

# Notice of meeting and agenda

## Finance and Resources Committee

**10.00am, Thursday 14 January 2016**

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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## **1. Order of business**

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- 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**

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- 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**

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- 3.1 If any

## **4. Minutes**

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- 4.1 Minutes of the Meeting of 26 November 2015 (circulated)
- 4.2 Minutes of the Additional Meeting of 14 December 2015 (circulated)

## **5. Business Bulletin**

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- 5.1 Finance and Resources Committee Business Bulletin (none)

## **6. Forward Planning**

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

## **7. Executive decisions**

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- 7.1 Transformation Programme: Progress Update – report by the Chief Executive (circulated)
- 7.2 CEC Transformation Programme: Property and Asset Management - report by the Chief Executive (circulated)
- 7.3 Living Wage and Workforce Related Matters in Procurement Update – report by the Acting Executive Director of Resources (circulated)
- 7.4 Annual Workforce Controls Report – report by the Chief Executive (circulated)
- 7.5 2016-20 Budget Proposals: Overview of Feedback and Engagement – report by the Chief Executive (circulated)

- 7.6 2016-20 Revenue and Capital Budget Framework – report by the Acting Executive Director of Resources (circulated)
- 7.7 Council’s Budget 2016/20 – Risk and Reserves – report by the Acting Executive Director of Resources (circulated)
- 7.8 Council Revenue Budget Framework 2016-2020 – Impact Assessments – report by the Acting Executive Director of Resources (circulated)
- 7.9 Funding Package Proposal for a New Meadowbank – report by the Chief Executive (circulated)
- 7.10 Capital Investment Programme/Plan 2016/17 to 2023/24 – report by the Acting Executive Director of Resources (circulated)
- 7.11 Corporate Governance Revenue Budget Monitoring 2015/16 and Capital Investment Programme – Month Eight Position – report by the Acting Executive Director of Resources (circulated)
- 7.12 Capital Monitoring 2015/16 – Nine Month Position – report by the Acting Executive Director of Resources (circulated)
- 7.13 Revenue Monitoring 2015/16 – Month Eight Position – report by the Acting Executive Director of Resources (circulated)
- 7.14 Housing Revenue Account - Budget Strategy 2016/17 – 2020/21 – report by the Executive Director of Place (circulated)
- 7.15 Common Good Planned Maintenance Programme and Common Good Reporting – report by the Acting Executive Director of Resources (circulated)
- 7.16 ICT Governance – report by the Chief Executive (circulated)
- 7.17 Health and Social Care Integration - Update - report by the Chief Officer – Edinburgh Health and Social Care Partnership (circulated)
- 7.18 Award the Extension of Existing Employability Contracts – report by the Chief Officer – Edinburgh Health and Social Care Partnership (circulated)
- 7.19 Council Contracts Planning Update – Review of Waivers over £100,000 - report by the Acting Executive Director of Resources (circulated)
- 7.20 Contracts Awarded under Delegated Authority (Waiver Reports) and Procurement Activity – report by the Acting Executive Director of Resources (circulated)

- 7.21 Award of Contract for Consultancy in Relation to the Transition to New ICT Provider - report by the Acting Executive Director of Resources (circulated)
- 7.22 Integrated Employability Services - report by the Executive Director of Place (circulated)
- 7.23 Contract for Trauma and Final Cleaning in Domestic Properties – Award of Contract – report by the Executive Director of Place (circulated)
- 7.24 Taxicard Services – report by the Executive Director of Place (circulated)
- 7.25 Award of Contract for Consultancy Services to Prepare the Forth Estuary Local Plan District 10 Local Flood Risk Management Plan – report by the Executive Director of Place (circulated)
- 7.26 Boyd Anderson Trust – report by the Acting Executive Director of Communities and Families (circulated)
- 7.27 Communities and Families – Waiver of Council Contract Standing Orders to Award Contract to EVOG – report by the Acting Executive Director of Communities and Families (circulated)
- 7.28 Property Conservation – Programme Momentum Progress Report and Edinburgh Shared Repairs Service (ESRS) Update - report by the Acting Executive Director of Resources (circulated)

## **8. Routine decisions**

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- 8.1 Proposed Lease Extension at 62 Niddrie Mains Road, Edinburgh – report by the Acting Executive Director of Resources (circulated)
- 8.2 Lease, 63 Niddrie Mains Terrace – Amended Area of Let – report by the Acting Executive Director of Resources (circulated)
- 8.3 Ground at Manse Road, Kirkliston – Proposed Lease – report by the Acting Executive Director of Resources (circulated)

## **9. Motions**

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- 9.1 If any

### **Carol Campbell**

Head of Legal and Risk

### **Committee Members**

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Councillors Rankin (Convener), Bill Cook (Vice-Convener), Corbett, Dixon, Edie, Godzik, Griffiths, Bill Henderson, Ricky Henderson, Jackson, McVey, Walker, Whyte,



Burns,(ex officio) and Howat (ex officio).

## **Information about the Finance and Resources Committee**

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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**

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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](mailto:veronica.macmillan@edinburgh.gov.uk) / [laura.millar2@edinburgh.gov.uk](mailto: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](http://www.edinburgh.gov.uk/meetings)

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

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# Item 4.1 - Minutes

## Finance and Resources Committee

**10.00am, Thursday, 26 November 2015**

### Present

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

### **1(a) Deputation: Unison and Unite - CEC Transformation Programme: Property and Asset Management and 2016/20 Revenue and Capital Budget Framework**

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The Committee agreed to hear a deputation from Gerry Stovin of UNISON and Peter Lawson of Unite.

The main points raised by the deputations in relation to the CEC Transformation Programme: Property and Asset Management report were:

- Support and endorsement was offered from both UNISON and Unite for the recommendations in the CEC Transformation Programme: Property and Asset Management report, at this time.

The main points raised by the deputations in relation to the 2016/20 Revenue and Capital Budget Framework report were:

- Other measures could be further examined to remove surplus staff from the organisation such as identifying vacant posts that could be deleted without affecting services.
- Concerns were raised at the risks to frontline services posed by the pace of change through the Transformation Programme.
- There was concern that the transfer of in-house homecare services to private companies under the guise of an “Integrated Council” was privatisation.
- Staff had reported to unions that some of the sections of the budget had been presented in way that suggested the options would be implemented without any consultation.
- It was suggested that the budget could be presented in such a way that staff better understood the context.

The Convener thanked the Deputation for their presentation and invited them to remain for the Committee’s consideration of the reports by the Deputy Chief Executive and Chief Executive respectively.

## 1(b) CEC Transformation Programme: Property and Asset Management

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Committee considered a report on how the delivery of the Asset Management Strategy (AMS) Plan B, which was approved by the Finance and Resources Committee on 24 September 2015, would be managed utilising a Council subsidiary.

An overview of the work that had been done since the Finance and Resources Committee of 24 September 2015, including the options that had been considered in relation to the management of Plan B and a recommended way forward were set out in the report.

### Decision

- 1) To acknowledge the progress made to date within the Asset Management Strategy (AMS) workstream around Project Management Office (PMO) mobilisation, Facilities Management, Investment Portfolio, Estate Rationalisation, Asset Condition and Transition.
- 2) To note that the top corporate risk to the Council remained the health and safety risks associated with the operational estate and that the Asset Condition workstream would be bringing forward proposals for significant investment and a step change in the approach to planned preventative maintenance to address this risk.
- 3) To agree that, though an Arms Length External Organisation (ALEO) had some structural advantages, it was not a feasible delivery vehicle due to the implementation timescales involved; the complexity in the set up process; extent of organisational change and the difficulty in aligning the Council's strategic objectives with the subsidiary.
- 4) To agree that EDI was not an appropriate delivery vehicle for all responsibilities that currently existed within the Corporate Property function.
- 5) To recognise that significant investment would be required to transform the existing workforce which included processes, training, skills and culture change in order to effectively deliver Plan B.
- 6) To recognise that AMS would be making proposals for how existing workforce barriers around recruitment, pay scales and working practices could be overcome and that these would be a prerequisite of delivering Plan B.
- 7) Specifically, to recognise that in order to restructure the future workforce around the new Service Level Agreements within Plan B, external technical expertise was needed in the short term to optimise the cost and quality of Facilities Management (FM) services.
- 8) To agree that AMS would provide updates to the workstreams highlighted in the report on a quarterly basis.
- 9) To agree a report would be brought to the Finance and Resources Committee in January 2016 that contained a detailed Implementation plan for Property and Asset

Management, which focused on the points highlighted in recommendations 1.1.5 and 1.1.6 in the report.

### **Declaration of Interest**

Councillor Iain Whyte declared a non-financial interest as a Director of EDI.

(References – Act of Council (No 3), 25 June 2015; report by the Deputy Chief Executive, submitted.)

## **1(c) 2016/20 Revenue and Capital Budget Framework**

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Committee considered a report which set out additional proposals to deliver savings as part of the Transformation Programme.

### **Motion**

- 1) To note that further budget proposals developed through the transformation programme had been made available for public engagement.
- 2) To note that, in combination with the proposals previously approved by Council on 22 October 2015 and those currently the subject of public engagement, these had the potential to provide a balanced budget across the period of the framework based on current planning assumptions.
- 3) To authorise Executive Directors to take forward, as appropriate, any necessary additional planning and development related to the further savings proposals now contained within the framework.
- 4) To note a number of risks to the assumptions currently included within the Framework.
- 5) To consider these proposals in the context of setting the Council's budget for 2016/17 and future years on 21 January 2016.

- Moved by Councillor Rankin, seconded by Councillor Cook.

### **Amendment**

- 1) To note that further budget proposals developed through the transformation programme had been made available for public engagement.
- 2) To note that, in combination with the proposals previously approved by Council on 22 October 2015 and those currently the subject of public engagement, these had the potential to provide a balanced budget across the period of the framework based on current planning assumptions.
- 3) To authorise Executive Directors to take forward, as appropriate, any necessary additional planning and development related to the further savings proposals now contained within the framework.
- 4) To note a number of risks to the assumptions currently included within the Framework.
- 5) To consider these proposals in the context of setting the Council's budget for 2016/17 and future years on 21 January 2016.

6) To note that in approving the proposals for consultation on 24 September 2015, Committee did not, at that point, have any details of proposals under the transformation workstream. Therefore in light of the proposals now being detailed in Appendix of the report and added to public engagement, agreed to withdraw from the proposals PLA/SP4 – School Crossing Patrol Guide service at lunchtime – on the grounds that there was no evidence provided: no data on service demand and no assessment of impact on recruitment and retention of staff.

- Moved by Councillor Corbett, seconded by Councillor Edie.

### **Voting**

- For the motion - 9
- For the amendment - 4

### **Decision**

To approve the motion by Councillor Rankin.

(References – Finance and Resources Committee 24 September 2015, (Item 6); report by the Deputy Chief Executive, submitted.)

## **2(a) Deputation: EVOC on behalf of the Substance Use Network Edinburgh - Edinburgh Drug and Alcohol Partnership (EADP) Adult Community Treatment Services Contract**

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The Committee agreed to hear a deputation from Maria Arnold of EVOC on behalf of the Substance Abuse Network Edinburgh (SUNE).

The main points raised by the deputation were:

- If the contract was awarded to the preferred bidder there was a risk that local knowledge and existing relationships with users who were engaged with the service could be lost. The relationship between the Council and third sector as a whole could also be damaged.
- National Procurement guidelines had had an adverse effect on smaller local organisations but local authorities had the discretion to overrule these guidelines, as had been done in Glasgow City Council.
- The Council had stated it was a priority not to exclude smaller third sector organisations from procurement where they already had the skills and capacity to deliver services.
- Local bidders had not been interviewed as part of the tender process which suggested that decisions were made based on how well tenders were written alone. Larger organisations had an advantage over smaller, local organisations who were less experienced in writing tenders.
- The organisations involved in the “Hubs Alliance” with their existing local knowledge worked within the community to design specific service models for that area.

The Convener thanked the Deputation for her presentation and invited her to remain for the Committee's consideration of the report by the Chief Social Work Officer.

## **2(b) Edinburgh Alcohol and Drug Partnership (EADP) Adult Community Treatment Services - Contract**

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Approval was sought to award contracts for the Adult Community Treatment Services delivered on behalf of the Edinburgh Alcohol and Drugs Partnership (EADP).

### **Motion**

To defer the report to an additional meeting of the Finance and Resources Committee in December 2015 and include a comparison of available tender processes and co-production models.

- Moved by Councillor Ricky Henderson, seconded by Councillor Rankin.

### **Amendment**

- 1) To approve the award of three year contracts to The Lifeline Project and Turning Point Scotland for provision of Adult Community Treatment Services, with the option to extend the contracts for up to a further 24 months.
- 2) To request a report to assess available tender processes and co-production models and compare to identify the most advantageous.

- Moved by Councillor Whyte, seconded by Councillor Jackson.

### **Voting**

- For the motion - 11
- For the amendment - 2

### **Decision**

To approve the motion by Councillor Rankin.

### **Declaration of Interest**

Councillor Paul Edie declared a financial interest as Chair of the Care Inspectorate.

(Reference – report by the Chief Social Work Officer, submitted.)

## **3. Minutes**

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### **Decision**

To approve the minute of the Finance and Resources Committee of 29 October 2015 as a correct record.

## **4. Key Decisions Forward Plan**

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The Finance and Resources Committee Key Decisions Forward Plan from 29 October 2015 to 26 November 2015.

### **Decision**

To note the Key Decisions Forward Plan from 29 October 2015 to 26 November 2015.

(Reference – Finance and Resources Committee Key Decisions Forward Plan, 29 October to 26 November 2015, submitted.)

## **5. Rolling Actions Log**

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

### **Decision**

To note that Items 3, 7, 8, 10, 12, 14, 15 (action 3), 16 and 18 (action 1) had been closed.

(Reference – Rolling Actions Log, 29 August 2013 to 29 October 2015, submitted.)

## **6. Treasury Management – Mid Term Report 2015/16**

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Committee considered an update on Treasury Management activity in 2015/16. The investment return for 2015/16 continued to out-perform against the Funds benchmark as a result of the strategy to temporarily fund capital expenditure from cash deposits and not undertake loans where there would be costs to the Council.

### **Decision**

- 1) To note the mid term report on Treasury Management for 2015/16.
- 2) To refer the report to Council for approval and subsequent referral by Council to the Governance Risk and Best Value Committee for scrutiny.

(Reference – report by the Deputy Chief Executive, submitted.)

## **7. Governance of Major Projects: progress report**

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Details were provided on the major projects portfolio and forthcoming assurance review schedule.

### **Decision**

- 1) To note the current synopsis of the dashboard reports for the major projects portfolio set out in Appendix 1 of the report.
- 2) To note the findings from the latest completed assurance reviews contained in section 3.4 - 3.14 of the report.

(References – Finance and Resources Committee, 27 August 2015 (item 21); report by the Deputy Chief Executive, submitted.)

## **8. Legal Services Framework Agreement - Award of Contract**

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Approval was sought for the award of a multi-lot framework following a competitive tendering process for the full range of the Council's legal requirements.

### **Decision**

- 1) To approve the award of Lot 1 (Commercial) to Brodies LLP, Harper Macleod LLP, MacRoberts LLP, Morton Fraser LLP and Shepherd & Wedderburn LLP.



- 2) To approve the award of Lot 2 (Property & Planning) to Anderson Strathern LLP, Brodies LLP, Burness Paul LLP and Morton Fraser LLP.
- 3) To approve the award of Lot 3 (Litigation) to Morton Fraser LLP, Anderson Strathern LLP and TC Young Solicitors.
- 4) To approve the award of Lot 4 (Employment) to Simpson & Marwick trading as Clyde & Co, Harper Macleod LLP, Morton Fraser LLP, Anderson Strathern LLP, MacRoberts LLP and BTO Solicitors.
- 5) To approve the award of Lot 5 (Major Projects) to CMS Cameron McKenna LLP, Shepherd & Wedderburn LLP and Pinsent Masons LLP.
- 6) To note that the Framework Agreement was available for use by Stirling Council and West Lothian Council.

(Reference – report by the Deputy Chief Executive, submitted.)

## **9. Interim Budget Engagement Report**

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Details were provided of the structure of the budget engagement campaign and key actions undertaken to ensure there was a large and diverse response. A summary was also provided of the overall level of response, demographic profile of the respondents and emerging themes from feedback to the Council's budget engagement process so far.

### **Decision**

- 1) To note the Council's budget engagement progress to date.
- 2) To note an extension to the budget engagement period of one week (to Thursday 17 December 2015) to allow more time for feedback following the publication of additional budget proposals on Friday 20 November 2015.

(Reference – report by the Deputy Chief Executive, submitted.)

## **10. Health and Social Care Integration Update**

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Committee considered an update report on the integration of Council Social Care functions with NHS Lothian health functions with particular reference to the progress with Internal Audit Actions.

### **Decision**

- 1) To note the progress with the legislative matters related to integration.
- 2) To note the approach to preparing the Council's response to the formal consultation on the second draft Strategic Plan.
- 3) To note Appendix 1 of the report which outlined progress with Council Internal Audit and Corporate Programme 'Health Check' recommendations.
- 4) To refer the report to Governance, Risk and Best Value Committee for scrutiny.

### **Declarations of Interest**

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

(References – Finance and Resources Committee, 29 October 2015 (item 13); report by the Chief Officer, Edinburgh Health and Social Care Partnership, submitted.)

## **11. Edinburgh Alcohol and Drug Partnership (EADP) Counselling and Psychological Therapies Service Contract**

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Approval was sought to award a contract for Counselling and Psychological Therapy Services to be delivered on behalf of the Edinburgh Alcohol and Drugs Partnership (EADP).

### **Decision**

To approve the award of a three year contract to a consortium led by the Edinburgh and Lothian Council on Alcohol (ELCA) for provision of a Counselling and Psychological Therapies Service, with the option to extend the contract for up to a further twenty four months.

### **Declaration of Interest**

Councillor Paul Edie declared a financial interest as Chair of the Care Inspectorate.

(Reference - report by the Chief Social Work Officer, submitted.)

## **12. Extension of Mental Health and Wellbeing Preventative Services Contract**

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Committee considered a report which sought approval to extend mental health and wellbeing contracts to allow further collaborative work between NHS Lothian and the Council.

### **Decision**

- 1) To agree the extension of the contracts listed at Appendix 1 of the report for a period of up to one year from 1 April 2016.
- 2) To note the extension was conditional upon the achievement of a 5% saving (£87,964) on the contract values shown at Appendix 1 of the report for 2016/17.

### **Declaration of Interest**

Councillor Paul Edie declared a financial interest as Chair of the Care Inspectorate.

(References – Finance and Resources Committee, 13 May 2015 (item 22); report by the Chief Officer, Edinburgh Health and Social Care Partnership, submitted.)

## **13. ICT Services Procurement: Transition Progress Update**

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An update was provided on the progress of the transition of ICT Services to CGI.

### **Decision**

- 1) To note the partnership governance arrangements which had been put in place to ensure the scope of the transition and transformation, and their accompanying risk factors, were managed through a formal process with weekly monitoring and reporting.

- 2) To note progress on the programme to transition ICT services from the incumbent ICT provider to CGI by 1 April 2016; delivering a range of contracted improvements and wider benefits to staff and citizens.
- 3) To note facilitation activities underway to ensure effective cooperation between the incumbent ICT provider and CGI in relation to the BT exit planning and activities.
- 4) To note change management activities underway to engage with business teams and promote the opportunity to streamline business processes and improve operational efficiency through the transformation and integration of key ICT systems.
- 5) To refer the report to the Governance, Risk and Best Value Committee as part of its work-plan.

(References – Finance and Resources Committee, 3 August 2015 (item 3); report by the Deputy Chief Executive, submitted.)

#### **14. Framework Agreement for Multi-Trade Contractor for Council Properties – Award of Contract**

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Approval was sought to award the Framework for a Multi-Trade Contractors for Council Properties following a competitive tendering process.

##### **Decision**

To approve the award of the Framework Agreement for Multi-Trade Contractors for Council Properties to Saltire Roofing & Building Ltd, Clark Contracts Ltd and Firstcall Trade Services Ltd for the period 11 January 2016 to 10 January 2020 (including an optional 1 year extension), for the contract sum of £2.5 million.

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

#### **15. Review of the Implementation of the Homelessness Prevention Commissioning Plan and Extension of Contracts**

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An update on the progress of the implementation of the Homelessness Prevention Commissioning Plan was considered and approval sought to extend contractual arrangements for these service areas.

##### **Decision**

- 1) To note the significant progress with delivery of the Plan.
- 2) To note that the review of the Advice and Support Pilot would be reported to Finance and Resources Committee in January 2016.
- 3) To approve the extension of 22 contracts, with a maximum value of £5,134,767, until 31 March 2017.
- 4) To note that savings of £806,627 had been achieved through the negotiation of these contracts. This formed part of a wider package of £2.3 million savings from the Commissioning Budget and was also subject to proposals for additional savings of £500,000.

- 5) To note that the contract extension for 2014/15 to Gateway to Homes and Communities to provide basic furniture and furnishings was previously agreed as a waiver.
- 6) To note that contract extensions would include an appropriate break clause to give notice in the event of changes negotiated with providers, procurement and savings requirements.

### **Declarations of Interest**

Councillors Gavin Corbett and Paul Edie declared financial interests as an employee of Shelter Scotland and as Chair of the Care Inspectorate, respectively

(References – Policy and Strategy Committee, 6 September 2011 (item 2b); report by the Acting Director of Services for Communities, submitted.)

## **16. Energy Advice and Support for Housing Services – Referral from the Health, Social Care and Housing Committee**

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The Health, Social Care and Housing Committee on 10 November 2015 considered a report which sought approval to continue the Service Level Agreement (SLA) between the Housing Service and Changeworks Resources for Life (Changeworks) for the provision of energy related services.

The report was referred to the Finance and Resources Committee to waive the Council's Contract Standing Orders to extend the Service Level Agreement (SLA) by two years, with an option to extend for a further year.

### **Decision**

To waive the Council's Contract Standing Orders to extend the Service Level Agreement (SLA) by two years, with an option to extend for a further year.

### **Declaration of Interest**

Councillor Adam McVey declared a non-financial interest as a Director of Changeworks.

(References – Finance and Resources Committee, 3 February 2015 (item 15); report by the Acting Director of Services for Communities, submitted.)

## **17. Award of Contract for the Consultancy Services for Edinburgh Street Design Guidance – Phase 2 Works**

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Approval was sought for the appointment of a contractor for the consultancy services required for the Edinburgh Street Design Guidance Phase 2 works.

### **Decision**

To approve the appointment of Atkins Ltd for consultancy services required for the Edinburgh Street Design Guidance Phase 2 Works.

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

## **18. Adoption of Scottish Procurement Fixed Term Water and Waste Water Services Framework**

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Details were provided of a report that sought approval to provide delegated authority to the Acting Director of Services for Communities to adopt and implement the national framework agreement for water and waste water services.

### **Decision**

- 1) To delegate authority to the Acting Director of Services for Communities to adopt and implement the Water and Waste Services Contract, procured on behalf of the Scottish public sector, by the Scottish Government for an initial period of 3 years with the option to extend for an additional year.
- 2) To note that transitional arrangements between the incumbent provider and new provider still needed to be finalised and communicated by Scottish Procurement. It was anticipated that the new contract would start in early 2016.

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

## **19. Taxicard Services**

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### **Decision**

Consideration of the report was deferred to a future meeting of the Finance and Resources Committee.

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

## **20. Community Transport – Interim Funding Arrangements**

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Committee approval was sought to extend the funding arrangements for a number of third sector community transport organisations to ensure provision was maintained during development of the Community Transport Public Social Partnership Business Case.

### **Decision**

- 1) To approve the continuation of funding for a further 12 months from 1 April 2016, as an interim arrangement, with Lothian Community Transport Service, South Edinburgh Amenities Group, HcL, Pilton Equalities Partnership, Dove Transport and Lothian Shopmobility.
- 2) To note the intention to bring back a final report to the Finance and Resources Committee in February 2016 to seek approval on the business case in for a Community Transport Public Social Partnership.

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

## **21. Update on proposal for a New Meadowbank: Improved Funding Package – Referral from the Economy Committee**

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The Economy Committee on 17 November 2015 considered a referral report from the Corporate Policy and Strategy Committee on the proposed financial packages for the development of a new Meadowbank. The Economy Committee approved the disposal

of the property and the decision was referred to the Finance and Resources Committee for ratification and ring-fencing of the associated capital receipt.

### **Decision**

To ratify the decision of the Economy Committee to dispose of the surplus land at Westbank Street, Portobello (held on the Culture and Sport account) and to agree to ring-fence the associated capital receipt for the Meadowbank project.

(References – Corporate Policy and Strategy Committee, 29 September 2015 (item 7); report by the Deputy Chief Executive, submitted.)

## **22. Co-location of Partner Agencies: Proposal for a Strategic Viability Study for a New Partnership Centre for Leith**

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Details were provided of the co-location of the Council's asset base to facilitate service improvements and focus on localities.

### **Decision**

- 1) To note and support the principle of co-location for the Council's asset base to facilitate service improvements and generate property savings.
- 2) To note and support the development of locality studies focussing on key strategic locations in the city.
- 3) To approve the appointment of Hub South East Scotland Ltd, under Strategic Support Partnering Services, to develop a strategic viability study for the potential to redevelop the Council owned former Leith depot site, at 165 Leith Walk, as a new partnership centre.
- 4) To request a further report on the outcome of the Leith Partnership Centre study in the second quarter 2016.

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

## **23. Award of Contract for Additional Support for Childcare Providers**

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Approval was sought for the award of contract to continue delivery of Edinburgh Childcare 4 All (EC4All) for a one year period to 31 March 2017.

### **Decision**

To approve the award of contract to Capability Scotland to continue delivery of Edinburgh Childcare 4 All (EC4All) for a one year period to 31 March 2017.

### **Declaration of Interest**

Councillor Paul Edie declared a financial interest as Chair of the Care Inspectorate.

(Reference – report by the Executive Director of Communities and Families, submitted.)

## **24. Property Conservation – Programme Momentum Progress Report**

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An update was provided on the progress of Programme Momentum.

### **Decision**

- 1) To note the management information dashboard reports in Appendix 1 of the report.
- 2) To note the progress of debt recovery work.

(References – Finance and Resources Committee, 29 October 2015 (item 19); report by the Deputy Chief Executive, submitted.)

## **25. Summary Report on Property Transactions Concluded under Delegated Authority**

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Committee considered a report which detailed all the lease agreements concluded in terms of the Council's 'Scheme of Delegation to Chief Officials'.

### **Decision**

To note the 29 transactions detailed in the attached Appendix to the report had been concluded in terms of the Council's 'Scheme of Delegation to Officers.'

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

## **26. Resolution to consider in private**

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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 1, 6, 8, 9 and 11 and of Schedule 7(A) of the Act.

## **27. Property Conservation – Irrecoverable Sum: Debt Recovery and Settlements**

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An update was provided on the irrecoverable sums approved under delegated authority.

### **Decision**

- 1) To note the settlement sums authorised to complainants and other affected owners under delegated authority in Appendix 1 of the report.
- 2) To note the provision for Impairments and Settlements in Appendix 2 of the report.

(References – Finance and Resources Committee, 29 October 2015 (item 22); report by the Deputy Chief Executive, submitted.)

## **28. Re-tender of Care at Home Contracts**

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Committee considered a report on the proposed commissioning, procurement, pricing and budget strategy for a new Care at Home Framework Agreement with third party providers.

### **Decision**



- 1) To approve the commissioning, procurement, pricing and budget strategy outlined in the report for a new Care at Home Framework Agreement with third party providers.
- 2) To approve the publication of the contract rate cost model on the Council's website.
- 3) To refer the report to Health, Social Care and Housing Committee for information.
- 4) To note the risks detailed at Section 6 of the report.

(References – Finance and Resource Committee, 29 October 2015 (item 14); report by the Chief Officer, Edinburgh Health and Social Care Partnership, submitted.)

## **29. Voluntary Early Release Arrangement (VERA) Application – Corporate Operations**

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Approval was sought for a VERA application with effect from 31 December 2015.

### **Decision**

To approve the recommendation in the report subject to confirmation that pensions may be accessed from 50 years of age.

(Reference – report by the Deputy Chief Executive, submitted.)

## **30. Voluntary Redundancy Application**

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Committee considered a report on an application for voluntary redundancy with effect from 9 December 2015.

### **Decision**

To approve the recommendation in the report.

(Reference – report by the Chief Officer, Edinburgh Health and Social Care Partnership, submitted.)



# Item 4.2 - Minutes

## Additional Finance and Resources Committee

**10.00am, Monday, 14 December 2015**

### Present

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

### **1(a) Deputation: EVOC on behalf of the Substance Use Network Edinburgh - Edinburgh Alcohol and Drug Partnership (EADP) Adult Community Treatment Services**

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The Committee agreed to hear a deputation from Maria Arnold of EVOC on behalf of the Edinburgh Substance Use Network (SUNE).

The main points raised by the deputation were:

- It was accepted that EU Procurement legislation had to be adhered to, but there was also recognition and flexibility in the legislation that acknowledged the risk posed of competitive tender to smaller local organisations.
- Change over to a national provider would result in a loss of local knowledge and existing relationships with service users who were engaged with local services.
- Contrary to Council guidelines, service users were not consulted during the procurement process.
- National Procurement guidelines had had an adverse effect on smaller local organisations however local authorities have the discretion to overrule this.
- Competitive tendering would disadvantage smaller local organisations.

The Convener thanked the Deputation for her presentation and invited her to remain for the Committee's consideration of the report by the Chief Social Work Officer.

### **1(b) Deputation: Lothian Deprivation Interest Group - Edinburgh Alcohol and Drug Partnership (EADP) Adult Community Treatment Services**

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The Committee agreed to hear a deputation from Dr John Budd and Dr Guy Johnson of the Lothian Deprivation Interest Group.

The main points raised by the deputation were:

- Concerns were raised on the tender process which had not includes a health impact assessment or any consultation with GPs or other partner agencies.
- Various GPs had communicated their unease over building a partnership approach with another provider for integrated practice working.

- The Lifeline Project had taken 18 months to full deliver contracted services to the Prison Service which had resulted in loss of trust between the service users and the provider.
- The positivity of Coproduction was highlighted where patients received support beyond Health and Social Care issue, for example, advice provided on benefit claims etc.

The Convener thanked the Deputation for their presentation and invited them to remain for the Committee's consideration of the report by the Chief Social Work Officer.

### **1(c) Edinburgh Alcohol and Drug Partnership (EADP) Adult Community Treatment Services – Contract**

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The Committee considered a report that contained additional information on the tendering process to award contracts for the Adult Community Treatment Services to be delivered on behalf of the Edinburgh Alcohol and Drug Partnership (EADP) as requested by the Finance and Resources Committee on 26 November 2015.

Approval was sought to award these contracts for a term of three years, with an option to extend for up to a further 24 months.

#### **Decision**

To approve the award of three year contracts to The Lifeline Project and Turning Point Scotland for provision of Adult Community Treatment Services, with the option to extend the contracts for up to a further 24 months.

#### **Dissent**

Councillor Corbett requested his dissent was recorded.

(References – Finance and Resources Committee 26 November 2015, (Item 2(b)); report by the Chief Social Work Officer, submitted.)

### **2. Implications for Coproduction and Procurement – Early Findings from the Edinburgh Alcohol and Drug Partnership (EADP) Treatment Services Tender**

---

Details were provided on lessons learned for future procurement exercises following the Edinburgh Alcohol and Drug Partnership (EADP) tender of community treatment services.

#### **Decision**

- 1) To note the issues raised in the report.
- 2) To note that the issues raised were addressed as part of future work to mainstream coproduction across the Council.
- 3) To note that there would be a further report to the Finance and Resources Committee analysing the various options in Spring 2016.

(Reference – report by the Chief Officer, Edinburgh Health and Social Care Partnership, submitted.)

# Item 6.1 - Key decisions forward plan

## Finance and Resources Committee

[14 January – 2 February 2016]

| Item | Key decisions   | Expected date of decision | Wards affected | Director and lead officer   | Coalition pledges and Council outcomes |
|------|---|---------------------------|----------------|---|--|
| 1.   | ICT services and transformation procurement: Update   | 2 February 2016           |                | Andrew Kerr, Chief Executive<br><br>Lead Officer: <a href="#">Claudette Jones</a> , Chief Information Officer                           |  |
| 2.   | Further and Higher Education Training Framework       | 2 February 2016           |                | Hugh Dunn, Acting Executive Director of Resources<br><br>Lead Officer: <a href="#">Katy Miller</a> , Head of Organisational Development |  |
| 3.   | Review of Council Depots Estate – Investment Strategy | 2 February 2016           |                | Hugh Dunn, Acting Executive Director of Resources<br><br>Lead Officer: <a href="#">Peter Watton</a> , Acting Head of Corporate Property |  |

| Item | Key decisions                                       | Expected date of decision | Wards affected | Director and lead officer   | Coalition pledges and Council outcomes |
|------|---|---------------------------|----------------|---|--|
| 4    | Update on Riddles Court and 4-6 Victoria Terrace    | 2 February 2016           |                | Hugh Dunn, Acting Executive Director of Resources<br><br>Lead Officer: <a href="#">Peter Watton</a> , Acting Head of Corporate Property |  |
| 5.   | Framework for supply of postal services – extension | 2 February 2016           |                | Hugh Dunn, Acting Executive Director of Resources<br><br>Lead Officer: <a href="#">Peter Watton</a> , Acting Head of Corporate Property |  |
| 6    | Sale of Cammo Home Farm, 37 Cammo Road, Edinburgh.  | 2 February 2016           |                | Hugh Dunn, Acting Executive Director of Resources<br><br>Lead Officer: <a href="#">Peter Watton</a> , Acting Head of Corporate Property |  |
| 7    | Sale of 13 McLeod Street                            | 2 February 2016           |                | Hugh Dunn, Acting Executive Director of Resources<br><br>Lead Officer: <a href="#">Peter Watton</a> , Acting Head of Corporate Property |  |
| 8    | Sale of amenity land off Slateford Road             | 2 February 2016           |                | Hugh Dunn, Acting Executive Director of Resources   |  |

| Item | Key decisions   | Expected date of decision | Wards affected | Director and lead officer   | Coalition pledges and Council outcomes |
|------|---|---------------------------|----------------|---|--|
|      |   |                           |                | Lead Officer: <a href="#">Peter Watton</a> , Acting Head of Corporate Property  |  |
| 9    | Renewal of Support & Maintenance agreement for CEC Security Services, Intruder Alarm / CCTV Control Room - for the period 01.04.16 to 31.03.19. | 2 February 2016           |                | Hugh Dunn, Acting Executive Director of Resources<br><br>Lead Officer: <a href="#">Peter Watton</a> , Acting Head of Corporate Property |  |
| 10.  | Temporary Lease Accommodation at 31 Bath Road - Waste Management Services   | 2 February 2016           |                | Hugh Dunn, Acting Executive Director of Resources<br><br>Lead Officer: <a href="#">Peter Watton</a> , Acting Head of Corporate Property |  |
| 11.  | Update on Riddles Court and 4 - 6 Victoria Terrace  | 2 February 2016           |                | Hugh Dunn, Acting Executive Director of Resources<br><br>Lead Officer: <a href="#">Peter Watton</a> , Acting Head of Corporate Property |  |
| 12.  | Approval for the Appointment of Consultants to Design Cycling and Walking Schemes   | 2 February 2016           |                | Director: Paul Lawrence, Executive Director of Place<br><br>Lead Officer: <a href="#">Martyn Lings</a> , Project officer                |  |

| Item | Key decisions                                       | Expected date of decision | Wards affected | Director and lead officer   | Coalition pledges and Council outcomes |
|------|---|---------------------------|----------------|---|--|
| 13.  | 21st Century Homes - Small Sites Delivery Programme | 2 February 2016           |                | Director: Paul Lawrence, Executive Director of Place<br><br>Lead Officer: <a href="#">Michael Thain</a> , Strategy and Investment Manager |  |
| 14.  | Health and Social Care Integration: update          | 2 February 2016           |                | Director: Rob McCulloch-Graham<br><br>Lead Officer: <a href="#">Susanne Harrison</a> , Integration Programme Manager                      |  |

# Item 6.2 - Rolling Actions Log

## Finance and Resources Committee

29 August 2013 – 29 October 2015

| No | Date     | Report Title  | Action  | Action Owner                                   | Expected completion date | Actual completion date | RAG Status | Comments  |
|----|----------|---|---|--|--------------------------|------------------------|------------|---|
| 1  | 29-08-13 | <a href="#">People's Network Public Internet Access</a> | To request further exploration of opportunities to extend the accessibility of the service in venues in addition to libraries.                          | Executive Director of Place                    | December 2015            |                        | A          | A briefing note would be issued to members of the F+R Committee in December 2015 – ongoing.           |
| 2  | 30-07-14 | <a href="#">Waiver Report - Clothing Voucher Scheme</a> | To request a report was brought to the next meeting of the Finance and Resources Committee detailing the management process for dealing with contracts. | Executive Director of Communities and Families | 28-08-14                 | 14-01-16               | A          | Officers would prepare a report that would be brought to the F+R Committee in January 2016 – ongoing. |

|   |          |  |   |                             |          |          |          |   |
|---|----------|--|---|-----------------------------|----------|----------|----------|---|
| 3 | 15-01-15 | <a href="#">Transport Marshalls – Request for Contract Extension</a>                 | 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.                  | Executive Director of Place | May 2015 | May 2015 | <b>G</b> | This action was discharged through a report considered by F+R on 13 May 2015 – ‘Council Contracts – Planning Update – closed. |
| 4 | 04-06-15 | <a href="#">Edinburgh's Christmas and Hogmanay Extension to Consortiums Contract</a> | To request a report on the Policy cost related to Edinburgh's Christmas and Edinburgh's Hogmanay was brought to the next F+R Committee.   | Deputy Chief Executive      | 27-08-15 |          | <b>G</b> | Report was withdrawn from Finance and Resources Committee agenda on 26 November 2015 – closed.                                |
| 5 | 04-06-15 | <a href="#">Home Energy Efficiency Programmes for Scotland</a>                       | 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. | Executive Director of Place | 19-11-15 |          | <b>A</b> | A briefing would be circulated to members by the end of December 2015 – ongoing.  |



|   |          |  |   |                              |               |          |          |   |
|---|----------|--|---|------------------------------|---------------|----------|----------|---|
| 6 | 27-08-15 | <a href="#">Proposed 25 Year Lease of the Engine Shed, 19 St Leonard's Lane, Edinburgh</a> | To request that officer from Corporate Property work alongside the Rivers Centre Public Social Partnership/Carr Gomm to identify alternative accommodation and to report the outcome back to Committee. | Acting Director of Resources | Not specified | 31-12-15 | <b>A</b> | <b>Heads of Terms have been issued to Carr Gomm / NHS for potential CEC owned property. Detailed negotiations now taking place.</b> |
|---|----------|--|---|------------------------------|---------------|----------|----------|---|

|   |          |  |   |  |           |          |          |  |
|---|----------|--|---|--|-----------|----------|----------|--|
| 7 | 24-09-15 | <a href="#">Bridgend Farmhouse and Steadings: Update</a>                         | To instruct that a report was brought back to the Finance and Resources Committee detailing progress on all aspects of the project including the cost/benefits contributed to the collaboration by July 2016.   | Acting Executive Director of Resources | July 2016 |          | <b>A</b> | <b>Report to be brought back to F+R by July 2016 – ongoing.</b>  |
| 8 | 24-09-15 | <a href="#">Transformation Programme: Property and Asset Management Strategy</a> | To note that a review of the wider property portfolio, including the position of EDI GROUP Limited (“EDI”) was being recommended, and thus called for a report – within two cycles – on how best to manage the delivery of Plan B utilising the potential benefits of such delivery through a Council subsidiary. | Acting Executive Director of Resources | 26-11-15  | 26-11-15 | <b>G</b> | <b>A report was brought on Property and Asset Management Strategy to the F+R Committee on 26 November 2015 – closed.</b> |

|   |          |  |   |  |          |  |   |
|---|----------|--|---|--|----------|--|---|
| 9 | 24-09-15 | <a href="#">Common Good Annual Performance 2014/15</a> | To note that there were a number of actions related to Common Good from the Governance, Risk and Best Value and the Corporate Policy and Strategy Committees and to discuss the most appropriate Committee to report on Common Good to. | Acting Executive Director of Resources | 14-01-16 |  | <b>A</b> Following on from the 19th October GRBV Agenda Item 7.2 which stated that “the Head of Finance would explore ways to use the common good fund to pro-actively maintain and refurbish common good property,” A report would be prepared for F&R Committee in January 2016 to explain the proposed Common Good Funded Maintenance Programme – ongoing. |
|---|----------|--|---|--|----------|--|---|

|    |          |   |  |  |           |  |          |  |
|----|----------|---|--|--|-----------|--|----------|--|
| 10 | 29-10-15 | <a href="#">Managing Workforce Change</a> | <p>1) To instruct the Chief Executive to establish suitable monitoring and reporting including detailed figures for VERA, Voluntary Severance and the Career Transition Service. Reports would formally be presented to the Finance and Resources Committee on a 4 weekly cycle.</p> <p>2) To meet with officers to determine the content of the dashboard as an active management tool and to include information on the redeployment figures in future reports and promote the Careers Transition Service as available to all staff.</p> | Chief Executive/<br>Acting Executive Director of Resources | June 2016 |  | <b>A</b> | <p><b>Monitoring and Reporting was currently being developed – ongoing.</b></p> <p><b>The content of the dashboard was currently being progressed.</b></p> |
|----|----------|---|--|--|-----------|--|----------|--|

|    |          |  |  |  |              |          |          |   |
|----|----------|--|--|--|--------------|----------|----------|---|
| 11 | 29-10-15 | <a href="#">Local Development Plan - Action programme: Financial Assessment and Next Steps</a> | To agree that a meeting would be arranged with members to discuss the implications of the Local Development Plan for their area.   | Executive Director of Place            | 31-12-15     | 30-11-15 | <b>G</b> | <b>Meetings arranged in December for Councillors – closed.</b>  |
| 12 | 29-10-15 | <a href="#">Redhall House and Lawn - Progress Report</a>                                       | To request an update report was brought to the Finance and Resources Committee at the conclusion of the planning process.  | Executive Director of Place            | January 2016 |          | <b>A</b> | <b>A report would be taken to F &amp; R in the next year once the planning applications have been determined – ongoing.</b> |
| 13 | 26-11-15 | <a href="#">CEC Transformation Programme - Property and Asset Management</a>                   | To agree that a detailed implementation plan for Property and Asset Management would be brought to the Finance and Resources Committee in January 2016 and would focus on the points highlighted in 1.1.5 and 1.1.6 in the report. | Acting Executive Director of Resources | January 2016 |          | <b>A</b> | <b>A report would be brought to the Finance and Resources Committee in January 2016 – ongoing.</b>                          |

|    |          |  |  |  |                     |          |          |   |
|----|----------|--|--|--|---------------------|----------|----------|---|
| 14 | 26-11-15 | <a href="#">Adoption of Scottish Procurement Fixed Term Water and Waste Water Services Framework</a> | To confirm to Councillor Corbett that there was only one provider suitable to support the framework.   | Executive Director of Place            | As soon as possible | 27-11-15 | <b>G</b> | <b>Information circulated to all members of the F+R Committee – closed.</b>                 |
| 15 | 26-11-15 | Voluntary Early Release Arrangement (VERA) Application – Corporate Operations                        | To provide a briefing note on the Council's pension policy in comparison with other Local Authorities. | Acting Executive Director of Resources | As soon as possible | 29-10-15 | <b>G</b> | <b>Briefing note circulated to members of the Finance and Resources Committee – closed.</b> |

Red – Action has not been completed within timescales indicated.

Amber – Action is in Progress.

Green – Action has been completed and recommended for closure.

# Finance and Resources Committee

10.00am, Thursday, 14 January 2016

## Transformation Programme: Progress Update

|                   |     |
|-------------------|-----|
| Item number       | 7.1 |
| Report number     |     |
| Executive/routine |     |
| Wards             |     |

### Executive summary

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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 report highlights recent progress made in relation to organisational reviews and sets out the planned programme of delivery going forward.

### Links

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

## Transformation Programme: Progress Update

### Recommendations

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- 1.1 Note the progress made to date in implementing the future operating model through a series of organisational reviews;
- 1.2 Note and approve the revised programme plan attached at Appendix 1, which sets out the proposed phasing of organisational reviews over the coming months;
- 1.3 Note the transformation programme dashboards attached at Appendix 2.

### Background

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- 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.
- 2.3 This report highlights the recent progress made in implementing that future model through a series of organisational reviews and sets out the planned programme of delivery going forward.

### Main report

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#### **Transformation Programme Delivery**

- 3.1 In October 2015, a report to Finance and Resources Committee outlined updated savings targets and a draft accelerated implementation programme. Since then, good progress has been made with implementing the future operating model.

#### **Executive and Senior Management Structure**

- 3.2 Following the news that the Deputy Chief Executive and the Executive Director for City Strategy & Economy were to leave the Council to pursue other career opportunities, the opportunity was taken to further review the executive management structure to ensure that key areas of strategic importance were given the necessary focus.



- 3.3 On 10 December 2015, Council approved a new executive structure which will see the Communications, ICT and Strategy & Insight functions reporting directly to the Chief Executive, with a new role of Executive Director of Resources being created. These vacant Tier 1 posts will be recruited to in the normal way.
- 3.4 Tier 3 senior manager posts have been subject to consultation with affected staff and trade unions which formally closed in late December. The matching/assignment process for these roles is scheduled to take place in January with this tier of management operational shortly afterwards.

### **Functional Organisational Reviews**

- 3.5 Tiers 4 and below will be implemented through a series of functional organisational reviews, aligned to Head of Service/Chief Officer areas of responsibility.
- 3.6 Proposals for Communications, HR and ICT have already been subject to consultation, which is due to close in early January. The matching and assignment of staff into roles in these services will take place in January. Proposals for the remainder of the functions within the Business and Support Services workstream will continue to be developed and brought forward on a phased basis, with Strategy, Business Intelligence and Performance , Transformation and Business Change and Executive Business Support Services due to go to consultation in January.
- 3.7 On 9 December 2015, the Corporate Leadership Team (CLT) considered draft Business Cases for the organisational review of 8 other functional areas. A number of these were approved for formal consultation, including all of those within Place. Other proposals required some additional work around the phasing of savings and the design principles of the structures and will be completed in the coming weeks.
- 3.8 Following CLT approval, there will be an intensive period of preparation before staff and union consultation begins on a phased basis from January. During this period, detailed job descriptions will be created and additional supporting material will be prepared – including a tailored communications and engagement plan, an accurate list of all staff in scope, a protocol for matching and assigning staff into posts and a full Equalities and Rights Impact Assessment.
- 3.9 The Transformation Programme Management Office has produced an updated programme implementation plan, which outlines the proposed phasing of each of these reviews, and this is attached as Appendix 1. While some of these timings may yet be subject to change, this is now the planned programme, which should provide some clarity to staff about the timescales for the review of their service.
- 3.10 A number of areas including Health and Social Care, Corporate Property and Customer Services and Business Support are running to a slightly later

timescale due to the level of complexity and these Business Cases will be reviewed by CLT between January and March 2016.

### **Delivery Challenges**

- 3.11 Given the scale of the Council's financial challenge, and in recognition of the uncertainty currently facing staff, it is the intention to move to the future operating model as quickly as possible. It is recognised however, that some aspects of the programme are more complex and are likely to take longer to implement. Some of these are set out below.
- 3.12 The proposals for Health and Social Care are not yet sufficiently developed to allow full confidence that the required savings will be delivered in this area. Health and Social Care Integration makes this a difficult and complex area to review and further visibility of the plans for the future service will not be available until January 2016.
- 3.13 Following the decision of the Finance and Resources Committee to reject the outsourcing of the Asset Management service, detailed development of an alternative in-house service delivery model is underway. This is another complex area where careful development is required to ensure that the appropriate model is in place going forward. The scale of the challenge means that structures are currently being designed for Tiers 1-4, with the remainder to follow at a later date.
- 3.14 Significant savings are attached to the Customer Services area. This is a complex and large grouping, with around 1900 staff in scope. The Council's service to its customers needs to be completely re-configured and it will be essential to implement this area in managed phases, which will necessarily take a little longer.
- 3.15 The Schools and Lifelong Learning service has significant savings targets relating to the re-configuration of library and other services. Proposals in this area will be of political and public interest and will require further consultation and careful development.
- 3.16 Where possible the programme is being resourced by internal Council staff. Over the last 9 months, with limited external support, the core Programme Management team has been established. This team provide programme management across the transformational programme and project management support to Heads of Service to deliver the required savings. This applies, for example, to the use of Deloitte to support the Asset Management work and the partnership with EY in the Business & Support Service workstream. The Outline Business Case for the Transformation and Business Change Team has been approved by CLT and consultation will begin in January. The early establishment of this team will consolidate resources and improve the Council's internal change capability and reduce its reliance on external support in core business change activity.

## **Workstream Updates**

### Asset Management Strategy (AMS) Implementation Programme

- 3.17 Since the November Committee meeting there has been good progress in relation to property and asset management. Programme Management has been established and work is now underway to develop a blueprint for implementation. A separate paper is included elsewhere on the Agenda setting out detailed progress and outline timeline for delivery.

### Citizens and Locality Services

- 3.18 The Citizens and Localities Project has provided project management and design support to Directors and Heads of Service to develop new organisational proposals for the services within the Communities and Families, Place and City Strategy and Economy directorates. These proposals were subject to scrutiny by the Council's Corporate Leadership Team (CLT) on the 9 and 16 December 2015 with some further changes required before final sign off. Proposals for the new Integrated Health and Social Care services will be considered separately by CLT in January 2016.
- 3.19 The project team will now focus on the detailed programming and implementation of these proposals, with initial phases of consultation scheduled to commence in January 2016.
- 3.20 The Locality Transformation Plan (LTP), which sets out the key components of the new locality operating model and the actions to deliver it, was presented to the Communities and Neighbourhoods Committee on 24 November 2015. A communication and engagement programme was rolled out to staff and elected members during November and December, with engagement sessions with city partners commencing in January 2016. The progress against key actions in the LTP includes the development of a locality based induction programme. This has been developed in collaboration with Community Planning partners, and will be piloted in early March 2016 ahead of full roll-out in April 2016.
- 3.21 Development of the four Locality Leadership Groups is also underway, with identified Council officers. Discussions with community planning partners will also identify and finalise their membership.

### Business and Support Services

- 3.22 The Business and Support Services project has made significant progress in the past few weeks, with formal consultation nearing a close for Phase 1a services (Communications, HR and ICT), and the design of service models and structures, to achieve savings targets, now approved by CLT for Phase 1b (Strategy, Business Intelligence and Performance, Transformation and Business Change and Executive Business Support).

- 3.23 **Phase 1a** - The team is working with HR to manage the ongoing consultation process for Communications, HR and ICT. Formal consultation for phase 1a is set to finish in early January. The estimated savings from these reviews is £1.6m across the three service areas. The implementation of these new structures is planned for early 2016 and will be supported by a detailed transition plan to ensure business continuity.
- 3.24 **Phase 1b** - includes Transformation and Business Change, Strategy, BI and Performance and Executive Business Support. The future proposals not only provide a more efficient delivery structure but transform the model for delivery in each area. The estimated savings for these services is £3m, and the following objectives will also be delivered:
- **Strategy, BI and Performance** – provision of the strategy, insight and information governance support needed to ensure that Council services are able to plan delivery around the needs of customers and focus resource where it is most needed.
  - **Transformation and Business Change** – the creation of a consistent programme and change delivery framework across the Council which will assist in establishing and maintaining a culture of change and successful project delivery.
  - **Executive Business Support** – a structure that provides flexibility, increased mobility and standardisation of roles and grades across the scope and bringing all committee business work under a single function. It will provide consistency for training and career development, sharing of standard common processes and improved resilience with cover for absences or pressures.
- 3.25 **Phase 2 and Customer** - engagement is already underway for the Phase 2 services in preparation for organisational review, developing the models and new structures for Commercial, Legal and Democratic Services in consultation with the relevant Heads of Service and managers.
- 3.26 Activity also continues to be focussed on the design of service models and structures across the new Customer division, working closely with the interim Head of Customer. The Executive Business Support review will commence as part of Phase 1b in the New Year, and a detailed schedule for other business support areas (including Customer Contact, Schools and Locality support and Transactions) is under development.
- 3.27 The project team is engaged with service leads across the Council to understand their service-specific support needs, in order to ensure continuity within the new lean and agile model. Where functions have been identified to move into the new central support model, implementation and engagement plans will be developed for staff within scope for organisational review. As the

model for Business and Support Services is implemented, work will continue with services to put in place suitable transition arrangements.

### Channel Shift

- 3.28 Detailed design work with service areas, for the review and improvement of current live transactions for transfer to the new digital platform, is now nearing completion. Marketing activity continues to promote use of our existing online services to drive Channel Shift. Business analysis (with our new ICT partner) is moving forward the ambitious roll out of 153 new digital transaction types in 16/17, adopting best practice process improvements. Identification of the transactional pipeline past March 2017 has commenced.

### Payments to Third Parties

- 3.29 The project savings target is £7.8m (10%) over 3 years. Savings of £2.2m have been delivered in 2015/16 and proposals for additional savings of £5.6m by 2017/18 are included in the Budget Framework 2016/20.

### HR and Organisational Development

- 3.30 Formal consultation with employees and Trade Unions is complete for the new Tier 3 structure and is nearing completion for the structures for Communications, HR and ICT. Detailed planning has started to ensure that the HR team is ready for the next set of Organisational Reviews, once the business cases have been approved. A programme of sessions on 'Leading Through Change' has begun, giving guidance to managers on how to support their staff through change. These sessions will be running throughout the first quarter of 2016.
- 3.31 The first group of employees leaving through the VERA scheme were released on 31 December. Further sets of requests are currently being assessed for financial impact, with decisions expected in early January. Elected Members are being kept informed of progress on a weekly basis.
- 3.32 Employees are making good use of the Career Transition Service (CTS) with 37 1:1s requested and 136 requests for access to the Right Management portal. Feedback on the service has been very positive. The CTS has made links with organisations within Edinburgh currently undergoing recruitment drives and with a number of recruitment agencies. Resource planning is required to ensure that service levels can be maintained once the number of employees who are involved in an Organisational Review increases significantly in early 2016.

### Finance

- 3.33 Additional savings proposals developed through the Council's transformation programme which have the potential to deliver net savings of £68.7m by 2019/20 were reported to the Finance and Resources Committee on 26 November and have been included in the public engagement proposals.
- 3.34 The Scottish Government published its budget on 16 December resulting in an overall reduction in funding for local authorities in Scotland. A full update on the

Local Government Finance Settlement, along with an overview of the principal risks inherent within the budget framework, will be provided to the Finance and Resources Committee meeting on 14 January 2016.

### **Management Information Dashboards**

- 3.35 The Transformation Programme management information dashboards, covering the month to 10 December 2015, are set out in Appendix 2 for information. These highlight progress to date, key risks and issues and planned activity.
- 3.36 In response to an instruction from Finance and Resources Committee, the dashboard now includes an additional sheet which includes people related management information, including an update on expressions of interest in Voluntary Early Release Arrangements (VERA).
- 3.37 The dashboard highlights a number of key risks to the delivery of the programme. These include the requirement to adequately resource the implementation of the programme, the risks associated with service disruption due to accelerated timescales and risks relating to the Managing Workforce Change Policy and in particular, the need to introduce the option of compulsory redundancy as a last resort. Further details of these risks, including current mitigations, are contained within the dashboards.
- 3.38 The dashboards will continue to be reviewed and developed as further programme data becomes available to ensure that they provide a comprehensive and accurate picture of progress and risk.

### **Measures of success**

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- 4.1 The business cases have identified significant financial and non-financial benefits associated with the Transformation Programme.
- 4.2 Monthly management information dashboards have been developed which form the basis of bi-monthly reporting to Committee.

### **Financial impact**

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- 5.1 Additional savings proposals developed through the Council's transformation programme which have the potential to deliver net savings of £68.7m by 2019/20 were reported to the Finance and Resources Committee on 26 November and have been included in the public engagement proposals.

### **Risk, policy, compliance and governance impact**

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- 6.1 A risk register has been developed as part of the PMO and is reported monthly to the Corporate Leadership Group.

## **Equalities impact**

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- 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.
- 7.4 Proposals comprising the budget framework will be assessed for their corresponding potential equalities and human rights impacts. The combined and cumulative impact of the proposals across the transformation programme will be assessed and reported to Committee. The results of these assessments will then be referred to Council to ensure that members pay due regard to them in setting the Council's 2016/17 budget.

## **Sustainability impact**

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- 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**

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- 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**

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## Andrew Kerr

Chief Executive

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### Links

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[Report to Council, 25 June 2015 - Council Transformation Programme Status Report](#)

[Report to Finance and Resources Committee, 27 August 2015 - Transformation Programme: Progress Update](#)

[Report to Finance and Resources Committee, 24 September 2015 - 2016/2020 Revenue and Capital Budget Framework](#)

[Report to Finance & Resources Committee, 24 September 2015 - Transformation Programme: Property and Asset Management Strategy](#)

**Coalition pledges**

**Council outcomes**

**Single Outcome Agreement**

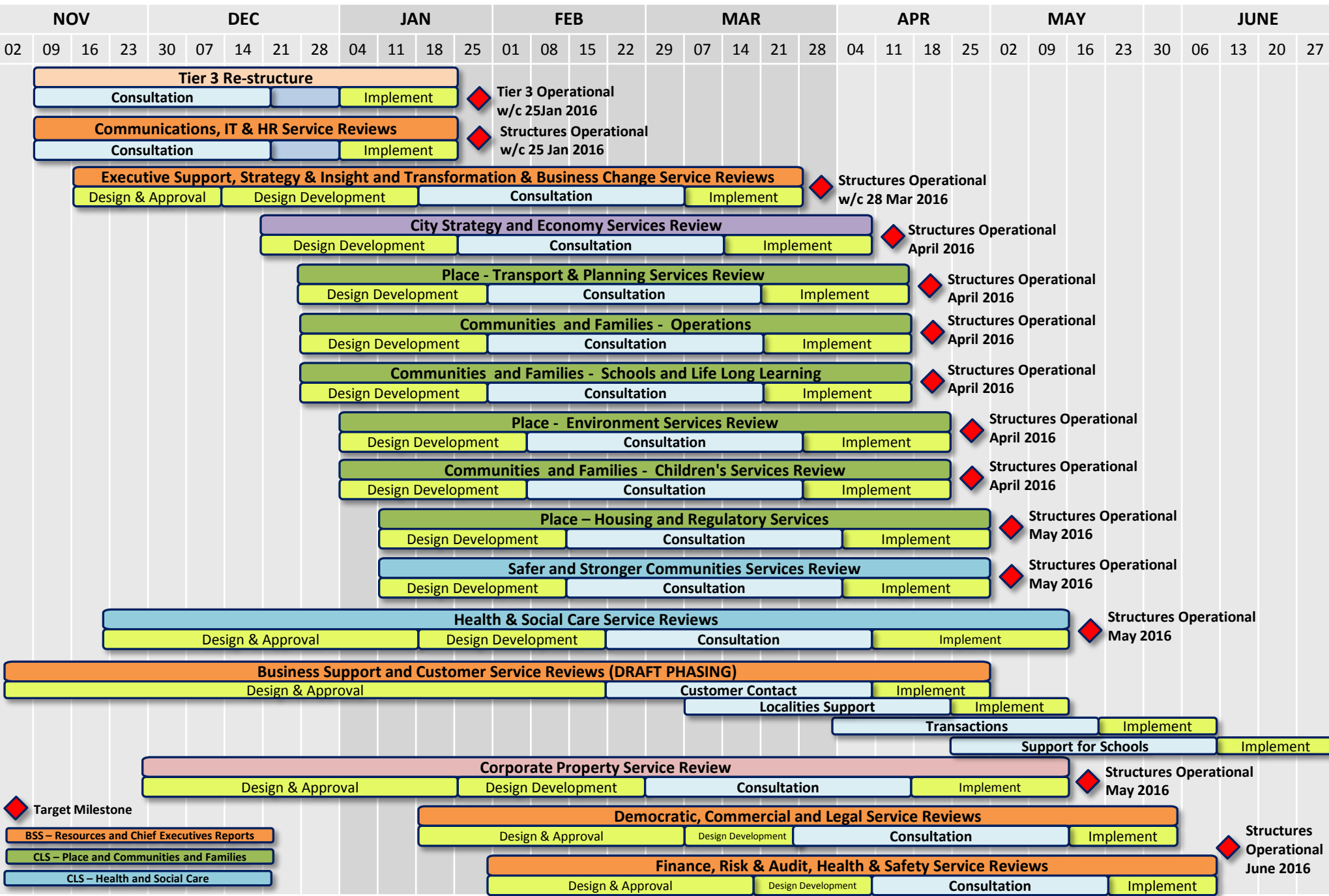
**Appendices**

Appendix 1 – Transformation Programme Implementation Plan

Appendix 2 – Transformation Programme dashboard



Appendix 1 - Transformation Programme Plan – Organisational Reviews from November to June 2016



◆ Target Milestone

- BSS – Resources and Chief Executives Reports
- CLS – Place and Communities and Families
- CLS – Health and Social Care



# Transformation Programme Management Dashboard

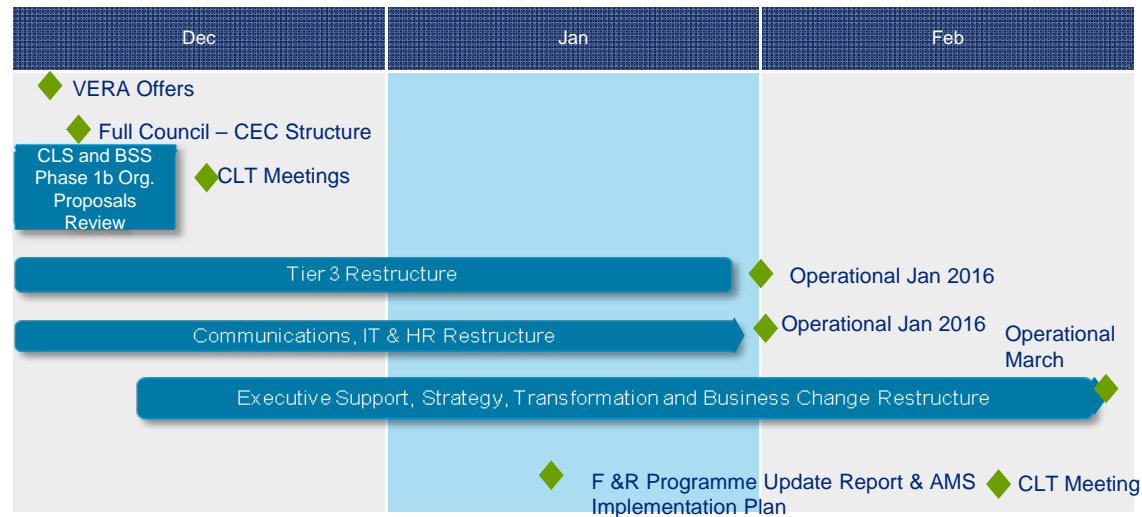
Monthly progress update at 14 December 2015

## OVERVIEW OF PROGRESS

CLT reviewed the next tranche of Organisational Reviews for CLS and BSS on 9th December and 16th December. A revised Executive Structure has been approved by Council on 10th December. Management Focus on expediting the VERA invitation with 150 FTE approved to next stage to exit the organisation on the 31st December.

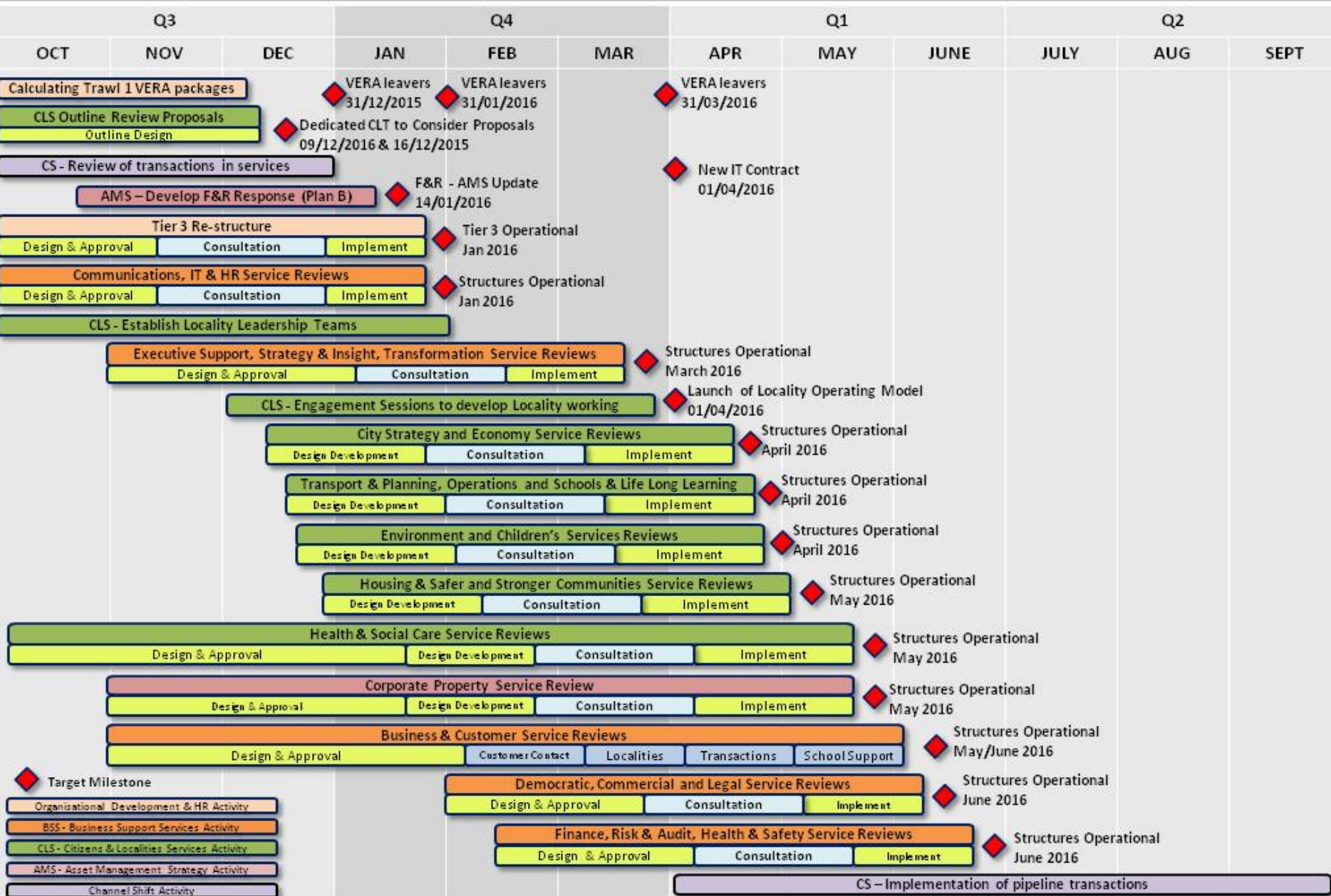
| PROJECT                                   | RAG | COMMENTS  |
|---|-----|---|
| <b>Business Support Services</b>          | ⇒   | Executive Support, Strategy and Transformation and Business Change reviewed by CLT. It was agreed that savings would be re-profiled across the 3 Business Support reviews with acceleration into year 1.  |
| <b>Citizens &amp; Localities Services</b> | ⇒   | Following were approved for Consultation on 9 <sup>th</sup> Dec Culture, Housing & Regulatory Services, Transport & Planning, Environment, Communities and Families Operations.<br>Safer and Stronger Communities, Schools and Lifelong learning, Children's Services were approved for consultation on the 16 <sup>th</sup> Dec. |
| <b>Channel Shift</b>                      | ⇒   | Plan now aligned with CLS organisation Review and in preparation for BSS Customer. Channel Shift Road shows across Neighbourhoods and Central Offices.  |
| <b>Asset Management Strategy</b>          | ⇒   | AMS programme set up and completion of a detailed implementation plan.  |
| <b>Payments to Third Parties</b>          | ⇒   | Grant applications for awards from April 2016 for all services has now closed. Decisions on awards will be made by relevant executive committees in due course.   |
| <b>OD &amp; Workforce</b>                 | ⇒   | Managing the second VERA Trawl. Supporting the development of the revised Executive Structure and the development of Tier 3 Job descriptions and person specs. Detailed planning for a number of Organisation Reviews which enter consultation phase in the new year.   |
| <b>Finance &amp; Benefits</b>             | ⇒   | Following CLT on 9th December Finance will work with Heads of Service to re-profile savings over 2 years for all proposals with a view to accelerating savings to Year 1.   |
| <b>Comms</b>                              | ⇒   | Comms Support for Managing Workforce Change revised proposals and producing manager's briefing packs.   |

## KEY PROGRAMME DECISIONS & TIMESCALES



| RISK                         | DESCRIPTION  | RAG | MITIGATION  |
|------------------------------|--|-----|---|
| Service Failure              | Acceleration of the Programme to realise savings more quickly causes disruption  | Red | Forward planning of restructuring and realignment of staff with scoping of each service is underway. CLT reviewing robustness of Organisation Reviews proposals.  |
| Managing Workforce policy    | Implementing workforce policy does not meet the financial requirements   | Red | Council Wide VERA invitation being progressed and Implications are being assessed. As per budget motion compulsory redundancy will not be progressed until the completion of the Service Reviews and a review of the financial situation. Progress reported on the Managing Workforce Change Dashboard. |
| Achievability of savings     | All Proposals are subject to Elected Member approval.  | Red | Transformation Proposals reported to F & R Committee and the budget process.  |
| Engagement & Change Strategy | Managing change with staff and partner may not be successful due to complexity of programme and demanding financial targets. | Red | Regular TU Engagement<br><br>Leadership forum established to ensure Senior Leaders are fully engaged.   |

# Transformation Programme Plan - Key Activities & Target Milestones to September 2016



◆ Target Milestone

- Organisational Development & HR Activity
- BSS - Business Support Services Activity
- CLS - Citizens & Localities Services Activity
- AMS - Asset Management Strategy Activity
- Channel Shift Activity



# Finance & Benefits Update

## Acronym Key:

BSS: Business Support Services

AMS: Asset Management Strategy

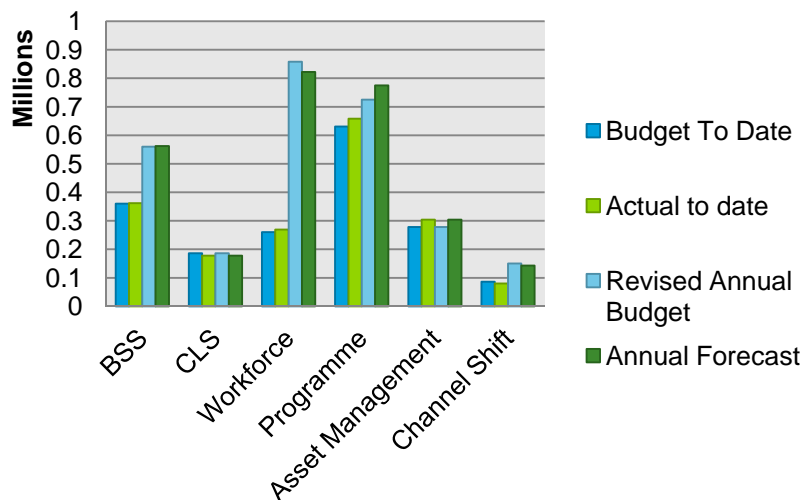
CLS: Citizen & Locality Services

PT3P: Payments to Third Parties

PMO: Programme Management Office

FTE: Full-time Equivalent

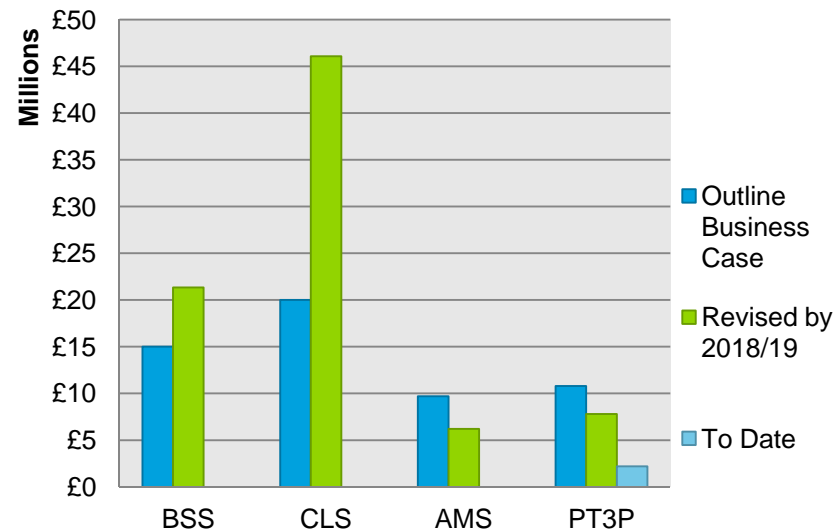
## Programme Expenditure 2015 - 16



### Summary:

This graph shows forecast programme expenditure for the year and actual spend against budget to date.

## Total Programme Savings



### Summary:

This graph shows original targeted savings in Outline Business Case; the revised targeted savings and current savings to date. (NB - Channel Shift targets merged with Business Support Services.)



# Organisational Review and Targeted Savings

| Organisation Review   | PMO Date Due              | CLT Approval              | Value in 2017/18 | Implemented By             | Comments           |
|---|---------------------------|---------------------------|------------------|----------------------------|--------------------|
| Comms, IT & Human Resources   | 28 <sup>th</sup> October  | 4 <sup>th</sup> November  | £1.6m            | Operational Jan 2016       | Consultation Phase |
| Place   | 27 <sup>th</sup> November | 9 <sup>th</sup> December  | £11.4m           | Operational April/May 2016 | CLT Review         |
| Communities and Families  | 27 <sup>th</sup> November | 9 <sup>th</sup> December  | £13.1m           | Operational April 2016     | CLT Review         |
| Safer and Stronger Communities  | 27 <sup>th</sup> November | 9 <sup>th</sup> December  | £3.0m            | Operational May 2016       | CLT Review         |
| City Strategy & Economy   | 27 <sup>th</sup> November | 19 <sup>th</sup> December | £1.4m            | Operational April 2016     | CLT Review         |
| Strategy & Insight/ Executive Support/ Transformation and Business Change | 27 <sup>th</sup> November | 9 <sup>th</sup> December  | £3m              | Operational March 2016     | CLT Review         |
| Health and Social Care  | 13 <sup>th</sup> January  | 20 <sup>th</sup> January  | £13.9m           |                            | In Progress        |
| Business Support and Customer Services                                    | 22 <sup>nd</sup> February | 29 <sup>th</sup> February | £14.1m           |                            | In Progress        |
| Legal, Commercial and Procurement and Democratic Services                 | 22 <sup>nd</sup> February | 29 <sup>th</sup> February | £1.5m            |                            | In Progress        |
| Finance and Risk & Audit  | 16 <sup>th</sup> March    | 23 <sup>rd</sup> March    | £1.1m            |                            | In Progress        |

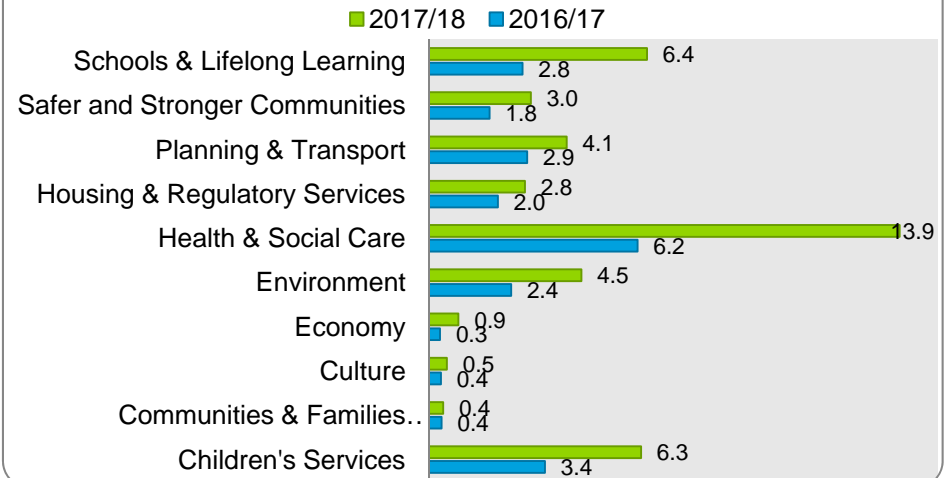


# Organisational Review and Targeted Cumulative Savings

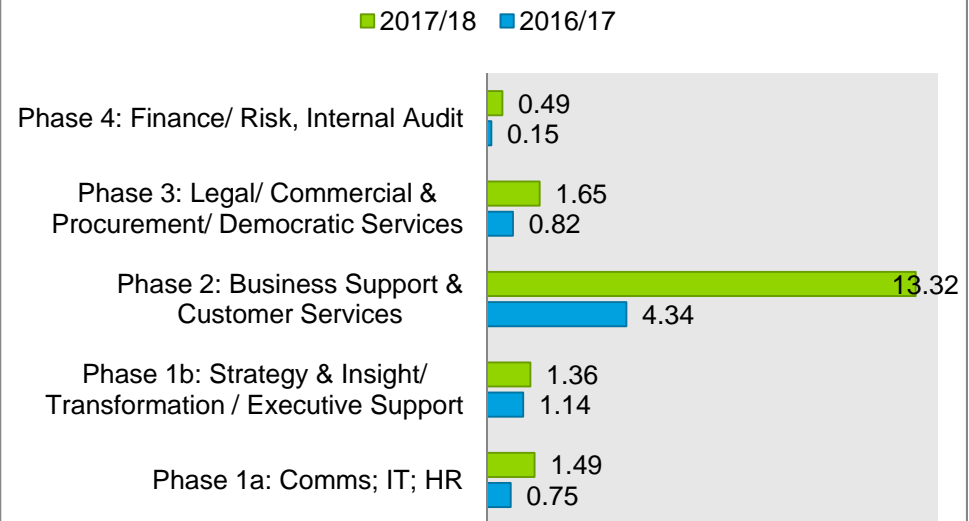
| Citizens & Localities in £m              | 2016/17     | 2017/18     | 2018/19     |
|--|-------------|-------------|-------------|
| Children's Services                      | 3.4         | 6.3         | 6.7         |
| Communities & Families                   |             |             |             |
| Operational Support                      | 0.4         | 0.4         | 0.4         |
| Culture                                  | 0.4         | 0.5         | 0.5         |
| Economy                                  | 0.3         | 0.9         | 0.9         |
| Environment                              | 2.4         | 4.5         | 4.9         |
| Health & Social Care                     | 6.2         | 13.9        | 13.9        |
| Housing & Regulatory Services            | 2.0         | 2.8         | 2.8         |
| Planning & Transport                     | 2.9         | 4.1         | 4.1         |
| Safer and Stronger Communities           | 1.8         | 3.0         | 3.5         |
| Schools & Lifelong Learning              | 2.8         | 6.4         | 8.4         |
| <b>Total - Citizens &amp; Localities</b> | <b>22.6</b> | <b>42.8</b> | <b>46.1</b> |

| BSS in £m                              | 2016/17    | 2017/18     | 2018/19     |
|--|------------|-------------|-------------|
| Business Support and Customer Services | 5.1        | 14.1        | 14.1        |
| Commercial and Procurement             | 0.2        | 0.6         | 0.6         |
| Communications                         | 0.5        | 0.5         | 0.5         |
| Democratic Services                    | 0.3        | 0.4         | 0.4         |
| Executive Management Business Support  | 0.8        | 0.8         | 0.8         |
| Finance                                | 0.4        | 0.9         | 0.9         |
| Human Resources                        | 0.3        | 0.5         | 0.5         |
| ICT                                    | 0.3        | 0.7         | 0.7         |
| Legal                                  | 0.2        | 0.4         | 0.4         |
| Risk & Audit                           | 0.2        | 0.2         | 0.2         |
| Strategy & Insight                     | 1.4        | 1.9         | 1.9         |
| Transformation and Business Change     | 0.0        | 0.3         | 0.3         |
| <b>Total BSS</b>                       | <b>9.6</b> | <b>21.3</b> | <b>21.3</b> |

## Citizens & Localities (£m)



## Business & Support Services (£m)





# Workforce – Transformation programme update

## Monthly progress update as 14<sup>th</sup> December

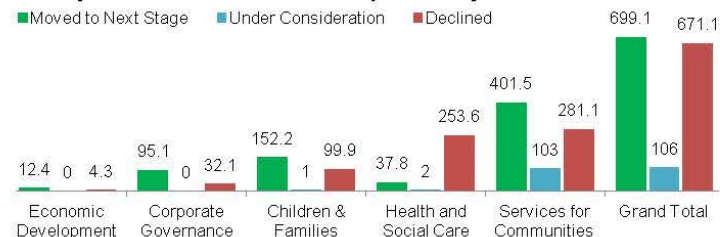
### Workforce Dashboard – Transformation Programme Summary

This page provides indicators to monitor change through the Council Transformation Programme. A total of 1,476 FTE posts expressed an interest in VERA as at beginning of December 2015. Of these, 699 FTE posts have been moved to the next stage of the VERA process. These positions account an annualised pay including employers NI and Pension of £25.8 million and represent 4.6% of the current FTE staff across the Council. 59 people were recorded as having a redeployment status during October 2015. This represented a total staff cost of £2.1million. The number of people counted as 'surplus – not currently redeployed;' fell from 25 people in August to 16 people in October 2015.

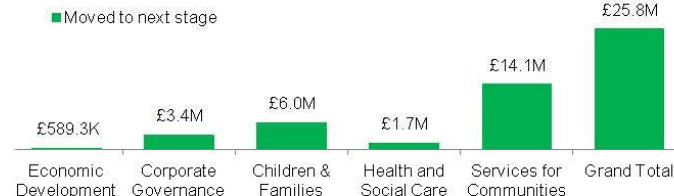
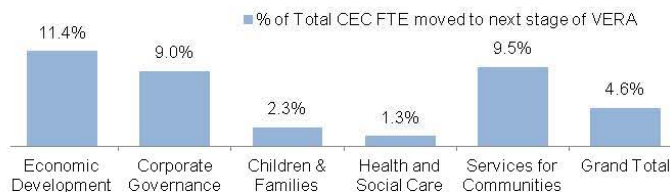
#### VERA (as at 10 December 2015)

| VERA outcomes to date                             | Positions    | FTE            |
|---|--------------|----------------|
| Moved to next stage for leave date of 31 Dec 2015 | 167          | 150.4          |
| Moved to next stage for leave date of 31 Jan 2016 | 104          | 93.3           |
| Moved to next stage for leave date of 31 Mar 2016 | 477          | 455.4          |
| <b>Sub Total – Moved to next stage</b>            | <b>748</b>   | <b>699.1</b>   |
| Under Consideration                               | 142          | 105.6          |
| Declined  | 761          | 671.1          |
| <b>Grand Total</b>                                | <b>1,651</b> | <b>1,475.8</b> |

#### Expressions of interest, FTE by Service Area



#### Staff moved to next stage of VERA



#### Career Transition Service

| Figures to date (1 December 2015)                | Positions | FTE  | Pay Bill |
|--|-----------|------|----------|
| Staff in the Career Transition Service structure | 46        | 40.1 | £1.3M    |

#### Redeployment (positions)

| Number of Positions                       | Aug 2015  | Sept 2015 | Oct 2015  | Annualised Salary                         | Aug 2015     | Sept 2015    | Oct 2015     |
|---|-----------|-----------|-----------|---|--------------|--------------|--------------|
| Surplus – not currently redeployed        | 25        | 17        | 16        | Surplus – not currently redeployed        | £811.2K      | £479.8K      | £428.5K      |
| Temporarily redeployed less than 6 months | 1         | 2         | 4         | Temporarily redeployed less than 6 months | £27.1K       | £50.6K       | £108/5K      |
| Temporarily redeployed more than 6 months | 31        | 39        | 39        | Temporarily redeployed more than 6 months | £1.2M        | £1.6M        | £1.6M        |
| <b>Total</b>                              | <b>57</b> | <b>58</b> | <b>59</b> | <b>Total</b>                              | <b>£2.0M</b> | <b>£2.1M</b> | <b>£2.1M</b> |

# Business & Support Services (BSS)

Progress update 14 December 2015

| Previous Progress RAG | Current Progress RAG | Capability Maturity Rating |
|-----------------------|----------------------|----------------------------|
|                       |                      |                            |

## Completed

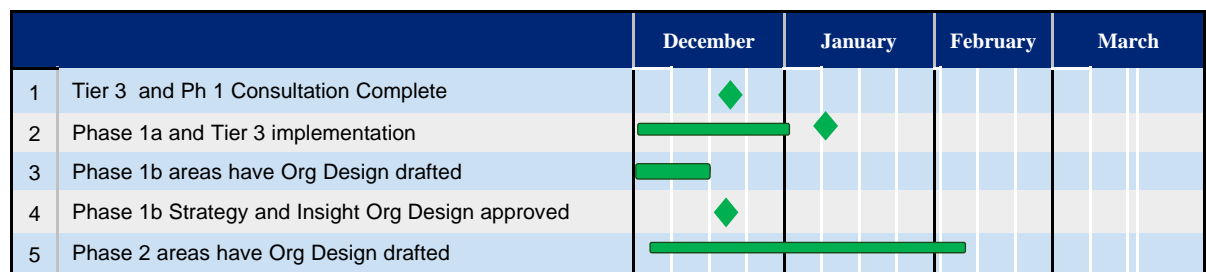
- The consultation period for Phase 1 areas (Communication HR and ICT) continues with the planned completion date of early January
- All documentation including scope and structures for tier 1B areas (Strategy, Transformation and Exec Bus. Support) have been reviewed and signed off by CLT delivering the estimated savings for Phase 1B.
- Phase 1B organisational Review wider documentation is being developed ready to enter consultation in January
- Meetings are continuing with functional leads for Phase 2/3 to deliver the detailed design and support the development of the functional organisation structures
- Scope for future phases is being finalised and the team is working closely with finance to confirm alignment with the budget
- Customer delivery plan is being finalised preliminary draft of structures and areas are being developed

## Planned

- Following the reconciliation with the new iTrent data set confirming leavers/joiners and potential savings accrued a change request re-baselining the scope will be submitted
- Continue to identify the impact of Voluntary Early Release Arrangements (VERA) application on the delivery plan
- Work with HR and functional leads to complete the Consultation process for Phase 1 areas and complete the required preparation work to start Ph1B consultation
- Redistribute complete BSS scope to all HoS to continue scope clarification across the council
- Continue to work with the phase 2/3 areas leads to confirm scope and develop structures for review and challenge

## PROJECT RISKS

| PROJECT RISKS   | MITIGATION   | RAG |
|---|--|-----|
| Without sufficient engagement and change management, there is a risk that there is increased resistance to change within the organisation leading to a reduction in the delivery of benefits both financial and non-financial     | A detailed change and communication plan is being developed incorporating representatives from each function to act with Change Champions. Stakeholder management will be proactively managed throughout the programme                   |     |
| The union consultation or other key project dependency if the process takes longer than planned it could result in the project being delayed and savings not being delivered in the required timescale.                           | The BSS plan has been developed in line with the latest consultation/OD plan and opportunities to accelerate/increase the delivery of savings in specific areas are being identified   |     |
| Without adoption of Compulsory Redundancy as a last resort, programme savings cannot be achieved.   | Ensure Voluntary Early Release Arrangement and Voluntary Redundancy offered to staff. Wide engagement around the process   |     |
| Accelerated delivery timescale could limit the amount of process improvement delivered. In the short term this could lead to a dip in services before the formal performance improvement phase for the service has been delivered | Detailed design of new operating model and transition states includes service requirements and implementation planning takes account of risk raised. A clear go/no go decision making process is put in place for all operational change |     |



Key: On track In progress Attention

## Project Dependencies

The Council's Business and Support Services will need to be responsive and flexible to the development of the Locality model, so will require close partnership working with CLS and the Localities teams.

