1 September 2015;
 - Rent: £45,000 per annum;

- Use: Retail use to continue with Victorian market concept;
- Costs: To be met by the tenant.

Measures of success

- 4.1 The proposed short-term extension will generate additional income for the Council and will allow the Tron Kirk to continue to be used in a manner which is complimentary to the retail offer on the Royal Mile.

Financial impact

- 5.1 Rental income of £45,000 per annum payable to the Services for Communities (General Property) Account.

Risk, policy, compliance and governance impact

- 6.1 The provisionally agreed terms reflect best value and the property will continue to be put to beneficial use.

Equalities impact

- 7.1 An Equality and Rights Impact Assessment has been carried out. A possible infringement has been identified in that, by extending the current lease rather than placing the property on the open market, there is a potential impact on others who may want to lease the Tron. However, given both the short-term nature of the extension and the established nature of the tenants business with the possible effect on it if the lease is not extended, the impact on others is considered to be proportionate and justifiable.

Sustainability impact

- 8.1 There are no sustainability issues arising from this report.

Consultation and engagement

- 9.1 This proposed lease extension has been discussed with the three city centre councillors, Leader's Office and EWHT.

Background reading/external references

N/A

John Bury

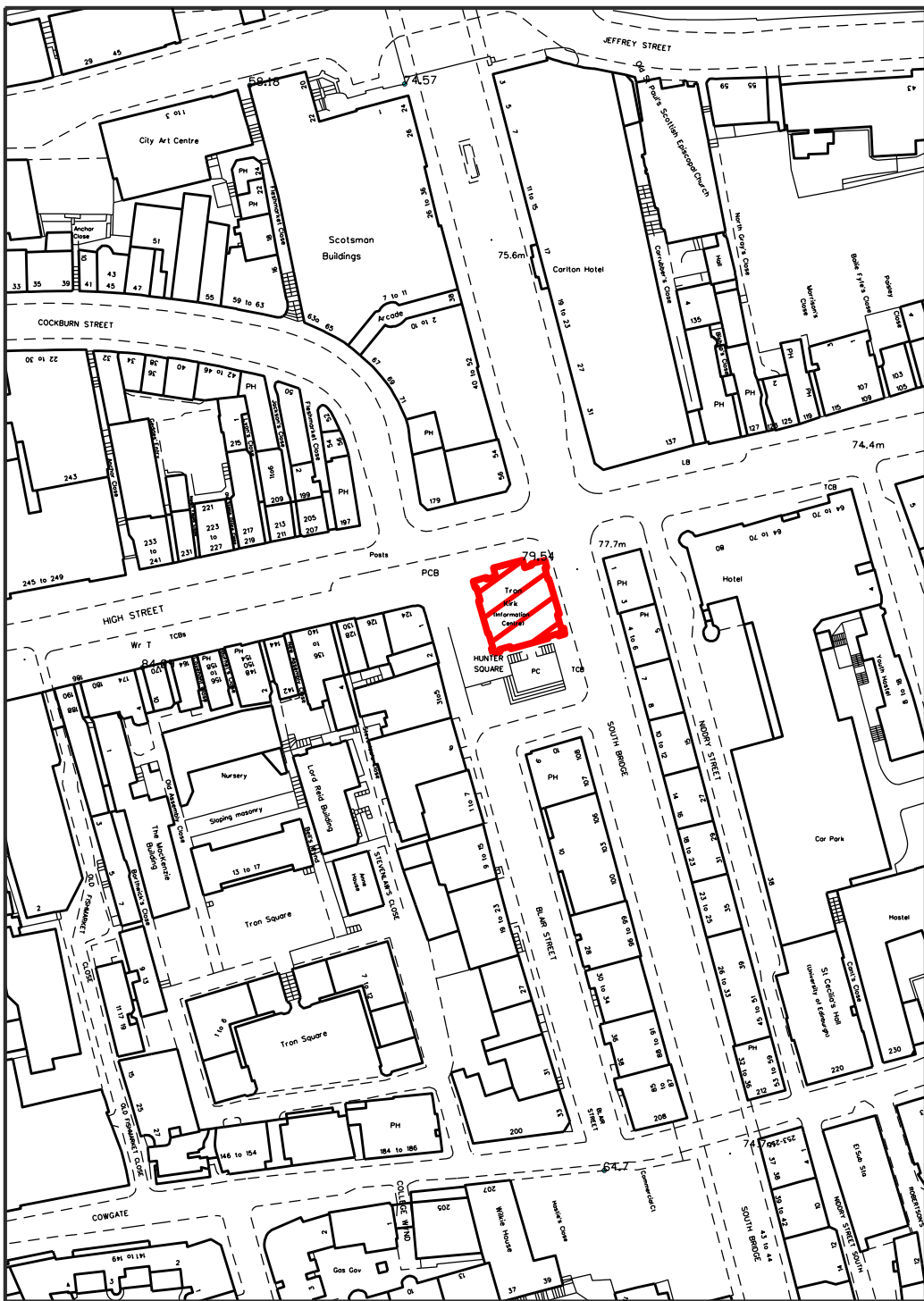
Acting Director of Services for Communities

Contact: Mark Bulloch, Senior Estates Surveyor

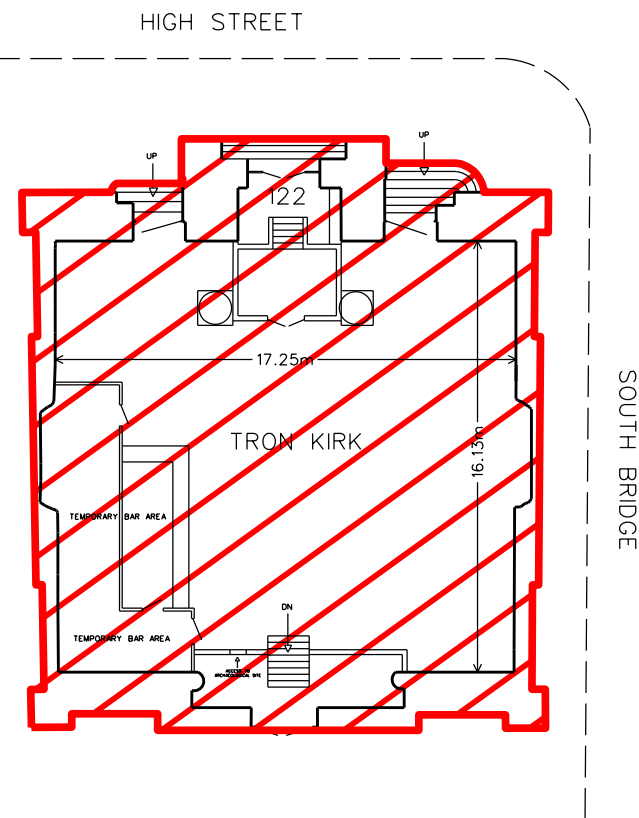
E-mail: mark.bulloch@edinburgh.gov.uk | Tel: 0131 529 5991

Links

Coalition pledges	P17 – Continue efforts to develop the city’s gap sites and encourage regeneration.
Council outcomes	CO7 – Edinburgh draws new investment in development and regeneration.
Single Outcome Agreement	SO1 - Edinburgh’s Economy Delivers increased investment, jobs and opportunities for all.
Appendices	Location Plan.