Timescales and approvals for VERA applications from staff within the scope of BSS will have a significant impact on future savings targets and project delivery plans.



# Citizens and Localities (CLS)

Progress update 14 December 2015

| Previous Progress RAG | Current Progress RAG | Capability Maturity Rating |
|-----------------------|----------------------|----------------------------|
|                       |                      |                            |

| Completed   |
|---|
| <ul style="list-style-type: none"> <li>Project management coordination and support to deliver eight <b>organisational review proposals</b> the majority of which were approved for formal consultation by the Corporate Leadership Team on 16 December 2015. One remaining proposal is expected to be signed off in early January 2016.</li> <li><b>Locality Transformation Plan</b> presented to the Communities and Neighbourhoods Committee on 24 November 2015. Communications and engagement programme initiated thereafter, with political group briefings and an elected member drop-in session on 7 December 2015.</li> </ul> |

| Planned   |
|---|
| <ul style="list-style-type: none"> <li>Develop and initiate <b>implementation plans</b> for delivery of organisational reviews and other FTE reductions.</li> <li>Coordinate and support development of organisational review proposal for <b>Integrated Health and Social Care</b> services ahead of CLT challenge session on 20 January 2016.</li> <li>Design <b>locality engagement sessions</b> ahead of engagement programme roll-out on 26 January 2016.</li> <li>Develop initial draft of <b>locality based induction</b> for engagement with partners.</li> </ul> |

| PROJECT RISKS  | MITIGATION   |  |
|--|--|--|
| Insufficient management and HR capacity to deliver organisational reviews and manage change in the required timescales                               | <ul style="list-style-type: none"> <li>- Additional HR resource appointed</li> <li>- Securing long term support from CLS project team for Tiers 2 and 3 managers</li> <li>- Phasing of review implementation</li> </ul>  |  |
| New operating model, including locality working and matrix management arrangements, does not deliver efficiencies and/or enhance customer experience | <ul style="list-style-type: none"> <li>- Organisational design responsibility sits with HoS;</li> <li>- Finance validation of structure proposals;</li> <li>- Locality Insight/profiles to support local priorities and resource allocation;</li> <li>- Stakeholder engagement programme, including staff and partners.</li> </ul> |  |
| Failure to embed desired cultural change to support the new target operating model leading to benefits not being fully realised                      | <ul style="list-style-type: none"> <li>- Senior Manager Leadership Programme;</li> <li>- Localities Transformation Plan actions on co-location, area based induction, learning and development programme etc to support new operating model.</li> </ul>  |  |

| Action  | December | January | February | March |
|---|----------|---------|----------|-------|
| 1 CLT approve service review proposals        | ◆        |         |          |       |
| 2 Council approve budget proposals            |          | ◆       |          |       |
| 3 Commence first phase of review consultation |          | ■       |          |       |
| 4 Locality engagement sessions roll-out       |          | ■       |          |       |

| Project Dependencies   |
|--|
| <p><b>Business Support Services (BSS)</b> – new service structures must align to BSS model to deliver new operating model, including locality working.</p> <p><b>Asset Management Strategy (AMS)</b> – relocation of some staff groups/teams to reflect new service structures, reduced staffing numbers and locality resourcing. Long term enabler to co-location of multi-disciplinary and multi-agency teams.</p> |

# Asset Management Strategy (AMS)

Progress update 14 December 2015

| Previous Progress RAG | Current Progress RAG | Capability Maturity Rating |
|-----------------------|----------------------|----------------------------|
|                       |                      |                            |

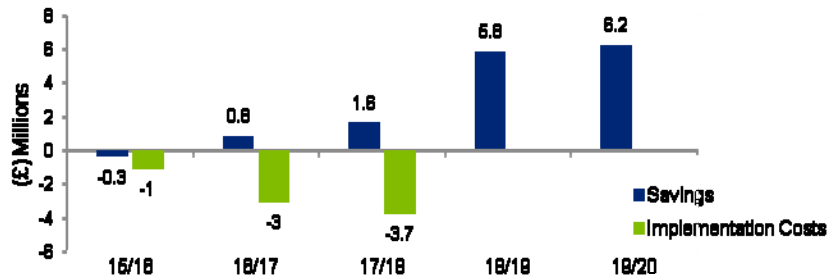
## Completed

- AMS programme set up
- Programme Management Office set up and development of Programme Initiation Document (PID)
- Completion of new organisation service blueprint
- Completion of detailed implementation plan
- Commencement of organisational design work
- Transition workstream established to oversee transfers of people, budgets and move from SfC to Corporate Resources – links established with BSS
- Discussions with potential technical consultants for FM workstream
- Preparation of F&R (January) Report
- Agreement of next phase scope and resource with Deloitte

## Planned

- Approve PID at Corporate Property Board
- Presentation of blueprint to CLT
- Continue with organisation design and confirm timescale for consultations
- Agree and progress procurement route for appointment of technical consultant
- Confirm detailed timeline for transition milestones
- Commence preparation of new summary Service Level Agreements (SLA's)
- Completion of asset condition benchmarking exercise
- Commence level 2 process design work across all workstreams
- Commence preparation of investment strategy
- Commence design of new governance and decision arrangements for estates rationalisation workstream

## Asset Management Savings Per Year



| Financial Year       | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 |
|----------------------|-------|-------|-------|-------|-------|
| Savings              | -0.3  | 0.8   | 1.6   | 5.8   | 6.2   |
| Implementation Costs | -1    | -3    | -3.7  |       |       |
| Net Saving           | -1.3  | -2.2  | -2.1  | 5.8   | 6.2   |
| Cumulative Saving    | -1.3  | -3.5  | -5.6  | 0.2   | 6.4   |

| PROJECT RISKS  | MITIGATION  | RAG |
|--|---|-----|
| Financial savings are insufficient to meet budgets   | The new organisation faces challenges around the delivery of a comparable level of service to the users of the estate within a reduced cost envelope and budgetary pressures may force cuts in front line services  |     |
| Insufficient transformation programme resources including investment in skills, retraining and recruitment of new management staff | The current workforce will not have the skills and training needed to deliver the transformation programme and, following implementation, the defined level of service as expected by estate users, leading to a poor level of customer satisfaction and potential increased costs from failure to execute tasks in an efficient manner |     |
| The implementation of CAFM is delayed  | The lack of management information can delay or prevent key management decisions from taking place within each of the AMS workstreams and therefore lead to delays in achieving savings   |     |
| Governance and senior sponsorship  | Changes in personnel at a senior level (SRO, Programme Director, Programme Manager) affects strategic direction, decision making and the momentum of the implementation programme   |     |
| Stakeholders do not approve changes (e.g. new SLA's)   | If changes are unapproved, savings within the programme will not be achieved leading to increased pressures on budgets and potentially front line services  |     |

|   |                               | December | January | February | March |
|---|-------------------------------|----------|---------|----------|-------|
| 1 | Tiers 2-6 org design & JD's   |          |         |          |       |
| 2 | Procure technical consultant  |          |         |          |       |
| 3 | Prepare summary SLA's         |          |         |          |       |
| 4 | Confirm transition milestones |          |         |          |       |
| 5 | CLT presentation              |          |         |          |       |
| 6 | Further response to F&R       |          |         |          |       |
| 7 | Workstream activities         |          |         |          |       |

Key: On track In progress Attention

## Project Dependencies

Key dependencies on BSS, CLS and OD workstreams in terms of staff/budget transfers and impact on the operational estate.

# Payments to Third Parties (PT3P)

Progress update 14 December 2015

| Previous Progress RAG | Current Progress RAG | Capability Maturity Rating |
|-----------------------|----------------------|----------------------------|
|                       |                      |                            |

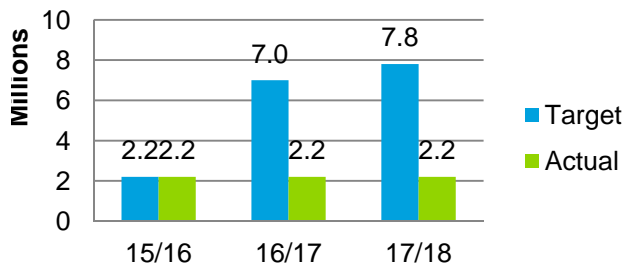
## Completed

A budget consultation event specifically for third sector organisations took place at the end of November and provided an update to the sector on the Council's financial position and plans, ways to input to the budget consultation and the opportunities arising from the Council Transformation programme communities.

## Planned

A workshop is being planned for late January to clarify issues around coproduction, commissioning, procurement and grants. This will involve the third sector and relevant sections of the Council.  
Most Executive Committees have yet to consider grant awards for the period commencing April 2016.

## PT3P Target Savings vs Actual



The project savings target is £7.8m (10%) over 3 years. £2.2m has been approved and delivered in 2015/16. Proposals for the additional savings of £5.6m are included in the budget framework for 2016-2020

| PROJECT RISKS  | MITIGATION  | RAG |
|--|---|-----|
| Scale of year-on-year reductions in funding may impact on service provision to vulnerable citizens resulting in inefficiencies and greater demand on Council services.   | Regular monitoring by project team. Equality Impact Assessment of major grant and contract reductions. Ongoing dialogue with third sector regarding unintended consequences.                                  | Red |
| Varied approaches to coproduction of new grant and contract programmes across Executive Committees may result in variable quality of new grant and contract programmes and participant complaints about the process. | Briefings for Elected Members on coproduction best practice. Training and for Council officers on coproduction. Establishment of cross-service project team and coproduction working group with third sector. |     |

|   |  | December   | January | February | March |
|---|--|------------|---------|----------|-------|
| 1 | Investing in Community Outcomes Workshop |            |         |          |       |
| 2 | Executive Committee Grant Awards         |            |         |          |       |
|   | Education Children and Families          |            |         |          |       |
|   | Communities and Neighbourhoods           | ← November |         |          |       |
|   | Culture and Sport                        |            |         |          |       |
|   | Economy                                  |            |         |          |       |
|   | Health, Social Care and Housing          |            |         |          |       |
|   | Planning                                 |            |         |          |       |
|   | Transport and Environment                |            |         |          |       |

### Project Dependencies

Dependencies with Citizens and Localities Services organisational reviews and Commercial Excellence programme.

# Channel Shift

Progress update 14 December 2015

| Previous Progress RAG | Current Progress RAG | Capability Maturity Rating |
|-----------------------|----------------------|----------------------------|
|                       |                      |                            |

## Completed

- Business analysis for the transactional pipeline in progress.
- Detailed design workshops for phase 1 transactions complete
- Marketing results reported to CLT
- Customer Service workshops with BSS team and services
- Retraining of CRM users in progress with the first session complete (emphasis on data quality)

## Planned

- Mini business case development/business analysis for the transactional and Contact Centre pipeline.
- Sign off of detailed design for phase 1 transactions
- Council Wide Contact Strategy in development.
- Further engagement with service areas to detail any business process changes required
- Programming of phase 2 transactions
- Engagement with CLS and BSS to align any changes in Organisational Reviews

| PROJECT RISKS  | MITIGATION  | RAG |
|--|---|-----|
| Business process change is critical to the success and efficiency of the automated end to end transactions. If not embedded this will cause a disconnect between the automated and internal process. | Engagement and commitment from senior management and services throughout the process. Linkages with both BSS and CLS service design. The principle of “one process one owner” enforced. |     |
| Insufficient Project Management resource to implement the work required by all the different mini business cases.  | Identify the resource within the business.  |     |
| Service fulfilment failure resulting in a reduction in potential take up and reputational damage to the online transaction and an increase in avoidable customer contact.                            | Work with service areas to refine processes and Service Level Agreements.<br>Improve data collection methods.   |     |

|   |   | December | January | February | March |
|---|---|----------|---------|----------|-------|
| 1 | Contact/Channel strategy to be developed                                |          |         |          |       |
| 2 | Collaboration with new ICT provider on delivery of contractual pipeline |          |         |          |       |
| 3 | Completion of transaction reviews for transfer into C Centre            |          |         |          |       |
| 4 | Internal marketing campaign   |          |         |          |       |
| 5 | External marketing campaign   |          |         |          |       |

## Project Dependencies

Channel Shift principles must be understood across the organisation is required to assist with the project's engagement with service areas.

Neighbourhood office to standardise their use of CRM.

### Key Milestones

| MyGov accounts | Online transactions |
|----------------|---------------------|
| 51,918         | 2,500(p/w)          |

Key: On track In progress Attention

# OD & Workforce Strategy (OD)

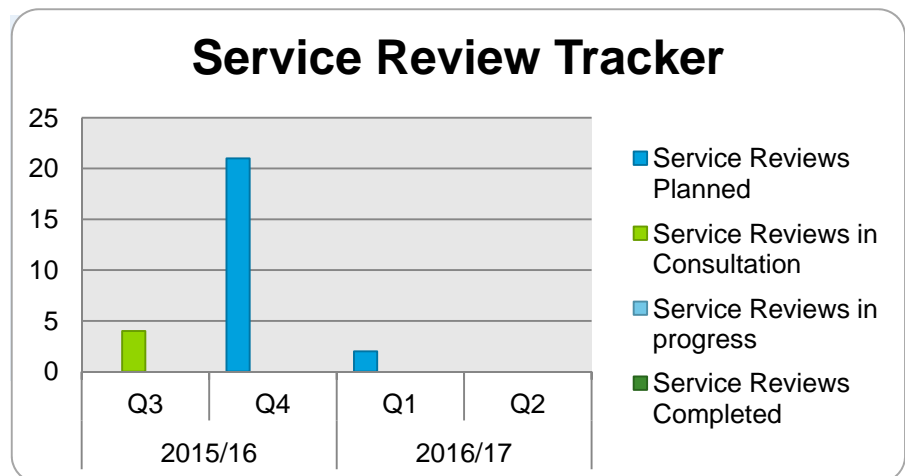
Progress update 14 December 2015

| Previous Progress RAG | Current Progress RAG | Capability Maturity Rating |
|-----------------------|----------------------|----------------------------|
|                       |                      |                            |

| Completed   |
|---|
| <p>JDs, indicative grades, person specs all developed for Tier 3, ICT, Comms and HR.<br/>                     Trawl 1 VERA decisions finalised and contractually binding letters issued.<br/>                     Learning sets completed.<br/>                     360 launched.</p> |

| Planned  |
|--|
| <p>Tier 3, ICT, Comms and HR formal consultation due to close 11/12<br/>                     Support for Organisational Reviews.<br/>                     Planning for 6-7/1 CLT away days (Leadership).<br/>                     Leading Change sessions.<br/>                     Financial assessment of remaining VERA requests.<br/>                     Leadership Group 'transformation leadership' meeting on 17/12.</p> |

| PROJECT RISKS   | MITIGATION  | RAG |
|---|---|-----|
| <p>Because Trade Unions are philosophically opposed to compulsory redundancy, union members will be balloted on strike action, which, if approved, could lead to severe service disruption and poor industrial relations.</p> | <p>Ongoing engagement with TU partners.</p>   |     |
| <p>The desire to have all 28 Organisational Reviews completed by May 2015 means OD and Trade Union resource to support the reviews is challenging, which will impact on timescales and achievement of savings</p>             | <p>Additional HR Resource in place. Regular review of Organisational Review plans and resource availability. Consider additional facility time.</p> |     |



|  | December | January | February | March |
|--|----------|---------|----------|-------|
| Organisational Review                              |          |         |          |       |
| Processing VERA requests                           |          |         |          |       |
| VERA review panel sign off (Trawl 2)               |          | ◆       |          |       |
| Transformation Insight Wave 3 survey               |          |         |          | ◆     |
| Leading Change sessions                            |          |         |          |       |
| Workforce Controls report to F&R                   |          | ◆       |          |       |
| Interim Strategic Workforce Plan to Audit Scotland |          |         | ◆        |       |

| Project Dependencies  |
|---|
| <p>Completion and approval of business cases and related tasks will determine timing and quality of Organisational Reviews.</p> |

# Finance and Resources Committee

10.00am, Thursday, 14 January 2016

## CEC Transformation Programme: Property and Asset Management

|                   |           |
|-------------------|-----------|
| Item number       | 7.2       |
| Report number     |           |
| Executive/routine | Executive |
| Wards             | All       |

### Executive summary

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As part of the Council wide transformation plan, the Finance and Resource Committee considered the Property and Asset Management Strategy on 24 September 2015.

In November 2015, Committee agreed that Officers bring to the January 2016 meeting of the Finance and Resources Committee a detailed Implementation plan for Property and Asset Management, focusing on the points highlighted in recommendation 1.1.5 and 1.1.6.

This paper provides an overview of the work done since the November Committee.

### Links

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Coalition pledges  
Council outcomes  
Single Outcome Agreement

# Finance and Resources Committee

## CEC Transformation Programme: Property and Asset Management

### Recommendations

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- 1.1 That Committee:-
  - 1.1.1 Acknowledges the progress made to date within the property and asset management workstream around Project Management Office mobilisation, Transition, Estate Rationalisation, Investment Portfolio, Asset Condition, and Facilities Management;
  - 1.1.2 Notes that, following Committee approval of the alternative in-house proposal for delivery of Facilities Management, Deloitte have been retained, until July 2016, through the previously procured two stage contract to support the property and asset management workstream;
  - 1.1.3 Notes the award of further consultancy support for the provision of specialist technical advice, and investment strategy support, until July 2016, and delegates authority to the Chief Executive to appoint the required Consultants; and
  - 1.1.4 Notes that a progress report on the programme will be submitted to Committee every two cycles.

### Background

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- 2.1 The “Asset Management Strategy” (AMS) is an ongoing workstream that is part of the wider Council Transformation Programme, aimed at achieving cost savings and delivering an improved service through a new operating model.
- 2.2 AMS aims to create a credible, focused and sustainable delivery plan for property and facilities management; provide a fit-for-purpose, right-sized and safe estate; provide an appropriate level of service at an acceptable and efficient cost; and act in a commercial manner in pursuit of maximising value.
- 2.3 The Finance and Resource Committee considered the Property and Asset Management Strategy on 24 September 2015. The committee approved the adoption of an alternative in-house delivery model which included a significant investment in technical support over the next few years. This paper sets out the estimated level of that support over the next 6 months.
- 2.4 In November 2015, Committee requested that Officers bring to the January 2016 meeting of the Finance and Resources Committee a detailed Implementation

Plan for Property and Asset Management, focusing on the points highlighted in recommendation 1.1.5 and 1.1.6.

- 2.5 This paper provides an overview of the work done since November.

## Main report

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- 3.1 As reported in November, considerable momentum has built up in Corporate Property since September. The Corporate Property Board continues to provide oversight on business as usual in addition to the property transformation activities.
- 3.2 To support the ongoing workstreams, the Project Management Office (PMO) is now established and provides oversight and supervision of key activities and helps to manage/mitigate any risks which may arise from the programme.
- 3.3 The purpose of the PMO is to ensure robust procedures are in place to successfully deliver the intended outcomes of the programme, whilst being careful not to impose unnecessary bureaucracy. The PMO is led by Deloitte and is supported with resource from Corporate Property and the wider Transformation Programme.
- 3.4 The programme has been split into five distinct workstream and these are now mobilised. In broad terms the programme is aiming to drive the activity hard during the first half of 2016 with a view to ensuring the savings targets set out in the September report are delivered and where possible exceeded.
- 3.5 This however will require a significant injection of external resource in the short term and this is reflected in the Finance section below.
- 3.6 Appendix A sets out the structure of the programme and a summary of progress against each workstream is set out below:

### **Transition**

#### *Staff Transfers*

- 3.7 In September 2015, the Finance and Resources Committee approved to transfer staff, and related property budgets, into Corporate Property. In addition, it was agreed that the Corporate Property function would transfer from Services for Communities to Resources. Good progress has been made to date on defining the Transition approach and plan.
- 3.8 The scope of functions to be transferred into Corporate Property has been defined and includes the Edinburgh Shared Repairs Service, PPP Schools Contract Monitoring, part of Edinburgh Building Services (Non-housing), and Schools Nutrition. However, it is acknowledged that minor changes to the scope may be required as a result of the on-going Council Transformation Programme through discussions with other service areas.



- 3.9 For all functions to be transferred, any associated risks and issues are identified prior to communication and consultation with the service areas and the Corporate Property Board.
- 3.10 A phased approach to transitioning functions has been adopted. In line with the strategic goal of bringing property activities together within the organisational structure, the undernoted transfers represent the phase 1 moves that were approved by the Corporate Property Board on 4 December 2015, subject to the relevant consultations taking place.
- a. *Corporate Property - effective date 31 December 2015* - The move of Corporate Property from Services for Communities to Resources represents a change in reporting line and does not affect the day to day activities of individuals in the function. The reporting line for Corporate Property will be the Executive Director of Resources.
  - b. *Shared Repairs Services - effective date 31 December 2015* - The move of Shared Repairs Services from Services for Communities in to Corporate Property represents a change in reporting line and does not affect the day to day activities of the individuals in this team. The reporting line for Shared Repairs Services in the interim will be to the Acting Head of Corporate Property. This team will be subject to further review within the scope of Business Support Services (BSS). In response to the transfer of Shared Repairs, the Corporate Property Board will remain unchanged. The Property Conservation Board will also remain, maintaining reporting lines to the Head of Finance as Chair. The Acting Head of Corporate Property is to be added as a member to the Property Conservation board.
  - c. *PPP Contracts Team - effective date 31 December 2015* - The move of the PPP Contract Monitoring staff from Children and Families in to Corporate Property represents a change to the nature of the team, and the team managers' role, and as such this will be addressed in the Corporate Property Organisational Review. The reporting line for these staff in the interim will be to the Buildings Programme Manager.
  - d. *EBS (Non Housing) - effective date 31 December 2015* – This involves moving the EBS (Non Housing) commissioning staff team into Corporate Property and represents a change to the nature of the team, and the team managers' role, and as such this will be addressed in the Corporate Property Organisational Review. The reporting line for these staff in the interim will be to the Buildings Programme Manager. The remaining operative staff will move directly to EBS (Housing).
  - e. *Schools Nutritionist - effective date 31 December 2015* - The move of nutrition staff from Children and Families in to Corporate Property represents a change in reporting line and does not affect the day to day activities of the individuals. The reporting line for these staff in the interim will be to the Acting Corporate Facilities Manager.

- 3.11 The Transition team will continue to identify functions to be transferred in future phases and present recommendations to the the Corporate Property Board for each subsequent phase.

*Engagement and Communication*

- 3.12 Following approval of transfers by the Corporate Property Board, and in advance of any transfers being implemented, a formal communication and engagement process with the Trade Unions will be undertaken.
- 3.13 An informal meeting was held, on 19 November, with Unite and Unison to update them on the property and asset management strategy and advise of change in reporting lines of all Corporate Property Staff from Service for Communities to Resources.
- 3.14 Communication will also continue with Corporate Property staff to advise of the moves and engagement will continue with service heads and/or team managers in respect of transfers of the above teams into Corporate Property by 31 December 2015.
- 3.15 In addition to the initial engagement above, an integral part of the ongoing review will be the consultation with trade unions and staff. In order to achieve the successful redesign of the operating model and cultural change required, meaningful consultation and dialogue will be undertaken both to meet statutory obligations and to share and shape the new vision for the organisation.
- 3.16 The staff within Corporate Property is made up of a mixture of professional and non-professional staff, located across the geography of the Council, many of whom work part-time and have little access to their line manager. In order to achieve genuine engagement with all staff a series of team meetings, and individual consultation, will be planned in addition to the formal union consultation.

*Budget Transfers*

- 3.17 Budget transfers relating to staffing transfers will take place with effect from 1<sup>st</sup> April 2016, in line with the rest of the Transformation Programme. In advance of this transfer, a due diligence exercise is taking place to ensure that the budget transfers reflect the costs of the staff and services transferring.
- 3.18 In addition, all relevant non-staffing property and facilities management budgets currently held by services will also transfer to Corporate Property with effect from 1<sup>st</sup> April 2016. The scope of this transfer will be agreed with service managers alongside the development of clear service level agreements.

*Corporate Property Organisational Review*

- 3.19 A formal organisational review of Corporate Property service is required to deliver the blueprint for the new service. In line with the Councils Transformation programme, formal consultation for Organisational Reviews will be 45 days.

- 3.20 It is planned to undertake the formal review of Corporate Property tiers 3 and 4 between February and April 2016. Matching and recruitment to the new tier 3 and 4 posts will follow with people in post by June. The review of the remaining tiers 5-7 is planned to run in tandem between April and June 2016. Matching and recruitment to the new tier 5-7 posts would follow.
- 3.21 The transition team are working closely with other works streams of the Councils Transformation Team to align timetables for their respective organisational reviews. Key issues for consideration between the two work streams include:
- a. Scope of functions within each work stream;
  - b. Timing of the reviews to avoid staff being party to more than one review;
  - c. Impacts on any transformation to services, i.e. roles impacted by a change to the way in which services are delivered, for example channel shift, standardising processes or systems for similar tasks across the Council;
  - d. Service Level Agreements; and
  - e. Clarity and agreement on landlord (Corporate Property) / tenant responsibilities.
- 3.22 All changes to the scope of functions to transfer are captured in a formal Transformation Programme change control process.

### **Estates Rationalisation**

- 3.23 On 12 May 2015, the Corporate Policy and Strategy Committee approved the Corporate Asset Strategy, 2015 -2019. As part of a wider strategy, Committee acknowledged that the Council's asset base is too large and approved the overarching principle of achieving significant budget savings in property costs by creating a smaller but better quality estate through rationalisation.
- 3.24 The approved policy now underpins all the work under the Asset Management Strategy workstreams. Committee specifically approved the strategic drivers that will shape the asset strategy as follows:
- Supporting high quality service delivery which meets the increasing demand and expectations of customers;
  - Using Council property assets as a catalyst for inward investment and economic regeneration;
  - Increasing partnership working with other public sector and third sector organisations;
  - Achieving significant budget savings in property costs while protecting priority services;
  - Meeting the targets contained within the Sustainable Edinburgh 2020, the Council's Carbon Management Plan and the Council's Energy Policy;
  - Creating greater visibility and value for money;

- Addressing high levels of backlog maintenance and standards of accommodation;
  - Reducing revenue spend on, and consumption of, energy and water – currently in excess of £10m pa;
  - Financial implications of complying with Carbon Reduction Commitment legislation;
  - Responding to changing demand for, and flexibility in, operational property; and
  - Supporting the locality service delivery model and programme management arrangements.
- 3.25 The workstream will also contribute to the CLS workstream of Transformational Change by facilitating co-location of service teams and partner agencies, in doing so creating efficiencies in space utilisation.
- 3.26 The scope includes all properties within the CEC operational portfolio. However it is recognised that elements of the estate will have little opportunity for rationalisation – such as the schools estate as a result of rising rolls, where floorspace is currently increasing. There may however be the opportunity to use school space more intensively as part of the programme. The scope will also include assessment of partner agencies’ assets within the context of the locality studies, which may lead to income streams for the Council through partners locating within Council properties.
- 3.27 The rationalisation of the property portfolio is critical to the success of the AMS programme. The paragraphs below describe four of the workstreams currently being progressed.

#### *Localities and Collaboration*

- 3.28 It is envisaged that significant staff movement will be required to support the shift towards localities under the Transformation Programme. The Council’s property assets will be key to supporting a wider range of staff in the localities, including those of partner agencies and the third sector, as the key themes of collaboration and partnership working are developed. A first phase of moves is currently being developed with the Transformation Team, and it is expected that surplus properties will emerge as part of that process. In addition, a formalisation of licences to accommodate partner agencies, and third sector agencies, will be required to charge for the cost of hosting partners in Council buildings.
- 3.29 In addition to the Council’s own change programme, other agencies are actively seeking opportunities to relocate services and release buildings. The Council’s Strategic Asset Management team is actively reviewing multi-agency asset ownership in key locations of the city, to identify synergies and opportunities for change.

### *Headcount Reduction and Office Rationalisation*

- 3.30 Headcount reduction in the Council will reduce the need for space. It is expected that this will either offer the opportunity to reduce the number of properties, or to generate income opportunities from leasing out surplus Council space. The introduction of 'Workstyle' in 2014, based on flexible working with a ratio of 7 desks to 10 staff, considerably increased efficiency in the office portfolio and allowed for asset exit and disposal. This will continue to be rolled out across the office portfolio, such as the neighbourhood offices, to create further space efficiencies.

### *Community Facilities Review*

- 3.31 The Council is currently considering the synergies that could be achieved between community centre and library facilities as part of its budget review. Any proposals for change in this area will also manifest themselves in a property response, with the opportunity for services to co-locate in the same buildings. There may also be synergies with school properties as part of this co-location agenda.

### *Depots Review*

- 3.32 A review of the Council's depots estate is underway to reduce the number of sites while delivering a fit for purpose estate, which is expected to be reported to Finance and Resources Committee on 4 February 2016. The present estate is in very poor condition and has a significant backlog of maintenance. The review has set out to deliver a self funding programme of reinvestment into the retained estate, and provide supporting infrastructure for the operation of the Council's Zero Waste project at Millerhill. The proposal is to release £27m of investment into the retained estate, funded by savings from reduced property costs and capital receipts. In addition, the proposals will also seek to achieve operational savings of £700k per annum.

### *Programme*

- 3.33 The complexity of the accommodation moves being scoped as part of this workstream means that a programme of over three years is required to deliver the full scope. There are also considerable dependencies on the Transformation Programme which will have significant implications for the timescales, affecting:
- The effect of headcount reduction and identifying the locations where space will be released;
  - The shape of the new service teams; where they should be located and the size of the teams to be brought together; and
  - The design of the new services and the property implications that are forthcoming from those designs.
- 3.34 The first moves are expected to be delivered through quarters three and four of 2016. Proposals are currently being scoped, and detailed business cases

developed. The next stage will be to undertake consultation. Any proposals affecting public facing services will be brought to the appropriate service committee for approval to consult, following which there will be a formal public consultation, before a Council decision is made on the outcome.

### **Investment Portfolio**

3.35 Previous reports identified the need to establish a clear investment strategy for the Council non-operational investment portfolio. Work is ongoing in this area, however a lack of system integration makes the process of analysing the current performance of the investment portfolio time consuming. For this reason it is proposed to update Committee more fully when the workstream reports again in March 2016. The next report will specifically address the short, medium and long term strategy including analysis of:-

- Portfolio performance;
- Rental and capital growth;
- Rental income distribution;
- Concessionary lets;
- Property management regime; and
- Capital receipt realisation and performance

### **Asset Condition**

3.36 The Council has recognised that much of the operational estate (comprising over 600 properties) is in a poor condition with a significant backlog of maintenance work required, which has been exacerbated by increasingly limited budgets for capital and revenue maintenance programmes over many years. Additionally, the asset condition information for the operational estate has been historically variable, which restricts appropriate risk based identification, prioritisation and planning of essential work. For example, funding for a condition survey regime was only implemented in 2014/15.

3.37 In response to this challenge, a specific workstream has been established within AMS to implement a sustainable strategy and programme of activity to address any health and safety risks to building users, improve the management information and planning processes relating to asset condition and ultimately bring the estate up to an acceptable level of repair. A core working group comprised of Deloitte and Council staff have defined a set of key objectives:

- Identify and quantify the extent of backlog maintenance, health and safety risks and non-compliance across the estate;
- Develop a risk based assessment methodology for the prioritisation and planning of maintenance work;
- Benchmark the required expenditure against existing budget allocation;
- Develop a best practice delivery model, structure and processes which achieves value for money for the annual capital and revenue budget; and

- Implement a technological solution to record asset condition information and provide robust management information to inform future strategic planning.

3.38 These key objectives have been developed into a detailed plan of work between December 2015 and end June 2016 which is summarised below:

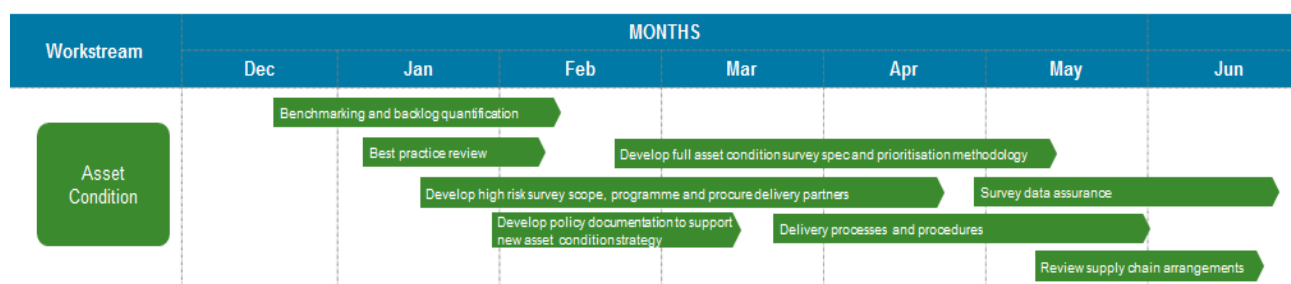


Fig 1.0 Asset Condition Plan of Work

### *Backlog Maintenance*

3.39 Backlog maintenance can be defined as the cost of work required to bring a property up to an acceptable state for its intended use. As noted in 3.36, the available information relating to the condition of the operational estate is inadequate, which makes estimating an accurate cost of backlog maintenance very difficult. However, the scale of the issue has been considered in the context of the education estate. At its meeting on 20 March 2014, the Finance and Resources Committee considered a referral report from Education, Children and Families Committee on Asset Management Priorities 2014-2019. Committee noted that the level of available funds each year had been a contributing factor to the current condition of operational property and that there was a revenue maintenance backlog on the Children and Families Estate of £29.1m and an £18.5m capital funding pressure, both over a five year period. This is consistent with a recent benchmarking exercise carried out by Deloitte that estimates backlog maintenance across the entire estate to be in the region of £100million. This will require further detailed validation as there a number of factors that could influence the scale of the future requirement. For example, if the property rationalisation strategies, such as the Depots Review described in para. 3.32, are approved and implemented, this figure will reduce considerably.

3.40 The Council has three sources of investment in its property portfolio; the Repair and Maintenance budget (revenue); Asset Management Works (capital) and the Capital Investment programme. These are considered in turn below:-.

### *Capital and Revenue Budget Analysis*

#### Reactive Repairs (Revenue) and Compliance

3.41 A report to the Corporate Leadership Group, in July 2015, on Property Revenue Budget – Repairs and Maintenance Priorities 2015/16, set out the Repairs and Maintenance (R&M) budget for the current 2015/16 financial year, and provides

data on previous years from 2009/10. The following graph shows actual spend against budget for repairs and compliance works over this period.

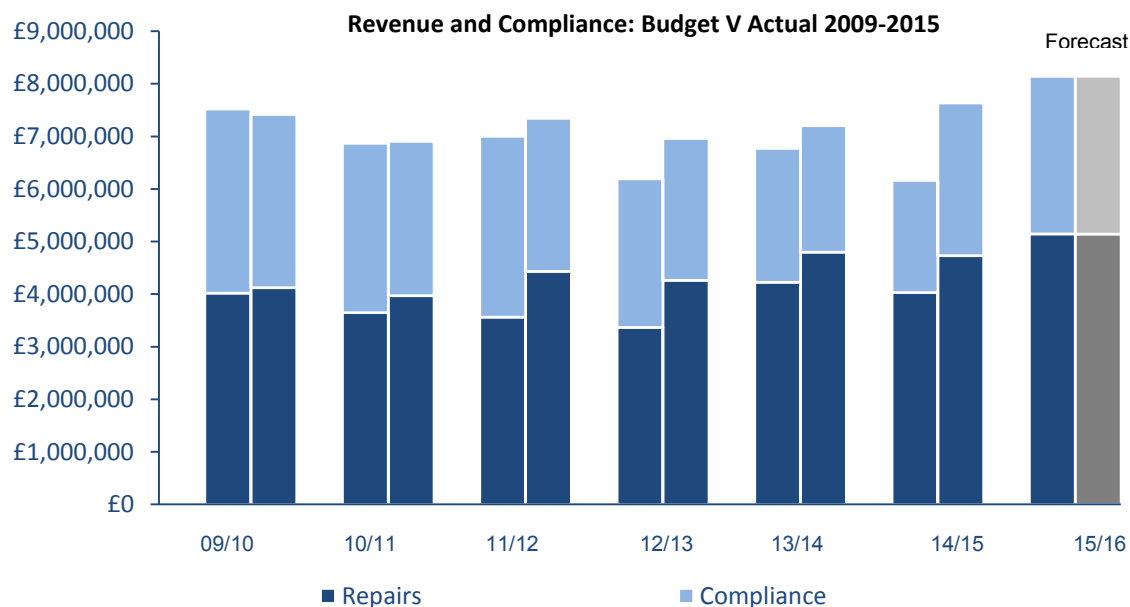
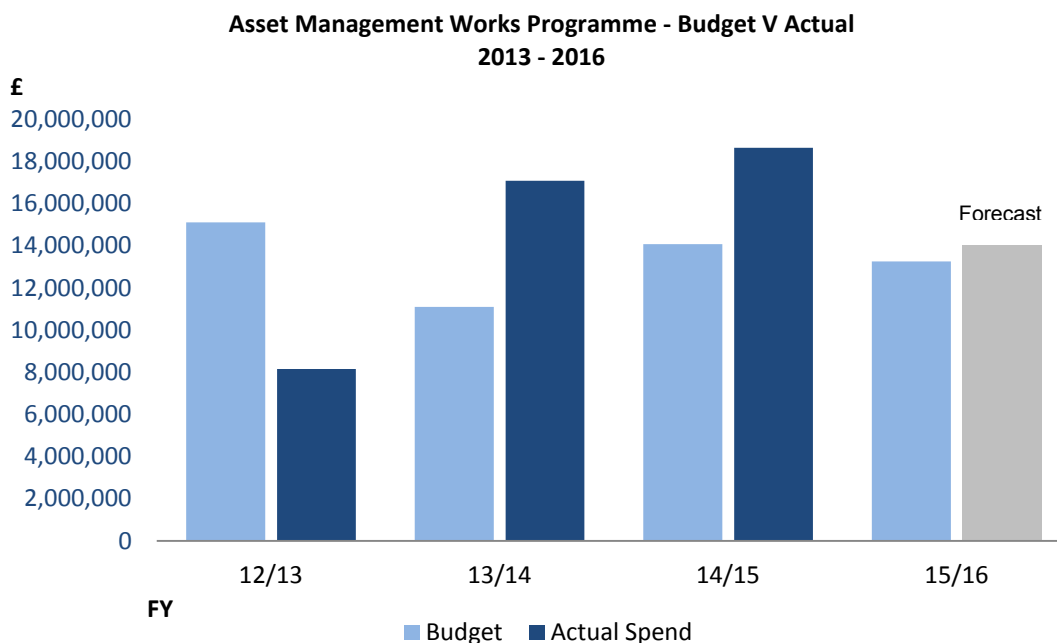


Fig 2.0 Revenue and Compliance Budget v Actual  
Source - City of Edinburgh Council Corporate Finance

- 3.42 As previously noted by the Education, Children and Families, Finance and Resources and GRVB Committees, in response to budget pressures, there has been a requirement to reduce the service provided with only Health and Safety, wind and watertight requirements being delivered. Even with this provision, the budget has been annually under-resourced.
- 3.43 In 2014/15 an additional, and separately funded, £1.4m post Liberton safety works were completed. Additionally, the Devolved School Management budget has been transferred into Corporate Property from 2013 and a one off budget uplift was allocated for 2015/16.
- 3.44 Further pressures to the budget are being incurred due to the funding of survey costs (CEC staff and external) and any subsequently identified high priority work, this pressure is currently forecast as £1m.
- 3.45 This means that in real terms, the core R&M budget has reduced by approx. 24% over the last 7 years without any allocation for rising-school-roles and classroom extensions or increased usage.
- 3.46 A significant uplift of £2m was allocated to the budget for 2015/16, and the current forecast is that the budget will balance. Notwithstanding one off events, that may cause a spike in spend, it can be assumed that the level of budget now meets the requirement for a compliance, health and safety, wind and watertight regime. Any additional budget could be diverted to a revenue planned preventive regime.



3.47 The following graph represents the budget performance noted in the Asset Management Works Budget 2011-2012 – 2019-2020 as previously reported to Committee, and sets out actual spend against budget for the current financial year and the last 3 financial years. It should be noted that following a considerable underspend in 2012/13, an acceleration of spend has been achieved in each year. An additional £3.419m was made available in 2015/16.



*Fig 3.0 Asset Management Works Programme - Budget V Actual  
Source - City of Edinburgh Council Asset Management Works Budget 2011-12 – 2019-20*

3.48 The work completed in the Asset Management Works programme includes:

- Roof and rainwater goods repairs
- Stonework and masonry repairs
- External window, door and screen replacements
- Fire detection system works following statutory inspections
- Electrical re-wiring
- Replacement of heating systems and ventilation plant
- Water quality works following statutory inspections

Capital Improvement Programme

3.49 It should be recognised that outside the Asset Management Works Programme there is additional capital investment through the departmental Capital Improvement Programme (CIP) budgets. This is a significant programme of work illustrated in Figure 4.0 below, with an annual average spend of around £40m

and typically covering the replacement or extension of existing facilities, and on occasion, the provision of additional new facilities.

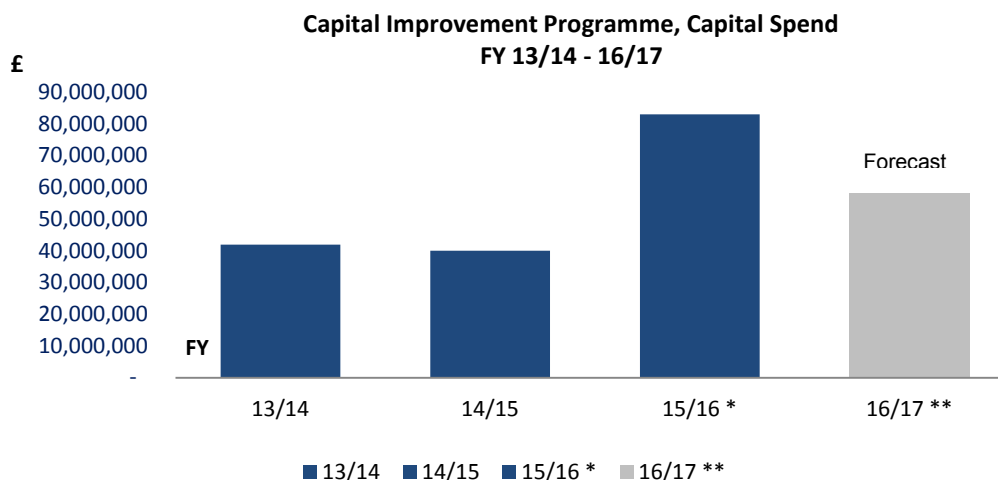


Fig 4.0 Capital Improvement Programme – Capital Spend

Notes:

\*In FY 15/16 a number of projects reached the construction phase having been in the design phase the previous year therefore resulting in an increase in spend.

\*\*In FY 16/17 this figure will increase as more projects are commissioned, there is a large volume of C&F schools related work projected, feasibility studies are in progress for 11 primary school extensions, 6 secondary school extensions and up to 7 new primary schools all of which will result in significant C&F capital spend. In addition there are planned commissions for a new care home (£7.2M) and a new replacement special educational needs school (£12M).

3.50 Client business cases or committee reports on which investments decisions are based often fail to make provision for any impact on the maintenance and FM revenue budget. This can represent significant additional budget pressure in the case of new extensions or additions to existing facilities. This workstream will seek to address this issue.

*Summary and Next Steps*

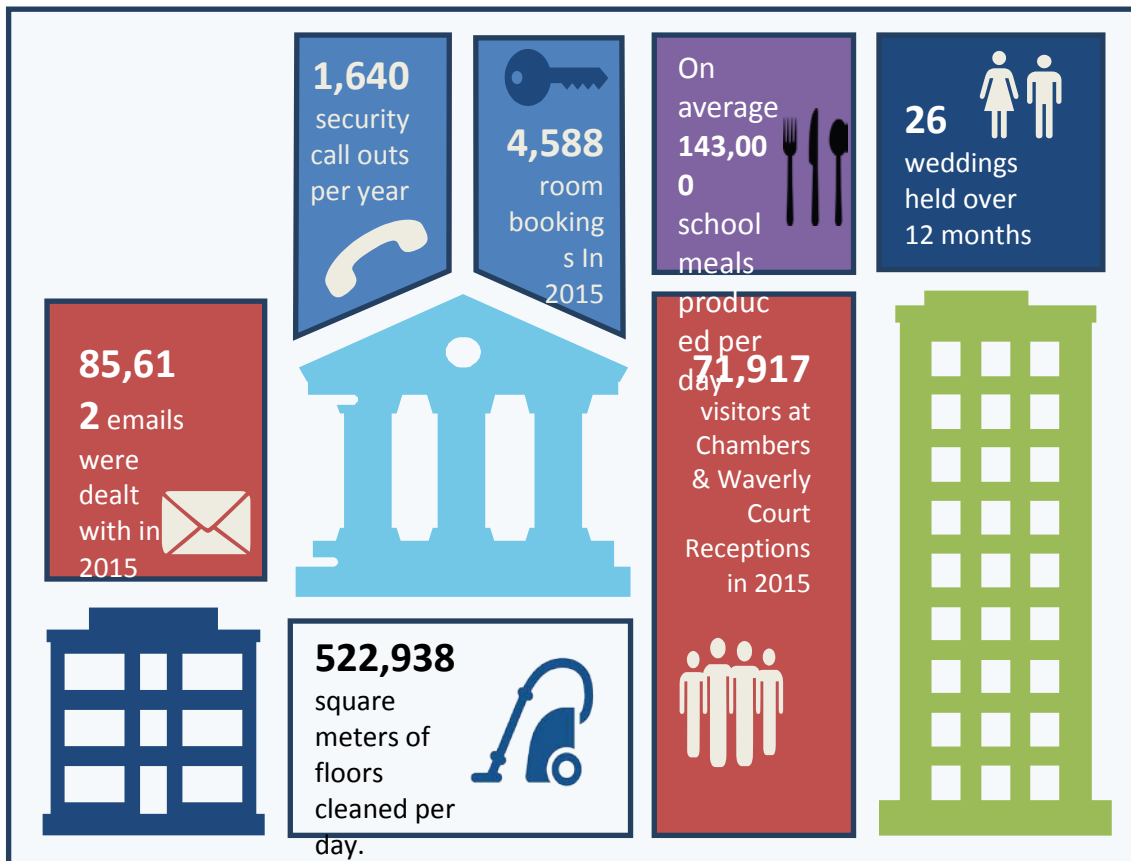
3.51 The current level of capital and revenue budget available for repairs and maintenance for the operational estate is inadequate. Recent high level surveys have identified health and safety and service delivery risks on a number of assets across the operational estate. The risk in this area is high on the Council corporate risk register. In simple terms, the Council has too many properties, many of which are in poor condition, and it is critical that this workstream works in tandem with property rationalisation team in order to reduce the overall size of the Council estate.

3.52 In response to this challenge, a specific workstream has been established within AMS to implement a sustainable strategy and programme of activity to address the health and safety risks to building users, improve the management information and planning processes relating to asset condition and ultimately bring the estate up to an acceptable level of repair.

- 3.53 The workstream will continue to develop and assess the data relating to asset condition and backlog maintenance liabilities. Funding options will be reviewed along with spend profile and timing options for reducing backlog maintenance.
- 3.54 In the short and medium term, proposals for a programme of high risk surveys (to run concurrently with the rolling programme of asset condition surveys) has been developed and costed.
- 3.55 Updates on progress will be provided to Committee as part of the AMS programme reporting.

**Facilities Management (FM)**

- 3.56 Facilities Management in the Council covers a broad spectrum and impacts significantly on the day to day running of Council Services. The graphic below sets out just some of the activities carried out by the FM function.



3.57 The AMS business case highlighted a number of areas that needed to be addressed within the existing FM services.

*FM Blueprint*

3.58 Since September a number of workshops have been held wherein the service delivery model was reviewed and a decision was taken to retain a geographical based service approach with senior Area Managers responsible for the delivery of all hard and soft FM services. This enables effective coordination between the service lines and provides a single point of accountability for Primary Customers. Geographical boundaries have been redesigned and now map the Localities used elsewhere in the Council to these boundaries.

*Organisation Design*

The work underway to redesign the organisational structure of Corporate Property, including FM, to Tier 4/5 is currently being developed and staff consultation for impacted staff will begin in late January or early February.

*Technical Consultant – Service re-design*

3.59 In order to accurately design and size the remaining FM workforce below Tier 4/5 (Facility Managers, Supervisors and Operatives) it is necessary to appoint a *Technical Consultant with specialist* service line expertise which cannot be sourced internally.

3.60 Phase 1 of the Technical FM Consultant brief will include the design of the Council's soft FM services to optimise cost and performance in accordance with formal Customer SLAs. Design includes, by service, costed resource plans, detailed shift patterns and working hours and operational and supervisory plans. The FM Services in scope for this design include:

- Catering in schools and offices
- Janitorial services
- Cleaning services
- Corporate Events Management
- Mail
- Events
- Security
- Grounds Maintenance
- Pest Control

3.61 Phase 2 will be to provide implementation support for the new services including detailed process and task management, implementation training and interim management support.

*Service Level Agreements (SLA)*

3.62 A cornerstone of the new FM delivery model is establishing and agreeing formal Service Level Agreements (SLAs) between Corporate Property and the Council service areas, i.e. the end users.

3.63 The new SLAs will capture the scope of services provided and paid for by Corporate Property – to be *classified as Core Services*, as well as the minimum standards of service delivery. The SLAs will also capture the Non-Core services and the basis of recharging for these services if requested by the Primary Customers. This process will be iterative and will require effective consultation with the senior representatives from service areas. Committee should note that agreeing realistic and affordable SLAs will be challenging. Outline SLAs will be provided to the Technical Consultant following appointment, who will manage final development in parallel with the service review.

*Finance*

3.64 Up until 2015/16, the deficit in Corporate Property was contained by a number of one off measures within Corporate Property and the wider Place directorate. From 2016/17 onwards, funding is provided in the budget framework to fund the service on a sustainable basis.

3.65 As reported to Finance and Resource Committee in September, there is potential for the Council to achieve savings from property and facilities management. The AMS programme estimates that annual savings of approximately £6.2m can be achieved from an in-house delivery model. The phasing of savings implementation is forecast to be as follows.

16/17 £0.8m

17/18 £1.6m

18/19 £5.8m

19/20 £6.2m

3.66 Committee agreed the alternative in-house proposal which included estimated implementation costs of £7.7m, including technical and programme management support, training and IT, and estimated redundancy costs. The next phase of the AMS programme up to the end of July 2016 is estimated to cost approximately £1.7million. This can be met from existing approved budgets and provision for Transformation which is proposed within the 2016/2020 budget framework.

3.67 The following external expenditure is required until July 2016:

- Specialist technical consultancy support is required to assist in redesigning the facilities management and property functions and support the investment strategy; and
- Deloitte are required to support the programme across a range of activities.

3.68 There is a requirement to retain specialist technical support and consultancy to augment the existing management team, to assist with the redesign of the FM function and lead the roll out of the Investment Strategy. The value of these appointments is estimated to be £600k, and approval is sought to finalise agreements and award contracts. The specialist consultants will assist in:-

- Supporting the Council client function in overall delivery of the AMS strategy;
- Supporting the development of service minimum standards; considering feedback from Primary Customers ;and input from the Council (and taking onto account market practice, customer needs and budget constraints);
- Developing service methodologies which deliver the SLAs considering 'how' each service is best approached on an input basis. For example, static/remote deployment of labour, deployment of janitors, approach to service integration etc;
- Providing details to explain the service model in terms of the changes required to current service approach and rational and benefits of the proposed model;
- Determining the size of the operator and supervisor workforce required to deliver the service at a building level and the principles for design;
- Scheduling working shift patterns and calculating hours worked by the workforce required to deliver the services;
- Determining costs of delivering the service including all labour, materials and consumables; and
- Describing how each service is to be managed, supervised and quality managed.
- Investment Strategy support.

- 3.69 Given the wide ranging scale of activities required between December 2015 and July 2016 There is a need to retain Deloitte in the following areas:
- a. PMO lead and support
  - b. Facilities Management lead and support
  - c. Estates rationalisation
  - d. Asset Condition lead and support
- 3.70 The costs associated with Deloitte from December 2015 to end July 2016 are estimated to be £1.126million. The remaining £0.574million is allocated to additional technical support.
- 3.71 A proposal has been received from Deloitte setting out the scope of the Deloitte work, lists the deliverables against each workstream and an overarching programme until July which combines Deloitte and Council activities.
- 3.72 The Council's procurement function concluded previously that Deloitte can be retained for Phase 2 and that no further Committee approvals are required. The details of this were included in the November F&R paper.
- 3.73 The intention is to appoint consultants until July 2016. It is intended that during the period to July the Council will develop an enhanced in-house capability in order to reduce and ultimately eliminate the need for external consultancy support. This will require a commitment by the Council to attract and retain appropriately skilled staff.

## Measures of success

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- 4.1 The AMS business case identified significant financial and non-financial benefits associated with the asset management and Corporate Property function that are in line with the wider objectives of the Council's Transformation Programme.

## Financial impact

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- 5.1 As outlined in the September and November reports, the delivery of the in-house property and asset management will require significant investment in relation to new technology, training of staff across all levels and service areas, redundancies, advisor support and backlog maintenance.
- 5.2 The estimates set out in the September report was £7.7m including an estimate of £3.5m allocated for external support and investment. These numbers are currently being refined in the context of the wider property and asset management restructuring and will be reported to Committee on a bi-monthly basis although it is anticipated that this estimate will be adequate to execute the plan. It should be stressed however that the previous and current costs do not include any additional costs associated with improving the condition of the Council estate. Numbers are re-stated in this paper and actual anticipated costs

for the first 6 months of the implementation plan are also presented.

## **Risk, policy, compliance and governance impact**

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- 6.1 Recommendations in this report are not approved leading to delay and/or significantly reduced annual savings.
- 6.2 Implementation of the Estates Rationalisation and/or the Investment Portfolio Optimisation cannot be delivered in the timescales envisaged due to stakeholder resistance.
- 6.3 Additional financial pressures are brought to bear, for example, implementing the revenue backlog maintenance and addressing the increased health and safety risks to the users of the Estate

## **Equalities impact**

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- 7.1 The contents and proposals of this report have been assessed with respect to the Equality Act 2010 public sector equality duty. In this regard, an equality and rights impact assessment has been initiated, and initial findings have indicated:
  - 1. Reducing property costs, specifically the proposal to identify an enterprise wide strategic partner, will enable greater savings to be realised, which in turn will enable more effective protection of frontline services to vulnerable citizens, and meeting demographic pressures.
  - 2. Projects exploring the feasibility of asset transfer to community groups could empower communities, particularly those in deprived communities.
  - 3. Any impacts on employment conditions as a result of different service delivery models will be assessed further through the impact assessment process.
  - 4. Any changes to concessionary lets to third sector and community groups, and consequent impacts, could be managed through the grants and contracts process.
  - 5. Co-location opportunities, if delivered, could improve and simplify access to council and partner services, especially those individuals or families who require multiple services.
  - 6. Proposals to improve the coordination of asset management, and to drive forward property rationalisation, should lead to improvements in physical accessibility at council premises.

## **Sustainability impact**

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- 8.1 The contents and proposals contained in this report have been assessed with respect to the Climate Change (Scotland) Act 2009. In this regard, a



sustainability, adaptation and mitigation impact assessment has been initiated, and initial findings have indicated:

1. A need to further improve energy efficiency within council buildings in order to tackle green house gas emissions, and to save money on energy costs and carbon taxes.
2. A need to further improve internal waste reduction measures within council buildings, linked to the council's wider waste minimisation strategy. Such improvements will lead to savings being released from landfill taxes and carbon taxes, and will militate against greenhouse gas emission which emanate from landfill.
3. Opportunities to minimise staff travel through smarter working and co-location across the council's estate should save the council money on transport costs, carbon taxes and will militate against greenhouse gas emissions.
4. Any future facility management service delivery models would need to take cognisance of the 'Food for Life' and 'Soil Association' accreditation projects to ensure the food provided in council premises was sustainable, sourced locally and seasonal.

## Consultation and engagement

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Trade Unions – 19 November 2015

## Background reading/external references

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CEC Transformation Programme: Property and Asset Management - report to Finance and Resources Committee, 26 November 2015

Transformation Programme: Property and Asset Management Strategy – Report to Finance and Resources Committee, 24 September 2015

### **Andrew Kerr**

Chief Executive

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Email: [peter.watton@edinburgh.gov.uk](mailto:peter.watton@edinburgh.gov.uk) Tel: 0131 469 3796

## Links

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|                                 |  |
|---------------------------------|--|
| <b>Coalition pledges</b>        | P30 - Continue to maintain a sound financial position including long-term financial planning.  |
| <b>Council outcomes</b>         | CO25 - The Council has efficient and effective services that deliver on objectives.  |
| <b>Single Outcome Agreement</b> | <p>SO1 - Edinburgh's Economy Delivers increased investment, jobs and opportunities for all.</p> <p>SO2 - Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health.</p> <p>SO3 - Edinburgh's children and young people enjoy their childhood and fulfil their potential.</p> <p>SO4 - Edinburgh's communities are safer and have improved physical and social fabric.</p> |
| <b>Appendices</b>               | Appendix A – Programme Initiation Document (PID).  |

**Appendix A**  
**Programme Initiation Document**

City of Edinburgh Council  
Asset Management Strategy  
Implementation Programme  
Programme Initiation Document



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# 1. Introduction

## Purpose

This document comprises the Programme Initiation Document (PID) for the Asset Management Strategy (AMS) implementation workstream of the City of Edinburgh Council's Transformation Programme. The purpose of the PID is to:

- Ensure that all parties have a common understanding of the purpose of the programme, the objectives, the deliverables and the stated success criteria;
- Provide an outline of the delivery model, timeline and the procedures that will be used to implement the programme;
- Provide a basis against which progress can be measured and changes can be managed.

The PID will provide the baseline for the implementation programme and will be referred to when major strategic decisions are required. It will also act as a live document that will be developed as the programme progresses. On completion, the PID will be used as a source of reference to measure whether the programme was managed successfully, delivered the intended outcomes and also to capture lessons learned for the future.

## Background

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. On 25 June 2015, Council approved a report on the Transformation Programme which set out the future operating model for the Council. The Transformation Programme includes a number of workstreams, each is designed to focus on customers, services and delivery of agreed Council outcomes. The workstreams are listed below:

- Citizens and Localities Services (CLS);
- Business and Support Services (BSS);
- Channel Shift;
- **Asset Management; and**
- Workforce Strategy and Management.

The Council's estate related activities were reviewed in 2010, with the intention to outsource all Property and FM operations to MITIE under the Alternative Business Model (ABM). This model was rejected at the time and a decision was taken to retain Property and FM services in-house. Following this decision, the Integrated Property and Facilities Management (iPFM) Programme was established. The aim of the Programme was to drive cost efficiency and achieve improved levels of customer satisfaction.

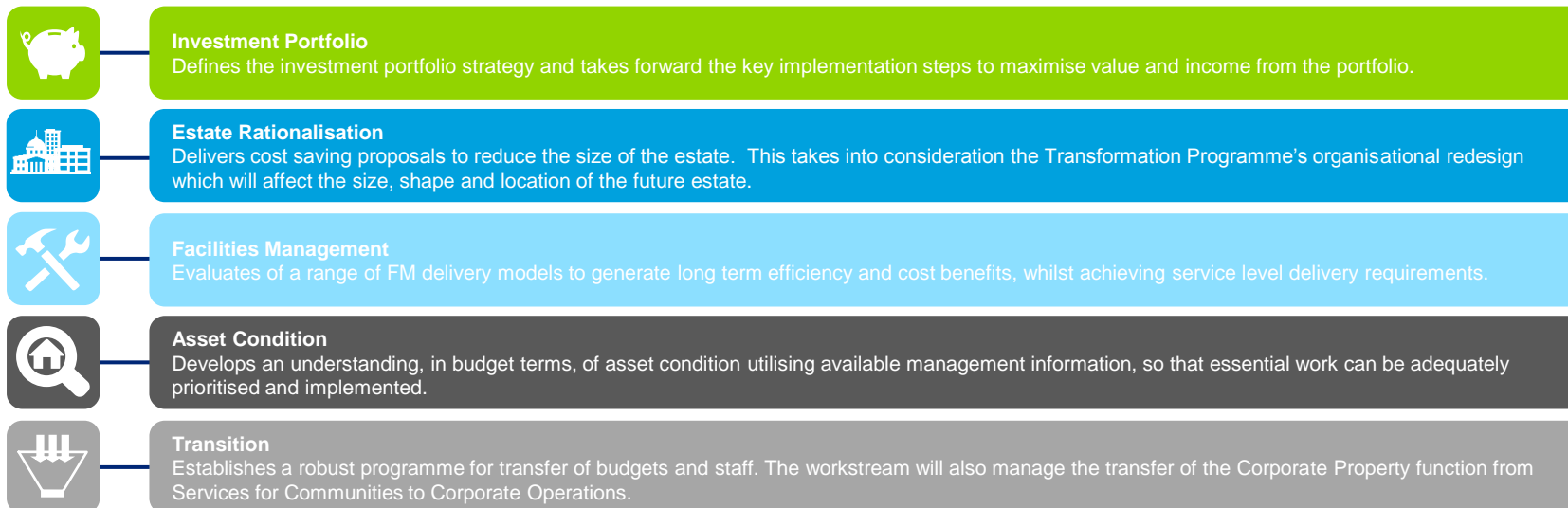
# 1. Introduction

The majority of the original savings targets for iPFM have not been met and as a consequence the Corporate Property function currently faces ongoing deficit pressures which will accelerate unless significant change is implemented. Despite previous and existing savings initiatives, the AMS business case predicted that property expenditure will exceed the affordability baseline by a total of £124 million over a 10 year period, whilst annual deficits will range between £9.2 million in year 1 (financial year 2015/16) through to over £14 million by year 10.

## Asset Management Strategy (AMS) Workstream






In March 2015 Deloitte was appointed to prepare an Asset Management Strategy (AMS) business case to support necessary and significant change for property and related services within the Council. AMS aims to create a credible, focused and sustainable delivery organisation for property; provide a fit-for-purpose, right-sized and safe estate; provide an appropriate level of service at an acceptable and efficient cost; and act in a commercial manner in pursuit of maximising value.

The business case recommended a preferred option of outsourcing all corporate property functions to an Enterprise Wide Strategic Partner. The Finance & Resource Committee considered the business case on 24 September 2015, and although committee rejected the preferred strategy due to a preference against outsourcing of Council services, it did approve an alternative plan which included, among other things, the commencement of the planned investment strategy; the prioritisation of dealing with the maintenance of Council assets; and the commencement of an estates rationalisation programme. The business case recommended the establishment of a Project Management Office (PMO) to set up and oversee the delivery of 5 AMS workstreams. These workstreams are described below:



# 2. Programme Vision and Objectives

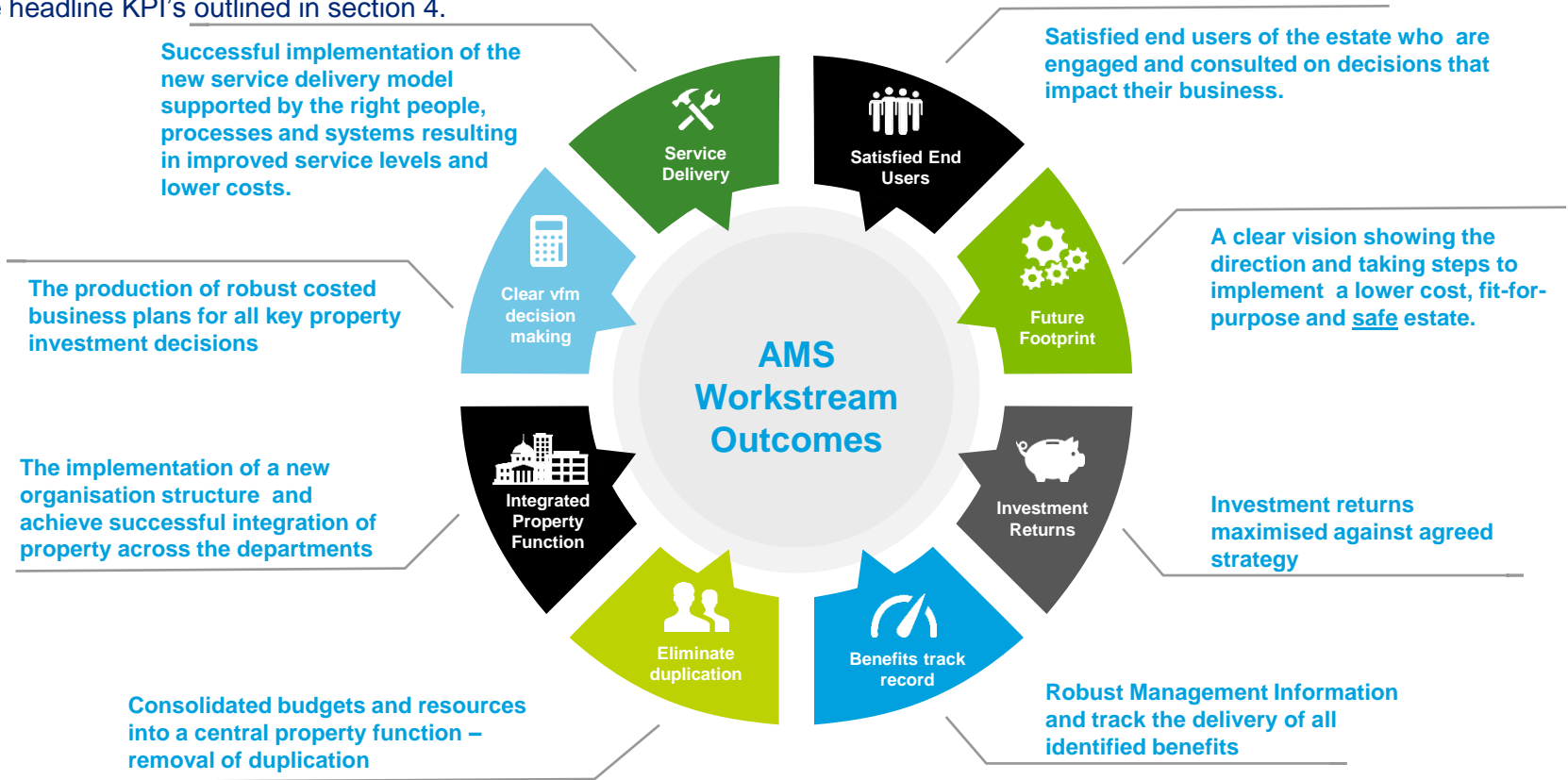
AMS has recognised that a step change is required to expedite progress in achieving required cost savings across the corporate property function, whilst delivering an appropriate level of service delivery. A programme vision and a number of initiatives and objectives have been identified. These are the strategic drivers for change and will be used to track the delivery of the intended outcomes of the programme.

|                             |  |  |  |  |   |
|-----------------------------|--|--|--|--|---|
| <p>VISION</p>               | <ul style="list-style-type: none"> <li>• To create a credible, efficient and sustainable delivery organisation for the Council's property and property related services</li> <li>• To provide a fit-for-purpose, right-sized and safe estate</li> <li>• To provide an appropriate level of service at an acceptable and efficient cost</li> <li>• To act in a commercial manner in pursuit of maximising value</li> </ul>  |  |  |  |   |
| <p>PROGRAMME WORKSTREAM</p> |  <p><b>Investment Portfolio</b></p>   |  <p><b>Estate Rationalisation</b></p>   |  <p><b>Facilities Management</b></p>  |  <p><b>Asset Condition</b></p>  |  <p><b>Transition</b></p>  |
| <p>OBJECTIVES</p>           | <ul style="list-style-type: none"> <li>▪ Set-up a project management office to manage and deliver the programme initiatives</li> <li>▪ Deliver an effective suite of management information and performance indicators in relation to key functions</li> <li>▪ Define and implement a new organisation structure to enable more efficient working and service delivery</li> <li>▪ Maintain a quality of service delivery during the transitional period that results in satisfied end users of the estate</li> <li>▪ Implement a technological solution to support service delivery</li> </ul> |  |  |  |   |
|                             | <ul style="list-style-type: none"> <li>▪ Develop and implement a detailed portfolio and investment strategy;</li> <li>▪ Investment returns maximised against agreed strategy;</li> <li>▪ Review concessionary rents policy;</li> <li>▪ Identify and progress current investment assets for disposal in next 2-3 years;</li> <li>▪ Produce costed business plans for all key property investment decisions;</li> <li>▪ Recycle disposal income;</li> </ul>  | <ul style="list-style-type: none"> <li>▪ Downsize the estate, creating space efficiencies and minimising the number of buildings requiring future spend;</li> <li>▪ Create savings in property running costs to apply against AMS Estate Rationalisation targets;</li> <li>▪ Create opportunities for income generation to apply against AMS Estate Rationalisation targets</li> <li>▪ Reinvest capital receipts into improving asset condition</li> </ul> | <ul style="list-style-type: none"> <li>▪ Develop a new efficient delivery structure.</li> <li>▪ Develop a revised Service Level Agreement (SLA) for FM services;</li> <li>▪ Implement improvements for the delivery of cleaning, catering, helpdesk services and asset maintenance;</li> <li>▪ Improve learning and development opportunities for all staff;</li> <li>▪ Improve flexibility around the provision of additional call-off services.</li> </ul> | <ul style="list-style-type: none"> <li>▪ Identify the extent of backlog maintenance and non-compliance across the estate.</li> <li>▪ Develop a risk based assessment methodology for the prioritisation and planning of maintenance work.</li> <li>▪ Complete all identified high priority work.</li> <li>▪ Develop a best practice delivery model for the annual capital and revenue budget.</li> </ul> | <ul style="list-style-type: none"> <li>▪ Expedite the consolidation of property related budgets and re-profile the changes to the financial baseline.</li> <li>▪ Transition Corporate Property to Corporate Operations</li> <li>▪ Transfer related services and staff and FM teams in to Corporate Property.</li> <li>▪ Transfer relevant property and associated budgets, from other departments into Corporate Property.</li> </ul> |



# 3. Success Criteria

It is important to define the success criteria for the AMS workstream within an estimated overall timeframe of 2 years which is the estimated point at which all AMS workstreams are in 'steady state' (however some workstreams such as Estate Rationalisation will continue beyond this timeframe). It is important to understand that savings and benefits will continue to be realised beyond this timeframe, however this is a reasonable period over which to measure performance against the intended outcomes. Suggested criteria are provided below, which will be tested and refined through the AMS PMO Steering Group and Corporate Property Board. It is envisaged that these criteria need to be realised if the workstream is to be completed successfully. The criteria will be measured through the headline KPI's outlined in section 4.



# 4. Measurement of Success – KPI's

Shown below are suggested KPIs for each AMS workstream. The intention is that these will be measured continually throughout the programme lifecycle and will be communicated through the monthly reporting regime. Draft management information dashboard reports based on these KPI's are included in Appendix E.



# 5. Governance Arrangements

## Programme Governance Structure

The governance of the programme is carefully structured with clearly defined roles for individuals; and the establishment of a series of groups, teams and boards. This ensures all team members understand their role and responsibilities, and provides a clear and auditable route for decision making and the escalation of risks and issues. The agreed governance structure of the project is intended to:

- Allow the proper flow of information regarding the programme to all stakeholders;
- Ensure the appropriate review of issues encountered within the programme;
- Ensure that required approvals and direction for the project is obtained at each appropriate stage.

## Key Roles and Responsibilities

The key roles and the associated responsibilities for the AMS implementation workstream are defined as:

**Senior Responsible Officer (SRO)** (Andrew Kerr) – The owner of the overall business change required by the programme, ultimately accountable for delivery and the success of the programme.

**Transformation Programme Director** (Jim McIntyre) – Assists in guiding the Programme and helping to maintain consistency with other workstreams and dealing with escalated risks and issues as required.

**AMS Programme Manager** (Rob Leech) - defines the scope of the programme and monitors progress; responsible for ongoing management on behalf of the SRO.

**Head of Property** (Peter Watton –acting) – overall management responsibility for Corporate Property operations and ensuring business-as-usual service delivery is maintained throughout the implementation phases.

**PMO and Workstream Leads** (Joby Howard, Michelle Coyle, Lindsay Glasgow, Pamela Grant, Stephen Treherne) – progressing workstream activities against the agreed plan of work.

## Programme Meetings

It is essential that structured and productive meetings are held throughout the course of the programme. The following programme groups, teams, and boards have been identified or established for this purpose and a full meeting schedule is provided in Appendix A.

### Key Meetings:

**Corporate Property Board** – to provide leadership and direction/ decisions to Corporate Property. Fortnightly.

**Business as Usual Management Meeting** – Weekly

**Corporate Property Management Meeting** – to deliver tasks and implement controls including progress, quality, cost, programme, risk and change items. Fortnightly.

**Weekly AMS PMO Steering Group** - to provide leadership and direction/ decisions to the AMS workstream and ensure that the aims and objectives are delivered to the agreed quality, within the approved budget, and on time, without unacceptable levels of risk. Weekly (Terms of Reference provided in Appendix A).

**Weekly Workstream Meetings** – to deliver the programme tasks and implement controls including progress, quality, cost, programme, risk, and change items and escalate matters as required to the programme board. Weekly, as required.

### Other Meetings (as required):

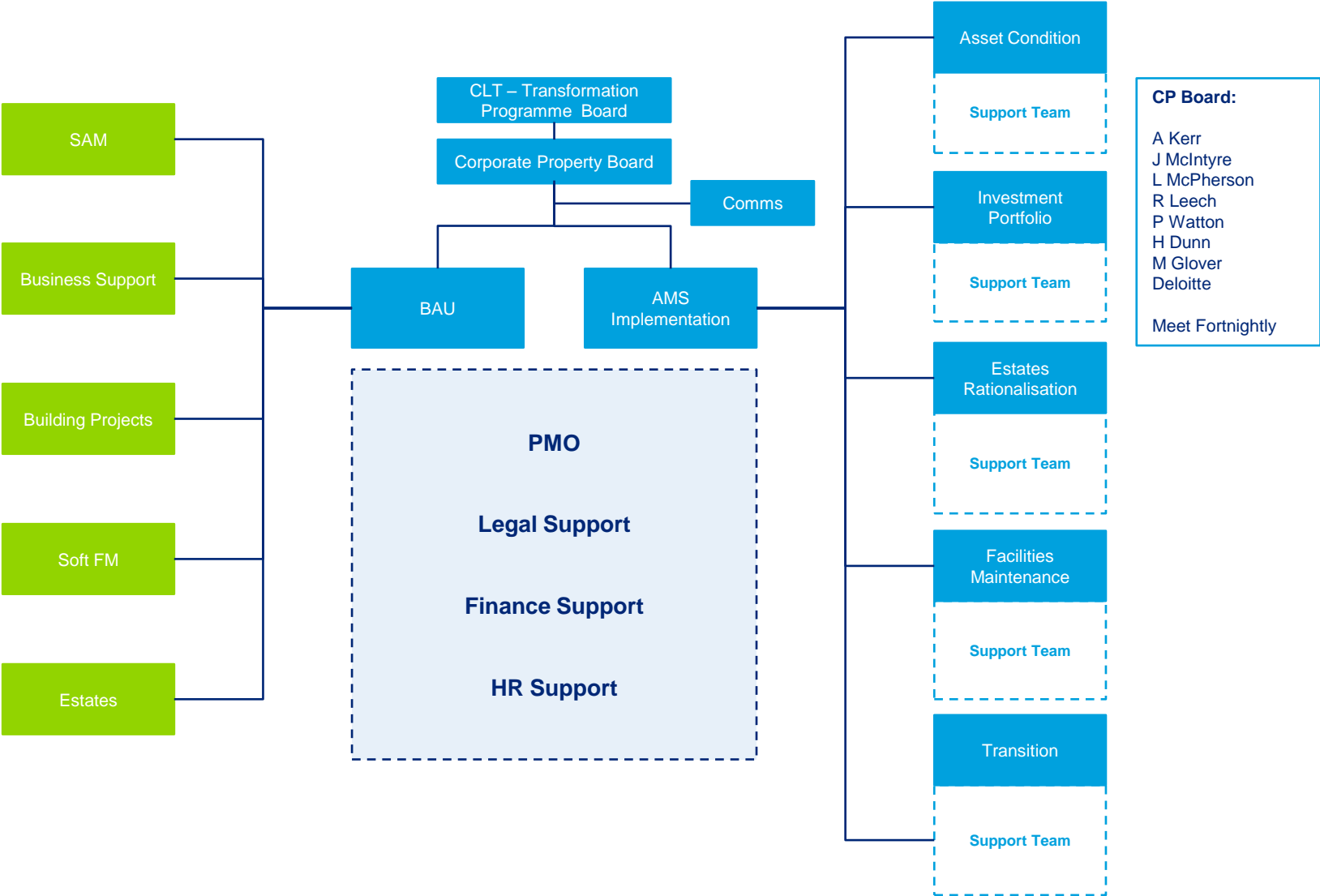
**Finance and Resources Committee** - ultimate responsibility for overseeing and assuring the programme. Quarterly.

**Transformation Programme Board** - to provide leadership and direction/ decisions to the programme and ensure that the aims and objectives are delivered. (Rob Leech to attend). Monthly.



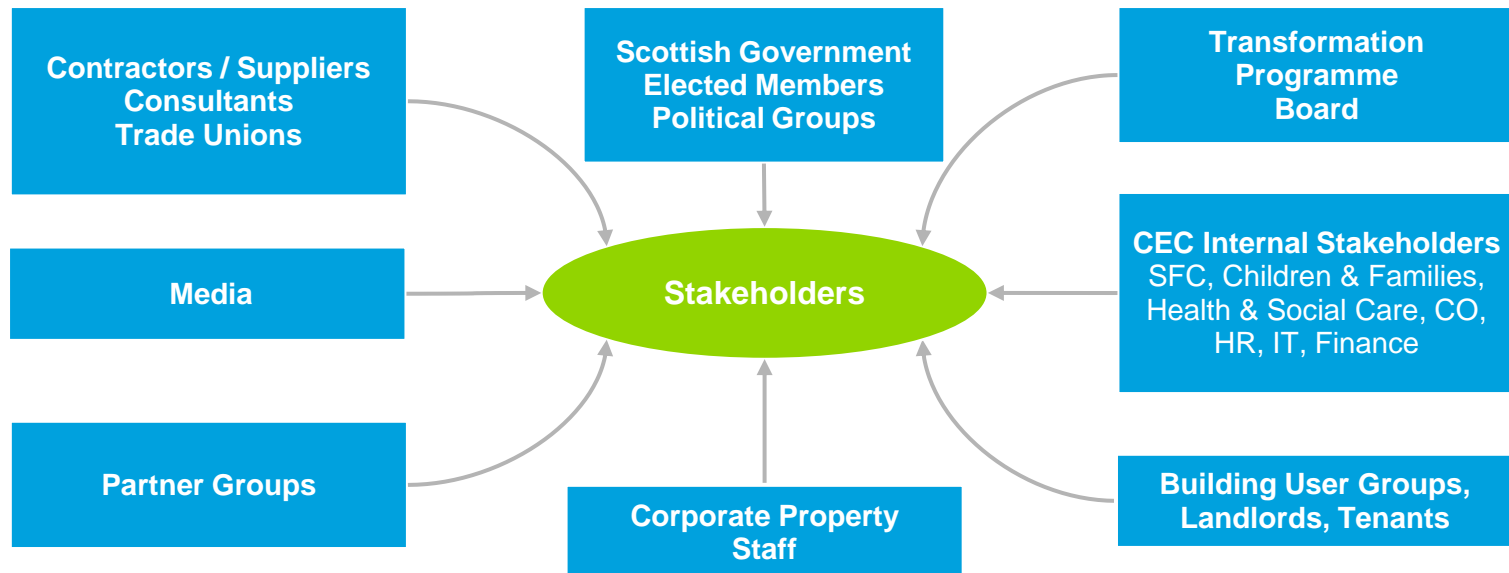
# 5. Governance Arrangements

A proposed revised structure for the Corporate Property function is shown below which is designed to focus efforts on the 5 key workstreams identified in the AMS Business Case as well as ensuring operational delivery is maintained. The strategy is to ensure the workstream leads are in place initially and then migrate resource across to the AMS programme as required.



# 6. Stakeholders

Principal stakeholders are identified in the diagram below:








## Meeting the Challenge

There are many important stakeholders who need to be engaged and informed as an integral part of the change management process.

A Communications Strategy will be developed by the Comms lead (further details in section 7) and will provide a focus and framework for stakeholder engagement. Meetings will be held on a regular basis in line with the detailed programme plan.

A full stakeholder schedule is included below.

# 6. Stakeholders

| <b>Investment Portfolio</b><br>  | <b>Estate Rationalisation</b><br>  | <b>Facilities Management</b><br>   | <b>Asset Condition</b><br>   | <b>Transition</b><br>   |
|---|---|--|---|--|
| <b>Internal CEC Stakeholders</b><br>Finance<br>Housing Revenue Account (HRA)<br>ICT<br>Culture and sport<br>Health & Social Care  | <b>Internal CEC Stakeholders</b><br>Staffing Groups within CEC<br>Managers in Service Departments<br>ICT  | <b>Internal CEC Stakeholders</b><br>Business Support Service Transformation Team<br>HR<br>ICT<br>Finance<br>Departmental Heads of Service<br>Operational Managers<br>Procurement                           | <b>Internal CEC Stakeholders</b><br>Staffing Groups within CEC<br>(existing and transferring in)  | <b>Internal CEC Stakeholders</b><br>Finance<br>Corporate Property staff<br>Shared Repairs, and Children & families PPP<br>& FM staff<br>HR<br>Shared Repairs Head of Service<br>PPP FM Heads of Service<br>ICT |
| <b>Scottish/Local Government</b><br>Elected Members/ Committees<br>Political Groups<br>Charities  | <b>Scottish/Local Government</b><br>Elected Members/Committees  | <b>Scottish/Local Government</b><br>Elected Members/Committees   | <b>Scottish/Local Government</b><br>Incl:<br>Scottish Futures Trust<br>Property Controls Team   | <b>Scottish/Local Government</b><br>ESRS - Councillors /elected members/<br>Committees<br>F&R Committee  |
| <b>Building Users</b><br>Building User Groups<br>Landlords<br>Tenants   | <b>Building Users</b><br>Schools (as Governed by the Schools Consultation<br>(Scotland) Act 2010, as amended in 2015.)<br><br>Parent Councils<br>Community centre committees<br>Neighbourhood Partnerships<br>Community Councils<br>Secure Units/Criminal Justice<br>Establishment Managers<br>Tenants  | <b>Building Users</b><br>4 Primary Customer Groups;<br>- Building Manager<br>- Business Managers<br>- Sector Representatives (Primary, Nursery<br>and Secondary Schools only)<br>- Directors               | <b>Building Users</b><br>Community Representatives<br><br>Establishment Managers<br><br>Current Building users becoming<br>Future Tenants.  | <b>Building Users</b><br>FM staff transferring<br>Establishment Managers<br>Building departmental user groups  |
| <b>Contractors / Suppliers</b><br>Supporting Consultants /<br>Service Providers<br>External Agents for Valuation<br>External Agents for purchase/<br>transaction services<br>External Agents Legal Services<br>(transactions) | <b>Contractors / Suppliers</b><br>Developers – at point of disposal   | <b>Contractors / Suppliers</b><br>Internal Supply chain<br>- Parks and green spaces<br>- Waste<br>- Pest Control<br>- Roads<br><br>PPP/PFI Contractors (Amey & Mitie)<br>External supply chain contractors | <b>Contractors / Suppliers</b><br>N/A   | <b>Contractors / Suppliers</b><br>EBS non-housing staff who will transfer<br>[EBS – will dissolve]<br>Supply chain contractors (parks and green<br>spaces etc)   |
| <b>Partner Groups</b><br>Partner agencies as appropriate and<br>necessary.<br>3 <sup>rd</sup> Sector Organisations – specific<br>consideration.   | <b>Partner Groups</b><br>CEC<br>NHS Lothian<br>Fire<br>Police Scotland<br>Edinburgh College<br>3 <sup>rd</sup> Sector<br>IJB – Joint Board for NHS & Health & Social Care<br><br>Edinburgh Partnership (represents the above group)<br>Neighbourhood Partnership.<br>EDI – (Development arm of CEC) at point of disposal.<br>Edinburgh Leisure. | <b>Partner Groups</b><br>IJB – Joint Board for NHS & Health & Social Care  | <b>Partner Groups</b><br>CEC<br>NHS Lothian<br>Fire<br>Police Scotland<br>Edinburgh College<br>3 <sup>rd</sup> Sector<br>IJB – Joint Board for NHS & Health &<br>Social Care<br><br>Edinburgh Partnership (represents the<br>above group)<br>Neighbourhood Partnership. | <b>Partner Groups</b>  |
| <b>Public Consultation</b><br>Media   | <b>Public Consultation</b><br>Schools – Statutory Consultation Requirement.<br>Customers of front line services that are changing.  | <b>Public Consultation</b><br>Media  | <b>Public Consultation</b><br>Media   | <b>Public Consultation</b><br>Media  |
| <b>Others</b>   | <b>Others</b><br>Unions   | <b>Others</b>  | <b>Others</b><br>Unions   | <b>Finance (Transition Specific)</b><br>- SFC<br>- Corporate Property<br>- Corporate Governance<br>- Health & Social Care<br>- Capital Spend<br>- Children & Families  |

# 7. Communications and Reporting

## Communication Plan

The communication plan for AMS will be structured to support and reflect the wider arrangements for the Transformation Programme. Its purpose will be to identify, address, and reduce resistance throughout the life of AMS Implementation Programme by proactively communicating programme information. Communication, and the engagement of key stakeholders, is a key component of success.