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SITE PLAN



EDINBURGH THE CITY OF EDINBURGH COUNCIL	
SERVICES FOR COMMUNITIES EDINBURGH	
TRON KIRK 122 HIGH STREET EDINBURGH	
DATE	15/6/15
SURVEYED BY	MB,NR
DRAWN BY	Mark Ballantyne
SCALE	1:200 @ A3 SIZE
NEG. NO.	A4/136

Finance and Resources Committee

10.00 a.m, Thursday, 27 August 2015

Proposed 25 year lease of the Engine Shed, 19 St Leonard's Lane, Edinburgh

Item number	8.4
Report number	
Executive/routine	Routine
Wards	15 – Southside / Newington

Executive summary

The Engine Shed is a substantial three storey property located in the St Leonard's area of the city. It was leased for 25 years to Garvald Community Enterprises Limited, until 31 March 2015.

The property was placed on the open market for lease in early March 2015 and a closing date was set for 22 May 2015. Five offers were received at the closing date.

This report seeks committee approval to grant a new 25 year lease of the Engine Shed, 19 St Leonards Lane, at an annual rent of £65,000.

Links

Coalition pledges	P17
Council outcomes	CO7
Single Outcome Agreement	SO1

Proposed 25 year lease of the Engine Shed, 19 St Leonard's Lane, Edinburgh

Recommendations

That Committee:-

- 1.1 Approves the grant of a 25 year lease to Newmake Limited, on the terms outlined in the report, and on the other terms and conditions to be agreed by the Director of Services for Communities.

Background

- 2.1 The Engine Shed is a substantial three storey building, extending to 733 Sqm (7,900 ft) along with dedicated parking and landscaping, situated just off St Leonard's Lane, diagonally opposite St Leonard's Police Station, as shown hatched red on the attached plan.
- 2.2 The Engine Shed was extensively refurbished in 1990 when Garvald Community Enterprises Limited took entry to the building under a 25 year lease. The rent payable was £55,200 per annum. The lease expired on 31 March 2015.
- 2.3 The property was placed on the market in early March 2015. Following a full marketing period, a closing date was set and five offers to lease the building were received. Two of the offers were from church organisations at low rents, (£25,000 and £35,000 per annum) and these low rents together with associated planning and funding risks, resulted in both offers being discounted.
- 2.4 The remaining three offers received were evaluated further. The details of the recommended offer are set out in 3.1. Information concerning the two remaining bids is detailed below.
- 2.5 A community based bid from St Leonards Yard proposes to use the property as a mainly food based social enterprise hub with bakery, cafe and shared kitchen space. The offer is based on an annual rental of £55,195 with seven months' rent free on a 10 year lease, with a tenant break option at year five. The rent would be reviewed to open market value at year five. The offer is conditional on St Leonards Yard obtaining at least 80% relief on its non-domestic rates liability and conditional on the outcome of a structural survey.
- 2.6 The support charity, Carr Gomm, made an offer which proposes to relocate the Rivers Centre to the Engine Shed. The Rivers Centre provides treatment for patients suffering from psychological trauma. A Rivers Centre Public Social

Partnership (PSP) was to be set up with a service level agreement with NHS Lothian who would essentially control, maintain and fund the building. The offer is based on an annual rent of £60,000 with six months' rent free on a 15 year lease. The rent would be reviewed to open market value at year five. Although Carr Gomm expects to receive some form of relief on non-domestic rates liability its offer is not conditional on that point. No other conditions apply.

- 2.8 Newmake Limited was established to resurrect the tradition of distilling single malt whisky in Edinburgh and has identified the Engine Shed as the ideal location. It wishes to establish a significant new tourism attraction with the creation of 25 new jobs and with opportunities for young workers, trades, and apprenticeship training through the Edinburgh Guarantee. The proposal would result in an initial £1.5m capital investment.

Main report

- 3.1 The following main terms have been provisionally agreed with Newmake Limited:

- Subjects: The Engine Shed, 19 St Leonard's Lane, Edinburgh;
- Lease Term: 25 years;
- Break Option: Tenant only break option at year 15;
- Rent: £65,000 per annum with three months rent free;
- Rent Review: Every fifth anniversary of date of entry and linked to RPI;
- Use: Boutique distillery with visitor experience to include tasting, retail and cafe; and
- Costs: Each party will be responsible for their own legal costs incurred. Newmake Limited will be responsible for registration dues, LBTT and costs of extracts.

Measures of success

- 4.1 A large vacant property will be brought into a commercial and productive use providing additional income to the Council. The offerer has indicated that the proposal will create up to 25 additional jobs (production staff, administrative, management, cafe, visitor centre and retail outlet) and provide opportunities for young workers, trades and apprenticeship training in support of the Edinburgh Guarantee.

Financial impact

- 5.1 Additional rental income of £9,800 per annum payable to the Services for Communities (General Property) Account.

Risk, policy, compliance and governance impact

- 6.1 The proposal reflects best value and it is considered that there is little or no impact on Risk, Policy, Compliance or Governance issues.
- 6.2 The proposed use requires planning consent. The Planning Service has been consulted, and it is considered that all issues could be addressed. To mitigate against this risk, the offerer has agreed to cover the Council's holdings costs whilst permission is applied for.

Equalities impact

- 7.1 An Equality and Rights Impact Assessment has been carried out. A possible infringement has been identified in that claims could be made by individuals that they have not been given the opportunity to lease or make an offer for the property, however the premises were widely marketed for a period of three months with a closing date set for offers. This gave ample opportunity for any interested parties to make an offer.

Sustainability impact

- 8.1 There are no sustainability issues arising from this report.

Consultation and engagement

- 9.1 The proposals have been subject to consultation with the Planning Service.

Background reading/external references

N/A

John Bury

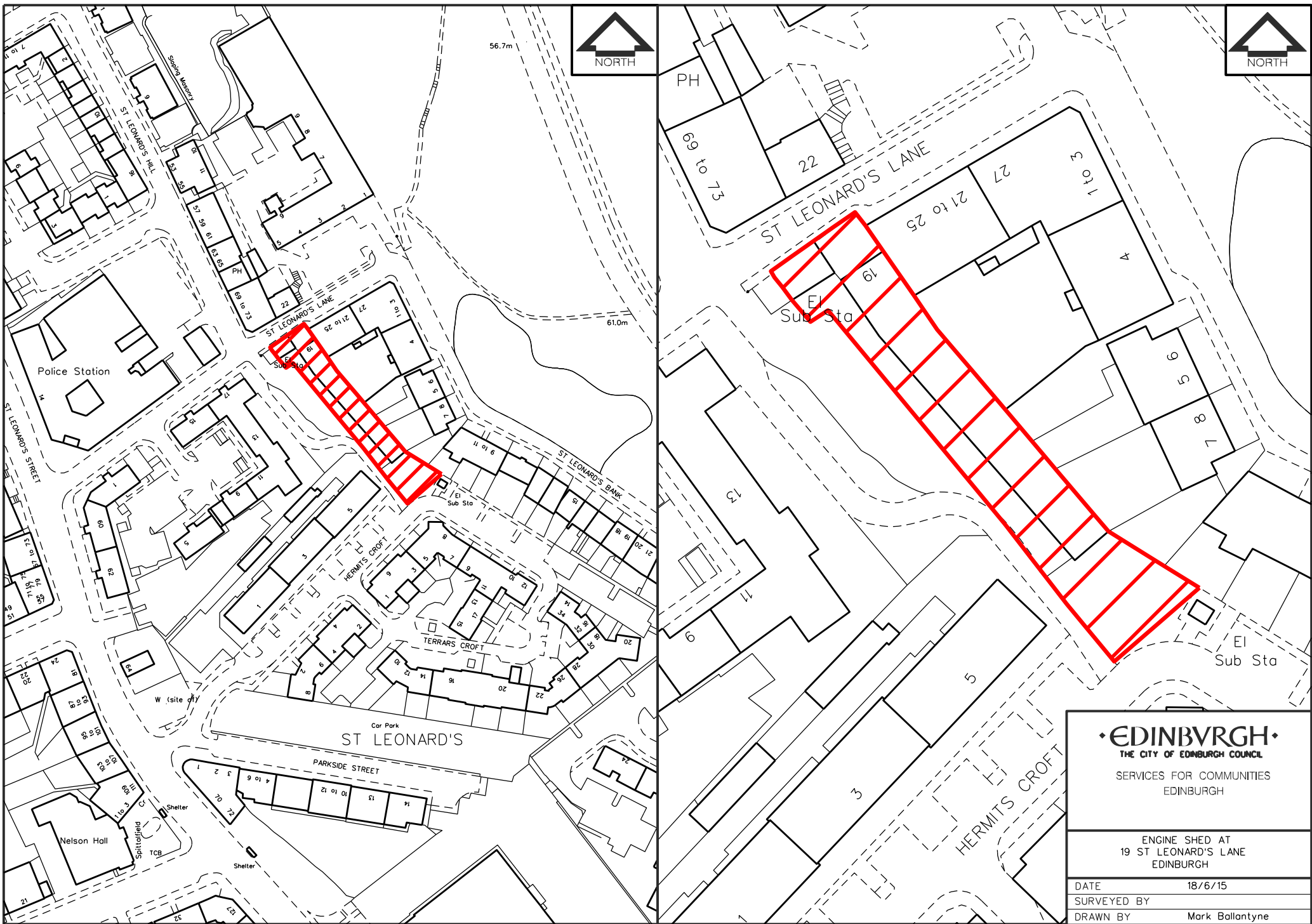
Acting Director of Services for Communities

Contact: Mark Bulloch, Senior Estates Surveyor

E-mail: mark.bulloch@edinburgh.gov.uk | Tel: 0131 529 5991

Links

Coalition pledges	P17 – Continue efforts to develop the city's gap sites and encourage regeneration.
Council outcomes	CO7 – Edinburgh draws new investment in development and regeneration.
Single Outcome Agreement	SO1 - Edinburgh's Economy Delivers increased investment, jobs and opportunities for all.
Appendices	Location Plan.



LOCATION PLAN

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SITE PLAN

• EDINBURGH •
THE CITY OF EDINBURGH COUNCIL

SERVICES FOR COMMUNITIES
EDINBURGH

ENGINE SHED AT
19 ST LEONARD'S LANE
EDINBURGH

DATE 18/6/15

SURVEYED BY

DRAWN BY Mark Ballantyne

SCALE N.T.S.

NEG. NO. A3/1601

Finance and Resources Committee

10.00 a.m, Thursday, 27 August 2015

Proposed lease of rooftops for the citywide Smart Meter project

Item number	8.5
Report number	
Executive/routine	Routine
Wards	4 – Forth 13 – Leith 17 - Portobello/Craigmillar

Executive summary

Smart Metering is a nationwide project backed by the Government Department for Energy and Climate Change. It allows energy consumers to see, in near real time, how much energy they are using, what it is costing them, and help them plan when best to use certain appliances.

Smart Meters require a wireless network, similar to the technology used by mobile telephones. The proposal is to install radio transmitting antennae on the rooftops of Kirkgate House, Greendykes House and Trinity Academy to create part of an Edinburgh-wide Smart Meter network.

This report seeks authority to grant new three year leases to Arqiva Limited, a smart meter network operator, on terms set out in the report.

Links

Coalition pledges	P50
Council outcomes	CO16 , CO18
Single Outcome Agreement	SO4

Proposed lease of rooftops for the citywide Smart Meter project

Recommendations

That Committee:-

- 1.1 Approves the lease of part of the rooftops of Kirkgate House, Greendykes House and Trinity Academy for the installation of Smart Meter radio transmitting equipment, on the terms outlined in the report, and on other terms and conditions to be agreed by the Director of Services for Communities.

Background

- 2.1 The government is requiring energy companies to install smart meters for their customers. Most households will have smart meters installed free of charge by their energy company between 2016 and 2019. Smart Meters require to be connected by radio signal to a nationwide network.
- 2.2 To create a network, the operator Arqiva Ltd has approached the Council for consent to install radio transmitting equipment on top of three of its buildings. Arqiva Ltd have been awarded the contract to deliver the radio network for smart meters in Scotland and Northern England by the Department of Energy and Climate Change. The provisionally agreed terms and conditions are detailed in paragraph 3.3 below.
- 2.3 Smart meters are the next generation of gas and electricity meters. They can inform the consumer how much energy each appliance is using, and how much it is costing through a display in each house. They can communicate directly with the energy supplier meaning that meters will not need to be read in person in the future.
- 2.4 The energy suppliers must provide energy efficiency advice to consumers as part of the installation, enabling consumers to manage their energy use, save money and reduce emissions.
- 2.5 Installation of the Smart Meter radio equipment on these three rooftop sites will enable approximately 65,000 homes across Edinburgh to be connected to the Smart Meter network. A further eight sites not in the ownership of the City of Edinburgh Council will be used to service the remainder of the households in the Edinburgh area. The building selection process is determined by height and geographical location.

Main report

- 3.1 The installation of new radio telecommunications equipment on Council property is governed by Council policy. This is outlined in the report on Telecommunication Mast Sites as approved by the Executive of the Council on 4 November 2003:
<http://www.edinburgh.gov.uk/meetings/meeting/2244/executive>.
- 3.2 The consultations and procedures laid out in this policy were followed in arriving at the recommendation to permit these installations, and it is a requirement that all new applications for telecommunications equipment are reported to the Council for consideration.
- 3.3 The following main terms have been provisionally agreed with the operating company, Arqiva Ltd:
- Lease Term: 3 years and from year to year thereafter.
 - Rent: Kirkgate House: £6,000 pa (Full installation)
Greendykes House: £3,500 pa (Small installation)
Trinity Academy: £6,000 pa (Full installation).
 - Date of entry: To be agreed.
 - Rent Reviews: Three yearly by the increase in the Retail Price Index.
 - Site Sharing: The operator will not be permitted to share use of the sites with other telecommunications companies and it will not be permitted to operate a mobile telephone network through any of the sites.
 - Electromagnetic Emissions monitoring: The operator will meet the costs incurred by the Council's Environmental Health, Scientific Services and Registration Section in monitoring the electromagnetic emissions from the equipment prior to installation and thereafter twice per year to ensure that emissions fall within acceptable permitted levels.
 - Costs: The operating company will contribute a maximum of £1,500 per site to cover the Council's costs in negotiating and concluding the agreements.

Measures of success

- 4.1 Many Edinburgh residents will benefit from being able to have a Smart Meter fitted, using radio transmitting equipment that the Council monitors regularly to ensure that only acceptable electromagnetic emissions are radiated from the antennae.

Financial impact

- 5.1 Revenue of £9,500 per annum will accrue to the Housing Revenue Account with £6,000 per annum accruing to the Service for Communities (General Property) Account.