The plan will comprise a list of activities designed to engage the organisation and address audience needs in a structured way and will create a framework for communication and encourage feedback whilst also reducing the risk of omitting key stakeholders.

Communication is a factor that will be used throughout the project to help:

- Share information about programme progress and outcomes
- Establish, manage and respond to expectations
- Provide forums for feedback
- Market the programme and build a positive profile

The final version of the Communication Plan is dependent upon the stakeholder identification and analysis set out in the previous section. Input will be used to develop the communication plan which will address the communication needs of all stakeholders by organising the information each need to receive, and the way in which it needs to be delivered.

## Management Information

There is a requirement to reconfigure the management information such that the Transformation Programme Board and the Finance and Resource Committee are provided with consistent data sets flowing from each workstream.

Dashboard style reports have been developed as part of the set-up of the Programme Management Office which will report on the KPI's identified in section 4.0 for the following key workstreams:

- Investment Portfolio
- Estate Rationalisation
- Facilities Management
- Asset Condition
- Transition

Initial draft dashboard templates are provided in Appendix E.



# 8. Delivery Concept – Property Lifecycle

A key principle in the design of the [New Property Organisation] is to improve the management of assets and deliver a safe, right-sized and affordable estate to the Council. The diagram below illustrates how the property lifecycle is integral to the new delivery, establishing a long term and connected approach to asset management.

- Development of Demand Strategies for each key asset type
- New property governance structure established to centralise key property decisions
- [New Property Organisation] to proactively lead on estate rationalisation initiatives
- New FM and Asset Management Strategies developed
- New criteria based strategy agreed for the Investment Portfolio.

## Demand Strategies

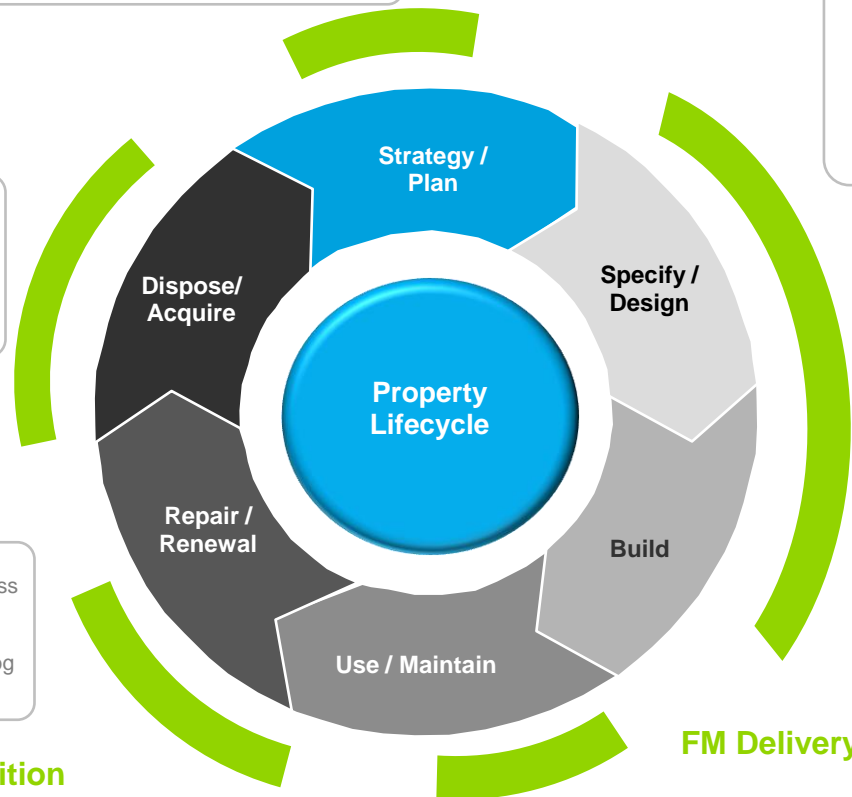
- Increased responsibility for AMS in this area:
- Business cases prepared jointly with Service Departments but owned by AMS drawing input from FM and BPM to prepare fully costed business cases that recognise the service implications of design/spec.

- Clarified role for EDI in relation to asset disposals
- Clear guidance on the retention of capital receipts to fund backlog maintenance and investment in the core estate and reinvestment for the investment portfolio.

## Rationalisation

- Building on the work to date new process for prioritising capital investment in the estate based on safety.
- A funded programme to address backlog maintenance on the core estate.

## Asset Condition



## New Infrastructure

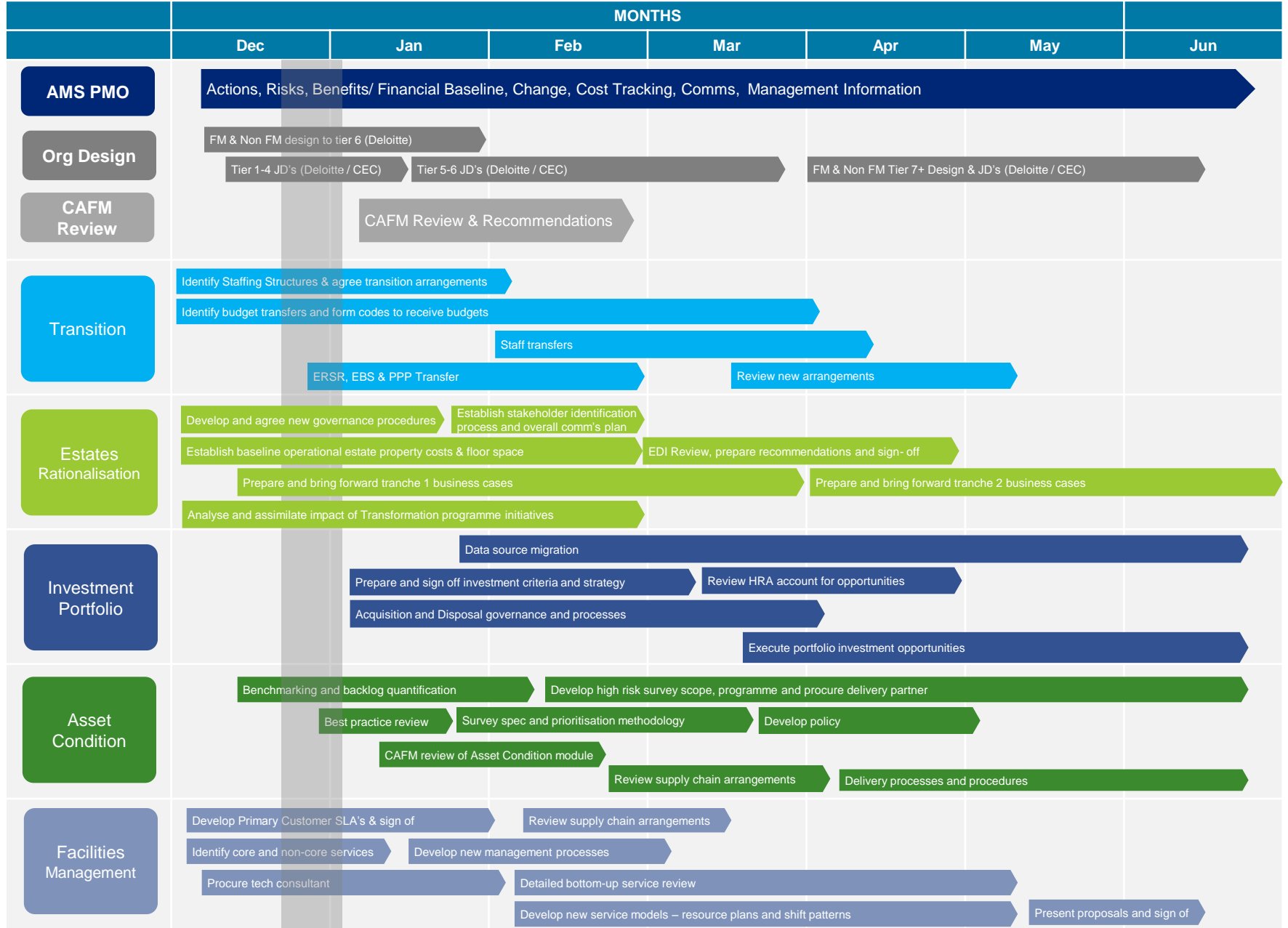
- The [New Property Organisation] will lead the project management delivery on all real estate projects in the Council.
- The consolidation of resources into one place will reduce the 'man-marking' of customer and project manager and design/build team.

- Established Service Level Agreements with departments will increase transparency over service delivery.
- Closure of Non-Housing Edinburgh Building Services (EBS) and the use of the Council supply chain will reduce cost and improve service quality.



# 9. Plan of Work - Implementation

The summary plan of work for the AMS Implementation Programme is shown below. A full Gantt chart is provided in Appendix C.



# 10. Programme Controls

The Programme Management Office function will employ quantitative control processes that will assess critical project activities including:

- Controlling the scope for the project;
- Ensuring the deliverables fulfil their requirements;
- Ensuring the activities happen on time;
- Ensuring risks are managed;
- Ensuring problems and issues are identified and managed;
- Ensuring information requirements and decisions are identified and responded to.

## Project Risks, Actions and Decisions Log (RAD)

The Programme Management Office will determine the most appropriate approach to minimise, or work around, any risk that have been identified, or are identified during initiation and subsequent programme stages. A RAD Log will be used as a tactical management tool, updated and monitored frequently to control the current status of the programme. The RAD log will also act as a source of record, logging events as they happen. The log can be used as a project or workstream monitoring tool, a source of accountability, and a historical record to be used in future planning. The log will also be utilised for meetings, to capture lessons learned and as a primary source of data for status reports.

A copy of the current log is provided in Appendix B. The log will be maintained throughout the programme as part of the programme management office function.

## Change Control

All proposed changes that affect approved deliverables, cost or timings will be dealt with under the Transformation Programme Change Control Process set out in Appendix D.

## Financial Control – Implementation Costs

Implementation costs will be monitored through a Financial Tracker for all implementation costs (excluding CEC staff costs) related to the AMS Implementation Programme. Financial savings and benefits will be monitored through the AMS dashboard reports.



# Programme Controls: Implementation Risks

There are a number of significant risks of implementing the programme, some of which are inherent and can be mitigated but not removed entirely. A full risk register is provided in Appendix B.

| Risk        | Description   | Impact  | Mitigation   |
|-------------|---|---|--|
| High Risk   | <b>Financial savings are insufficient to meet budgets</b>   | The new organisation faces challenges around the delivery of a comparable level of service to the users of the estate within a reduced cost envelope and budgetary pressures may force cuts in front line services  | Establish and agree service levels with key estate stakeholders within the affordability envelope  |
| High Risk   | <b>Insufficient transformation programme resources including investment in skills, retraining and recruitment of new management staff</b> | The current workforce will not have the skills and training needed to deliver the transformation programme and, following implementation, the defined level of service as expected by estate users, leading to a poor level of customer satisfaction and potential increased costs from failure to execute tasks in an efficient manner | Ensure sufficient investment is approved in funding the transformation of the workforce and strict governance around the implementation of skills and retraining         |
| High Risk   | <b>The implementation of CAFM is delayed or not available</b>   | The lack of management information can delay or prevent key management decisions from taking place within each of the AMS workstreams and therefore lead to delays in achieving savings   | Establish a detailed implementation plan that includes a robust assessment as to the suitability of the system in its ability to inform forward and reactive maintenance |
| High Risk   | <b>Governance and senior sponsorship</b>  | Changes in personnel at a senior level (SRO, Programme Director, Programme Manager) affects strategic direction, decision making and the momentum of the implementation programme   | Identify new SRO and develop contingency plan around other senior roles  |
| High Risk   | <b>Stakeholders do not approve changes (e.g. SLA's and building closures)</b>   | If changes are unapproved, savings within the programme will not be achieved leading to increased pressures on budgets and potentially front line services  | Early stakeholder engagement with key stakeholders affected by changes   |
| Medium Risk | <b>Transformation Programme dependencies</b>  | Developments and decisions in the Transformation Programme work streams, particularly CLS, BSS and Channel Shift may impact property / estate initiatives   | Alignment via the Transformation Programme PMO and continuous monitoring and engagement  |
| Medium Risk | <b>The procurement of external technical expertise to provide the optimal cost and quality of soft FM services is not approved</b>        | The delivery of soft FM will continue to be cost inefficient without a detailed appraisals of the how service delivery requirements can be achieved in the most optimum way   | Approval of external technical expertise   |
| Low Risk    | <b>The migration of property and property related budgets to the new organisation does not occur</b>                                      | The lack of control around property and property related budgets will result in potential exposure to increased costs caused by decisions made outside of the new organisation and failure to recognise future savings made in property and property related services   | Ensure that the transition workstream is fully effective, through PMO support, to deliver the transfer of budgets in a timely manner.                                    |

|           |             |          |
|-----------|-------------|----------|
| High Risk | Medium Risk | Low Risk |
|-----------|-------------|----------|

# Appendix A - Meeting Schedule & Terms of Reference

# AMS Implementation Programme Meeting Schedule

| No | Meeting Group            | Meeting Name                                | Frequency   | Attendees  | Inputs   |
|----|--------------------------|---|---|--|--|
| 1  | Committee                | Finance and Resources Committee (F&R)       | Monthly (Transformation Programme reporting bi-monthly) | No current requirement for AMS personnel to attend, requirement to be clarified at November F&R.   | No current requirement for AMS Implementation update reports, requirement to be clarified at November F&R. |
| 2  | Committee                | Governance Risk and Best Value (GRBV)       | Monthly   | No current requirement for AMS personnel to attend.  | No current requirement for AMS Implementation update reports.  |
| 3  | Council                  | Budget Core Group                           | Weekly  | No current requirement for AMS personnel to attend.  | No current requirement for AMS Implementation update reports.  |
| 4  | Stakeholder              | Checkpoint Group                            | Monthly   | No current requirement for AMS personnel to attend.  | No current requirement for AMS Implementation update reports.  |
| 5  | Stakeholder              | Trade Union Group                           | Weekly  | No current requirement for AMS personnel to attend.  | No current requirement for AMS Implementation update reports.  |
| 6  | Transformation Programme | Weekly Transformation Programme PMO Meeting | Weekly  | Susan Brown (representing AMS)   | No inputs required   |
| 7  | Transformation Programme | Transformation Programme CLT                | Monthly   | Andrew Kerr, Alastair Maclean, Gillian Tee, John Bury (until new Director starts), Greg Ward, Michelle Miller, Hugh Dunn, Lesley MacPherson, Martin Glover<br>Jim McIntyre, Kirsty-Louise Campbell and Jim Hunter, Rob Leech to attend as required, (others TBC) | Status updates (Dashboards)  |
| 8  | Senior Leadership        | Corporate Property Board                    | Fortnightly   | Alastair Maclean, Jim McIntyre, Peter Watton, Rob Leech, Hugh Dunn, Lesley MacPherson, Kathy McLauchlan, Vicky Smith, Stephen Treherne   |  |
| 9  | Senior Leadership        | Business as Usual Management Meeting        | Fortnightly   | Peter Watton, Helen Allan, Lindsay Glasgow, Patrick Brown, Graeme Tully, Gohar Khan, Audrey Dutton   | No current requirement for AMS Implementation update reports.  |
| 10 | Senior Leadership        | Corporate Property Management Meeting       | Weekly  | Jim McIntyre, Rob Leech, Peter Watton.   | No formal report required  |
| 11 | Workstream Meetings      | AMS Weekly PMO Steering Group Meeting       | Weekly  | Rob Leech, Rebecca Andrew, Stephen Treherne, Lindsay Glasgow, Joby Howard, Pamela Grant, Susan Brown, Kathy McLauchlan, Michelle Coyle   | Standing Agenda to be confirmed  |
| 12 | Workstream Meetings      | Estate Rationalisation Workstream Meetings  | As required   | Lindsay Glasgow, Ruth Macdonald, K Moore, L Murray, S Aslam, E Baker   | TBC  |
| 13 | Workstream Meetings      | Investment Portfolio Workstream Meetings    | As required   | Pamela Grant, M Bullock.   | TBC  |
| 14 | Workstream Meetings      | Asset Condition Workstream Meetings         | As required   | Joby Howard, Patrick Brown, Murdo Macleod, John Clarke.  | TBC  |
| 15 | Workstream Meetings      | Facilities management Workstream Meetings   | As required   | Stephen Treherne,  | TBC  |
| 16 | Workstream Meetings      | Transition Workstream Meetings              | As required   | Michelle Coyle, Rebecca Andrew, Susan Brown, Gohar Khan, Haroon Akram, Kathy McLauchlan.   | TBC  |

# AMS PMO Steering Group

## Chair

Rob Leech

## Frequency

Weekly

## Members

Rob Leech, Rebecca Andrew, Stephen Treherne, Lindsay Glasgow, Joby Howard, Pamela Grant, Susan Brown, Kathy McLauchlan, Michelle Coyle, Communications Lead

NB: Minimum 3 members required for quorum

## Terms of Reference

- To monitor the progress of the Programme against the agreed plans and approaches and to identify any issues in relation to this so that corrective action can be taken
- To review and monitor the Key Performance Indicators and other metrics reported to the Transformation Programme Board and to identify any issues so that corrective action can be taken
- To allocate resources as required to ensure the efficient and timely delivery of the programme
- To allocate actions and matters for consideration to the workstreams
- To ensure that a robust and documented approach is in place for completing the scope of work to be undertaken by each project and workstream within the programme
- To make decisions and provide direction on matters escalated from the Operations and Change programme meetings.
- To identify and formally record actions, issues and risks in relation to the programme and ensure appropriate action is taken by a named representative in a timely manner
- To review key weekly issues arising from customer contact relating to specific cases
- Discuss and refer any major changes to the programme
- Maintain a visible and sustained commitment to the Transformation Programme and manage internal and external communications
- To escalate changes to the programme, decisions, risks and issues to the Transformation Programme Board as appropriate
- To process any other items of business which sit outside of the standing agenda
- To formally record and distribute decisions and actions

## Administration

All matters will be recorded and monitored via the Risk, Actions and Decisions (RAD) log which will be maintained by the PMO.

# Appendix B - RAD Log

# Appendix C – Programme Gantt Chart



# Appendix D – Transformation Programme Change Control Process

# Transformation Programme

## Change Control Process

March 2015



# Change control overview

- All proposed changes that affect scope, approved deliverables, cost, timings or benefit realisation assumptions/data will be dealt with under the Change Control Process
- A change request can be raised by anyone working on the programme using the Request For Change (RFC) template provided by the PMO
- Any proposed changes will be escalated firstly to the PMO for consideration, followed by the Programme Director then Programme Board if required and finally the Finance & Resources Committee
- The Change Control process is intended to introduce any changes to the Programme in a controlled and co-ordinated manner
- It will ensure that each change proposed is properly defined, considered and approved before implementation. This makes sure no unnecessary changes are made, services are not disrupted and resources are used efficiently
- Further detail on the Change Control Process can be found in the Change Control Plan

## The Five Stages of the Change Control Process

There are 5 key stages to the change control process:

1. Proposing a Change
2. Summary of Impact
3. Decision
4. Implementing a Change
5. Closing a Change

# High level change control process

## 1. Proposing a change

Anybody in the programme team can submit a change using the Request For Change (RFC) template. The proposed change will include a description and summary of the expected benefits, the change will also be added to the Change Log by the PMO



## 2. Summary of impact

This process is carried out by the Programme Management Office, who will consider the overall impact on the project. They will consider the reason for the change, the cost and benefit, any legal or regulatory pressure, programme impact and risks and issues.



## 3. Decision

The decision process involves a review of the change request by the Change Control Board. Changes are escalated to the Programme Director, then the Programme Board & F&R Committee if necessary. At each stage the change is accepted, rejected or escalated to the next stage.



## 4. Implementing a change

If the change is approved it is planned, scheduled and implemented at a time agreed with the stakeholders. After implementation it is usual to carry out a post-implementation review.

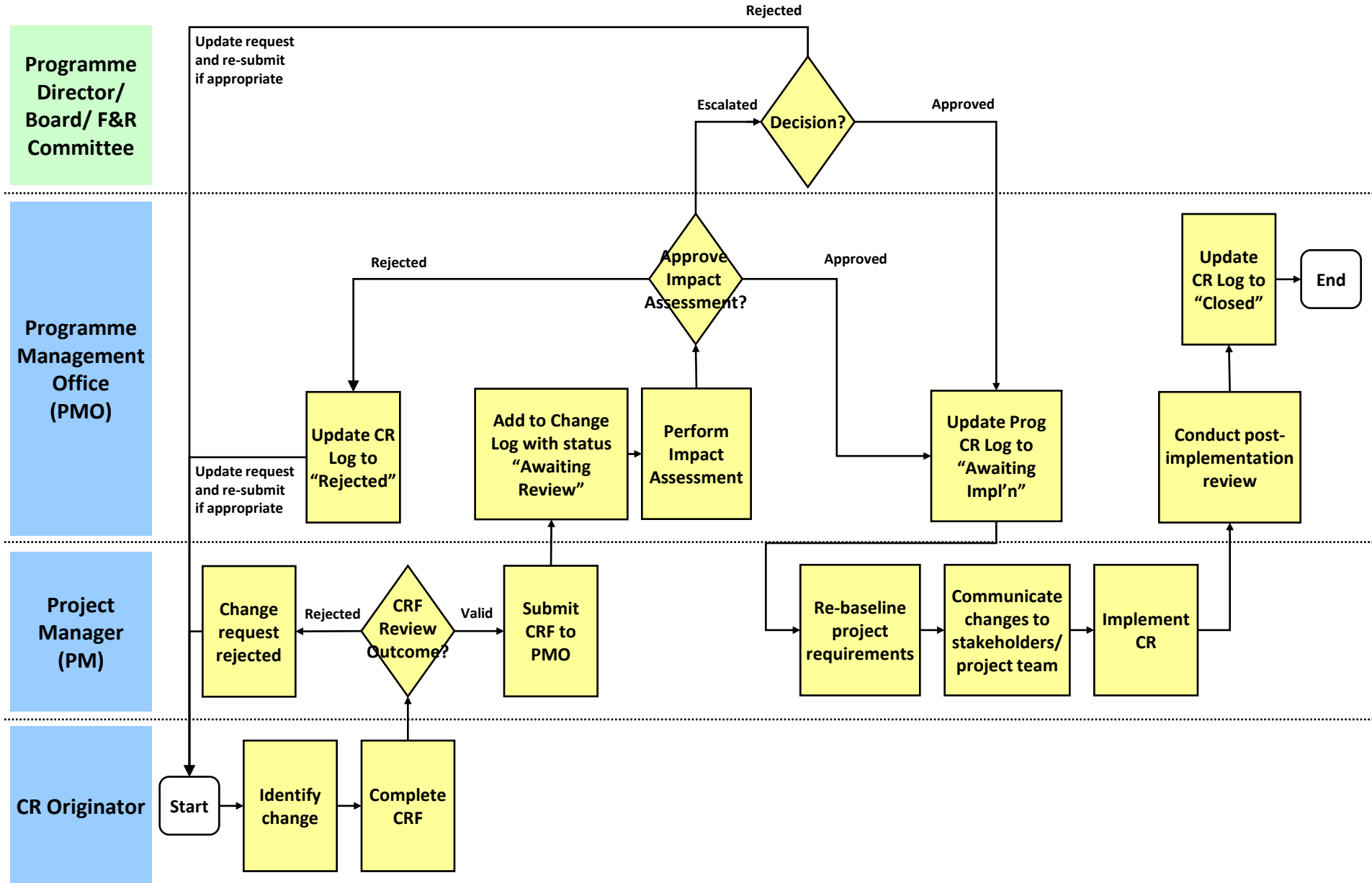


## 5. Closing a change

When the requester agrees the change is implemented correctly, the change is closed in the Change Log.



# Change control process map



# Appendix E – Management Information Dashboards

# Asset Management Strategy (AMS)

Progress update 10 December 2015

| Previous Progress RAG | Current Progress RAG | Capability Maturity Rating |
|-----------------------|----------------------|----------------------------|
|                       |                      |                            |

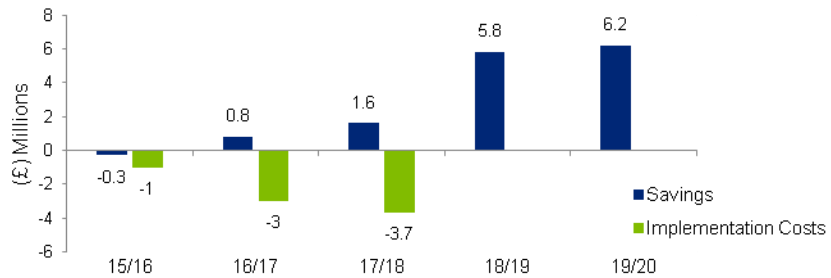
## Completed

- AMS programme set up
- Programme Management Office set up and development of Programme Initiation Document (PID)
- Completion of new organisation service blueprint
- Completion of detailed implementation plan
- Commencement of organisational design work
- Transition workstream established to oversee transfers of people, budgets and move from SfC to Corporate Resources – links established with BSS
- Discussions with potential technical consultants for FM workstream
- Preparation of F&R (January) Report
- Agreement of next phase scope and resource with Deloitte

## Planned

- Approve PID at Corporate Property Board
- Presentation of blueprint to CLT
- Continue with organisation design and confirm timescale for consultations
- Agree and progress procurement route for appointment of technical consultant
- Confirm detailed timeline for transition milestones
- Commence preparation of new summary Service Level Agreements (SLA's)
- Completion of asset condition benchmarking exercise
- Commence level 2 process design work across all workstreams
- Commence preparation of investment strategy
- Commence design of new governance and decision arrangements for estates rationalisation workstream

### Asset Management Savings Per Year



| Financial Year       | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 |
|----------------------|-------|-------|-------|-------|-------|
| Savings              | -0.3  | 0.8   | 1.6   | 5.8   | 6.2   |
| Implementation Costs | -1.0  | -3.0  | -3.7  |       |       |
| Net Saving           | -1.3  | -2.2  | -2.1  | 5.8   | 6.2   |
| Cumulative Saving    | -1.3  | -3.5  | -5.6  | 0.2   | 6.4   |

| PROJECT RISKS   | MITIGATION  | RAG |
|---|---|-----|
| <b>Financial savings are insufficient to meet budgets</b>   | The new organisation faces challenges around the delivery of a comparable level of service to the users of the estate within a reduced cost envelope and budgetary pressures may force cuts in front line services  |     |
| <b>Insufficient transformation programme resources including investment in skills, retraining and recruitment of new management staff</b> | The current workforce will not have the skills and training needed to deliver the transformation programme and, following implementation, the defined level of service as expected by estate users, leading to a poor level of customer satisfaction and potential increased costs from failure to execute tasks in an efficient manner |     |
| <b>The implementation of CAFM is delayed</b>  | The lack of management information can delay or prevent key management decisions from taking place within each of the AMS workstreams and therefore lead to delays in achieving savings   |     |
| <b>Governance and senior sponsorship</b>  | Changes in personnel at a senior level (SRO, Programme Director, Programme Manager) affects strategic direction, decision making and the momentum of the implementation programme   |     |
| <b>Stakeholders do not approve changes (e.g. new SLA's)</b>   | If changes are unapproved, savings within the programme will not be achieved leading to increased pressures on budgets and potentially front line services  |     |

|                                 | December | January | February | March |
|---------------------------------|----------|---------|----------|-------|
| 1 Tiers 2-6 org design & JD's   |          |         |          |       |
| 2 Procure technical consultant  |          |         |          |       |
| 3 Prepare summary SLA's         |          |         |          |       |
| 4 Confirm transition milestones |          |         |          |       |
| 5 CLT presentation              |          |         |          |       |
| 6 Further response to F&R       |          |         |          |       |
| 7 Workstream activities         |          |         |          |       |

| Project Dependencies   |
|--|
| Key dependencies on BSS, CLS and OD workstreams in terms of staff/budget transfers and impact on the operational estate. |

Key: On track In progress Attention

# Investment Portfolio

Workstream Dashboard as of XX XXXXX XXX



Workstream Dashboards in Development

## Overview of Progress

Text

## KPI Tracking

| KPI                             | RAG    | COMMENTS  |
|---------------------------------|--------|---|
| Capital receipts from disposals | Green  | Progress on track with results as projected during previous reporting period                              |
| Value of re-investment projects | Yellow | Progress lagging behind forecast due to unforeseen factors, recoverable within the next reporting period. |
| Capital Growth                  | Red    | Progress significantly below forecast, significant steps needed to recover.                               |
| Income Maximisation 1           | Green  | (Rent reviews and reduction of concessions)<br>Text   |
| Income Maximisation 2           | Green  | (Reduction in investment portfolio vacancy rates)<br>Text   |

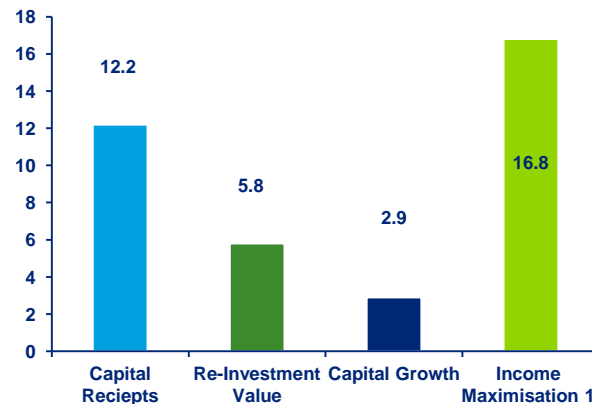
## Information Required / Dependencies

1. Text
2. Text
3. Text

## Key Planned Activities

1. Text
2. Text
3. Text

## Investment/ Transaction Tracking



## Key Risks

| Risk ID | RAG    |
|---------|--------|
| 01 Text | Green  |
| 02 Text | Yellow |
| 03 Text | Red    |
| 04 Text | Green  |
| 05 Text | Green  |



# Finance and Resources Committee

10.00am, Thursday, 14 January 2016

## Living Wage and Workforce Related Matters in Procurement Update

|                   |     |
|-------------------|-----|
| Item number       | 7.3 |
| Report number     |     |
| Executive/routine |     |
| Wards             |     |

### Executive summary

---

On 1 January 2013, as part of the Capital Coalition Pledges, the Council made a decision to pay all Council employees the Living Wage.

The Council has further committed to encouraging the wider adoption of the Living Wage amongst contractors. In support of this commitment a report recommending several pilots to encourage the Living Wage and other favourable workforce related conditions through the tender process was agreed at the Finance and Resources Committee in February 2015.

This report considers the results of those pilots (two of which are tenders being recommended to this Committee for award). The report also considers the Council's proposed approach to adopting the recent guidance from the Scottish Government on the Selection of Tenderers and Award of Contracts addressing Fair Work Practices including the Living Wage in Procurement (Statutory Guidance on Fair Work Practices).

### Links

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

## Living Wage and Workforce Related Matters in Procurement Update

### Recommendations

---

- 1.1 The Finance and Resources Committee is requested to:-
  - 1.1.1 note the contents of this report;
  - 1.1.2 agree the proposed approach to adopting the Scottish Government's Statutory Guidance on Fair Work Practices including the Living Wage in Procurement as standard in future tender evaluations; and
  - 1.1.3 agree to commence the accreditation process to become a Living Wage Employer.

### Background

---

- 2.1 The City of Edinburgh Council has committed to providing for Edinburgh's economic growth and prosperity. The Coalition Pledges include a commitment to: "introduce a Living Wage for Council employees, encourage its adoption by Council subsidiaries and contractors and its wider development."
- 2.2. The Living Wage, currently £8.25 an hour, is calculated using a methodology developed by the Centre for Research in Social Policy at Loughborough University to ensure a basic, but acceptable, standard of living above poverty ("Living Wage"). The uprating each year takes into account rises in living costs and what is happening to wages generally.
- 2.3 Following agreement of this pledge by Council in August 2012, the Edinburgh Living Wage (ELW) was introduced for Council staff on 1 January 2013 and subsequent uplifts have followed in line with Living Wage increases. For both 2015/16 and 2016/17, the ELW will be paid to all relevant staff as part of the agreed overall pay settlement for Local Government employees. The ELW has also been applied to agency workers on assignment to the Council from that date.
- 2.4 The Council has also made a commitment to look at the Living Wage through procurement. Whilst Scottish Government guidance advises that the law does not currently allow public bodies to insist that suppliers pay the Living Wage, they are permitted to encourage it. This includes exploring ways in which the Council can encourage its subsidiaries and contractors to commit to the Living Wage as part of a procurement process, whilst remaining within the procurement rules.

- 2.5 During the passage of the Procurement Reform (Scotland) Act 2014, the Scottish Government sought clarification from the European Commission as to whether it was compatible with European legislation that a public authority could require their contractors to pay a Living Wage. The European Commission's response was that any requirement that contractors pay their employees a level set higher than the UK's National Minimum Wage as part of a tendering process or public contract is unlikely to be compatible with European law. This response is set out in the Scottish Procurement Policy Note 4/2012 (SPPN 4/2012) and is supported by relevant European case law. Therefore the current advice from the European Commission and the Scottish Government is that while a Living Wage can be encouraged, currently it cannot be mandated.
- 2.6 To support the Council's commitment to encourage payment of a Living Wage by contractors, the Council has been exploring the options available whilst being mindful of these legal constraints. This report sets out the results of both piloting different approaches and the ongoing data gathering from contractors.
- 2.7 More recently the Scottish Government introduced Statutory Guidance on Fair Work Practices. This Guidance brought into force s29 of the Procurement Reform (Scotland) Act 2015 on fair working practices which reflects the recognition that public procurement will be a key driver of policy development and service delivery in supporting economic growth. The Statutory Guidance sets out how public bodies should evaluate fair working practices, including the Living Wage in selecting tenderers and awarding contracts.

## Main report

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### Pilots

#### Stair Cleaning

- 3.1 To support the Council's commitment to encourage payment of a Living Wage by contractors, the Council's Living Wage Working Group, in consultation with Commercial and Procurement Services, Human Resources and Organisational Development, has been exploring the options available in a number of pilots.
- 3.2 The first of the pilots was a Framework Agreement for the provision of communal stair cleaning services with a total annual value of around £665,000. The Council's current contractor ISS was keen to introduce the Living Wage and, through contract negotiations at the point of extending the contract, agreed to the Living Wage being introduced as from 1 May 2015. As such all operatives working on the contract, approximately 40 people, received a wage rise of over £1 an hour. The financial impact is that the running costs of the contract will increase by £11,000 per month but as it is a self financing contract these costs can be contained within the existing budget.

## **Trauma and Final Cleaning in Domestic Properties**

- 3.3 The second pilot was for the contract to undertake Trauma and Final Cleaning in Domestic Properties being recommended to this Finance and Resources Committee for award. This contract is used to clean properties for the homes of customers receiving services from Health and Social Care. The annual value of the contract is approximately £270,000.
- 3.4 In the tender documents for the services the Council made clear its commitment to fair work practices and payment of the Living Wage. To reflect the recognition that the quality of a contract will often depend upon a having a properly managed, motivated and remunerated workforce a question relating to workforce matters was included. The question stated that the Council encourages the Living Wage as part of a package of workforce measures which includes terms and conditions such as training and development, holiday provision and family friendly policies, as well as discouraging “zero hours contracts” where they have a negative impact upon employee conditions and any practice of employee blacklisting. There were 5% of the total quality marks allocated to this question. The bidders were asked to describe how their organisation proposed to commit to being a best practice employer in this respect in the delivery of the contract.
- 3.5 While the winning bidder said they would consider paying the Living Wage in the future and that they commit to paying a “fair market wage”, their offer did not provide that they would pay the Living Wage for this contract. Of the 13 bids received, 5 bidders confirmed they would pay Living Wage to employees working on this contract. A further 4 bidders stated they would consider paying Living Wage, but would look to increase the rates payable by the Council. Of the top 4 bids, only one committed to paying the Living Wage on this contract and this was the fourth placed bid.
- 3.6 Although there was an indication of commitment to the Living Wage, the 5% allocation may have been insufficient to influence bidders to pay the Living Wage. Due to the wide scope of the question bidders could still score well on the question without offering Living Wage. The scoring ratios used were 40% of the score given to quality and 60% given to price. The scope of this question did have a positive impact as it led to bidders disclosing the use of zero hour contracts which saw their bids negatively scored on this question due to this.

## **Manned Security**

- 3.7 The third pilot was the procurement of manned security guarding services for a variety of buildings and sites across the city. The procurement exercise was undertaken by Scotland Excel on behalf of local authorities resulting in a new Security Services and Equipment Framework. The Council can draw down services from this framework following a mini-competition between potential providers. The evaluation criteria used was 60% - Commercial/ 40% - Technical.
- 3.8 In recognition of the importance of working practices in the context of security provision it was considered proportionate to allocate 30% of the quality marks to

workplace matters and the same question as used in the Trauma and Final Cleaning Contract was used. In addition, the bidders were all asked to submit a Living Wage bid as an alternative as well as a standard bid. With the exception of one bidder all submitted alternative bids.

- 3.9 Whilst the law does not currently allow public bodies to insist that suppliers pay the Living Wage, they are permitted to encourage it and in this case the preferred bidder submitted both a Living Wage and non-Living Wage based tender.
- 3.10 The preferred bidder submitted the lowest price for both Living Wage and non-Living Wage options and the Most Economically Advantageous Tenders of all those submitted. This offers the Council the ideal opportunity to place a Living Wage-compliant contract. Although the Living Wage of £8.25 is approximately 23% more than the National Minimum Wage (NMW) of £6.70, the preferred bidder has only increased its bid by 8.7% to comply with the Living Wage. It is also cheaper than 3 out of 5 bidders' prices for the non-Living Wage option. This report is considered elsewhere on the agenda.

### **The Statutory Guidance on Fair Work Practices**

- 3.11 Following the Statutory Guidance provided by the Scottish Government under s29 of the Procurement Reform (Scotland) Act 2015 will assist the Council in achieving its objectives of encouraging contractors to pay a Living Wage. The guidance sets out how public bodies should evaluate fair working practices, including the payment of the Living Wage when selecting tenderers and awarding contracts. The guidance makes it clear that the Scottish Government considers payment of the Living Wage to be a significant indicator of a contractor's commitment to fair work practices and payment of the Living Wage is one of the clearest ways of demonstrating a positive approach to your workforce. The Council is supportive of this approach.
- 3.12 It should be noted that whilst the guidance explains that failure to pay a Living Wage would be a strong negative indicator, it does not mean that the employer's approach automatically fails to meet fair work standards.
- 3.13 The Council will follow the recommended methodology of the Scottish Government and on each occasion before beginning a procurement exercise for procurements over £50,000 (services and goods) and over £2M for works, the Council's Commercial and Procurement Services will consider whether it is relevant and proportionate to include a question on fair work practices to be evaluated as part of the tendering exercise. Where appropriate and proportionate this approach will also be considered for contracts under that value.
- 3.14 The question will form part of the qualitative evaluation and the Council will ask tenderers to describe how they will commit to fair working practices for workers (including agency or sub-contracted workers) engaged in the delivery of that contract. Examples as to what the Council considers fair working practices are

provided for bidders and include having a fair and equal pay policy, a commitment to paying at least the Living Wage, commitment to Modern Apprenticeships and the development of Scotland's young workforce, support for learning and development, stability of employment and hours of work and avoidance of exploitative work practices such as the inappropriate use of zero hours contracts, flexible working and support for family friendly working and Trade Union recognition or alternative arrangements.

- 3.15 The weighting allocated to this question will depend upon the impact that the quality of the service being delivered or works performed is likely to be affected by the quality of the workforce engaged in the contract. It will therefore be decided on a case by case basis but in order for it to have an impact the percentage will need to be meaningful.

### **Accreditation as a Living Wage Employer**

- 3.16 As the Council will be following the Scottish Government guidance it would be possible to consider applying for accreditation with Living Wage Foundation. Accreditation as a Living Wage Employer requires:-

All directly employed staff are paid the Living Wage; and

To ensure to the extent permitted by law that any of its contractors which supply an employee (other than an apprentice or intern) on Council premises or land which it is responsible for maintaining e.g. roads and more recently extended to include care at home, to pay a Living Wage.

- 3.17 It is sufficient for accreditation purposes that a plan with achievable milestones is in place for contractors i.e. renewing contracts in the future and embedding this into procurement. The Council would require to make plans for the current 800 suppliers with contracts over £50,000, including Council Companies. There would be 3 issues that would impact upon the ability to apply for accreditation:-

1. Data - while Commercial and Procurement Services have been starting to capture which of our providers pay staff a Living Wage our data is currently incomplete. The top suppliers on the Council's contract register were approached and asked if they did not pay a Living Wage to all staff how much would it cost to do so? From 150 or so suppliers there were 107 responses. Very approximate estimated costs from these suppliers were an increase in £1.38M per annum. While this captures what current providers pay this may not present an accurate picture as to what any future costs may be following tender exercises.
2. Legality - as set out above the current legal position is that public authorities cannot compel payment of the Living Wage. The accreditation process does however recognise for accreditation purposes that promotion of it is "to the extent permitted by law".
3. Affordability - Can the Council afford the additional costs potentially to be passed on to it? Contracts such as the Care at Home or Care Homes

provision would likely be the largest costs. The pilots to date indicate that an average of 6-9% increase in staffing costs at least would be passed on.

- 3.18 The Council recognises that there may be implications for providers that compete for work both in the public and private sector. Concerns that being required to pay a Living Wage may make them less competitive were expressed during surveys by a few. Another unintended consequence could be the creation of a two tier workforce by some providers (and as acknowledged by the Living Wage Foundation) with those providing services to the Council being paid more than their colleagues working in the private sector. However on balance these risks are considered to be outweighed by the benefits to the city, local economy and community, of encouraging contractors to pay a Living Wage. It is therefore recommended that the Committee agree to pursue the accreditation process to become a Living Wage Employer.

## Measures of success

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- 4.1 The measure of success of introducing the qualitative assessment of workforce related matters will be improved employment conditions for third party employees, delivery of overall better value contracts and any resulting increase in costs passed onto the Council being kept to a minimum.

## Financial impact

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- 5.1 The projected additional cost of uplifting the Living Wage cannot be accurately predicted as it will generally be introduced at the stage of changing provider. Initial modelling is suggesting an additional 6-9% over and above what current providers are paid where the majority of costs are based on employee costs and a considerable proportion of the employees are currently paid below a Living Wage. Any additional costs from adopting this approach would need to be accepted by the Council. The implementation of the Scottish Government guidance methodology will not allow the Council to know both a Living Wage and non-Living wage option so the additional cost of this may never be able to be identified.

## Risk, policy, compliance and governance impact

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- 6.1 The Council has already taken initial steps to encourage providers including providers of care at home services to pay the Living Wage. Following the statutory guidance means significant steps to encourage are now being taken.
- 6.2 There is a risk of a successful legal challenge if the Council were to fail to have regard to what is statutory guidance.

- 6.3 There is a significant risk of increased financial burden for the Council if all or part of the increased costs to contractors are passed on to the Council. This may be in part mitigated by improved service provision.
- 6.4 Policy and practice will be updated once Committee has taken a decision.

## Equalities impact

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- 7.1 An increase to the Living Wage for the employees of Council providers would positively impact upon employees currently paid less than the Living Wage.
- 7.2 It is considered that there would be no equal pay issues as both men and women on the same grade would be paid the same increased rate.

## Sustainability impact

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- 8.1 Following the statutory guidance and taking further steps to encourage payment of the Living Wage is likely to encourage Council providers to improve the workforce conditions of their employees.

## Consultation and engagement

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- 9.1 To date there has been a number of surveys with the Council's top providers in terms of spend and third sector grant recipients. There has also been engagement with care providers in connection with the national care homes contract. All recent tenders include an explanation of the Council's commitment to the Living Wage and a question as to whether providers currently pay the Living Wage.

## Background reading/external references

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Statutory guidance on Fair Working Practices

<http://www.gov.scot/Resource/0048/00486741.pdf>

[Scottish Procurement Policy Note 4/2012,\(SPPN 4/2012\).](#)

[http://www.resolutionfoundation.org/wp-content/uploads/2014/08/Beyond the Bottom Line - FINAL.pdf](http://www.resolutionfoundation.org/wp-content/uploads/2014/08/Beyond_the_Bottom_Line_-_FINAL.pdf)

## Hugh Dunn

Acting Executive Director of Resources

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## Links

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|  |   |
|--|---|
| <b>Coalition pledges</b>                   | P25 - Introduce a “living wage” for Council employees, encourage its adoption by Council subsidiaries and contractors and its wider development                     |
|  | 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 |
| <b>Council outcomes</b>                    | CO25 - The Council has efficient and effective services that deliver on objectives  |
| <b>Single Outcome Agreement Appendices</b> |   |

# Finance and Resources Committee

10.00am, Thursday 14 January 2016

## Annual Workforce Controls Report

|                   |     |
|-------------------|-----|
| Item number       | 7.4 |
| Report number     |     |
| Executive/routine |     |
| Wards             |     |

### Executive summary

---

Spend on employee costs forms the largest single element of the Council's budget. This report provides an update on the implementation of an enhanced workforce control framework which is critical to achieving savings set out in the Council's budgets. Focusing senior level attention on the implementation and execution of workforce controls will significantly assist the Council in achieving its cost savings targets.

### Links

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|                          |                   |
|--------------------------|-------------------|
| Coalition pledges        | P25,26,27,29 & 30 |
| Council outcomes         | CO24,25,26 & 27   |
| Single Outcome Agreement |                   |

## Annual Workforce Controls Report

### Recommendations

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- 1.1 To note progress made to date.
- 1.2 To note the proposed future savings.
- 1.3 To refer this report to Governance, Risk and Best Value Committee as part of its work programme.

### Background

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- 2.1 A report on the development of a workforce control framework was first reported to the Finance and Resource Committee on 19 March 2015. At this meeting the committee agreed to the use of a workforce metrics and monitoring framework built around three independent components:
  - Managing Resources;
  - Managing Costs; and
  - Managing Performance.
- 2.2 Indicative workforce savings of £6.3m in the period to end 2015/16 were also identified in this report.

### Main report

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- 3.1 As reported in March 2015, Business Intelligence, working closely with HR and OD set out to incorporate key performance metrics into monthly reporting dashboards to ensure effective tracking of workforce performance and expenditure against the specified targets and standards. These dashboards are built around the above framework.
- 3.2 These dashboards have now been bedded into a monthly reporting cycle. The dashboard for October 2015 is attached as Appendix 1 to this report.
- 3.3 An update on progress made in each of the three components of the workforce management framework referred to above is detailed below.

#### **Managing Resources**

- 3.4 The data relating to managing resources includes staff numbers, redeployment figures and acting up and secondments. This information aims to ensure that appropriate procedures and controls are in place to effectively manage the

workforce within defined budgets. The impact from a number of controls put into place are summarised below.

### **Staff Numbers**

- 3.5 The introduction of recruitment controls has resulted in an overall downward trend of FTEs, from a high of 15,716 FTEs in February 2015 to 15,200 in September 2015 (see page 4 of Appendix 1). However, in August 2015 there was an increase of 72 FTEs. This increase was due to recruitment to school based posts with the majority being teaching. The distribution of the reduction in FTEs between February 2015 to September 2015 is detailed below::

| <b>Service Area</b>      | <b>Reduction in FTE</b> | <b>% of FTE</b> |
|--------------------------|-------------------------|-----------------|
| Children and Families    | 144                     | 2.1%            |
| Services for Communities | 113                     | 2.6%            |
| Corporate Governance     | 64                      | 5.6%            |
| Health and Social Care   | 174                     | 5.4%            |
| Economic Development     | 21                      | 15.5%           |

### **Redeployment**

- 3.6 Posts which are authorised for advertising continue to be monitored for redeployment opportunities and from the end of October 2015 this is being carried out by the Career Transition Service. This service aims to support employees whose roles are at risk as a result of restructuring and to make targeted career transition and/or redeployment to available roles within the new structure for the Council. The current position on redeployment can be viewed on page 2 of Appendix 1. It should be noted that the current number of surplus employees are largely from service reviews and the transformation programme has yet to impact on these figures.

### **Acting Up and Secondments**

- 3.7 A baseline position of the number of acting up and secondment arrangements in the Council was established in October 2014. A review has been carried out of all acting up and secondment arrangements and the length of time these have been in place. Particular emphasis has been put on reviewing arrangements which have continued for 12 months or more, with the aim of identifying alternative solutions. The systems, processes and controls surrounding acting up and secondment have been reviewed with the aim of improving compliance, monitoring and reporting.
- 3.8 The total number of acting up and secondment positions has fallen from 944 in October 2014 to 551 in September 2015. The distribution of these positions by service area is detailed below.

| <b>Service Area</b>      | <b>Acting Up and Secondment Positions</b> | <b>% of FTE</b> |
|--------------------------|---|-----------------|
| Children and Families    | 212                                       | 3.2%            |
| Services for Communities | 204                                       | 4.8%            |
| Corporate Governance     | 42  | 3.9%            |
| Health and Social Care   | 85  | 2.7%            |
| Economic Development     | 8   | 7%              |

- 3.9 Development work has been undertaken to improve data quality and reporting and more robust controls have been introduced to ensure that processes are followed and appropriate authorisations obtained. Positions continuing for 12 months or more must have Executive Director and Head of HR & OD authorisation.
- 3.10 Overall progress is being made in reducing the number of acting up and secondment positions, particularly those which have been in place for 12 months or more (see page 7 of Appendix 1 for details). While new cases occur, these tend to be for front line services, some of which will have regulatory staffing levels. New cases are managed within the 12 month framework and service areas are encouraged to consider alternative solutions.

### **Managing Costs**

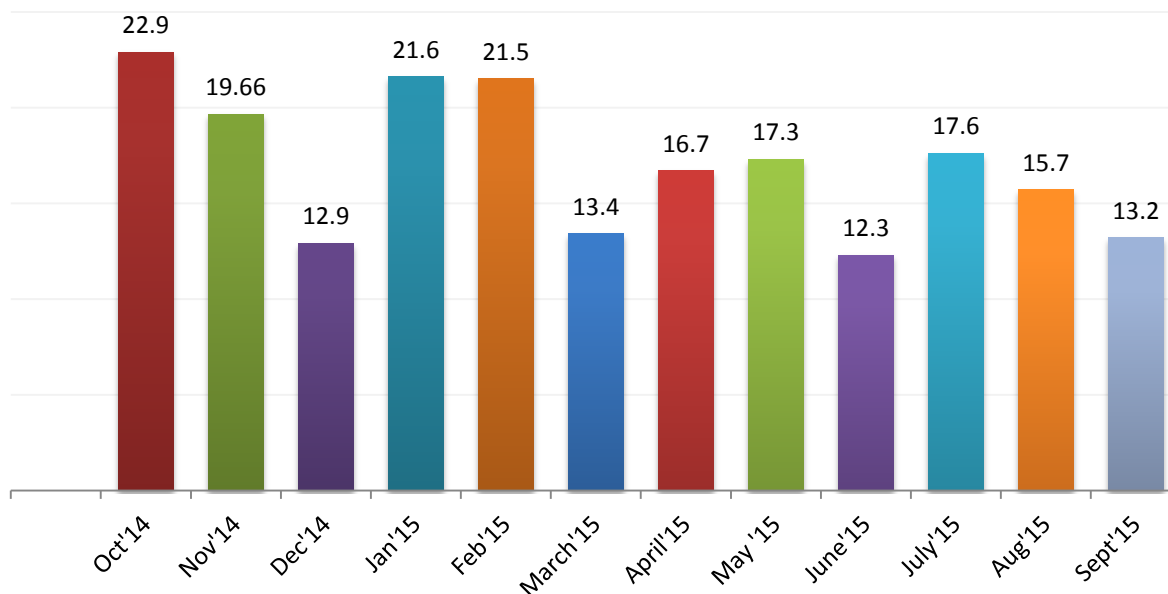
- 3.11 The data relating to managing costs includes pay bill costs, overtime costs, agency costs and the cost of acting up/secondments. This information aims to ensure that managers can take corrective action where necessary to remain within budget.

### **Pay Bill**

- 3.12 The cost of the paybill has reduced by £9.3m in the period from October 2014 to September 2015. This downward trend correlates with the trend in FTEs, and as with FTEs, has shown an increase in August 2015 due to recruitment in schools (see trend analysis on page 8 of Appendix 1). It should be noted that data presented in the workforce dashboard show trends in the total annual basic salary associated with staff employed by the Council at the end of each calendar month. The data provides a good measure to track change in the total salary cost for all Council employees, but includes only basic contracted salary costs at a given point in time. As such, the dataset does not consider retrospective payments made, claims based payments (such as overtime payments, working time payments, payments to supply or casual staff), or National Insurance and Pension contributions.

## Overtime

- 3.13 In line with policy, overtime for staff on Grade 8 and above should only be paid in exceptional circumstances. Overtime costs for Grade 8 and above have reduced over the last year, from a high of £22.9K in September 2014 to an average of £15.5 per month over the last six months. The bar chart below shows the total of overtime spend (£K) for Grade 8 and above over the last year.



- 3.14 Controls for the use of overtime, in general, have been devolved for each Directorate with mixed results. A trend analysis for overtime spend for each service area is attached as Appendix 2 of this report. Overtime spend for September 2015 was £ 528.9k, 5% lower than the previous month.

### What we are doing about it?

- 3.15 A Council wide target of 25% reduction in non contractual overtime spend has been put forward as a budget proposal for 2016/17 and 2017/18. HR and Finance are working with Senior Management Teams to target areas with high non contractual spend. In September 88.7% of all overtime spend was non contractual. The table below details the percentage of non contractual spend by service area for the month of September.

| September Overtime (£K) | Contractual | Non Contractual | % of Total |
|-------------------------|-------------|-----------------|------------|
| Corp Gov                | £0.3        | £13.5           | 2.2%       |
| C&F                     | £1.4        | £81.7           | 1.7%       |
| SfC                     | £59         | £395.8          | 14.9%      |

|      |      |       |      |
|------|------|-------|------|
| H&SC | £4.7 | £86.3 | 5.4% |
|------|------|-------|------|

### **Agency Costs**

- 3.16 Details of agency costs by service area and a trend analysis of total costs are detailed on page 11 of Appendix 1. The total agency cost was £1.01 m in September 2015, 11% higher than the previous month.

#### **What are we doing about it?**

- 3.17 All agency staff hired is authorised by Executive Directors and Heads of Service unless the post is on the pre-authorised list for recruitment. A Council wide target of 20% reduction in agency costs has been put forward as a budget proposal for 2016/17 and 2017/18. HR and Finance are working with Senior Management Teams to target areas with high agency spend.

### **Acting Up and Secondments**

- 3.18 In October 2014, the cost of acting up and secondment in addition to substantive pay was £3.1m. The current cost including the ongoing original and new positions is £2.2m, which is a reduction of £900k.

### **Managing Performance**

- 3.19 The managing performance theme of this framework includes sickness absence and performance management. Data on both of these areas can indicate the health of the organisational culture.

#### **Sickness Absence**

- 3.20 The Council target for sickness absence has been 4% for some years. In recent years the Council's sickness absence rate has increased and in September 2015 is 5%. Trend analysis for short and long term sickness can be found on pages 13 and 14 of Appendix 1. Long term sickness absence has remained fairly static over the last year with a significant reduction in those absent for more than 12 months. .

#### **What are we doing about it?**

- 3.21 The current focus is in reducing short term absence and monitoring arrangements have been put in place to ensure managers are adhering to current sickness absence policies and controls. Mandatory Return to Work interviews have been introduced and are reported on monthly. In addition a number of support mechanisms have been put in place to help employees through the transformation programme and address the risk of an increase in absence rates. These include access to:
- the Career Transition Service referred to at paragraph 3.6;
  - an Employee Assistance Programme;
  - training for line managers; and
  - stress risk assessments.

## **Managing Work Performance**

- 3.22 Forty seven people are being managed under the Managing Work Performance Policy. This policy aims to support employees to reach acceptable levels of performance. More work is required to ensure all employees who have below average PRD scores are supported in this way.
- 3.23 Work is being carried out to achieve an approach to managing performance that is fit for purpose and is as easy as possible for all staff to engage with. Options for changes to the current system have been presented to the Corporate Leadership Team for consideration. Details on the completion rates for the current Performance Review and Development are attached on page 16 of Appendix 1.

## **Measures of success**

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- 4.1 The Council's workforce arrangements are designed to ensure an engaged and empowered workforce who are supported and managed well, in order to provide services to the highest standards.

## **Financial impact**

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- 5.1 Savings of £1.8m and £2.8m will be achieved over 2016/17 2017/18 by reducing overtime by 25% and agency spend by 20% respectively. A further estimated saving of £5m can be achieved through continuing to control recruitment. In particular, effort will be made to ensure that any employees leaving the organisation voluntarily will not be replaced.

## **Risk, policy, compliance and governance impact**

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- 6.1 Effective workforce management arrangements are essential to ensure that the Council is able to manage and plan the people impact of achieving the planned business change and associated savings.

## **Equalities impact**

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- 7.1 There are no significant equalities impacts arising directly from this report.

## **Sustainability impact**

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- 8.1 There is no sustainability impact of this report.

## **Consultation and engagement**

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- 9.1 Consultation and engagement with key stakeholders, including senior management teams, Trade Unions and elected members is ongoing.



## Background reading/external references

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[An engaged and empowered workforce: workforce strategy 2015-2020 – report to F&R Committee, 19/3/2015](#)

[An engaged and empowered workforce: 'supporting managers' control framework – report to F&R Committee 19/3/2015](#)

### **Andrew Kerr**

Chief Executive

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## Links

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**Coalition pledges**

**Council outcomes**

**Single Outcome Agreement**

**Appendices**

Appendix 1 – Edinburgh Council Management Information Dashboard – October 2015

Appendix 2 – Overtime Trends by Service Area

# Edinburgh Council

## Workforce Dashboard

October 2015

### Links to:

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[Transformation Summary](#)

[Managing resources](#)

[Managing costs](#)

[Managing Performance](#)

[Data Notes](#)

### Introduction

This dashboard provides an overview of Council workforce metrics incorporating data on workforce numbers, costs and performance. The dashboard provides the most up to date view on these metrics at the time of publication. Unless otherwise stated the information in this dashboard relates to data collected during September 2015. The Pay Bill and

For further detail on the data and sources used for this dashboard, please refer to the [Data Notes](#) section. If you have any queries about this data or wish to access further information that is presented in this report please contact Business Intelligence at: [business.intelligence@edinburgh.gov.uk](mailto:business.intelligence@edinburgh.gov.uk)

### Summary Findings

#### Staff Numbers

Annual ↓; Month ↓

15,200 FTE staff were employed as at end September 2015. This is 133 FTE fewer than the previous month. Compared to the same month last year staff numbers are down by 298 FTE. There has been a decline in staff posts from a high in February 2015 which was 15,716 FTE posts.

#### New starts and leavers

Annual ↓; Month ↓

New starts and leavers for September 2015 provided a 68 FTE drop in staff numbers. This was lower than the same month last year which showed an 11 FTE increase, and lower than August 2015, which showed an 88 FTE increase.

#### Pay Bill

Annual ↓; Month ↓

The basic pro-rata salary cost for staff employed as at end September was £402.3 million. This was £3.6 million lower than the previous month. Compared to the same month last year the total Pay Bill was lower by £8.2 million.

#### Agency costs

Annual n/a; Month ↑

The total agency cost was £1.01 million in September 2015, 11% higher than the previous month. Over the last 7 months agency costs have exceed £1 million only three times. During this period total agency costs typically remain around £0.9 million per month.

#### Overtime costs

Annual n/a; Month ↓

The cost of overtime was £528,986 in September 2015, 5% lower than the previous month. The total cost of overtime for staff above Grade 8 was £13,242 in September 2015.

#### Absence Rate

Annual ↑ Month –

The Council wide sickness absence rate was 5.0% over the 12 months to September 2015. This is unchanged on the previous month but significantly higher than that recorded in the same month last year. In September 2014 the absence rate was 4.6% with the increase since that point driven by rising absence rates in all Service Areas apart from Corporate Governance.

# Workforce Dashboard – Transformation Programme Summary

[First Page](#)

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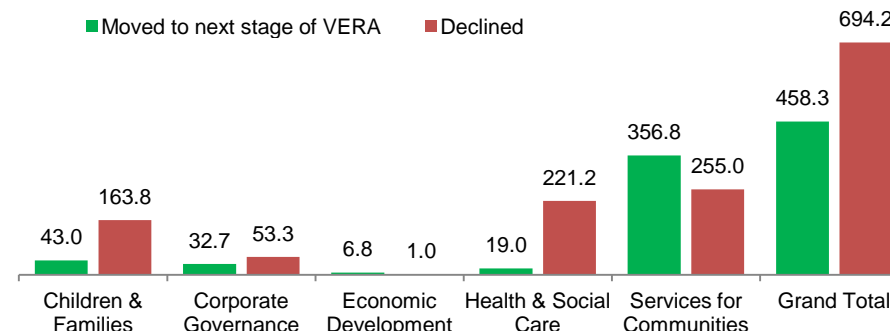
This page provides indicators to monitor change through the Council Transformation Programme. A total of 1,152.5 FTE posts expressed an interest in VERA as at beginning of December 2015. Of these, 458.3 FTE posts have been moved to the next stage of the VERA process. These positions account an annualised pay excluding employers NI and Pension of £15.8 million and represent 3.0% of all current FTE staff across the Council. 58 people were recorded as having a redeployment status during September 2015. This represented a total staff cost of £2.1million. The number of people counted as 'surplus – not currently redeployed;' fell from 25 people in August to 17 people in September 2015.

## VERA / VR (as at start of December 2015)

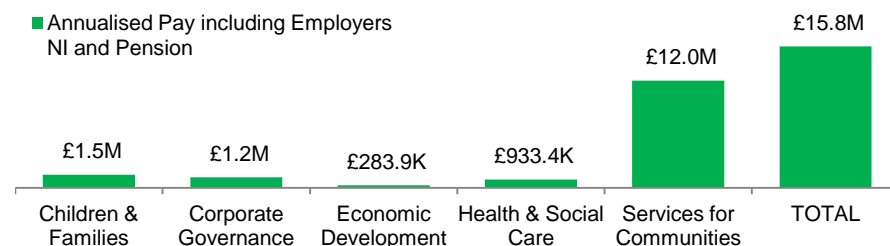
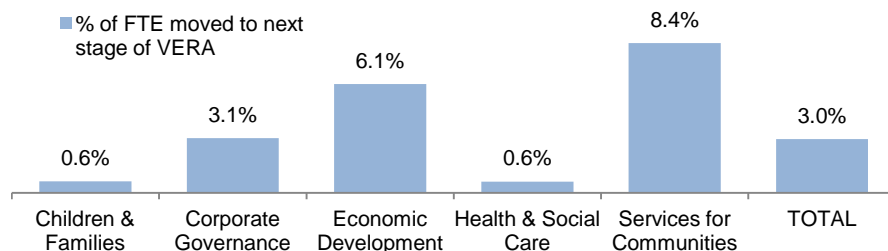
| VERA outcomes to date                             | Positions    | FTE            |
|---|--------------|----------------|
| Moved to next stage for leave data of 31 Dec 2015 | 187          | 169.6          |
| Moved to next stage for leave data of 31 Mar 2016 | 297          | 288.6          |
| Declined  | 803          | 694.3          |
| <b>Total</b>                                      | <b>1,287</b> | <b>1,152.5</b> |

Note: "Declined" includes those that also received a response of "No – but we may contact you again in the future"

## Expressions of interest, FTE by Service Area



## Staff moved to next stage of VERA



## Redeployment (positions)

| Open cases                              | Aug 2015  | Sept 2015 |
|---|-----------|-----------|
| <b>Numbers</b>                          |           |           |
| Surplus – not currently redeployed      | 25        | 17        |
| Temporarily redeployed less than 6 mths | 1         | 2         |
| Temporarily redeployed more than 6 mths | 31        | 39        |
| <b>Total</b>                            | <b>57</b> | <b>58</b> |

| Open cases                              | Aug 2015          | Sept 2015         |
|---|-------------------|-------------------|
| <b>Cost</b>                             |                   |                   |
| Surplus – not currently redeployed      | £811,171          | £479,810          |
| Temporarily redeployed less than 6 mths | £27,181           | £50,605           |
| Temporarily redeployed more than 6 mths | £1,194,641        | £1,557,466        |
| <b>Total</b>                            | <b>£2,032,993</b> | <b>£2,087,880</b> |

## Managing resources

- Staff numbers
- Workforce profile
- New starts and leavers
- Acting up and secondments

## Managing costs

- Salary costs
- Overtime costs
- Living wage
- Cost of new starts and leavers
- Agency staff costs
- Costs of secondments / acting up arrangements

## Managing performance

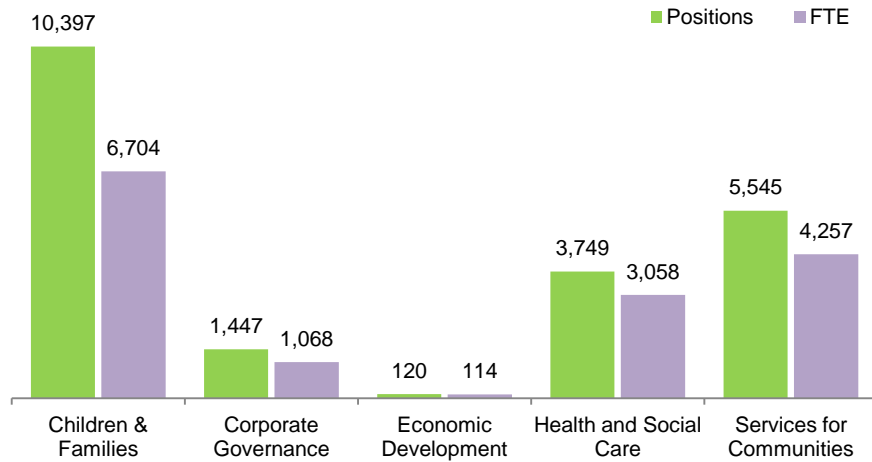
- Sickness absence (monthly)
- Long term Absence
- Managing work performance
- High Risk cases
- PRD
- Contribution Based Pay

# Managing Resources – Staff Numbers

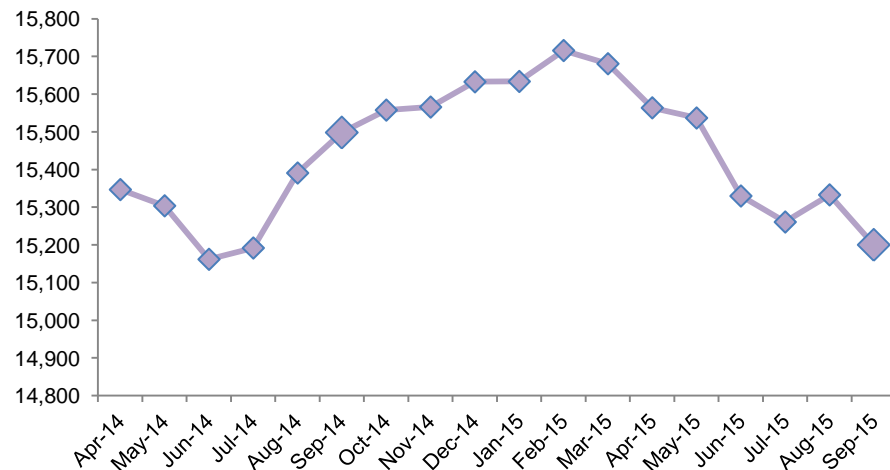
[Contents](#)

## Positions and FTE

Total Positions **21,258**; Total FTE **15,200**



## FTE Trend Analysis



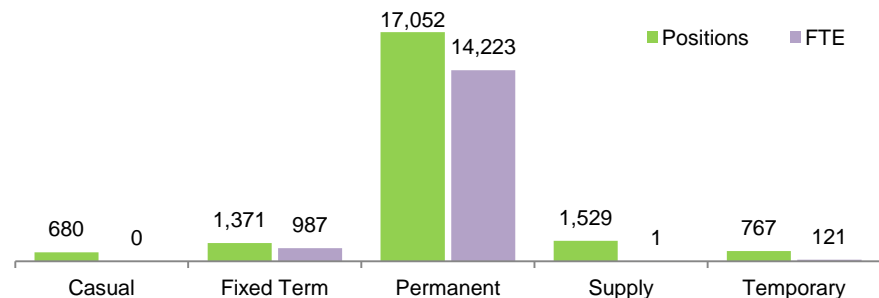
| Month        | Total FTE | Variation on previous month |
|--------------|-----------|-----------------------------|
| April 14     | 15,347    |                             |
| May 14       | 15,304    | -54                         |
| June 14      | 15,162    | -142                        |
| July 14      | 15,192    | 30                          |
| August 14    | 15,391    | 199                         |
| September 14 | 15,498    | 106                         |
| October 14   | 15,558    | 61                          |
| November 14  | 15,566    | 8                           |
| December 14  | 15,633    | 66                          |
| January 15   | 15,634    | 2                           |
| February 15  | 15,716    | 81                          |
| March 15     | 15,681    | -35                         |
| April 15     | 15,564    | -117                        |
| May 15       | 15,537    | -25                         |
| June 15      | 15,330    | -208                        |
| July 15      | 15,261    | -69                         |
| August 15    | 15,333    | 71                          |
| September 15 | 15,200    | -133                        |

Note: Figures above are a snapshot taken on 19 October 2015

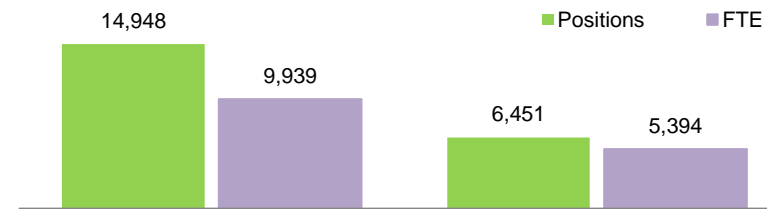
# Managing Resources – Workforce Profile

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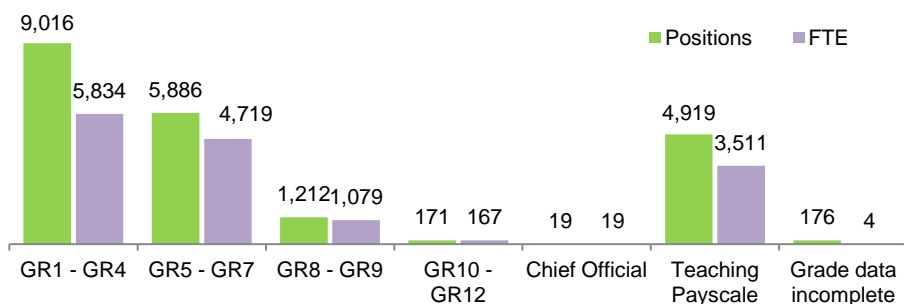
## Breakdown by Contract Type



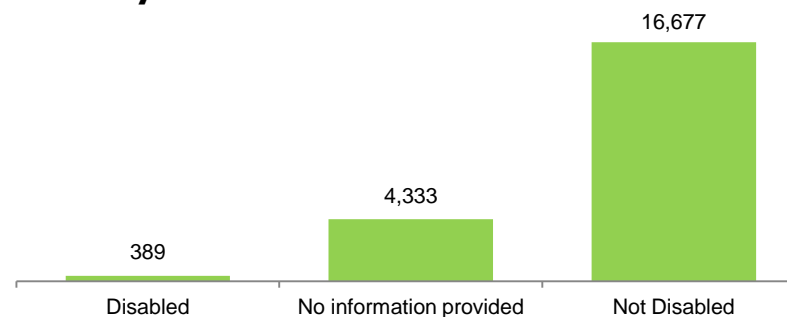
## Gender Split – Positions and FTE



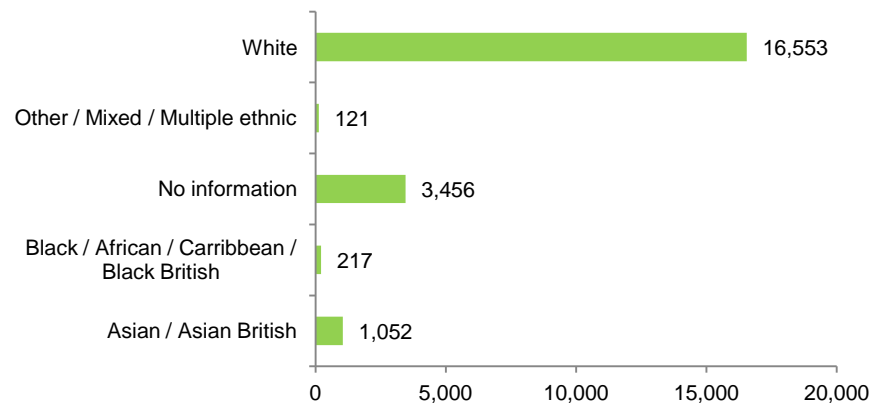
## Breakdown by Grade



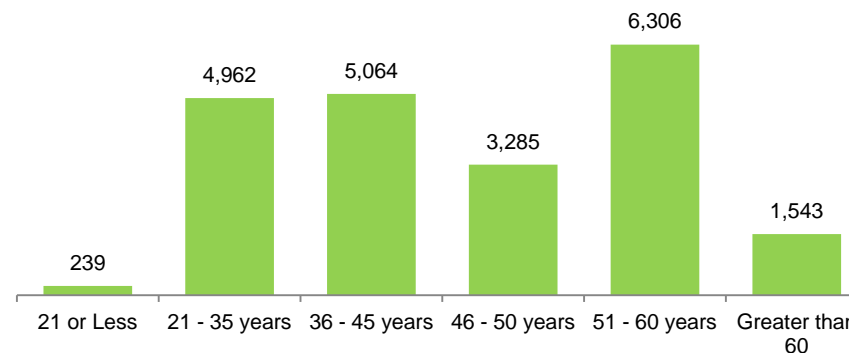
## Disability Positions



## Ethnicity



## Age Profile



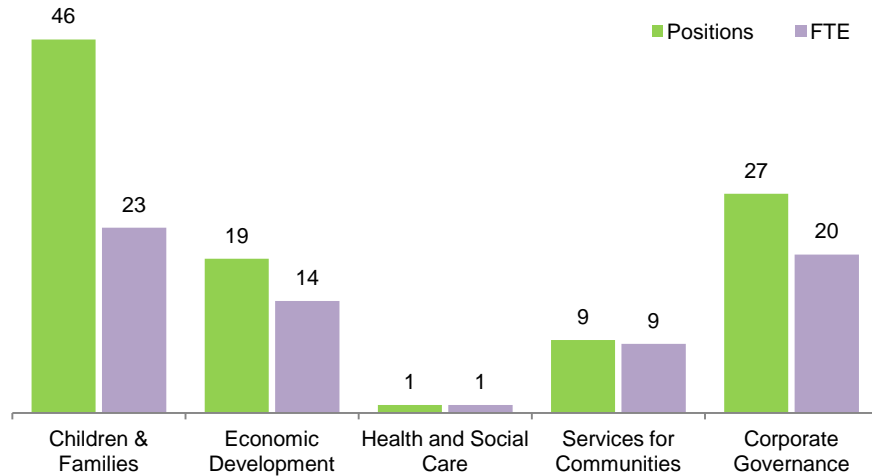
Note: Due to the static nature of these indicators the figures relate to a snapshot taken on 11 September 2015 and will be updated Quarterly.

# Managing Resources – Organisational New Starts and Leavers

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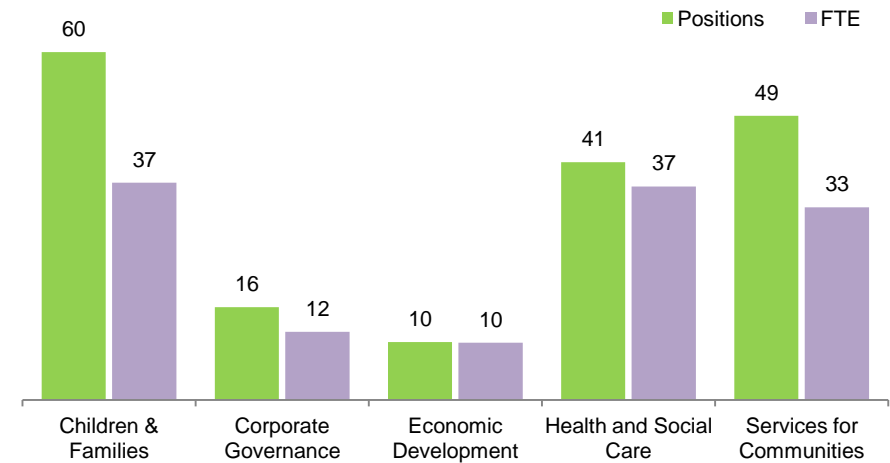
## New Starts

Total Positions: **102**; Total FTE: **66**

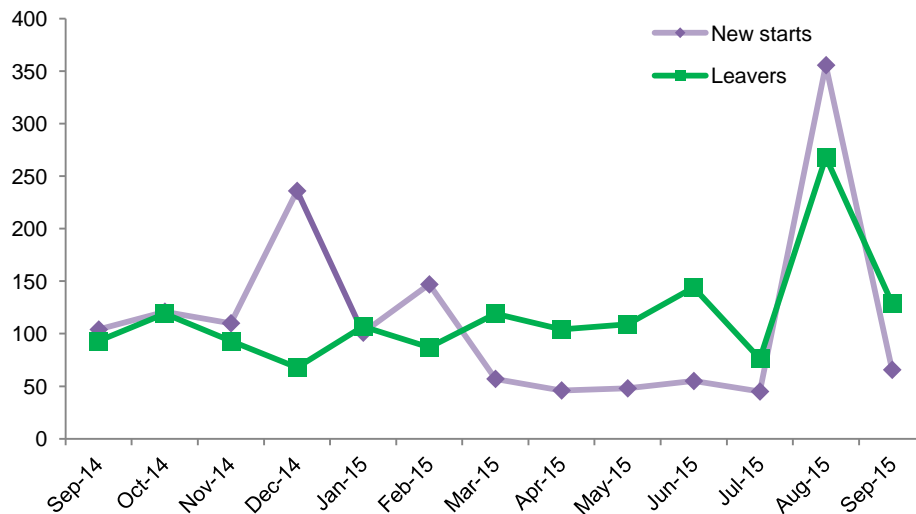


## Leavers

Total Positions: **176**; Total FTE: **129**



## FTE: New Starts vs Leavers



| Period       | New starts (FTE) | Leavers (FTE) | New starts vs Leavers (FTE) |
|--------------|------------------|---------------|-----------------------------|
| September 14 | 104              | 93            | 11                          |
| October 14   | 121              | 119           | 2                           |
| November 14  | 110              | 93            | 17                          |
| December 14  | 236              | 68            | 168                         |
| January 15   | 101              | 107           | -6                          |
| February 15  | 147              | 87            | 60                          |
| March 15     | 57               | 119           | -62                         |
| April 15     | 46               | 104           | -58                         |
| May 15       | 48               | 109           | -61                         |
| June 15      | 55               | 144           | -89                         |
| July 15      | 45               | 76            | -31                         |
| August 15    | 356              | 268           | 88                          |
| September 15 | 66               | 129           | -63                         |
| <b>Total</b> | <b>1,491</b>     | <b>1,516</b>  | <b>-24</b>                  |

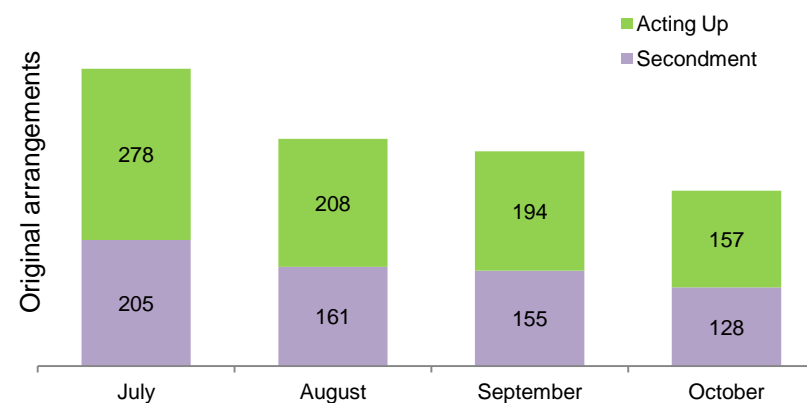
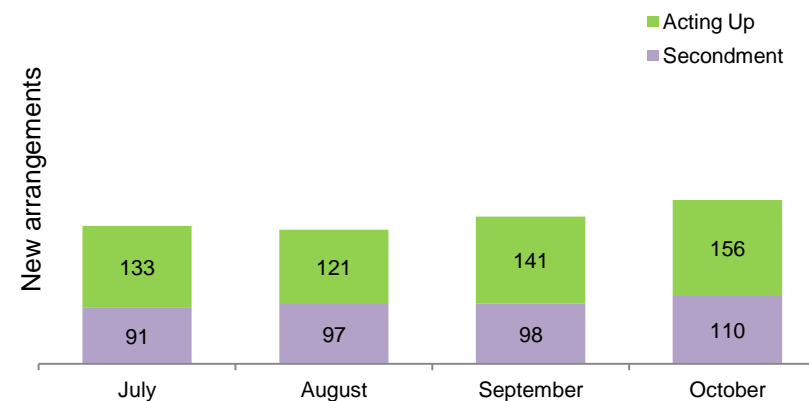
Note: Figures above are for period September 2015

# Managing Resources – Acting Up and Secondments (Positions)

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| Service Area             | Status        | Acting Up  | Secondment | Grand Total |
|--------------------------|---------------|------------|------------|-------------|
| Children and Families    | New Live      | 91         | 50         | 141         |
|                          | Original Live | 40         | 31         | 71          |
|                          | <b>Total</b>  | <b>131</b> | <b>81</b>  | <b>212</b>  |
| Corporate Governance     | New Live      | 9          | 9          | 18          |
|                          | Original Live | 13         | 11         | 24          |
|                          | <b>Total</b>  | <b>22</b>  | <b>20</b>  | <b>42</b>   |
| Economic Development     | New Live      | 1          | 1          | 2           |
|                          | Original Live | 4          | 2          | 6           |
|                          | <b>Total</b>  | <b>5</b>   | <b>3</b>   | <b>8</b>    |
| Health and Social Care   | New Live      | 28         | 14         | 42          |
|                          | Original Live | 24         | 19         | 43          |
|                          | <b>Total</b>  | <b>52</b>  | <b>33</b>  | <b>85</b>   |
| Services for Communities | New Live      | 27         | 36         | 63          |
|                          | Original Live | 76         | 65         | 141         |
|                          | <b>Total</b>  | <b>103</b> | <b>101</b> | <b>204</b>  |
| <b>Grand Total</b>       |               | <b>313</b> | <b>238</b> | <b>551</b>  |

## Trend analysis - Acting Up and Secondments



### New Live

These include all current arrangements that were in place **after October 2014**

### Original Live

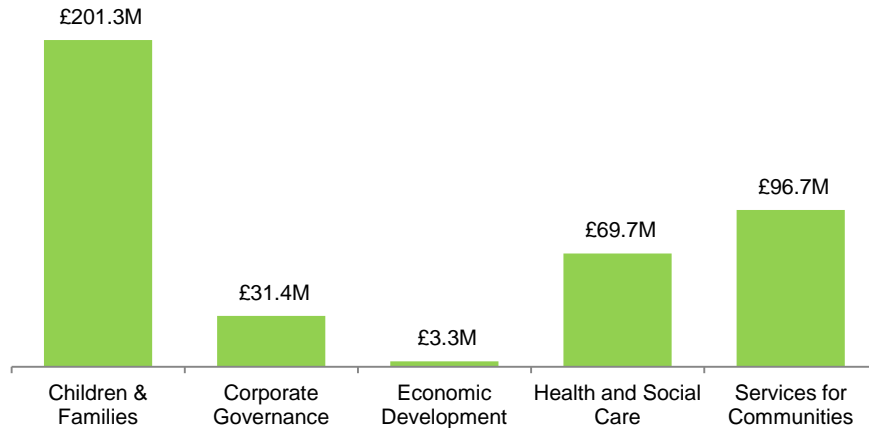
These include all current arrangements that were in place **pre October 2014**.