Risk, policy, compliance and governance impact

- 6.1 The policy and procedures for telecommunication mast sites, as detailed in the report to the Executive of the Council dated 4 November 2003, have been followed. It has not been updated due to the fact that there has been no requests for new installations for several years. However the policy is still considered to be relevant and robust.

Equalities impact

- 7.1 The Smart Meters will be available in both prepayment and credit modes. Prepayment customers will enjoy particular additional benefits from having a smart meter fitted. These benefits are detailed in the document [Smart meters - how they work](#)

The government is ensuring that appropriate consumer protection provisions are put in place:

- there will be no sales during the installation visit; and
- installers must provide energy efficiency advice as part of the visit.

These provisions are outlined in the [Smart Meter Installation Code of Practice](#)

Sustainability impact

- 8.1 Use of Smart meters will encourage consumers to use energy more effectively and efficiently, reducing carbon emissions.

Consultation and engagement

- 9.1 The following consultations have been undertaken:
- Planning and Building Standards: The operator's agent has discussed the proposals in advance of submitting formal planning applications for all three sites. Formal Planning applications are being progressed.

- The Council's Environmental Health, Scientific Services and Registration Section considered reports on the Radio Frequency Exposure Assessment for each proposed installation and has confirmed that the anticipated electromagnetic emissions as calculated by computer modelling fall within acceptable limits.
- The Head Teacher and Parent Council of Trinity Academy have been consulted and are willing to support this proposal. The Trinity Community Council has also been apprised of the proposal at Trinity Academy.
- The Block Managers for Kirkgate House and Greendykes House have been consulted and were involved in the consultation process.
- Public meetings were held for the residents of Kirkgate House and Greendykes House to inform them of the proposals with additional information being provided to them by letter. Following the meetings and delivery of the letter a residents' ballot was undertaken allowing occupants to express their views on the proposal. The ballot produced the following results:
Kirkgate House: 22 residents in favour of the proposal; 2 opposed.
Greendykes House: 9 residents in favour of the proposal; 7 opposed.
- The Local Elected Members have been apprised of the proposals.

Background reading/external references

[Council Policy on Telecoms Installations](#) – Executive of the Council - 4 November 2003

[The Stewart Report](#) on mobile phones and health

[Smart meters - how they work](#)

[Smart meters: Radio waves and health](#)

[Council report on review of health effects from exposure to radiofrequency fields](#) – 24 August 2004

[Council report on mobile phones and health](#) – 15 March 2005

John Bury

Acting Director of Services for Communities

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Links

Coalition pledges	P50 – Meet greenhouse gas targets, including the national target of 42% by 2020.
Council outcomes:	CO16 - Well-housed. People live in a good quality home that is affordable and meets their needs in a well managed Neighbourhood. CO18 – Green – We reduce the local environmental impact of our consumption and production.
Single Outcome Agreement	SO4 – Edinburgh’s communities are safer and have improved physical and social fabric.
Appendices	

Finance and Resources Committee

10.00 a.m, Thursday, 27 August 2015

Proposed Sale of Baird House, 12 Newtoft Street, Edinburgh

Item number	8.6
Report number	
Executive/routine	Routine
Wards	16 Liberton / Gilmerton

Executive summary

Baird House is a vacant two storey property previously used by Edinburgh Befriending Consortium, to provide an advice service to children and young adults. It was declared surplus on 9 December 2014, and the property was marketed for sale in March 2015 with a closing date of 23 June 2015.

At the closing date 10 bids were received from seven parties.

This report summarises the outcome of the bidding process and seeks Committee authority to sell the property at Baird House to Abbey Properties Ltd on the terms and conditions as outlined in the report.

Links

Coalition pledges	P17
Council outcomes	CO7
Single Outcome Agreement	SO4

Proposed sale of Baird House, 12 Newtoft Street, Edinburgh

Recommendations

That Committee:-

- 1.1 Authorises the sale of Baird House, on the terms and conditions highlighted in this report, and on other terms and conditions to be agreed by the Director of Services for Communities.

Background

- 2.1 Baird House, as shown outlined red on the attached plan, is a vacant two storey property previously used by Edinburgh Befriending Consortium to provide a counselling service to children and young adults. It was declared surplus on 9 December 2014.

Main report

- 3.1 The property was placed on the open market for sale on 9 March 2015 and a closing date set for 23 June, when 10 bids were received. The bids were evaluated against a number of key criteria as follows:
 - Price, including any overage provision;
 - Proposed Use;
 - Conditions attached to the bid;
 - Planning Risk;
 - Adherence to Affordable Housing Policy;
 - Certainty of Net Receipt – Treatment of abnormal costs/Guaranteed Minimum Price etc; and
 - Deliverability – Funding and timescale for concluding missive, planning process, net capital receipt.
- 3.2 Using this criteria, the bids were analysed to calculate an (i) adjusted net price allowing for known deductions such as section 75 obligations and abnormal costs, and as a further check, (ii) weighted net price, allowing for planning risk. This enabled the bids to be compared on a like for like basis.
- 3.3 The majority of the bidders provided financial information with their proposals to demonstrate that they were of the appropriate financial standing to undertake their respective development proposals.

- 3.4 Following the analysis of the bids, the offer received from Abbey Property Partnership Limited is considered to provide the best offer to the Council in terms of the criteria outlined in paragraph 3.1.
- 3.5 The offer from Abbey Property Partnership is as follows:
- Price: £288,500 comprising a net price of £201,500 for the current premises plus an additional payment of £87,000 subject to planning for six dwellings in the grounds;
 - Use: Nine residential apartments comprising one, two and three bedrooms;
 - Conditions: Planning, Title, Site Investigation;
 - Costs: The Council's reasonable legal and professional fees are to be paid in addition to the price.
- 3.6 In terms of capital receipt, the Abbey Property Partnership bid contained the highest gross price, the highest net price and the highest weighted price, when adjusted for planning risk.
- 3.7 All bids were for residential conversion, however, an offer to lease the property at a peppercorn rent was received from 'Edinburgh Palette'. There was limited information with the bid, however, the proposed use was to provide a community facility for use as a musicians' studio and rehearsal space. The bid is significantly lower than the proposed preferred bidder and is a proposal to lease the property rather than to purchase, as marketed. As such, it is not a compliant bid and is not recommended for acceptance.

Measures of success

- 4.1 The construction of much needed housing, addressing the undersupply across the city.
- 4.2 A capital receipt to the Council of up to £288,500 subject to the receipt of planning consent for conversion to residential use.

Financial impact

- 5.1 A capital receipt of £201,500 (subject to planning) to be received in financial year 2016/2017, with a further potential top up of £87,000 based on the granting of planning permission for additional units in the grounds.

Risk, policy, compliance and governance impact

- 6.1 There is a risk the purchaser does not receive planning permission for the development proposals.

Equalities impact

- 7.1 The disposal will lead to the redevelopment of a prominent vacant property. This will enhance the feeling of security for neighbouring residents.

Sustainability impact

- 8.1 The development will meet current standards of sustainable construction. There are no on site environmental issues to report.

Consultation and engagement

- 9.1 A full consultation exercise will be undertaken as part of the planning application for the proposed development.