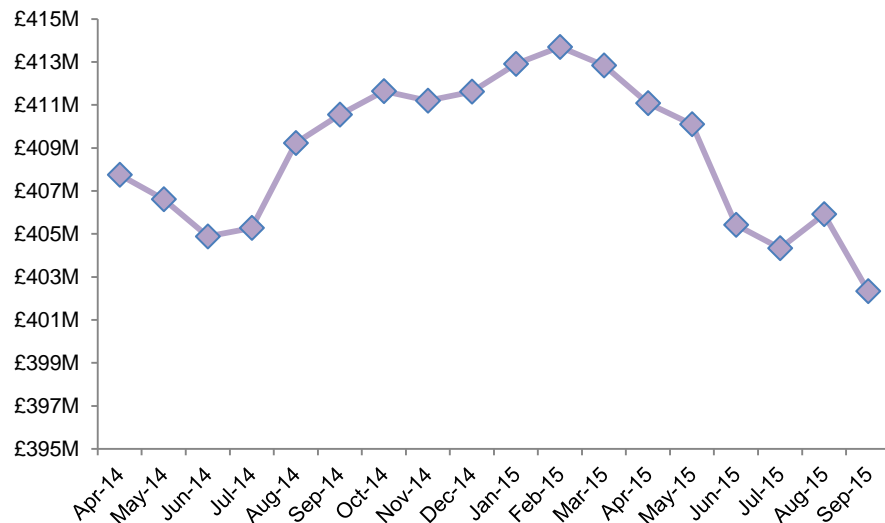
# Managing Costs – Pay Bill

## Annual Pay Bill

Total: **£402,334,691**

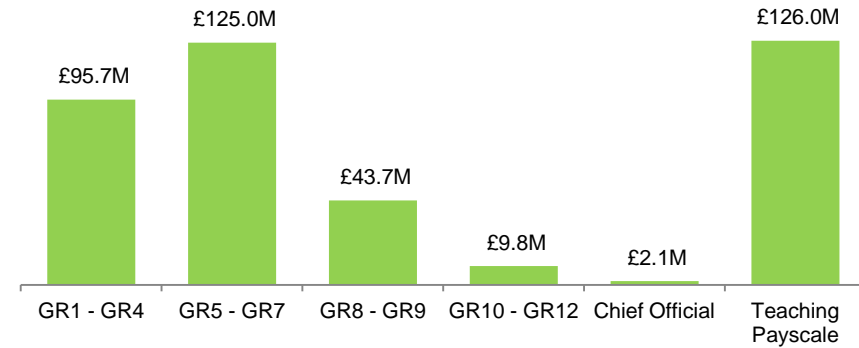


## Trend Analysis – Annual Pay Bill



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## Annual Pay Bill by Grade



| Month        | Total Pay Bill | Variation on previous month |
|--------------|----------------|-----------------------------|
| April 14     | £407.7M        |                             |
| May 14       | £406.6M        | - £1.1M                     |
| June 14      | £404.9M        | - £1.7M                     |
| July 14      | £405.3M        | £398.3K                     |
| August 14    | £409.2M        | £3.9M                       |
| September 14 | £410.5M        | £1.3M                       |
| October 14   | £411.6M        | £1.1M                       |
| November 14  | £411.2M        | - £445.1K                   |
| December 14  | £411.6M        | £422.4K                     |
| January 15   | £412.9M        | £1.3M                       |
| February 15  | £413.7M        | £788.2K                     |
| March 15     | £412.8M        | - £859.0K                   |
| April 15     | £411.1M        | - £1.8M                     |
| May 15       | £410.1M        | - £979.5K                   |
| June 15      | £405.4M        | - £4.7M                     |
| July 15      | £404.3M        | - £1.1M                     |
| August 15    | £405.9M        | £1.6M                       |
| September 15 | £402.3M        | - £3.6M                     |

Note: Figures above are a snapshot taken on 19 October 2015

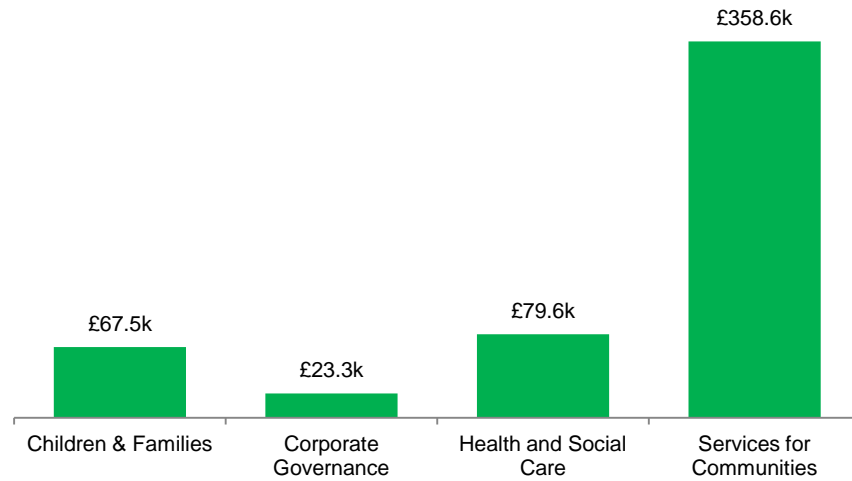
**Annual Pay Bill** represents the total annual basic salary of the workforce at this time. Further information is given in the Data Note section at the end.

# Managing Costs – Overtime and Living Wage costs

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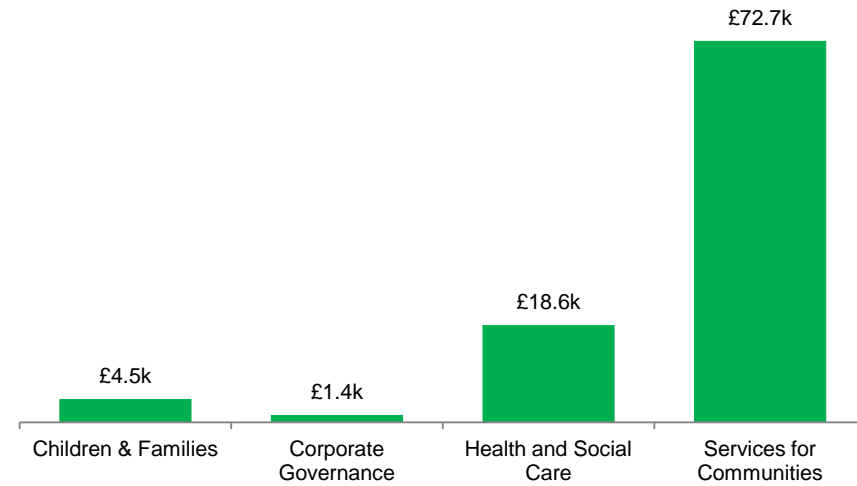
## Overtime Cost (September 2015)

Total: **£528,986**



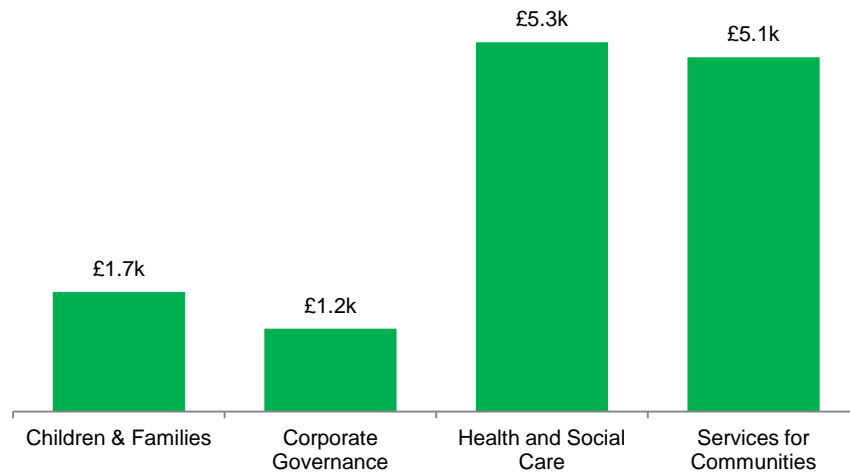
## Living Wage

Total: **£97,216**



## Overtime Cost Grade 8 (September 2015)

Total: **£13,242**



# Managing Costs – Organisational New Starts and Leavers

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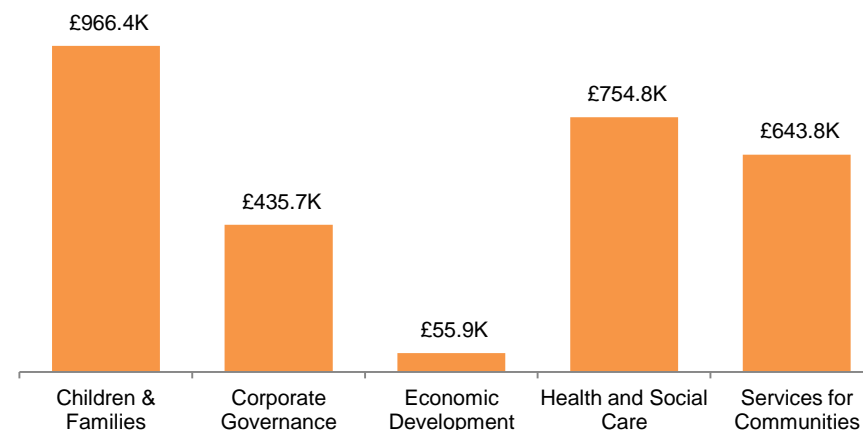
## Cost of New Starts

Total: **£1,417,474**

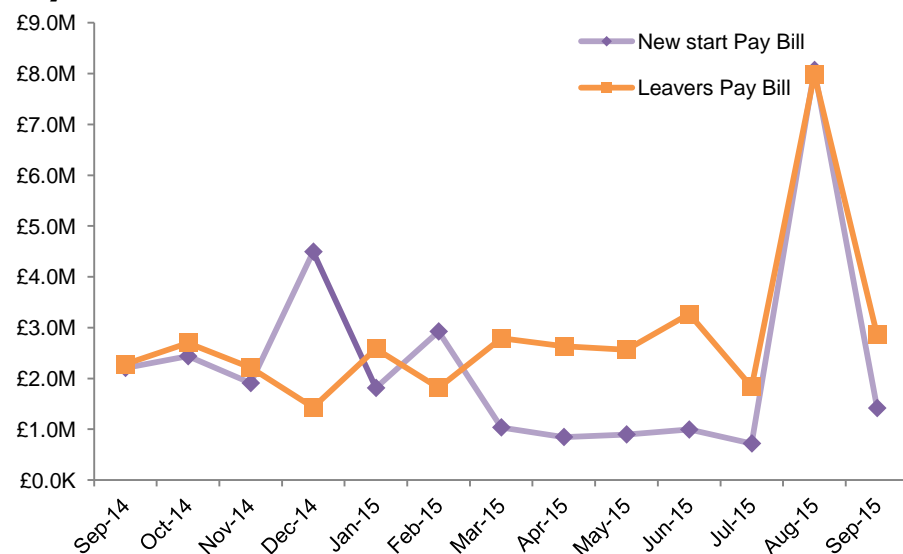


## Cost of Leavers

Total: **£2,856,524**



## PayBill: New Starts vs Leavers



| Month        | New Start Pay Bill | Leavers Pay Bill   | New start vs Leaver Pay Bill |
|--------------|--------------------|--------------------|------------------------------|
| September 14 | £2,207,971         | £2,280,339         | -£72,368                     |
| October 14   | £2,437,625         | £2,699,516         | -£261,891                    |
| November 14  | £1,909,708         | £2,210,637         | -£300,929                    |
| December 14  | £4,494,526         | £1,432,810         | £3,061,716                   |
| January 15   | £1,813,473         | £2,586,337         | -£772,865                    |
| February 15  | £2,925,387         | £1,816,716         | -£1,108,671                  |
| March 15     | £1,036,856         | £2,792,677         | -£1,755,821                  |
| April 15     | £847,996           | £2,634,623         | -£1,786,627                  |
| May 15       | £898,300           | £2,566,000         | -£1,667,700                  |
| June 15      | £994,400           | £3,267,800         | -£2,273,400                  |
| July 15      | £720,631           | £1,832,369         | -£1,111,738                  |
| August 15    | £8,070,686         | £7,979,951         | £90,735                      |
| September 15 | £1,417,474         | £2,856,524         | -£5,745,216                  |
| <b>Total</b> | <b>£29,775,032</b> | <b>£36,959,298</b> | <b>-£7,184,266</b>           |

Note: Figures above are for period September 2015

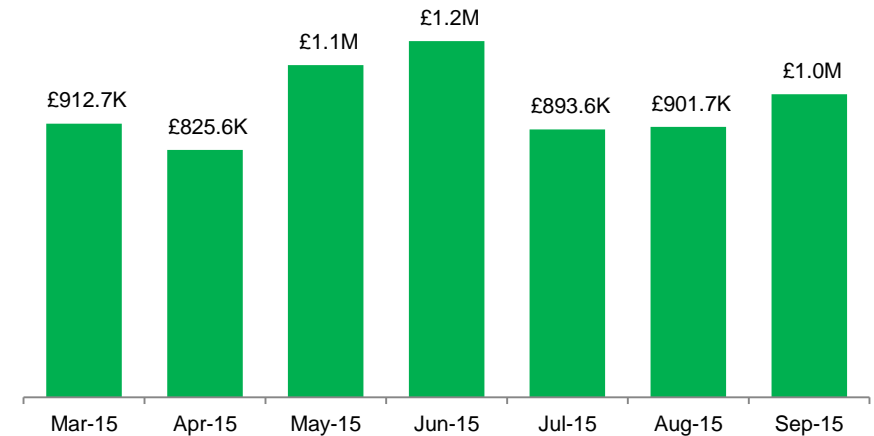
# Managing Costs – Agency costs

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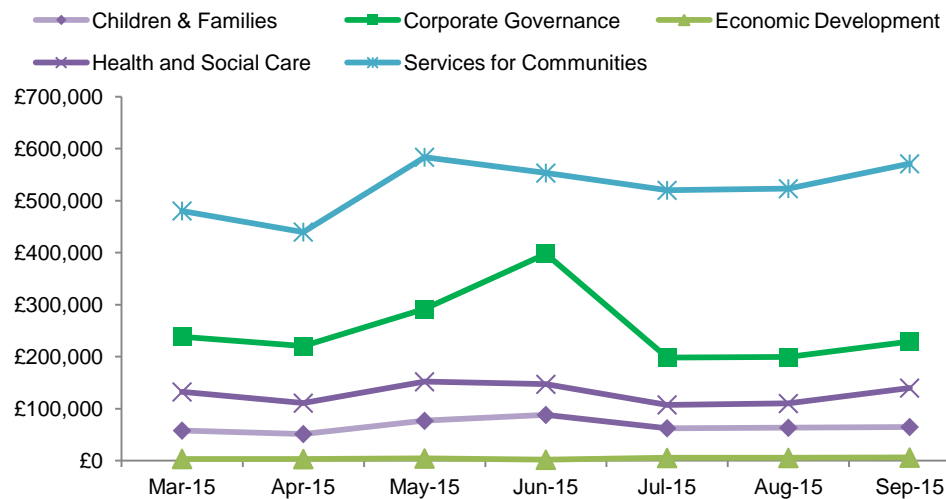
## Agency Staffing (September 2015)

| Service Area             | Total Hours   | Total Cost        |
|--------------------------|---------------|-------------------|
| Children & Families      | 3,636         | £64,920           |
| Corporate Governance     | 10,310        | £229,185          |
| Economic Development     | 360           | £6,112            |
| Health and Social Care   | 10,594        | £139,709          |
| Services for Communities | 39,168        | £571,137          |
| <b>Grand Total</b>       | <b>64,068</b> | <b>£1,011,062</b> |

## Trend Analysis: Agency Total costs by month



## Trend Analysis: Service Area Agency costs



Note: Agency costs data relates to September 2015. This is the most up to date information available at this time.

# Managing Costs – Acting Up and Secondment

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| Service Area             | Status        | Acting Up         | Secondment      | Grand Total       |
|--------------------------|---------------|-------------------|-----------------|-------------------|
| Children and Families    | New Live      | £430,330          | £118,938        | £549,268          |
|                          | Original Live | £183,049          | £68,495         | £251,544          |
|                          | <b>Total</b>  | <b>£613,379</b>   | <b>£187,434</b> | <b>£800,813</b>   |
| Corporate Governance     | New Live      | £76,879           | £10,171         | £87,050           |
|                          | Original Live | £65,349           | £28,880         | £94,228           |
|                          | <b>Total</b>  | <b>£142,228</b>   | <b>£39,051</b>  | <b>£181,279</b>   |
| Economic Development     | New Live      | £10,237           | £2,235          | £12,472           |
|                          | Original Live | £22,610           | £9,937          | £32,547           |
|                          | <b>Total</b>  | <b>£32,847</b>    | <b>£12,172</b>  | <b>£45,019</b>    |
| Health and Social Care   | New Live      | £68,406           | £20,862         | £89,268           |
|                          | Original Live | £83,714           | £51,489         | £135,203          |
|                          | <b>Total</b>  | <b>£152,121</b>   | <b>£72,351</b>  | <b>£224,471</b>   |
| Services for Communities | New Live      | £151,772          | £97,889         | £249,661          |
|                          | Original Live | £458,160          | £234,116        | £692,276          |
|                          | <b>Total</b>  | <b>£609,932</b>   | <b>£332,005</b> | <b>£941,937</b>   |
| <b>Grand Total</b>       |               | <b>£1,550,507</b> | <b>£643,011</b> | <b>£2,193,518</b> |

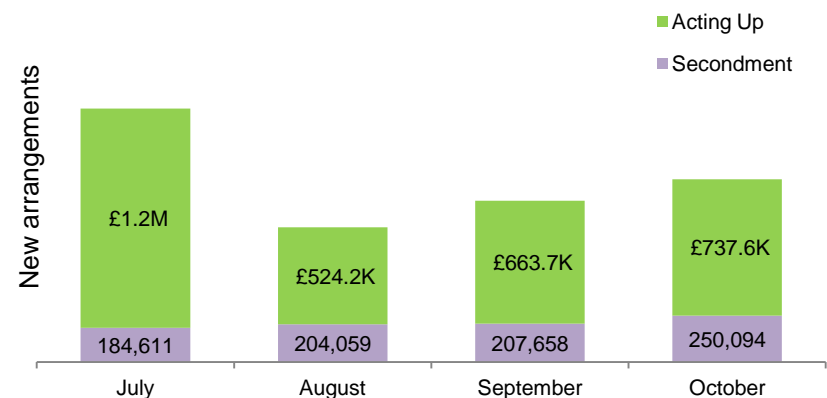
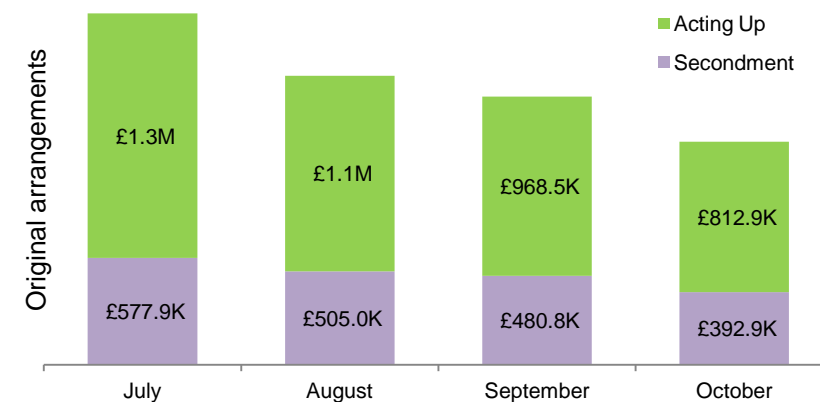
## New Live

These include all current arrangements that were in place **after October 2014**

## Original Live

These include all current arrangements that were in place **pre October 2014**.

## Trend analysis - Acting Up and Secondments

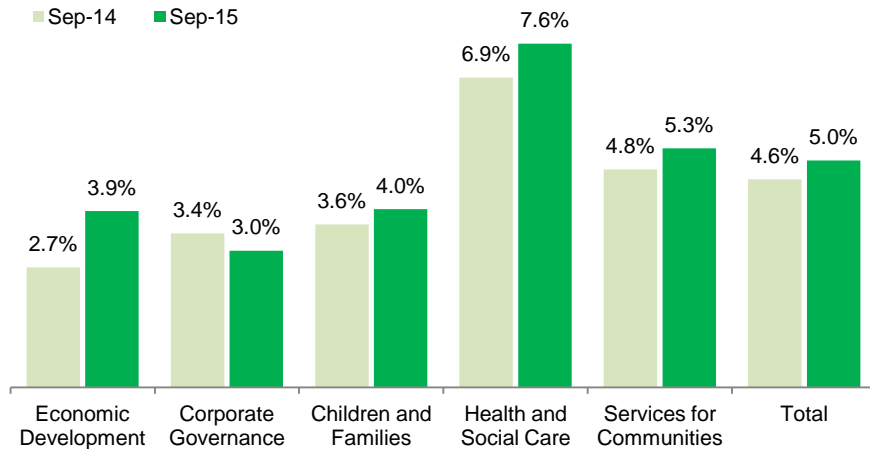


# Managing Performance – Sickness Absence

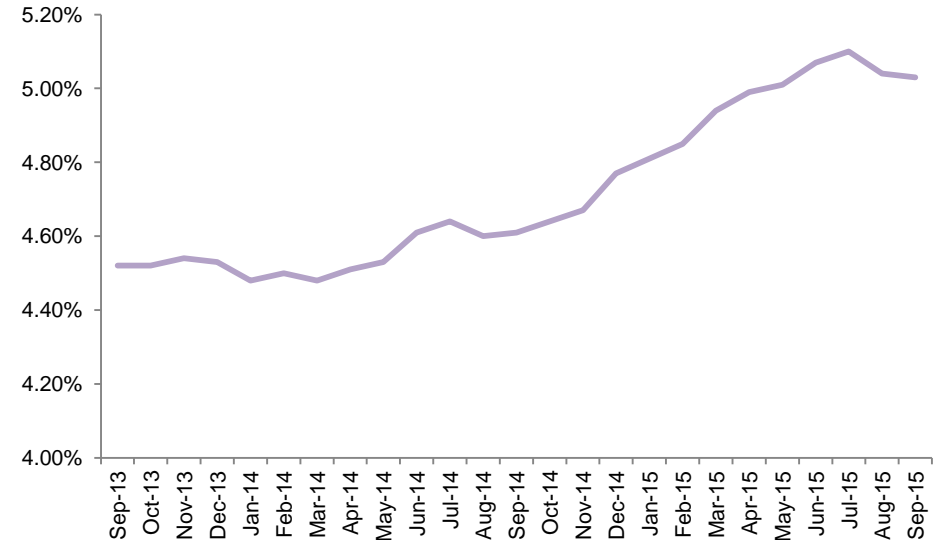
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## Sickness Absence by Service Area (September 2015)

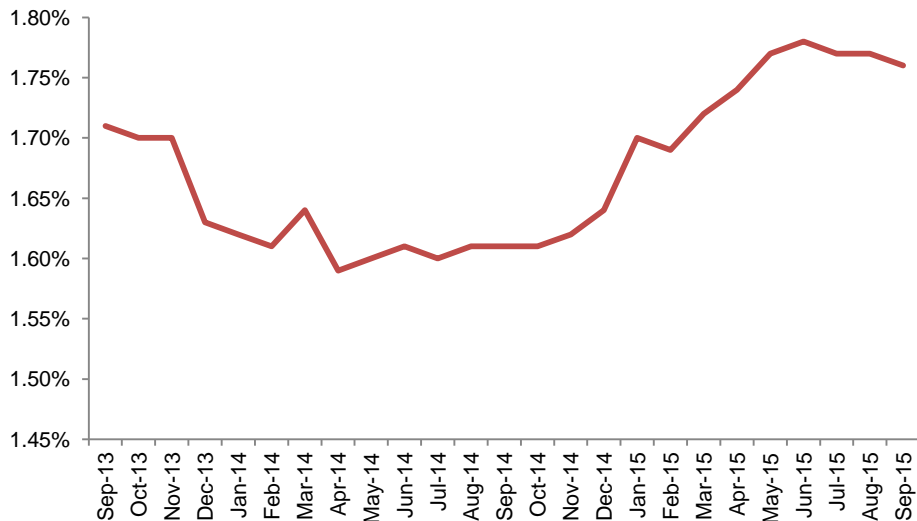
Total: **5.0%**



## Trend Analysis – Total Sickness Absence Full Council



## Trend Analysis – Short Term Sickness Absence Full Council



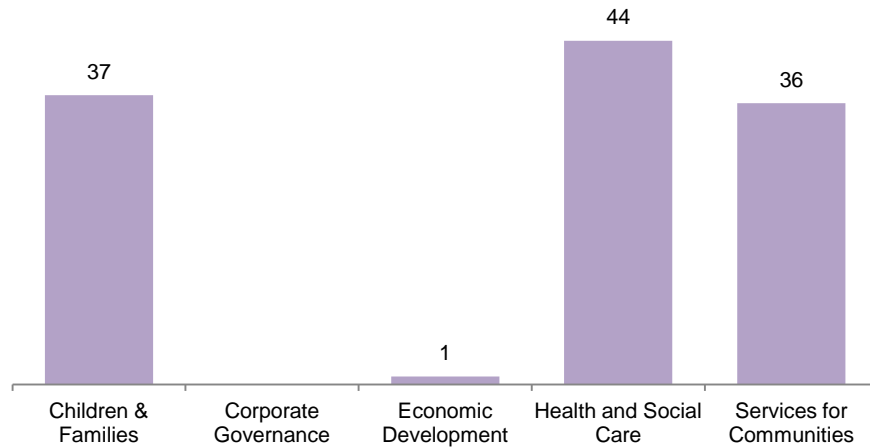
Note: The sickness absences figures are a percentage of total available working days. It represents the percentage of days lost to sickness absence average over a 12 month rolling period.

Note: Short Term Sickness Absence refers to a period less than 20 days

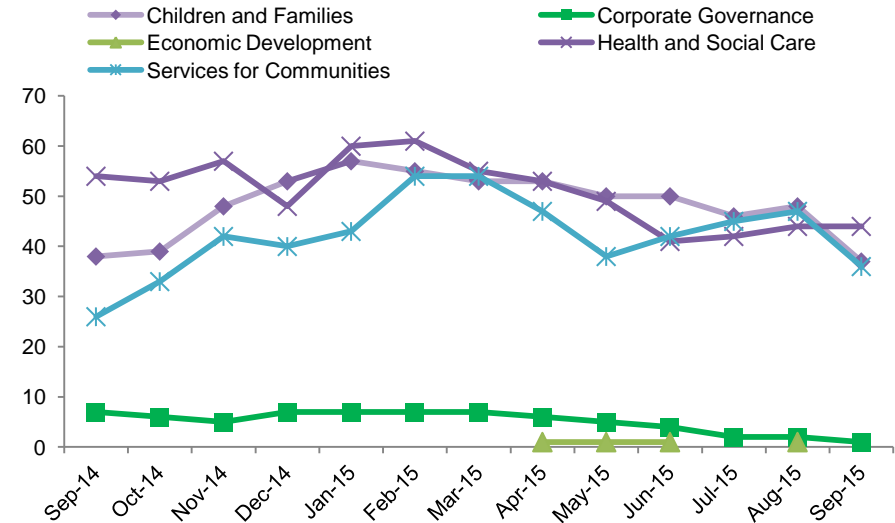
# Managing Performance – Long term Absence

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## Long Term Absence 3-12 months (Sept 2015)



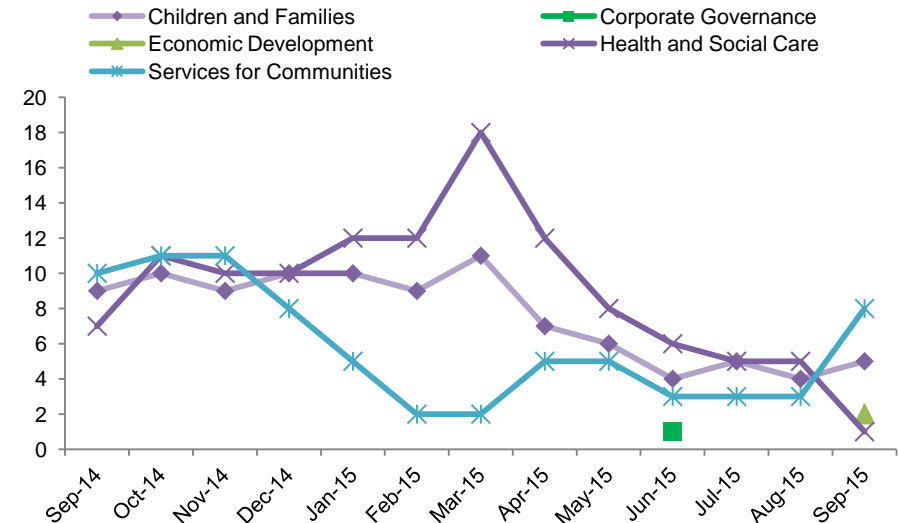
## Trend Analysis – Absence 3-12 months



## Absence Greater than 12 months (Sept 2015)

| Service Area             | Total Staff |
|--------------------------|-------------|
| Children and Families    | 5           |
| Economic Development     | 0           |
| Corporate Governance     | 0           |
| Health and Social Care   | 2           |
| Services for Communities | 1           |
| <b>Total</b>             | <b>8</b>    |

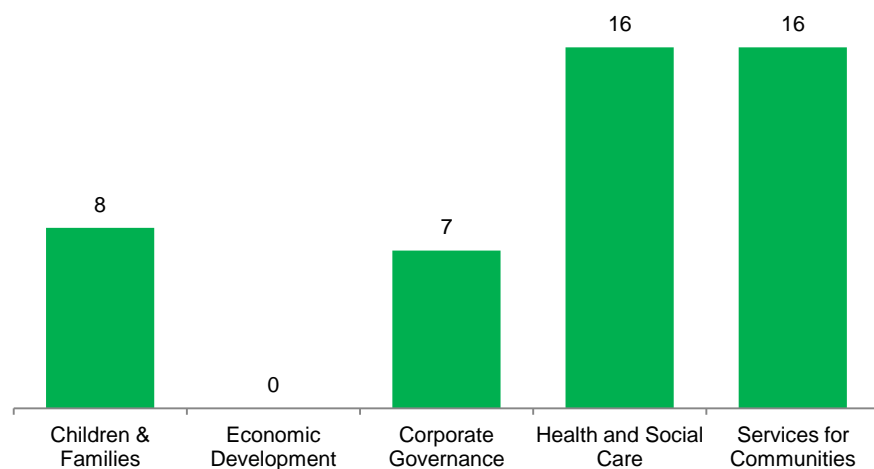
## Trend Analysis – Absence greater than 12 months



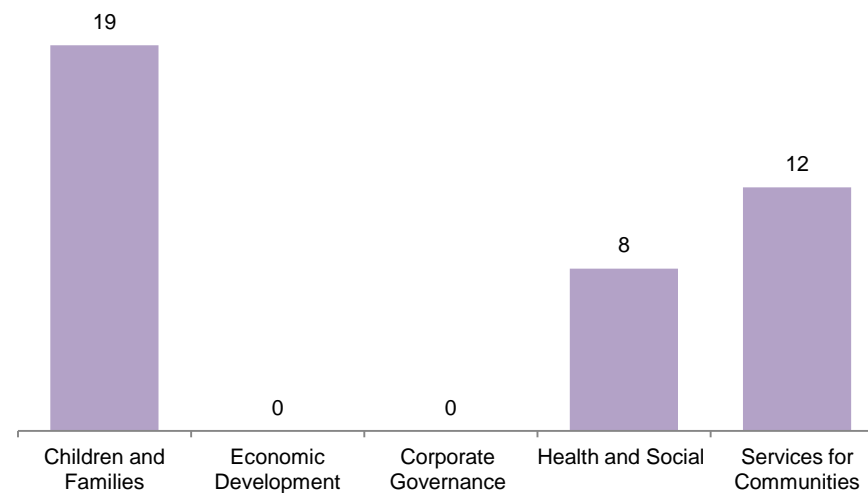
# Managing Performance – Managing Work Performance

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## Managing Work Performance Total: 47



## Managing High Risk cases Total: 39



## Managing High Risk Cases by type

| Service Area             | Disciplinary | Grievance | Performance | Absence  | Anti bullying and Harassment | Policy / Procedure | Total Staff |
|--------------------------|--------------|-----------|-------------|----------|------------------------------|--------------------|-------------|
| Children and Families    | 16           | 1         |             | 1        | 1                            |                    | 19          |
| Economic Development     |              |           |             |          |                              |                    | 0           |
| Corporate Governance     |              |           |             |          |                              |                    | 0           |
| Health and Social Care   | 4            |           |             | 2        |                              | 2                  | 8           |
| Services for Communities | 9            | 1         | 1           |          |                              | 1                  | 12          |
| <b>Total</b>             | <b>29</b>    | <b>2</b>  | <b>1</b>    | <b>3</b> | <b>1</b>                     | <b>3</b>           | <b>39</b>   |

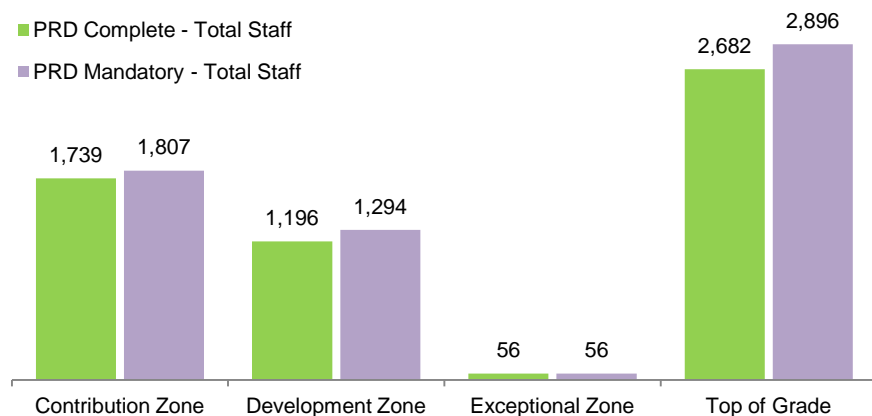
Note: Information for *Managing High Risk Cases* is a snapshot taken on 29 October 2015; and the *Managing Work Performance* was taken as a snapshot on 1 October 2015.



# Managing Performance – PRD 2014/15

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## PRD Completion (Grades 5 to 12)



## PRD completion (Grades 5 to 12)

| Service Area             | PRD Mandatory – Total Staff | PRD Complete – Total Staff | PRD NOT Complete – Total Staff | % PRD Completion Rate (Oct 2015) |
|--------------------------|-----------------------------|----------------------------|--------------------------------|----------------------------------|
| Children and Families    | 1,871                       | 1,659                      | 212                            | 88.7%                            |
| Economic Development     | 79                          | 79                         | 0                              | 100.0%                           |
| Corporate Governance     | 771                         | 758                        | 13                             | 98.3%                            |
| Health and Social Care   | 1,265                       | 1,233                      | 32                             | 97.5%                            |
| Services for Communities | 2,067                       | 1,944                      | 123                            | 94.0%                            |
| <b>Total</b>             | <b>6,053</b>                | <b>5,673</b>               | <b>380</b>                     | <b>93.7%</b>                     |

## PRD Objective Score Outcomes (All Grades) Final Position – 2015

| Objective Performance Outcome | Total Staff  | % Total Staff |
|-------------------------------|--------------|---------------|
| Poor (1.0 – 1.9)              | 16           | 0.2%          |
| Improvement (2.0 – 2.9)       | 301          | 4.0%          |
| Strong (3.0 – 3.5)            | 6,585        | 87.9%         |
| Top (3.6 – 4.0)               | 589          | 7.9%          |
| <b>TOTAL</b>                  | <b>7,491</b> |               |

## PRD Competency Score Outcomes (All Grades) Final Position – 2015

| Objective Performance Outcome | Total Staff  | % Total Staff |
|-------------------------------|--------------|---------------|
| Poor (1.0 – 1.9)              | 17           | 0.2%          |
| Improvement (2.0 – 2.9)       | 384          | 5.1%          |
| Strong (3.0 – 3.5)            | 6,450        | 86.1%         |
| Top (3.6 – 4.0)               | 640          | 8.5%          |
| <b>TOTAL</b>                  | <b>7,491</b> |               |

## 2015-16 Objective Setting Completion at October 2015

| Service Area             | Number of Positions | PRD Objective Setting Finalised | PRD Objective Setting Not Finalised | % Complete   | % Not Complete |
|--------------------------|---------------------|---------------------------------|-------------------------------------|--------------|----------------|
| Economic Development     | 80                  | 72                              | 8                                   | 90.0%        | 10.0%          |
| Corporate Governance     | 734                 | 670                             | 64                                  | 91.3%        | 8.7%           |
| Children & Families      | 1,875               | 783                             | 1,092                               | 41.8%        | 58.2%          |
| Health and Social Care   | 1,258               | 841                             | 417                                 | 66.9%        | 33.2%          |
| Services for Communities | 1,820               | 1,423                           | 397                                 | 78.2%        | 21.8%          |
| <b>Grand Total</b>       | <b>5,767</b>        | <b>3,789</b>                    | <b>1,978</b>                        | <b>65.7%</b> | <b>34.3%</b>   |

Note: Figures exclude employees with current long term absence, maternity break and career break



## Competency Matrix Final Position 2015

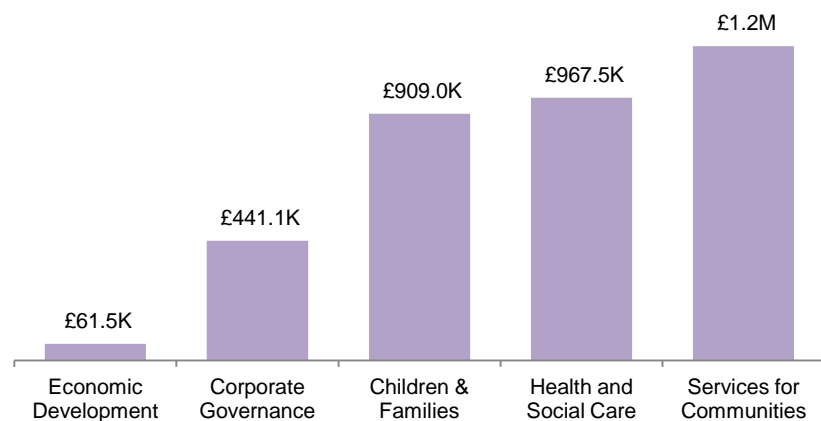
| Service Area             | Being Customer /Client Focused | Working Effectively with Others | Managing Change | Taking Ownership and Responsibility | Communicating Effectively | Planning and Decision Making | Leading Others | Managing Performance and Developing Others | Political Sensitivity |
|--------------------------|--------------------------------|---------------------------------|-----------------|-------------------------------------|---------------------------|------------------------------|----------------|--|-----------------------|
| Economic Development     | 3.6                            | 3.5                             | 3.3             | 3.4                                 | 3.4                       | 3.4                          | 3.2            | 3.2  | 3.4                   |
| Corporate Governance     | 3.3                            | 3.2                             | 3.1             | 3.2                                 | 3.1                       | 3.1                          | 3.0            | 3.0  | 3.0                   |
| Children & Families      | 3.3                            | 3.2                             | 3.2             | 3.2                                 | 3.2                       | 3.2                          | 2.8            | 2.8  | 2.7                   |
| Health and Social Care   | 3.2                            | 3.1                             | 3.1             | 3.1                                 | 3.1                       | 3.1                          | 3.1            | 3.1  | 3.0                   |
| Services for Communities | 3.2                            | 3.2                             | 3.1             | 3.2                                 | 3.0                       | 3.1                          | 2.9            | 3.0  | 2.9                   |

# Managing Performance – Contribution Based Pay

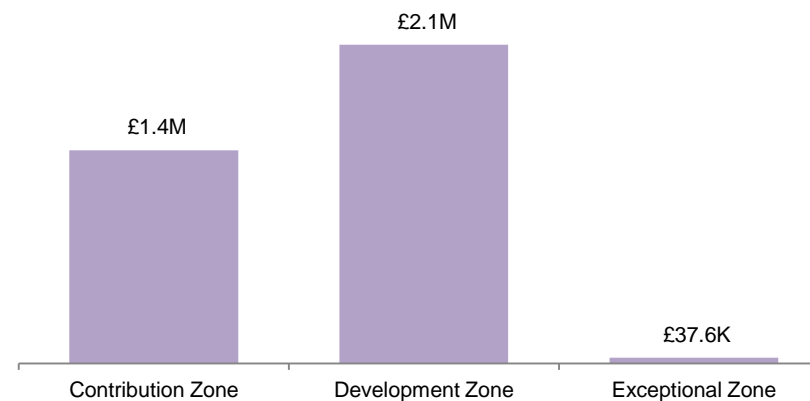
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## Cost by Service Area

Total: **£3,536,700**



## Cost by Pay Zone



## Cost by Grade



Note: Costs reflect final position 2015 and includes 1.5% Pay Award

## Explanatory Notes

- **Positions** – This is the total number of positions within the council which is different to headcount, for example one individual can be employed in two positions, i.e. two part-time jobs within the council.
  - **Breakdown by Contract Type** - Any FTE values greater than 0 for casual or supply are due to data quality issues in Trent, e.g. contractual hours added to employee record but contract type not updated.
  - **Breakdown by Grade** - Fixed rate: Staff in posts that have a fixed hourly rate (claims based) – e.g. interpreters / translators.
  - **Organisational New Starts and Leavers** – These organisational new starts do not reflect internal movement due to recruitment or FTE variation due to existing staff increase or decrease in contractual hours.
- Annual Pay Bill** – shows trends in the total annual basic salary associated with staff employed by the Council after the end of each calendar month.

The data provides a good measure to track change in the total salary cost for all Council employees, but includes only basic contracted salary costs at a given point in time. As such, the dataset does not consider retrospective payments made, claims based payments (such as overtime payments, working time payments, payments to supply or casual staff), or National Insurance and Pension contributions made.

Information on pay bill is only available for positions that have non-zero FTE record. In this report there are over 2,000 positions with either blank or zero FTE records. This means that payments to mostly casual and supply contract positions are not included in the Pay Bill totals. These are typically locum social care workers, supply teachers, learning assistants and front of house staff at Edinburgh venues.

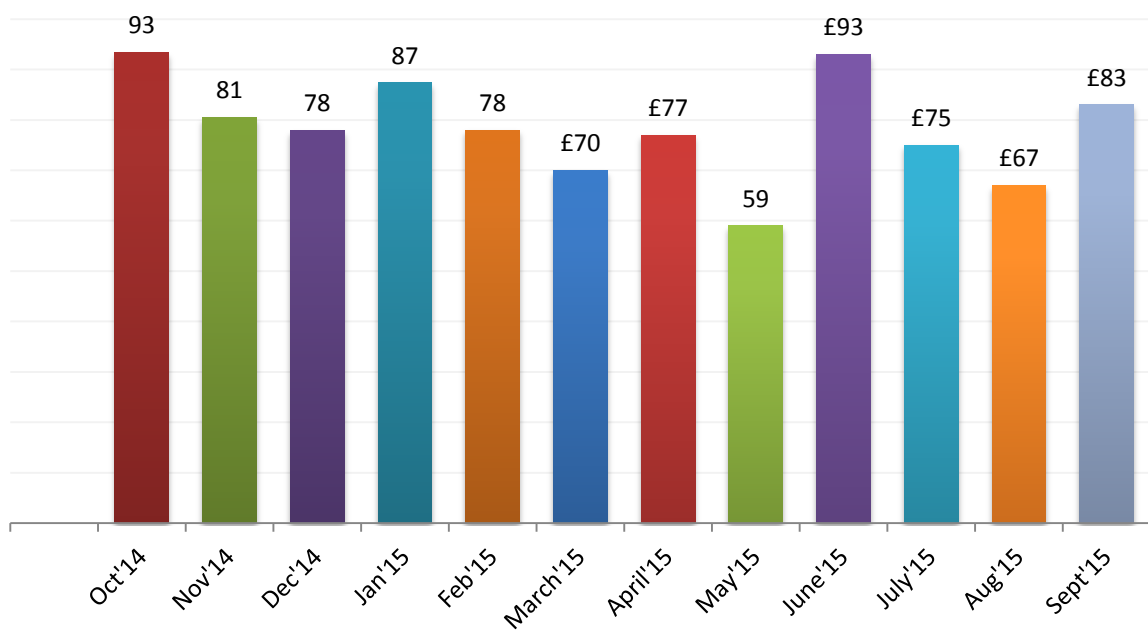
- **Organisational New Starts and Leavers costs** - These costs for organisation new starts do not reflect internal movement due to recruitment or FTE variations due to existing staff increase or decrease in contractual hours.

Overtime Trends by Service Area

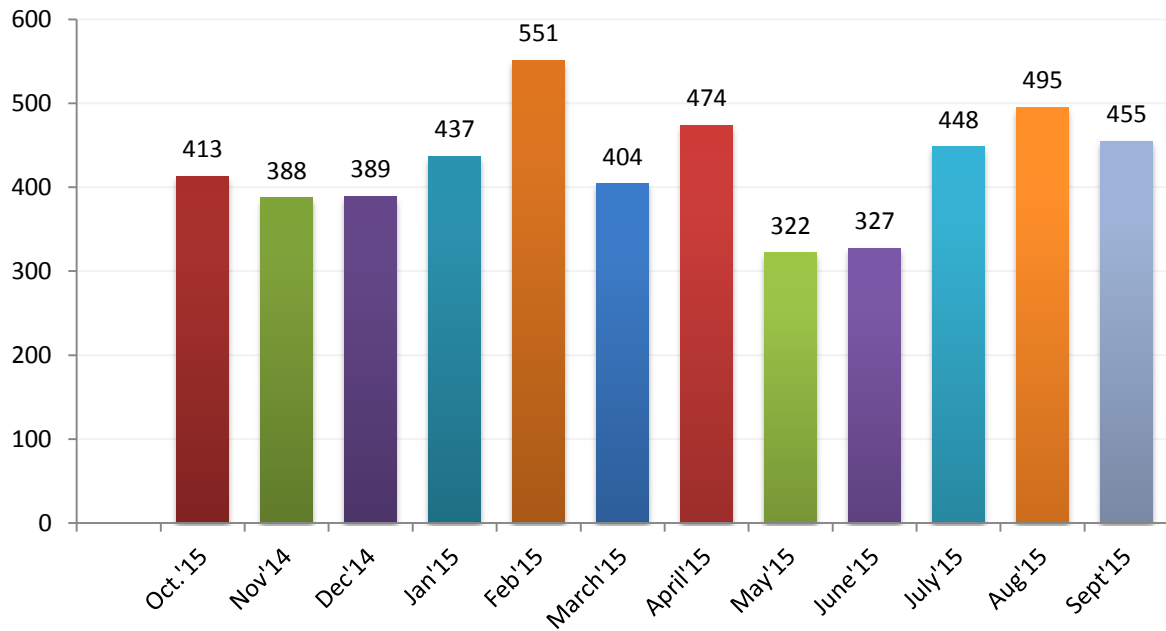
Corporate Governance (£K)



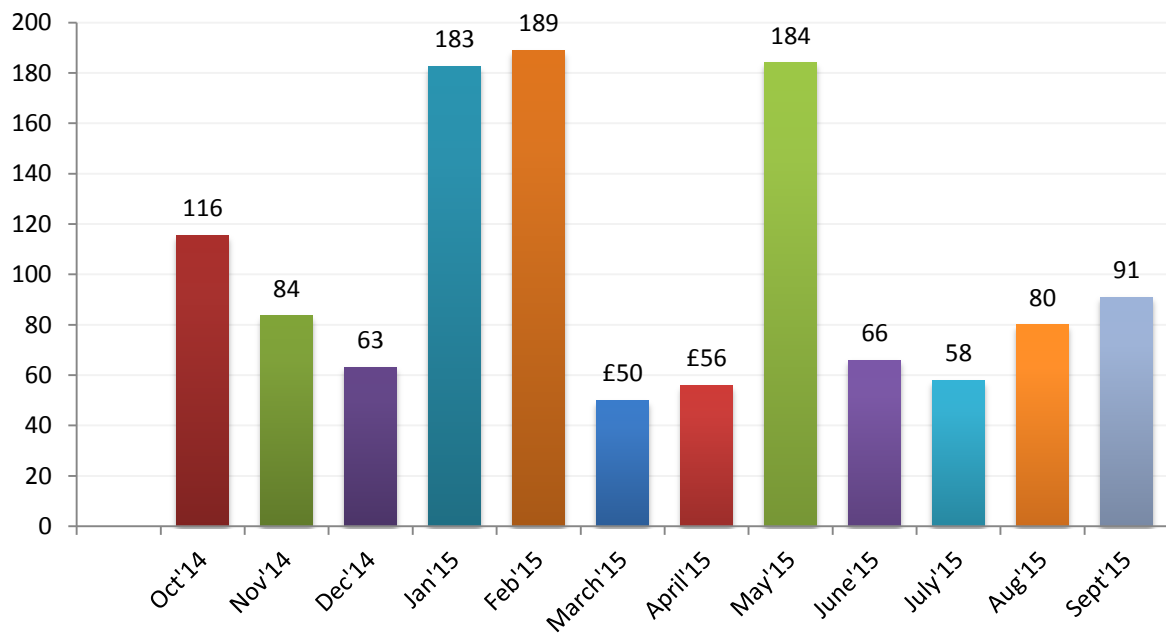
Children and Families (£K)



### Services for Communities (£K)



### Health and Social Care (£K)



# Finance and Resources Committee

10am, Thursday, 14 January 2016

## 2016-20 Budget Proposals: Overview of Feedback and Engagement

|                   |     |
|-------------------|-----|
| Item number       | 7.5 |
| Report number     |     |
| Executive/routine |     |
| Wards             | All |

### Executive summary

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This report provides an overview of feedback received as part of the Council's 2015 Budget Engagement process. This year's approach has been hugely successful in achieving the Council's highest recorded response to budget engagement, generating 4,183 responses (up by 31% on 2014), plus more than 10,000 signatures to three petitions.

There was strong support for the Council to raise additional income in order to protect services, such as raising Council Tax and charging for services. There were further calls for Edinburgh to benefit from tourism directly through the introduction of dedicated visitor levy. Significant opposition was received in relation to proposed changes to the Instrumental Music Tuition service. There was a high response to proposals relating to Business Support Services (especially schools) and School Crossing Guides (via petition). The Newhaven tram extension received a negative reaction, which in part appears to be due to limited understanding of how this project would be financed.

The findings suggest the need for further engagement on such proposals and projects to address concerns and explore alternative ways of service delivery where this is appropriate.

### Links

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|                          |     |
|--------------------------|-----|
| Coalition pledges        | All |
| Council outcomes         | All |
| Single Outcome Agreement | All |

## 2016-20 Budget Proposals: Overview of Feedback and Engagement

### Recommendations

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- 1.1 To note the contents of this report.
- 1.2 To refer this report to Full Council as part of setting the 2016/20 revenue budget framework.

### Background

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- 2.1 The Deputy First Minister announced a one-year Local Government Finance Settlement on 16 December. The headline level of revenue support to be made available to local authorities in 2016/17 is some 3% lower than the equivalent figure for 2015/16. This has significantly increased the overall level of savings requiring to be delivered by councils across Scotland, relative to earlier planning assumptions. In Edinburgh's case, the actual level of grant funding has added £16.7m to the overall savings requirement for 2016/17 and has reinforced the urgent need to transform, and where necessary prioritise, the Council's services.
- 2.2 In this context the City of Edinburgh Council continues to engage citizens, staff, partner organisations and all other stakeholders in a dialogue about what shared priorities are and how the Council should allocate its budget.
- 2.3 The Council seeks to reach the largest number of people and meaningfully engage with them on the budget. As the Council's annual revenue budget is almost £1bn and covers a diverse range of services, ensuring respondents are engaged and reasonably well-informed about the consequences of budget changes is a challenge. Each year the engagement programme has been adapted and improved based on learning from previous years.
- 2.4 In addition to the online planner and standard methods of communication, for 2015 the Council introduced an online survey to ensure demographic information was gathered alongside information that would otherwise be received by email, and the idea-generation tool Dialogue.
- 2.5 Following feedback and building on the success of the 2014 online planner, the renewed planner focused on a reduced set of strategic decisions for the organisation.

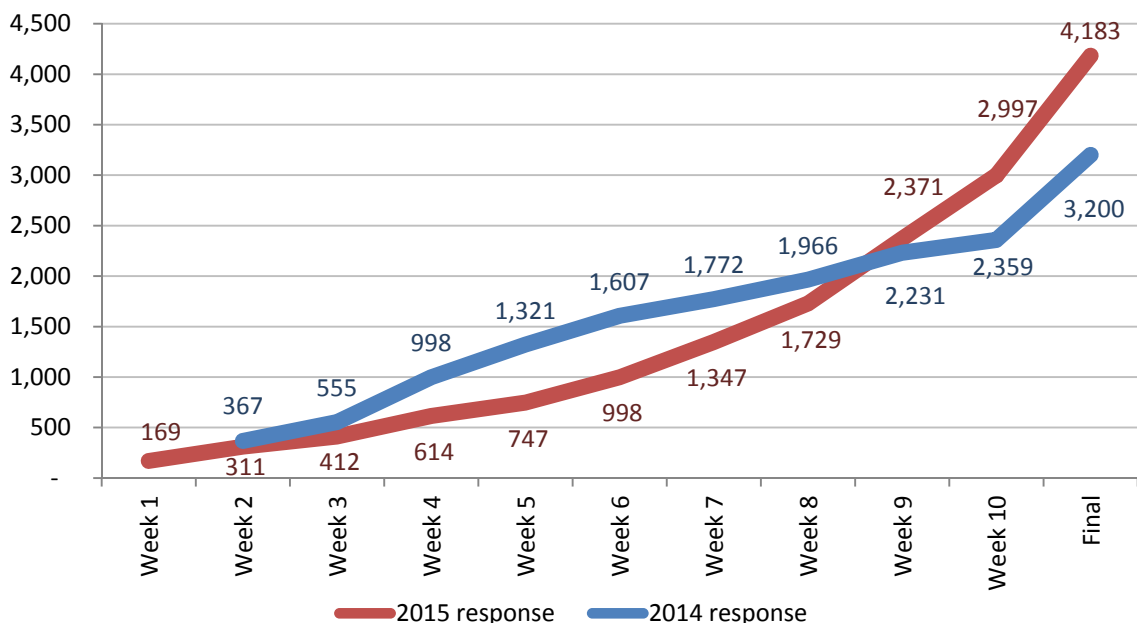


## Methods of engagement and response

- 3.1 As the 2015 budget engagement took place over 11 weeks, the engagement activities were planned to attract people to the three digital engagement tools as well as highlighting a mix of Council services and transformation topics. More information about the communication tools and engagement activities is included in Appendix One.
- 3.2 In 2015 respondents were able to participate through:
- The online planner – looking at key choices in relation to the Council's Transformation Programme;
  - Dialogue – an online forum aimed at generating ideas to address new and existing challenges;
  - Online survey, email, telephone and letter – responding to the Council budget proposals;
  - Social media – directed people to the main engagement tools and also allowed them to post comments on specific budget proposals and submit their ideas;
  - Leaflets distributed to all libraries, community groups and centres, Council offices and to partner organisations; and
  - Face-to-face meetings conducted by service areas with their customers and partners.

## Response numbers

- 3.3 A total of 4,183 responses to the budget engagement have been received by all methods. This compares to 3,200 responses by all methods in 2014 and represents a 31% increase in response over the budget period and is summarised in the following graph. The demographic summary is included in Appendix one.



3.4 This total response to the budget includes the following elements:

- 1,086 individuals completed the online budget planner;
- 153 ideas discussed on the Council's Dialogue site, resulting in 470 individual comments and 981 ratings;
- 832 responses submitted by the online survey and 235 responses were received by email, telephone and letter;
- 50 budget leaflets completed and returned; and
- 376 comments received through social media, including 204 comments on Facebook, 66 comments using #edinbudget, and a further 106 direct replies on Twitter.

3.5 In addition to this feedback, three petitions were received by the Council, these signatures are counted separately. The Council is considering how future petitions as part of the budget process can be recorded to enable the Council to understand whether respondents are individuals and living in Edinburgh. The following petitions were received:

- In opposition to the introduction of charges for the Instrumental Music Tuition Service (this online petition was noted as having received 9,905 signatories at 15:27 on Tuesday 22 December 2015. The petition was still open at that time);
- In opposition to the introduction of charges for the Instrumental Music Tuition Service (117 responses from pupils of Currie Community High School);
- In opposition to a reduction in hours for school crossing guides at lunch times (this online petition was submitted with 475 signatures).

### **Feedback on budget proposals**

3.6 All feedback received has been made available to all elected members as a searchable electronic information pack. This report includes a summary of the main findings. Further information including the contextual evidence and differences between demographic groupings is included at Appendix two.

### ***INC2 – Increase discretionary income by RPI+2%***

3.7 As part of the online planner, respondents were offered the choice to vary the overall charges the Council issues over the next four years by a range of RPI to RPI+6%. 78% of respondents were in favour of above-inflation increases in service charges.

### ***3.8 INC4 – Increase fee charges for section 109 permits to install pipe and cables in roads and pavements***

3.9 There was strong support for this idea on the Council's Dialogue page with 23 votes and an average score of 4.9/5.

3.10 Other comments received were in favour of making utility companies and developers more accountable for road surfaces – through inspection, rental of roads while work was ongoing, and fines for work that was poorly carried out.

There would likely be significant public support for any policy aimed at making sure road works are completed to a good standard, in a reasonable time period, and that where this doesn't happen a responsible body is charged.

***INC8 – Increase parking permit charges by 5%; INC9 – Increase pay and display charges; and PLA/INC2 – Increase parking charges by an average of 4.5% per year over four years***

- 3.11 74% of respondents using the online planner favoured an increase in parking charges, with 32% supporting the Council's plan for immediate changes (INC8, INC9) and 43% supporting increases approximately double this. 20% wanted current charges to be frozen, while only 5% wanted to see a decrease.
- 3.12 Opinion was broadly similar across 50 other comments received on parking charges, with two-thirds in favour of increases and one-third opposed.
- 3.13 Supporters of increases in charges were opposed to cars in the city centre, in favour of public transport, and in favour of more active forms of travel. Those opposed felt that the Council was unfairly targeting motorists and believed that there would be negative economic consequences for Edinburgh by excluding drivers.

***TP1 – Reduce third party payments for Community Learning and Development services***

- 3.14 Reduction in Community Learning and Development (CLD) worker posts was opposed by customers receiving this service. More than 50 comments were received in support of CLD services, most of which came from customers of Cameron House. These comments emphasised that CLD services provide a social life-line that is particularly valued by older people, as well as classes being valued in themselves.

***TP2 – Reduce grant payment to Festival City Theatre Trust; TP4 – Review funding arrangements for Winter Festivals***

- 3.15 More than 40 comments were received in relation to festivals funding and, to a lesser extent, funding for the Festival Theatre. These were generally in support of the Council's plans and were in some cases strongly opposed to any spending on festival activities.
- 3.16 Extremely high levels of support (550 contacts, 10,000+ petition signatures) for the Instrumental Music Tuition service (noted later in this report) did not translate to support for culture spending in general in budget feedback received.

***TP7 – Review allotment service and increase rents***

- 3.17 The Council conducted a Dialogue with allotment holders, those on the allotment waiting list and interested members of the public. 25 ideas for allotments generated 126 comments and 166 votes. All feedback received will be passed on to the Allotments Service for consideration. In summary, the ideas were:
- Limiting plots to one per household;

- Reviewing the waiting list, particularly with regard to identifying where individuals already had allotments and were seeking a transfer;
- Turning full allotment plots into half plots when they become vacant;
- Exploring opportunities to develop community gardens in other areas of disused land; and
- Restrictions on entitlement to discounts.

3.18 The Council's proposal to increase allotment rents received 12 votes with an average rating of 2.4/5. Scores can range from a minimum of 1 to a maximum of 5, therefore the mid-point of the scale is 3, and a score of 2.4 would indicate this idea was unpopular with those voting.

3.19 In addition to Dialogue, more than 30 comments were received about the allotments service. Most were opposed to increasing charges in principle, cited a previous agreement to maintain rents at £100 per year until 2020, and asked for the Council to keep to that agreement. However some respondents felt that current discount levels were too high and they were happy to pay higher rents.

***TP8 – Reduce spending on block-contracted services by 10%***

3.20 More than 30 responses were received in relation to care services, however most did not specifically mention the 10% reduction and were instead stressing the importance of these services. Those responses that did mention reduction questioned how this could be done without a real decline in the quality of service and were concerned this would happen.

***TP9 – Reduce funding to Police Scotland***

3.21 Police Scotland's 24-page response to the funding reduction is available in the information pack which has been sent to all members. Key points from this response include:

- A service-level agreement (SLA) was created after previous reductions in funding were rejected by Council following consultation. This SLA has resulted in named officers being assigned to community policing in each ward and the city centre;
- Identification that the loss of funding would result in a reduction of 11 officers which would impact directly on the size of taskable forces, reduce the ability of Police Scotland to engage in local partnership working, and could lead to antisocial behaviour and hate crime developing into more serious criminality;
- With specific regard to CF/SR1 (the proposal to end the night time noise team), Police Scotland estimate that 63% of calls received about night time noise in Edinburgh are referred to the night time noise team, with around 37% being responded to by police. If the referrals were all dealt with by Police Scotland, that would equate to a 10% increase in the total number of incidents dealt with and during busy periods it would be likely that many of these could not be attended. This would have a material impact on Edinburgh residents.

3.22 Fewer than 20 comments were received in relation to Police Scotland funding, and were opposed to the reduction. Particular concerns were raised about this reduction in relation to the proposed changes to stair lighting maintenance. Concerns about Police funding were disproportionately expressed by older respondents.

***SP8 – Reduce gully cleaning service***

3.23 Around 10 responses were received in relation to gully cleaning and all were opposed to the changes. Respondents' views varied from stating that they did not believe gullies were currently cleaned as frequently as claimed, to observing that more blockages would result in higher costs and that these savings were therefore a false economy.

***P3 – Reduce use of employee overtime by 25%; P4 – Reduce use of agency staffing by 20%; and PLA/EFF3 – Reduction in staff and agency costs***

3.24 General feedback, not in relation to specific budget proposals, urged the Council to reduce overtime, agency, and consultancy. This was part of more than 70 comments which looked for a general reduction of Council employee numbers, management numbers, pay and benefits – particularly pensions. Around 15 further comments asked for a reduction in the number of Councillors and their remuneration.

***CO/ST12 – Business Support Services***

3.25 More than 160 comments were received in relation to administrative changes in schools related to Business Support Services changes. These were almost always firmly opposed and made the following points:

- Any reduction in education spending was opposed;
- Parents had been led to believe that education spending was ring-fenced and protected against cuts. There was confusion that this applied only to teacher numbers and not all school staff;
- It was felt to be obvious that a reduction in administrative staff numbers would result in administrative tasks being placed on teaching staff, and that this would cause a reduction in the amount or quality of teaching time; and
- The work done by non-teaching staff in school was valued and there was a perception that head teachers and deputy head teachers already carried out too much administration.

3.26 Without any emphasis on schools administration, the Business Support Services proposal was included as part of the online planner. The planner focused on the speed at which Business Support Services would be created and the Council's stance towards redundancies as part of transformation.

3.27 24% of respondents favoured a slower implementation of the transformation plan, with reduced use of redundancies and increased reliance on natural wastage. This was slightly higher (30%) amongst current Council employees.

41% of respondents supported the Council's current plan, while 35% wanted to see changes made more quickly.

**General feedback on proposals SP3; CF/EFF5; CF/EFF8; CF/EFF9; and CF/ST1-6**

- 3.28 Extensive feedback was received on areas related to education and the provision of services to vulnerable children and their families. However this feedback was fragmented and not specifically addressed against budget proposals. This section summarises all feedback received that would appear relevant.
- 3.29 There were concerns these proposals would negatively impact services already perceived to be stretched. Respondents highlighted that the children receiving these services are vulnerable, with specific support needs, and that staff currently supporting them have a special range of skills and duties which are vital to help these children reach their potential. There were concerns that if staff numbers were reduced, and children were required to go to mainstream schools, this would negatively impact on their development. It was felt that children attending special schools do so as they are unable to succeed at mainstream schools. Respondents also perceived the proposals as going against our legal duties to support pupils and the principles of 'getting it right for every child.'
- 3.30 Cutting resources would mean that remaining staff would have reduced ability to manage behaviour in classes, write care plans or interact with pupils and parents appropriately. If children with additional needs were included in mainstream classes then this would require extra planning and support within schools.
- 3.31 Regarding the proposal to reduce the number of Pupil Support Assistants, respondents were opposed to the plans as they felt there were already insufficient resources available. Some respondents mentioned personal experiences where specialist 1:1 care was not provided due to existing reductions in support and that some pupils were receiving 1:2 support, even though the pupils had differing needs.
- 3.32 The proposals were seen to be short sighted; respondents felt that a reduction in support for excluded children and those with special needs would likely lead to increased long-term costs in terms of unemployment, crime etc and that the lack of support would ultimately affect their independence and potential to lead fulfilling lives later on.
- 3.33 A number of respondents felt that the proposals mention 'review' or 'redesign' of services but are unclear on the actual detail, therefore they found it difficult to comment on them.
- 3.34 The EIS Union responded specifically on proposal CF/ST6 – Family solutions review. This response echoed those received from other interested parties and highlighted the increased risk of a child becoming looked-after by the Council if family support was reduced. It was felt this would lead to higher costs in the long term and poorer outcomes for children, and was described as "short sighted".

### ***CF/EFF2 – Closure of Panmure School***

- 3.35 More than 30 comments were received in relation to proposed closure of Panmure school (also referred to as Panmure St Ann's). These comments were all in opposition to the proposal. The arguments against the closure are summarised at Appendix two.

### ***CF/ST8 – Redesign of library services; CF/SP2 – Community centre staff reduction***

- 3.36 17% of respondents were in favour of more local delivery. 23% supported the Council's current plans to merge some facilities. However 60% of all respondents were in favour of service hubs that provide more services at the expense of very local provision.
- 3.37 In contrast to the planner response, more than 30 comments received in other ways were either opposed to merging libraries and community centres, or to any reduction in library or community centre services. Instead of merging facilities, some respondents suggested reducing opening hours.

### ***CF/SP4 – Redesign of Music Instructor Service***

- 3.38 More responses were made about music tuition than any other service. More than 550 comments were received in opposition to the proposed reduction in funding for the service, including from teaching union EIS, compared to fewer than 20 comments in support of the change.
- 3.39 The proposed change was the subject of two petitions; one from school pupils, the other open to the general public. These petitions, mentioned earlier in this report, have accrued more than 10,000 signatures at the time of writing.
- 3.40 It should be noted that the draft budget proposals were only in relation to extracurricular music tuition and not classroom teaching of music. The number of teachers and the amount of class time given for music would not be impacted by these changes. Instrumental music tuition is a service delivered outside of normal class time. Following a summary of feedback on the tuition proposal, suggestions are made as to how any future engagement on this policy could be taken forward.
- 3.41 The comments and petitions make the following key points:
- Although this proposal covers tuition outside of class teaching, respondents view it as essential for skills development;
  - Music has an important role in engaging all children in their education, but is felt to be especially important for children who are not otherwise academically inclined, those with learning difficulties, and those with mental health issues;
  - Moving from free provision to paid provision of the service will result in some families being unable to afford tuition. This may mean money has been wasted on purchase of an instrument. This was felt to be more likely to impact on families who are "just outside" of any remaining threshold of

free provision and would make little difference to children from “rich families”;

- Requiring payment will increase the extent to which music is, and is viewed as, an elitist subject;
- Because of Edinburgh’s role as the Festival City, it was viewed as incongruous that the Council could attract musicians to play from all over the world, but cannot afford to provide music tuition for its own children;
- Various orchestras and ensembles that are effectively supported by this service could cease operating, possibly due to a shortage of children being taught how to play for more expensive instruments;
- A 75% reduction in the service’s budget was an alarming and unexpected figure, which was viewed as excessive even by those who stated their willingness to make some contribution to the provision of the service;
- The proposals do not provide sufficient detail on the alternative delivery model to provide confidence or assurance; and
- Respondents would like alternative ways of generating income to be considered, such as fund raising concerts and other charitable activities, before charging was implemented.

3.42 Feedback on this proposal indicates that there is considerable scope for the Council to improve the clarity of charges for extracurricular music tuition. While it seems likely that many would be opposed to charges in principle, it is equally likely that a charging element would be acceptable in a broader context and with appropriate supporting information. In particular, any future proposal on this subject should:

- Ensure head teachers are meaningfully engaged in the creation of any plans for the service;
- Ensure consideration has been given to transitional arrangements that would not require individual pupils to abandon any course of study for financial reasons; and
- Ensure that exemptions has been developed before engaging with parents, and that a charging policy identifies:
  - a. the criteria by which pupils would be exempt, receive a discounted rate, or be asked to pay full price;
  - b. how expensive musical instruments would be purchased; and
  - c. a price that parents of non-exempt pupils would be expected to pay.

### ***PLA/SP3 – Waste Services***

3.43 Two significant areas of the waste services proposals were addressed in the Council’s Dialogue – moving to three-weekly garden waste collection and moving to four-weekly glass recycling collections.

3.44 More than 30 comments were received in general relating to waste collection and recycling. These stressed the importance of delivering these services on a regular basis, and respondents would like these services to improve, but they were on balance neither for nor against the budget proposals. This feedback likely reflects the attention waste services receives as a core local authority



service, and it may be the case that most respondents mentioning waste collection or recycling had not actually read the waste proposals.

***PLA/SP4 – Withdrawal of School Crossing Patrol Guide service at lunchtime***

3.45 There were fewer than 10 responses in opposition to withdrawing this service at lunch times and fewer than five responses were in favour. However a petition was received in opposition to the changes with 475 signatures.

3.46 Those in opposition made two distinct points:

- Removing crossing guides increases risk and therefore reduces the safety of children; and
- A reduction in hours would force some crossing guides to seek alternative work.

3.47 Those in favour of the changes did not believe that removing crossing guides at lunch time represented a significant increase in risk.

***PLA/SR1 – Stop repairs and maintenance of Stair Lighting Service in tenements***

3.48 Fewer than 20 responses were received in relation to stair lighting. These were generally in opposition to the Council's current proposal to stop maintenance of stair lights. For some respondents, the provision of stair lighting in a built-up area was no different than the provision of street lighting in an area with few homes and they felt that the Council should provide this.

3.49 The range of views expressed also included those who were concerned that without the Council providing maintenance, no-one would provide maintenance. Respondents cited difficulties with arranging repairs to common parts of the property. It was felt that the growth in private renting and the inability of owners to agree on common repairs and maintenance would mean stair lights would fail and this would create spaces in which accidents, antisocial behaviour and crime would be more likely.

3.50 It was suggested that a change in the law would be necessary to require owners and landlords to introduce factoring arrangements, and it was felt by some that the Council simply charging for this service would be the simplest way of dealing with the issue.

***General feedback on third party payments and voluntary sector***

3.51 The full submission to the budget by Edinburgh Voluntary Organisations Council (EVOC) is included in information packs sent to elected members. In summary the points made by EVOC were:

- Council budget seems disconnected from changes in administrative structures, particularly with regard to the Integrated Joint Board;
- Use of the word "efficiency" is disingenuous – the Council should simply describe cuts as cuts;

- Geography has not been given enough consideration when funding is allocated to organisations, leading to “post code lotteries”;
- Reductions in preventative services should be reconsidered as these help to avoid greater costs later;
- Changes to management in the Council have raised concerns about loss of organisational knowledge, and uncertainty over decision-making;
- EVOC welcome the Council’s stated position on empowered communities, but feels that reality does not match rhetoric and more genuine co-production between partners is imperative.

3.52 More than 20 comments were received in relation to voluntary sector funding and how the Council works with the voluntary sector. Overall feedback was that respondents felt these services were valuable and that the Council should continue to support them. Respondents emphasised that additional work could be done by volunteers and that the Council needed to do more to ensure people had opportunities to volunteer.

3.53 Using the online planner, respondents were asked about the Council’s role with the voluntary sector and commissioned services. 72% of respondents were supportive of something close to the Council’s planned approach involving more co-design and delivery of services with partners. More radical positions were less favourably viewed, with only 16% supporting the Council moving to become a commissioning body with no direct delivery of services; and only 11% looking for the Council to bring all services in-house for additional control and accountability.

### **Online planner choices**

3.54 Eight key strategic areas were presented to the public in the online planner, with potential choices available in each case. Five of these areas have already been reported alongside the associated budget proposals. Overall reaction to the remaining three proposals is summarised below.

### **Council Tax**

3.55 Of the 1,086 responses to the online planner, a majority (63%) of those were in favour of increasing Council Tax from 2017/18 to pay for services, while 9% wanted to see a reduction. A quarter of respondents (25%) were in favour of increasing Band D Council Tax by around £100, while 38% opted for the more modest £50 increase.

3.56 Those with long term illnesses or disabilities were more likely to support increases in Council Tax, with 73% favouring some kind of increase, compared to 62% of those without disabilities.

3.57 Looking at the ward-level response from the online planner reveals that there was support for a Council Tax increase in each ward, though this varies substantially as shown in the following table. Av. indicates the average score in relation to the online planner – where -50 represented a reduction in Council Tax by £100 per year for Band D properties, while +50 was a £100 per year increase.

| Ward                         | Av.  | Ward                   | Av.  |
|------------------------------|------|------------------------|------|
| Almond                       | 10.7 | Leith                  | 17.9 |
| City Centre                  | 6.4  | Leith Walk             | 23.6 |
| Colinton/Fairmilehead        | 9.0  | Liberton/Gilmerton     | 27.6 |
| Corstorphine/Murrayfield     | 18.5 | Meadows/Morningside    | 14.5 |
| Craightinny/Duddingston      | 14.0 | Pentland Hills         | 23.6 |
| Drum Brae/Gyle               | 19.0 | Portobello/Craigmillar | 25.8 |
| Forth                        | 25.0 | Sighthill/Gorgie       | 25.4 |
| Fountainbridge/Craiglockhart | 19.0 | Southside/Newington    | 19.9 |
| Inverleith                   | 9.7  |                        |      |

- 3.58 Scores show strong support for an increase in 13/17 wards, but lower levels of support in City Centre, Colinton / Fairmilehead, Inverleith, and Almond.
- 3.59 Feedback from all other engagement methods was similar, with 150+ comments in favour of either Council Tax increase and / or Council Tax reform. Fewer than ten comments were received in opposition to a Council Tax increase.
- 3.60 A broad consensus of feedback was that holding Council Tax at the same level for an extended period of time was undesirable when services were being cut, there was a strong feeling that respondents wanted to pay more to maintain funding in key areas and the delivery of important services. There was a very high level of understanding that this was a Scottish Government policy. Respondents expressed negative perceptions of the Scottish Government in respect of the Council Tax Freeze.
- 3.61 However respondents stated that any increase in Council Tax should also be accompanied by the Council making efficiencies and that more tax revenue should not be a substitute for this.
- 3.62 While revenue raising through Council Tax increases had support, it was still cited as a regressive tax and calls were made for reform through revaluation, introduction of additional Council Tax bands for more valuable homes, selective increases in tax only for higher bands, and for the system to be replaced in favour of a more progressive income-based local tax.
- 3.63 It was also suggested through the Council's Dialogue that students should make some financial contribution towards Council services. The idea received 13 votes and had an average score of 4.6/5. The original idea received through Dialogue was for a contribution of £5 per week. In other feedback, a similar amount was suggested of £200 per year or a percentage of the normal Council Tax bill for their property.

### ***Renewable energy generation***

- 3.64 27% of online planner respondents were in favour of a more ambitious strategy on renewable energy generation, with the Council actively seeking opportunities

to invest in renewables to gain more income in future. However the majority (73%) preferred a more cautious approach. Some suggested that the Council had already “missed the boat” in developing renewable energy opportunities.

### ***Electronic billing***

- 3.65 81% of respondents supported moving to digital billing by default, with customers having to opt-in to paper billing. There was strong consensus on this issue and in supplementary comments many respondents felt this was an obvious and preferable solution, with paper bills being used only for identification purposes.
- 3.66 While fewer than 1% were in favour of the current system of paper bills, 19% preferred an opt-in to digital billing, rather than an opt-out system. It should be noted that these are all results of online engagement, and may therefore not represent the views of the whole population on online issues.

### ***Dialogue ideas***

- 3.67 Feedback on the Council’s Dialogue page that relates directly to budget proposals has been included previously. Aside from these, the highest rated ideas suggested on the Council’s Dialogue page have been summarised below. The Council has undertaken to investigate the highest rated proposals and to implement those that are practical, or feed back on those that cannot be implemented.

### ***Tourist tax***

- 3.68 In addition to more than 60 comments received from all sources asking for the introduction of a tourist tax, the introduction of a charge for visitors to the city was the second most discussed suggestion on the Council’s Dialogue site (second only to the proposal to create a social enterprise to deliver music tuition). The idea received 36 votes with an average score of 4.6/5.
- 3.69 There was consensus that around £2 per room, per night was a fair charge and one which respondents had experienced themselves when visiting cities throughout Europe. However it was also suggested that a percentage cost or a fee relative to the type of room (hostel, B&B, hotel) would be fairer as flat rate charges would be disproportionate for very cheap room rentals.
- 3.70 The phrase “tourist tax” appears to be well recognised by respondents and does not appear to have strong negative connotations. Given attitudes to both tourists and festivals amongst some residents, the notion of specifically “taxing” tourists may be viewed more positively than introducing a “transient visitor levy”.

### ***Congestion charging***

- 3.71 Introducing a congestion charge was a popular idea, with 23 votes and an average score of 4.4/5, however comments diverged significantly from the voting with around half of those discussing the idea being moderate to strongly opposed.

- 3.72 Around 15 additional comments were received suggesting that the Council reconsider a city centre congestion charge.
- 3.73 It was not possible to judge the extent of general public support for a congestion charge from the information received.

### **Other feedback**

#### ***Newhaven Tram extension***

- 3.74 More than 150 comments were received in opposition to the extension of the tram line to Newhaven, while fewer than 10 responses were received in support.
- 3.75 Respondents directly linked tram spending with budget problems and attributed all of the Council's current financial issues to the tram. It was suggested that the whole capital cost of tram extension construction could be transferred to revenue spending on education, care for vulnerable adults, etc. and that this would more than meet the current budget shortfall.
- 3.76 The feedback suggests a general misunderstanding on the financing of the tram project and the benefits of a tram extension. The Council's revenue and capital budgets are separate and while capital budget spending can be financed through borrowing, revenue budget spending cannot. The Council would only invest in extending the tram if the additional fare income covered the cost of borrowing, therefore there would be no impact on the revenue budget of extending the tram line. However this also means that the funding for tram could not be used to address the shortfall in the revenue budget.
- 3.77 The Council may be able to influence overall opinion by more clearly communicating the benefits of the extension, while making appropriate assurances about the financial costs of the extension.
- 3.78 Nevertheless there are significant negative attitudes towards trams which appear to be unlikely to change.

### **Measures of success**

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- 4.1 The success of a budget engagement process is determined by several criteria, including:
- a. The number of individuals who are reached by messages about the consultation, raising awareness that the Council is engaging on its budget;
  - b. The number of individuals who attend events;
  - c. The number of individuals who complete and submit the online planner;
  - d. The number of comments made on the budget by any means;
  - e. The demographic representativeness of those responding;
  - f. The extent to which individuals and organisations have been able to understand and meaningfully input into the budget process. Unlike other

measures of success, this is subjective and takes into account wider feedback on the budget process.

- 4.2 In addition to the information provided earlier in this report, addressing points a-c, the following feedback has been received on the budget process itself:
- a. Respondents found the full financial information difficult to understand or not detailed enough – often due to the evolving nature of proposals related to the Transformation Programme;
  - b. The purpose of the online planner was questioned for not covering the full range of Council services. However the planner included all Council services in 2014 and was used in 2015 to concentrate on key Transformation choices and feedback from 2014 budget engagement;
  - c. Multiple response methods, while intended to provide the broadest range of opportunities for individuals to engage with the budget, could be confusing and did in some cases result in respondents going from one web page to another without being clear on how to submit their feedback.

The process is reviewed each year, and all of this feedback will be considered when designing any future budget engagement activity.

## **Financial impact**

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- 5.1 The budget engagement process is met from within existing budgets and resources.

## **Risk, policy, compliance and governance impact**

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- 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**

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- 7.1 The engagement process has been designed to be inclusive through all communication channels, reaching both individuals and special interest groups, using a range of promotional material.
- 7.2 All proposals from the budget are in the process of being equalities rights impact assessed both individually and cumulatively. The results of these ERIAs will be reported to Full Council as part of the budget process.

## Sustainability impact

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- 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.
- 8.2 This budget engagement process has no appreciable impact on carbon emissions. Through any engagement process it is hoped that services and their customers will develop more sustainable ways of operating.
- 8.3 The need to build resilience to climate change impacts is not relevant to this report, however specific proposals may have climate change impacts and these will be reported on as part of their individual impact assessments.
- 8.4 The budget engagement process will help achieve a sustainable Edinburgh through ensuring a diverse range of people have a meaningful say on issues that affect the economic wellbeing and environmental stewardship of the city.

## Consultation and engagement

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- 9.1 The budget engagement process is one of the Council's key projects for ensuring citizens, staff and other stakeholders have a voice in priorities for the city and how its budget is spent.
- 9.2 This budget engagement is part of a four year programme of continuous engagement with citizens, staff and the Council's partner organisations on all issues relating to the budget and transformation of services, including integration of health and social care services. Methods have been established for enabling meaningful dialogue with all stakeholder groups and these will be continually reviewed with these groups to ensure they are accessible and relevant for obtaining all types of feedback.

## Background reading/external references

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Responses received to engagement

[Budget and Transformation 2016-20 Approach to Engagement](#)

[Interim Budget Engagement Results 2015](#)

### **Andrew Kerr**

Chief Executive

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## Links

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|                                 |  |
|---------------------------------|--|
| <b>Coalition pledges</b>        | All  |
| <b>Council outcomes</b>         | All  |
| <b>Single Outcome Agreement</b> | All  |
| <b>Appendices</b>               | Appendix one – communications campaign<br>Appendix two – Expanded comments on budget proposals<br>Appendix three – map of distribution of budget responses |



## **APPENDIX ONE**

### **Edinburgh's budget challenge: your city, your say Communications campaign and response**

A proactive and sustained communications campaign ran from 5 October until 17 December to ensure that as many people as possible in Edinburgh were aware of the opportunity to have their say on the Council's 2016-2020 budget proposals. The campaign's key message was that people had the opportunity to have their say about the budget proposals, using the strapline 'Your city, your say'.

A wide range of communication tools were used to deliver the 11 week engagement campaign to maintain interest and target different audiences across the different demographics of the city's population. Where possible no or low-cost tools were used. In particular there was significant use of PR and social media, with the Edinburgh Evening News providing sustained coverage of the different proposals throughout the period, and STV Edinburgh also hosting several Convener Q+A sessions.

Social media was also used significantly, and for the second year, the Council staged a Convener's Q+A session at the City Chambers, which was attended by members of the public and webcast live to an audience of over 200 people on the night. In addition and to ensure the campaign was as inclusive and engaging as possible some paid-for communications were required. The communications campaign cost less than £15,000 in total.

The communications were developed throughout the campaign to reflect the additional proposals announced on 20 November, the extended deadline, the ideas suggested by the people of Edinburgh, as well as the need to try and encourage more women to have their say to provide more balanced feedback. A variety of channels were used to reach people and encourage them to give their views, ideas and solutions through any number of the engagement tools including the dialogue page, planner, survey, leaflet, phone, and email.

#### **Digital channels**

Various digital channels were used at no cost. This included the web pages at [www.edinburgh.gov.uk/budget](http://www.edinburgh.gov.uk/budget) which were created to provide the core budget information which were updated throughout the process. This included highlighting the changes that had been made to the 2015/16 budget as a result of people's previous feedback to demonstrate that the Council listens to and actions people's views. The web pages also linked to the 2016-2020 proposals and gave a variety of options about how people could get involved and have their say. 13,241 people visited the web pages during the engagement period. People were directed there from all other communication channels including the [Council's website](#) home page and the [Consultation Hub](#).

Other no-cost digital tools were used including an electronic signature, which was incorporated in Council emails. Four e-fliers were also sent to nearly 1,000 individuals, businesses and organisations, including people who participated in 2014, various equalities organisations, community groups and partners to encourage people to have their say.

A sustained social media campaign encouraged people to use the various engagement tools, highlighted key milestones such as the budget Question Time event, highlighted specific budget proposals and reflected people's ideas to generate interest. In addition to publishing social media posts, a number of promoted posts and adverts were used to reach those people in Edinburgh who do not follow the Council's Facebook and Twitter accounts.

163 Tweets, including two adverts, were posted with a reach of 591,983. This resulted in 619 retweets, 195 Likes and 1,619 people clicked on the links to the website or engagement tool. 21 Facebook posts including two adverts, reached 149,769, with 1,465 clicking on the links, 183 likes and 69 shares. 3 posts on LinkedIn reached 13,343, resulting in 82 clicks and 9 likes. This proactive social media activity resulted in a total of 152 comments on the budget.

Those who took part in the planner, could also encourage others to take part by using the built in Twitter and Facebook links.

Four adverts, at no cost, were run on the digital boards along Princes Street. Paid-for adverts were also used on a range of websites, including mobile. Specific websites were targeted, including the Herald, Edinburgh Evening News and Scotsman aimed at Edinburgh users.

The overall click through rate was 0.29%, approximately four times more than the industry average. Ads delivered to mobile sites outperformed other digital ads - click through rates were 0.38% and delivered the most impressions.

Overall, this digital advertising campaign resulted in 4,513 click throughs to the budget website. There was a spike in click throughs on 24 November.

An online advert was also placed on the Edinburgh Reporter's website. From the Edinburgh Reporter website there were 301 click throughs to the Council's budget website and five click throughs via the mobile ad.

Messages were also included on a number of the Council's plasma screens in the main neighbourhood offices and libraries at no cost, and a message ran on the contact centre's phone line throughout the campaign. A presentation was developed for employees and councillors to use at engagement events. Online articles were also included in the Leader's Report, Usher Hall and Tenants newsletters.

### **Marketing and advertising**

In addition to 1,000 posters, 14,000 leaflets were printed and distributed across the city to target those people who don't use online channels, providing them with an opportunity to have their say using a tear-off freepost form.

Lamppost wraps, which have been highly successful in other campaigns, were rolled out across the city in three phases in high footfall areas. Advertising on phone boxes and bus shelters were also used across the city to encourage pedestrians, public transport users and vehicle users to have their say.

Adverts were also placed in the printed editions of the Metro, Edinburgh Evening News, as well as local media including the Leither, Trinity Spotlight, Stockbridge Spotlight and Edinburgh South West.

### **Media and events**

Media releases were issued to mark the start of the engagement, the release of the additional proposals and the Scottish Government budget announcement. Working with the Edinburgh Evening News and Edinburgh Reporter, a series of councillor opinion pieces and interviews were also run.

43 articles appeared in the media including the Edinburgh Evening News, The Scotsman, Edinburgh Reporter, the Times (online), Herald (online) and on STV (online).

Five features also appeared on local radio stations and six interviews with councillors appeared on STV Edinburgh.

The Evening News' editor chaired our webcast Budget Question Time event which is the second year the Council has organised this. A panel of five senior councillors answered questions from the 40+ guests at the event, as well as questions previously submitted by Twitter, with 200 people watching live via the webcast, and 360 have watched the archive recording.

### **Employee communications**

In addition to various engagement events, colleagues were encouraged to take part by email, service area newsletter, and through articles on the Council's intranet site and in turn encourage their family, friends and customer to have their say.

### **Gender gap**

An interim report showed that only 37% of respondents were women. To help address this and achieve a balanced response a series of communications actions were taken. Around 75% of the Council's Facebook followers are women and so an advert was created specifically designed for them, and only issued to women users. Some of the outdoor advertising and lamppost wraps were also specifically placed near areas predominantly used by women, including schools. The final analysis shows a fairly even gender split.

### **Analysis**

Respondents sited the following channels as the way they found out about the budget engagement:

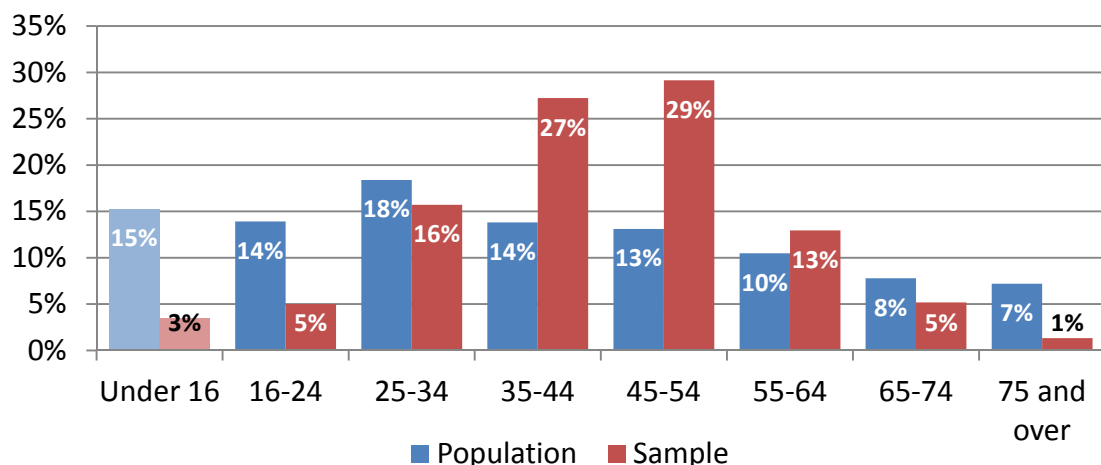
|                              |     |
|------------------------------|-----|
| Email                        | 18% |
| Council website              | 16% |
| Advertising on lampposts     | 11% |
| Council staff communications | 9%  |
| Twitter                      | 9%  |
| Facebook                     | 9%  |
| Press coverage               | 8%  |
| Press or outdoor advertising | 5%  |

## Demographics

This demographic summary is based on information supplied by respondents. It should be noted that many responses are received in formats that do not encourage or permit respondents to supply information about who they are, such as letter, email, petition, Facebook, Twitter and Dialogue. Respondents are also not required to submit any demographic information for their response to be considered as part of the budget engagement process as some respondents prefer not to provide this information, and would not participate if this information was mandatory. As a result, reasonable demographic information is available for around 1,500 respondents (35% of the total sample).

In contrast to the 2014 budget engagement, where 41% of respondents were women, in 2015 a total of 53% of responses were received from women. The population of the city is 51% female, around the same as was achieved in the sample. In part this apparent increase in participation from women may be due to the introduction of an online survey which was promoted in preference to email or letter contact. This survey allowed demographic information to be captured which was not available in previous years.

The age profile of respondents has remained similar to that recorded in 2014 – both the 2014 and 2015 engagement exercises have attracted an overall younger demographic than in 2013. However, as in 2014, generating responses from the 16-24 and 75+ age groups is challenging, and the overall response is dominated by the 35-54 age groups.



Results for the online planner, shown later in this report, instead of using all 1,086 planners, uses 892 respondents who have supplied an Edinburgh post code. These 892 responses are weighted by age and gender to better reflect the views of all Edinburgh residents.

A map showing the distribution of responses around the city is included as an appendix to this report. There has been good coverage of all areas of the city, with no apparent geographic bias. Also shown on the map are areas of deprivation (Scottish Index of Multiple Deprivation, 2012, 15% most deprived data zones) and responses have been received from all deprived areas.

7% of respondents (111 of 1,518 answering the question) identified themselves as having a disability or long term illness that impacted on their ability to perform daily activities.

12% of respondents (180 of 1,534 answering the question) identified themselves as being from a non-white and / or non-British background. In the 2011 census, 8% of Edinburgh residents identified as non-white, while 11% identified themselves as being non-British.

Employment was only asked of respondents using the budget planner, and is thus based on only 885 responses. Of these:

- 2% were unemployed – approximately representative of Edinburgh;
- 4% were full-time students – less than the 12% estimated for Edinburgh and likely due to lower response levels amongst the 16-24 age group;
- 67% were employed full-time – reflecting the high level of participation amongst 25-64 year-olds.

Around 27% of respondents are Council employees – this is in line with all previous years where around a quarter of respondents were employed by the Council.

## **Appendix Two: Full Results**

### **Feedback on budget proposals**

All feedback received has been made available to all elected members as a searchable electronic information pack. This report will only address those areas where at least ten responses have been received.

#### ***INC2 – Increase discretionary income by RPI+2%***

As part of the online planner, respondents were offered the choice to vary the overall charges the Council issues over the next four years by a range of RPI to RPI+6%.

78% of respondents were in favour of above-inflation increases in service charges. 22% favoured inflation-only increases, 43% backed the Council's current plan of RPI+2%, while 29% favoured RPI+4%. Increasing charges by RPI+6% was the least popular choice, supported by only 5% of respondents.

Higher levels of increase were favoured by 25-54 year-olds, with 39% being in favour of RPI+4% or RPI+6%. By contrast only 26% of those in aged 55 and over supported increases at that level. This older age group favoured indirect Council Tax increases over direct service charges.

#### ***INC4 – Increase fee charges for section 109 permits to install pipe and cables in roads and pavements***

There was strong support for this idea on the Council's Dialogue page with 23 votes and an average score of 4.9/5.

Other comments received were in favour of making utility companies and developers more accountable for road surfaces – through inspection, rental of roads while work was ongoing, and fines for work that was poorly carried out. There would likely be significant public support for any policy aimed at making sure road works are completed to a good standard, in a reasonable time period, and that where this doesn't happen a responsible body is charged.

#### ***INC8 – Increase parking permit charges by 5%; INC9 – Increase pay and display charges; and PLA/INC2 – Increase parking charges by an average of 4.5% per year over four years***

74% of respondents using the online planner favoured an increase in parking charges, with 32% supporting the Council's plan for immediate changes (INC8, INC9) and 43% supporting increases approximately double this. 20% wanted current charges to be frozen, while only 5% wanted to see a decrease.

Opinion was broadly similar across 50 other comments received on parking, with two-thirds in favour of increases and one-third opposed.

Supporters of increases in charges were opposed to cars in the city centre, in favour of public transport, and in favour of more active forms of travel. Those opposed felt

that the Council was unfairly targeting motorists and believed that there would be negative economic consequences for Edinburgh by excluding drivers.

***TP1 – Reduce third party payments for Community Learning and Development services***

Reduction in Community Learning and Development (CLD) worker posts was opposed by customers receiving this service. More than 50 comments were received in support of CLD services, most of which came from customers of Cameron House. These comments emphasised that CLD services provide a social life-line that is particularly valued by older people, as well as classes being valued in themselves.

All respondents requested that the Council reconsider its plans to reduce CLD workers posts and make no cuts to this service.

***TP2 – Reduce grant payment to Festival City Theatre Trust; TP4 – Review funding arrangements for Winter Festivals***

More than 40 comments were received in relation to festivals funding and, to a lesser extent, funding for the Festival Theatre. These were generally in support of the Council's plans and were in some cases strongly opposed to any spending on festival activities.

Extremely high levels of support (550 contacts, 10,000+ petition signatures) for the Instrumental Music Tuition service (noted later in this report) did not translate to support for culture spending in general in budget feedback received.

***TP7 – Review allotment service and increase rents***

The Council conducted a Dialogue with allotment holders, those on the allotment waiting list and interested members of the public. 25 ideas for allotments generated 126 comments and 166 votes. All feedback received will be passed on to the Allotments Service for consideration. In summary, the ideas were:

- Limiting plots to one per household;
- Reviewing the waiting list, particularly with regard to identifying where individuals already had allotments and were seeking a transfer;
- Turning full allotment plots into half plots when they become vacant;
- Exploring opportunities to develop community gardens in other areas of disused land; and
- Restrictions on entitlement to discounts.

The Council's proposal to increase allotment rents received 12 votes with an average rating of 2.4/5. Scores can range from a minimum of 1 to a maximum of 5, therefore the mid-point of the scale is 3, and a score of 2.4 would indicate this idea was unpopular with those voting.

In addition to Dialogue, more than 30 comments were received about the allotments service. Most were opposed to increasing charges in principle, cited a previous

agreement to maintain rents at £100 per year until 2020, and asked for the Council to keep to that agreement. However some respondents felt that current discount levels were too high and they were happy to pay higher rents.

### ***TP8 – Reduce spending on block-contracted services by 10%***

More than 30 responses were received in relation to care services, however most did not specifically mention the 10% reduction and were instead stressing the importance of these services. Those responses that did mention reduction questioned how this could be done without a real decline in the quality of service and were concerned this would happen.

### ***TP9 – Reduce funding to Police Scotland***

Police Scotland's 24-page response to the funding reduction is available in the information pack which has been sent to all members. Key points from this response include:

- A service-level agreement was created after previous reductions in funding were rejected by Council following consultation. This SLA has resulted in named officers being assigned to community policing in each ward and the city centre;
- Identification that the loss of funding would result in a reduction of 11 officers which would impact directly on the size of taskable forces, reduce the ability of Police Scotland to engage in local partnership working, and could lead to antisocial behaviour and hate crime developing into more serious criminality;
- With specific regard to CF/SR1 (the proposal to end the night time noise team), Police Scotland estimate that 63% of calls received about night time noise in Edinburgh are referred to the night time noise team, with around 37% being responded to by police. If the referrals were all dealt with by Police Scotland, that would equate to a 10% increase in the total number of incidents dealt with and during busy periods it would be likely that many of these could not be attended. This would have a material impact on Edinburgh residents.

Fewer than 20 comments were received in relation to Police Scotland funding, and were opposed to the reduction. Particular concerns were raised about this reduction in relation to the proposed changes to stair lighting maintenance. Concerns about Police funding were disproportionately expressed by older respondents.

### ***SP8 – Reduce gully cleaning service***

Around 10 responses were received in relation to gully cleaning and all were opposed to the changes. Respondents' views varied from stating that they did not believe gullies were currently cleaned as frequently as claimed, to observing that more blockages would result in higher costs and that these savings were therefore a false economy.



***P3 – Reduce use of employee overtime by 25%; P4 – Reduce use of agency staffing by 20%; and PLA/EFF3 – Reduction in staff and agency costs***

General feedback, not in relation to specific budget proposals, urged the Council to reduce overtime, agency, and consultancy. This was part of more than 70 comments which looked for a general reduction of Council employee numbers, management numbers, pay and benefits – particularly pensions. Around 15 further comments asked for a reduction in the number of Councillors and their remuneration.

***CO/ST12 – Business Support Services***

More than 160 comments were received in relation to administrative changes in schools related to Business Support Services changes. These were almost always firmly opposed to the changes. The main points raised were:

- Any reduction in education spending was opposed;
- Parents had been led to believe that education spending was ring-fenced and protected against cuts. There was confusion that this applied only to teacher numbers and not all school staff;
- It was felt to be obvious that a reduction in administrative staff numbers would result in administrative tasks being placed on teaching staff, and that this would cause a reduction in the amount or quality of teaching time; and
- The work done by non-teaching staff in school was valued and there was a perception that head teachers and deputy head teachers already carried out too much administration.

Without any emphasis on schools administration, the Business Support Services proposal was included as part of the online planner. The planner focused on the speed at which Business Support Services would be created and the Council's attitude towards redundancies as part of transformation.

24% of respondents favoured a slower implementation of the transformation plan, with reduced use of redundancies and increased reliance on natural wastage. This was slightly higher (30%) amongst current Council employees. 41% of respondents supported the Council's current plan, while 35% wanted to see changes made more quickly.

***General feedback on proposals SP3; CF/EFF5; CF/EFF8; CF/EFF9; and CF/ST1-6***

Extensive feedback was received on areas related to education and the provision of services to vulnerable children and their families. However this feedback was fragmented and not specifically addressed against budget proposals. This section summarises all feedback received that would appear relevant.

There were concerns these proposals would negatively impact services already perceived to be stretched. Respondents highlighted that the children receiving these services are vulnerable, with specific support needs, and that staff currently

supporting them have a special range of skills and duties which are vital to help these children reach their potential. There were concerns that if staff numbers were reduced, and children were required to go to mainstream schools, this would negatively impact on their development. It was felt that children attending special schools do so as they are unable to succeed at mainstream schools. Respondents also perceived the proposals as going against our legal duties to support pupils and the principles of 'getting it right for every child.'

Cutting resources would mean that remaining staff would have reduced ability to manage behaviour in classes, write care plans or interact with pupils and parents appropriately. If children with additional needs were included in mainstream classes then this would require extra planning and support within schools.

Regarding the proposal to reduce the number of Pupil Support Assistants, respondents were opposed to the plans as they felt there were already insufficient resources available. Some respondents mentioned personal experiences where specialist 1:1 care was not provided due to existing reductions in support and that some pupils were receiving 1:2 support, even though the pupils had differing needs.

The proposals were seen to be short sighted; respondents felt that a reduction in support for excluded children and those with special needs would likely lead to increased long-term costs in terms of unemployment, crime etc and that the lack of support would ultimately affect their independence and potential to lead fulfilling lives later on.

A number of respondents felt that the proposals mention 'review' or 'redesign' of services but are unclear on the actual detail, therefore they found it difficult to comment on them.

The EIS Union responded specifically on proposal CF/ST6 – Family solutions review. This response echoed those received from other interested parties and highlighted the increased risk of a child becoming looked-after by the Council if family support was reduced. It was felt this would lead to higher costs in the long term and poorer outcomes for children, and was described as "short sighted".

### ***CF/EFF2 – Closure of Panmure School***

More than 30 comments were received in relation to proposed closure of Panmure school (also referred to as Panmure St Ann's). These comments were all in opposition to the proposal. The arguments against the closure were, in summary:

- A belief that only some of the pupils currently in Panmure can be accommodated at Gorgie Mills, raising questions about alternative provision;
- A belief that there is a lack of appropriate skills and training amongst mainstream teaching staff;
- A belief that current provision within schools for children with additional support needs is inadequate and that mainstreaming would disadvantage all children in the class;

- That there is no effective alternative provision of social, emotional and behavioural needs (SEBN) at secondary school level in Edinburgh;
- That teaching staff from Panmure School would be lost, resulting in a loss of necessary skills within the Council;
- Rising schools rolls may require a similar facility again in a relative short time.

### ***CF/ST8 – Redesign of library services; CF/SP2 – Community centre staff reduction***

Proposals for services to occupy shared buildings were included as part of the online planner. The focus of this proposal was whether respondents preferred shared-service hubs in which more services would be provided, or if they preferred specific services to maintain their own facilities, thus ensuring more local delivery but at higher cost.

17% of respondents were in favour of more local delivery. 23% supported the Council's current plans to merge some facilities. However 60% of all respondents were in favour of service hubs that provide more services at the expense of very local provision.

Those with a long-term illness or disability were more likely to be in favour of local delivery options (26% compared to 16% of those without a disability). In earlier reports it was reported that residents who had lived in Edinburgh for longer were more in favour of hubs than newer residents, but in the final data and after weighting this difference was no longer present. There was also no significant difference by age, gender, whether the respondent was a parent or a Council employee.

In contrast to the planner response, more than 30 comments received in other ways were either opposed to merging libraries and community centres, or to any reduction in library or community centre services. Instead of merging facilities, some respondents suggested reducing opening hours.

It is likely that without a detailed plan of what alternative service provision would look like in this area, many customers would view these proposals as a simple cut to services.

### ***CF/SP4 – Redesign of Music Instructor Service***

More responses were made about music tuition than any other service. More than 550 comments were received in opposition to the proposed reduction in funding for the service, including from teaching union EIS, compared to fewer than 20 comments in support of the change.

The proposed change was the subject of two petitions; one from school pupils, the other open to the general public. These petitions, mentioned earlier in this report, have accrued more than 10,000 signatures at the time of writing.

It should be noted that the draft budget proposals were only in relation to extracurricular music tuition and not classroom teaching of music. The number of teachers and the amount of class time given for music would not be impacted by these changes. Instrumental music tuition is a service delivered outside of normal class time. Following a summary of feedback on the tuition proposal, suggestions are made as to how any future engagement on this policy could be taken forward.

The comments and petitions make the following key points:

- Although this proposal covers tuition outside of class teaching, respondents view it as essential for skills development;
- Music has an important role in engaging all children in their education, but is felt to be especially important for children who are not otherwise academically inclined, those with learning difficulties, and those with mental health issues;
- Moving from free provision to paid provision of the service will result in some families being unable to afford tuition. This may mean money has been wasted on purchase of an instrument. This was felt to be more likely to impact on families who are “just outside” of any remaining threshold of free provision and would make little difference to children from “rich families”;
- Requiring payment will increase the extent to which music is, and is viewed as, an elitist subject;
- Because of Edinburgh’s role as the Festival City, it was viewed as incongruous that the Council could attract musicians to play from all over the world, but cannot afford to provide music tuition for its own children;
- Various orchestras and ensembles that are effectively supported by this service could cease operating, possibly due to a shortage of children being taught how to play for more expensive instruments;
- A 75% reduction in the service’s budget was an alarming and unexpected figure, which was viewed as excessive even by those who stated their willingness to make some contribution to the provision of the service;
- The proposals do not provide sufficient detail on the alternative delivery model to provide confidence or assurance; and
- Respondents would like alternative ways of generating income to be considered, such as fund raising concerts and other charitable activities, before charging was implemented.

Feedback on this proposal indicates that there is considerable scope for the Council to improve the clarity of charges for extracurricular music tuition. While it seems likely that many would be opposed to charges in principle, it is equally likely that a charging element would be acceptable in a broader context and with appropriate supporting information. In particular, any future proposal on this subject should:

- Ensure head teachers are meaningfully engaged in the creation of any plans for the service;
- Ensure consideration has been given to transitional arrangements that would not require individual pupils to abandon any course of study for financial reasons; and
- Ensure that exemptions has been developed before engaging with parents, and that a charging policy identifies:
  - a. the criteria by which pupils would be exempt, receive a discounted rate, or be asked to pay full price;
  - b. how expensive musical instruments would be purchased; and
  - c. a price that parents of non-exempt pupils would be expected to pay.

### ***PLA/SP3 – Waste Services***

Two significant areas of the waste services proposals were addressed in the Council's Dialogue – moving to three-weekly garden waste collection and moving to four-weekly glass recycling collections.

The glass recycling proposal received 8 votes with an average score of 3/5. Comments on this proposal were supportive, though ability to store glass recycling for a month might be an issue for some households. Comments also indicate there may be a preference for on-street recycling facilities over kerbside collections.

Garden waste collection received 4 votes with an average score of 3/5.

More than 30 comments were received in general relating to waste collection and recycling. These stressed the importance of delivering these services on a regular basis, and respondents would like these services to improve, but they were on balance neither for nor against the budget proposals. This feedback likely reflects the attention waste services receives as a core local authority service, and it may be the case that most respondents mentioning waste collection or recycling had not actually read the waste proposals.

### ***PLA/SP4 – Withdrawal of School Crossing Patrol Guide service at lunchtime***

There were fewer than 10 responses in opposition to withdrawing this service at lunch times and fewer than five responses were in favour. However a petition was received in opposition to the changes with 475 signatures.

Those in opposition made two distinct points:

- Removing crossing guides increases risk and therefore reduces the safety of children; and
- A reduction in hours would force some crossing guides to seek alternative work.

Those in favour of the changes did not believe that removing crossing guides at lunch time represented a significant increase in risk.

### ***PLA/SR1 – Stop repairs and maintenance of Stair Lighting Service in tenements***

Fewer than 20 responses were received in relation to stair lighting. These were generally in opposition to the Council's current proposal to stop maintenance of stair lights. For some respondents, the provision of stair lighting in a built-up area was no different than the provision of street lighting in an area with few homes and they felt that the Council should provide this.

The range of views expressed also included those who were concerned that without the Council providing maintenance, no-one would provide maintenance. Respondents cited difficulties with arranging repairs to common parts of the property. It was felt that the growth in private renting and the inability of owners to agree on common repairs and maintenance would mean stair lights would fail and this would create spaces in which accidents, antisocial behaviour and crime would be more likely.

It was suggested that a change in the law would be necessary to require owners and landlords to introduce factoring arrangements, and it was felt by some that the Council simply charging for this service would be the simplest way of dealing with the issue.

### ***General feedback on third party payments and voluntary sector***

The full submission to the budget by Edinburgh Voluntary Organisations Council (EVOC) is included in information packs sent to elected members. In summary the points made by EVOC were:

- Council budget seems disconnected from changes in administrative structures, particularly with regard to the Integrated Joint Board;
- Use of the word "efficiency" is disingenuous – the Council should simply describe cuts as cuts;
- Geography has not been given enough consideration when funding is allocated to organisations, leading to "post code lotteries";
- Reductions in preventative services should be reconsidered as these help to avoid greater costs later;
- Changes to management in the Council have raised concerns about loss of organisational knowledge, and uncertainty over decision-making;
- EVOC welcome the Council's stated position on empowered communities, but feels that reality does not match rhetoric and more genuine co-production between partners is imperative.

More than 20 comments were received in relation to voluntary sector funding and how the Council works with the voluntary sector. Overall feedback was that respondents felt these services were valuable and that the Council should continue to support them. Respondents emphasised that additional work could be done by

volunteers and that the Council needed to do more to ensure people had opportunities to volunteer.

Using the online planner, respondents were asked about the Council's role with the voluntary sector and commissioned services. 72% of respondents were supportive of something close to the Council's planned approach involving more co-design and delivery of services with partners. More radical positions were less favourably viewed, with only 16% supporting the Council moving to become a commissioning body with no direct delivery of services; and only 11% looking for the Council to bring all services in-house for additional control and accountability.

### **Online planner choices**

Eight key strategic areas were presented to the public in the online planner, with potential choices available in each case. Five of these areas have already been reported alongside the associated budget proposals. Overall reaction to the remaining three proposals is summarised below.

### ***Council Tax***

Of the 1,086 responses to the online planner, a majority (63%) of those were in favour of increasing Council Tax from 2017/18 to pay for services, while 9% wanted to see a reduction. A quarter of respondents (25%) were in favour of increasing Band D Council Tax by around £100, while 38% opted for the more modest £50 increase.

Those with long term illnesses or disabilities were more likely to support increases in Council Tax, with 73% favouring some kind of increase, compared to 62% of those without disabilities.

Looking at the ward-level response from the online planner reveals that there was support for a Council Tax increase in each ward, though this varies substantially as shown in the following table. Av. indicates the average score in relation to the online planner – where -50 represented a reduction in Council Tax by £100 per year for Band D properties, while +50 was a £100 per year increase.

| Ward                      | Av.  | Ward                   | Av.  |
|---------------------------|------|------------------------|------|
| Almond                    | 10.7 | Leith                  | 17.9 |
| City Centre               | 6.4  | Leith Walk             | 23.6 |
| Colinton/Fairmilehead     | 9.0  | Liberton/Gilmerton     | 27.6 |
| Corstorphine/Murrayfield  | 18.5 | Meadows/Morningside    | 14.5 |
| Craightinny/Duddingston   | 14.0 | Pentland Hills         | 23.6 |
| Drum Brae/Gyle            | 19.0 | Portobello/Craigmillar | 25.8 |
| Forth                     | 25.0 | Sighthill/Gorgie       | 25.4 |
| Fountainbridge/Craiglockh | 19.0 | Southside/Newington    | 19.9 |

|            |     |  |  |
|------------|-----|--|--|
| art        |     |  |  |
| Inverleith | 9.7 |  |  |

Scores show strong support for an increase in 13/17 wards, but lower levels of support in City Centre, Colinton / Fairmilehead, Inverleith, and Almond.

Feedback from all other communication methods was similar, with 150+ comments in favour of either Council Tax increase and / or Council Tax reform. Fewer than ten comments were received in opposition to a Council Tax increase.

A broad consensus of feedback was that holding Council Tax at the same level for an extended period of time was undesirable when services were being cut, there was a strong feeling that respondents wanted to pay more to maintain funding in key areas and the delivery of important services. There was a very high level of understanding that this was a Scottish Government policy. Respondents expressed negative perceptions of the Scottish Government in respect of the Council Tax Freeze.

However respondents stated that any increase in Council Tax should also be accompanied by the Council making efficiencies and that more tax revenue should not be a substitute for this.

While revenue raising through Council Tax increases had support, it was still cited as a regressive tax and calls were made for reform through revaluation, introduction of additional Council Tax bands for more valuable homes, selective increases in tax only for higher bands, and for the system to be replaced in favour of a more progressive income-based local tax.

It was also suggested through the Council's Dialogue that students should make some contribution towards Council services. The idea received 13 votes and had an average score of 4.6/5. The original idea received through Dialogue was for a contribution of £5 per week. In other feedback, a similar amount was suggested of £200 per year or a percentage of the normal Council Tax bill for their property.

### ***Renewable energy generation***

27% of online planner respondents were in favour of a more ambitious strategy on renewable energy generation, with the Council actively seeking opportunities to invest in renewables to gain more income in future. However the majority (73%) preferred a more cautious approach. Some suggested that the Council had already "missed the boat" in developing renewable energy opportunities.

### ***Electronic billing***

81% of respondents supported moving to digital billing by default, with customers having to opt-in to paper billing. There was strong consensus on this issue and in supplementary comments many respondents felt this was an obvious and preferable solution, with paper bills being used only for identification purposes.



While fewer than 1% were in favour of the current system of paper bills, 19% preferred an opt-in to digital billing, rather than an opt-out system. It should be noted that these are all results of online engagement, and may therefore not represent the views of the whole population on online issues.

### **Dialogue ideas**

Feedback on the Council's Dialogue page that relates directly to budget proposals has been included previously. Aside from these, the highest rated ideas suggested on the Council's Dialogue page have been summarised below. The Council has undertaken to investigate the highest rated proposals and to implement those that are practical, or feed back on those that cannot be implemented.

#### ***Tourist tax***

In addition to more than 60 comments received from all sources asking for the introduction of a tourist tax, the introduction of a charge for visitors to the city was the second most discussed suggestion on the Council's Dialogue site (second only to the proposal to create a social enterprise to deliver music tuition). The idea received 36 votes with an average score of 4.6/5.

There was consensus that around £2 per room, per night was a fair charge and one which respondents had experienced themselves when visiting cities throughout Europe. However it was also suggested that a percentage cost or a fee relative to the type of room (hostel, B&B, hotel) would be fairer as flat rate charges would be disproportionate for very cheap room rentals.

The phrase "tourist tax" appears to be well recognised by respondents and does not appear to have strong negative connotations. Given attitudes to both tourists and festivals amongst some residents, the notion of specifically "taxing" tourists may be viewed more positively than introducing a "transient visitor levy".

#### ***Congestion charging***

Introducing a congestion charge was a popular idea, with 23 votes and an average score of 4.4/5, however comments diverged significantly from the voting with around half of those discussing the idea being moderate to strongly opposed.

Around 15 additional comments were received suggesting that the Council reconsider a city centre congestion charge.

It was not possible to judge the extent of general public support for a congestion charge from the information received.

### **Other feedback**

#### ***Newhaven Tram extension***

More than 150 comments were received in opposition to the extension of the tram line to Newhaven, while fewer than 10 responses were received in support.

Respondents directly linked tram spending with budget problems and attributed all of the Council's current financial issues to the tram. It was suggested that the whole capital cost of tram extension construction could be transferred to revenue spending on education, care for vulnerable adults, etc. and that this would more than meet the current budget shortfall.

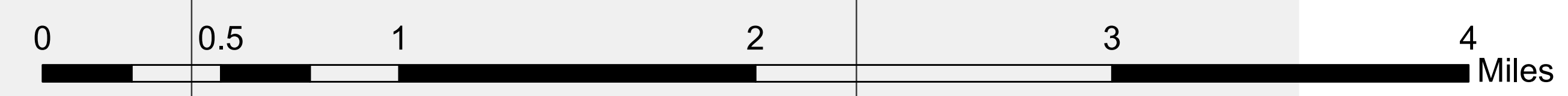
The feedback suggests a general misunderstanding on the financing of the tram project and the benefits of a tram extension. The Council may be able to influence overall opinion by more clearly communicating the benefits of the extension, while making appropriate assurances about the financial costs of the extension.

The Council's revenue and capital budgets are separate and while capital budget spending can be financed through borrowing, revenue budget spending cannot. The Council would only invest in extending the tram if the additional fare income covered the cost of borrowing, therefore there would be no impact on the revenue budget of extending the tram line. However this also means that the funding for tram could not be used to address the shortfall in the revenue budget.

Nevertheless there are significant negative attitudes towards trams which appear to be unlikely to change.



# Budget proposals - respondent postcodes



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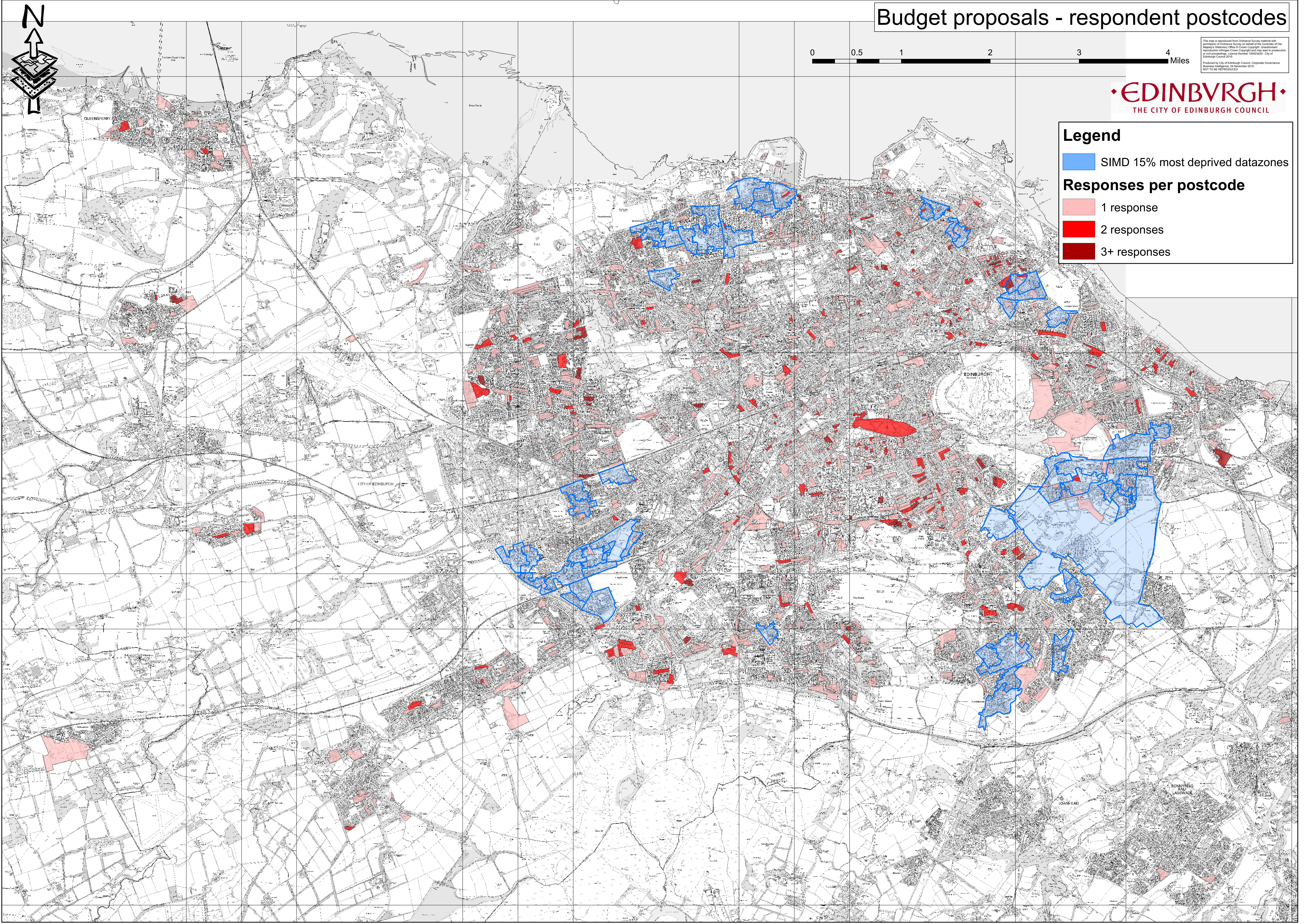


**Legend**

- SIMD 15% most deprived datazones

**Responses per postcode**

- 1 response
- 2 responses
- 3+ responses





# Finance and Resources Committee

10am, Thursday 14 January 2016

## 2016/20 revenue and capital budget framework

Item number 7.6

Report number

Executive/routine

Wards

### Executive summary

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Members have previously considered a number of reports setting out the Council's funding gap over the period until 2016/20, indicating a need to identify recurring savings of at least £126m by 2019/20. It was emphasised, however, that the precise savings requirement would depend on the level of the Local Government Finance Settlement, details of which were awaited.

While only one year's figures were provided as part of the Deputy First Minister's announcement on 16 December, in common with local authorities across Scotland, the level of reduction in the Council's revenue funding allocation was significantly higher than anticipated. The actual level of settlement has therefore resulted in a need to identify an additional £16.7m of savings in 2016/17 and, based on available information relating to the Council's grant settlement for next year, a further £5m in 2017/18.

Members of CLT have now considered this additional savings requirement and set out how they propose it be addressed, thereby giving the potential for a balanced budget to be achieved across all four years of the framework whilst still allowing an element of political choice to be applied in the precise measures approved by elected members.

### Links

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Coalition pledges All

Council outcomes All

Single Outcome Agreement All

## 2016/20 revenue and capital budget framework

### Recommendations

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- 1.1 Members of the Finance and Resources Committee are asked to:
  - 1.1.1 note the impact of the 2016/17 Local Government Finance Settlement on the 2016/20 budget framework;
  - 1.1.2 consider the officer recommendations to address the resulting shortfall relative to previous assumptions for each year covered by the framework; and
  - 1.1.3 refer the report to Council as part of setting the budget-setting process.

### Background

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- 2.1 On 24 September 2015, members of the Committee considered a report on the budget framework setting out a total Council-wide recurring annual savings requirement of at least £126m over the period to 2019/20. In terms of expenditure, this requirement reflected the combined net impact of increasing, demographic-driven demand for the Council's services, inflationary uplifts and other cost pressures driven by legislative reform. These increases contrasted starkly with a level of available resources through Council Tax, Government Grant and Non-Domestic Rates that was anticipated to remain essentially static over the same period. The proposed framework also included additional investment in both Health and Social Care and Corporate Property as a contribution towards re-establishing financial stability in these areas.
- 2.2 Following Council's previous approval of savings to a value of £22m as part of setting a balanced budget for 2015/16, at the September Finance and Resources Committee meeting members approved the release for public engagement of proposals totalling £25.6m. In addition, a number of other savings were referred to Council on 22 October, with £6.9m of proposals being approved.
- 2.3 Given the scale of the Council's financial challenge, however, the report to Committee on 24 September indicated that further transformation-based proposals would be brought forward during the engagement period. To this end, a subsequent report considered on 26 November set out proposals to a total value of £68.7m over the period to 2019/20. When added to the previous proposals, approval by Council was anticipated to retain an element of contingency for proposals not taken forward, risks and/or additional investment, subject to the on-going applicability of other planning assumptions. Chief amongst these assumptions was the outcome of the Local Government Finance

Settlement to be announced by the Deputy First Minister, John Swinney MSP, on 16 December. The following sections therefore set out the main aspects of the announcement, the resulting increase in the overall savings requirement across the period of the framework and a number of proposed and potential further means by which the gap is addressed.

## Main report

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### **Draft Scottish Budget announcement**

- 3.1 The Draft Scottish Budget for 2016/17 was announced by the Deputy First Minister on 16 December. Indicative annual figures for the level of the Scottish Block for the period from 2016/17 to 2019/20 had previously been provided by the UK Government as part of its own Spending Review. Due both to the latter's unusually-late publication on 25 November and on-going discussions around the developing fiscal framework between the respective governments as part of the Scotland Bill, however, only one year's detailed allocations were announced by the Scottish Government.
- 3.2 The Draft Budget does, nonetheless, indicate a number of proposed principles and priorities to be reflected in subsequent years' Scottish budgets. These include adopting a more progressive approach to direct taxation and affording on-going real-terms protection to both Health and Police service expenditure, suggesting that a succession of further tight settlements for local government should be anticipated. The Deputy First Minister's announcement also confirmed the initiation of a full review of the current system of business rates and publication of the Scottish Government's formal response to the recommendations of the Commission on Local Tax Reform early in the new year.
- 3.3 The 2016/17 Budget is the first year for which a Minister of the Scottish Government will set the Scottish Rate of Income Tax (SRIT). Under the progressive devolution of powers through the Scotland Act, for the 2016/17 financial year the Scottish Government is only able to vary the percentage tax rate applicable to each existing band by the same amount, with the ability to vary the rates across different bands, or indeed introduce new bands, not available until 2017/18. On this basis, no changes relative to UK-wide rates have been made at this time.
- 3.4 The Scottish Government's financial plans continue to apply the main principles of reform underpinning the recommendations of the Christie Commission, emphasising the benefits of service integration and preventative action. Of particular relevance in this context is the transfer of an additional £250m from the NHS to health and social care partnerships (over and above existing funding for Integrated Care and Delayed Discharge Funds) as part of wider service integration to secure improved outcomes. As of the time of writing, further details are awaited on both the basis of allocation of these sums to local authority areas and the purposes for which funds may then be used but with an

expectation that clarification in each area will be available by mid-January. The updated budget position set out later in this report therefore makes a number of assumptions based on best-available information at this time.

- 3.5 The overall settlement for local government reflects continuing receipt of monies provided in recent years to support specific Scottish Government commitments, in particular the provision of free school meals for all P1 to P3 pupils and an expansion of free early years learning and childcare. Funding to support the Scottish Government's policy of mitigating aspects of the UK Government's welfare reform programme, in particular through the Scottish Welfare Fund, additional funding for the Council Tax Reduction Scheme and top-up Discretionary Housing Payments resources sufficient to mitigate in full the impact of Underoccupancy Regulations (the "bedroom tax") is also retained at existing levels.
- 3.6 Receipt of an authority's full funding package is contingent upon agreeing to a further year's Council Tax freeze in accordance with the Scottish Government's commitment not to increase levels over the current Parliamentary term. While also continued for a further year, current teacher number-related commitments have been redefined to relate specifically to maintaining absolute numbers at 2015 levels, with no similar stipulation around maintaining current pupil:teacher ratios. Precise arrangements for the sign-off of this "package" by individual Council Leaders, as well as any financial sanctions should any choose not to do so, remain to be finalised between COSLA (on behalf of councils) and the Scottish Government.

### **Revenue budget settlement for the Council**

- 3.7 The Deputy First Minister's announcement and issuing of the accompanying Finance Circular on 16 December confirmed the Council's provisional level of revenue and capital funding for 2016/17.
- 3.8 As part of the process of issuing the Local Government Finance Settlement, an annual checking session involving both Local Government and Scottish Government officials is arranged. While this normally takes place in advance of the Finance Circular's issue, the timing of this year's UK Spending Review meant that the session was necessarily scheduled for 21 December, five days *after* the LGFS announcement.
- 3.9 By and large, the session confirmed the figures that had been circulated on 16 December. One issue that did emerge, however, was a required change to the calculation of the distribution of monies for the Strategic Waste Fund (SWF) former ring-fenced grant. The resulting restatement reduced Edinburgh's direct grant allocation by £0.909m, with a further unfavourable knock-on impact of £0.786m on distribution of the additional £25m provided within the Settlement to ensure that each authority receives at least 85% of the mainland average level of grant support (as the reduction to Aberdeen's allocation was of a proportionately higher amount).

- 3.10 Compared on a like-for-like basis, the provisional level of Settlement for 2016/17 showed an overall reduction in grant funding income relative to budget framework assumptions of £15m. The subsequent additional reduction of £1.695m therefore results in an increase in the overall shortfall in 2016/17 revenue grant funding relative to earlier assumptions to £16.7m. The potential for a greater level of reduction than that assumed in the framework had been identified as a risk and, to this end, the Council Leadership Team had already begun to examine opportunities for acceleration of transformation programme proposals before the actual allocations were confirmed. This said, the extent of the reduction was significantly higher than most commentators and councils alike had anticipated.
- 3.11 Edinburgh's overall year-on-year reduction in revenue grant is in line with the Scotland-wide average of 3.35% which, in turn, represents the largest year-on-year reduction since the creation of the Scottish Parliament. This clearly presents significant challenges to councils across Scotland and reinforces the need for, and importance of, the Council's own programme of service transformation and prioritisation.
- 3.12 Some supporting detail concerning the background to this reduction is awaited but Edinburgh's overall level of settlement primarily reflects the net impact of:
- **an increased relative share of most needs-based indicators** (particularly those related to school and young people's services, where the city's projected rate of growth is amongst the highest in Scotland, and more general measures of need based on the total population); and
  - **a significant reduction in the level of support for historic borrowing/leasing**, understood to relate to leasing agreements (which at the time were admissible as capital expenditure) entered into shortly after the Council's formation in 1996, the funding support for which was agreed at the time.
- 3.13 Such is the scale of the reduction arising from the latter issue that the Council has received £10.168m of support through the "floor" mechanism which limits the amount of year-on-year variation in grant funding levels. The impact of the above distributional changes has also affected the allocation of additional revenue funding provided under the Scottish Government's policy whereby no authority should receive less than 85% of the per capita Scotland-wide average, resulting in a net transfer of £2.64m from Edinburgh to Aberdeen as the two current beneficiaries of this policy.
- 3.14 It is important to emphasise that the table on page 11 of the Finance Circular does not include each council's full funding allocation and, as such, slightly overstates the overall level of grant funding reduction applied. Of particular relevance are monies provided in respect of a further year's Council Tax freeze which, given the size and profile of Edinburgh's tax base, have the effect of bringing its overall level of reduction in grant funding much closer to the Scottish average.



## Implications for budget framework

- 3.15 Assuming full approval of the proposals that formed the basis of recent public engagement and prior to confirmation of the Local Government Finance Settlement in December, the framework offered the potential for (i) an element of proposals not to be taken forward and/or (ii) additional investment to be made in some, or all, of the risk and priority areas highlighted within the September report as shown below.

|   | 2016/17       | 2017/18       | 2018/19       | 2019/20       |
|---|---------------|---------------|---------------|---------------|
|   | £m            | £m            | £m            | £m            |
| 1. Cumulative overall savings requirement                                       | 68.7          | 84.8          | 105.1         | 125.9         |
| <a href="#">2. Savings Approved, February 2015</a>                              | (22.0)        | (22.0)        | (22.0)        | (22.0)        |
| <a href="#">3. Early approval savings, October 2015</a>                         | (6.8)         | (6.9)         | (6.9)         | (6.9)         |
| <b>Remaining savings requirement</b>  | <b>39.9</b>   | <b>55.9</b>   | <b>76.2</b>   | <b>97.0</b>   |
| <a href="#">4. Prioritisation proposals, September 2015</a>                     | (22.2)        | (24.6)        | (25.1)        | (25.6)        |
| <a href="#">5. Transformation proposals, November 2015</a>                      | (23.5)        | (53.5)        | (67.4)        | (68.7)        |
| <b>Budget Framework 2016/20 Total Savings</b>                                   | <b>(45.7)</b> | <b>(78.1)</b> | <b>(92.5)</b> | <b>(94.3)</b> |
| <b>(Provision)/shortfall for proposal rejection, priorities and other risks</b> | <b>(5.8)</b>  | <b>(22.2)</b> | <b>(16.3)</b> | <b>2.7</b>    |

- 3.16 While the Settlement announcement covered only one year, given the scale of the reduction in grant funding for 2016/17, assumptions for future years have been re-assessed. The budget framework therefore now assumes that this reduced level of funding forms the new baseline, with the previous levels of incremental year-on-year reduction i.e. 0.5% for both 2017/18 and 2018/19, applied to this lower sum. The projection for 2019/20 remains one of “flat cash” relative to the previous year.
- 3.17 Information provided to date by the Scottish Government indicates that a further, albeit smaller, reduction in support for the Council’s historic borrowing/leasing is anticipated in 2017/18. On this basis, an additional assumed reduction in grant funding of £5m, bringing the total year-on-year reduction to 1.2%, has also been incorporated within the framework for that year.
- 3.18 In the absence even of indicative funding allocations for 2017/18 and subsequent years, these projections remain subject to significant risk. Those indications that have been provided by the Scottish Government, however, suggest that, assuming re-election, the additional powers available under the Scotland Act may be used to increase overall public expenditure. Given both this and UK-wide forecasts of public expenditure, the revised assumptions are best-estimates at this time but will continue to be the subject of on-going review.
- 3.19 As part of the review of framework assumptions, the opportunity has also been taken to allocate an element of the incremental inflationary provision for 2018/19 and 2019/20 to reflect successive increases in employer’s superannuation contribution rates of 0.5% in those years. While this clearly reduces slightly the

remaining level of inflationary provision available to offset other pressures affecting those years, this change does not affect the overall savings requirement.

- 3.20 The above-mentioned changes in assumed grant funding result in a need to identify cumulative additional savings of £16.7m in 2016/17 and £21.7m in 2017/18 and subsequent years, thus bringing the overall requirement over the period to 2019/20 to £148m. The Acting Executive Director of Resources, working with CLT, has therefore identified a number of proposed means of addressing the gap in each of the first three years of the framework as set out in the table below.

|   | 2016/17<br>£m | 2017/18<br>£m | 2018/19<br>£m | 2019/20<br>£m |
|---|---------------|---------------|---------------|---------------|
| <b>(Provision)/shortfall for proposal rejection, priorities and other risks per table at paragraph 3.15</b> | (5.8)         | (22.2)        | (16.3)        | 2.7           |
| Additional savings requirement - Local Government Finance Settlement, December 2015                         | 16.7          | 21.7          | 21.7          | 21.7          |
|   |               |               |               |               |
| <b>Remaining gap (assuming all public engagement options accepted)</b>                                      | <b>10.9</b>   | <b>(0.5)</b>  | <b>5.4</b>    | <b>24.4</b>   |
|   |               |               |               |               |
| <b>Proposed additional measures in response to December settlement:</b>                                     |               |               |               |               |
| (i) H&SC demographic provision  | (5.9)         | (5.9)         | (5.9)         | (5.9)         |
| (ii) Revision to additional Health and Social Care framework investment                                     | (3.0)         | (3.0)         | (3.0)         | (3.0)         |
| (iii) Acceleration of transformation savings  | (3.1)         | (3.1)         | 0.0           | 0.0           |
| (iv) Amendment to required provision for pay awards given revised staffing levels                           | (0.9)         | (2.6)         | (3.5)         | (4.5)         |
| (v) Transformation savings delivery / grant contingency   | 0.0           | 10.6          | 2.5           | 0.0           |
| (vi) Provision for priorities/options not taken forward   | 2.5           | 5.0           | 5.0           | 5.0           |
| (vii) Revision to provision for energy tariff increases   | (0.5)         | (0.5)         | (0.5)         | (0.5)         |
| <b>Remaining net savings remaining to be identified</b>   | <b>0.0</b>    | <b>0.0</b>    | <b>0.0</b>    | <b>15.5</b>   |

### **Health and Social Care partnership funding**

- 3.21 As noted earlier in this report, the Deputy First Minister's announcement intimated the creation of a new £250m Scotland-wide fund to support the integration of health and social care services across NHS and local authorities and build the capacity of community-based services. For planning purposes, at this stage it is being assumed that, in overall terms, a sufficient level of resources will be provided for the Edinburgh area to allow the Council's own existing level of additional demographic investment (i.e. £5.9m) to be applied against the wider corporate savings requirement, with discussions with NHS colleagues proceeding on this basis.

### **Health and Social Care additional budget framework investment**

- 3.22 A report elsewhere on today's agenda points to a potential £3.0m current-year underspend within Health and Social Care, with a recommendation that this be used to supplement existing provision for staff release costs as part of the wider

transformation programme. In recognition of this position, going forward, it is proposed to reduce from £10m to £7m the baseline level of additional provision within the budget framework. Given the significant level of savings within Health and Social Care underpinning the framework, however, the adequacy of this level of funding will be kept under regular review in the coming months.

### **Savings assurance and proposal phasing**

- 3.23 As part of assuring the robustness and deliverability of the proposals comprising the revenue budget framework, regular progress assessments have been reported to CLT. While, as anticipated given the nature and associated phasing of some of the transformational proposals, a number remain at a formative stage, it is the respective Directors' assessment that all can be delivered, albeit in some cases the phasing is different from that assumed in the September and November reports.
- 3.24 Recognising the potential for an additional savings requirement to emerge from the 2016/17 Settlement announcement, Directors have previously considered opportunities to accelerate the proposals contained within the framework. This has resulted in an increase in net savings totalling £3.13m and £3.052m respectively in each of the first two years of the framework, the detail of which is set out in Appendix 1. Members should take account of this acceleration, as appropriate, in their respective budgets.

### **Other changes to budget framework assumptions**

- 3.25 The Council's current budget framework makes provision for employee pay awards, National Insurance and associated superannuation contributions based on existing staffing levels, adjusted for savings up to, and including, those contained in the February 2015 budget motion. Now that full details of the proposals comprising the 2016/20 framework are available, however, an estimate has been incorporated of the resulting reduction in required provision going forward, being £0.9m in 2016/17 rising to £4.5m by 2019/20. Members should note that these sums relate to reduced staffing levels going forward and do not reflect any changes in underlying provision for pay awards and associated on-costs.
- 3.26 The budget framework assumes an additional incremental £7m of Council Tax income each year from 2017/18, aligned to the Scottish Government's policy of maintaining the freeze policy for the duration of the current Parliamentary term. Any changes to local taxation arising from consideration of the recommendations of the Commission on Local Tax Reform may, however, be phased in and, as such, not be subject to full implementation until 2018/19. In addition, a number of the transformation proposals, such as those associated with libraries, music instruction and health and social care, sit primarily in 2017/18 and, given that they involve fundamental redesign of existing services, it may similarly be prudent to introduce an element of contingency to support such phased introduction. For these reasons and so as not to introduce additional expenditure which cannot be supported on a sustainable basis, the framework includes a contingency of £10.6m in 2017/18 and £2.5m in 2018/19.

3.27 The opportunity has also been taken to review the current cumulative budget framework provision for energy tariffs going forward. Based on best-available projections at this stage, it is not anticipated that the full level of provision in 2016/17 will be required and, on that basis, £0.5m has been assumed to be available to offset wider corporate pressures.

### **Provision for proposal rejection, risks and other priorities**

3.28 The framework as presented to the Committee on 26 November included provision for rejected proposals, risk or investment in wider Council priorities of £5.8m, £22.2m and £16.3m over the period from 2016/17 to 2018/19. Given the subsequent reduction in grant funding, however, the affordability of this level of provision has been reconsidered. It is suggested that this provision be reduced to £2.5m in 2016/17 and £5m in subsequent years, thereby addressing an element of the additional savings requirement created by the reduction in grant funding. In this regard, the CLT has previously identified as a priority repairs and maintenance to Council property.

3.29 Given the absence of any previous contingency in 2019/20 (i.e. the level of savings identified within the framework did not fully offset the related savings requirement), introduction of a provision of £5m in that year only serves to increase the level of savings required. This lends additional weight to the need to introduce, for example, an annual efficiency target in line with that assumed by the Scottish Government (i.e. 3%) to reflect the bedding-in by that time of the revised Council structure. With this in mind, members should note that a further review, including identification of further potential savings measures couched in the Council's priority outcomes, will be undertaken upon publication of the Scottish Government's Draft Budget for 2017/18, expected at this stage to be no later than September 2016.

### **Overall impact of changes to framework assumptions**

3.30 The combined impact of these proposals would leave a balanced position in each of the first three years of the framework. As noted above, it is proposed that an additional savings requirement be applied in 2019/20 to deliver a balanced and sustainable position across the framework as a whole.

3.31 While the scale of the Council's savings requirement means that alternative options are fairly limited, in formulating their respective budget proposals, members may also wish to consider some or all of the following:

- (i) reducing further the level of provision for rejected options and/or additional investment in priorities, although the total sum required will ultimately be determined by political choices and priorities;
- (ii) reconsidering the level of demographic-related investment contained within the budget framework;
- (iii) imposing a moratorium on the payment of employee pay steps (increments), saving up to £3.5m per annum;

- (iv) re-introducing proposals that, following consideration by the Capital Coalition, were not included in the framework;
  - (v) introducing further proposals.
- 3.32 Lead officers within Finance will be able to advise their respective Groups further on these and other matters.

### **Common Good Asset Register**

- 3.33 At its meeting on 1 December 2015, the Corporate Policy and Strategy Committee considered a referral report from the Governance, Risk and Best Value Committee regarding costs and timescales involved in updating the register of Common Good assets, including potential community involvement in the registering of Common Good land. In setting their respective motions, political groups may wish to have regard to the indicative additional costs of this and Community Empowerment Act-related work.

### **Repairs and maintenance investment**

- 3.34 Members may recall that the Council's approved revenue budget for 2015/16 included provision to increase, on a one-off basis, property repairs and maintenance expenditure by £2m. In view of a projected £7.9m increase in capital receipts relative to previous assumptions over the period of the 2015/20 Capital Investment Programme (CIP), the revenue framework makes provision for this additional investment to continue for a further two years by means of supplementing existing budgets through use of the Capital Fund. The capital budget report elsewhere on this agenda recommends that the remaining £3.9m be used to provide initial infrastructural investment to support the city's Local Development Plan.

### **Risks**

- 3.35 As indicated in the report on the Council's financial strategy considered on 4 June 2015, the framework provision for demographic pressures in Communities and Families has been increased by £2.1m in 2016/17 in recognition of the additional pressures identified across the service. It was noted at that time that provision of additional funding in subsequent years was dependent upon the identification of corresponding additional savings. In addition, potential pressures with regard to implementation of the National Minimum Wage, Local Development Plan, City Deal and tram extension were highlighted.
- 3.36 Given both the tightness of the budget framework and the need for increased certainty concerning both the quantum and timing of these additional pressures, no specific provision has been included at this time but the position will remain under review as additional details of likely costs and future funding settlements become available.

### **Capital budget**

- 3.37 The Deputy First Minister's announcement also confirmed the level of capital funding available in 2016/17. While, due to a £150m Scotland-wide reprofiling of the Scottish Government's capital budget, Edinburgh's level of grant funding in

2016/17 at £38.8m, is £7.2m below that assumed in the current Capital Investment Programme (CIP), £10.3m will be reinstated over the following three years as part of the reprofiling exercise. The timing of receipt of this funding cannot be confirmed at this point and there is no indication of what the grant settlement will be over the following three year period relative to the assumptions factored in to the 2016-2021 CIP. There is therefore no scope to increase the level of capital resources available to support additional capital investment at this time, given that the additional borrowing required will lead to further pressure on the revenue budget.

## Measures of success

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- 4.1 Relevant measures in setting the Council's revenue budget include:
- Accurate capturing and quantification of the key determinants of the Council's overall expenditure requirement and available sources of income, allowing a balanced overall budget for 2016/17 and subsequent years to be set as part of a longer-term sustainable framework;
  - Development of savings and investment options aligned to the Council's priority outcomes, with due opportunity provided for public consultation and engagement; and
  - Subsequent delivery of the approved savings, particularly where these are linked to additional service investment.

## Financial impact

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- 5.1 Inclusion of any additional revenue investment within the budget framework is contingent upon the development, and subsequent delivery, of corresponding savings, alongside management of all risks and pressures, particularly those of a demand-led nature.

## Risk, policy, compliance and governance impact

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- 6.1 The savings assurance process is intended to ensure that, as far as is practicable, those proposals approved by Council deliver the anticipated level of financial savings in a way consistent with the anticipated service impacts outlined in the respective budget templates. This process will be further aided by the integration into a single cost reduction plan of savings derived from the respective transformation and service prioritisation programmes.
- 6.2 Recent improvements to the budget monitoring process should also enhance CLT and elected member scrutiny of the management of service pressures and delivery of approved savings.



## Equalities impact

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- 7.1 As in previous years, those proposals comprising the budget framework have been assessed for their corresponding potential equalities and human rights impacts.
- 7.2 An overview of the outcome of these assessments is included elsewhere on today's agenda.

## Sustainability impact

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- 8.1 The proposals comprising the budget framework have also been subject to an assessment of their likely corresponding carbon impacts.
- 8.2 As of the time of writing, the results of these assessments are being collated and a separate briefing will be prepared for elected members prior to the proposals' consideration by Council to ensure that members pay appropriate regard to them in setting the Council's 2016/20 budget.

## Consultation and engagement

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- 9.1 An extensive period of public engagement has been undertaken on the proposals comprising the framework and a report summarising the main findings is included elsewhere on today's agenda.

## Background reading/external references

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[Common Good Asset Register – referral from the Governance, Risk and Best Value Committee](#), 1 December 2015

[2016/20 Revenue and Capital Budget Framework](#), Finance and Resources Committee, 26 November 2015

[2016/20 Revenue and Capital Budget Framework](#), Finance and Resources Committee, 24 September 2015

[Revenue Budget Framework 2016/20](#), Finance and Resources Committee, 13 May 2015

[Council's Budget 2015/16 – Risks and Reserves](#), Finance and Resources Committee, 15 January 2015

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## Links

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**Coalition pledges**

**Council outcomes** CO25 the council has efficient and effective services that deliver on objectives.

**Single Outcome Agreement**

**Appendices** Appendix 1 – Rephrasing of Budget Framework proposals

## Net acceleration/(slippage) relative to budget framework assumptions

| Framework Proposal Number | Option  | Service area               | Division/Organisational Review | Savings 2016/17 £m | Savings 2017/18 £m | Savings 2018/19 £m | Savings 2019/20 £m |
|---------------------------|---|----------------------------|--------------------------------|--------------------|--------------------|--------------------|--------------------|
| CF/EFF10                  | Management  | Communities & Families     | Children's Services            | 0.085              | 0.000              | 0.000              | 0.000              |
| CF/EFF5                   | Reductions to Family Based Care and Throughcare   | Communities & Families     | Children's Services            | 0.064              | 0.000              | 0.000              | 0.000              |
| CSE/EFF1                  | Culture   | City Strategy & Economy    | Culture                        | 0.020              | 0.000              | 0.000              | 0.000              |
| CSE/EFF6                  | Review funding arrangements for Winter Festivals  | City Strategy & Economy    | Culture                        | -0.400             | 0.000              | 0.000              | 0.000              |
| CSE/EFF3                  | Economy   | City Strategy & Economy    | Economy                        | 0.450              | 0.000              | 0.000              | 0.000              |
| PLA/SP1                   | Parks and Greenspace                              | Place                      | Environment                    | -0.014             | 0.100              | 0.000              | 0.000              |
| PLA/SP2                   | Task Force Gross Saving                           | Place                      | Environment                    | 0.617              | 0.500              | 0.000              | 0.000              |
| PLA/SP3                   | Waste Services                                    | Place                      | Environment                    | 0.286              | 0.000              | 0.000              | 0.000              |
| PLA/ST2                   | Management  | Place                      | Environment                    | 0.013              | 0.000              | 0.000              | 0.000              |
| PLA/EFF4                  | Transport   | Place                      | Planning & Transport           | 0.226              | 0.000              | 0.000              | 0.000              |
| PLA/ST2                   | Management  | Place                      | Planning & Transport           | 0.193              | 0.000              | 0.000              | 0.000              |
| CF/ST10                   | Re-design of Safer and Stronger Communities       | Public Protection and CSWO | Safer and Stronger Communities | 0.287              | 0.497              | 0.000              | 0.000              |
| CF/ST11                   | Re-design of Homelessness Services (Gross Saving) | Public Protection and CSWO | Safer and Stronger Communities | 0.225              | 0.000              | 0.000              | 0.000              |
| CF/EFF8                   | Early Years                                       | Communities & Families     | Schools & Lifelong Learning    | 0.269              | 0.000              | 0.000              | 0.000              |
| CF/EFF10                  | Management  | Communities & Families     | Schools & Lifelong Learning    | 0.314              | 0.000              | 0.000              | 0.000              |
| CF/SP4                    | Redesign of Music Instructor Service              | Communities & Families     | Schools & Lifelong Learning    | 0.000              | 0.556              | 0.000              | 0.000              |
| CF/ST7                    | Community Services                                | Communities & Families     | Schools & Lifelong Learning    | 0.241              | 0.000              | 0.000              | 0.000              |
| CF/ST8                    | Redesign of Libraries Service                     | Communities & Families     | Schools & Lifelong Learning    | 0.254              | 1.400              | 0.000              | 0.000              |
| <b>Total</b>              |   |                            |                                | <b>3.130</b>       | <b>3.053</b>       | <b>0.000</b>       | <b>0.000</b>       |

In the above analysis, positive figures represent net acceleration relative to framework assumptions and negative figures net slippage.

# Finance and Resources Committee

10.00am, Thursday, 14 January 2016

## Council's Budget 2016/20 – Risks and Reserves

|                   |     |
|-------------------|-----|
| Item number       | 7.7 |
| Report number     |     |
| Executive/routine |     |
| Wards             |     |

### Executive summary

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The report advises members on the risks inherent in the revenue and capital budget framework and the range of measures and provisions established to mitigate these.

### Links

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|                          |   |
|--------------------------|---|
| Coalition pledges        | <a href="#">P30</a>   |
| Council outcomes         | <a href="#">CO25</a>  |
| Single Outcome Agreement | <a href="#">SO1</a> , <a href="#">SO2</a> , <a href="#">SO3</a> , <a href="#">SO4</a> |

## Council's Budget 2016/20 – Risks and Reserves

### Recommendations

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- 1.1 Members of the Finance and Resources Committee are asked to:
  - 1.1.1 note the content of this report; and
  - 1.1.2 remit the report to Council for decision on 21 January 2016 as part of the budget setting process.

### Background

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- 2.1 This report advises members of significant risks identified in the budget process, quantifying these wherever possible, and sets out the range of measures and provisions put in place to mitigate these.
- 2.2 General or unallocated reserves are held against the risk of unanticipated expenditure or reduced income arising in any particular year. In addition some specific/earmarked reserves are set aside to manage timing differences between the receipt of income and expenditure being incurred, in accordance with accounting rules.
- 2.3 The reserves held by the Council are reviewed annually as part of the revenue budget process. The review considers the level of balances, the risks inherent in the budget process and the adequacy of arrangements in place to manage these known risks.

### Main report

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#### Risks

- 3.1 There will always be risks inherent in the budget process. What is important is that these are identified and mitigated / managed effectively. Appendix 1 shows a risk matrix, setting out how the known risks identified in this report are managed. It is important to recognise, however, this list should not be seen as exhaustive due to the complexity of the Council's activities and the environment within which it operates.
- 3.2 Risks have been categories into one of three groups – (i) risks associated with the delivery of major projects, savings proposals, internal improvement plans

and severance costs, (ii) on-going risks and (iii) emerging risks. The most significant of these are summarised below:

**Risks associated with the delivery of major projects, savings proposals, internal improvement plans and severance costs**

3.3 The budget process makes assumptions about the delivery of major projects and the level of savings that can be achieved. There are a number of potential risks within this area:

- The ability to deliver both the savings already approved by Council that impact in 2016/17 and savings proposals set out in the revenue budget framework for decision on 21 January 2016, within the timescales stated; and
- The deliverability of services within the baseline level of available resources, particularly in areas where the majority of expenditure is demand-led in nature.

3.4 The budget proposals set out at the Finance and Resources Committee meetings on 24 September and 26 November 2015 are sufficient to address the Council's net savings requirement up to and including 2018/19, if all are accepted. Inbuilt to these proposals are additional savings which provide the potential for an element of the proposals not to be taken forward.

3.5 A robust process of active tracking and reporting on savings delivery has been established during 2015/16. Progress will continue to be regularly reported to the Finance and Resources and relevant Executive Committees in conjunction with ongoing budget challenge meetings by service directors.

3.6 The Transformation programme will impact on overall employee numbers and there will be significant staff release costs associated with this. It is not possible to assess the adequacy of provisions with certainty at this stage as the work-streams are not at an advanced enough stage to quantify the timing and magnitude of the total funding requirement.

**On-going risks**

3.7 The ICT Transformation programme has funding set aside for additional investment to support the transition to the new provider. There is sufficient funding for currently known commitments however there are risks around additional costs arising as the migration process moves forward.

Financial Settlements and wider fiscal policy changes

3.8 Details of the 2016/17 financial settlement were announced on 16 December 2015 and confirm a reduction of funding of £16.7m compared to that assumed in the budget framework, details of which are outlined in the Budget Update report elsewhere on today's agenda. Whilst plans for 2016/17 reflect the confirmed level of funding, the levels of funding for future years could vary for a number of



reasons, including updated population data and the complexities of the distribution formula. Implementation of the principal recommendations contained within the Scotland Bill 2015-16 could also have a significant impact on the future funding arrangements for national and local government. While based on best-available assumptions, levels of public expenditure are furthermore subject to both Scottish Government and wider UK Government fiscal policy.

#### Loss of income

- 3.9 Assumptions are made in the budget process on the level of income that will be generated for services. There are risks related to these assumptions around (i) demand for chargeable services and (ii) the ability to collect all income due. The Council has a range of measures to mitigate the risk, such as service level agreements with external users, application of the Council's corporate debt policy and regular monitoring.

#### Demographic changes

- 3.10 The risk relates to the overall level of demand for services and the ability to provide for this within the available resources. The budget framework identifies £12.1m in 2016/17 for additional expenditure due to demographic pressures, reflecting the additional £2.1m approved in June 2015 to acknowledge the net impact of higher numbers of school pupils, those with learning and/or physical disabilities and at-risk children than previously projected.
- 3.11 The review of the current level of provision within the Long Term Financial Plan reported to Committee in June identified additional potential cumulative pressures within Children and Families services of £7m over the period from 2017/18 to 2019/20 and there is a risk that the current level of provision may not be sufficient to meet the actual cost pressures.

#### Council Tax Freeze

- 3.12 The budget framework assumes that 2016/17 will be the last year of the Council Tax Freeze, in line with the Scottish Government's policy commitment over the current parliamentary term. An additional £7m of income is included in the framework as a result of levying an indicative 3% increase in 2017/18 and each year thereafter. There is a risk that this increase is not achieved and alternative income or compensating savings are required. More fundamentally, there is a risk that changes to the system of local taxation result in a lower-than-anticipated overall level of revenues generated, although this seems less likely due to a broad consensus around making current arrangements more progressive.

### Infrastructure

- 3.13 The risk relates to there being insufficient resources to maintain adequately the Council's existing and planned infrastructure, resulting in reduced service provision and / or increased costs in the future. Members of the Corporate Leadership Team (CLT) have considered where any additional service investment within the budget framework might be best directed and, at this stage, identified property repairs and maintenance as the key priority.

### Local Development Plan

- 3.14 There is a significant risk that the Council will require to support additional borrowing and running costs associated with new infrastructure required as a result of the Local Development Plan. No specific revenue provision is included at this stage pending greater certainty over the financial impact and profile of this requirement.

### Large-scale emergencies

- 3.15 The risk relates to the Council requiring to meet the first £1.896m (2015/16 threshold) of any costs for large-scale emergencies for which claims are made under the Bellwin scheme and the ability to manage this within the overall level of resources available to the Council. Bellwin thresholds represent 0.2% of a local authority's budgeted net revenue expenditure.

### Statutory notices

- 3.16 Provisions have been made within the financial statements to 31 March 2015 for impairment of the debtors balance relating to statutory notices and settlements. The current provisions are deemed to be sufficient however there is a potential risk of failure to recover expected amounts of outstanding debts. The detailed position on billing and recovery is reported on a monthly basis to the Finance and Resources Committee.

### Universal Credit / Welfare Reform

- 3.17 The risk relates to the impact on service and Housing Benefits budgets from the introduction of Universal Credit as it is rolled out across Scotland. Welfare reform will provide further exposure to risk through, for example, non-direct deductions for Council Tax Reduction elements of Council Tax bills.
- 3.18 There are risks that service users will suffer financial hardship which may impact on housing, health and general welfare resulting in greater need for emergency intervention from Council services.

### Dilapidations and other related contractual commitments

- 3.19 Dilapidation costs relate to payments for disrepair at the termination of leases. A reserve has been established for dilapidations however there is a risk that the sums within this will not be sufficient. There are ongoing negotiations related to

a number of properties; the value and timing of these settlements is as yet unknown.

#### Legal Claims

- 3.20 There is an increased risk of compensation claims arising as a result of specific events and emerging issues.

#### Inflation

- 3.21 The majority of the Council's operating expenditure, whether incurred directly or indirectly (including employee costs), is subject to the effects of inflation. Corresponding provision has therefore been made across all key areas of expenditure, based on available economic forecasts and other relevant factors. Particularly in the case of contractually-committed sums and negotiated settlements, however, there is a risk that this level of provision is insufficient.
- 3.22 An increase in interest rates could also impact on borrowing costs. The Treasury team, however, monitors the position to mitigate the impact on the Council.

#### Health and Social Care Integration

- 3.23 There is a risk that funding will be insufficient to deliver the planned outcomes. The Integration Joint Board has been established and work is ongoing to identify how the available resources are to be spent to deliver on the national outcomes and how the balance of care will be shifted from institutional to community-based settings within available resources. The volatility of expenditure in areas of the National Health Service may expose the Integrated Joint Board to further financial risks.

#### Capital Receipts

- 3.24 There is a risk relating to the realisation of capital receipts in line with amounts assumed in the capital investment programme and the ability to afford and deliver the full programme if these do not materialise, together with assumed contributions to both the Strategic Acquisition Fund and staff release costs associated with the transformation programme.

#### **Emerging risks**

#### City Region Deal

- 3.25 The Council may incur additional borrowing costs or require short-term cash flow funding in supporting its participation in the City Region Deal for the Edinburgh and South East of Scotland Region. No specific provision is included at this stage, pending greater certainty over the financial impact and profile of this requirement.

### National Minimum Wage

- 3.26 The Chancellor of the Exchequer announced in July 2015 a staged increase in the level of the national minimum wage to around £9 per hour by April 2020 based on median earning projections. While the direct impact on the Council is not anticipated to be significant given the current payment of the Living Wage of £7.85 per hour, the annual financial impact in the area of purchased care (where average pay rates are currently below this level) could potentially exceed current levels of provision by around £9m by 2019/20.

### Tram extension

- 3.27 The report to Council on 19 November 2015 provided an update on the proposed Edinburgh Tram extension, including the route of the extension and the potential financial implications.

### Apprenticeship Levy

- 3.28 The Chancellor's Spending Review and Autumn Statement on 26 November 2015 confirmed the introduction of an Apprenticeship Levy of 0.5% of an employer's pay bill, applicable to large employers (over 250 employees), to be implemented by 1 April 2017. While the levy will apply to all UK employers, precise arrangements for implementation are devolved to the Scottish Government.

### **Reserves**

- 3.29 Members are aware that the Council holds a number of earmarked balances within the General Fund. At 31 March 2015, the General Fund balance stood at £117.476m, of which £104.451m was earmarked for specific purposes. The unallocated General Fund balance remained at £13.025m, in line with the medium term strategy. There are planned movements in reserves during 2015/16, with a projected balance at 31 March 2016 of £106.367m.
- 3.30 The current budget does not provide for any further contributions to the unallocated General Fund. The level of reserve at 31 March 2015, together with the forward strategy, is considered appropriate in light of the financial risks that are likely to face the Council in the short to medium term.
- 3.31 There are a number of planned contributions to / from the earmarked balances held within the General Fund. Details of these planned movements are shown in Appendix 2. Appendix 3 provides details on the purposes of the main earmarked balances held.
- 3.32 The amount held in the insurance fund is deemed adequate, taking into consideration the estimated value of outstanding claims. This is subject to on-going review.

- 3.33 The Capital Fund has been built up over a number of years, the level of reserve as at 31 March 2015 stood at £35.927m. Members are reminded of the approval to draw down £7.5m of funding from this reserve to support capital investment priorities during 2015/16, with retained reserves of £28.427m projected at 31 March 2016.
- 3.34 There will be a call on a number of the earmarked reserves, including the Capital Fund, to support the funding of staff release costs of the Transformation Programme. The timing and value of this call on reserves has yet to be fully established and will be reported to Committee as the programme progresses.

## Measures of success

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- 4.1 The Council identifies and quantifies, where possible, risks that are inherent in the revenue budget in advance of these materialising and puts mitigating actions in place.
- 4.2 The Council maintains an adequate level of unallocated General Fund reserves.

## Financial impact

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- 5.1 The report identifies where funding has been made available for the risks set out. Council holds unallocated General Fund reserves against the likelihood of unfunded risks occurring.

## Risk, policy, compliance and governance impact

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- 6.1 The aim of this report is to identify the key risks to the Council and outline actions to manage those risks through planning, mitigating actions and use of reserves, as outlined in the attached appendices.

## Equalities impact

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- 7.1 While there is no direct additional impact of the report's contents, all budget proposals are now subject to an assessment of their potential equalities and rights impacts. The equalities and rights impacts of any substitute measures identified to address savings shortfalls are similarly assessed.

## Sustainability impact

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- 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 Impact Assessment.

## Consultation and engagement

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9.1 A budget consultation and engagement exercise has been undertaken.

## Background reading/external references

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[Council's Budget 2015/16 - Risks and Reserves](#), City of Edinburgh Council, 12 February 2015

[2016 20 Revenue and Capital Budget Framework](#), Finance and Resources Committee, 24 September 2015

[2016 20 Revenue and Capital Budget Framework](#), Finance and Resources Committee, 26 November 2015

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## Links

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|                                 |   |
|---------------------------------|---|
| <b>Coalition pledges</b>        | P30 – Continue to maintain a sound financial position including long term financial planning  |
| <b>Council outcomes</b>         | CO25 – The Council has efficient and effective services that deliver on objectives  |
| <b>Single Outcome Agreement</b> | SO1 – Edinburgh’s economy delivers increased investment, jobs and opportunities for all<br>SO2 – Edinburgh’s citizens experience improved health and wellbeing, with reduced inequalities in health<br>SO3 – Edinburgh’s children and young people enjoy their childhood and fulfil their potential<br>SO4 – Edinburgh’s communities are safer and have improved physical and social fabric |
| <b>Appendices</b>               | Appendix 1 – Risk Matrix<br>Appendix 2 – Projected Movement in General Fund<br>Appendix 3 – Earmarked balances  |

**Risk Matrix**

The table below summarises how the risks identified in the report are managed. Explanations of the actions set out in the “Provision to Manage” column follow the table.

| <b>Risk</b>   | <b>Provision to Manage</b>  |
|---|---|
| Transformation programme                              | Workforce Reductions – Earmarked provision<br><br>Regular monitoring of savings delivery  |
| Financial settlements                                 | Long-Term Financial Plan<br><br>Regular monitoring of public expenditure projections and recognise potential or actual grant variations in LTFP |
| Demographic changes leading to rising service demands | Long-Term Financial Plan  |
| Infrastructure  | Asset Management Plan / Mitigating Action   |
| Large scale emergencies                               | Unallocated reserve   |
| Property conservation                                 | Earmarked provision / Unallocated reserve   |
| Dilapidations<br>Legal Claims                         | Long-Term Financial Plan<br>Unallocated reserve   |
| Service area -specific risks                          | Mitigating action   |
| Universal Credit/Welfare Reform                       | Long-Term Financial Plan<br>Ongoing monitoring of impacts   |
| Health and Social Care Integration                    | Ongoing development of Strategic Plan with NHS  |



## **Definitions of 'Provision to Manage' used in above table**

Asset Management Plans – will require to be addressed through asset management plans.

Earmarked provision – the Council has set monies aside in an earmarked reserve or other provision to meet the estimated costs.

Mitigating Action – Directors to identify alternative measures to manage risks within available resources

Long-Term Financial Plan – provision in the Long-Term Financial Plan

Unallocated Reserve – Council would require drawing funding down from the unallocated General Fund balance to meet costs

## Projected Movement in General Fund

Appendix 2

|   | Projected<br>Balance<br>at 31.3.16<br>£000 | Projected<br>Investment /<br>(Withdrawal)<br>£000 | Projected<br>Balance at<br>31.3.17<br>£000 |
|---|--|---|--|
| <b><u>Unallocated General Fund</u></b>  | 13,025                                     | -   | 13,025                                     |
| <b><u>Balances Set Aside to Manage Financial Risks</u></b>  |  |   |  |
| Balances Set Aside For Specific Investment  | 8,936                                      | (3,560)   | 5,376                                      |
| Council Priorities Fund   | 66   | 1,700   | 1,766                                      |
| Contingency Funding, Workforce Management   | 12,901                                     | (10,002)  | 2,899                                      |
| Dilapidations Fund  | 9,476                                      | (1,500)   | 7,976                                      |
| Insurance Fund  | 12,605                                     | 48  | 12,653                                     |
| <b><u>Balances Set Aside from Income Received in Advance</u></b>  |  |   |  |
| Licensing Income  | 1,405                                      | 4   | 1,409                                      |
| Lothian Buses   | 5,000                                      | (3,000)   | 2,000                                      |
| Other Minor Funds   | 234  | (40)  | 194  |
| Pre-paid PPP Monies   | 1,599                                      | 135   | 1,734                                      |
| National Performance Centre   | 1,996                                      | (1,996)   | 0  |
| Council Tax Discount Fund   | 20,907                                     | (1,316)   | 19,591                                     |
| Unspent Grants  | 4,180                                      | 0   | 4,180                                      |
| Strategic Acquisition Fund  | 7,500                                      | (2,000)   | 5,500                                      |
| <b><u>Balances Set Aside for Investment in Specific Projects which will Generate Future Savings</u></b> |  |   |  |
| IT Transformation   | 782  | (782)   | 0  |
| Energy Efficiency   | 863  | 3   | 866  |
| Spend to Save   | 3,892                                      | (1,411)   | 2,481                                      |
| <b><u>Balances Set Aside under Devolved School Management Scheme</u></b>                                |  |   |  |
| Devolved School Management  | 1,000                                      | 0   | 1,000                                      |
| <b>Total General Reserve</b>  | <b>106,367</b>                             | <b>(23,717)</b>                                   | <b>82,650</b>                              |
| <b>Capital Fund</b>   | <b>28,427</b>                              | <b>(28,427)</b>                                   | <b>0</b>                                   |

## Earmarked balances

## Appendix 3

| <b>Balances set aside to manage financial risk</b>                | <b>Source/purpose</b>   |
|---|---|
| Balances set aside for specific investment                        | Funding set aside for specific projects; including improved and iPFM.   |
| Council Priorities Fund   | Monies set aside primarily from service and corporate underspends, combined with the residual balance from the former budgetary flexibility scheme, which are utilised to meet key Council priorities or expenditure pressures          |
| Contingency funding, Workforce management                         | Held to cover costs of workforce management changes including staff severance costs.  |
| Dilapidations Fund  | This represents monies set aside to meet dilapidation costs arising from the termination of property leases and other related contractual commitments.  |
| Insurance Fund  | Insurance Funds can be used to defray any loss where an authority could have insured against a loss but has not done so and for paying premiums on an insurance policy. This includes the power to meet excesses on insurance policies. |
| <b>Balances set aside from income received in advance</b>         |   |
| Licensing Income  | This represents the surplus derived from licensing cabs and houses in multiple occupation and liquor licences. Council is not permitted to use this surplus on other services.  |
| Lothian Buses   | Holds dividend income previously paid by Lothian Buses which will be drawn down to support operations of Transport for Edinburgh.   |
| Other Minor Funds   | Minor funds held in respect of major exhibitions, social inclusion and a legacy for Craiglockhart Young People's Centre   |
| Pre-paid PPP monies   | Holds monies set aside in recognition of the phasing issues relating to the former 'level playing field support' grant monies.  |
| <b>Balances set aside from income received in advance (cont.)</b> | <b>Source/Purpose</b>   |

|                             |   |
|-----------------------------|---|
| National Performance Centre | Holds monies returned by the police and fire authorities at March 2013, following the creation of unitary providers. Proposed to use as the Council's contribution for the National Performance Centre for Sport. |
| Council Tax Discount Fund   | Holds monies received 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.                  |
| Unspent grants              | Holds monies set aside at the year end, in accordance with proper accounting practice, where income has been received prior to the relevant expenditure being incurred.   |
| Strategic Acquisition Fund  | Funds set aside to sit alongside private sector finance to create new city development opportunities.   |

### **Spend to Save**

|                   |   |
|-------------------|---|
| IT transformation | <p>Monies set aside from efficiencies in the ICT contracts for the following purposes:</p> <ul style="list-style-type: none"> <li>(i) cash releasing efficiency projects;</li> <li>(ii) modernising government, through enhanced use of IT;</li> <li>(iii) new ways of working; and</li> <li>(iv) strategic financial planning</li> </ul> |
| Energy Efficiency | Monies received from the Scottish Government's Energy Efficiency Initiative to facilitate the operation of spend-to-save schemes in this area. While this fund will cease to be ring-fenced with effect from April 2016, it is the expectation that monies will continue to be invested in energy efficiency-related measures.            |
| Spend to Save     | A fund set up in February 2000 to assist service areas to deliver revenue savings in future years through longer-term financial planning.   |

# Finance and Resources Committee

10.00am, Thursday 14 January 2016

## Council Revenue Budget Framework 2016/20 – Impact Assessments

|                   |     |
|-------------------|-----|
| Item number       | 7.8 |
| Report number     |     |
| Executive/routine |     |
| Wards             | All |

### Executive summary

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This report presents a summary of the main potential equality and rights impacts of proposals described within the draft Revenue Budget Framework 2016/20, and identifies recommendations for mitigating potential negative equality and rights impacts alongside assessments of cumulative impacts.

### Links

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|                          |     |
|--------------------------|-----|
| Coalition pledges        | All |
| Council outcomes         | All |
| Single Outcome Agreement | All |

## Council Revenue Budget Framework 2016/20 – Impact Assessments

### Recommendations

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- 1.1 It is recommended that the members of the Committee:
  - 1.1.1 Pay due regard to the potential equality and rights impacts associated with the revenue budget 2016/20 options, and the recommendations to mitigate potential negative impacts;
  - 1.1.2 Consider the cumulative equality and rights impacts across all revenue budget options; and
  - 1.1.3 Refer this report for consideration at the Council budget meeting on 21 January 2016.

### Background

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- 2.1 The Council's Draft Revenue Budget Framework 2016/20 sets out a series of savings, and additional income proposals. This report presents a summary of equality and rights impact assessments (ERiAs) on these proposals, and of associated mitigating actions to address negative impacts, all of which should inform the budget decision on 21 January 2016.
- 2.2 Under the 'Framework to Advance Equality and Rights 2012-2017', the Council is implementing a five year corporate programme of ERiA development. The programme comprises ongoing ERiAs of existing policies and services, which includes any proposed changes to policies and services. Continual improvement of budget proposals and decisions are a key feature of this programme.
- 2.3 As well as meeting the requirements of the Equality Act 2010 public sector equality duty, and human and children's rights conventions, ERiAs enable the Council to assess the positive and negative impacts on people with protected characteristics in the City. It also enables the development of mitigating actions to counteract negative impacts.

## Main report

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- 3.1 The findings from the annual review of the budget ERIA process identified the need to incorporate an initial proportionality and relevance assessment at the beginning of the development of budget proposals.
- 3.2 Budget proposers were asked in July 2015 to carry out an initial proportionality and relevance assessment of the proposals as they were developing. The purpose of the initial assessment was to determine which protected characteristics might be impacted on, the significance of the impacts and if a full ERIA was required.
- 3.3 Subsequently the potential equalities and rights impacts were reported on the early option proposals that were considered and approved by Council on 22 October 2015.
- 3.4 In September 2015 the 13 initial assessments that identified the need for an ERIA started to gather evidence to be presented to the January committee. The key findings from these ERIs are summarised at 3.8.
- 3.5 The remaining budget proposals are undertaking ERIs throughout the development and implementation stages of the proposal and the ERIA findings and recommendations will be reported to Senior Management Teams, Council Leadership Team and Executive Committees over the coming financial year.
- 3.6 Throughout this process, support and advice was provided by the Equality and Rights Lead Officers in each service area. The Corporate Policy and Strategy Team co-ordinated delivery of the ERIA programme, subsequent analysis and reporting. Completed budget ERIs are published on the Council website and initial assessments can be supplied on request.
- 3.7 In order to ensure that opportunities for coproduction were maximised, the Council's Equality and Rights specialists developed a programme of events to encourage the involvement of organisations working with people with protected characteristics. These were aligned to the Council budget engagement activity and attended by the Budget Engagement Team. The information gathered from the budget engagement process has been analysed for relevance to the Council's equality and rights framework and used as evidence to inform the ERIA analysis of the budget options.
- 3.8 **Summary of the main potential equalities and rights impacts**
  - 3.8.1 Business Support Services – Transformation programme – phase one. The ERIA covers Communications, ICT and Human Resources. *Impacts* - The Business Support integrated services model will consolidate teams, improve processes and align ways of working. This will significantly improve customer relations and ensure the delivery of an efficient and effective customer service. The Review will follow the Council's



Organisational Review Procedure and Recruitment and Selection Policy to make sure all staff are treated with equality and non-discrimination before the law. The review will seek to protect existing flexible or part-time working arrangements. Staff will be assigned to posts in the new structure in accordance with the Protocol for Assignment to Posts. *Mitigation* – Officers will ensure the views of staff/unions are taken into account and help finalise the terms of reference, job descriptions and Protocol for assignment to Posts. There will be continued engagement for those with protected characteristic (as set out in the guidance for stakeholder engagement).

- 3.8.2 Youth Work Redesign (relates to the proposal to reduce third party payments in CLD related services). *Impacts* – Concerns have been raised about limiting the youth work contract to service for young people aged 11-25 and not younger children and how the needs of vulnerable groups such as disabled young people will be met. *Mitigation* - a strategic oversight group will ensure that issues of distribution across the strategic outcomes addressed as part of the grant programme and with contracts. Staff will continue to meet with organisations to discuss implications and inform them that they will have the opportunity to apply to the Communities and Families grants programme. The views of children and young people will continue to be central to the redesign.
- 3.8.3 Adoption allowances for young people aged 18 and over *Impacts* – young adults will have equality and consistency with peers and have access to universal benefits.
- 3.8.4 Review of family and pupil support services *Impacts* – No negative impacts have been identified at this early stage of the review. The review will take into account statutory duties and the delivery of Council outcomes regarding exclusion and priorities in regard to early intervention, the balance of care and securing positive outcomes for children and young people in need. The review will involve all key partners including schools, Police Scotland and Children Services Management Groups and Area Co-ordinators. *Mitigation* - Area Co-ordinators are involved in further development of this proposal and ERIA and ensuring that monitoring of impact is embedded in planning and implementation.
- 3.8.5 Reduce spending on block-contracted services by 10% *Impacts* - There may be impacts arising from this proposal as a result of reduction in levels of contact with vulnerable people. *Mitigation* – Support provider organisations will be asked to make necessary reductions in a way that minimises impact on front line services.