Background reading/external references

N/A

John Bury

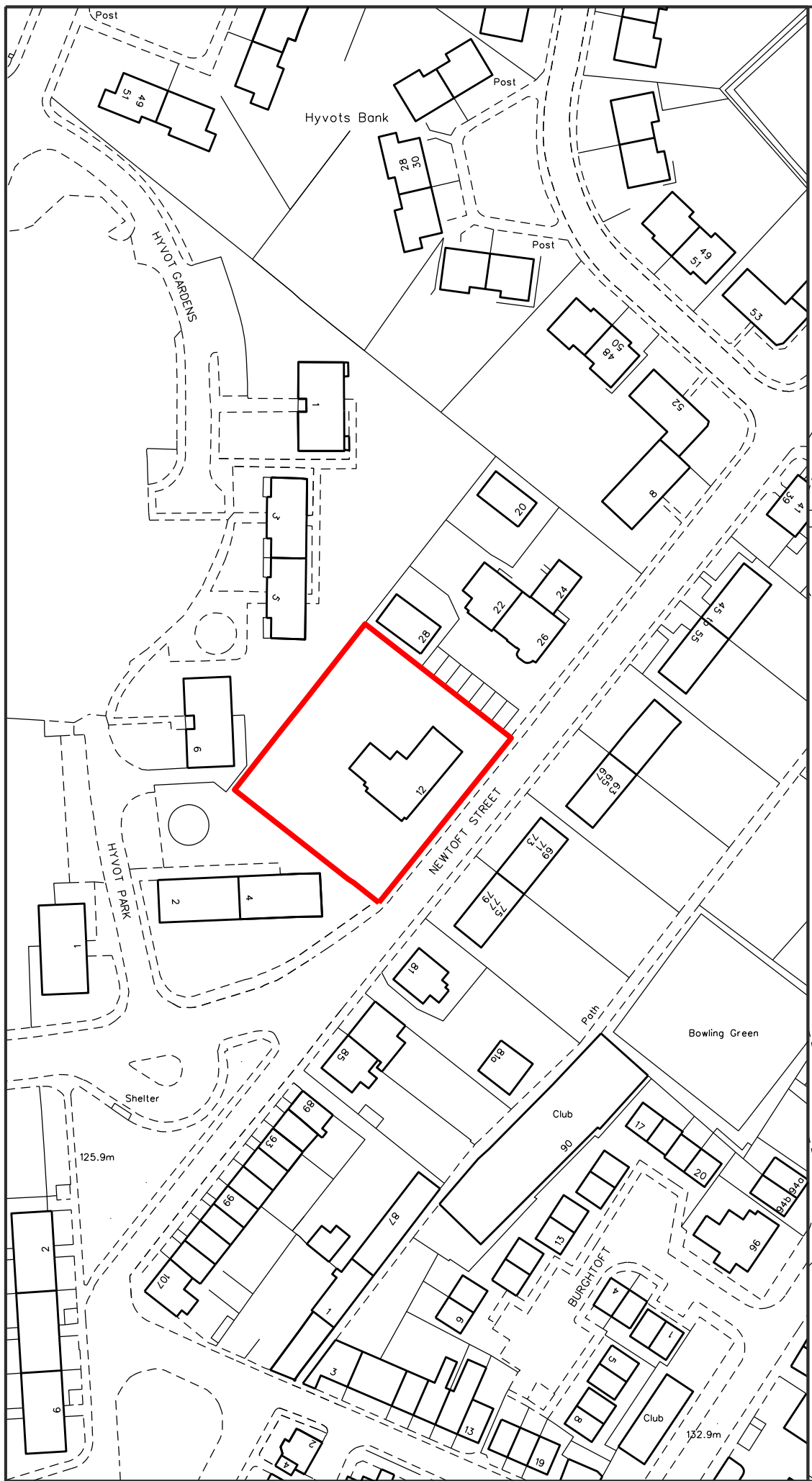
Acting Director of Services for Communities

Contact: Chris Jayne, Estates Surveyor

E-mail: chris.jayne@edinburgh.gov.uk | Tel: 0131 529 6528

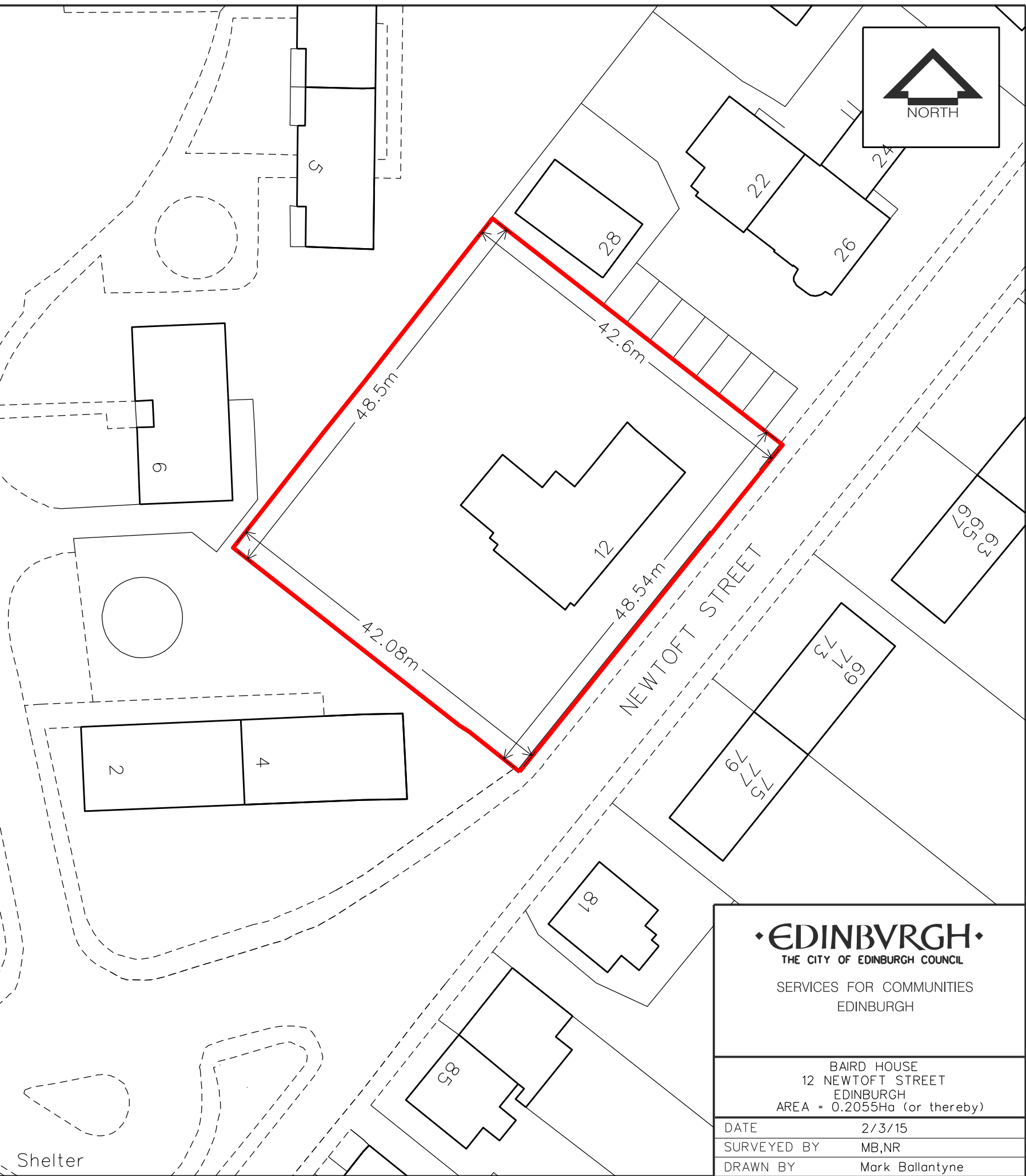
Links

Coalition pledges	P17 – Continue efforts to develop the city’s gap sites and encourage regeneration.
Council outcomes	CO7 – Edinburgh draws new investment in development and regeneration.
Single Outcome Agreement	SO4 - Edinburgh's communities are safer and have improved physical and social fabric.
Appendices	Location Plan.