- 3.8.6 Increased charges for residential accommodation, telecare and other local authority charges *Impact* – Paying more in charges for care will not be perceived as positive by service users or their families. However, the financial assessment rules are designed to ensure that people are not charged more than they can afford. The rules for charging for residential care are prescribed by statute and residents do not pay the full cost of residential care. *Mitigation* - The impact of increases in social care charges is mitigated by means-testing. However, the impacts on individuals may be perceived or experienced as significant. Council officers have discretion under the Council’s current charging policy for adult social care to reduce charges in response to evidence of individual hardship.
- 3.8.7 Unblock reablement allowing more people to benefit from improved self-care at lower cost *Impacts* – the reablement approach enhances people’s health and wellbeing by maximising opportunities to undertake daily living activities and provides an environment whereby people can achieve their potential.
- 3.8.8 Reduced funding to Police Scotland *Impacts* - The reduction of funding to community policing will not impact on access to Police Scotland and on core policing duties and responses. However, public perception and media coverage could report the reduction as impacting negatively. *Mitigation* – Any changes to accessing community policing services provided by Police Scotland are publicised and communicated to the public.
- 3.8.9 Commissioned services Housing Support *Impacts* – A reduction in services could result in less support for people in many areas of service delivery. Many services assist clients to access housing, health, care and other services, that they would not be able to access without support. Many services work to eliminate harassment, discrimination and victimisation and to promote understanding of the specific issues facing clients who are homeless or at risk of homelessness across the protected characteristics. Services encourage clients to participate in the community and use their voice to influence how services are run. A reduction in service may mean this is no longer supported leaving vulnerable clients without an opportunity to participate in society and influence service delivery. *Mitigation* – The Commissioning Team will work with services to see what the effects will be and update the ERIA and present this with all future updates.
- 3.8.10 Increase parking permit charges *Impacts* – there could be negative impacts for older people, and people on fixed incomes. However, it is hoped that this will encourage, where possible, more motorists to

consider alternative forms of transport. *Mitigation* – Officers would develop a framework to profile individuals by protected characteristics who do not renew or cancel their parking permit due to increased cost. Consideration should be given to broadening the pricing criteria for permits.

3.8.11 Increase pay and display charges *Impacts* – This income generating proposal will support the ongoing delivery of statutory services to the most vulnerable members of our communities. The increase in charges have potential to impact negatively on older drivers, families with young children and pregnant women. *Mitigation* – Officers can develop a promotional campaign to highlight alternative forms of public transport and with partners, develop key indicators to assess the impact of the changes aligned to the Hate Crime Strategy and Transport Charter.

3.8.12 Street lighting repairs *Impacts* – the new approach may impact negatively across all rights as the fear of going out in the dark could restrict attendance to events/organisations where there is a lack of light in and around buildings. If there is no escalation in policy to repair street lights around buildings of significance in terms of protected characteristics there could be an increase in victimisation and harassment. A Gold Command Group has been established in response to the increase in Islamophobia incidents in the City post Paris bombing. *Mitigation* – develop a framework to identify building of significance and localities to enable the Confirm system to automatically categorise the repair classification. A staff development programme to support hate crime identification to be implemented.

3.8.13 Clarence response service *Impacts* – a new approach should enhance rights by increasing road safety and reducing the risk of injury (including the potential for life limiting injury). Potential negative impacts could arise if there was an increase in Category one defects that exceed the reduced number of Defect Repair Squads and access, and/or safeties were comprised. *Mitigation* - A framework to ensure consistent categorisation of defects needs to be developed and implemented across localities. Diversity Officers and Roads Managers to identify key buildings (e.g. place of worship) that may require a higher priority in to the Confirm Works Order Management System. The impact of the repairs of Category 2 defects will be monitored for disproportionate impacts.

3.8.14 Reduce bus stops and shelters maintenance *Impacts* – There could be negative impacts on health and wellbeing if offensive graffiti removal is not put in place. The fear of hate crime incidents may increase due to concerns associated with offensive graffiti. The lack of removal may lead to the normalisation of offensive graffiti. *Mitigation* – Ensure the Councils

Offensive Graffiti Policy is communicated to the new contractor. Use hate Crime analysis to identify hot spots to priorities repairs.

3.8.15 Increase discretionary income – Retail Price Index (RPI) plus 2% - the Council's Corporate Charging Policy explicitly recognises the importance of taking into account both equalities and sustainability-related impacts in the application of charging increases. Many of the Council's charges, particularly those in respect of health and social care are also means-tested and linked to the service user's ability to pay. Given the vast range of services for which charges are levied, the appropriateness of levying the proposed level of increase, and associated mitigating measures, is best undertaken at service level. An overview of actions undertaken as part of this assessment and others where mitigating actions have been identified in the preceding sections will therefore be reported to the Finance and Resources Committee early in the new financial year.

3.9 A significant consideration is the cumulative impacts on people with protected characteristics as a result of revenue budget proposals, and associated changes to services. For example:

3.9.1 Some older citizens and disabled service users may face changes and reductions in the health and social care services that they receive. This may make it more difficult to access free or low cost activities, lead to social isolation, with associated negative health and wellbeing impacts.

3.9.2 Particular demographics of employees may be more negatively affected overall from employee cost reductions across the Council. (e.g. National concerns have been raised regarding part-time/middle-aged female staff being most affected by recession and austerity). Therefore some further analysis of who is most likely to be affected by staffing reductions is required and, if appropriate, action identified to mitigate impacts.

3.10 In line with the Council Equality and Rights Framework lessons learned from this year's budget preparation will be reviewed and incorporated into the Equality and Rights Officer Work Plan.

## Measures of success

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4.1 Due regard to the equality and rights impacts has been given to each of the savings, and additional income budget options.

4.2 The potential equality and rights impacts are taken into account when budget decisions are being made, and recommendations for mitigating negative impacts are implemented and reported on.

- 4.3 The potential cumulative (both annual and incremental) equality and rights impacts are taken into account, and mitigating actions are identified when each year's budget decisions are being made.

## **Financial impact**

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- 5.1 This report identifies the potential risks in relation to equality and rights. The Council could be the subject of a legal challenge if these risks are not considered and addressed. Other financial risks relate to savings derived from preventative services which may result in increased demand on other crisis intervention services.

## **Risk, policy, compliance and governance impact**

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- 6.1 The incorporation of equalities and rights, and carbon impact assessments as an integral part of the budget development process reflects both good practice and relevant legal duties. This activity enables the Council to highlight any unintended consequences of specific proposals on vulnerable service users, climate change and partnership and prevention activity, increasing the effectiveness of the mitigating actions.
- 6.2 The process is also aligned to wider council and Edinburgh Partnership strategies and plans, enabling more effective prioritising of available resources in a way that best supports the needs of vulnerable service users and groups.

## **Equalities impact**

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- 7.1 Undertaking equality and rights impact assessment is intended to ensure that any negative impacts, including cumulative impacts, for protected characteristic groups set by the Equality Act 2010 are reduced.
- 7.2 It also ensures that the Equality Act 2010 public sector equality duty is met with regard to (i) eliminating unlawful discrimination, victimisation and harassment; (ii) advancing equality of opportunity and (iii) fostering good relations, and that any infringements on human and children's rights are minimised.

## **Sustainability impact**

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- 8.1 Carbon impacts assessments have enabled consideration of the public body duties under the Climate Change (Scotland) Act 2009. The findings of these assessments will also help to achieve a sustainable Edinburgh with regard to progressing climate change, social justice and community wellbeing objectives.

## Consultation and engagement

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- 9.1 Relevant feedback from the budget engagement, that has taken place in the months leading up to budget setting, has informed equality and rights, and carbon impact assessment analysis.

## Background reading/external references

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Draft Council Revenue Budget Framework 2014-2018: Additional Information on Savings Proposals

[A Framework to Advance Equality and Rights 2012-2017](#) (Policy and Strategy Committee, 12 June 2012)

[Draft Council Revenue Budget Framework 2013-2018 – Equality and Rights Impact Assessment](#) and click on Item 4.1(d)

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## Links

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|                                 |      |
|---------------------------------|------|
| <b>Coalition pledges</b>        | All  |
| <b>Council outcomes</b>         | All  |
| <b>Single Outcome Agreement</b> | All  |
| <b>Appendices</b>               | None |

# Finance and Resources Committee

10.00am, Thursday, 14 January 2016

## Capital Investment Programme / Plan 2016/17 to 2023/24

**Item number** 7.10  
**Report number**  
**Executive/routine**  
**Wards**

### Executive summary

The roll forward Capital Investment Programme (CIP) sets out planned investment for the period 2016/17 to 2020/21. Projects have been realigned, reflecting slippage and acceleration in the current financial year. Spending in the latter years should be viewed as indicative, as details of the likely level of capital grant can only be estimated at this time.

The Finance Settlement announced in December 2015 confirmed the level of capital funding available in 2016/17. While, due to a £150m Scotland-wide reprofiling of the Scottish Government's capital budget, Edinburgh's level of grant funding in 2016/17 at £38.8m, is £7.2m below that assumed in the current Capital Investment Programme, £10.3m will be reinstated over the following three years as part of the reprofiling exercise. Given that the timing of receipt of this funding cannot be confirmed at this point and there is no indication of what the grant settlement will be over the following three year period relative to the assumptions factored in to the 2016-2021 CIP, there is no scope to increase the level of capital resources available to support additional capital investment at this time, given that the additional borrowing required will lead to further pressure on the revenue budget.

### Links

|                                 |                             |
|---------------------------------|-----------------------------|
| <b>Coalition pledges</b>        | P3; P8; P30; P31; P33; P42  |
| <b>Council outcomes</b>         | CO1; CO16; CO20; CO23; CO25 |
| <b>Single Outcome Agreement</b> | SO3; SO4                    |



The CIP is based upon the capital plan which has previously been rolled forward to the period 2019/20 to 2023/24. Since rolling forward the capital plan in February 2014, £9m per annum of funding, available from 2019/20, has remained unallocated pending a decision by elected members as to where best to redistribute this. An update to the capital plan is presented in this report which proposes that £2m of this unallocated funding be distributed equally between two emerging priority areas; existing tram network lifecycle replacement costs and a statutory obligation to support home owner adaptations.

## Capital Investment Programme / Plan 2016/17 to 2023/24

### Recommendations

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- 1.1 Members of the Finance and Resources Committee are requested to:
  - 1.1.1 Note the contents of this report and remit to Council's budget meeting the 2016 – 2021 Capital Investment Programme and updated 2019 – 2024 indicative five year capital plan;
  - 1.1.2 Note that following announcement of the Finance Settlement, there is no scope to increase the level of capital resources available to support additional capital investment at this time;
  - 1.1.3 Note the up to date analysis of unfunded service priorities and pressures set out within this report;
  - 1.1.4 Note the revised proposed treatment of potential additional capital receipts of £7.9m that may be realised over the period of 2015/20 Capital Investment Programme to now distribute this equally between (i) supplementing planned repairs and maintenance spend through use of the Capital Fund and (ii) providing funding for future LDP infrastructure requirements (which replaces the previous proposal of providing additional capital investment for priority areas), and remit to Council for decision on 21 January 2016;
  - 1.1.5 Note that following the proposed update to the capital plan, £7m of funding per annum is currently unallocated from 2019/20 onwards and remit to Council for decision on 21 January 2016 how this be allocated in the context of infrastructure needs / priorities and existing Council commitments; and
  - 1.1.6 Instruct Council Leadership Team to put in place measures to ensure that capital projects consider and undertake an Equality and Rights Impact Assessment (using the Council ERIA template and related guidance) and use the Sustainability, Adaptation, Mitigation tool iteratively in all project initiation, development and management processes.

## Background

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- 2.1 This report provides elected members with an update on the roll forward of the capital investment programme to 2020/21 and the capital plan to 2023/24.
- 2.2 Council approved the five year capital programme for the period 2015-2020 in February 2015. A revised programme, incorporating both net slippage / acceleration from 2014/15 and the outcome of a re-phasing exercise, was reported to the Finance and Resources Committee in August 2015. The capital programme is based on the ten year capital plan originally set out in 2009, which has subsequently been rolled forward on an indicative basis to 2024 on broadly similar terms as before.

## Main report

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- 3.1 The table below summarises the capital grant allocation the Council has received in 2016/17 from the Scottish Government, as announced in the one year Finance Settlement.

|   | <b>2016/17</b> | <b>2016/17 allocation reprofiled to be paid over following 3 year period</b> |
|---|----------------|--|
| <b>Edinburgh's Allocation</b>             | <b>£m</b>      | <b>£m</b>  |
| General Capital Grant                     | 38.795         | 10.264   |
|   |                |  |
| Specific Capital Grant                    | 29.788         | 6.065  |
|   |                |  |
| <i>Of which:</i>                          |                |  |
| <i>Management Development Funding</i>     | <i>29.248</i>  | <i>5.927</i>   |
| <i>Cycling, Walking and Safer Streets</i> | <i>0.540</i>   | <i>0.138</i>   |

- 3.2 Although the level of grant funding in 2016/17, at £38.8m, is £7.2m below that assumed in the current Capital Investment Programme, £10.3m will be reinstated over the following three years. The net additional borrowing resulting from the timing of the settlement will be managed from within the loans fund provision set out within the budget framework.
- 3.3 As no firm allocations have been advised beyond this, an estimate of each year's General Capital Grant Settlement has been factored in for the period 2017/18 to 2020/21 based on a prudent estimate of the possible Scotland-wide funding and adjusted for the £10.264m allocation for 2016/17 which is to be paid over the three year period 2017/18 to 2019/20 based on an assumption of receiving this in equal annual instalments.

- 3.4 There remains the potential for an additional capital allocation related to the Children and Young People Bill to be received in 2016/17 but formal confirmation of any Council share and amount is pending. An update will be provided as part of future roll forward programmes.
- 3.5 The programme has also been adjusted for current projected capital receipts forecasts and other known sources of income expected from developers and other third party contributions.
- 3.6 Directors working in conjunction with the Capital Monitoring Team have been asked to re-profile the existing capital programme, including slippage and acceleration identified at period eight, based on up-to-date cash flow information. The roll forward capital programme, incorporating this review can be seen at Appendix 1. It should be noted that the CIP has been presented on the basis of the existing Council structure pending finalisation of structures following implementation of the transformation programme.

#### **National Housing Trust (NHT) update**

- 3.7 On 3 February 2015, Finance and Resources Committee approved entering into four contracts to deliver up to 413 homes through NHT phase 3. The Council approved borrowing of up to £54.998m for four developments at Fruitmarket Chesser, Shrubhill Leith Walk, The Walled Garden Edmonstone Estate and Western Harbour.
- 3.8 To date, two of the four contracts have been entered into, with a third expected to be entered into in January 2016. The Walled Garden development is now not proceeding through NHT 3 following difficulties between the developer and land owner in reaching terms of agreement. As a result of these contract changes, the overall borrowing requirement for NHT 3 is now reduced from £54.998m to £48.122m.

#### **Current Unfunded Priorities and Pressures**

- 3.9 Current unfunded capital priorities over the period 2016-2021, including an element of works across the Council estate collated from each service Director totalling approximately £141.574m are summarised in Appendix 2. This is an up to date list of each Service's top three priorities ranked in order of importance taking cognisance of Council commitments and pledges.

- 3.10 Elected members are also reminded of the likely future infrastructure requirements as a consequence of projected housing growth in the city initiated through the Local Development Plan (LDP) which were described on a high level basis in an update report to Finance and Resources Committee on 29 October 2015. This stated that although alternative supplementary income streams are being investigated to reduce the overall net cost to the Council (currently projected at £152.3m based on gross infrastructure costs of £296.4m against developer contribution income of £144.1m), there will still likely be an overall large funding requirement falling to the Council as a result of infrastructure provision. With the exception of £0.9m provided in 2015/16 for early design works on likely transport and education infrastructure, no allowance has been provided for this likely future pressure in the current capital programme or within the indicative five year capital plan 2019-2024.
- 3.11 In light of this likely future budget pressure, it is proposed that the recent proposal presented to elected members on 24 September 2015 over the treatment of potential additional capital receipts of £7.9m that may be realised over the period of the 2015/20 Capital Investment Programme, be revised to distribute this equally between (i) supplementing planned repairs and maintenance spend through use of the Capital Fund and (ii) providing funding for future LDP infrastructure requirements (which replaces the previous proposal of providing additional capital investment for priority areas).
- 3.12 This means that whilst there remains the potential to generate approximately £3.95m of one-off monies over the next five-year period to be spent on revenue repairs and maintenance / health and safety works across the existing Council property estate, the remaining 50% of any additional receipt income (potentially £3.95m over the next five-year period) could be used to create a minimal pot of one-off funding for investment in immediate infrastructure requirements arising from the LDP.
- 3.13 The roll forward capital programme is for General Fund projects only. The Housing Revenue Account capital budget will be the subject of a separate report.

#### **Updated Indicative Capital Plan 2019 - 2024**

- 3.14 The Capital Plan was rolled forward to the period 2019/20 to 2023/24 in February 2014. With the exception of £9m previously provided for Wave 3 schools and flood prevention projects, the five year capital plan was rolled forward on the basis of directing approximately £41m of capital expenditure per annum to the same priority areas as before. To date, the £9m of funding has remained unallocated pending a decision by elected members as to where best to redistribute this.

- 3.15 An update to the capital plan is presented at Appendix 3 which proposes that £2m of this unallocated funding be distributed equally between two emerging priority areas; existing tram network lifecycle replacement costs and a statutory obligation to support home owner adaptations.
- 3.16 The proposed £1m per annum for trams relates to a minimum amount identified as required for cyclical, planned capital investment within the existing tram network which as asset owner, the Council is responsible for maintaining. This is considered as a priority for investment within the capital plan as without cyclical, planned spend it is likely that elements of the tram network will deteriorate at a faster rate than originally envisaged. The absence of this cyclical spending regime would have a detrimental effect on service delivery and could potentially lead to more costly replacement programmes in the future.
- 3.17 The proposed £1m per annum for home owner adaptations relates to a minimum amount identified to fund layout and physical structure improvements of properties in line with an occupant's health and social care requirements. This is a statutory obligation in line with Scottish Government legislation and budgets associated with this will require to be delegated to the Integrated Joint Board.
- 3.18 Should the priority areas for investment outlined above be approved, elected members are asked to identify where the remaining £7m per annum (from 2019/20 onwards) should be redirected within the plan in the context of infrastructure needs / priorities and existing Council commitments.

## Measures of success

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- 4.1 The City of Edinburgh Council sets a capital budget which adheres to the key objectives of the Prudential Code. These are to ensure, within a clear framework, that the capital plans of the Council are affordable, prudent and sustainable.

## Financial impact

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- 5.1 The revenue funding required to support the borrowing costs associated with the five-year capital programme (2016-2021) is provided for in the long term financial plan.
- 5.2 Council can only commit to further capital expenditure if revenue expenditure plans are affordable and sustainable. Inclusion of any additional revenue investment within the budget framework is contingent upon the development, and subsequent delivery, of corresponding savings, alongside management of all risks and pressures, particularly those of a demand-led nature.

## Risk, policy, compliance and governance impact

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- 6.1 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.
- 6.2 Monitoring of major capital projects including risk assessment is carried out by the Council's Corporate Programmes Office (CPO).
- 6.3 The risk of not adequately investing in infrastructure means that it does not meet Council's and stakeholders' needs and does not remain fit for purpose in the future.
- 6.4 Legal and reputational risk from failure in considering and evidencing due regard of the Climate Change (Scotland) Act 2009 Public Bodies Duties and Equality Act 2010 Public Sector Equality Duties in capital projects.

## Equalities impact

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- 7.1 In Spring 2015, officers carried out assessments using the Council's Equality and Rights Impact Assessments (ERIA) for four of nineteen relevant projects identified in the CIP including one for the Asset Management Programme as a whole.

## Sustainability impact

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- 8.1 In Spring 2015, officers carried out assessments using the Council's Sustainability, Adaptation, Mitigation (SAM) e-tool for ten of nineteen relevant projects identified in the CIP including one for the Asset Management Programme as a whole.
- 8.2 Three of these ten projects opted not to continue with a full assessment at the proportionality test stage whilst seven projects continued with full assessment.
- 8.3 An overview of the seven completed SAM assessments for individual capital projects is included below.
  - All seven recorded consideration of carbon impacts (mitigation) at predominantly detailed or high level.
  - In general, the completed assessments reflected a low level of consideration for vulnerability and resilience to the impacts of climate change. This is cause for concern given the heightened risks to infrastructure from increasingly frequent extreme weather events.
  - Overall, they recorded detailed consideration of economic, social and environmental sustainability based on the predominantly health, social care and child-orientated services delivered from these building projects.



- During this financial year, no evidence has been supplied to demonstrate that ongoing consideration is being given to the three elements of the Climate Change (Scotland) Act 2009 Public Bodies Duties as these projects progress. This is also the case with regard to relevant sustainable development policies.
- 8.4 Evidence of compliance with the statutory duties is outstanding for the remaining nine of the nineteen main projects identified.
- 8.5 The aspiration is that, in order to meet the statutory duties and to have regard to the Government's statutory guidance on putting the duties into practice, all relevant capital projects use the Council's SAM Public Bodies Duties compliance tool iteratively, as standard, throughout project initiation, development and management processes.

## Consultation and engagement

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

## Background reading/external references

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[Local Development Plan - Action Programme: Financial Assessment and Next Steps](#), Finance and Resources Committee, 29 October 2015

[2016/20 revenue and capital budget framework](#), Finance and Resources Committee, 24 September 2015

[Capital Monitoring 2014/15 – Outturn and Receipts](#), Finance and Resources Committee, 27 August 2015

[Capital Investment Programme 2015/16 to 2019/20 – referral report from the Finance and Resources Committee](#), Finance and Resources Committee, 12 February 2015

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## Links

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|                          |   |
|--------------------------|---|
| <b>Coalition pledges</b> | <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,</p> |
|--------------------------|---|

starting with brownfield sites

P30 – Continue to maintain a sound financial position including long-term financial planning

P31 – Maintain our City’s reputation as the cultural capital of the world by continuing to support and invest in our cultural 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 – Draft Roll Forward Capital Investment Programme 2016-2021

2 – Currently unfunded capital priorities

3 – Updated Indicative Capital Plan 2019-2024

**CAPITAL INVESTMENT  
PROGRAMME 2016-2021**  
(Incorporating part-year slippage from 2015/16)

**CAPITAL INVESTMENT PROGRAMME 2016-2021****SUMMARY OF EXPENDITURE AND RESOURCES - GENERAL SERVICES**

| <b>2016-2021</b>   | <b>2016/17</b> | <b>2017/18</b> | <b>2018/19</b> | <b>2019/20</b> | <b>2020/21</b> | <b>Total</b>   |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
|  | <b>£000</b>    | <b>£000</b>    | <b>£000</b>    | <b>£000</b>    | <b>£000</b>    | <b>£000</b>    |
| <b>Expenditure</b>   | <b>195,404</b> | <b>92,333</b>  | <b>49,339</b>  | <b>65,140</b>  | <b>41,392</b>  | <b>443,609</b> |
| <b>Resources</b>   |                |                |                |                |                |                |
| <b>Capital receipts</b>                                    |                |                |                |                |                |                |
| General asset sales  | 20,300         | 11,760         | 1,260          | 5,503          | 3,000          | <b>41,823</b>  |
| Less additional receipt income transferred to capital fund | -7,084         | -834           | 0              | 0              | 0              | <b>-7,918</b>  |
| Asset sales to reduce corporate borrowing                  | 1,380          | 0              | 0              | 0              | 0              | <b>1,380</b>   |
| Ring-fenced asset sales                                    | 4,895          | 0              | 0              | 10,000         | 0              | <b>14,895</b>  |
| Developers and other contributions                         | 3,643          | 209            | 0              | 309            | 0              | <b>4,161</b>   |
| Total receipts   | <b>23,134</b>  | <b>11,135</b>  | <b>1,260</b>   | <b>15,812</b>  | <b>3,000</b>   | <b>54,341</b>  |
| <b>Grants</b>  |                |                |                |                |                |                |
| Specific Capital Grant                                     | 29,788         | 0              | 0              | 0              | 0              | <b>29,788</b>  |
| General Capital Grant                                      | 38,795         | 47,921         | 47,921         | 41,422         | 38,000         | <b>214,059</b> |
| Total Grants   | <b>68,583</b>  | <b>47,921</b>  | <b>47,921</b>  | <b>41,422</b>  | <b>38,000</b>  | <b>243,847</b> |
| <b>Borrowing</b>   |                |                |                |                |                |                |
| Support brought forward                                    | 42,678         | 0              | 0              | 0              | 0              | <b>42,678</b>  |
| Prudential framework                                       |                |                |                |                |                |                |
| - Through council tax                                      | 120            | 0              | 0              | 0              | 0              | <b>120</b>     |
| - Departmentally supported                                 | 44,491         | 39,125         | 11,255         | 4,366          | 0              | <b>99,237</b>  |
| Total borrowing  | <b>87,289</b>  | <b>39,125</b>  | <b>11,255</b>  | <b>4,366</b>   | <b>0</b>       | <b>142,035</b> |
| Over / (under)-programming                                 | 16,398         | -5,848         | -11,097        | 3,540          | 392            | <b>3,386</b>   |
| <b>Total Resources</b>                                     | <b>195,404</b> | <b>92,333</b>  | <b>49,339</b>  | <b>65,140</b>  | <b>41,392</b>  | <b>443,609</b> |

Grant funding from 2017/18 onwards are based on prudent estimates.

**CAPITAL INVESTMENT PROGRAMME 2016-2021**

| <b><u>SUMMARY OF EXPENDITURE</u></b>                 | Revised<br>Budget<br>2016/17<br>£000 | Indicative<br>Budget<br>2017/18<br>£000 | Indicative<br>Budget<br>2018/19<br>£000 | Indicative<br>Budget<br>2019/20<br>£000 | Indicative<br>Budget<br>2020/21<br>£000 | <b>Total<br/>Budget<br/>2016-2021<br/>£000</b> |
|--|--------------------------------------|---|---|---|---|--|
| <b>General Services</b>                              |                                      |   |   |   |   |  |
| Children and Families                                | 49,310                               | 6,558                                   | 10,019                                  | 14,601                                  | 393                                     | <b>80,881</b>                                  |
| Corporate Governance                                 | 18,879                               | 1,028                                   | 165                                     | 165                                     | 165                                     | <b>20,402</b>                                  |
| Health and Social Care                               | 4,229                                | 114                                     | -                                       | -                                       | -                                       | <b>4,343</b>                                   |
| Services for Communities                             | 98,942                               | 73,598                                  | 30,719                                  | 24,201                                  | 19,834                                  | <b>247,295</b>                                 |
| Services for Communities - Asset<br>Management Works |                                      |   |   |   |   |  |
| - Children and Families                              | 13,990                               | 7,827                                   | 2,925                                   | 5,944                                   | -                                       | <b>30,686</b>                                  |
| - Corporate Property                                 | 1,240                                | -                                       | -                                       | -                                       | -                                       | <b>1,240</b>                                   |
| - Corporate Governance                               | 2,348                                | 375                                     | -                                       | -                                       | -                                       | <b>2,723</b>                                   |
| - Health and Social Care                             | 1,078                                | 115                                     | -                                       | 25                                      | -                                       | <b>1,218</b>                                   |
| - Services for Communities                           | 5,388                                | -                                       | -                                       | -                                       | -                                       | <b>5,388</b>                                   |
| - Not yet allocated to services                      | -                                    | 2,718                                   | 5,511                                   | 13,204                                  | 14,000                                  | <b>35,433</b>                                  |
| Unallocated - indicative 5 year plan                 | -                                    | -                                       | -                                       | 7,000                                   | 7,000                                   | <b>14,000</b>                                  |
| <b>Total General Services</b>                        | <b>195,404</b>                       | <b>92,333</b>                           | <b>49,339</b>                           | <b>65,140</b>                           | <b>41,392</b>                           | <b>443,609</b>                                 |



**CAPITAL INVESTMENT PROGRAMME 2016-2021**

| <b><u>CHILDREN AND FAMILIES</u></b>                   | <b>Realigned Budget 2016-17</b> | <b>Indicative Budget 2017-18</b> | <b>Indicative Budget 2018-19</b> | <b>Indicative Budget 2019-20</b> | <b>Indicative Budget 2020-21</b> | <b>Total Budget 2016-2021</b> |
|---|---------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|-------------------------------|
|   | £000                            | £000                             | £000                             | £000                             | £000                             | £000                          |
| <b>Early years</b>                                    |                                 |                                  |                                  |                                  |                                  |                               |
| Early learning and childcare                          | 7,181                           | 330                              | -                                | -                                | -                                | 7,511                         |
| Fox Covert nursery                                    | 303                             | 4                                | -                                | -                                | -                                | 307                           |
| <b>Early years total</b>                              | <b>7,484</b>                    | <b>334</b>                       | <b>0</b>                         | <b>0</b>                         | <b>0</b>                         | <b>7,818</b>                  |
| <b>Primary schools</b>                                |                                 |                                  |                                  |                                  |                                  |                               |
| Upgrade kitchens - free school meals initiative       | 2,465                           | 42                               | -                                | -                                | -                                | 2,507                         |
| Waterfront  | -                               | 19                               | -                                | -                                | -                                | 19                            |
| <b>Primary schools total</b>                          | <b>2,465</b>                    | <b>61</b>                        | <b>0</b>                         | <b>0</b>                         | <b>0</b>                         | <b>2,526</b>                  |
| <b>Secondary schools</b>                              |                                 |                                  |                                  |                                  |                                  |                               |
| Liberton high school replacement gym                  | 1,412                           | 35                               | -                                | -                                | -                                | 1,447                         |
| New high school for Craigmillar                       | -                               | 618                              | -                                | -                                | -                                | 618                           |
| Replacement Queensferry high school                   | 350                             | 1,500                            | 3,924                            | -                                | -                                | 5,774                         |
| <b>Secondary schools total</b>                        | <b>1,762</b>                    | <b>2,153</b>                     | <b>3,924</b>                     | <b>0</b>                         | <b>0</b>                         | <b>7,839</b>                  |
| <b>Community centres</b>                              |                                 |                                  |                                  |                                  |                                  |                               |
| Duncan Place improvement works                        | 1,957                           | 24                               | -                                | -                                | -                                | 1,981                         |
| <b>Community centres total</b>                        | <b>1,957</b>                    | <b>24</b>                        | <b>0</b>                         | <b>0</b>                         | <b>0</b>                         | <b>1,981</b>                  |
| <b>Children's services</b>                            |                                 |                                  |                                  |                                  |                                  |                               |
| Accommodation young person centre                     | -                               | 295                              | -                                | -                                | -                                | 295                           |
| Heather Vale young person centre                      | 367                             | -                                | -                                | -                                | -                                | 367                           |
| <b>Children's services total</b>                      | <b>367</b>                      | <b>295</b>                       | <b>0</b>                         | <b>0</b>                         | <b>0</b>                         | <b>662</b>                    |
| <b>Other projects</b>                                 |                                 |                                  |                                  |                                  |                                  |                               |
| Buckstone primary school - development works          | 100                             | -                                | -                                | -                                | -                                | 100                           |
| Cost of sale of assets                                | (56)                            | -                                | -                                | -                                | -                                | (56)                          |
| Kirkliston primary school - development works         | 1,086                           | 25                               | -                                | -                                | -                                | 1,111                         |
| Wester Hailes Healthy Living Centre underpass         | 1                               | -                                | -                                | -                                | -                                | 1                             |
| <b>Other projects total</b>                           | <b>1,131</b>                    | <b>25</b>                        | <b>0</b>                         | <b>0</b>                         | <b>0</b>                         | <b>1,156</b>                  |
| <b>Capital investment new nurseries and gym</b>       |                                 |                                  |                                  |                                  |                                  |                               |
| Blackhall new gym                                     | 30                              | -                                | -                                | -                                | -                                | 30                            |
| Duddingston nursery                                   | 14                              | -                                | -                                | -                                | -                                | 14                            |
| Wardie nursery  | 10                              | -                                | -                                | -                                | -                                | 10                            |
| <b>Capital investment new nurseries and gym total</b> | <b>54</b>                       | <b>0</b>                         | <b>0</b>                         | <b>0</b>                         | <b>0</b>                         | <b>54</b>                     |
| <b>Rising school rolls</b>                            |                                 |                                  |                                  |                                  |                                  |                               |
| Rising school rolls extension works                   | 4,483                           | 714                              | 601                              | 695                              | 393                              | 6,886                         |
| <b>Rising school rolls total</b>                      | <b>4,483</b>                    | <b>714</b>                       | <b>601</b>                       | <b>695</b>                       | <b>393</b>                       | <b>6,886</b>                  |



**CAPITAL INVESTMENT PROGRAMME 2016-2021**

| <b><u>CHILDREN AND FAMILIES</u></b>     | <b>Realigned<br/>Budget<br/>2016-17</b> | <b>Indicative<br/>Budget<br/>2017-18</b> | <b>Indicative<br/>Budget<br/>2018-19</b> | <b>Indicative<br/>Budget<br/>2019-20</b> | <b>Indicative<br/>Budget<br/>2020-21</b> | <b>Total<br/>Budget<br/>2016-2021</b> |
|---|---|--|--|--|--|---------------------------------------|
|   | £000                                    | £000                                     | £000                                     | £000                                     | £000                                     | £000                                  |
| <b>Wave three school projects</b>       |   |  |  |  |  |                                       |
| Boroughmuir high school replacement     | 17,720                                  | 400                                      | -  | -  | -  | 18,120                                |
| James Gillespie's campus                | 802                                     | -  | -  | -  | -  | 802                                   |
| Portobello high school replacement      | 10,038                                  | 559                                      | -  | -  | -  | 10,597                                |
| St Crispin's special school replacement | 370                                     | 738                                      | 1,107                                    | 5,167                                    | -  | 7,382                                 |
| St John's new wave 3 school             | 677                                     | 1,255                                    | 1,883                                    | 8,739                                    | -  | 12,554                                |
| Wave three inflation contingency        | -                                       | -  | 2,504                                    | -  | -  | 2,504                                 |
| <b>Wave three school projects total</b> | <b>29,607</b>                           | <b>2,952</b>                             | <b>5,494</b>                             | <b>13,906</b>                            | <b>0</b>                                 | <b>51,959</b>                         |
|   |   |  |  |  |  |                                       |
|   |   |  |  |  |  |                                       |
| <b>Total Children and Families</b>      | <b>49,310</b>                           | <b>6,558</b>                             | <b>10,019</b>                            | <b>14,601</b>                            | <b>393</b>                               | <b>80,881</b>                         |

**CAPITAL INVESTMENT PROGRAMME 2016-2021**

| <b><u>CORPORATE GOVERNANCE</u></b>                               | <b>Realigned<br/>Budget<br/>2016-17</b> | <b>Indicative<br/>Budget<br/>2017-18</b> | <b>Indicative<br/>Budget<br/>2018-19</b> | <b>Indicative<br/>Budget<br/>2019-20</b> | <b>Indicative<br/>Budget<br/>2020-21</b> | <b>Total<br/>Budget<br/>2016-2021</b> |
|--|---|--|--|--|--|---------------------------------------|
|  | £000                                    | £000                                     | £000                                     | £000                                     | £000                                     | £000                                  |
| <b>Museums and arts</b>  |   |  |  |  |  |                                       |
| Calton Hill redevelopment  | 484                                     | -  | -  | -  | -  | 484                                   |
| <b>Museums and Arts Total</b>                                    | <b>484</b>                              | <b>0</b>                                 | <b>0</b>                                 | <b>0</b>                                 | <b>0</b>                                 | <b>484</b>                            |
| <b>Edinburgh Leisure</b>   |   |  |  |  |  |                                       |
| Edinburgh Leisure  | 165                                     | 165                                      | 165                                      | 165                                      | 165                                      | 825                                   |
| <b>Edinburgh Leisure total</b>                                   | <b>165</b>                              | <b>165</b>                               | <b>165</b>                               | <b>165</b>                               | <b>165</b>                               | <b>825</b>                            |
| <b>Sport projects</b>  |   |  |  |  |  |                                       |
| Hunter Hall cycle hub and pitch                                  | 565                                     | 500                                      | -  | -  | -  | 1,065                                 |
| Meggetland 3G Pitch  | 150                                     | -  | -  | -  | -  | 150                                   |
| National Performance Centre for Sport<br>additional contribution | 200                                     | -  | -  | -  | -  | 200                                   |
| <b>Pavilions and pitches total</b>                               | <b>915</b>                              | <b>500</b>                               | <b>0</b>                                 | <b>0</b>                                 | <b>0</b>                                 | <b>1,415</b>                          |
| <b>Strategic support</b>   |   |  |  |  |  |                                       |
| BOLD channel shift infrastructure                                | 1,741                                   | -  | -  | -  | -  | 1,741                                 |
| CATs ICT capital investment                                      | 150                                     | -  | -  | -  | -  | 150                                   |
| City dressing programme  | 40                                      | 127                                      | -  | -  | -  | 167                                   |
| ICT contract asset purchase                                      | 15,000                                  | -  | -  | -  | -  | 15,000                                |
| ICT transformational change investment                           | 400                                     | -  | -  | -  | -  | 400                                   |
| Winter festival lighting   | 22                                      | -  | -  | -  | -  | 22                                    |
| <b>Strategic support total</b>                                   | <b>17,353</b>                           | <b>127</b>                               | <b>0</b>                                 | <b>0</b>                                 | <b>0</b>                                 | <b>17,480</b>                         |
| <b>Miscellaneous projects</b>                                    |   |  |  |  |  |                                       |
| Assembly Rooms - theatre strategy                                | -                                       | 166                                      | -  | -  | -  | 166                                   |
| Contingency  | -                                       | 70                                       | -  | -  | -  | 70                                    |
| Cost of sale of assets   | (38)                                    | -  | -  | -  | -  | (38)                                  |
| <b>Miscellaneous projects total</b>                              | <b>-38</b>                              | <b>236</b>                               | <b>0</b>                                 | <b>0</b>                                 | <b>0</b>                                 | <b>198</b>                            |
| <b>Total Corporate Governance</b>                                | <b>18,879</b>                           | <b>1,028</b>                             | <b>165</b>                               | <b>165</b>                               | <b>165</b>                               | <b>20,402</b>                         |

**CAPITAL INVESTMENT PROGRAMME 2016-2021**

| <b><u>HEALTH AND SOCIAL CARE</u></b> | <b>Realigned<br/>Budget<br/>2016-17</b> | <b>Indicative<br/>Budget<br/>2017-18</b> | <b>Indicative<br/>Budget<br/>2018-19</b> | <b>Indicative<br/>Budget<br/>2019-20</b> | <b>Indicative<br/>Budget<br/>2020-21</b> | <b>Total<br/>Budget<br/>2016-2021</b> |
|--------------------------------------|---|--|--|--|--|---------------------------------------|
|                                      | £000                                    | £000                                     | £000                                     | £000                                     | £000                                     | £000                                  |
| <b>Care homes</b>                    |   |  |  |  |  |                                       |
| Royston care Home                    | 3,972                                   | 114                                      | -  | -  | -  | 4,086                                 |
| <b>Care homes total</b>              | <b>3,972</b>                            | <b>114</b>                               | <b>0</b>                                 | <b>0</b>                                 | <b>0</b>                                 | <b>4,086</b>                          |
| <b>Other projects</b>                |   |  |  |  |  |                                       |
| Autism day and respite centre        | 70                                      | -  | -  | -  | -  | 70                                    |
| Cost of sale of assets               | (9)                                     | -  | -  | -  | -  | (9)                                   |
| Oxgangs day centre                   | 8                                       | -  | -  | -  | -  | 8                                     |
| Telecare                             | 180                                     | -  | -  | -  | -  | 180                                   |
| Wester Hailes Healthy Living Centre  |   |  |  |  |  |                                       |
| Underpass                            | 8                                       | -  | -  | -  | -  | 8                                     |
| <b>Other projects total</b>          | <b>257</b>                              | <b>0</b>                                 | <b>0</b>                                 | <b>0</b>                                 | <b>0</b>                                 | <b>257</b>                            |
|                                      |   |  |  |  |  |                                       |
| <b>Total Health and Social Care</b>  | <b>4,229</b>                            | <b>114</b>                               | <b>0</b>                                 | <b>0</b>                                 | <b>0</b>                                 | <b>4,343</b>                          |

**CAPITAL INVESTMENT PROGRAMME 2016-2021**

| <b>SERVICES FOR COMMUNITIES</b>               | <b>Realigned Budget 2016-17</b> | <b>Indicative Budget 2017-18</b> | <b>Indicative Budget 2018-19</b> | <b>Indicative Budget 2019-20</b> | <b>Indicative Budget 2020-21</b> | <b>Total Budget 2016-2021</b> |
|---|---------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|-------------------------------|
|   | £000                            | £000                             | £000                             | £000                             | £000                             | £000                          |
| <b>Environment</b>                            |                                 |                                  |                                  |                                  |                                  |                               |
| <i>Waste services</i>                         |                                 |                                  |                                  |                                  |                                  |                               |
| Containers - household waste                  | 258                             | -                                | -                                | -                                | -                                | 258                           |
| Purchase of litter bins                       | 222                             | -                                | -                                | -                                | -                                | 222                           |
| Waste disposal sites                          | 50                              | -                                | -                                | -                                | -                                | 50                            |
| Zero Waste: Millerhill                        | 48                              | -                                | -                                | -                                | -                                | 48                            |
| <i>Parks and green spaces</i>                 |                                 |                                  |                                  |                                  |                                  |                               |
| HAVS replacement equipment                    | 2                               | -                                | -                                | -                                | -                                | 2                             |
| New play areas                                | 16                              | -                                | -                                | -                                | -                                | 16                            |
| Parks and green spaces                        | 159                             | -                                | -                                | -                                | -                                | 159                           |
| Saughton Park                                 | 373                             | 826                              | -                                | -                                | -                                | 1,199                         |
| <i>East Neighbourhood</i>                     |                                 |                                  |                                  |                                  |                                  |                               |
| Neighbourhood environmental partnerships      | 164                             | 136                              | 136                              | 136                              | 136                              | 708                           |
| Roads ward allocation                         | 5                               | -                                | -                                | -                                | -                                | 5                             |
| <b>Environment total</b>                      | <b>1,297</b>                    | <b>962</b>                       | <b>136</b>                       | <b>136</b>                       | <b>136</b>                       | <b>2,667</b>                  |
| <b>Community Safety</b>                       |                                 |                                  |                                  |                                  |                                  |                               |
| <i>Community Safety</i>                       |                                 |                                  |                                  |                                  |                                  |                               |
| Closed Circuit Television combine services    | -                               | 1,125                            | -                                | -                                | -                                | 1,125                         |
| Mortonhall - cremator replacement             | 364                             | -                                | -                                | -                                | -                                | 364                           |
| Mortonhall memorialisation                    | 69                              | -                                | -                                | -                                | -                                | 69                            |
| Purchase of noise equipment                   | 33                              | -                                | -                                | -                                | -                                | 33                            |
| <i>Libraries</i>                              |                                 |                                  |                                  |                                  |                                  |                               |
| George IV Bridge Library-enhancement works    | -                               | 372                              | -                                | -                                | -                                | 372                           |
| Peoples Network                               | 46                              | -                                | -                                | -                                | -                                | 46                            |
| <i>South Neighbourhood - Community Safety</i> |                                 |                                  |                                  |                                  |                                  |                               |
| Neighbourhood environmental partnerships      | 227                             | 136                              | 136                              | 135                              | 135                              | 769                           |
| Roads ward allocation                         | 148                             | -                                | -                                | -                                | -                                | 148                           |
| <b>Community Safety and Libraries total</b>   | <b>887</b>                      | <b>1,633</b>                     | <b>136</b>                       | <b>135</b>                       | <b>135</b>                       | <b>2,926</b>                  |
| <b>Housing and Regeneration</b>               |                                 |                                  |                                  |                                  |                                  |                               |
| Commuted sums                                 | 159                             | -                                | -                                | -                                | -                                | 159                           |
| Home owners' adaptation grants                | 935                             | 1,000                            | 1,000                            | 1,000                            | 1,000                            | 4,935                         |
| Development Funding Grant                     | 29,248                          | -                                | -                                | -                                | -                                | 29,248                        |
| National Housing Trust phase 2                | 10,383                          | -                                | -                                | -                                | -                                | 10,383                        |
| National Housing Trust phase 3                | 9,153                           | 30,519                           | 4,084                            | 4,366                            | -                                | 48,122                        |
| Stair lighting LED replacement                | 460                             | -                                | -                                | -                                | -                                | 460                           |
| <i>West Neighbourhood - Housing</i>           |                                 |                                  |                                  |                                  |                                  |                               |
| Neighbourhood environmental partnerships      | 292                             | 136                              | 136                              | 136                              | 136                              | 836                           |
| Roads ward allocation                         | 24                              | -                                | -                                | -                                | -                                | 24                            |

**CAPITAL INVESTMENT PROGRAMME 2016-2021**

| <b>SERVICES FOR COMMUNITIES</b>                        | <b>Realigned Budget 2016-17</b> | <b>Indicative Budget 2017-18</b> | <b>Indicative Budget 2018-19</b> | <b>Indicative Budget 2019-20</b> | <b>Indicative Budget 2020-21</b> | <b>Total Budget 2016-2021</b> |
|--|---------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|-------------------------------|
|  | £000                            | £000                             | £000                             | £000                             | £000                             | £000                          |
| <i>South West Neighbourhood - Housing</i>              |                                 |                                  |                                  |                                  |                                  |                               |
| Neighbourhood environmental partnerships               | 305                             | 136                              | 136                              | 136                              | 135                              | 848                           |
| Roads ward allocation                                  | 208                             | -                                | -                                | -                                | -                                | 208                           |
| <b>Housing and Regeneration total</b>                  | <b>51,167</b>                   | <b>31,791</b>                    | <b>5,356</b>                     | <b>5,638</b>                     | <b>1,271</b>                     | <b>95,223</b>                 |
| <b>Projects controlled by Corporate Property</b>       |                                 |                                  |                                  |                                  |                                  |                               |
| Castlebrae business centre                             | 21                              | -                                | -                                | -                                | -                                | 21                            |
| Duncan Place demolition                                | 31                              | -                                | -                                | -                                | -                                | 31                            |
| Free school meals initiative-equipment                 | 80                              | -                                | -                                | -                                | -                                | 80                            |
| Grassmarket Nursery 6VT relocation                     | 3                               | -                                | -                                | -                                | -                                | 3                             |
| <b>Projects controlled by Corporate Property total</b> | <b>135</b>                      | <b>0</b>                         | <b>0</b>                         | <b>0</b>                         | <b>0</b>                         | <b>135</b>                    |
| <b>Transport and other infrastructure</b>              |                                 |                                  |                                  |                                  |                                  |                               |
| <i>Engineering</i>                                     |                                 |                                  |                                  |                                  |                                  |                               |
| Bridge strengthening                                   | 551                             | -                                | -                                | -                                | -                                | 551                           |
| Link to Royal Infirmary - Niddrieburn bridge           | 80                              | -                                | -                                | -                                | -                                | 80                            |
| Lower Granton Road realignment                         | 8                               | -                                | -                                | -                                | -                                | 8                             |
| St Andrew Square public realm                          | 421                             | -                                | -                                | -                                | -                                | 421                           |
| Traffic signals (renewal)                              | 143                             | -                                | -                                | -                                | -                                | 143                           |
| Transport asset management                             | 1,000                           | 1,000                            | 1,000                            | 1,000                            | 1,000                            | 5,000                         |
| UTMC and parking guidance                              | 271                             | -                                | -                                | -                                | -                                | 271                           |
| Water of Leith - phase 1                               | 275                             | -                                | -                                | -                                | -                                | 275                           |
| Water of Leith - phase 2                               | 11,637                          | 7,368                            | 3,409                            | -                                | -                                | 22,414                        |
| <i>Policy &amp; planning</i>                           |                                 |                                  |                                  |                                  |                                  |                               |
| 20mph speed limiting [block]                           | 54                              | -                                | -                                | -                                | -                                | 54                            |
| Bus - priority at signals SVD                          | 171                             | -                                | -                                | -                                | -                                | 171                           |
| Bus lane camera enforcement                            | 1                               | -                                | -                                | -                                | -                                | 1                             |
| Bus priority schemes / bus shelters                    | 137                             | -                                | -                                | -                                | -                                | 137                           |
| Bus tram integration                                   | 4                               | -                                | -                                | -                                | -                                | 4                             |
| Bustracker- RTI extension                              | 18                              | -                                | -                                | -                                | -                                | 18                            |
| Cycle projects [block]                                 | 597                             | -                                | -                                | -                                | -                                | 597                           |
| Cycling, Walking and Safer Streets                     | 540                             | -                                | -                                | -                                | -                                | 540                           |
| Electric vehicles                                      | 20                              | -                                | -                                | -                                | -                                | 20                            |
| Hermiston park and ride - land acquisition             | 8                               | -                                | -                                | -                                | -                                | 8                             |
| Local bus priority measures [block]                    | 1                               | -                                | -                                | -                                | -                                | 1                             |
| Park and ride development                              | 3                               | -                                | -                                | -                                | -                                | 3                             |
| Road safety  | 321                             | -                                | -                                | -                                | -                                | 321                           |
| Road safety, cycling and public transport              | 1,745                           | 1,750                            | 1,750                            | 1,750                            | 1,750                            | 8,745                         |
| St Andrew Square bus station                           | 257                             | -                                | -                                | -                                | -                                | 257                           |
| Walking projects [block]                               | 242                             | -                                | -                                | -                                | -                                | 242                           |

**CAPITAL INVESTMENT PROGRAMME 2016-2021**

| <b><u>SERVICES FOR COMMUNITIES</u></b>                | <b>Realigned Budget 2016-17</b> | <b>Indicative Budget 2017-18</b> | <b>Indicative Budget 2018-19</b> | <b>Indicative Budget 2019-20</b> | <b>Indicative Budget 2020-21</b> | <b>Total Budget 2016-2021</b> |
|---|---------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|-------------------------------|
|   | £000                            | £000                             | £000                             | £000                             | £000                             | £000                          |
| <i><u>City centre - Transport</u></i>                 |                                 |                                  |                                  |                                  |                                  |                               |
| City Centre public realm                              | 82                              | -                                | -                                | -                                | -                                | 82                            |
| George Street -festival works                         | 12                              | -                                | -                                | -                                | -                                | 12                            |
| Leith Walk Constitution Street                        | 2,425                           | -                                | -                                | -                                | -                                | 2,425                         |
| Neighbourhood environmental partnerships              | 201                             | 136                              | 136                              | 136                              | 136                              | 745                           |
| Roads ward allocation                                 | 231                             | -                                | -                                | -                                | -                                | 231                           |
| Rose Street - public realm                            | 200                             | -                                | -                                | -                                | -                                | 200                           |
| West end public realm                                 | 95                              | -                                | -                                | -                                | -                                | 95                            |
| <i><u>North Neighbourhood - Transport</u></i>         |                                 |                                  |                                  |                                  |                                  |                               |
| Neighbourhood environmental partnerships              | 270                             | 136                              | 136                              | 135                              | 135                              | 812                           |
| Roads ward allocation                                 | 115                             | -                                | -                                | -                                | -                                | 115                           |
| <i><u>Transport Other</u></i>                         |                                 |                                  |                                  |                                  |                                  |                               |
| Tram lifecycle replacement                            | -                               | -                                | -                                | 1,000                            | 1,000                            | 2,000                         |
| <i><u>Roads</u></i>                                   |                                 |                                  |                                  |                                  |                                  |                               |
| Carriageway / footway works [block]                   | 13,500                          | 16,530                           | 9,989                            | 12,771                           | 12,771                           | 65,562                        |
| Street lighting                                       | 1,079                           | 3,659                            | 1,500                            | 1,500                            | 1,500                            | 9,238                         |
| Street lighting - City wide LED replacement programme | 8,741                           | 8,606                            | 7,171                            | -                                | -                                | 24,518                        |
| <b>Transport and other infrastructure total</b>       | <b>45,456</b>                   | <b>39,185</b>                    | <b>25,091</b>                    | <b>18,292</b>                    | <b>18,292</b>                    | <b>146,317</b>                |
| SFC - contingency                                     | -                               | 27                               | -                                | -                                | -                                | 27                            |
| <b>Total Services for Communities</b>                 | <b>98,942</b>                   | <b>73,598</b>                    | <b>30,719</b>                    | <b>24,201</b>                    | <b>19,834</b>                    | <b>247,295</b>                |

**CAPITAL INVESTMENT PROGRAMME 2016-2021**

| <b><u>SERVICES FOR COMMUNITIES - ASSET MANAGEMENT WORKS</u></b> | <b>Realigned Budget 2016-17</b> | <b>Indicative Budget 2017-18</b> | <b>Indicative Budget 2018-19</b> | <b>Indicative Budget 2019-20</b> | <b>Indicative Budget 2020-21</b> | <b>Total Budget 2015-2020</b> |
|---|---------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|-------------------------------|
|   | £000                            | £000                             | £000                             | £000                             | £000                             | £000                          |
| <b>Children and Families</b>                                    |                                 |                                  |                                  |                                  |                                  |                               |
| Boiler upgrade  | 500                             | -                                | -                                | 25                               | -                                | 525                           |
| Early Years property  | 14                              | -                                | -                                | -                                | -                                | 14                            |
| External fabric   | 2,278                           | 391                              | -                                | -                                | -                                | 2,669                         |
| Fabric enhancement  | 1,702                           | 18                               | -                                | 450                              | -                                | 2,170                         |
| Fire safety   | 1,159                           | 600                              | 600                              | 600                              | -                                | 2,959                         |
| Integration works   | 19                              | 55                               | -                                | -                                | -                                | 74                            |
| Mechanical and engineering upgrade                              | 4,520                           | 5,556                            | 1,916                            | 850                              | -                                | 12,842                        |
| Roof and rainwater  | 723                             | 256                              | -                                | 2,540                            | -                                | 3,519                         |
| Stonework/masonry   | 423                             | -                                | -                                | 410                              | -                                | 833                           |
| Water quality upgrading   | 835                             | 600                              | 400                              | 400                              | -                                | 2,235                         |
| Windows and doors   | 1,817                           | 351                              | 9                                | 669                              | -                                | 2,846                         |
| <b>Total for Children and Families</b>                          | <b>13,990</b>                   | <b>7,827</b>                     | <b>2,925</b>                     | <b>5,944</b>                     | <b>0</b>                         | <b>30,686</b>                 |
| <b>Corporate Governance</b>                                     |                                 |                                  |                                  |                                  |                                  |                               |
| External fabric   | 100                             | -                                | -                                | -                                | -                                | 100                           |
| Fabric enhancement  | 913                             | 375                              | -                                | -                                | -                                | 1,288                         |
| Fire Safety   | 53                              | -                                | -                                | -                                | -                                | 53                            |
| Mechanical and engineering upgrade                              | 1,141                           | -                                | -                                | -                                | -                                | 1,141                         |
| Roof and rainwater  | 97                              | -                                | -                                | -                                | -                                | 97                            |
| Water quality upgrading   | 44                              | -                                | -                                | -                                | -                                | 44                            |
| <b>Total for Corporate Governance</b>                           | <b>2,348</b>                    | <b>375</b>                       | <b>0</b>                         | <b>0</b>                         | <b>0</b>                         | <b>2,723</b>                  |
| <b>Health and Social Care</b>                                   |                                 |                                  |                                  |                                  |                                  |                               |
| Fabric enhancement  | 486                             | -                                | -                                | -                                | -                                | 486                           |
| Lift upgrade  | 49                              | -                                | -                                | -                                | -                                | 49                            |
| Mechanical and engineering upgrade                              | 212                             | 115                              | -                                | 25                               | -                                | 352                           |
| Roof and rainwater  | 19                              | -                                | -                                | -                                | -                                | 19                            |
| Water quality upgrading   | 312                             | -                                | -                                | -                                | -                                | 312                           |
| <b>Total for Health and Social Care</b>                         | <b>1,078</b>                    | <b>115</b>                       | <b>0</b>                         | <b>25</b>                        | <b>0</b>                         | <b>1,218</b>                  |
| <b>Services for Communities</b>                                 |                                 |                                  |                                  |                                  |                                  |                               |
| Disability Discrimination Act works                             | 83                              | -                                | -                                | -                                | -                                | 83                            |
| External fabric   | 458                             | -                                | -                                | -                                | -                                | 458                           |
| Fabric enhancement  | 1,325                           | -                                | -                                | -                                | -                                | 1,325                         |
| Fire safety   | 74                              | -                                | -                                | -                                | -                                | 74                            |
| Fixtures, fittings and equipment upgrade                        | 85                              | -                                | -                                | -                                | -                                | 85                            |
| Internal fabric enhancement                                     | 164                             | -                                | -                                | -                                | -                                | 164                           |
| Mechanical and engineering upgrade                              | 849                             | -                                | -                                | -                                | -                                | 849                           |
| Parks infrastructure  | 719                             | -                                | -                                | -                                | -                                | 719                           |
| Roof and rainwater  | 86                              | -                                | -                                | -                                | -                                | 86                            |
| Water quality upgrading   | 83                              | -                                | -                                | -                                | -                                | 83                            |
| Windows and doors   | 1,462                           | -                                | -                                | -                                | -                                | 1,462                         |
| <b>Total for Services for Communities</b>                       | <b>5,388</b>                    | <b>0</b>                         | <b>0</b>                         | <b>0</b>                         | <b>0</b>                         | <b>5,388</b>                  |



**CAPITAL INVESTMENT PROGRAMME 2016-2021**

| <b><u>SERVICES FOR COMMUNITIES - ASSET<br/>MANAGEMENT WORKS</u></b> | <b>Realigned<br/>Budget<br/>2016-17</b> | <b>Indicative<br/>Budget<br/>2017-18</b> | <b>Indicative<br/>Budget<br/>2018-19</b> | <b>Indicative<br/>Budget<br/>2019-20</b> | <b>Indicative<br/>Budget<br/>2020-21</b> | <b>Total<br/>Budget<br/>2015-2020</b> |
|---|---|--|--|--|--|---------------------------------------|
|   | £000                                    | £000                                     | £000                                     | £000                                     | £000                                     | £000                                  |
| <b>Services for Communities - Corporate<br/>Property</b>            |   |  |  |  |  |                                       |
| Disability Discrimination Act works                                 | 12                                      | -  | -  | -  | -  | 12                                    |
| Fire safety   | 52                                      | -  | -  | -  | -  | 52                                    |
| Internal fabric enhancement   | 38                                      | -  | -  | -  | -  | 38                                    |
| Mechanical and engineering upgrade                                  | 956                                     | -  | -  | -  | -  | 956                                   |
| Roof and rainwater  | 9                                       | -  | -  | -  | -  | 9                                     |
| Security works  | 2                                       | -  | -  | -  | -  | 2                                     |
| Water quality upgrading   | 171                                     | -  | -  | -  | -  | 171                                   |
| <b>Total for Services for Communities -<br/>Corporate Property</b>  | <b>1,240</b>                            | <b>0</b>                                 | <b>0</b>                                 | <b>0</b>                                 | <b>0</b>                                 | <b>1,240</b>                          |
| <b>Funding not yet allocated to projects</b>                        | -                                       | 2,718                                    | 5,511                                    | 13,204                                   | 14,000                                   | 35,433                                |
| <b>Total Asset Management Works</b>                                 | <b>24,044</b>                           | <b>11,035</b>                            | <b>8,436</b>                             | <b>19,173</b>                            | <b>14,000</b>                            | <b>76,688</b>                         |

## Current unfunded capital priorities

## Estimated spend profile over 2016-2021 CIP

| Service               | Priority | Capital Project  | Brief description of project  | Prudential framework suitability (Y/N) | Priority Driver (s) - Condition / Suitability / Sufficiency / Affordability | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | Total estimated cost £000 | Annual revenue income or savings streams identified if potential to fund through prudential framework £000 | Comment  | Estimated Annual Loan Charges, (20 year repayment) £000 | Estimated Total Loan Charges £000 |
|-----------------------|----------|--|---|--|---|---------|---------|---------|---------|---------|---------------------------|--|--|---|-----------------------------------|
|                       |          |  |   |  |   | £000    | £000    | £000    | £000    | £000    |                           |  |  | £000  | £000                              |
| Children and Families | 1.       | Rising Primary School Rolls - long term solution for South Edinburgh | On 19 May 2015 the Education, Children and Families Committee approved that a statutory consultation be undertaken regarding options to address the long-term accommodation issues in the south Edinburgh area. This area (defined as encompassing the three primary school catchment areas covered by Bruntsfield, James Gillespie's and South Morningside Primary Schools) has traditionally experienced pressure on primary school places with schools having had high occupancy levels during a period of declining rolls and a necessity for additional accommodation subsequently being required through the provision of temporary units and annexes, some of which still remain. A statutory consultation on five options to address the issues in the area was recently undertaken, the outcomes from which will be reported to Council on 4 February 2016.  | N                                      | Sufficiency   | 530     | 1,274   | 8,613   | 2,320   | -       | 12,737                    | -  | The statutory consultation paper detailed the estimated capital costs of the five options which ranged from £8.387m to £18.737m. Funding of £6m has already been secured. In the absence of a decision by Council on the preferred option this assessment is based on the balance of funding of £12.737m required to deliver the highest cost option. The profile of spend assumes that the project could start immediately in February 2016 following (and assuming) Council approval of the option to be progressed and the additional capital and revenue funding to do so. Any delay would result in an increase in the estimated costs due to further construction cost inflation.  | 1,042   | 20,848                            |
| Children and Families | 2.       | Rising School Rolls - Other  | The first of two existing unfunded priorities in the Wave 4 school investment programme is the requirement to respond to the challenges of rising school rolls to ensure that the Council's statutory duties are fulfilled. There is currently provision of £19.902m within the Capital Investment Programme to 2019/20 for the capital funding necessary to respond to the challenges arising from rising primary school rolls. Between 2015/16 and 2020/21 primary rolls are expected to further increase by 9.8% with secondary rolls expected to increase by 14.9%. Whilst detailed analysis of the impact of these increases on individual schools has still to be undertaken it is inevitable that further investment will be required in the school estate to create additional capacity to accommodate the increased rolls.   | N                                      | Sufficiency   | -       | -       | -       | 5,000   | 5,000   | 10,000                    | -  | An updated analysis of the impact on the primary school estate will be reported to the Education, Children and Families Committee on 1 March 2016 and work to assess the impact on secondary schools has only recently been started. In the absence of any detailed assessment of the potential impact of future increases in rolls on individual schools the estimated costs of £5m per annum in the last two years of the period are a place marker to recognise that further investment is likely to be required. It should also be noted that the requirement for further investment is likely to continue into future years beyond 2020/21. Part of the future investment requirement may be met from developer contributions arising from the significant additional housing which is expected to be delivered in the city over this period. | 818   | 16,368                            |
| Children and Families | 3.       | A new secondary school in Craigmillar                                | The second of two existing unfunded priorities in the Wave 4 school investment programme is the commitment made by Council to deliver a new secondary school in Craigmillar (replacing the existing Castlebrae Community High School) as part of the regeneration of Craigmillar. Whilst a site for the proposed new school has been identified in the Craigmillar Town Centre, no statutory consultation has yet been undertaken due to the uncertainty regarding when the new school could be delivered which is entirely dependent on the significant current gap in funding for the project being bridged. This assessment continues to assume that the new school would be opened in August 2020 however to achieve this the project would need to be initiated (with all required funding identified) by early 2017. Any delay would result in a further increase in the estimated costs due to additional construction cost inflation. | N                                      | Suitability   | -       | 598     | 2,918   | 19,734  | 5,316   | 28,566                    | -  | This is based on the projected total cost for the new school which is now estimated (using the latest forecast of future construction inflation) to be £29.184m. This is based on an assumed opening date of August 2020; a capacity of 700 (including 100 vocational) and with additional space incorporated to develop the ambition of Castlebrae to become a city wide centre of excellence in Science. It further assumes that the balance which requires to be funded is £28.566m with the only existing funding being the £0.618m already in the Capital Investment Programme. This assumes that all other potential sources of funding (e.g. sale of the existing school site, net of demolition costs, and any contribution from PARC) would only be realised in the longer term.  | 2,338   | 46,758                            |

## Current unfunded capital priorities

## Estimated spend profile over 2016-2021 CIP

| Service                | Priority | Capital Project   | Brief description of project   | Prudential framework suitability (Y/N) | Priority Driver (s) - Condition / Suitability / Sufficiency / Affordability | Estimated spend profile over 2016-2021 CIP |              |              |              |              | Total estimated cost £000 | Annual revenue income or savings streams identified if potential to fund through prudential framework £000              | Comment   | Estimated Annual Loan Charges, (20 year repayment) £000 | Estimated Total Loan Charges £000 |
|------------------------|----------|---|--|--|---|--|--------------|--------------|--------------|--------------|---------------------------|---|---|---|-----------------------------------|
|                        |          |   |  |  |   | 2016/17 £000                               | 2017/18 £000 | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 |                           |   |   |   |                                   |
| Corporate Governance   | 1.       | Meadowbank Sports Centre                                | Rebuild of sports centre   | Y                                      | Condition / Suitability   | 2,392                                      | 2,392        | 1,196        | -            | -            | 5,980                     | Part funding through prudential framework of a total of £5.97m. Annual income/saving stream to support this of £0.497m. | The total estimated cost of the project is £41.1m. The recommended funding package reported to the Finance & Resources on 14 January 2016 includes the best estimate of capital receipts, SportsScotland funding and revenue savings during the closure of the existing facility. | 489   | 9,784                             |
| Corporate Governance   | 2.       | Redevelopment of Ross Theatre in Princes Street Gardens | A project to redevelop the Ross Theatre in Princes Street Gardens and support Edinburgh's position as a world class cultural city, supporting existing high profile events such as Festival Fireworks and Hogmanay as well as encouraging more use from new users. It will result in the building of a new theatre building fit for the 21st Century, transform public access and improve the economy of the city centre.  | N                                      | Condition   | -  | -            | 15,000       | -            | -            | 15,000                    | -   |   | 1,228   | 24,552                            |
| Corporate Governance   | 3.       | Redevelopment of Museum of Childhood                    | The redevelopment is part of the modernisation programme for Museums and Galleries. The redevelopment of the Museum of Childhood will provide a more engaging and interactive experience for children and families; the re-display and re-interpretation of the collection and modernisation of all the facilities for visitors.   | N                                      | Condition / Suitability   | 500  | 500          | -            | -            | -            | 1,000                     | -   |   | 82  | 1,637                             |
| Health and Social Care | 1.       | Capital shortfall for Dumbyrden Care Home               | <p>The Council has a Business Case in progress for a 7th new care home at Dumbyrden, which will replace two older care homes. We are considering two options for the care home, based on a 60 and a 90 bed model.</p> <p>The estimated total costs are as follows:<br/>60 beds - £8.497m<br/>90 beds - £11.805m</p> <p>A budget of £7.506m has been identified from capital receipts from older care homes, leaving a shortfall of £991k for the 60 bed model, or £4,299k for the 90 bed model.</p> <p>The cost estimates for both options are based on a smaller, lower spec care home design than Royston, CEC's most recent care home, which is currently under construction. We have requested a quote for a Dumbyrden model (for both 60 and 90 beds) based on the higher spec Royston design.</p> <p>The capital receipts include a significant contribution from Children and Families for the transfer of the Oaklands Care Home site which is intended to be used for the new South Morningside Primary School. This project is dependent on the Oaklands Care Home site being vacated, which will not be possible unless the Dumbyrden project goes ahead.</p> | N                                      | Condition / Suitability   | 991  | -            | -            | -            | -            | 991                       | -   | The £0.991m is the capital shortfall for the 60 bed model. However, should the option for a 90 bed model be pursued the capital shortfall would be £4.299m  | 81  | 1,622                             |

## Current unfunded capital priorities

## Estimated spend profile over 2016-2021 CIP

| Service                  | Priority | Capital Project   | Brief description of project  | Prudential framework suitability (Y/N) | Priority Driver (s) - Condition / Suitability / Sufficiency / Affordability | 2016/17       | 2017/18       | 2018/19       | 2019/20       | 2020/21       | Total estimated cost £000 | Annual revenue income or savings streams identified if potential to fund through prudential framework £000 | Comment  | Estimated Annual Loan Charges, (20 year repayment) £000 | Estimated Total Loan Charges £000 |
|--------------------------|----------|---|---|--|---|---------------|---------------|---------------|---------------|---------------|---------------------------|--|--|---|-----------------------------------|
|                          |          |   |   |  |   | £000          | £000          | £000          | £000          | £000          |                           |  |  |   |                                   |
| Health and Social Care   | 2.       | New care home to replace three remaining older cares    | The Council is currently developing a 6th new care home at Royston and has a Business Case in progress for a 7th at Dumbryden. There are currently 8 older care homes which are no longer fit for purpose. The requirement to replace the older remaining care homes was agreed in the Older People's Accommodation Strategy for Older People. There is a high risk of needing to close older care homes if they are not replaced as they do not meet operational requirements or Care Inspectorate standards. The new homes at Royston and Dumbryden will replace four older care homes, leaving three to be replaced. An 8th new purpose built 60 bedded care home will replace the final three remaining older facilities. | N                                      | Condition / Suitability   | 500           | 500           | 500           | 7,600         | -             | 9,100                     | -  | .  | 745   | 14,895                            |
| Health and Social Care   | 3.       | Replacement of Portlee Resource Centre for Older People | Portlee Resource Centre is a day centre for older people. A recent building condition report rated certain elements of the building in poor 'C' condition - roofs, windows, heating plant and external areas. It is a 1960s converted social club. In addition to the day service for older people, Portlee Resource Centre is also used by MILAN, a day service for black and minority ethnic (BME) people. It is important these services can continue to operate in the north east of the city.  | N                                      | Condition / Suitability   | 600           | 600           | -             | -             | -             | 1,200                     | -  |  | 98  | 1,964                             |
| Services For Communities | 1.       | North Bridge Refurbishment                              | Refurbishment of North Bridge to address health and safety matters following identification of significant condition issues.  | N                                      | Condition   | -             | 3,000         | 3,000         | -             | -             | 6,000                     | -  | £6m for addressing health and safety matters; a further £3m would be required for total refurbishment. | 491   | 9,821                             |
| Services For Communities | 2.       | Asset Management Works – upgrade building condition     | Upgrade works to improve the condition to 'satisfactory' and address health and safety concerns across the entire council estate  | N                                      | Condition   | 10,000        | 10,000        | 10,000        | 10,000        | 10,000        | 50,000                    | -  | All Council properties, including schools, included in this item.                                      | 4,092   | 81,842                            |
| Services For Communities | 3.       | Improved recycling provision in tenement areas          | Increases recycling capability in line with targets and CEC's statutory obligation under the Waste (Scotland) Regulations 2012.   | N                                      | Sufficiency / Suitability   | -             | 1,000         | -             | -             | -             | 1,000                     | -  |  | 82  | 1,637                             |
|                          |          |   |   |  |   | <b>15,513</b> | <b>19,864</b> | <b>41,227</b> | <b>44,654</b> | <b>20,316</b> | <b>141,574</b>            |  |  |   |                                   |

**Definition of Priority Driver**

Condition - driver for investment is to address asset condition / deterioration issues

Suitability - driver for investment is to address fitness for purpose issues / alignment of asset to service delivery

Sufficiency - driver for investment is to address capacity issues

Affordability - driver for investment is to address future revenue and capital funding issues e.g. Through optimisation or enhancement rather than replacement

**Updated Indicative five year capital plan 2019-2024**

**Appendix 3**

|   | <b>2019/20</b> | <b>2020/21</b> | <b>2021/22</b> | <b>2022/23</b> | <b>2023/24</b> |
|---|----------------|----------------|----------------|----------------|----------------|
|   | <b>£000</b>    | <b>£000</b>    | <b>£000</b>    | <b>£000</b>    | <b>£000</b>    |
| <b>Resources</b>  |                |                |                |                |                |
| <b>Unallocated</b>  |                |                |                |                |                |
| Capital Receipts  | 3,000          | 3,000          | 3,000          | 3,000          | 3,000          |
| General Capital Grant (based on current forecasts)                                      | 38,000         | 38,000         | 38,000         | 38,000         | 38,000         |
| <b>Total Resources</b>  | <u>41,000</u>  | <u>41,000</u>  | <u>41,000</u>  | <u>41,000</u>  | <u>41,000</u>  |
| <b>Expenditure</b>  |                |                |                |                |                |
| Services for Communities  |                |                |                |                |                |
| - Asset Management Works  | 14,000         | 14,000         | 14,000         | 14,000         | 14,000         |
| - Other Transport Projects  | 2,750          | 2,750          | 2,750          | 2,750          | 2,750          |
| - Carriageways and Footways   | 13,585         | 13,585         | 13,585         | 13,585         | 13,585         |
| - Lighting Columns  | 1,500          | 1,500          | 1,500          | 1,500          | 1,500          |
| - Tram Lifecycle Replacement  | 1,000          | 1,000          | 1,000          | 1,000          | 1,000          |
| - Statutory Home Owner Adaptations  | 1,000          | 1,000          | 1,000          | 1,000          | 1,000          |
| Corporate Governance  |                |                |                |                |                |
| - Edinburgh Leisure   | 165            | 165            | 165            | 165            | 165            |
| Unallocated funding (pending decision by Members as to where this should be redirected) | 7,000          | 7,000          | 7,000          | 7,000          | 7,000          |
| <b>Total Expenditure</b>  | <u>41,000</u>  | <u>41,000</u>  | <u>41,000</u>  | <u>41,000</u>  | <u>41,000</u>  |
| <b>Balance</b>  | <u>0</u>       | <u>0</u>       | <u>0</u>       | <u>0</u>       | <u>0</u>       |

# Finance and Resources Committee

10.00a.m., Thursday 14 January 2016

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

|                   |      |
|-------------------|------|
| Item number       | 7.11 |
| Report number     |      |
| Executive/routine |      |
| Wards             | All  |

### Executive summary

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To maintain alignment with the approved budget for 2015/16, financial monitoring reports for 2015/16 will continue to be presented according to existing Council service areas, until Transformation Programme structure changes are fully implemented.

This report provides updated information on the Corporate Governance revenue budget performance for 2015/16, based on actual expenditure and income to the end of November 2015 and expenditure and income projections for the remainder of the financial year.

The report advises of a balanced year-end projection for the Corporate Governance revenue budget for 2015/16. This position is achieved after transfer of £0.995m of budget provision to offset pressures 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

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|                          |                      |
|--------------------------|----------------------|
| Coalition pledges        | <a href="#">P30</a>  |
| Council outcomes         | <a href="#">CO25</a> |
| Single Outcome Agreement |                      |

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

### Recommendations

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- 1.1 It is recommended that the Finance and Resources Committee notes:
  - 1.1.1 Corporate Governance service is currently projecting expenditure within the approved revenue budget for 2015/16;
  - 1.1.2 the risks to the achievement of a balanced revenue budget projection; and
  - 1.1.3 expenditure on the Corporate Governance Capital Investment Programme is projected to be in line with budget.

### Background

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- 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 projected outturn for the Corporate Governance revenue budget for 2015/16 after eight months of the financial year. A projection is also provided for the Corporate Governance Capital Investment Programme.

### Main report

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#### Month Eight Position

- 3.1 The Corporate Governance revenue budget for 2015/16 is £74.4 million. The budget is stated after inclusion of approved savings of £6.969 million and transfer of one-off savings of £0.995 million to offset Health and Social Care budget pressures.
- 3.2 The period eight projection reflects expenditure within approved budget. In-year service pressures are being managed by additional offsetting savings identified during 2015/16. Forecast savings include early achievement of Transformation Programme employee cost savings following recent applications for voluntary early release (VERA).
- 3.3 An analysis of the projection by service area is provided in Appendix 1.



### **Savings Implementation Plans**

- 3.4 The revenue budget approved by Council on 12 February 2015 requires Corporate Governance to achieve incremental savings of £6.969 million in 2015/16. These are detailed in Appendix 2.
- 3.5 The Savings Plan includes additional one-off savings of £0.995 million approved by Council on 17 September 2015 to offset Health and Social Care budget pressures.
- 3.6 Savings implementation plans have been developed and revenue budget monitoring reports are considered by service management teams on a regular basis.
- 3.7 Savings and additional income targets are forecast to be fully achieved in 2015/16 and are therefore classified as 'green'. Appendix 2 notes where alternative measures have been implemented to achieve savings.

### **Risks**

- 3.8 There remain a number of risks in the Corporate Governance revenue budget. Key risks are:
  - Demand for payment of Discretionary Housing Payment (DHP) exceeding available resources. At this stage in the financial year, there is sufficient evidence to indicate this risk is reducing. To mitigate this risk, payment thresholds will continue to be monitored and will be reviewed, if required;
  - Risk of under-recovery of Council Tax and Non-Domestic Rates intervention income. Income will continue to be monitored for the remainder of the year. It should be noted that the level of income achievable is not fully known with certainty until the year end;
  - Risk of savings not being fully achieved. Progress towards the achievement of all savings targets will continue to be tracked and reported to service management teams. Alternative savings measures will be developed, where a risk emerges as to the achievement of existing savings proposals.

### **Contingency Planning**

- 3.9 Following partial use of service contingency to offset Health and Social Care budget pressures of £0.25 million and to fund additional Health and Safety staff costs of £0.1million, a service contingency of £0.15 million is available to mitigate service financial risks for the remainder of 2015/16.

## **Capital**

3.10 Corporate Governance service has a capital investment programme of £2.7million in 2015/16. A marginal acceleration in expenditure ahead of budget (£52,000) is forecast across a number of projects. The main projects included in the capital investment programme are:

- Customer Services ICT Investment/Transformation (£1.8 million);
- Pavilion, pitches and sports facilities (£0.3 million);
- Connected Capital (£0.3 million);
- Edinburgh Leisure – investment in sports facilities (£0.2 million);
- City Observatory-Calton Hill/Collective Gallery project (£0.1 million).

## **Measures of success**

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

## **Financial impact**

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5.1 The report projects Corporate Governance expenditure and income will be within approved budget, after achievement of a favourable variance of £0.995 million to contribute towards Health and Social Care budget pressures. 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**

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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**

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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**

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

## Consultation and engagement

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- 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

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[Corporate Governance Revenue Budget Monitoring 2015/16 and Capital Investment Programme – Month Five Position](#) – report to Finance and Resources Committee 29 October 2015

### Hugh Dunn

Acting Executive Director of Resources

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## Links

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

## Corporate Governance

### Revenue Budget Monitoring 2015/16

#### Month Eight position

#### Forecast Revenue Outturn by Service Area

|  | Revised Budget | Projected Outturn | Projected Variance | Adverse / Favourable |
|--|----------------|-------------------|--------------------|----------------------|
|  | £'000          | £'000             | £'000              | £'000                |
| Business Intelligence                          | 219            | 350               | 131                | Adv                  |
| Communications                                 | 1,828          | 1,828             | 0                  | -                    |
| Corporate Programme Office                     | 237            | 237               | 0                  | -                    |
| Culture and Sport                              | 19,064         | 19,064            | 0                  | -                    |
| Customer Services                              | 35,831         | 35,734            | (97)               | Fav                  |
| Directorate / Chief Executive                  | 1,272          | 1,265             | (7)                | Fav                  |
| Finance  | 6,861          | 6,730             | (131)              | Fav                  |
| Human Resources and Organisational Development | 5,206          | 5,282             | 76                 | Adv                  |
| Legal Risk and Compliance                      | 3,947          | 4,115             | 168                | Adv                  |
| Contingency                                    | 150            | 150               | 0                  | -                    |
| Transformational Programme savings             | (200)          | (340)             | (140)              | Fav                  |
| <b>Total Net Expenditure</b>                   | <b>74,415</b>  | <b>74,415</b>     | <b>0</b>           | <b>-</b>             |

## Corporate Governance: Approved Revenue Budget Savings 2015/16

| Service                    | Saving Description   | 2015/16<br>£ million | Red/Amber/Green<br>assessment          |
|----------------------------|--|----------------------|--|
| Communications             | Development of merchandising.  | 0.025                | Alternative applied to achieve target. |
| 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                |  |
| Culture and Sport          | Increased income recoveries (2015/16 only) – Culture and Sport - halls, museums and venues   | 0.100                |  |
| 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                |  |

## Appendix 2 (cont.)

### Corporate Governance: Approved Revenue Budget Savings 2015/16

| Service                    | Saving Description   | 2015/16<br>£ million | Red/Amber/Green<br>assessment                              |
|----------------------------|--|----------------------|--|
| Customer Services          | Customer Services ICT Transformation.  | 0.150                |  |
| Customer Services          | ICT contract inflation provision indexation (2015/16 only)   | 0.050                |  |
| Customer Services          | Council Tax Reduction Scheme - re-alignment of expenditure to reflect current demand.                                      | 0.586                |  |
| 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                | Partially achieved. Alternative applied to achieve target. |
| 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                | Alternative applied to achieve target.                     |
| 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   | 0.340                |  |
| Service-wide               | Procurement efficiency tariff  | 0.058                |  |
| Service-wide               | Workforce savings  | 0.685                |  |
| Service-wide               | Acceleration of Transformation Programme savings   | 0.200                |  |
| Service-wide               | Application of service contingency   | 0.250                |  |
|                            | <b>TOTAL</b>   | <b>7.964</b>         |  |

# Finance and Resources Committee

10.00am, Thursday, 14 January 2016

## Capital Monitoring 2015/16 – Nine Month Position

|                   |      |
|-------------------|------|
| Item number       | 7.12 |
| Report number     |      |
| Executive/routine |      |
| Wards             |      |

### Executive summary

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The nine month position shows that the Council is projecting to borrow £27.039m and will be in receipt of grants and capital income amounting to £119.052m. Together this will fund projected capital investment of £146.091m. The level of borrowing is projected to be £12.548m less than budget based on both a marginal net surplus in capital receipts / grant income and net slippage on gross expenditure. Current projections suggest that over the five-year period of the 2015-2020 Capital Investment Programme, sale of general assets will generate additional income of £7.9m over and above that previously budgeted for.

### Links

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



## Capital Monitoring 2015/16 – Nine Month Position

### Recommendations

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- 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 nine;
  - 1.1.2 Note the prudential indicators at month nine;
  - 1.1.3 Note that the Acting Executive Director of Resources 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

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- 2.1 This report sets out the overall position of the Council's capital budget at the nine month stage (based on analysis of period seven and eight data) and the projected outturn for the year.

### Main report

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- 3.1 The position at month nine is summarised in the table below, while further details can be seen in Appendix 1.

|  | <b>Outturn<br/>Variance<br/>at Month<br/>Nine<br/>£000</b> | <b>Outturn<br/>Variance<br/>at Month<br/>Five<br/>£000</b> | <b>Movement<br/>from<br/>Month<br/>Five<br/>£000</b> |
|--|--|--|--|
| Net (slippage) / acceleration in gross expenditure         | (12,529)   | (5,904)  | (6,625)  |
| Net (surplus) / deficit in capital receipts / grant income | (19)   | (110)  | 91   |
| <b>Net increase / (decrease) in borrowing requirement</b>  | <b>(12,548)</b>  | <b>(6,014)</b>   | <b>(6,534)</b>                                       |

- 3.2 As presented in the table at 3.1 above, the month nine position reports £12.529m of slippage in gross expenditure, compared to a £5.904m variance at month five. At month five, capital receipts were expected to exceed the budgeted level by £0.110m. This excess has now decreased to £0.019m at month nine. The net effect of the variances projected at month nine is a reduction of £12.548m in the amount that the Council requires to borrow corporately to support its capital programme relative to budgeted assumptions.
- 3.3 Explanations for significant slippage and accelerations projected at month nine are presented in appendix 2. The net slippage on gross expenditure projected at month nine represents a variance against budget of 7.9% (which is below the 14/15 Scotland wide average of 16%) and in the majority, relates to slippage caused by uncontrollable and unforeseen delays that have occurred since re-profiling and aligning the revised budget. In the main, these include delays caused by a change in procurement route on the early learning and childcare estate improvements project, delays to piling operations on the new build Boroughmuir High School and the loss at short notice of internal resources to carry out the design stage of certain transport infrastructure projects. Transport is currently in the process of recruiting replacement design staff with the aim of having them in post by the end of quarter three bringing the potential to reduce an element of the current slippage projection.
- 3.4 Members are reminded 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, like those described in 3.3 above. In the previous two financial years, the impact of this type of slippage has been minimised as much as possible through acceleration / better than originally anticipated progress elsewhere in the programme. Accelerating projects is dependent on the ability to make these 'shovel-ready' at short notice. It should be noted that every effort will be made to accelerate suitable projects to minimise in year slippage but that the ability to do this late on in the financial year will likely be limited.

#### **Capital receipts/grant income**

- 3.5 A review of capital receipts from asset sales undertaken by Corporate Property and Finance estimates that net receipts of £12.871m will be realised in 2015/16, compared to a budget of £12.852m resulting in a receipts surplus of £0.019m. The decrease from the month five position relates to revised settlement dates for some receipts including those for West Shore Road, West Granton Road and Loaning Road.

- 3.6 A budget update report presented to Finance and Resources Committee on 24 September 2015 noted potential additional capital receipt income of £7.9m (of which this year's net surplus forms a part) that may be realised over the period of the 2015/20 Capital Programme and the proposal that this be split equally between (i) supplementing planned repairs and maintenance spend through use of the Capital Fund and (ii) providing additional capital investment.

### **Prudential Indicators**

- 3.7 The prudential indicator monitoring at month nine is shown in Appendix 3.

### **Housing Revenue Account (HRA)**

- 3.8 The Housing Revenue Account is forecasting slippage in gross expenditure of £10.577m at month nine (£5.411m at month five) as shown in Appendix 4. However, £2.2m of this is due to direct savings (see 3.10 below). At month nine, the forecast is gross expenditure of £38.253m (£43.419m at month five), capital receipts / grant income of £14.949m (£15.396m at month five) and borrowing of £23.304m (£28.023m at month five).
- 3.9 Most of the improvement programme is being delivered through the new Housing Asset Management (HAM) framework. The new framework was introduced part way through the year and as a result, the programme is experiencing delays of around three months (£5.5m), with full delivery expected in June 2016.
- 3.10 Following the tender process, costs within the kitchen and bathroom programme are lower than projected, resulting in £2.2m of savings, whilst still delivering upgrades to 1,500 homes.
- 3.11 Delivery of the Neighbourhood Improvement Programme is six months behind schedule leading to slippage of £1m. It is anticipated that new programme management arrangements will reduce slippage in 2016/17.
- 3.12 The 21<sup>st</sup> Century Homes programme is on track to deliver its core investment of works. The 2015/16 budget earmarked £1.4m for land acquisition for new sites. The funding has not been required as the programme has focused on development opportunities within the Council's estate.

### **Measures of success**

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- 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

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- 5.1 The projected 2015/16 general fund outturn outlines capital borrowing of £27.039m. The overall loan charges associated with this borrowing over a 20 year period would be a principal amount of £27.039m, interest of £17.602m, resulting in a total cost of £44.641m 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 £0.681m, followed by an annual cost of £2.198m 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

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- 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

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- 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

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- 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

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

## Background reading/external references

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[Capital Monitoring 2015/16 – Half year position](#), Finance and Resources Committee, 29 October 2015

## Hugh Dunn

Acting Executive Director of Resources

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## Links

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|                          |  |
|--------------------------|--|
| <b>Coalition pledges</b> | <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>  |
| <b>Council outcomes</b>         | <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> |
| <b>Single Outcome Agreement</b> | <p>SO3 - Edinburgh’s children and young people enjoy their childhood and fulfil their potential</p> <p>SO4 - Edinburgh’s communities are safer and have improved physical and social fabric</p>  |
| <b>Appendices</b>               | <p>1 – Capital Monitoring 2015/16 – General Fund</p> <p>2 – Slippage / Acceleration on capital projects 2015/16</p> <p>3 – Prudential Indicators 2015/16</p> <p>4 – Capital Monitoring 2015/16 - HRA</p>   |

## Capital Monitoring 2015/16

### General Fund Summary

Period 9 (based on period 7 and 8 data)

| Expenditure                               | Revised<br>Budget<br>£000 | Adjusts<br>£000 | Total<br>Budget<br>£000 | Actual to<br>Date<br>£000 | Projected<br>Outturn<br>£000 | Projected Variance<br>£000 % |               |
|---|---------------------------|-----------------|-------------------------|---------------------------|------------------------------|------------------------------|---------------|
| Children and Families                     | 57,995                    | (207)           | 57,788                  | 24,717                    | 46,877                       | (10,911)                     | -18.88%       |
| Economic Development                      | 52                        | 6               | 58                      | 6                         | 58                           | -                            | 0.00%         |
| Corporate Governance                      | 2,350                     | 327             | 2,677                   | 754                       | 2,729                        | 52                           | 1.94%         |
| Council Wide / Corporate Projects         | -                         | 259             | 259                     | 259                       | 259                          | -                            | 0.00%         |
| Health and Social Care                    | 5,598                     | -               | 5,598                   | 3,054                     | 6,328                        | 730                          | 13.04%        |
| Services for Communities                  | 73,097                    | 5,919           | 79,016                  | 34,466                    | 76,616                       | (2,400)                      | -3.04%        |
| Services for Communities-Asset Management | 13,260                    | (36)            | 13,224                  | 7,478                     | 13,224                       | -                            | 0.00%         |
| <b>Total Gross Expenditure</b>            | <b>152,352</b>            | <b>6,268</b>    | <b>158,620</b>          | <b>70,734</b>             | <b>146,091</b>               | <b>(12,529)</b>              | <b>-7.90%</b> |

#### Resources

|   |                |            |                |               |                |           |              |
|---|----------------|------------|----------------|---------------|----------------|-----------|--------------|
| <i>Capital Receipts</i>                                       |                |            |                |               |                |           |              |
| General Services  | 10,952         | -          | 10,952         | 1,529         | 11,115         | 163       | 1.49%        |
| Capital Receipts in lieu of prudential borrowing              | -              | 850        | 850            | 272           | 850            | -         | n/a          |
| Ringfenced Asset Sales to be provided as part of carryforward | -              | -          | -              | 106           | 106            | 106       | n/a          |
| Asset Sales to reduce Corporate borrowing                     | 1,900          | (850)      | 1,050          | 312           | 1,050          | -         | n/a          |
| Less Fees Relating to Receipts                                | -              | -          | -              | (46)          | (250)          | (250)     |              |
| <i>Total Capital Receipts from Asset Sales</i>                | <i>12,852</i>  | <i>-</i>   | <i>12,852</i>  | <i>2,173</i>  | <i>12,871</i>  | <i>19</i> | <i>0.15%</i> |
| Developer and other Contributions                             | 14,663         | 976        | 15,639         | 4,738         | 15,639         | -         | 0.00%        |
| Capital Grants Unapplied Account drawdown                     | 689            | -          | 689            | 689           | 689            | -         | n/a          |
| <i>Total Capital Receipts</i>                                 | <i>28,204</i>  | <i>976</i> | <i>29,180</i>  | <i>7,600</i>  | <i>29,199</i>  | <i>19</i> | <i>0.07%</i> |
| <i>Grants</i>   |                |            |                |               |                |           |              |
| Scottish Government General Capital Grant                     | 57,461         | -          | 57,461         | 33,519        | 57,461         | -         | 0.00%        |
| Cycling, Walking and Safer Streets                            | 729            | -          | 729            | -             | 729            | -         | 0.00%        |
| Management Development Funding                                | 31,663         | -          | 31,663         | 7,376         | 31,663         | -         | 0.00%        |
| <i>Total Grants</i>   | <i>89,853</i>  | <i>-</i>   | <i>89,853</i>  | <i>40,895</i> | <i>89,853</i>  | <i>-</i>  | <i>0.00%</i> |
| <b>Total Resources</b>  | <b>118,057</b> | <b>976</b> | <b>119,033</b> | <b>48,495</b> | <b>119,052</b> | <b>19</b> | <b>0.02%</b> |

|   |               |              |               |  |               |                 |                |
|---|---------------|--------------|---------------|--|---------------|-----------------|----------------|
| <b>Balance to be funded through borrowing</b> | <b>34,295</b> | <b>5,292</b> | <b>39,587</b> |  | <b>27,039</b> | <b>(12,548)</b> | <b>-31.70%</b> |
|---|---------------|--------------|---------------|--|---------------|-----------------|----------------|



**CAPITAL MONITORING 2015/2016 - Period 9 (based on period 7 and 8 data)****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                                  | Explanation   |
|---------------------------------------|---|
| 1. Slippage due to unforeseen delays  | Slippage that has occurred due to unforeseen circumstances or delays that for the most part, are out with the Council's control.  |
| 2. Slippage due to optimistic budget  | 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. |
| 3. Slippage due to timing of payments | Slippage that has occurred where a project is on time and schedule but is as a result of the timing of cash flows.  |
| 4. Acceleration on a project          | 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.

|  | Period 9<br>£000 | Period 5<br>£000 | Movement<br>between<br>periods<br>£000 | Explanations for Significant Slippage / Acceleration   | Variance<br>Category |
|--|------------------|------------------|--|--|----------------------|
| <b>Children and Families</b>                     |                  |                  |  |  |                      |
| Early learning and childcare estate improvements | -4,642           | -4,024           | -618                                   | Now being delivered through the traditional procurement route following protracted difficulties in agreeing an affordable total cost package with the originally envisaged procurement method. The time this has taken has created delays on programme delivery. | 1                    |
| Boroughmuir High School                          | -2,776           | 0                | -2,776                                 | Due to extensive existing concrete slabs below ground level which have delayed the piling operations. School is now scheduled to be delivered in late September 2016 rather than August 2016.  | 1                    |
| Portobello High School                           | -2,043           | -458             | -1,585                                 | Based on revised cash flow projection provided by Quantity Surveyor but forecast to be delivered by original timescales and within budget.   | 3                    |
| Upgrade kitchens - free school meals initiative  | -658             | -845             | 187                                    | Delays caused by protracted dialogue with external project manager to agree the affordability cap of individual projects.  | 1                    |
| St John's Primary School                         | -400             | 0                | -400                                   | Based on revised cash flow projection.   | 2                    |
| Liberton High School replacement gym             | -320             | 0                | -320                                   | Due to late addendum made to contract that delayed tender process.   | 1                    |
| Heather Vale Young Person Centre                 | -128             | 0                | -128                                   | Delay in starting on site due to difficulties procuring structural frame.  | 1                    |
| Fees relating to the cost of sale of assets      | 56               | 56               | 0                                      | Acceleration of spend to be met from future receipts.  | 4                    |
| <b>Total Children and Families</b>               | <b>-10,911</b>   | <b>-5,271</b>    | <b>-5,640</b>                          |  |                      |

|   | Period 9<br>£000 | Period 5<br>£000 | Movement<br>between<br>periods<br>£000 | Explanations for Significant Slippage / Acceleration  | Variance<br>Category |
|---|------------------|------------------|--|---|----------------------|
| <b>Corporate Governance</b>                                   |                  |                  |  |   |                      |
| Net (slippage) / acceleration on various projects             | 52               | 0                | 52                                     |   | 4                    |
| <b>Total Corporate Governance</b>                             | <b>52</b>        | <b>0</b>         | <b>52</b>                              |   |                      |
| <b>Health and Social Care</b>                                 |                  |                  |  |   |                      |
| New Royston care home   | 721              | 1,000            | -279                                   | Revised cash flow projection based on better than anticipated progress on site.   | 4                    |
| Fees relating to the cost of sale of assets                   | 9                | 9                | 0                                      | Acceleration of spend to be met from future receipts.   | 4                    |
| <b>Total Health and Social Care</b>                           | <b>730</b>       | <b>1,009</b>     | <b>-279</b>                            |   |                      |
| <b>Services for Communities</b>                               |                  |                  |  |   |                      |
| Carriageway/footways enhancement and other transport projects | -1,742           | -1,138           | -604                                   | Due to the loss of four members of staff within the in-house design team at short notice. This is having an impact on getting smaller capital projects to the 'shovel ready' stage. Aim is to recruit new staff by quarter three but likely to still impact on in year delivery.                        | 1                    |
| Mortonhall cremator replacement                               | -365             | -365             | 0                                      | Cremator replacement now to be packaged with roof enhancement project which has made procurement process more complicated and time consuming than originally envisaged creating delay. Packaging together will allow economies of scale and ensure works can be carried out in parallel with more ease. | 1                    |
| Net (slippage) / acceleration on various projects             | -293             | -139             | -154                                   | Based on revised cash flow projection.  | 2                    |
| <b>Total Services for Communities</b>                         | <b>-2,400</b>    | <b>-1,642</b>    | <b>-758</b>                            |   |                      |
| <b>Total for all Services</b>                                 | <b>-12,529</b>   | <b>-5,904</b>    | <b>-6,625</b>                          |   |                      |
| <b>Summary of Variance Category</b>                           |                  |                  |  |   |                      |
| 1. Slippage due to unforeseen delays                          | -10,631          | -6,372           | -4,259                                 |   |                      |
| 2. Slippage due to optimistic budget                          | -693             | -139             | -554                                   |   |                      |
| 3. Slippage due to timing of payments                         | -2,043           | -458             | -1,585                                 |   |                      |
| 4. Acceleration on a project                                  | 838              | 1,065            | -227                                   |   |                      |
|   | <b>-12,529</b>   | <b>-5,904</b>    | <b>-6,625</b>                          |   |                      |

**PRUDENTIAL INDICATORS 2015/16 - Period 9 (based on period 7 and 8 data)****Indicator 1 - Estimate of Capital Expenditure**

|                                  | 2014/15<br>Estimate<br>£000 | 2014/15<br>Actual<br>£000 | 2015/16<br>Estimate<br>£000 | 2015/16<br>Forecast<br>£000 | 2016/17<br>Estimate<br>£000 | 2016/17<br>Forecast<br>£000 | 2017/18<br>Estimate<br>£000 | 2017/18<br>Forecast<br>£000 | 2018/19<br>Estimate<br>£000 | 2018/19<br>Forecast<br>£000 | 2019/20<br>Estimate<br>£000 | 2019/20<br>Forecast<br>£000 |
|----------------------------------|-----------------------------|---------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Children & Families              | 15,843                      | 16,903                    | 68,556                      | 46,877                      | 31,060                      | 55,537                      | 15,543                      | 15,731                      | 4,531                       | 6,940                       | 0                           | 660                         |
| Corporate Governance             | 5,885                       | 7,582                     | 3,895                       | 2,729                       | 2,089                       | 4,742                       | 165                         | 165                         | 165                         | 165                         | 165                         | 165                         |
| Economic Development             | 52                          | 0                         | 0                           | 58                          | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           |
| Health & Social Care             | 4,646                       | 4,616                     | 7,171                       | 6,328                       | 1,514                       | 4,049                       | 114                         | 114                         | 0                           | 0                           | 0                           | 0                           |
| Services for Communities         | 79,854                      | 85,260                    | 82,358                      | 76,616                      | 68,586                      | 88,385                      | 47,979                      | 47,981                      | 21,361                      | 21,363                      | 17,835                      | 17,835                      |
| SfC - Asset Management Programme | 14,191                      | 18,657                    | 22,545                      | 13,224                      | 13,657                      | 24,750                      | 14,000                      | 10,929                      | 14,000                      | 8,436                       | 14,000                      | 19,173                      |
| Other Capital Projects           | 797                         | 1,049                     | 0                           | 259                         | 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                     | 146,091                     | 116,906                     | 177,463                     | 77,801                      | 74,920                      | 40,057                      | 36,904                      | 41,000                      | 46,833                      |
| Housing Revenue Account          | 34,135                      | 37,308                    | 49,830                      | 38,253                      | 48,693                      | 48,693                      | 51,485                      | 51,485                      | 44,375                      | 44,375                      | 40,347                      | 40,347                      |
| Total                            | 160,788                     | 176,621                   | 247,674                     | 184,344                     | 165,599                     | 226,156                     | 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<br>Estimate<br>% | 2014/15<br>Actual<br>% | 2015/16<br>Estimate<br>% | 2015/16<br>Forecast<br>% | 2016/17<br>Estimate<br>% | 2017/18<br>Estimate<br>% | 2018/19<br>Estimate<br>% | 2019/20<br>Estimate<br>% |
|-------------------------|--------------------------|------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| General Services        | 12.11                    | 11.63                  | 12.56                    | 12.02                    | 12.42                    | 12.29                    | N/A                      | N/A                      |
| Housing Revenue Account | 37.30                    | 33.97                  | 39.61                    | 35.40                    | 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 term of the Capital Coalition and so figures for 2018/19 and 2019/20 have been excluded.

**Indicator 3 - Capital Financing Requirement**

|   | 2014/15<br>Estimate<br>£000 | 2014/15<br>Actual<br>£000 | 2015/16<br>Estimate<br>£000 | 2015/16<br>Forecast<br>£000 | 2016/17<br>Estimate<br>£000 | 2016/17<br>Forecast<br>£000 | 2017/18<br>Estimate<br>£000 | 2017/18<br>Forecast<br>£000 | 2018/19<br>Estimate<br>£000 | 2018/19<br>Forecast<br>£000 | 2019/20<br>Estimate<br>£000 | 2019/20<br>Forecast<br>£000 |
|---|-----------------------------|---------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| General Services (including finance leases) | 1,305,992                   | 1,357,972                 | 1,378,274                   | 1,314,282                   | 1,356,927                   | 1,350,548                   | 1,308,749                   | 1,297,969                   | 1,231,180                   | 1,215,740                   | 1,154,804                   | 1,144,437                   |
| Housing Revenue Account                     | 372,390                     | 368,053                   | 386,158                     | 372,664                     | 395,556                     | 382,062                     | 404,181                     | 390,687                     | 409,558                     | 399,294                     | 413,587                     | 410,085                     |
| Total                                       | <u>1,678,382</u>            | <u>1,726,025</u>          | <u>1,764,432</u>            | <u>1,686,946</u>            | <u>1,752,483</u>            | <u>1,732,610</u>            | <u>1,712,930</u>            | <u>1,688,656</u>            | <u>1,640,738</u>            | <u>1,615,034</u>            | <u>1,568,391</u>            | <u>1,554,522</u>            |

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

**Indicator 4 - Authorised Limit for External Debt**

|                             | 2015/16<br>Estimate<br>£000 | 2015/16<br>Rev Est<br>£000 | 2016/17<br>Estimate<br>£000 | 2016/17<br>Rev Est<br>£000 | 2017/18<br>Estimate<br>£000 | 2017/18<br>Rev Est<br>£000 | 2018/19<br>Estimate<br>£000 | 2018/19<br>Rev Est<br>£000 | 2019/20<br>Estimate<br>£000 | 2019/20<br>Rev Est<br>£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<br>Estimate<br>£000 | 2015/16<br>Rev Est<br>£000 | 2016/17<br>Estimate<br>£000 | 2016/17<br>Rev Est<br>£000 | 2017/18<br>Estimate<br>£000 | 2017/18<br>Rev Est<br>£000 | 2018/19<br>Estimate<br>£000 | 2018/19<br>Rev Est<br>£000 | 2019/20<br>Estimate<br>£000 | 2019/20<br>Rev Est<br>£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**

|                                      | <b>2015/16</b>  | <b>2015/16</b>  | <b>2016/17</b>  | <b>2016/17</b>  | <b>2017/18</b>  | <b>2017/18</b>  | <b>2018/19</b>  | <b>2018/19</b>  | <b>2019/20</b>  | <b>2019/20</b>  |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                                      | <b>Estimate</b> | <b>Forecast</b> | <b>Estimate</b> | <b>Forecast</b> | <b>Estimate</b> | <b>Forecast</b> | <b>Estimate</b> | <b>Forecast</b> | <b>Estimate</b> | <b>Forecast</b> |
|                                      | <b>£</b>        | <b>£</b>        | <b>£</b>        | <b>£</b>        | <b>£</b>        | <b>£</b>        | <b>£</b>        | <b>£</b>        | <b>£</b>        | <b>£</b>        |
| for the band "D" Council Tax         | 0.29            | -7.21           | 4.14            | -13.64          | 10.19           | 8.52            | N/A             | N/A             | N/A             | N/A             |
| for the average weekly housing rents | 0.21            | -0.08           | 0.69            | -0.27           | 0.52            | -0.44           | -0.05           | -0.94           | 0.52            | -0.06           |

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 9 (based on period 7 and 8 data)**

|                         | Revised<br>Budget<br>£000 | Actual<br>to Date<br>£000 | Projected<br>Outturn<br>£000 | Projected<br>Variance |        |
|-------------------------|---------------------------|---------------------------|------------------------------|-----------------------|--------|
|                         |                           |                           |                              | £000                  | %      |
| Gross Expenditure       | 48,830                    | 14,285                    | 38,253                       | -10,577               | -21.7% |
| Total Gross Expenditure | 48,830                    | 14,285                    | 38,253                       | -10,577               | -21.7% |

| <b>Resources</b>                   |         |        |         |       |        |
|------------------------------------|---------|--------|---------|-------|--------|
| Capital Receipts                   | -6,112  | -877   | -4,875  | 1,237 | -20.2% |
| Developers and Other Contributions | -7,670  | -3,066 | -5,485  | 2,185 | -28.5% |
| Specific Capital Grant             | -3,780  | -2,028 | -4,589  | -809  | 21.4%  |
| Total Resources                    | -17,562 | -5,971 | -14,949 | 2,613 | -14.9% |

| <b>Borrowing</b> |        |       |        |        |        |
|------------------|--------|-------|--------|--------|--------|
| Borrowing        | 31,268 | 8,314 | 23,304 | -7,964 | -25.5% |
| Total            | 31,268 | 8,314 | 23,304 | -7,964 | -25.5% |

# Finance and Resources Committee

10.00am, Thursday, 14 January 2016

## Revenue Monitoring 2015/16 – month eight position

|                   |      |
|-------------------|------|
| Item number       | 7.13 |
| Report number     |      |
| Executive/routine |      |
| Wards             |      |

### Executive summary

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The report sets out the projected current-year revenue monitoring position for the Council, based on period seven data. The full-year outturn forecast shows an overall balanced position, albeit there are a number of risks to be managed throughout the remainder of the financial year to achieve this.

There continue to be significant pressures across service areas and work continues to implement further actions to deliver the remaining savings and mitigating actions required to allow a balanced Council-wide budget position to be achieved by the year end.

### Links

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|                          |   |
|--------------------------|---|
| Coalition pledges        | <a href="#">P30</a>   |
| Council outcomes         | <a href="#">CO25</a>  |
| Single Outcome Agreement | <a href="#">SO1</a> , <a href="#">SO2</a> , <a href="#">SO3</a> , <a href="#">SO4</a> |

## Revenue Monitoring 2015/16 – month eight position

### Recommendations

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- 1.1 Members of the Finance and Resources Committee are asked to:
  - 1.1.1 note the projected balanced position at month eight;
  - 1.1.2 note the on-going risks and challenges in achieving necessary savings to offset service pressures, including the additional measures approved by Council to address current-year pressures in Health and Social Care, which will require further management actions and active scrutiny for the remainder of the financial year;
  - 1.1.3 upon confirmation of the overall outturn, refer this report to Council for approval of the transfer of any net under spends to reserves and earmark these for funding future staff release costs; and
  - 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.

### Background

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- 2.1 This report sets out the projected overall position for the Council's revenue expenditure budget for 2015/16 as at month eight.

### Main report

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- 3.1 This report represents the third 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 eight, the Council is projecting a balanced position for the year, albeit this is subject to service areas continuing work to deliver planned savings



and mitigating a number of significant pressures. An under spend of £3.0m is now forecast by Health and Social Care, which is proposed to be set aside in reserves to support the funding of future staff release costs during the Transformation programme. The projected outturns are set out in Appendix 1. Directors have already implemented a range of management measures to control expenditure and work is ongoing to identify further actions to ensure identified residual pressures are contained. Service-specific issues and corresponding mitigating actions are highlighted in Appendix 2.

- 3.3 A further review will be undertaken of non-service budgets, specifically loan charges and Council Tax income, to establish if further savings can be identified and ring-fenced to fund future staff release costs.

### **Health and Social Care**

- 3.4 A report to this Committee in October 2015 highlighted significant demand-led pressures within the 2015/16 Health and Social Care budget.
- 3.5 At the Council meeting on 22 October, £9.8m of one-off savings from other service and corporate budgets were approved to assist in alleviating the Health and Social Care pressures. The resulting changes are reflected in the revised budgets set out in Appendix 1. As corporate area budget transfers in particular were based on current-year expenditure projections at that time, no net variances are now projected.
- 3.6 The Chief Officer for the Edinburgh Health and Social Care Partnership, on behalf of the Health and Social Care service, has developed a budget action plan which aims to deliver £11.5m of expenditure reductions during 2015/16. £7.9m of these planned actions have thus far been assessed as being achievable, or represent funding streams expected to be received.
- 3.7 The impact of the additional £9.8m of one-off savings and £7.9m of planned actions against £14.7m of identified pressures should, if delivered, result in an under spend of £3.0m in the service. The overall position will, however, be subject to ongoing monitoring until the year-end, with a particular focus, given its financial significance, on demand-led purchasing expenditure.

### **Children and Families**

- 3.8 The Acting Executive Director for Communities and Families, on behalf of the current Children and Families service, 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.
- 3.9 Current budget pressures and as yet unrealised savings total £11.1m, against which mitigating actions and one-off savings of £9.4m have been delivered, leaving a net pressure of £1.7m. The Senior Management Team remains committed to putting in place additional measures as appropriate to ensure a balanced position is achieved by year-end, however with only a few months

remaining until the end of the current financial year, there is an increased risk that Children and Families will have an overspend in the current financial year.

### **Services for Communities**

- 3.10 The Executive Director of Place, on behalf of the current Services for Communities service, is reporting a balanced position at period eight. Service-wide pressures of £8.5m have been identified however, mitigating actions such as maximising income and reducing non-essential expenditure continue to be implemented to manage these.

### **Housing Revenue Account**

- 3.11 The Housing Revenue Account continues to forecast a break-even position after making a £17m contribution towards housing investment, as reported at month five. The favourable position is due to (i) the delay in the implementation of temporary accommodation-related welfare reforms which has mitigated the reduction in income anticipated in this area and (ii) treasury management savings as a result of additional debt write-off made in 2014/15.

### **Savings delivery**

- 3.12 The savings of £39.903m approved by Council on 12 February 2015 as part of the approved budget for 2015/16 have been subject to ongoing progress assessments at both Senior Management Team and Corporate Leadership Team level. In addition, the further savings measures approved by Council to address pressures in Health and Social Care have now been incorporated into the savings monitoring assessments, the combined total being £49.688m.
- 3.13 The assessments categorise progress with savings implementation on a red, amber, green status based on degree of certainty of delivery. The assessments at period eight indicate that 90% of these are classified as green, with a further 3% on target subject to additional mitigating measures. For those savings where in-year delivery is now considered unlikely, corresponding mitigating actions have been developed as part of projecting a balanced Council-wide position. In cases where mitigating measures are of a one-off nature, Executive Directors continue to examine options to address these on a sustainable basis. A summary of the assessments by service area is shown in Appendix 3, with further details being reported to respective Executive Committees.

### **Pay award**

- 3.14 On 28 October 2015 formal confirmation was received from the Scottish Negotiation Committee for Teachers of acceptance of a final, two year employer's pay award offer comprising a 1.5% increase effective from 1 April 2015 and a further 1% from 1 April 2016. This is in alignment with the pay award accepted for non-teaching staff, as reported to this committee on 29 October 2015.
- 3.15 As previously intimated, corresponding funds have been identified to manage the financial impact of the additional 0.5% award in 2015/16, with on-going

provision for this increase also made within the budget framework. The budget framework includes provision for a 1% award for all staff groups in 2016/17.

### **Teacher numbers**

- 3.16 In February 2015 all local authorities in Scotland committed to maintaining their teacher numbers and pupil-teacher ratios for 2015/16 at 2014/15 levels, supported by a funding package from the Scottish Government. Failure to achieve the commitment could have resulted in an overall loss of government funding for Edinburgh estimated to be £3.281m.
- 3.17 On 9 December 2015 data collected through the September 2015 pupil census and staff census were published and confirm that Edinburgh has met this commitment and therefore will be in receipt of full funding.

### **Measures of success**

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

### **Financial impact**

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- 5.1 The report's contents point to a balanced overall position for the year as a whole, although this is dependent upon full delivery of further savings and management of other risks and pressures.

### **Risk, policy, compliance and governance impact**

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- 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 levels 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**

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- 7.1 While there is no direct additional impact of the report's contents, all budget proposals are now subject to an assessment of their potential equalities and rights impacts. The equalities and rights impacts of any substitute measures identified to address savings shortfalls are similarly assessed.

## Sustainability impact

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- 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 Impact Assessment.

## Consultation and engagement

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- 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

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[Revenue monitoring 201516 - half year position](#), Finance and Resources Committee, 29 October 2015

[Health and Social Care 201516 revenue budget - action plan update](#), Finance and Resources Committee, 24 September 2015

Service monitoring statements for period eight

## Hugh Dunn

Acting Executive Director of Resources

Contact: E-mail: [Catrina.Montgomery@edinburgh.gov.uk](mailto:Catrina.Montgomery@edinburgh.gov.uk), Senior Accountant

## Links

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|                                 |   |
|---------------------------------|---|
| <b>Coalition pledges</b>        | P30 – Continue to maintain a sound financial position including long term financial planning  |
| <b>Council outcomes</b>         | CO25 – The Council has efficient and effective services that deliver on objectives  |
| <b>Single Outcome Agreement</b> | SO1 – Edinburgh's economy delivers increased investment, jobs and opportunities for all<br>SO2 – Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health<br>SO3 – Edinburgh's children and young people enjoy their childhood and fulfil their potential<br>SO4 – Edinburgh's communities are safer and have improved physical and social fabric |
| <b>Appendices</b>               | Appendix 1 – Period eight service analysis<br>Appendix 2 – Significant pressures, key risks and mitigating actions<br>Appendix 3 – Savings assurance assessment   |

## REVENUE MONITORING 2015-16

## PERIOD 8 REPORT

## SERVICE ANALYSIS

| Account   | Revised<br>Budget<br>£000 | Budget<br>to Date<br>£000 | Actual<br>to Date<br>£000 | Variance<br>to Date |               | Projected<br>Outturn<br>£000 | Projected<br>Variance |                |
|---|---------------------------|---------------------------|---------------------------|---------------------|---------------|------------------------------|-----------------------|----------------|
|   |                           |                           |                           | £000                | %             |                              | £000                  | %              |
| Children and Families   | 396,103                   | 235,269                   | 229,985                   | (5,284)             | (2.2%)        | 396,103                      | 0                     | 0.0%           |
| Corporate Governance  | 74,476                    | 54,797                    | 54,707                    | (90)                | (0.2%)        | 74,476                       | 0                     | 0.0%           |
| Economic Development  | 11,766                    | 11,080                    | 11,080                    | 0                   | 0.0%          | 11,766                       | 0                     | 0.0%           |
| Health and Social Care  | 210,985                   | 154,706                   | 153,944                   | (762)               | (0.5%)        | 207,985                      | (3,000)               | -1.4%          |
| Services for Communities  | 132,625                   | 96,587                    | 99,217                    | 2,630               | 2.7%          | 132,625                      | 0                     | 0.0%           |
| Valuation Joint Board Requisition                                 | 3,744                     | 2,496                     | 2,496                     | 0                   | 0.0%          | 3,744                        | 0                     | 0.0%           |
| <b>Direct Service Expenditure</b>                                 | <b>829,699</b>            | <b>554,935</b>            | <b>551,429</b>            | <b>(3,506)</b>      | <b>(0.6%)</b> | <b>826,698</b>               | <b>(3,000)</b>        | <b>-0.4%</b>   |
| 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%           |
| <b>General Fund Services Subtotal</b>                             | <b>831,972</b>            | <b>554,935</b>            | <b>551,429</b>            | <b>(3,506)</b>      | <b>(0.6%)</b> | <b>828,972</b>               | <b>(3,000)</b>        | <b>-0.4%</b>   |
| Net Cost of Benefits  | (62)                      | (36)                      | 1,263                     | 1,299               | n/a           | (62)                         | 0                     | 0.0%           |
| Modernising Pay and related employee cost and other contingencies | 1,829                     | 0                         | 0                         | 0                   | n/a           | 1,829                        | 0                     | 0.0%           |
| Pension Auto Enrolment  | 237                       | 0                         | 0                         | 0                   | n/a           | 237                          | 0                     | 0.0%           |
| Pension Fund - Lump Sum Payment                                   | 3,064                     | 2,043                     | 2,043                     | 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                     | 1,200                     | 0                   | 0.0%          | 1,200                        | 0                     | 0.0%           |
| Insurance Excesses  | 175                       | 0                         | 0                         | 0                   | n/a           | 175                          | 0                     | 0.0%           |
| Loans Charges / Interest on Rev Bals                              | 118,018                   | 0                         | 0                         | 0                   | n/a           | 118,018                      | 0                     | 0.0%           |
| Dividend and Investment Income                                    | (5,000)                   | 0                         | 0                         | 0                   | n/a           | (5,000)                      | 0                     | 0.0%           |
| Unallocated budget motion funding                                 | (3)                       | 0                         | 0                         | 0                   | n/a           | (3)                          | 0                     | 0.0%           |
| Prior Year and Other Adjustments                                  | 4,221                     | 0                         | 0                         | 0                   | n/a           | 4,221                        | 0                     | 0.0%           |
| <b>Total General Fund</b>   | <b>956,002</b>            | <b>558,142</b>            | <b>555,935</b>            | <b>(2,207)</b>      | <b>(0.4%)</b> | <b>953,001</b>               | <b>(3,000)</b>        | <b>-0.3%</b>   |
| Funding   |                           |                           |                           |                     |               |                              |                       |                |
| General Grant Funding   | (338,524)                 | (225,683)                 | (225,683)                 | 0                   | 0%            | (338,524)                    | 0                     | 0.0%           |
| Non Domestic Rates  | (404,108)                 | (269,405)                 | (269,405)                 | 0                   | 0%            | (404,108)                    | 0                     | 0.0%           |
| Council Tax   | (238,113)                 | (158,742)                 | (158,742)                 | 0                   | 0%            | (238,113)                    | 0                     | 0.0%           |
| Less: Council Tax Reduction Scheme                                | 27,052                    | 18,035                    | 18,035                    | 0                   | 0%            | 27,052                       | 0                     | 0.0%           |
| <b>Operating Deficit / (Surplus)</b>                              | <b>2,309</b>              | <b>(77,654)</b>           | <b>(79,861)</b>           | <b>(2,207)</b>      | <b>n/a</b>    | <b>(692)</b>                 | <b>(3,000)</b>        | <b>-130.0%</b> |
| <b>Contribution to / (from) Reserves</b>                          |                           |                           |                           |                     |               |                              |                       |                |
| 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   | (4,688)                   | 0                         | 0                         | 0                   | n/a           | (4,688)                      | 0                     | 0.0%           |
| - Additional contribution for staff release                       |                           | 0                         | 0                         | 0                   | n/a           | 3,000                        | 3,000                 |                |
| Total Contribution to / (from) Reserves                           | (2,309)                   | 0                         | 0                         | 0                   | n/a           | 691                          | 3,000                 | n/a            |
| <b>In-year Deficit / (Surplus)</b>                                | <b>n/a</b>                |                           |                           |                     |               | <b>0</b>                     | <b>-0</b>             | <b>n/a</b>     |
| <b>Housing - HRA</b>  | <b>0</b>                  | <b>(26,439)</b>           | <b>(28,682)</b>           | <b>(2,243)</b>      | <b>n/a</b>    | <b>0</b>                     | <b>0</b>              | <b>n/a</b>     |

## Note:

HRA period variance is related to a delay in implementation of temporary accommodation-related welfare reforms.

Children and Families period variance reflects various premises budgets that are due to be transferred to Services for Communities as part of IPFM, along with centrally-held staffing budgets which are not fully aligned to spend.

| Service Area                         | Significant Pressures  | Mitigating Actions/Key Risks  |
|--------------------------------------|--|---|
| <p><b>Children and Families</b></p>  | <p>There are budget pressures in many areas of the service and a number of challenges relating to delivery of approved savings, in total amounting to £11.1m (including £2.025m contribution to address Health and Social Care pressures). Areas of significant budget pressure include:</p> <ul style="list-style-type: none"> <li>- out-of-Council residential schools and secure units;</li> <li>- fostering, adoption and kinship placements; and</li> <li>- demographic pressures within the schools budget.</li> </ul> | <p>Mitigating management actions have been put in place to address the projected pressures, including strict controls on vacancies and discretionary expenditure, and largely one-off savings such as postponing spend. Currently, a net pressure of £1.7m remains albeit that there is the potential for a further reduction to £1.4m depending on the outcome of the current Voluntary Early Release Arrangements.</p> <p>The Senior Management Team is fully committed to identifying further actions to address this residual pressure. However, the scale of management action which has already been implemented and the necessity to deliver additional savings limits the scope for further management action to offset the residual budget pressures. There is therefore a significant risk that there will be an overspend in the current financial year.</p> |
| <p><b>Corporate Governance</b></p>   | <p>No pressures are currently foreseen in this service area which cannot be contained within the approved budget.</p> <p>All approved savings are classified as "green", along with additional proposals to offset Health and Social Care budget pressures.</p>  | <p>A service-specific contingency has been created to mitigate budget pressures arising during 2015/16, such as increased demand on the Health and Safety service.</p> <p>There is a risk of loss of subsidy recoverable from the DWP relating to Local Authority error rates and of clawbacks as a result of the 2015/16 External Benefits Audit.</p>  |
| <p><b>Economic Development</b></p>   | <p>No pressures are currently foreseen in this service area which cannot be contained within the approved service budget.</p>  |   |
| <p><b>Health and Social Care</b></p> | <p>A number of significant pressures have been identified, including:-</p> <ul style="list-style-type: none"> <li>- Care at Home, Residential and Nursing, Day Care and Direct Payments</li> <li>- Supplies and Services and Income shortfalls</li> </ul>  | <p>£11.5m of mitigating actions have been identified, of which £7.9m has been delivered or is on track for delivery.</p> <p>Council approved on 22 October one-off funding of £9.8m from across other Council budgets to assist with the pressures.</p> <p>Stringent management controls remain in place in respect of staff recruitment and the filling of vacancies, with a reduction of 105 FTEs between June and October 2015.</p>  |

| Service Area                                 | Significant Pressures  | Mitigating Actions/Key Risks  |
|--|--|---|
| <p><b>Services for Communities (SfC)</b></p> | <p>The most significant budget pressures within the service are:</p> <ul style="list-style-type: none"> <li>- Corporate Property £3.7m - mainly related to £7.3m of unachieved iPFM savings, offset in part by increased income, reserves drawdown and vacancy management.</li> <li>- Waste Services £2.3m, 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.</li> <li>- Housing £1.7m, driven by increased demand for temporary accommodation and difficulty in meeting income targets in Edinburgh Building Services</li> </ul> | <p>One-off budget reductions of £3m have been made across the SfC budget to create a contingency to manage an element of the pressures.</p> <p>There is £2.5m available within ear-marked reserves to address shortfalls in the internal improvement plans.</p> <p>The current forecast includes £1.2m underspends from various elements of the SFC budget, which are offsetting overspends elsewhere in the budget</p> <p>The Housing Service has put in place an action plan to address its £1.7m pressure. Measures include vacancy management and voluntary release, ensuring that recharges to the HRA are appropriate and acceleration of 16/17 savings.</p> <p>Further management action includes:</p> <ul style="list-style-type: none"> <li>- cost reductions in areas currently projecting overspends;</li> <li>- review income projections and savings from VERA; and</li> <li>- further cost reduction exercises if required.</li> </ul> <p>There are potential further risks which have not been reflected in the pressures above:</p> <ul style="list-style-type: none"> <li>- Winter weather</li> </ul> <p>The budget for gritting and snow-clearing is sufficient for an average winter, but an extended period of severe weather could result in additional expenditure.</p> <ul style="list-style-type: none"> <li>- Repairs and Maintenance</li> </ul> <p>There is a risk that additional funding of £2m provided through the 2015/16 budget motion will not be sufficient to cover health and safety and wind and watertight expenditure demands.</p> |

## Approved Budget Framework savings and Mitigating Actions 2015/16 - assurance assessment

Appendix 3

| Services                 | Total<br>£000   | RAG Status     |                |                 | Notes and/or actions   |
|--------------------------|-----------------|----------------|----------------|-----------------|--|
|                          |                 | Red<br>£000    | Amber<br>£000  | Green<br>£000   |  |
| Children and Families    | (16,100)        | (600)          | (205)          | (15,295)        | Savings being partly mitigated by one-off actions. Delivery of full savings still to be confirmed.   |
| Corporate Governance     | (7,964)         | 0              | 0              | (7,964)         |  |
| Economic Development     | (1,119)         | 0              | 0              | (1,119)         |  |
| Health and Social Care   | (7,515)         | (579)          | (545)          | (6,391)         | Delays in delivery of a number of savings and others where plans are still to be developed to enable delivery.   |
| Services for Communities | (12,125)        | (2,590)        | (579)          | (8,956)         | Savings being partly mitigated by vacancy management and other actions. Some savings still being developed and delays in delivery still to be taken forward. |
| Corporate funding        | (4,865)         | 0              | 0              | (4,865)         |  |
| <b>Total</b>             | <b>(49,688)</b> | <b>(3,769)</b> | <b>(1,329)</b> | <b>(44,590)</b> |  |
|                          |                 | <b>7.6%</b>    | <b>2.7%</b>    | <b>89.7%</b>    |  |

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



10.00am, Thursday, 14 January 2016

## Housing Revenue Account - Budget Strategy 2016/17-2020/21

|                   |           |
|-------------------|-----------|
| Item number       | 7.14      |
| Report number     |           |
| Executive/routine | Executive |
| Wards             | All       |

### Executive summary

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This report seeks approval of the 2016/17 budget and five year Housing Revenue Account (HRA) budget strategy.

The Council is the sixth largest landlord in the country. Operating on a commercial basis, the HRA is self-funded by tenants' rents and income from its assets. Tenants' satisfaction with their homes and the housing service is amongst the highest in Scotland.

The report notes the significant financial challenges experienced by many tenants and, more widely, the impact of rising housing costs in the private housing market on those on low to moderate incomes. The report also notes that the housing market is failing to address the acute shortage of affordable homes in the city, and to meet the needs of a growing older population and those with complex physical and mental health issues.

The report sets out a new strategy which prioritises future investment in programmes and services that significantly reduce tenants' living costs and which significantly expands the current, Council led, housebuilding programme from 3,000 to 8,000 affordable homes.

At its meeting on 10 November 2015, Health, Social Care and Housing Committee agreed the budget strategy and to further consultation being undertaken with tenants. The proposals set out in the report respond directly to what tenants are saying. The pace and scale of investment over the next five years are based on tenants priorities identified through the budget consultation exercise. The investment will be paid for by reducing running costs and maximising income through greater efficiency in managing assets and other resources, while keeping rent increases affordable.

### Links

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|                          |   |
|--------------------------|---|
| Coalition pledges        | <a href="#">P30</a> <a href="#">P8</a>                      |
| Council outcomes         | <a href="#">C10</a> <a href="#">C16</a> <a href="#">C25</a> |
| Single Outcome Agreement | <a href="#">SO2</a> <a href="#">SO4</a>                     |

## Housing Revenue Account - Budget Strategy 2016/17- 2020/21

### Recommendations

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It is recommended that Finance and Resources Committee:

- 1.1 Agrees to prioritise investment in measures and services that reduce the cost of living for tenants and expand the Council led housebuilding programme to 8,000 homes.
- 1.2 Agrees to refer the 2016/17 budget, draft five year capital programme, and the proposed rent levels for 2016/17, set out in Appendices 1 and 6, to the Council budget meeting for approval.
- 1.3 Notes the Council has made significant progress in improving tenants' homes and establishing one of the largest housebuilding programmes in the country over the last five years.
- 1.4 Notes the financial hardship faced by many tenants and the impact of the shortage of affordable homes in the city on those on low to moderate incomes.
- 1.5 Notes that, at 2.0%, the 2015/16 rent increase was the third lowest among Scottish local authorities and was significantly lower than the 8.8% rent increases experienced by private sector tenants.

### Background

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- 2.1 The Council is the sixth largest landlord in Scotland with around 20,000 homes in direct management within the HRA. Another 2,100 homes are managed through private sector leasing and a number of limited liability partnerships (LLPs) established under the Scottish Government's National Housing Trust. In September 2015, the Council approved the development of an additional citywide LLP for the purpose of encouraging the building of new market rented homes.
- 2.2 The HRA sets out the income and expenditure on services to Council tenants. Its investment strategy sets out improvements to tenants' homes and neighbourhoods. The HRA is self-funding, with around 92% of its income coming from tenants' rents and service charges. It also receives some income from the sale or lease of land and properties held on the HRA account.
- 2.3 Each year Council must approve the HRA budget and rent level. This includes consideration of the financial impact of plans for the year ahead, as well as the five year capital programme and the 30 Year Business Plan.

- 2.4 On 12 February 2015, the Council approved the HRA Budget for 2015/16. It set out a £235 million investment programme over five years. This included £173 million to improve existing tenants' homes and £62 million for new build affordable homes. The Council approved a 2% rent increase. This was the lowest rent increase in Edinburgh in ten years and the third lowest among Scottish local authorities that year. It was also almost a fifth of the average rent increase experienced by private sector tenants in the city.
- 2.5 In May 2015, a sub-group of the Tenants' Panel was established to advise on the development of the HRA budget. This approach was agreed with Edinburgh Tenants Federation (ETF). This 'Rent Matters' group has met on six occasions, up to November 2015. Its remit includes assisting the Council to scrutinise how costs are allocated to the HRA and how tenants can get value for money for the rents they pay. In recent months the main focus of the group has been on how to consult all tenants on their investment priorities.
- 2.6 On 16 June 2015, the Health, Social Care and Housing Committee approved the latest version of the 30 year HRA Business Plan – Invest to Improve, Invest to Grow. The report set out the long-term drivers for the HRA Business Plan which were:
- 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.
- 2.7 The HRA Business Plan includes a 30 year financial model which aims to ensure long-term financial stability for the Housing Service. It is regularly reviewed and assumptions are tested during each budget cycle. It is used to project the planned income and expenditure through the HRA and ensure decisions have a positive impact over the 30 year period. The key Business Plan assumptions are set out in Appendix 2.
- 2.8 The HRA Business Plan was referred on from the Health, Social Care and Housing Committee to the Finance and Resources Committee on 27 August 2015. The Finance and Resources Committee agreed that the options for increasing the HRA contingency and future investment fund over the next five years should be explored. This report sets out the result of that review.
- 2.9 In September 2015, Health, Social Care and Housing Committee approved the 'Housing Service Transformation Plan 2015-17' which sets out an improvement plan for the Housing Service which seeks to respond to the changing needs of customers, in line with the Council's wider strategy for organisational change. The report set out the following five year goals for the Housing Service:

- An exemplar in customer service and outcomes.
  - The most energy cost efficient landlord in Scotland and the UK.
  - The most financially efficient social landlord.
  - Employees and partners who are empowered and supported by their organisations and accountable to their customers and communities.
- 2.10 This report highlighted a series of priorities for the housing service to 2020/21. These include reviewing the management of mixed tenure repairs and improvements as well as improving the support offered to tenants to help them pay rent and prevent debt. Transformation also places more emphasis on planned maintenance and maintaining a good quality environment in the neighbourhoods around Council tenants' homes.
- 2.11 At its meeting on 10 November 2015, Health, Social Care and Housing Committee noted the significant progress over the last five years in improving tenants' homes and establishing one of the largest housebuilding programmes in the country. It also noted the hardship faced by many tenants and the impact of the shortage of affordable homes in the city on those on low to moderate incomes.
- 2.12 Committee supported the approach of prioritising investment in measures and services that would reduce tenants' cost of living. It recommended further consultation with tenants to establish which measures would have the greatest impact on tenants' lives.

## **Main report**

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- 3.1 Over the last ten years considerable progress has been made in modernising tenants' homes, improving facilities, making homes cheaper to heat and investing in the surrounding environment.
- 3.2 In the last five years an average of £8,000 has been invested per home. More than 6,500 new kitchens and bathrooms have been installed and over 10,000 homes have benefitted from energy efficiency measures, such as new boilers, heating systems, insulation, windows and external doors. In addition to this, tenants have benefited from further modernisation investment to common areas including lift car upgrades, stair windows, door entry systems and external fabric improvements.
- 3.3 The impact of investment in homes is reflected in high levels of tenant satisfaction. Tenant satisfaction with the overall housing service, with the quality of their home and with their neighbourhood is amongst the top three local authorities in Scotland. Tenant satisfaction with housing repairs provided by Edinburgh Building Services (EBS) is high at 92% in 2014/15, which compares well with other landlords.

- 3.4 The award winning 21<sup>st</sup> Century Homes Programme forms the core of the Council's wider housebuilding programme. Combined with Council participation in the National Housing Trust (NHT), nearly 3,000 homes are being delivered at sites across the city. The overall programme is one of the biggest Council led housebuilding programmes in Scotland. Appendix 3 shows the citywide impact of the current programme. Including homes built by housing associations, the annual output of affordable homes has trebled since the recession to over 1,000.

#### Challenges

- 3.5 Many Council tenants are experiencing real and significant financial hardship and there are not sufficient homes being built in the housing market which meet current need and demand and the challenge of a growing population.
- 3.6 The challenges facing Council tenants are considerable. Independent research shows that since 2008 low income households have seen their incomes decline in real terms by between 10% and 30%. Through consultation and engagement tenants report significant challenges in meeting their day to day essential living costs, including paying for energy, food and clothing.
- 3.7 For households on low to moderate incomes, demand for housing continues to outstrip supply. Over 150 bids are made for every home available to let by the Council and housing associations. To put this in context, recent industry reports suggest that an estimated 22 student households are competing for every available let in the private rented market.
- 3.8 Between 2013/14 and 2014/15, overall homeless presentations fell, but the length of time households spend in temporary accommodation has been increasing. Homeless households struggle to find long-term secure accommodation. In addition, the number of homeless families seeking help has been increasing despite the overall reduction in homelessness.
- 3.9 Over the next twenty five years the population of Edinburgh is predicted to grow by almost 30%. The number of older people over 75 living in the city is expected to grow by over 75% and the number of people requiring intensive levels of support, including those with complex physical and mental health needs, is expected to increase by 61%.
- 3.10 Housing costs in the private sector, in terms of house prices and private rents increased in the previous year by around 9%, making the private sector prohibitively expensive for those on low and many on moderate incomes.

#### A new strategy – Putting tenants first

- 3.11 This report proposes a new, more ambitious strategy, built on the success of the current HRA investment programme. This seeks to respond directly to what tenants are telling us. It also builds on the Council's commitment to value for money, ongoing service improvement and to improving the neighbourhoods where tenants live.

- 3.12 There are two key elements to this strategy. The first is to align future investment in tenants' homes to measures that significantly reduce the cost of living for tenants and strengthen tenant confidence in the Housing Service.
- 3.13 The second element of the new strategy is to expand significantly the current housebuilding programme from 3,000 to 8,000 affordable homes.

#### Saving tenants' money

- 3.14 Taking into account the financial hardship many tenants face, the new strategy will seek to prioritise investment in services and improvements to tenants' homes that directly reduce their cost of living.
- 3.15 Since May 2015, a sub-group of the Tenants' Panel has been working with officers to advise on the development of the HRA budget. The 'Rent Matters' working group has met six times to plan, develop and deliver the 2016/17 budget consultation.
- 3.16 In discussions with ETF, the group distilled the consultation into eight core savings options. Tenants were asked to prioritise which options they thought would best contribute to reducing tenants' living costs.
- 3.17 The consultation ran between 19 October and 30 November 2015, receiving 261 responses and around 200 comments on individual measures. This is a significant increase on previous years. The consultation process is detailed in the 'Consultation and Engagement' section of this report. A detailed breakdown of the consultation results can be found in Appendix 5.
- 3.18 Over three quarters of all respondents believed that building new homes, improving the energy efficiency of homes and providing cheaper energy would have a profound impact on their living costs.
- 3.19 Taking these views into account, the proposed five year budget strategy includes £140 million to expand the Council's house building programme and deliver energy efficiency improvements to existing homes. This includes an acceleration of heating and insulation programmes. Up to 3,500 new heating systems will be installed in the next five years along with improvements to the insulation to another 3,700 homes. The current programme assumes an output of 700 new heating systems per year. The programme has been reviewed to accelerate years one to three of the new programme to achieve an average output of 1,000 new heating systems per year. As part of the strategy, feasibility studies will be undertaken in 2016, to examine the potential to use clusters of multi storeys as the anchor for the development of local district heating networks, in partnership with other public sector services and commercial interests.
- 3.20 Options to accelerate the heating and insulation programme further will be explored in 2016 and reported to Health, Social Care and Housing Committee. In addition to this, the Council's partnership with the Edinburgh based social enterprise Our Power will lead to a more stable and affordable energy supply.

- 3.21 The consultation respondents also identified that energy advice and education could also reduce use and costs further. Over a third of respondents believed that targeted energy advice, when used in conjunction with energy efficiency measures and low cost energy, could help reduce costs.
- 3.22 The draft budget therefore also includes funding of a two year pilot project to provide tenants with a dedicated service which would offer an initial audit of their energy use and behaviour and advice and support to minimise energy costs. The advice would be targeted at those tenants most at risk of fuel poverty.
- 3.23 Half of respondents felt that using Council land to support tenants to grow fruit and vegetables could reduce food bills. Tenants also identified the wider social benefits to taking an active role in local community life. Work will be undertaken to explore options for expanding the network of tenant allotments and community gardens developed on HRA land.
- 3.24 Almost half of respondents (49%) felt a discount card could help reduce living costs; however its success would be dependent on the types of goods and services offered. It was also felt that there could be wider community benefits if local shops were involved in the scheme. A tenant discount card is under development and will be introduced in 2016. Options for expanding the range of partners and suppliers prepared to support the tenant discount card will be explored in the first half of 2016.
- 3.25 Most Council tenants live in mixed tenure blocks. Agreement with owners is required for common improvements and repairs. Many home owners in these circumstances are on low incomes and have little capital or savings to pay for these costs. There was broad agreement from tenants that mixed tenure management is challenging, but could not be ignored as the quality of homes are deteriorating and tenants in mixed tenure blocks are unfairly disadvantaged. Over a third of respondents felt that the provision of equity loans to support homeowners could be a way of progressing Council led improvement schemes. However, many respondents felt that loans should only be given to those in most need. The exact criteria of the loans will be developed in consultation with tenants.
- 3.26 Access to the internet offers wide ranging benefits to tenants. The majority of Council services will now be accessible online; as well as this, benefit claims will be made online, most jobs are advertised online and the internet often provides access to cheaper goods and services. There is a risk that some Council tenants will become excluded unless they are supported to become digitally literate. Over a third of respondents felt that access to cheaper broadband would help them save money.
- 3.27 Those tenants who already have access to the internet may not benefit from the additional savings as they already have access to cheaper goods and services; however, they could benefit from significantly reduced service costs when compared to their current provider. Work is underway to explore the feasibility of improving the digital infrastructure to Council homes and providing digital services at no or little cost to tenants.

- 3.28 Based on the outcome of the consultation, investment in building new homes, energy efficiency measures and reducing energy costs will be prioritised and delivered at pace. The remaining options will be scoped in consultation with tenants and the outcome of this work will be reported to Health, Social Care and Housing Committee later in 2016.

Customer focused services, locally delivered

- 3.29 Taking into account the vulnerability of Council tenants and the financial challenges they face both now and in the future, the housing service needs to adapt to meet their needs and expectations.
- 3.30 As a first step, it is envisaged that local housing management teams will adopt a more customer facing, patch based model where lettings, rent collection and debt prevention, repairs and neighbourhood issues will be dealt with by a single local housing officer. Combined with improvements in technology and digitally available services. This approach recognises the vulnerability of many tenants and seeks to strengthen the confidence and reassurance that they gain through a direct relationship with their local housing officer.
- 3.31 This approach has been supported by tenants and reflects the model adopted by many social housing landlords which have strong track records of performance improvement over the last few years. It also responds to the change in the way many tenants will pay their rent in future. Through the implementation of Universal Credit, tenants who had their rent paid directly to their landlord will receive it directly. A more direct relationship with tenants will help prevent arrears and personal debt.
- 3.32 In line with the objectives of the Council's Transformation Programme, staff will be empowered and challenged to provide outstanding customer service and take a high degree of personal responsibility for looking after their local neighbourhoods. It is envisaged that patch based housing officers will significantly strengthen the Council's locality model by building relationships and local knowledge in the areas in which they work.
- 3.33 To deliver to the Council's Transformation Programme the draft budget includes a £400,000 change fund to reshape services to respond to tenant priorities.

Building more affordable homes

- 3.34 The second element of the strategy is to expand the Council led housebuilding programme from 3,000 homes to 8,000 homes. Tenants strongly support building more Council homes, with over 87% of respondents believing it to be one the Council's core investment priorities.
- 3.35 An additional 5,000 affordable Council homes for social and mid-market rent can be funded through the HRA Business Plan within the next 10 years. This HRA led investment would make a significant strategic contribution to housing need in the city and ensure that those homes are built at a price households on low and moderate incomes can afford.



- 3.36 This strategy will make a step change in the Council's strategic response to meeting the high and growing demand for new affordable homes. It also provides an opportunity to plan and target future investment to areas of particular need.
- 3.37 The Council and NHS Lothian have identified the need to invest in specialist housing for people with complex physical and health needs and, more generally, meet the housing and care needs of the city's growing older population.
- 3.38 Working closely with the Integrated Joint Board the Council, and its housing association partners, will be able to support planned investment in new and more specialist housing for these groups.
- 3.39 Work is ongoing with NHS Lothian regarding the potential for HRA led developments, which could provide around 500 homes alongside integrated Health and Social Care facilities. This would add to the current 21<sup>st</sup> Century Homes Programme to build around 80 accessible homes and two care homes. The need to target investment in older people's housing and homes for those with more complex physical and mental health needs will also form part of the next Strategic Housing Investment Plan.
- 3.40 In addition to completing the existing housebuilding programme over the next two years, new sites will need to be identified for the next phase of Council led housebuilding. This will require a new approach to securing and acquiring land for affordable homes. This will involve strengthening partnerships with other public sector agencies and private sector landowners to deliver more homes, quickly, at a cost that is affordable. Private sector house-builders will be encouraged to build homes for competitive market rents. The Affordable Housing Policy will ensure that a 25% affordable housing contribution is secured when house builders develop housing for market sale or market rent.
- 3.41 Discussions are also taking place with the Council's not-for-profit housing partners to identify how they could match the Council led programme with a similar number of new affordable homes and strengthen the partnership that already exists to deliver affordable housing in the city. It is anticipated that if these discussions are productive, partners could potentially jointly fund the delivery of 16,000 affordable homes over the next 10 years. The Housing Needs and Demand Assessment 2 (HNDA2) estimates that around 4,000 new homes of all tenures are required in Edinburgh each year for ten years to meet current and future demand. Major developers of affordable housing including Places for People and the Wheatley Group have already committed to delivering another 1,000 and 700 affordable homes respectively.
- 3.42 Investment on this scale in new housebuilding will have a positive impact on the wider economy. According to Scottish Government multipliers it is estimated that building 16,000 homes over the next 10 years will generate investment of £4 billion and create over 30,000 jobs. Once the homes are completed, they are expected to bring in additional annual general fund revenue of £18.7 million through Council Tax income. It will also make a significant contribution to the

regeneration of brownfield sites and provide new accessible homes for older people.

- 3.43 The biggest challenge to delivering new affordable homes is securing sites for development. At present, affordable housing developers do not have control of many sites that could be developed. The strategy for accelerating housebuilding must, therefore, incentivise landowners, including public sector landowners, to enter into new partnerships with affordable housing developers to secure long-term returns rather than short-term profit.

#### Quality and Security

- 3.44 In addition to prioritising measures to reduce the cost of living for tenants and expanding the housebuilding programme, the HRA will continue to invest in improving other aspects of the quality and condition of tenants' homes.
- 3.45 This includes previous commitments made by the Council, including an expansion of the kitchen and bathroom replacement programme which will ensure that no tenant has a kitchen or bathroom over 25 years old by 2016/17 and over 20 years old by 2020.
- 3.46 All homes will meet statutory requirements including the new Energy Efficiency Standard for Social Housing (EESH). Subject to owner agreement and participation, investment will also be made to bring homes in mixed tenure blocks up to the SHQS by prioritising the installation of secure door entry systems. Nearly 3,000 tenants living in mixed tenure blocks do not have modern secure door entry systems.
- 3.47 Appendix 6 details the five year capital budget which sets out a strategy to reduce tenants' cost of living by up to £1,500, building new affordable homes and planned investment in maintaining the quality and security of existing homes.

#### Funding investment in tenant priorities

- 3.48 To implement the strategy outlined above, the HRA would need to invest up to £360 million in capital programmes and service improvements over the next five years. This is a 53% increase on the £235 million five year capital programme agreed by Council in 2015. The increase reflects the enhanced capital investment required to deliver 8,000 new affordable homes over the next 10 years.
- 3.49 Income and expenditure in the HRA business plan will be more closely aligned and operating surpluses will be invested "in year" to reduce borrowing costs. While the HRA does not go into deficit throughout the 30 year business plan, the risk of this happening is much greater over the next 10 years. Operating surpluses drop to their lowest at £0.885 million in 2017/18. This will mean the gap between projected income and expenditure will narrow in the first 10 years of the Business Plan.
- 3.50 Appendix 7 shows two graphs setting out the projected income and expenditure, based on the current investment strategy and the investment strategy proposed in this report.

- 3.51 The business plan also assumes the successful implementation of cost saving measures including a 10% reduction in housing management and a 20% reduction in repairs and ICT costs over the next five years. These savings will be achieved partly through the implementation of the Council's Transformation Programme. Savings through procurement in the capital programme will also see costs reducing, whilst maintaining the same output.
- 3.52 As well as delivering savings, the Business Plan assumes an increase in income through the acceleration of the Council's acquisitions and disposals asset consolidation strategy. This pilot exercise achieved a one for one replacement of social rented homes and a significant net capital receipt of around £40,000 per home. The business plan assumes that this programme is expanded to 50 homes a year for the next 10 years.
- 3.53 The business plan assumes a modest 2% annual increase in rents. This assumption is broadly based on long-term inflation projections and is benchmarked against rent increases by other landlords in the social and private sectors.
- 3.54 The budget proposes a rent increase of 2% in 2016/17. This is nearly half the average rent increase implemented by local authorities over the last few years. There are between 16,000 and 17,000 Council tenants who receive help with their rent through Housing Benefit or Universal Credit. This increase should be met by an equivalent increase in the help they receive with their housing costs.
- 3.55 For those that do not receive help with their housing costs the rent increase would be an average additional cost of £1.85 per week. However, the rent increase should be considered alongside the new investment strategy which sets out to reduce most tenants' cost of living by up to £1,500 a year.
- 3.56 Consultation has confirmed that there is strong support for the new approach of prioritising investment to save money. However, 5% of respondents to the survey felt that rents should not be increased, believing that the best way to save tenants money was to keep rents static, even if that means reducing investment in homes and services.
- 3.57 A working group will be set up to further explore the issues around affordability and value for money, specifically aimed at those tenants who do not get help with their rent.

#### Delivery of the 2016/17 capital investment programme

- 3.58 The 2016/17 draft capital budget includes a £48.508 million capital investment programme.
- 3.59 It should be noted that the completion of the 2015/16 capital programme will be extended to June 2016. The majority of the improvement programme is being delivered through the new HAM framework. The new framework was introduced part way through the year and as a result the 2015/16 programme will now complete in the first quarter of 2016/17. In addition, savings of around 10% have been made across the programme.

3.60 In 2013/14, the general fund capital programme adopted a new budget setting and monitoring process. The HRA capital programme will adopt the same approach and manage capital investment over a two year rolling programme to enable spend to be accelerated where projects are performing well and realigned where delivery is at risk of slipping.

## Measures of success

4.1 The measures of success include:

- Significant reductions in the cost of living for tenants;
- Significant increase in the delivery of affordable homes;
- Maintenance of high levels of tenant satisfaction; and
- Greater visibility of the Housing Service locally for tenants.

## Financial impact

5.1 The HRA is self-contained and has no direct impact on the Council's general services budget. The HRA is paid entirely from income from tenants' rents or assets held on the HRA account.

5.2 Projected expenditure on the HRA revenue account for 2016/17 is £107.463 million, including £10 million funding for capital investment funded from revenue. A high level summary of the HRA's one and five year budget and the impact it has on reserves is set out below.

| Housing Revenue Account                              | 1 Year<br>(2016/17)<br>£ million | 5 Years<br>(2016/17-<br>2020/21)<br>£ million |
|--|----------------------------------|---|
| <b>Revenue (See Appendix 1)</b>                      |                                  |   |
| Operating Income                                     | £107                             | £551  |
| Operating Expenditure and Debt Costs                 | £93                              | £492  |
| Capital Investment funded from revenue               | £10                              | £38   |
| Addition to investment fund                          | £4                               | £21   |
|  |                                  |   |
| <b>Capital (See Appendix 6)</b>                      |                                  |   |
| Capital investment programme expenditure             | £38                              | £180  |
| 21st Century Homes Expenditure                       | £10                              | £181  |
| Prudential borrowing                                 | £23                              | £218  |
| Other income and Capital Funded from Current Revenue | £25                              | £143  |
|  |                                  |   |
| <b>Investment and contingency position</b>           |                                  |   |
| Investment and contingency fund                      | £45                              | £45   |
| Investment fund additions                            | £4                               | £21   |
| Investment fund draw downs                           | £4                               | £45   |

- 5.3 The budget projects a modest increase in outstanding debt from £368 million to £379 million. The budget also assumes an increase in income from temporary accommodation as a result of a revised assessment of the impact of welfare reform measures.
- 5.4 The current business plan assumes the development a contingency fund. This is considered prudent given the expansion of the capital programme and the need to have funds in reserve to deal with unforeseen events. The £45 million currently in the investment fund acts as a contingency, but will be increasingly committed to both current and future phases of the housebuilding programme.
- 5.5 Reductions in HRA operating costs will have an impact on the income for services provided by the general fund. These reductions will be phased in over 5 years to mitigate any impacts and ensure they are managed in a way that does not detriment the Council's general fund budget.

## **Risk, policy, compliance and governance impact**

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- 6.1 The Housing Service faces significant risks. These are:
- **Investment in growth and improvement is unsustainable.** The enhanced investment strategy set out in the report is underpinned by the HRA Business Plan. The gap between projected income and expenditure narrows in the first 10 years of the Business Plan, with operating surpluses dropping to £0.885m in year two. Prior to any commitment to new housebuilding, approval is sought through Health Social care and Housing Committee and Finance and Resources Committee backed up by a revised business case and assessment of impact on the HRA Business Plan. Capital programmes are set annually by Council, after scrutiny by the relevant committees. There is positive support from the Scottish Government for the Council's approach to expanding affordable housebuilding evidenced through the expansion of NHT and the approval of grant funding for social rented developments. The HRA Business Plan projects a reasonable operating surplus in future years.
  - **Welfare reform has an adverse impact on rental income.** It is anticipated that devolution proposals will give the Scottish Government powers to continue to pay Housing Benefit directly to social landlords. This would help mitigate a significant risk to income collection. However, a number of measures have been introduced to improve the Council's support to those tenants affected by welfare reform. The Business Plan assumes a significant level of set aside to minimise the financial impact of rent arrears from current tenants and minimise the risk of disruption to the cash flow. New measures are being introduced to support teams prioritise early intervention to manage arrears and prevent tenants getting into debt.
  - **Measures introduced in the UK budget to reduce social rents would adversely affect cash flows.** The Government has required all landlords in England to reduce social rents by 1% for four years. This does not apply in Scotland. Reassurances have been given in writing from Scottish Ministers that the Scottish Government has no intention of adopting a similar policy.

- **Compliance with regulatory standards is not met.** The extent of mixed tenure ownership means that regulatory measures like the Scottish Housing Quality Standard (SHQS) and Energy Efficiency Standard for Social Housing (EESH) are difficult to achieve for all tenants if co-owners are unwilling or unable to participate. The Scottish Government and Scottish Housing Regulator recognise this in relation to the SHQS. A review of the Council's approach to mixed tenure management and the assistance that could be provided to owners will be carried out in 2016.
  - **Future financial pressures can only be met through cutting back on service delivery.** Aligning income and expenditure means that there is not as much financial flexibility to meet the unforeseen costs caused by building failure or particularly severe weather. A contingency fund will be developed to mitigate this risk.
- 6.2 All risks are kept under review and significant changes will be highlighted to the Health, Social and Housing Committee, Finance and Resources Committee and Governance, Risk and Best Value Committee.
- 6.3 The Council is required to set Council house rents annually. The Council is required to consult tenants on the rent strategy and inform them in advance of any rent increases prior to their implementation.

## Equalities impact

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- 7.1 Prioritising investment on services and improvements that reduce the cost of living for tenants will have a significant financial benefit for tenants who are under financial pressure.
- 7.2 Patch based working will mean housing officers will get to know their tenants better. This should improve access to services for vulnerable tenants, as their needs will be more readily identified.
- 7.3 Investment in new homes will help increase the supply of homes built specifically for older people or people who have mobility problems.
- 7.4 The housebuilding programme ensures 10% of all new homes will be built to wheelchair accessible standards.

## Sustainability impact

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- 8.1 Investing in improvements to Council homes will increase energy efficiency and lead to a reduction in carbon emissions.
- 8.2 The Council's partnership with Our Power will help ensure stable and affordable energy prices for tenants.
- 8.3 Strategic acquisitions of homes in mixed tenure blocks will allow the Council to carry out more improvements as the sole owner of the block, with a focus on investing in making homes more energy efficient.

- 8.4 21<sup>st</sup> Century Homes 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

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- 9.1 An extensive Tenant Survey was carried out in 2013. The results of this 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.
- 9.2 The 'Your Rent, Your Priorities' consultation for Council tenants ran between October 2013 and March 2014. The purpose of the consultation was to identify tenant priorities for investment and views on affordability post-SHQS. The outcome of the consultation informed the 2015/16 budget and five year investment programme, approved by Council in February 2015.
- 9.3 The Council set up a 'Rent Matters' working group of interested tenants to help plan, develop and deliver the 2016/17 budget including how consultation with tenants was designed. The group met six times during summer 2015 to establish how, where, when, where and what would be consulted on.
- 9.4 The group's views were sought on the investment strategy, including the prioritisation of measures to reduce tenants' cost of living and the Council's new approach to setting and benchmarking rent increases. The group showed strong support for this approach and identified a number of other measures which it believed would help reduce tenants' cost of living. These included:
- a. Providing low or no cost digital access in Council homes.
  - b. Offering tenant discount cards to help reduce the cost of everyday expenditure.
  - c. Expanding the network of community gardens and allotments managed by tenants and supporting the development of home grown food.
  - d. Offering equity loans from the HRA to homeowners in mixed tenure blocks to help pay for major improvements like over-cladding and insulation.
- 9.5 These options formed the core content of the consultation. A meeting was held jointly with Edinburgh Tenants Federation in which around 30 tenants participated. There was strong support for a new approach to prioritising investment to support tenants save money through investment in services and their homes. Feedback from this group helped to distil the consultation into eight core savings options. A detailed breakdown of the final cost saving proposals can be found in Appendix 4. A detailed breakdown of the consultation results can be found in Appendix 5.
- 9.6 The consultation took the form of an online planning tool which enabled tenants to prioritise which initiatives they thought would best contribute to reducing tenants' living costs. It also set out the number of tenants that are likely to be helped and the amount households are expected to save.

- 9.7 The consultation was advertised in local offices and on notice boards in local shops and community centres, on the Council's website, through social media and email footers. For those tenants not online, there was a questionnaire in the Council's newsletter, which went out to every tenant in October 2015. Additionally, interested tenants went out to local offices on rent Mondays to promote the consultation. The consultation also piloted approaches to engage better with hard to reach groups. This includes texting younger tenants links to the online survey, carrying out workshops with sheltered housing tenants and displaying posters in different languages to attract non-English speaking tenants.
- 9.8 A tenants' conference to review the HRA budget strategy was held on 24 October 2015. The conference gave tenants the opportunity to prioritise savings proposals and find out they can get more involved in scrutinising the housing service and ensuring they are getting value for money for their rents. There was broad support for the measures outlined in this report.
- 9.9 This innovative collaborative approach to consultation put tenants at the centre of its design and delivery. It ensured the options put forward through the consultation were relevant and accessible, in order to maximise responses. The consultation ran between 19 October and 30 November 2015. The consultation received 261 responses and around 200 comments on individual measures. This is a significant increase on previous years.
- 9.10 Consultation has confirmed that there is strong support for the new approach of prioritising investment to save money. Comments included:
- "People are choosing food over heating and hot water."*
- "People struggle to afford a living on minimum wage."*
- "Knowing you can help us save money with certain things is a great help"*
- 9.11 Over three quarters of all respondents believed that building new homes, improving the energy efficiency of homes and providing cheaper energy would have a profound impact on their living costs. A summary of tenants investment priorities are set out below.

| <b>Rank</b> | <b>Option</b>          | <b>Percentage of tenants who support each option</b> |
|-------------|------------------------|--|
| 1           | More Council Homes     | 87%  |
| 2           | Cheaper Energy         | 80%  |
| 3           | Energy Efficient Homes | 76%  |
| 4           | Community Gardens      | 50%  |
| 5           | Discount Cards         | 49%  |
| 6           | Loans for Owners       | 37%  |



|   |                   |     |
|---|-------------------|-----|
| 7 | Energy Advice     | 36% |
| 8 | Cheaper Broadband | 35% |

9.12 Tenants strongly support building more Council homes, with over 87% of respondents believing it to be one the Council’s core investment priorities. Comments included:

*“We desperately need more council houses.”*

*“Building energy efficient council homes should be a priority, but with sensitivity as to their location.”*

*“It will help less affluent families and also drive down rent in the private sector.”*

9.13 Over 80% of respondents felt that reducing the unit cost of energy would have a major impact on tenants’ cost of living. Comments included:

*“Cheaper energy would insure that people on low budgets could afford to use energy without fear of bills being too high, in particular the elderly and infirm.”*

*“Cost of energy is crippling, anything to reduce fuel poverty has to be good.”*

9.14 There was also strong support (76%) for investment in energy efficiency measures to make homes easier to heat. Comments included:

*“As well as making homes more comfortable and cheaper to heat, it has the added benefit of being environmentally sustainable. Win-win.”*

*“Easy investment returns and provides comfort for families and less impact on environment.”*

*“I agree with double glazing draught proofing and new heating systems being a must for all old and new housing.”*

9.15 Half of respondents felt that community gardens, which support tenants to grow fruit and vegetables, could reduce food bills. Tenants also identified the wider social benefits to taking an active role in local community life. Comments included:

*“This will do much more than save tenants money”*

*“Get more people involved in producing their own food and taking care and pride in the place where they live.”*

*“Great for improving physical and mental health, as well as financial savings.”*

9.16 Almost half of respondents (49%) felt discount cards could help reduce costs; however its success would be dependent on the types of goods and services offered. It was also felt that there could be wider community benefits if local shops were involved in the scheme.

9.17 There was broad agreement from tenants that mixed tenure management is challenging. Around 37% of respondents felt that the provision of equity loans to support homeowners could be a way of progressing Council led improvement

schemes. However, many respondents felt that loans should only be given to those in most need. Comments included:

*“Loans should only be given to owners living in the homes, it should be means tested and not offered to landlords.”*

*“Loans to owners should be income tested.”*

*“Loans to owners must be repayable.”*

- 9.18 Just over a third of respondents believed that targeted energy advice, when used in conjunction with energy efficiency measures and low cost energy, could help reduce costs. Comments included:

*“Cost of energy is crippling, anything to reduce fuel poverty has to be good.”*

*“One to one advice is always better than a one size fits all approach.”*

- 9.19 Around 35% of respondents felt that access to cheaper broadband would help them save money. Comments included:

*“Everyone should have access to broadband.”*

*“It is a part of the life these days and should not be considered as entertainment only, as people use it for job purposes too.”*

*“Digital services are an essential part of modern life.”*

- 9.20 Those tenants who already have access to the internet would not benefit from the additional savings as they already have access to cheaper goods and services; however, they could benefit from significantly reduced service costs when compared to their current provider.

- 9.21 On 10 December 2015, the ETF rents group and the Rent Matters working group met to discuss the outcome of the consultation. The success of this year’s approach will be reviewed with the Rent Matters group in the coming months to better shape future consultations and ensure tenants continue to be actively involved in rent setting and investment planning.

- 9.22 The consultation also asked tenants to identify additional options for investment in homes and services that could reduce tenants living costs. These ideas along with the investment priorities identified through the consultation will be developed through the ongoing work of the Rent Matters group. The outcome of this work will be reported to Health, Social Care and Housing Committee later in 2016.

## **Background reading/external references**

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[Edinburgh Tenant’s Survey 2013, Health, wellbeing and Housing Committee, 18 June 2013](#)

[Housing Revenue Account Budget 2015-16, City of Edinburgh Council, 12 February 2015](#)

[Investing in Edinburgh’s Council Homes: Housing Revenue Account Capital Programme for 2015/16, City of Edinburgh Council, 16 June 2015](#)

[City Housing Strategy 2012-17 Annual Review, Health, Social Care and Housing Committee, 16 June 2015](#)

[Invest to Improve, Invest to Grow – Edinburgh Housing Revenue Account Business Plan, Health, Social care and Housing Committee, 16 June 2015](#)

[Housing Service Transformation Plan 2015-17, Health, Social Care and Housing Committee, 8 September 2015](#)

## Paul Lawrence

Executive Director of Place

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## Links

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|                                 |  |
|---------------------------------|--|
| <b>Coalition pledges</b>        | <p>P30. Continue to maintain a sound financial position including long-term financial planning.</p> <p>P8. Make sure the city's people are well-housed, including encouraging developers to build residential communities, starting with brownfield sites.</p>   |
| <b>Council outcomes</b>         | <p>C10. Improved health and reduced inequalities.</p> <p>C16. Well-housed – people live in a good quality home that is affordable and meets their needs in a well-managed neighbourhood</p> <p>C25. The Council has efficient and effective services that deliver on objectives.</p>   |
| <b>Single Outcome Agreement</b> | <p>SO2. Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health.</p> <p>SO4. Edinburgh's communities are safer and have improved physical and social fabric.</p>  |
| <b>Appendices</b>               | <p>Appendix 1 – Draft HRA Budget 2016/17(Draft)</p> <p>Appendix 2 – Business Planning – High Level Assumptions</p> <p>Appendix 3 – Citywide Housebuilding Programme</p> <p>Appendix 4 – Analysis of Measures to Reduce Tenant Cost of Living</p> <p>Appendix 5 - 'Invest to Save' Consultation Results</p> <p>Appendix 6 – Draft HRA Capital Investment Programme</p> <p>Appendix 7 – HRA Business Plan – Comparative Analysis</p> |

## Appendix 1 - Housing Revenue Account Budget 2016/17 (Draft)

| Narrative                      | 2015/16<br>revised<br>budget<br>£m | Change<br>£m | Change<br>% | 2016/17<br>proposed<br>budget<br>£m | Notes |
|--------------------------------|------------------------------------|--------------|-------------|-------------------------------------|-------|
|                                |                                    |              |             |                                     | 1     |
| <b>Income</b>                  |                                    |              |             |                                     |       |
| Net rent income                | 92.435                             | 1.676        | 2%          | 94.111                              | 2     |
| Temporary accommodation        | 5.092                              | 4.500        | 88%         | 9.592                               | 3     |
| Other income                   | 4.082                              | -0.322       | -8%         | 3.760                               | 4     |
| <b>Total income</b>            | <b>101.609</b>                     | <b>5.854</b> | <b>6%</b>   | <b>107.463</b>                      |       |
| <b>Expenditure</b>             |                                    |              |             |                                     |       |
| Housing Management             | 23.509                             | -1.253       | -5%         | 22.256                              | 5     |
| Repairs & maintenance          | 18.418                             | -0.358       | -2%         | 18.060                              | 6     |
| Debt charges                   | 40.250                             | -0.871       | -2%         | 39.379                              | 7     |
| Environmental maintenance      | 2.917                              | 0.058        | 2%          | 2.975                               | 8     |
| Temporary accommodation        | 6.733                              | 2.799        | 42%         | 9.532                               | 9     |
| Bad debt provision (set aside) | 0.500                              | 0.600        | 120%        | 1.100                               | 10    |
| Revenue Investment             | 9.282                              | 4.879        | 53%         | 14.161                              | 11    |
| <b>Total expenditure</b>       | <b>101.609</b>                     | <b>5.854</b> | <b>6%</b>   | <b>107.463</b>                      |       |
| <b>Outturn</b>                 | <b>0.000</b>                       | <b>0.000</b> | <b>0%</b>   | <b>0.000</b>                        |       |

### Notes:

- 2016/17 budget figures are based on the 2016/17 HRA Business Plan. The 2015/16 figures are based on the revised HRA budget.
- 'Net rental income' is the total rent that could be collected, minus written off former tenant arrears (0.78%) and rent loss due to empty homes (0.59%). It also takes account of the variation in housing stock numbers and a rent increase of 2.0% for 2016/17.
- This is income from Council homes that are used as managed or dispersed Temporary Accommodation. Due to continued delays in the UK Government's introduction of the Benefit Cap the impact on this income continues to be consistently less than initially anticipated. Current projections suggest there will be a limited impact in 2016/17 and as a result the projected income has been increased to £9.5 million in 2016/17.
- This includes service charges to tenants, non-housing rents and recovered costs from owner occupiers. An inflationary increase of 2.0% has been applied to all 'Other income' for 2016/17, apart from land rent which has not increased. The 8% decrease since 2015/16 is primarily due to the Council no longer receiving hostel deficit grant from Scottish Government.
- 'Housing Management' includes employee costs, central support costs and recharges, premises and other expenditure. The 5% reduction in 2016/17 is due to efficiencies in reduction in housing management costs and the reclassification of temporary accommodation management costs.

6. As a result of investing in improving the quality of homes, the number of repairs required has reduced, therefore the repairs budget has been reduced by 2% in 2016/17. This covers responsive repairs, empty property repairs and sheltered housing repairs. It has also been adjusted to take account of projected stock loss from right to buy sales, additional new homes from the 21<sup>st</sup> Century Homes programme and an uplift of 2% on costs.

7. 'Debt charges' are capital financing costs (principal repayments, interest & expenses) for HRA debt for existing stock and the planned investment programme. The 2% reduction on 2016/17 debt charges assumes that Capital Funded from Current Revenue (CFCR) will be used to offset the in year borrowing requirement against the capital investment programme.

8. 'Environmental maintenance' comprises grounds maintenance costs, including empty properties, pest control, garden aid and temporary accommodation. These are services that the Housing Service purchases from other parts of the Council. The standard 2% inflationary uplift has been applied.

9. This is the cost of temporary accommodation and core furnished tenancies to the HRA, excluding capital financing and repairs costs, which are included elsewhere in the table. The 42% increase, is presentational only. The managements cost of hostels and dispersed flats have been transferred from the General Fund to match income received into the HRA. Previously the housing management of temporary accommodation was included in overall Housing Management Costs (line 5), this has now been reclassified to match income to expenditure.

10. Rent arrears increased significantly during 2013/14. In 2014/15, additional staff resources and a rent payment advertising campaign were put in place to reduce arrears. The bad debt provision was also reduced to reflect the impact this would have on arrears. The rent arrears position stabilised throughout 2014/15, however not to the same extent as originally projected. Arrears are continuing to grow, to reflect this, the bad debt provision has been increased to £1.1m in 2016/17. This position will be kept under continuous review. Any of the provision which is not required will be used as 'revenue investment'.

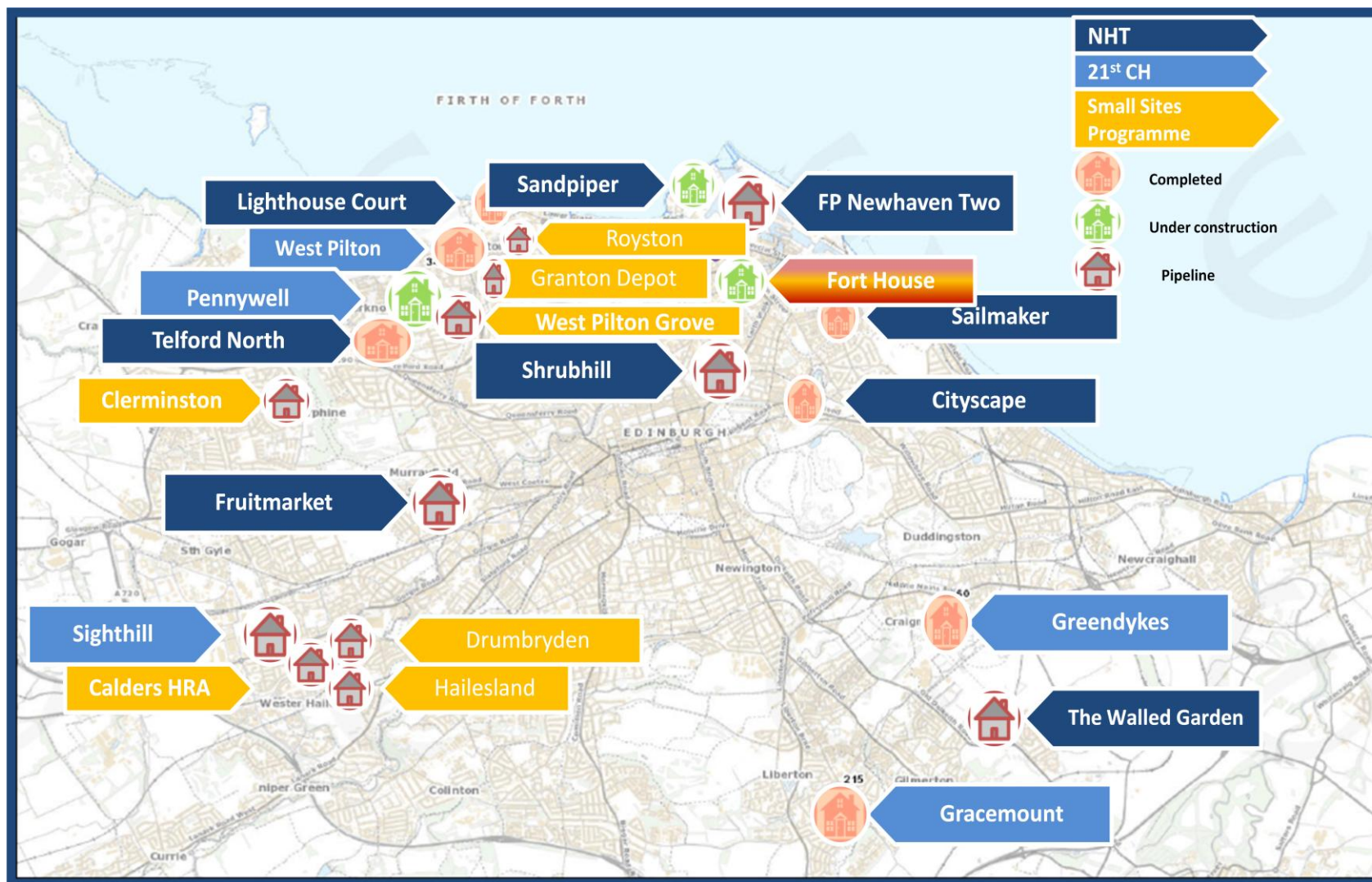
11. 'Revenue Investment' is income in excess of expenditure that is used within the same year to fund new capital investment, repay old HRA debt, maintain a working balance and support 21<sup>st</sup> Century Homes funding in this or future years.

## Appendix 2 – Business Planning - High Level Assumptions

| Input  | 2016/17 | Note   |
|--|---------|--|
| Inflationary Increase  | 2%      | Based on Bank of England target inflation rate and Council's long-term financial plan.   |
| Rent Increase  | 2%      | To reflect long-term financial planning and keep rents affordable.   |
| Net Rental income  | 98.63%  | Total projected rental income, minus written off former tenant arrears and rent loss due to empty homes.   |
| Former tenant arrears write off                              | 0.78%   | This has been increased to £1.1 million in 2016/17 and 2017/18, based on 2014/15 requirements. From year three onwards it drops by £0.2 million p.a. to £0.5 million by 2020/21. |
| Rent lost on empty homes                                     | 0.59%   | This has reduced from 0.75% in 2015/16, based on current performance.  |
| Reduction in Housing Management and Responsive Repairs Costs | £1.120m | 20% reduction in repairs costs over 5 years to bring in line with benchmarking.<br>10% reduction in housing management costs over 5 years.                                       |
| Reduction in ICT costs                                       | £0.544m | New Council wide ICT contract has been approved and will deliver 20% savings.  |
| Debt level (projected for March 2016)                        | £379m   | £368m at 31 March 2015.  |
| Interest on debt   | 5.0%    | Reduction of 0.1% from 2015/16.  |

## Appendix 3 – Citywide Housebuilding Programme

*Largest Council led housebuilding programme in Scotland and one of biggest in UK on 22 brownfield sites.*





## Appendix 4 – Analysis of Measures to Reduce Tenant Cost of Living

Since May 2015, a group of interested tenants have been working with Council officers, through the Rent Matters working group to help design, develop and deliver a citywide consultation on future investment. The consultation began on 19 October and ran for six weeks. Tenants were asked to prioritise what initiatives they thought would best contribute to reducing tenants' living costs.