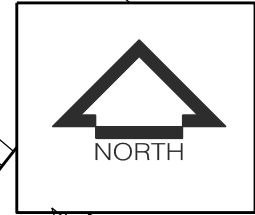
LOCATION PLAN

SCALE 1:1250



SITE PLAN

SCALE 1:500



• EDINBURGH • THE CITY OF EDINBURGH COUNCIL SERVICES FOR COMMUNITIES EDINBURGH	
BAIRD HOUSE 12 NEWTOFT STREET EDINBURGH AREA = 0.2055Ha (or thereby)	
DATE	2/3/15
SURVEYED BY	MB,NR
DRAWN BY	Mark Ballantyne
SCALE	1:500 @ A3 SIZE
NEG. NO.	A3/1559

Finance and Resources Committee

10.00 a.m, Thursday, 27 August 2015

Proposed new lease to Daniel Kubiak at 10 West Harbour Road, Granton, Edinburgh

Item number	8.7
Report number	
Executive/routine	Routine
Wards	4 - Forth

Executive summary

The Council owns a workshop and storage shed at 10 West Harbour Road, which was recently marketed for let with a closing date for offers set for 29 May 2015.

This report seeks authority to grant a new 10 year lease, to Daniel Kubiak, on the terms set out in the report.

Links

Coalition pledges	P15 , P28
Council outcomes	CO8 , CO9
Single Outcome Agreement	SO1

Proposed new lease to Daniel Kubiak at 10 West Harbour Road, Granton, Edinburgh

Recommendations

That Committee:-

- 1.1 Approves the lease of workshops at 10 West Harbour Road, to Daniel Kubiak, from 1 September 2015 to 31 August 2025, on the terms outlined in this report, and on other terms and conditions to be agreed by the Director of Services for Communities.

Background

- 2.1 The property comprises two workshop buildings within a self-contained yard extending 0.22ha (0.54 acres) located at 10 West Harbour Road, Granton Edinburgh as shown outlined red on the attached plan. The previous rent was £5,000 per annum exclusive.
- 2.2 The property has been marketed since early April 2015 with a closing date set for 29 May 2015. At the closing date two offers were received, with the offer from Daniel Kubiak representing best value to the Council.
- 2.3 Daniel Kubiak operates a successful joinery business and requires larger premises to expand. It is also proposed that part of the workshops will be converted to a garage for car repairs which will be managed by a family member.

Main report

- 3.1 A new lease has been provisionally agreed with Daniel Kubiak on the following main terms:
 - Subjects: 10 West Harbour Road, Granton, Edinburgh;
 - Lease: 1 September 2015 until 31 August 2025;
 - Rent: £15,900 per annum;
 - Review: Upwards only rent review on 1 September 2020;
 - Use: Storage, joinery workshop and garage;
 - Repairs: Full repairing and insuring basis;
 - Costs: Incoming tenant to meet the Council's legal costs and outlays.

Measures of success

- 4.1 A vacant property will be brought back into economic use and result in additional income to the Council.

Financial impact

- 5.1 An increase in rental income payable to the General Property Account of £10,900 per annum, exclusive of VAT, and subject to upwards only review at 1 July 2020.

Risk, policy, compliance and governance impact

- 6.1 This is an open market letting of a vacant property following a full marketing campaign where all interested parties were given an opportunity to offer. It can be demonstrated that best value was obtained and it is considered that there is little or no impact on Risk, Policy, Compliance or Governance matters.

Equalities impact

- 7.1 An Equality and Rights Impact Assessment has been carried out. By approving the lease to Daniel Kubiak until 2025, this could potentially have an impact on other businesses who may wish to rent this particular property, however, by allowing the tenant to expand their business this will provide opportunities for further employment within a skilled trade. In addition, it will bring an empty property back into commercial use reducing the likelihood of vandalism and anti-social behaviour.

Sustainability impact

- 8.1 There are no sustainability issues arising from this report.

Consultation and engagement

- 9.1 Local ward Councillors have been made aware of the proposed letting to Daniel Kubiak.

Background reading/external references

N/A

John Bury

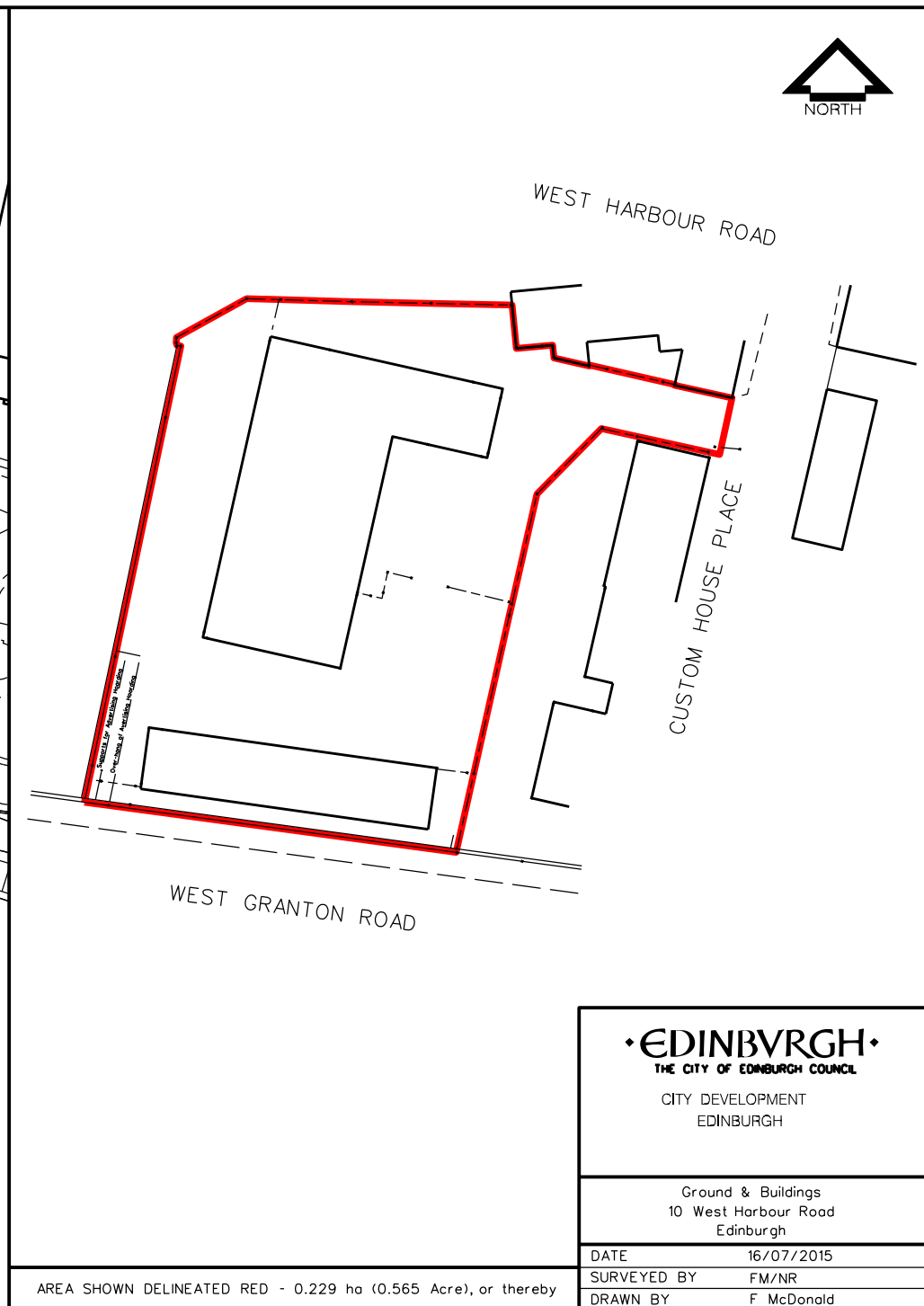
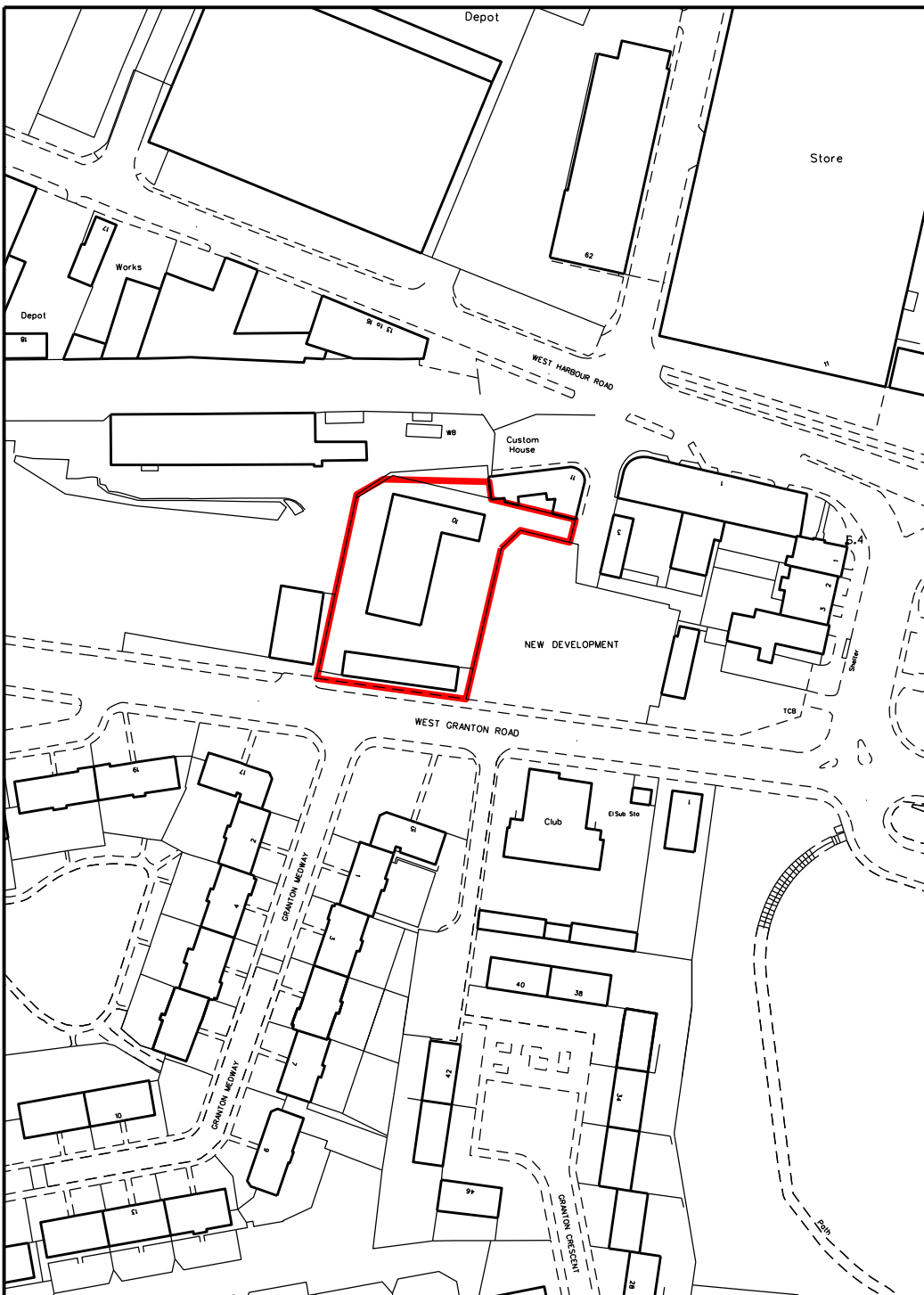
Acting Director of Services for Communities

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Links

Coalition pledges	P15 – Work with public organisations, the private sector and social enterprise to promote Edinburgh to investors. P28 – Further strengthen our links with the business community by developing and implementing strategies to promote and protect the economic well being of the city.
Council outcomes	CO8 – Edinburgh’s economy creates and sustains job opportunities. CO9 – Edinburgh’s residents are able to access job opportunities.
Single Outcome Agreement	SO1 – Edinburgh’s economy delivers increased investment, jobs and opportunities for all.
Appendices	Location Plan.



LOCATION PLAN

PHOTOGRAPHICALLY REDUCED NOT TO SCALE

SITE PLAN

• EDINBURGH •
THE CITY OF EDINBURGH COUNCIL

CITY DEVELOPMENT
EDINBURGH

Ground & Buildings
10 West Harbour Road
Edinburgh

DATE 16/07/2015

SURVEYED BY FM/NR

DRAWN BY F McDonald

FILE NO.

NEG. NO. NT2377/A3/1142a

AREA SHOWN DELINEATED RED - 0.229 ha (0.565 Acre), or thereby

Finance and Resources Committee

10.00 a.m, Thursday, 27 August 2015

Grant of Servitude - Gogar Gateway Interchange Station – Gas Main Diversion

Item number	8.8
Report number	
Executive/routine	Routine
Wards	1 - Almond

Executive summary

The construction of the Edinburgh Gateway Station, that will provide a connection between the tram and rail networks, includes an access from the station to the Gyle Shopping Centre, under the A8 Gogar Roundabout approach road.

The existing gas main is to be diverted as part of the works and a new servitude over land in Council ownership is required.

This report seeks Committee approval to the grant of a servitude to Scottish Gas Networks (SGN) on the terms set out in the report.

Links

Coalition pledges	P18
Council outcomes	CO7 , CO19 , CO22
Single Outcome Agreement	SO1

Grant of Servitude - Gogar Gateway Interchange Station – Gas Main Diversion

Recommendations

That Committee:-

- 1.1 Approves the grant of a servitude to Scottish Gas Networks on the terms outlined in this report, and on such other terms and conditions to be agreed by the Director of Services for Communities.

Background

- 2.1 The construction of the Edinburgh Gateway Station is part of the transport strategy for Edinburgh.
- 2.2 Network Rail is constructing the new station to allow rail passengers to link to the Edinburgh Tram for improved access to Edinburgh Airport.

Main report

- 3.1 The construction of the Edinburgh Gateway Station, that will provide a connection between the tram and rail networks, includes an access from the station to the Gyle Shopping Centre, under the A8 Gogar Roundabout approach road. The underpass will also form part of the National Cycling Network.
- 3.2 To carry out these works, an existing gas main is to be diverted. Consequently, a new servitude is required.
- 3.3 The new servitude land is part of the existing landscaped strip between the Gogar Roundabout and the Gyle Shopping Centre, and the new route will follow the edge of the footpath down from the Network Rail Road Bridge to the Shopping Centre. The land has no significant alternative use.
- 3.4 A servitude is proposed for the 250mm pipe, which will be protected by a 6m wide strip, with restrictions on building and planting, which might otherwise damage the pipe. The pipe runs for 116m or thereby between points A and B, as shown on the attached plan, with the 6m maintenance strip shown hatched in red.
- 3.5 Provisional agreement has been reached with Scottish Gas Networks (SGN) on the grant of a servitude based on the following main terms and conditions:

- The right to lay, use and maintain a 116 metre gas main and apparatus within a 6m wide strip;
- A capital payment by SGN of £0.05 if asked; and
- SGN will bear the Council's fees and costs incurred in completing the servitude.

Measures of success

- 4.1 Enables the Edinburgh Gateway Station to achieve its objectives of connecting the Edinburgh to Fife railway lines with the Edinburgh Tram network.
- 4.2 Improved passenger connections to Edinburgh Airport.
- 4.3 Better facilities for cyclists.
- 4.4 Gas main infrastructure is protected.

Financial impact

- 5.1 No significant financial impact. The 6m strip will have a restriction on building and planting which might otherwise damage the pipe but the land is not considered to have development potential.

Risk, policy, compliance and governance impact

- 6.1 If the servitude is not agreed the completion of the Edinburgh Gateway Station may be delayed, which would have a negative impact on potential tram patronage at the interchange tram stop with the railway station.

Equalities impact

- 7.1 An ERIA has been prepared and it is expected there will be an enhancement of rights. The grant of a servitude for the diversion of the existing gas main will allow completion of the Edinburgh Gateway Station. This transportation infrastructure will improve quality of life and reduce CO2.

Sustainability impact

- 8.1 Improved transport infrastructure will assist modal shift to more sustainable travel.

Consultation and engagement

- 9.1 Scottish Ministers, Transport Scotland, Network Rail and Scottish Gas Networks have been party to the discussions on the proposal.

Background reading/external references

N/A

John Bury

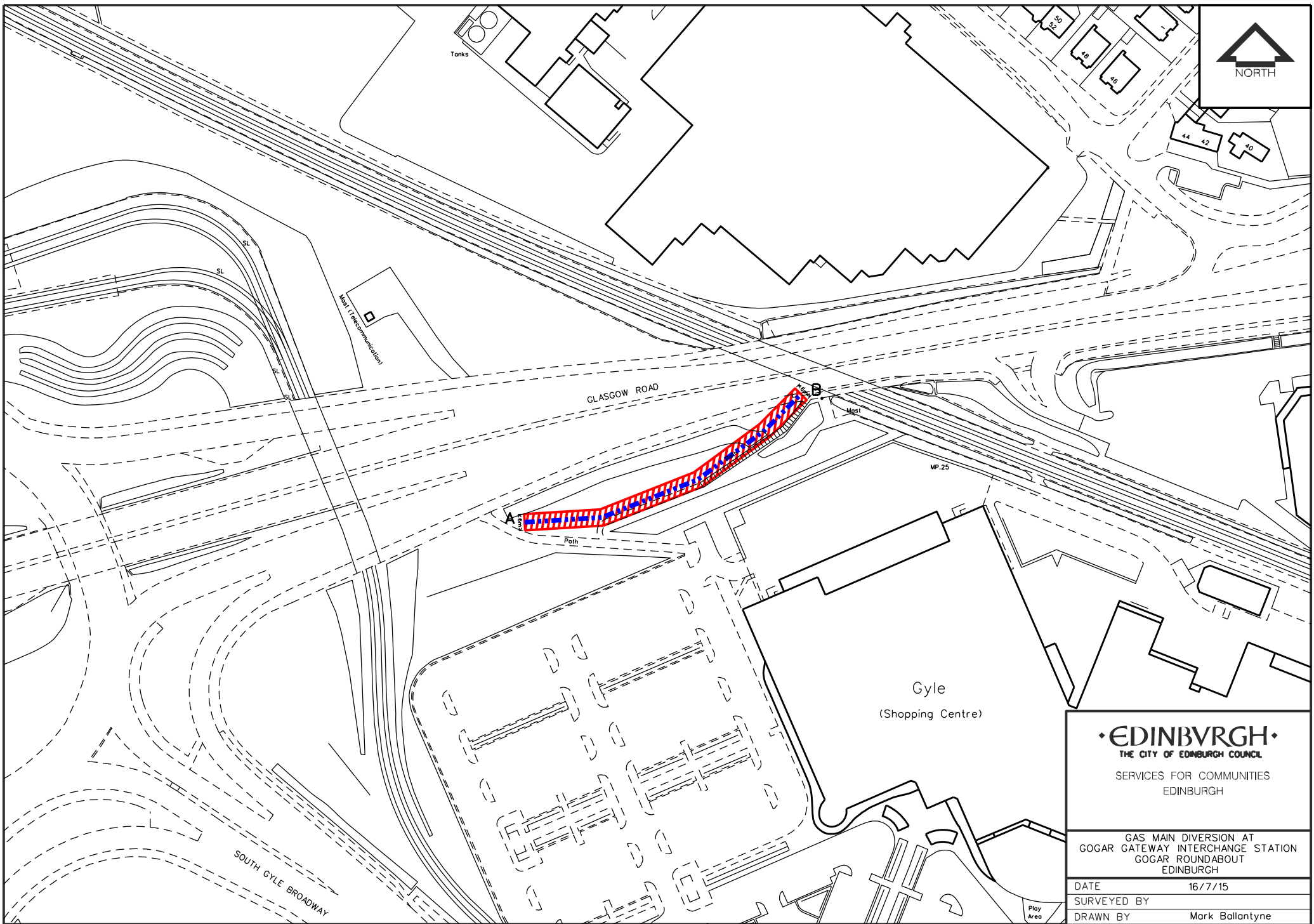
Acting Director of Services for Communities

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Links

Coalition pledges	P18 – Complete the tram project in accordance with current plans.
Council outcomes	CO7 – Edinburgh draws new investment in development and regeneration. CO19 – Attractive Place and Well Maintained – Edinburgh remains an attractive city through the development of high quality buildings and places and the delivery of high standards and maintenance of infrastructure and public realm. CO22 – Moving efficiently – Edinburgh has a transport system that improves connectivity and is green, healthy and accessible.
Single Outcome Agreement	SO1 – Edinburgh’s Economy Delivers increased investment, jobs and opportunities for all.
Appendices	Location Plan.



SITE PLAN

PHOTOGRAPHICALLY REDUCED NOT TO SCALE

EDINBURGH THE CITY OF EDINBURGH COUNCIL SERVICES FOR COMMUNITIES EDINBURGH	
GAS MAIN DIVERSION AT GOGAR GATEWAY INTERCHANGE STATION GOGAR ROUNDABOUT EDINBURGH	
DATE	16/7/15
SURVEYED BY	
DRAWN BY	Mark Ballantyne
SCALE	N.T.S.
NEG. NO.	A3/1607

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