The table below sets out the savings options, the estimated savings per household and the number of tenants each saving could to help in one year and over five years.

| Measure  | Savings per tenant per year up to: | Tenants benefiting per year: | Tenants benefiting over 5 years: |
|--|------------------------------------|------------------------------|----------------------------------|
| Build more Council homes which are energy efficient and have lower rents than the private sector   | £1,500                             | 400                          | 2,000                            |
| Invest in energy efficiency measures such as triple glazing, draft proofing and new heating systems to make homes easier to heat                   | £750                               | 750                          | 3,750                            |
| Offer cheaper energy in partnership with a low cost energy supplier  | £150                               | 2,100                        | 10,500                           |
| Carry out home visits and give one to one advice on how to save energy   | £100                               | 1,500                        | 7,500                            |
| Offer cheaper broadband and access to digital services   | £200                               | 3,500                        | 17,500                           |
| Offer tenant discount cards to help reduce the cost of everyday expenditure  | £300                               | 5,000                        | 10,000                           |
| Use Council land to support tenants to grow fruit and vegetables to reduce food bills  | £200                               | 1,200                        | 6,000                            |
| Offer loans to owners to help them pay for their share of common works, like insulation, so that tenants in those blocks benefit from improvements | £150                               | 400                          | 2,000                            |



**‘Invest to Save’  
Consultation Results  
HRA Budget Strategy 2016/17- 2020/21**

December 2015



## Tell us how to spend your rent to save you money

It is very important that you are involved in telling us how tenants are finding it tough as the cost of living continues to rise.

Our last Tenants Survey showed that 34% of tenants in council homes. Tenants' incomes have fallen the most over the last year and many are struggling to pay for essentials like food, heating and energy.

We need your help to identify the best ways we can invest to save tenants money. In discussions with Tenants Panel we have identified some ways we think that may reduce your bills or increase your savings.

Please tell us your views by completing the survey.

[More info](#)

Start

Runs from:



# Invest to Save Consultation 19 October – 30 November 2015

# Have your say help us make your rent go further

We know tenants are finding it tough as the cost of living continues to rise. We need your help to tell us the best ways we can invest to save tenants money.

015

## Planned by 'Rent Matters' working group – met six times between May and November

✓ You have picked your top 4 options

Household savings each year

Offer cheaper energy in partnership with...  
Give one to one advice on how to save energy

More Council Homes

Energy Efficient Homes

Cheaper Energy

Energy Advice

Discount Cards

Cheaper Broadband

Community Gardens

Loans for Owners

Household savings each year

£450

No

Build more Council homes which are energy efficient and have lower rents than the private sector

What do you think about this savings option?

Do you think you could save you money?

Address

Phone or



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We can get this document on-line. It's free, though please note that we cannot guarantee the accuracy of the translation. If you need a certified translation, please contact us on 0131 529 6291. We can also offer a free translation service for up to 1000 words. For more information on our services, please visit our website: www.edinburgh.gov.uk/translation

Lisa Mallon | Senior Project Manager | Housing and Regeneration  
| Waverley Court (1.4) | 4 East Market Street | Edinburgh | EH8 8BG | Tel: 0131 529 6291

### How should we spend your rent to save you money?



Council Tenants [have your say](#) by 30 November 2015

### Workshops:

- \* Tenants Conference
- \* Sheltered housing
- \* ETF Executive

### Texting:

- \* Young Tenants

### Stalls:

- \* North
- \* Leith Library
- \* South
- \* South West
- \* ETF parliamentary reception

### Social Media:

- \* Weekly twitter
- \* Weekly facebook
- \* Targeted tweets @ community groups



### Posters:

- \* Neighbourhoods
- \* Libraries
- \* Concierge offices
- \* Community Hubs
- \* In Polish
- \* Plasma Screens

### Emails:

- \* Footers – all staff
- \* Tenants Panel
- \* Community Councils & groups

### Articles :

- \* Tenants Courier
- \* Tenants Voice

# Total Responses

# 262

# Total Comments

# 191

*\*Treble the responses received through 'Your Rent Your Priorities'*

# Consultation by numbers

900

Postcards



62

Responses

19,300

Tenants Couriers



61

Responses

350

Posters

250

Emails



6

Email Responses

160

Text Messages

20

Social media posts

86

Online Responses

6

Stalls

3

ETF meetings

2

Workshops

1

Tenants Conference



47

Responses

56%

Female

39%

Male

5%

Preferred not to say

7%

Under 25

26%

26 - 40

50%

41 - 60

17%

Over 61

91%

English/Welsh/  
/Northern Irish  
Scottish/British

7%

Other White

2%








African

# Tenant Priorities

| Rank | Option                 | Proportion |
|------|------------------------|------------|
| 1    | More Council Homes     | 87%        |
| 2    | Cheaper Energy         | 80%        |
| 3    | Energy Efficient Homes | 76%        |
| 4    | Community Gardens      | 50%        |
| 5    | Discount Cards         | 49%        |
| 6    | Loans for Owners       | 37%        |
| 7    | Energy Advice          | 36%        |
| 8    | Cheaper Broadband      | 35%        |




**87%** Build more Council homes which are energy efficient and have lower rents than the private sector



-  ***“This should be the top priority.”***
-  ***“More council homes need to be built. Waiting times are ridiculous.”***
-  ***“Definitely a good idea, but not using the green belt of Edinburgh.”***
-  ***“It is important to build the right size of home.”***
-  ***“Build more homes so people don't have to private rent.”***
-  ***“Building energy efficient council homes should be a priority, but with sensitivity as to their location.”***
-  ***“It will help less affluent families and also drive down rent in the private sector.”***

# 80% Offer cheaper energy in partnership with a low cost energy supplier

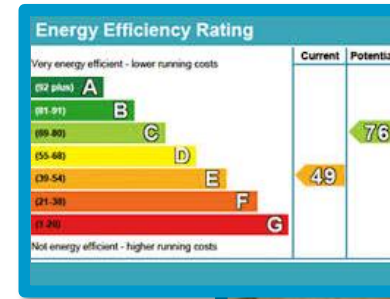


-  ***“Cheaper energy would insure that people on low budgets could afford to use energy without fear of bills being too high, in particular the elderly and infirm.”***
-  ***“...this is only really efficient when other savings from better insulation and better knowledge have been accepted and implemented.”***
-  ***“Cost of energy is crippling, anything to reduce fuel poverty has to be good.”***



# 76%

Invest in energy efficiency measures such as triple glazing, draft proofing & new heating systems to make homes easier to heat



*“As well as making homes more comfortable and cheaper to heat, it has the added benefit of being environmentally sustainable. Win-win.”*



*“Easy investment returns and provides comfort for families and less impact on environment.”*



*“I agree with double glazing draught proofing and new heating systems being a must for all old and new housing.”*




*“Only if work is carried out properly without much maintenance required and it will work to save the poorly paid tenants money.”*


# 50% Use Council land to support tenants to grow fruit and vegetables to reduce food bills



 *“For tenants without gardens this would be a good thing!”*

 *“This will do much more than save tenants money.”*

 *“Get more people involved in producing their own food and taking care and pride in the place where they live.”*

 *“Allotments are a good idea but they shouldn’t be too close to houses as it could feel like an invasion of privacy.”*






 *“Have communal meals to break down isolation and foster community.”*

 *“Classes for those who have never grown before.”*

 *“Great for improving physical and mental health as well as financial savings.”*







**49%** Offer tenant discount cards to help reduce the cost of everyday expenditure



-  *"As long as it was for tenants who were not in [rent] arrears."*
-  *"As long as discounts could be used in affordable shops."*
-  *"Would help local shops stay open."*
-  *"This is a good idea if it is for food and toiletries."*
-  *"They would need to be giving at least 10% off to make them worthwhile."*







# 37% Offer loans to owners to help them pay for their share of common works, like insulation, so that tenants in those blocks benefit from improvements



-  *“Loans should only be given to owners living in the homes, it should be means tested and not offered to landlords.”*
-  *“Loans to owners should be income tested.”*
-  ***“Give home owners incentives and advice on how to repair common stairs.”***
-  *“No. If they own a house the upkeep of it is part and parcel.”*
-  *“The Council saying the upstairs house is privately owned is no excuse for lack of service.”*
-  *“Loans to owners must be repayable.”*

# 36% Carry out home visits and give one to one advice on how to save energy



-  ***“One to one advice is always better than a one size fits all approach.”***
-  ***“It is a good idea, but it shouldn't be done via door knocking, it should be by referral - maybe through housing officers.”***
-  ***“More labour intensive perhaps but with long-term dividends.”***
-  ***“It isn't guaranteed people will take the advice.”***
-  ***“We had this and at the end of the day still could not afford to be warm.”***
-  ***“Its not about advice, its about the cost of heating.”***



# 35% Offer cheaper broadband and access to digital services



***“Everyone should have access to broadband.”***



***“It is a part of the life these days and should not be considered as entertainment only, as people use it for job purposes too.”***



***“Digital services are an essential part of modern life,”***



***“In 20 years time perhaps.”***



***“Broadband is good, as you waste so much money on paying for a landline you don't need.”***

**Less subcontracting**

**Build more shops**

**A handyman scheme**

**Reduce the number of managers**

**A grass cutting service**

**Solar panels & wind turbines**

**Carry out annual inspections**

**Evening repairs appointments**

**Make stair cleaning a standard service**

**Reward tenants who pay their rent**

**Help to grow vegetables in tenants gardens - growing boxes, soil starter kits & classes**

**Offer incentives to people who are lowering their carbon footprint**

**Make rent statements electronic & available online**

**Help with decoration after improvements**

**More computers in community buildings where people can get online and get help when needed.**

**Rent out garages**



## **Other Tenant Proposals**







**Jobs for tenants**

# Keeping Rents Affordable

**<5%**

Respondents in  
favour of not  
increasing rents

**2%**  
**rent increase = £1.85 (a week) or £96.51 (a year)**

-  *“The rent should not be increased in the next year as it is getting impossible to pay bills, especially for a single person working full time on a minimum wage.”*
-  *“No extra services, keep the rents down instead.”*
-  *“My rent has risen a lot in recent years. What's the point of triple glazing if I can't afford my rent and end up homeless? Keep rents affordable. If that means no new kitchens then so be it!”*
-  *“Offer no broadband, discount cards, allotments or loans and keep next year's rent rise down to a minimum.”*
-  *“The Council should consider affordability for those who pay full or partial rent.”*
-  *“Keep Council rents low so people can afford them. Then people on low pensions or income will not be able to pay for heating and food.”*



# Five year budget strategy

## Based on tenant priorities

- £ 80 million Additional investment in building Council homes

- £ 60 million Investment in making homes more energy efficient (*including new heating systems, new windows and door and insulation*).

- Partnership with **Our Power** to deliver low cost energy.

- Work with tenants to develop proposals for:**

  - Expanding the range of partners and suppliers supporting the tenant discount card.*

  - Expanding the network of tenant allotments and community gardens developed on HRA land.*

  - Providing digital services at no or little cost to tenants.*

  - Offering loans to home owners to progress mixed tenure improvements.*

# Next Steps

- **14 January 2016** – Finance and Resources Committee scrutinises the financial detail.
- **21 January 2016** - Council agrees budget in light of tenants consultation, what the Committees say and officer advice.
- **February 2016** – Meet to review consultation process and lessons learned.
- **February 2016** – Work with tenants to develop money saving proposals identified through the consultation.
- **May 2016** – Set up affordability workshop with tenants who don't get help to pay their rent.
- **June 2016** – Begin planning 2017/18 rent consultation.

## Appendix 6 – Draft HRA Capital Investment Programme

The 2016/17 Draft Budget and Business Plan are based on the assumptions set out in Appendix 2. Below is the outline draft Capital Investment Programme, which is based on tenant priorities, service performance and statutory investment requirements. The funding strategy may be revised through the year as officers seek to make the best use of any existing and new resources and use the most appropriate funding to generate the best return to the HRA.

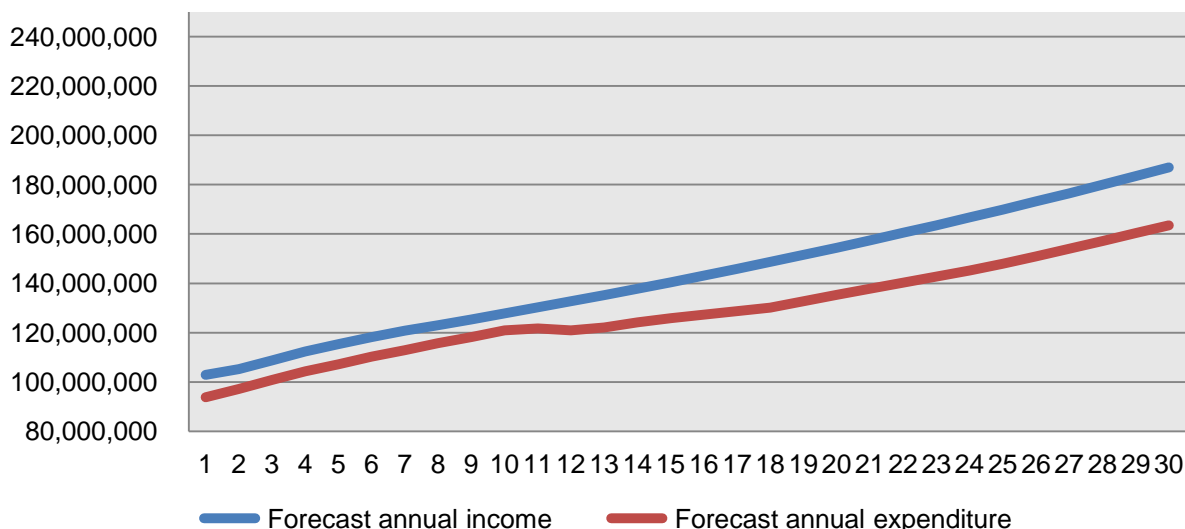
| Programme Heading  | 2016/17         | 2017/18         | 2018/19         | 2019/20         | 2020/21         | Total            |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|
|  | £million        | £million        | £million        | £million        | £million        |                  |
| <u>HRA Core programme</u>  |                 |                 |                 |                 |                 |                  |
| Housing Investment   | 31.000          | 31.000          | 30.000          | 29.000          | 26.500          | 147.500          |
| Neighbourhood Environmental Investment                               | 2.000           | 2.000           | 2.000           | 2.000           | 2.000           | 10.000           |
| Community Care   | 1.550           | 1.550           | 1.550           | 1.550           | 1.550           | 7.750            |
| Regeneration   | 1.000           | 0.000           | 0.000           | 0.000           | 0.000           | 1.000            |
| Capital Salaries & CHS   | 2.700           | 2.700           | 2.700           | 2.700           | 2.700           | 13.500           |
| <b>Sub Total</b>   | <b>38.250</b>   | <b>37.250</b>   | <b>36.250</b>   | <b>35.250</b>   | <b>32.750</b>   | <b>179.750</b>   |
| <u>21st Century Homes</u>  |                 |                 |                 |                 |                 |                  |
| 21st Century Homes Investment (current)                              | 10.258          | 28.128          | 26.920          | 23.214          | 12.942          | 101.464          |
| 21st Century Homes Investment (future)                               | 0.000           | 0.330           | 13.330          | 26.330          | 39.330          | 79.320           |
| <b>Total</b>   | <b>48.508</b>   | <b>65.708</b>   | <b>76.500</b>   | <b>84.794</b>   | <b>85.022</b>   | <b>360.534</b>   |
| Funding Source   | £ million       | £ million       | £ million       | £ million       | £ million       | Total            |
| <u>HRA core programme</u>  |                 |                 |                 |                 |                 |                  |
| Prudential Borrowing   | (22.884)        | (24.648)        | (25.545)        | (27.622)        | (25.122)        | (125.820)        |
| CFCR   | (10.256)        | (9.231)         | (8.205)         | (5.128)         | (5.128)         | (37.949)         |
| Receipts from Council House Sales                                    | (1.739)         | (0.000)         | (0.000)         | (0.000)         | (0.000)         | (1.739)          |
| Receipts from other HRA assets (Acquisitions, disposals & Land etc.) | (1.750)         | (1.750)         | (1.750)         | (1.750)         | (1.750)         | (8.750)          |
| Capital Receipts and other income                                    | (1.621)         | (1.621)         | (0.750)         | (0.750)         | (0.750)         | (5.492)          |
| <b>Sub Total</b>   | <b>(38.250)</b> | <b>(37.250)</b> | <b>(36.250)</b> | <b>(35.250)</b> | <b>(32.750)</b> | <b>(179.750)</b> |
| <u>21st Century Homes</u>  |                 |                 |                 |                 |                 |                  |
| CFCR and Reserves  | (7.193)         | (16.160)        | (20.018)        | (16.625)        | (6.325)         | (66.320)         |
| Prudential Borrowing   | (0.146)         | (6.281)         | (16.932)        | (28.869)        | (40.104)        | (92.332)         |
| Developers contributions   | (2.183)         | (1.279)         | (0.954)         | (0.190)         | (0.469)         | (5.075)          |
| Scottish Government Subsidy  | (0.736)         | (4.738)         | (2.346)         | (3.861)         | (5.376)         | (17.057)         |
| <b>Sub Total</b>   | <b>(10.258)</b> | <b>(28.458)</b> | <b>(40.250)</b> | <b>(49.544)</b> | <b>(52.273)</b> | <b>(180.784)</b> |
| <b>Total</b>   | <b>(48.508)</b> | <b>(65.708)</b> | <b>(76.500)</b> | <b>(84.794)</b> | <b>(85.023)</b> | <b>(360.534)</b> |

## Appendix 7 – HRA Business Plan – Comparative Analysis

This Appendix sets out the impact of delivering a new, more ambitious, investment strategy over the next 30 years by building on the success of the current HRA investment programme. The strategy seeks to deliver an enhanced investment programme which focuses on building more affordable homes and reducing tenants' cost of living.

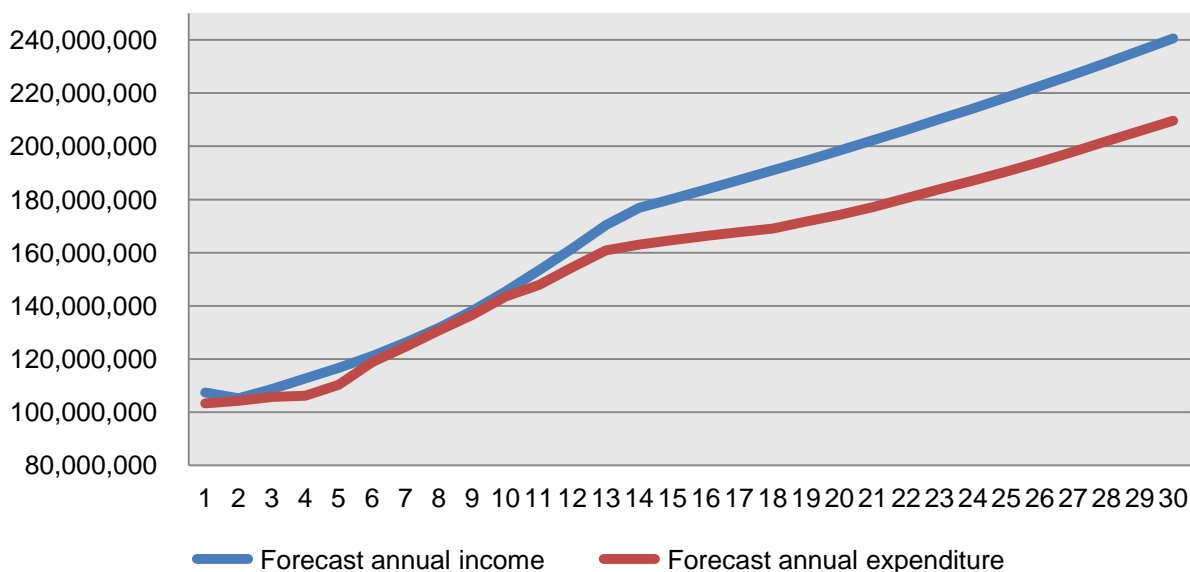
The business plan assumes a 2% annual rent increase in line with inflationary assumptions and below Scottish average local authority increases.

### Current Strategy: Income vs Expenditure



The current five year investment programme and 2% annual rent increase is a low risk strategy. There is scope to enhance the investment strategy and deliver an ambitious programme that puts tenants' welfare at the centre of investment and delivery.

### Enhanced Strategy: Income vs Expenditure



In order to deliver the enhanced strategy income and expenditure in the HRA business plan will be more closely aligned. This is most visible in the first 10 years due to a significant increase in the Council housebuilding, which aims to deliver an additional 5,000 homes over the next 10 years. Debt repayment is also at its most expensive in the first 10 years.

While the HRA does not go into deficit throughout the 30 year business plan, the risk of this happening is much greater over the next 10 years. Operating surpluses drop to their lowest at £0.885 million in 2017/18. In order to keep the HRA out of deficit operating surpluses will be invested “in year” to reduce borrowing costs. The business plan also assumes the successful implementation of cost saving measures including a 10% reduction in housing management and a 20% reduction in repairs and ICT costs, as well as, an increase in income through the acceleration of the Council’s acquisitions and disposals asset consolidation strategy. Savings through procurement in the core capital investment programme also see costs reducing, whilst output remains high.

Throughout the 30 years the Business Plan maintains a prudent contingency to be able to deal with any significant drop in income or increase in expenditure.

# Finance and Resources Committee

10.00am, Thursday, 14 January 2016

## Common Good Planned Maintenance Programme and Common Good Reporting

|                   |      |
|-------------------|------|
| Item number       | 7.15 |
| Report number     |      |
| Executive/routine |      |
| Wards             |      |

### Executive summary

---

On 19 October 2015, the Governance Risk and Best Value Committee requested that the Head of Finance explore ways to use the Common Good Fund to pro-actively maintain and refurbish Common Good property.

This report advises the Committee with a proposed planned maintenance programme to use the Common Good Fund for this purpose.

This report also clarifies to which Committees Common Good matters are reported.

### Links

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|                          |   |
|--------------------------|---|
| Coalition pledges        | <a href="#">P30</a> , <a href="#">P31</a> |
| Council outcomes         | <a href="#">CO19</a>                      |
| Single Outcome Agreement | <a href="#">SO2</a> , <a href="#">SO3</a> |

## Common Good Planned Maintenance Programme and Common Good Reporting

### Recommendations

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- 1.1 Members of the Finance and Resources Committee are asked to:
  - 1.1.1 Approve the use of the Common Good Fund for the activities planned for the Common Good maintenance programme outlined in the report;
  - 1.1.2 Note that actual and planned maintenance programme will be reported to the Finance and Resources Committee annually within the Common Good Performance Report; and
  - 1.1.3 Note that all Common Good matters will be reported to Finance and Resources Committee, unless policy decisions are required in which circumstance the matter will be reported to Corporate Policy and Strategy Committee.

### Background

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- 2.1 The City of Edinburgh Council has a statutory obligation under the Local Government etc. (Scotland) Act 1994, Section 15(4) (b) in administering property held as part of the common good to have regard to the interests of all of the inhabitants of the City. In effect the Council holds the Common Good Fund for the benefit of the City as a whole.
- 2.2 The purpose of this report is to advise the Committee of proposals for a Common Good Planned Maintenance Programme which was requested at the Governance, Risk and Best Value Committee meeting on 19 October 2015.
- 2.3 The Committee noted that the Head of Finance would explore ways to use the Common Good fund to pro-actively maintain and refurbish Common Good property. Following consultation with colleagues in Corporate Property, a number of options were explored to use the fund for planned maintenance of Common Good property and proposals are outlined in the main report.
- 2.4 The Committee noted on 24 September 2015 that there were a number of actions related to Common Good from the Governance, Risk and Best Value and the Corporate Policy and Strategy Committee. It was noted that due to these various actions, a decision was required to decide the most appropriate Committee to which to report Common Good related issues.

## Main report

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- 3.1 The current priorities and issues affecting the Council's Corporate Property portfolio highlight the on-going need for inspections and a pro-active maintenance programme to ensure that the Common Good assets are maintained to a satisfactory level.
- 3.2 At 31 March 2015, the Common Good Fund balance stood at £1.65 million, with £1.18 million held separately for the sale of East Market Street Garage which was transferred to the Common Good Fund following approval by the Finance and Resources Committee on 27 August 2015. In 2015/16, £0.67 million has been spent on the acquisition of Custom House and £0.16 million has been received following the sale of assets. The current balance of the Common Good Fund is therefore £2.32 million.
- 3.3 Following review by Corporate Property, the planned property maintenance of Common Good assets has been broken down into various activities with the estimated annual cost of these activities and the potential sites which could be covered, detailed in Appendix 1. This proposed initial spend of around £0.190m will inform the future programme.
- 3.4 However, these estimates are subject to change as if the planned preventative maintenance uncovers items which require additional critical work, it would be prudent to front load the work and subsequently reduce the annual commitment.
- 3.5 In addition, it is proposed to fund a project for Scott Monument lighting which is forecast to cost £0.122 million (£0.077 million in 2015-2016 and £0.045 million in 2016-2017).
- 3.6 This proposed approach would ensure that the Common Good Fund is used astutely for the purpose of maintaining and refurbishing Common Good assets.
- 3.7 The Planned Maintenance Programme will be reviewed annually and included as part of the Common Good Performance Report which is reported to Finance and Resources Committee in September.
- 3.8 All Common Good matters will be reported to Finance and Resources Committee, unless policy decisions are required in which circumstance the matter will be reported to Corporate Policy and Strategy Committee.

## Measures of success

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- 4.1 An effective planned maintenance programme of Common Good property.

## Financial impact

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- 5.1 Use of the Common Good Fund to maintain Common Good property.



## Risk, policy, compliance and governance impact

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- 6.1 There is a risk that the condition of Common Good property will deteriorate unless it is pro-actively maintained.

## Equalities impact

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- 7.1 There is no direct impact of the report's contents to equalities related issues. However, the statutory obligation placed on the Council for the management of Common Good property is for the benefit of all of the City's inhabitants.

## Sustainability impact

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

## Consultation and engagement

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- 9.1 None.

## Background reading/external references

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[Governance, Risk and Best Value Committee](#) 19 October 2015. Please see item 5. Revenue Monitoring 2014/15 – Outturn Report and decision 2) for details

[Finance and Resources Committee Rolling Actions Log](#) 29 October 2015 item 25.

## Hugh Dunn

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## Links

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|                          |   |
|--------------------------|---|
| <b>Coalition pledges</b> | P30 – Continue to maintain a sound financial position including long-term financial planning<br>P31 – Maintain our city's reputation as the cultural capital of the World by continuing to support and invest in our cultural infrastructure. |
| <b>Council outcomes</b>  | 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.       |
| <b>Single Outcome</b>    | SO2 – Edinburgh's citizens experience improved health and   |

**Agreement** wellbeing, with reduced inequalities in health

**Appendices** Appendix 1 – Proposed works and estimated cost

Common Good: Work Programme

| <b>Appendix 1</b>                |   |   |                              |  |
|----------------------------------|---|---|------------------------------|--|
| <b>Proposed Works</b>            | <b>Potential Activities</b>   | <b>Potential Sites</b>  | <b>Estimated Annual Cost</b> | <b>Additional Notes on Activities</b>  |
| High Level Surveys               | Survey and Video, gutter cleaning, replacement of slipped slates, lightning protection and man-safe checks. Minor repairs               | <ul style="list-style-type: none"> <li>• Calton Hill (Nelson Monument and James Craig House)</li> <li>• City Chambers complex</li> <li>• Lady Stairs House</li> <li>• Meadows Pillars</li> <li>• People Story Museum</li> <li>• Scott Monument</li> </ul> | £0.015m                      | Costs for any necessary larger repairs identified, particularly if scaffold or barriers/ street closures involved, are additional. |
| Sustainability Surveys           | Lighting surveys, controls, heating and general energy efficiency surveys.  | <ul style="list-style-type: none"> <li>• Calton Hill (Nelson Monument and James Craig House)</li> <li>• City Chambers complex</li> <li>• Lady Stairs House</li> <li>• People Story Museum</li> <li>• Scott Monument</li> </ul>                            | £0.005m                      | Initial surveys to determine condition and options. Confirmation and monitoring surveys thereafter.                                |
| Planned Preventative Maintenance | Decoration; flooring, blinds/curtains.<br><br>Window-cleaning.<br><br>Window restrictors.   | <ul style="list-style-type: none"> <li>• City Chambers complex</li> <li>• Lady Stairs House</li> <li>• People Story Museum</li> <li>• Scott Monument</li> <li>• Calton Hill Buildings</li> </ul>  | £0.150m                      | Particular emphasis on common and service area in first instance. Room/area upgrades thereafter.                                   |
| Sustainability Works             | Lighting; LEDs, external lighting.<br><br>Heating adjustments and upgrades.<br><br>Draught exclusion; checks, repairs and installation. | <ul style="list-style-type: none"> <li>• City Chambers complex</li> <li>• Lady Stairs House</li> <li>• People Story Museum</li> <li>• Scott Monument</li> <li>• Calton Hill Buildings</li> <li>• External lighting to various monuments</li> </ul>        | £0.020m                      | Work based on feedback from Sustainability Surveys above.  |
| <b>Estimated Annual Cost</b>     |   |   | <b>£0.190m</b>               |  |

# Finance and Resources Committee

10.00am, Thursday 14 January 2016

## ICT Governance

|                   |      |
|-------------------|------|
| Item number       | 7.16 |
| Report number     |      |
| Executive/routine |      |
| Wards             |      |

### Executive summary

---

The Finance and Resources Committee on 3 August 2015 approved the appointment of CGI as the preferred bidder in the ICT contract re-procurement.

This report sets out proposed transitional and future governance arrangements for the management of ICT, based on the new contractual obligations. These arrangements will allow for the future governance arrangements to be streamlined while ensuring ICT is focused on delivering the right outcomes for the Council.

### Links

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|                          |      |
|--------------------------|------|
| Coalition pledges        |      |
| Council outcomes         | CO25 |
| Single Outcome Agreement |      |

## ICT Governance

### Recommendations

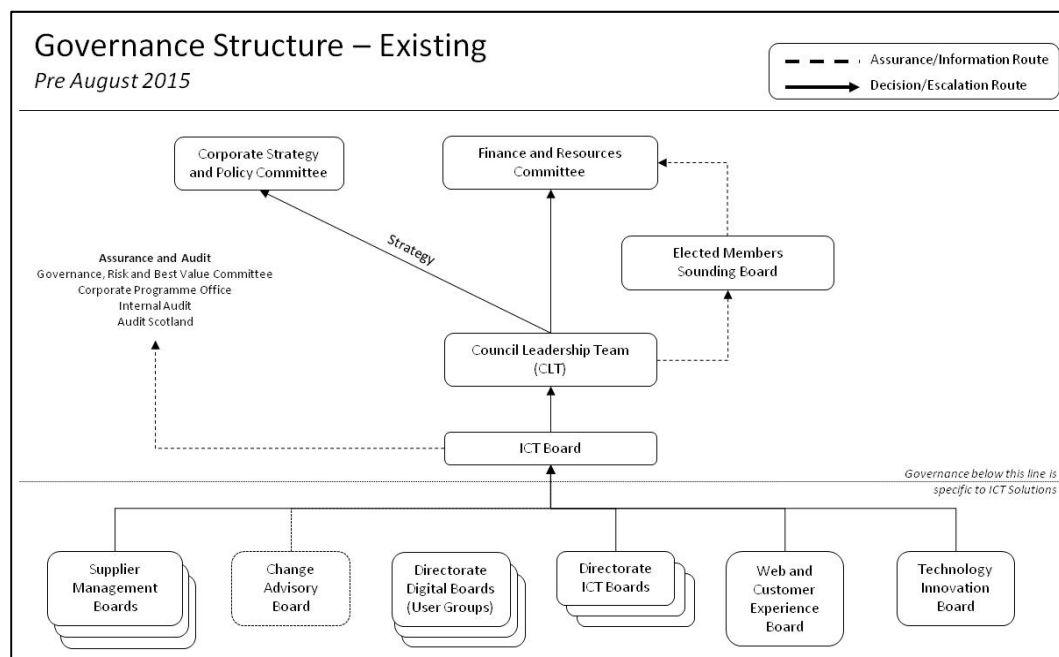
- 1.1 Agree the interim and future governance arrangements for ICT; and
- 1.2 Note the approach to management of ICT investment and expenditure outlined in paragraphs 3.16 and 3.17 of this report.

### Background

- 2.1 With the letting of the ICT contract to CGI, the Council has to manage two main ICT suppliers in the short term, before fully transitioning to CGI on 1 April 2016.
- 2.2 The current ICT governance was agreed as part of the ICT Strategy in December 2012.
- 2.3 It is now appropriate to review and propose further improvements to the Council's ICT governance arrangements in line with significant progress made.

### Main report

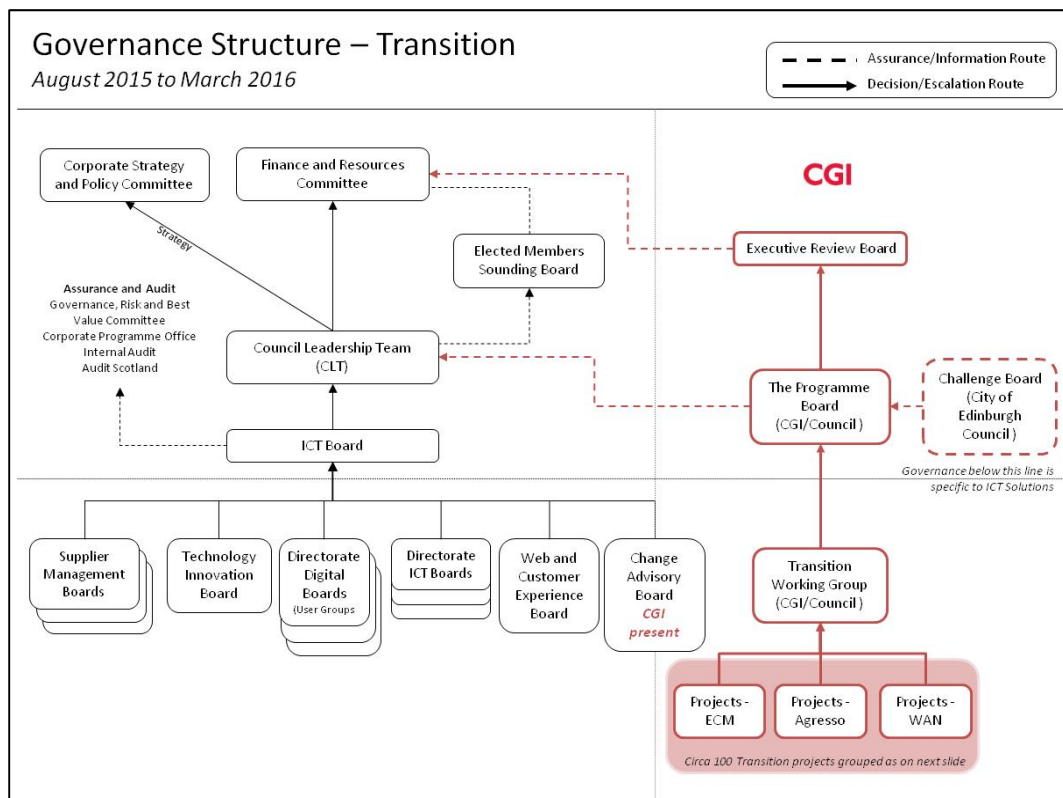
- 3.1 The current structure for the Governance of ICT is outlined below, and has been in place since Committee agreed the Council's ICT Strategy in December 2012.



- 3.2 The governance arrangements supported management of a number of ICT suppliers, and existing ICT and web boards. The Technology Innovation Board was put in place to give a focus on innovation, and to allow a single place for new suppliers to pitch solutions.
- 3.3 The ICT board included a representative from each Directorate and decisions followed the usual committee approvals with an Elected Members Sounding Board providing strategic challenge and advice.

**Governance: transition period**

- 3.4 The model that the Council will use to govern transition of service from BT to CGI UK has been designed to specifically support and add rigour to this phase of the programme. The current Governance around the management of BT will remain in place with some additional groups added in the short term. The governance arrangements include appropriate levels of executive, strategic and operational oversight with an effective challenge function as follows:



- 3.5 **Executive Review Board:** the Review Board will ensure executive oversight of transition and will meet quarterly.
  - 3.5.1 Remit: the remit of the review board is to oversee
    - 3.5.1.1 progress with transition and transformation planning and delivery, business continuity and testing;
    - 3.5.1.2 progress with the development of the exit plan;

- 3.5.1.3 performance of the service from a strategic, commercial, project and technical perspective;
  - 3.5.1.4 progress relating to exiting the incumbent contract and cut over to the new supplier;
  - 3.5.1.5 management of risk relating to the successful completion of transition, transformation and the service cut over date; and
  - 3.5.1.6 progress relating to the exit of the incumbent supplier contract and cut over to CGI.
- 3.5.2 Membership: the membership of the executive board is the Chief Executive, and Chief Information Officer from the Council. The UK vice president and senior delivery team will attend from CGI.
- 3.6 **Programme Board:** the Programme Board will ensure strategic oversight across the entire programme, and will meet monthly.
- 3.6.1 Remit: the remit of the Board is to
- 3.6.1.1 govern the transition programme;
  - 3.6.1.2 ensure the programme meets its stated objectives;
  - 3.6.1.3 report on performance against agreed objectives;
  - 3.6.1.4 resolve issues and undertake dispute resolution;
  - 3.6.1.5 ensure the programme stays within allocated budgets and meets prescribed business benefits.
- 3.6.2 Membership: the membership of the Board will be the senior ICT solutions team and CGI delivery staff. Due to the diversity of the programme, the business representation is focused at the individual project level, however, a business change champion and a senior user have been appointed to ensure business interests are effectively represented.
- 3.7 **Challenge Group:** this group will meet to challenge the programme team to ensure best practice is embedded and oversee the success of the programme. The membership of the challenge group will include key members of the ICT procurement and external, independent experts.
- 3.8 At the operational level a **Transition Working Group** will ensure appropriate levels of operational oversight and will meet weekly.
- 3.8.1 Remit: the remit of the working group is to
- 3.8.1.1 ensure real time oversight and escalation of the 100 services that will be transformed or transitioned; and
  - 3.8.1.2 manage the day to day operation of the transition programme;
  - 3.8.1.3 focus on delivery of the transition programme against agreed milestones; and

3.8.1.4 ensure effective business change management.

3.8.2 Membership: the membership of the group will consist of CGI and ICT solutions management as well as representatives from the business leading on a range of transition projects.

3.9 **Individual project boards:** the 100 services to be transformed or transitioned by CGI have been grouped into key themes with dedicated boards as outlined in the transition governance structure diagram below.

3.9.1 Remit: to ensure the projects deliver the required business outcomes, within the agreed scope; and

3.9.2 Membership: each board includes appropriate representation from business areas.

3.10 **BT/Council Change Advisory Group:** CGI will attend this group to ensure that they are fully aware of changes to the services that they will ultimately take over from BT.

**Governance: post transition**

3.11 The governance model that ICT Solutions will operate with CGI UK following transition is one of co-delivery. This is where the operation between the client and the provider is fully aligned to deliver the right outcomes for the Council.

3.12 ICT Solutions will transition to become a commissioner, rather than a provider, of services with the internal team focusing on four key areas:

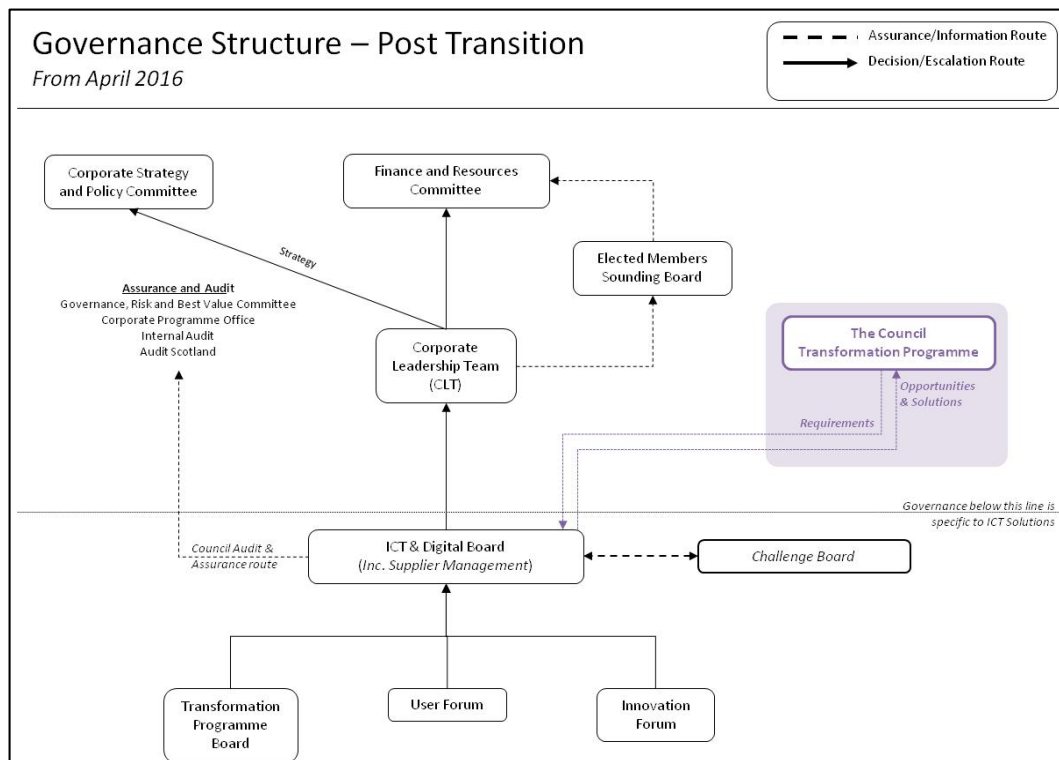
3.12.1 future service opportunities: understanding the business and ensuring that opportunities for the Council to maximise the benefits of technology are realised;

3.12.2 delivery: ensuring suppliers are held accountable for delivery milestones and service targets;

3.12.3 assurance: ensuring supplier solutions meet the priorities of the ICT Strategy, Council policy, legislative and security requirements; and

3.12.4 commercial: managing the ICT budget and solutions achieve best value.





3.13 Post transition governance arrangements have been streamlined and refined to reflect the contractual arrangements with CGI and experience of the previous model. The key change is the introduction of a joint Council and CGI **ICT and Digital Board** with strategic oversight of all the services provided under the partnership. This will be established and in place by January 2016.

- 3.13.1 Remit: the remit of the ICT and Digital Board will be to
- 3.13.1.1 review the Council's ICT and Digital strategy and alignment of services;
  - 3.13.1.2 assess performance of services from a strategic, commercial, project and technical perspective;
  - 3.13.1.3 monitor all performance against the Partnership Charter with a focus on performance against outcomes and benefits;
  - 3.13.1.4 undertake future planning, including reviews and service usage forecasting;
  - 3.13.1.5 consider savings project proposals and approve CGI related business cases;
  - 3.13.1.6 review and manage strategic risks and issues;
  - 3.13.1.7 act as the point of escalation and resolution from the supplier management and programme boards;
  - 3.13.1.8 report on contract take up by other agencies and the reduction in volume costs;
  - 3.13.1.9 quarterly reporting and review of attainment, actual and forecast, against the prescribed SME involvement target and record of payment history to SMEs; and

3.13.1.10 track progress of creation of new jobs and other community benefits.

3.14 Oversight and monitoring at operational level will be delegated and undertaken by three forums and boards as follows:

3.14.1 **Innovation forum:** a cross Council board to identify potential improvements or innovation in process or technology to deliver business benefits;

3.14.2 **User forum:** this is a new approach that introduces an informal forum to engage directly with the business supporting any member of Council staff to advise on operational issues or potential improvements; and

3.14.3 **Directorate ICT Boards:** dedicated relationship managers will work with directorates to plan solutions based on specific outcomes identified and required by the business.

3.15 **External Challenge Board:** the aim is to implement arrangements to set up an external challenge board with representatives from the private and business sectors in Edinburgh. This will challenge both CGI and the Council to ensure the partnership remains innovative, customer focused and best in class.

#### **ICT investment and expenditure**

3.16 A review of the budgeting and financial approach to ICT investment and expenditure has been undertaken to ensure arrangements are fit for purpose and support the new contract. The council-wide ICT financial allocations will now be overseen and managed by the Chief Executive with delegation to the Chief Information Officer to approve expenditure up to £2m across the life of the contract to ensure all future ICT investment:

3.16.1 meets the principles of the ICT strategy;

3.16.2 achieves best value;

3.16.3 is within approved budgets;

3.16.4 meets equality, sustainability and related statutory provisions;

3.16.5 is appropriately procured and licensed; and

3.16.6 has an achievable business case.

3.17 If a proposed investment does not meet these criteria it shall be escalated to the Chief Executive for further consideration.

## Measures of success

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- 4.1 The progress against the ICT transition will be reported quarterly throughout transition. The cost and performance of the contract will be reported six monthly from service commencement in April 2016.

## Financial impact

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- 5.1 This Governance model will ensure that the savings stated in the report to approve CGTI as preferred bidder are managed and met. Further, a streamlined governance model will improve efficiency and a clear approval process with all ICT spend being agreed by ICT solutions will reduce wastage and duplication.

## Risk, policy, compliance and governance impact

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

## Equalities impact

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- 7.1 None.

## Sustainability impact

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- 8.1 None.

## Consultation and engagement

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- 9.1 An extensive programme of engagement has taken place across all Service Areas and with CLG, Departmental Management Teams (DMT's) and Elected Members during the procurement of the new ICT contract. Nominated representatives across Service Areas have been identified for the various Project Boards.

## Background reading/external references

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[ICT Strategy Development, Corporate Policy and Strategy Committee, 4 December 2012](#)

[Review of Contract Procedures relating to the Council ICT Procurement process, report to Finance and Resources, 30 October 2014](#) This report was referred to [GRBV](#) on 13 November 2014

## Andrew Kerr

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## Links

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### Coalition pledges

**Council outcomes** CO25 - The Council has efficient and effective services that deliver on objectives

**Single Outcome Agreement**

**Appendices**

# Finance and Resources Committee

10am, Thursday, 14 January 2016

## Health and Social Care Integration – Update

|                          |      |
|--------------------------|------|
| <b>Item number</b>       | 7.17 |
| <b>Report number</b>     | 10   |
| <b>Executive/routine</b> |      |
| <b>Wards</b>             | All  |

### Executive summary

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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.

It also provides a summary of the key points from Audit Scotland national audit of integration arrangements.

### Links

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|                                 |                                    |
|---------------------------------|------------------------------------|
| <b>Coalition pledges</b>        | P12 and P43                        |
| <b>Council outcomes</b>         | CO10, CO11, CO12, CO13, CO14, CO15 |
| <b>Single Outcome Agreement</b> | SO2                                |

# Health and Social Care Integration – Update

## Recommendations

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- 1.1 Members are recommended to:
  - 1.1.1 note progress with the integration of NHS Lothian health and Council adult social care functions; and
  - 1.1.2 Note the summary of Audit Scotland audit of national health and social care integration arrangements and the recommendations for councils and NHS boards to work together on with the IJB

## Background

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- 2.1 The Finance and Resources Committee requested regular update reports to track progress with the work associated with Health and Social Care Integration. The last report was on 26 November 2015. This is the first report in 2016.
- 3.1 Governance, Risk and Best Value Committee received an update on the critical and high risks identified in the Council Internal Audit report on 17 December and progress with the management actions.

## Main report

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### Edinburgh Integration Joint Board (EIJB)

- 3.1 The Edinburgh Integration Joint Board continues to meet monthly, alternatively in formal business mode and informal development mode in readiness for delegation of functions on 1 April 2016.
- 3.2 The EIJB signed of its financial assurance plan at its formal business meeting in September. The key elements are:
  - Development of a financial framework for the EIJB Strategic Plan;
  - Agreement of the budgets delegated from the Council and NHS Lothian;
  - A strategy for working with the other three Lothian IJBs to agree where risk will be jointly managed;

- An agreed set of 'directions' (the statutory mechanisms for the EIJB to direct service delivery across NSH Lothian and the Council);
  - Financial governance arrangements, including Audit Committee and internal Audit for the EIJB;
  - Development of a reporting mechanism to provide the EIJB and integrated management team with appropriate and timely financial information.
- 3.3 At its meeting on 20 November, it approved the establishment of its Audit and Risk Committee.
- 3.4 As a result the EIJB now has four sub committees or groups reporting to it for the management of its business. These are:
- Strategic Planning Group (Statutory)
  - Audit and Risk Committee (recommended in guidance)
  - Performance Sub Group
  - Professional Advisory Committee

## **Strategic Plan Consultation**

- 3.5 The consultation on the draft Strategic Plan ended on 30 October. Work is ongoing to analyse views and prepare the second draft of the Plan.
- 3.6 The Council submitted a response during the consultation. This was prepared by experts in Health and Social Care, and, to avoid any conflict of interest, the response was reviewed by senior officers in the Directorates of Place and Corporate Operations.
- 3.7 The EIJB will consider the revised Strategic Plan, emerging financial plan and initial statutory 'directions' to the Council and NHS Lothian at its development session in December.
- 3.8 Both the Council and NHS Lothian will be formally consulted on the second draft Strategic Plan. Views will be invited on this draft version from the Council's Policy and Strategy Committee in February 2016.
- 3.9 Neither the Council nor NHS can veto the Strategic Plan, however the EIJB is statutorily obliged to take account of any views expressed.
- 3.10 The Strategic Plan cannot be finalised until there is clarity on the budget to be delegated to the EIJB. The EIJB budget setting is constrained by the budget setting processes of both the Council and NHS Lothian. It has been agreed that

the Council will finalise its 2016/17 budget in January 2016. NHS Lothian is likely to agree the budgets for its four IJBs in March 2016.

- 3.11 As a result it is unlikely that the Strategic Plan and associated financial statement will be approved by the EIJB until its meeting in March 2016. There is no room for NHS Lothian or the Council to slip this timetable if the statutory deadline is to be met.

## **Integrated Management**

- 3.12 Finance and Resources Committee approved an integrated senior manager structure at its meeting on 4 June 2015. In light of the appointment of the new Chief Officer and recent agreement between the Council and NHS Lothian chief executives, work has started to consider this in relation to NHS revised management arrangements and Council Transformation Programme.

- 3.13 At the moment ongoing work is focused on:
- Reconsidering the permanent senior management structure in light of interim arrangements. The timescale for this is being aligned as closely as possible with the wider Council Transformation programme; and
  - The operating model for delivery of services in localities which must also take account of the need to make savings through the Council's transformation programme and NHS Lothian Local Reinvestment Plans (LRP).

## **National Audit of Health and Social Care Integration**

- 3.14 Audit Scotland has undertaken the first of three planned audits of national arrangements for the integration of health and social care. Stakeholders from Edinburgh's Integration Joint Board were interviewed by Audit Scotland.

- 3.15 A summary of the overall audit is provided below. The full report can be accessed [here](#).

- 3.16 Points to note on audit arrangements for integration authorities:
- The Accounts Commission is responsible for appointing (external) auditors to IJBs and has an interest in financial management and governance arrangements;
  - IJBs are regarded as local government bodies and as such the Accounts Commission has a power to audit the extent to which they are discharging their Best Value duty;
  - The Auditor General has an audit interest in the extent to which this significant national policy is being implemented and its impact; and



- From April 2017, the Care Inspectorate and Health Care Improvement Scotland are required by legislation to assess progress in establishing joint strategic commissioning and the early impact of legislation.

### 3.17 Auditor comments to note on progress so far:

- There is wide support for the opportunities offered by integration;
- NHS Boards and Councils need to be clear about how local arrangements work in practice, including shared understanding of roles and responsibilities and an effective system for scrutiny;
- Members of IJBs need to understand and respect differences in organisational cultures and background;
- IJB members will have to manage conflicts of interest;
- IJBs are responsible for the planning of integrated services but are not entirely independent of councils and NHS boards;
- There needs to be clear understanding of who is accountable for delivery: specifically roles and responsibilities and the management of the risk of service failure;
- Clear procedures are required for clinical and care governance;
- Councils and NHS Boards are finding it difficult to agree budgets for the new integration authorities. This is hindered by different planning cycles and complexities of set-aside budgets. As at October 2015, budgets for only six integration authorities had been agreed;
- Most integration authorities are still developing their strategic plans. As at October 2015, only six had published their plans. Budget difficulties, identified above, are hindering production;
- Most integration authorities have still to produce supporting strategies for key areas such as workforce, risk management, data sharing. The lack of such support brings into question the likely effectiveness of the integration authorities, at least in their first year;
- There is a pressing need for workforce planning to show how an integrated workforce will be developed;
- The proposed national performance indicators do not allow clear measurement of progress required to transfer the balance of care to the community, and the linking of indicators to outcomes is incomplete such that it will be difficult to measure success.
- The role of localities in leading the integration of social care still needs to be fully developed.

### 3.18 Recommendations are made in three tranches a) Scottish Government, b) integration authorities and c) for all constituent parties to work together. Specific recommendations for all three parties include:

- The need to develop protocols to ensure the chair of the IJB, chief officer and chief executives of the NHS board and Council negotiate their roles in

relation to the IJB early on and that the shared understanding is maintained;

- Establish effective scrutiny mechanisms to ensure councillors and NHS non-executives who are not members of the IJB Board are kept fully informed of the impact of integration for people who use local health and care services (given the change in roles and responsibilities);
- Review clinical and care governance arrangements to ensure a consistent approach for integrated services and that they are aligned to existing arrangements;
- Urgently agree budgets for integration authorities, for their first year and for the next few years so they have a measure of certainty for strategic planning;
- Put in place data sharing arrangements to allow them to access new data from Information and Statistics Division (ISD).

## Measures of success

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- 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.
- 4.5 The EIJB has agreed to set up a Performance Sub-Group to ensure an integrated overview of the performance of functions and service re-design.

## Financial impact

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- 5.1 It is estimated that the Edinburgh Integration Joint Board will include a combined budget the first year 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 and to ensure that they are fair and reasonable.
- 5.3 The delegation of the resources means that spending decisions within the overall agreed budget will become the responsibility of the EIJB from 1 April 2016.
- 5.4 The Strategic Plan will identify how the resources are to be spent (at a high level) 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**

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- 6.1 A detailed risk log is maintained for the Integration Programme and is reported through the status reporting process to the 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. A further report is due at its meeting on 20 November

## **Equalities impact**

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- 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 the Council 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 The EIJB has been advised by the Equalities and Human Right Commission (EHRC) that the Equality Act 2010 applies to Integration Joint Boards. As a result the EIJB is required to publish a 'mainstreaming report and a set of equality outcomes by 30 April 2016.

## Sustainability impact

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- 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 of support; and
  - they will promote social inclusion of and care for a range of vulnerable individuals.

## Consultation and engagement

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- 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 on the second draft as noted above.

## Background reading/external references

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[Health and Social Care Integration, Audit Scotland, 3 December 2015](#)

Governance Risk and Best Value Committee – 17 December 2015, health and Social Care Integration - Update (not yet available online)

[Finance and Resources Committee - 26 November 2015, Health and Social care Integration Update](#)

[Finance and Resources Committee - 29 October 2015, Health and Social care Integration Update](#)

[Finance and Resources Committee – 24 September 2015, Health and Social Care Integration Update.](#)

[Finance and Resources Committee – 27 August 2015, Health and Social Care Integration Update.](#)

[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.

See reports above for earlier reporting.

## Robert McCulloch-Graham

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### Links

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

# Finance and Resources Committee

10 am, Thursday, 14 January 2016

## Award the Extension of existing employability contracts

|                   |      |
|-------------------|------|
| Item number       | 7.18 |
| Report number     |      |
| Executive/routine |      |
| Wards             |      |

### Executive summary

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The purpose of this report is to request extension of two existing employability contracts, until 31 March 2017, in order to integrate the provision into a wider employability contract for people who have complex needs.

### Links –

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|                          |                |
|--------------------------|----------------|
| Coalition pledges        | P28            |
| Council outcomes         | CO8, CO9, CO14 |
| Single Outcome Agreement | SO1            |

## Extension of existing employability contracts

### Recommendations

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It is recommended that Finance and Resources Committee:

- 1.1 Agrees to the waiver of contract standing orders in respect of employability contracts, commissioned by Edinburgh's criminal justice services and the Edinburgh Alcohol and Drug Partnership.
- 1.2 Agrees to the award of contract to Forth Sector for the period 1 April 2016 to 31 March 2017 at the value of £66,000;
- 1.3 Agrees to the extension of contract to Access to Industry for a period of one year to 31 March 2017 with the extension value of £104,000

### Background

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- 2.1 The Department of Work and Pensions has reported that there are certain groups for whom the government's Work Programme or Work Choice Programmes fail due to the high support needs and complex multiple barriers to employment of these groups. Those clients fall into the "red" or "not job ready" categories
- 2.2 In order to provide integrated employability provision to this service user group, and to improve the employability pathway, a partnership approach is being taken, across the council, in the development and funding of a targeted service. This service will provide the necessary advice and support to assist people with complex needs on their recovery journeys to access a number of positive destinations, including training, volunteering, further education and employment.
- 2.3 A project group has been convened, including membership from Edinburgh's criminal justice services, Inclusive Edinburgh, City Strategy and Economy Service, Capital City Partnership, Services for Communities and the Edinburgh Alcohol and Drug Partnership.
- 2.4 Work has commenced on researching and planning the co-production exercise with timelines in place to have the business plan signed off by April 2016.



## **Main report**

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- 3.1 Access to Industry's Transitions project is an employability service which assists people with substance misuse issues to gain skills and qualifications and to find employment/other positive destinations. This service is funded by Edinburgh Alcohol and Drug Project at £104k per annum and is due to end on 31 March 2016 with no further scope to extend.
- 3.2 Working 4 Change is an employability service which assists those who have offending backgrounds to find employment/other positive destinations. This service is funded by Edinburgh's criminal justice services - £66k per annum and is currently delivered with the Integrated Employability Service by Forth Sector in a contract which ends 31 March 2016.
- 3.3 Economic Development is leading a project team which will pull all complex needs employability support into a single proposal. Work has started on stakeholder engagement and co-production activity which will inform the process and routes available for procurement. It is vital to that the necessary time is available to ensure full engagement in the service design for the future.

## **Measures of success**

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- 4.1 Extensions to both contracts are required to enable development of the new and improved service. The new service is in the council's best interests as it will merge existing provision into one dedicated service, rather than silo working across departments.
- 4.2 The wider service will increase capacity and will ensure that service users who are unable to access employability due to their own complex conditions or to the barriers put in place by services will be assisted to access positive destinations.

## **Financial impact**

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- 5.1 The co-production exercise will provide the opportunity to make efficiency savings.
- 5.2 The total value of the extensions to contracts is £170,000k.

## **Risk, policy, compliance and governance impact**

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- 6.1 Transitions Project /Access to Industry – The contract was let in 2011 and has reached the maximum extension period allowable under the terms of the contract. The additional award will increase the contract value to £591,061 which falls into EU procurement regulations and therefore any risks associated

with any potential challenge to the award must be considered. CPS consider the **risk of challenge to be low** due to the nature of the service (social nature), the engagement of the market in the new service design and the current local delivery being extended for a short period only in order to secure a co-produced and cohesive service for the city. Working 4 Change (Edinburgh's criminal justice services) – The direct award of continued delivery by Forth Sector for a one year period falls outside of EU Regulation. The value does, however, exceed the CSO threshold which requires contracts above £50k to be competitively tendered, but this requirement can be waived where it is in the council's best interest to do so.

- 6.2 Awarding and/or extending the contracts will allow continuity for service users whilst a new service is designed and procured through co-production.
- 6.3 Co-production of the service will invite all interested parties and will provide transparency of the council's plans for a new service.

## Equalities impact

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- 7.1 Increasing positive destinations for people who have complex needs eliminates discrimination by providing opportunity to access support, achieve recovery capital and a variety of employability options, e.g. volunteering, training, job placement, employment, further education.
- 7.2 A timeline of tasks has been developed, including the Equalities Impact Assessment.

## Sustainability impact

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- 8.1 The service will be developed as per the legal duties under the Climate Change (Scotland) Act 2009.

## Consultation and engagement

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- 9.1 The co-production exercise will include consultations with a variety of stakeholders, including service users.

## Background reading/external references

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## Links

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|                                 |   |
|---------------------------------|---|
| <b>Coalition pledges</b>        | P28 - Further strengthen our links with the business community by developing and implementing strategies to promote and protect the economic wellbeing of the city                                |
| <b>Council outcomes</b>         | CO8 - Edinburgh's economy creates and sustains job opportunities<br>CO9 – Edinburgh residents are able to access job opportunities<br>CO14 – Communities have the capacity to help support people |
| <b>Single Outcome Agreement</b> | SO1 – Edinburgh's economy delivers increased investment, jobs and opportunities for all   |
| <b>Appendices</b>               |   |

# Finance and Resources Committee

10.00am, Thursday 14 January 2016

## Council Contracts Planning Update - Review of Waivers over £100,000

|                   |      |
|-------------------|------|
| Item number       | 7.19 |
| Report number     |      |
| Executive/routine |      |
| Wards             | All  |

### Executive Summary

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This report updates the Finance and Resources Committee on the contracts with a value over £100,000 which have been awarded following a waiver of the Council's Contract Standing Orders (CSOs) between 1 October 2014 and 30 September 2015.

It also discharges the remit of the waiver report on the "Clothing Voucher Scheme" reported to Committee on 30 July 2014, which "requested a report was brought to the next meeting of the Finance and Resources Committee detailing the management process for dealing with contracts".

### Links

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Coalition pledges

Council priorities

Single Outcome Agreement

## Council Contracts Planning Update - Review of Waivers over £100,000

### 1. Recommendations

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- 1.1 It is recommended that the Committee:
  - 1.1.1 notes the contents of this report; and
  - 1.1.2 discharges the remit of 30 July 2014 report on the "Clothing Voucher Scheme" which requested that a report was brought to the next meeting of the Finance and Resources Committee detailing the management process for dealing with contracts".

### 2. Background

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- 2.1 The Contract Standing Orders (CSOs) set out the legal and operational rules for how the Council buys goods and services, which range from purchases of small value to many millions of pounds. Section 9 of the CSOs sets out the circumstances in which the CSOs may be waived.
- 2.2 Waivers over the financial thresholds prescribed in the CSOs require to be approved by the Council or the Finance and Resources Committee.
- 2.3 This report has been prepared in response to a request from the Convenor of the Finance and Resources Committee for an update on waivers approved with a value over £100,000 and includes information on waivers over this value approved from October 2014 to September 2015.

### 3. Main report

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#### Management process for dealing with contracts

- 3.1 Each Executive Director is responsible for selecting and appointing contractors, providers or suppliers to meet their directorate's requirements, but is required to seek guidance from the Commercial and Procurement Manager in this regard. Executive Directors are also responsible for all contracts tendered and let by their Directorate and are accountable to the Council for the performance of their duties in relation to contract letting and management.
- 3.2 Commercial and Procurement Services (CPS) provides advice and support to Executive Directors and their staff to enable them to meet the responsibilities noted above. CPS carries out tendering procedures and also monitors and

challenges planned purchasing activity to ensure that it is both effective and compliant, whilst also playing a crucial role in helping the Council innovate in order to achieve its budgeted savings targets.

- 3.3 Council contracts are regulated by European and national legislation which is implemented through the CSOs. The CSOs are supported by controls and tools that include the Contract Register, a waiver process, the Procure to Pay (P2P) process and the Procurement Handbook.
- 3.4 The Council's Contract Register is available on the Orb intranet for all staff, and is updated every two weeks. Services are responsible for ensuring information regarding their contracts is up to date and are responsible for reviewing the Register for planning purposes, actively supported by CPS staff.
- 3.5 For spend over £3,000, the CSOs mandate that services must undertake a competitive process (usually by obtaining at least three quotes) before placing an order. The Council's P2P process is aligned to this requirement and evidence must be submitted that this has been carried out before an order may be approved with a non-contracted supplier.
- 3.6 The relevant contract and procurement procedures and controls are further outlined in the Council's Procurement Handbook, also available to all staff on the Orb. This guide sets out the processes from the initial planning stages, involving market intelligence and stakeholder engagement, to the setting up of the successful supplier on Oracle or feeder system and the development of a contract management framework.
- 3.7 The CSO requirements can be waived in certain specified circumstances. The decision to do so must be supported by a written waiver or Committee report that sets out the justification. There will always be circumstances when waivers are appropriate, for example, where there is only one possible supplier of the service or goods. There is a robust approval and justification process in place for approval of waivers by Heads of Service, Executive Directors or by Committee depending on the relevant value.
- 3.8 New European and national regulations will come into effect on 18 April 2016 which will require the Council's CSOs and procurement handbook to be updated in the coming months.

### **Waivers with a value over £100,000**

- 3.9 The Council has awarded a total of £447.9m of contracts to a variety of supplier organisations in the period from 1 October 2014 to 30 September 2015. Of these, the value of contracts over £100,000 awarded following a waiver of the CSOs was £29.36m, 6.6% of the total value. Table 1 provides a breakdown of this by service area.

**Table 1: Waivers over £100,000 approved between 1 October 2014 and 30 September 2015**

|   |                          |         |
|---|--------------------------|---------|
| Value of contracts over £100,000 let following a waiver of the CSOs           | Children and Families    | £3.58m  |
|   | Corporate Operations     | £0.24m  |
|   | Economic Development     | £0.12m  |
|   | Health and Social Care   | £6.02m  |
|   | Services for Communities | £19.40m |
| Total value of waivers over £100,000  |                          | £29.36m |
| Total value of contracts awarded between 1 October 2014 and 30 September 2015 |                          | £447.9m |

3.10 Table 2 summarises the current status of the waivers over £100,000. Further detail is provided in appendix 1 and, where the waivers were approved by Finance and Resources Committee, a link is provided to the Committee reports in section 10.

**Table 2: Current status of waivers over £100,000**

| Status | Position on Expiry   | Number | Value   |  |
|--------|--|--------|---------|--|
| Live   | No further waiver required, either one-off requirement or new contract will be procured by waiver expiry date            | 38     | £8.74m  |  |
| Live   | Further waiver may be required due to the specialist nature of services or limited market interest                       | 9      | £2.23m  |  |
| Live   | Further waiver will be required to allow further time for a service review or procurement exercise to be completed       | 2      | £0.88m  |  |
| Live   | Homelessness Prevention contracts - a further waiver will be required for six of the nine contracts that expire in 2016. | 49     | £15.33m |  |

|                    |   |     |        |         |
|--------------------|---|-----|--------|---------|
|                    | The intention is to have tendered contracts in place when the remaining waivers expire in 2017. |     |        |         |
| Live               | Ongoing review of service. requirements on waiver expiry still to be determined                 | 1   | £0.15m |         |
| Live - Total Value |   |     |        | £27.33m |
| Expired            | Further waiver now overdue to allow time for procurement exercise to be completed               | 3   |        | £0.35m  |
| Closed             | One off requirement or new contract procured in line with CSOs                                  | 12  |        | £1.68m  |
| Total              |   | 114 |        | £29.36m |

- 3.11 In conclusion, in the majority of cases service areas expect to be able to comply with the CSOs as they make their arrangements for the continued provision of services as waivers expire. There are, however, a number of cases where a further waiver will be required, either due to the particular nature of the services (8%) or to allow further time to complete a procurement exercise or make other appropriate arrangements (10%).
- 3.12 There will also always be some uncertainty over the time required to undertake a compliant procurement process, particularly given the scale of transformation facing the Council and the consequential impact on its requirement for goods and services. The waiver process and ongoing reporting to the Finance and Resources Committee ensures appropriate approval and scrutiny in those circumstances where services are unable to comply fully with the CSOs.

#### **4. Measures of success**

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- 4.1 By continuing to scrutinise and document all instances where it has been requested that the CSOs be waived, this evidences strong authorisation and internal control processes within the City of Edinburgh Council.
- 4.2 A reduction in waivers being requested where this is simply due to lack of appropriate planning.



## **5. Financial impact**

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- 5.1 There are no financial impacts directly arising as a result of this report. Contracts awarded or extended under delegated authority create a legally binding contract for and on behalf of the City of Edinburgh Council which is bound and liable for any conditions under such contracts.

## **6. Risk, policy, compliance and governance impact**

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- 6.1 A waiver denotes a departure from the CSOs (which in part reflect the Council's legal obligations). There may be an increased risk if the Council has departed from EU requirements. However, each waiver is scrutinised on its own merits in this context, and is only approved if justifiable given the circumstances or permitted in accordance with EU obligations.

## **7. Equalities impact**

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- 7.1 There are no equalities impacts directly arising as a result of this report.

## **8. Sustainability impact**

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- 8.1 There are no sustainability impacts directly arising as a result of this report.

## **9. Consultation and engagement**

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- 9.1 The CSOs outline the appropriate measures of consultation and approval that must be sought from officers or committee for each waiver, dependent on the expected value.
- 9.2 Following extensive consultation with service areas, revised CSOs were approved by the Council on 5 February 2015.
- 9.3 The revised waiver process and supporting documentation were launched in February 2015 to accompany the revised CSOs.

## **10. Background reading/external references**

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- 10.1 Links to the waiver reports for contracts over £100,000 considered by the Finance and Resources Committee between 1 October 2014 and 30 September 2015 are shown below, together with any subsequent update reports.

[Finance and Resources Committee, 27 November 2014, Item 7.12: Review of the Implementation of the Homelessness Prevention Commissioning Plan and Extension of Contracts](#)

[Finance and Resources Committee, 27 November 2014, Item 7.20: Extension of Existing Framework Agreement for the Provision of Road Planers, Mechanical Brushes and Lorries \(with Operators\)](#)

[Finance and Resources Committee, 27 November 2014, Item 7.21: Extension of Existing Term Contract for the Provision of Hire and Maintenance of Heavy Plant Equipment \(Reference CT3580\)](#)

[Finance and Resources Committee, 15 January 2015, item 7.17: Mediation Services - Request for Contract Extension](#)

[Finance and Resources Committee, 15 January 2015, Item 7.21: Extension of Existing Community and Accessible Transport Agreements from 1 April 2015 to 31 March 2016](#)

[Finance and Resources Committee, 3 February 2015, Item 7.11: Extension of Service Level Agreement for Change-works Resources for Life](#)

[Finance and Resources Committee, 3 February 2015, Item 7.13: Extension of Contract for the Service and Maintenance of Building Energy Management Systems](#)

[Finance and Resources Committee, 19 March 2015, Item 7.20: Extension of Children and Families Care Contract](#)

[Finance and Resources Committee, 13 May 2015, Item 7.10: Insurance Policies Waiver of Contract Standing Orders](#)

[Finance and Resources Committee, 13 May 2015, Item 7.15: Award and Extension of Health and Social Care Contracts](#)

[Finance and Resources Committee, 13 May 2015, Item 7.16: Contract Award for Homeless Prevention - Young People's Services Foyer Approach](#)

[Finance and Resources Committee, 4 June 2015, Item 7.12: Contract Award for Homeless Prevention – Crisis and Complex Services](#)

[Finance and Resources Committee, 27 August 2015, Item 7.18: Contract Award for Homeless Prevention – Domestic Abuse Services](#)

[Finance and Resources Committee, 27 August 2015, Item 7.20: Homeless Prevention - Advice and Support: Additional Contracts](#)

[Finance and Resources Committee, 27 August 2015, Item 7.23: Waiver Report for Servicing and Repairs Contract](#)

[Finance and Resources Committee, 27 August 2015, Item 7.25: Bustracker Operation and Maintenance](#)

[Finance and Resources Committee, 24 September 2015, Item 7.18: Mental Health and Wellbeing Consultation Feedback and Proposed Commissioning Plan 2016-2017– referral from the Health, Social Care and Housing Committee](#)

[Finance and Resources Committee, 29 October 2015, Item 7.14: Youth Work Services Redesign](#)

[Finance and Resources Committee, 26 November 2015: Item 7.11: Extension of Mental Health and Wellbeing Preventative Services Contract](#)

[Finance and Resources Committee, 26 November 2015, Item 7.14: Review of the Implementation of the Homelessness Prevention Commissioning Plan and Extension of Contracts](#)

[Finance and Resources Committee, 26 November 2015, Item 7.15: Energy Advice and Support for Housing Services – referral from the Health, Social Care and Housing Committee](#)

[Finance and Resources Committee, 26 November 2015, Item 7.19: Community Transport – Interim Funding Arrangements](#)

10.2 In addition links are included below to the CSOs, and the Clothing Voucher Scheme report and 26 November 2015 Rolling Action Log that prompted this report.

[Contract Standing Orders](#)

[Finance and Resources Committee, 30 July 2014, Item 7.13: Contract Awarded Under Delegated Authority – Waiver Report – Clothing Voucher Scheme](#)

[Finance and Resources Committee, 26 November 2015, Item 6.2: Rolling Actions Log](#)

## Hugh Dunn

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## 11. Links

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|                                 |   |
|---------------------------------|---|
| <b>Coalition pledges</b>        | P30: Continue to maintain a sound financial position including long term financial planning |
| <b>Council priorities</b>       | CO25: The Council has efficient and effective services that deliver objectives              |
| <b>Single Outcome Agreement</b> |   |
| <b>Appendices</b>               |   |

## Appendix 1 - Waivers over £100k approved from 1 Oct 2014

| Approval Date                                | Directorate              | Current Suppliers  | Number of Suppliers | Explanation  | Value of waiver | Expiry Date | Planning Update   | Live / Expired | Further waiver anticipated? |
|--|--------------------------|--|---------------------|--|-----------------|-------------|---|----------------|-----------------------------|
| 01/10/2014, extended by Committee 29/10/2015 | Children & Families      | Citadel Youth Centre, Pilton Youth & Children's Project, Wester Hailes Youth Agency, WHALE Arts Agency, SCOREScotland, The BIG Project, 6VT (Edinburgh Youth Cafe) | 8                   | Extension of existing contracts for youth services while grant system is redesigned in line with the Children and Families Commissioning Plan 2015-2020  | £1,283,197      | 30/09/2016  | Award of new contract planned by August 2016  | Live           | No                          |
| 07/11/2014                                   | Economic Development     | HG Consulting (Scotland) Ltd   | 1                   | Consultancy services to continue the development of Edinburgh's East End. Spend recorded as a waiver but all costs being recovered from TIAA Henderson Real Estate as part of the agreement on the St James development. The supplier has specialist knowledge of the area's development   | £120,000        | 29/02/2016  | This assignment will end in February 2016   | Live           | No                          |
| 15/01/2015, extended by Committee 26/11/2015 | Services for Communities | Lothian Community Transport Service, South Edinburgh Amenities Group, HcL Dial a Ride, HcL Dial a Bus, Dove Transport, Lothian Shopmobility                        | 6                   | These organisations provide community and accessible transport services. The extension of service level agreements is to allow services to continue to be provided to a range of vulnerable groups, while the second phase of the Community and Accessible Transport Review is completed and a procurement plan for group and other community and accessible transport is put in place | £1,670,470      | 31/03/2017  | On 26 November 2015, F&R Committee approved an extension to March 2017 to provide continuity of service while the business case for a Community Transport Public Social Partnership is developed. The business case will be considered by the F&R Committee on 2 February 2016              | Live           | No                          |
| 03/02/2015, extended by Committee 26/11/2015 | Services for Communities | Changeworks Resources for Life   | 1                   | Changeworks provides energy advice, fuel poverty, waste and recycling awareness services to the Council. The extension of service level agreements is to allow continuity of services while the Council reviews its requirements for these services  | £560,000        | 31/03/2019  | On 26 November 2015, F&R Committee approved extension to March 2018 for energy advice services, with an option to extend a further year   | Live           | No                          |
| 03/02/2015                                   | Services for Communities | Changeworks Resources for Life   | 1                   | Changeworks provides energy advice, fuel poverty, waste and recycling awareness services to the Council. The extension of service level agreements is to allow continuity of services while the Council reviews its requirements for these services  | £159,128        | 31/03/2016  | A report was due to be brought to Committee in Autumn 2015 setting out future plan for procuring the waste and recycling awareness services. This has not occurred as the intention is that this service will be awarded a grant in future due to the educational elements of the programme | Live           | No                          |

|   |                          |   |    |   |            |            |  |      |   |
|---|--------------------------|---|----|---|------------|------------|--|------|---|
| 03/02/2015  | Services for Communities | Energy Solutions Group  | 1  | ESG maintains and services the Council's building energy management systems (BEMS). The extension is to allow a council-wide BEMS strategy to be developed and a new contract to be procured in line with the strategy  | £190,000   | 31/03/2016 | Award of new contract planned by 31 March 2016   | Live | No  |
| 19/03/2015  | Children & Families      | Dean and Cauvin Trust   | 1  | Two year extension for residential care service. Dean and Cauvin provide 9 residential places for vulnerable teenagers.   | £1,634,856 | 31/03/2017 | Award of new contract planned for late 2016  | Live | No  |
| 13/05/2015, extended by Committee 26/11/2015      | Health & Social Care     | 15 Providers  | 15 | Mental Health and Wellbeing Contracts extended first to March 2016 and then to March 2017 to allow the Integrated Joint Board to develop the strategy for the future provision of these services  | £2,164,478 | 31/03/2017 | Strategy being developed by Integrated Joint Board for future provision of these services. Procurement scheduled for April - October 2016  | Live | No  |
| 13/05/2015  | Health & Social Care     | Family Advice and Information Resource, Edinburgh Development Group | 2  | Extension to contracts for people with learning disabilities and their families, to search for advice and advocacy support in respect of welfare rights, information about options for moving on from the family home and self directed support opportunities. This will allow for the co-production with service users, their families and other stakeholders of a new and sustainable approach to meeting their support needs | £157,700   | 31/03/2016 | The review of these services has resulted in a recommendation that these services be transferred to the grants programme from April 2016. This will be considered at the Health, Social Care and Housing Committee on 26 January 2016          | Live | No  |
| 13/05/2015, extended by written waiver 17/09/2015 | Children & Families      | The Action Group - Black and Ethnic Minorities Advice Service       | 1  | Extension to contract for support to parents and carers of disabled children to review arrangements for the provision of this service.  | £126,750   | 31/03/2017 | The Service Area is reviewing the arrangements for provision of this service and is working towards a tender in June 2016 unless market testing reveals no interest other than current provider, in which case direct award will be justified. | Live | No  |
| 27/08/2015  | Services for Communities | Cofely Ineo   | 1  | Continued provision of Bustracker Operation and Maintenance services to allow an option appraisal of the longer term maintenance and development of the bustracker system.  | £675,000   | 27/02/2017 | Waiver allowed for a 12 month extension plus 6 months should this be required. An options appraisal for long term maintenance and development will be carried out, alongside a procurement strategy  | Live | No  |
| 13/05/2015  | Corporate Operations     | AXA<br>ZMI<br>QBE   | 3  | Direct award of contracts for insurance for the following risks, as a result of limited market interest: All Risks (AXA Art), Fidelity Guarantee (ZMI) and Professional Indemnity (QBE)   | £127,536   | 31/03/2016 | These will as in the past be marketed by the Council's insurance advisors. Where there is limited appetite from the market to cover local authorities for certain insurances direct award may be justified and a waiver required               | Live | Yes, direct award may be justified if limited market interest |

|  |                          |   |    |   |             |   |  |      |  |
|--|--------------------------|---|----|---|-------------|---|--|------|--|
| 13/05/2015   | Health & Social Care     | EVOC, Volunteer Centre Edinburgh, Edinburgh Cyrenians, Autism Initiatives | 4  | Direct award of contracts under waiver on the basis of their special characteristics  | £1,511,499  | 31/03/2018                                | On the basis of the unique nature of the services provided by these organisations, another direct award in respect of these services may be required in 2018   | Live | Yes, direct award may be justified on basis of specialist nature of services |
| 13/05/2015   | Health & Social Care     | Royal National Institute for the Blind, Deaf Action                       | 2  | Direct award of contracts under waiver on the basis of their special characteristics and to allow for a best value review and re-drafting of the service specification to provide for an integrated sensory support service   | £591,366    | 31/03/2016                                | On the basis of the specialist nature of these services and limited market interest identified in the best value review, a further direct award may be required in April 2016  | Live | Yes, direct award may be justified on basis of specialist nature of services |
| 13/05/2015   | Health & Social Care     | Lothian Centre for Inclusive Living                                       | 1  | Extension of existing contract to provide advice and support of users of Direct Payments and to allow time to review the commissioning arrangements for this service  | £242,592    | 31/03/2016                                | The commissioning review recommends that separate contracts are let to provide a Personal Assistant payroll service and a combined Personal Assistant recruitment and support service and a welfare rights / financial planning service. A report to Finance and Resources Committee seeking approval of the commissioning plan is scheduled for February 2016. To allow time for the subsequent procurement, approval will be sought for a further extension to the current contract until October 2016 | Live | Yes, to allow time for implementation of commissioning plan                  |
| 13/05/2015   | Health & Social Care     | Capability Scotland   | 1  | Extension of contracts for buildings-based services to people with disabilities to March 2016 (E2 premises) and October 2016 (New Trinity Day Centre). This will allow the transition to a new hub facility service model and tie in with the planned dates to dispose of these premises. | £635,103    | 31/03/2016, 31/10/2016                    | Both sales are now forecast to be completed in October 2016 and a further extension of the E2 contract will be requested at the February F&R Committee   | Live | Yes, to align with transition to a new hub facility service model            |
| 6 reports to F&R Committee between 27/11/2014 and 26/11/2015 | Services for Communities | 49 homelessness prevention services                                       | 49 | Between November 2014 and November 2015 the Committee has approved waivers for 49 homelessness prevention services. This is to allow the homelessness commissioning plan to be implemented. The waiver for nine services expires on 31/03/2016. The remainder expire during 2017.         | £15,328,362 | Various between 31/03/2016 and 13/08/2017 | The intention is to have new contracts in place as waivers expire in 2017. A report is being prepared for the Committee on 2 February 2016 requesting a further extension for six services to allow further time for the co-production of service specifications with service users and providers  | Live | Yes, to allow further time for the co-production of service specifications   |

|            |                          |  |   |  |          |            |   |         |  |
|------------|--------------------------|--|---|--|----------|------------|---|---------|--|
| 13/02/2015 | Children & Families      | The Place2be   | 1 | Extension of existing contract for a counselling service within primary schools, to provide continuity of care to children and to allow time to finalise the strategic review to the service and undertake an appropriate procurement exercise to ensure future compliance   | £146,000 | 31/03/2016 | NHS/CEC review of service - new outcome awaited Dec 2015. Further waiver will be required if service to be continued/replaced   | Live    | Services are still to provide an update                |
| 19/05/2015 | Health & Social Care     | Park House Health Care Limited   | 1 | An extension of the current contract for the service and repair of equipment such as mobile hoists, electric beds, ceiling hoists, dynamic mattresses and cushions, to allow for collaborative procurement of a framework with NHS and four other Councils (consolidated with the services currently provided by Advanced Stairlifts Scotland). This continuity will allow for a revision of specifications, whilst mitigating any health and safety concerns with regards clients and carers in the interim | £231,166 | 30/11/2015 | The Council is collaborating with NHS and four other councils in the procurement. This has extended the procurement process, but will give a good outcome for the Council. Contract award will be by August 2016. A further waiver will be required to extend the current contracts until August 2016 | Expired | Yes, to complete the collaborative procurement process |
| 27/08/2015 | Health & Social Care     | Total Hygiene, Advanced Stairlifts   | 2 | Extension of existing waivers to enable a partnership agreement with four other councils and NHS Lothian for supply, service and repair of electric bidet toilets and stair lifts, lifting platforms and 'through floor' vertical lifts  | £122,500 | 30/11/2015 | The Council is collaborating with NHS and four other councils in the procurement. This has extended the procurement process, but will give a good outcome for the Council. Contract award will be by August 2016. A further waiver will be required to extend the current contracts until August 2016 | Expired | Yes, to complete the collaborative procurement process |
| 03/10/2014 | Services for Communities | Scottish Power Energy Network  | 1 | Installation of isolator switches within the Council's domestic properties. Supplier owns and supplies the electrical supply network in Edinburgh and has the sole authority to undertake the works  | £190,000 | 31/03/2015 | One off award   | Closed  | No   |
| 07/11/2014 | Children & Families      | Care Vision<br>Action for Children<br>FCA<br>Fostering Relations<br>Fostercare Connect | 5 | Fostering arrangements for 'looked after' children. While there is a national (Scotland Excel) framework there is a need for additional specialist support. A new framework will be procured and this will commence once the new 2015 Statutory guidance comes into force as this is likely to influence the specification   | £220,000 | 07/11/2015 | New contract in place from November 2015  | Closed  | No   |
| 27/11/2014 | Services for Communities | Willsweep Limited  | 1 | Provision of mechanical sweepers for road works. Procurement of a new framework contract for roads plant and machinery was unsuccessful therefore existing contract extended while a new procurement took place  | £247,470 | 31/03/2015 | New contract in place from 1 April 2015   | Closed  | No   |

|            |                          |                              |   |  |             |            |  |        |    |
|------------|--------------------------|------------------------------|---|--|-------------|------------|--|--------|----|
| 27/11/2014 | Services for Communities | Jarvie Plant Limited         | 1 | Hire and maintenance of heavy plant and equipment. Procurement of a new framework contract for roads plant and machinery was unsuccessful therefore existing contract extended while a new procurement took place  | £258,020    | 31/03/2015 | New contract in place from 1 April 2015  | Closed | No |
| 09/12/2014 | Children & Families      | Sibcas                       | 1 | Installation of nursery temporary unit for Leith Primary School. There are two main providers and Sibcas has a design developed following a Falkirk Council procurement which meets Care Commission standards, and can be installed by January 2015 with minimum delays. The alternative supplier has no 'off the shelf' unit  | £165,475    | 31/03/2015 | One off contract   | Closed | No |
| 15/01/2015 | Services for Communities | SACRO                        | 1 | SACRO provides mediation services to residents in Edinburgh experiencing antisocial behaviour. An extension to the current SLA at a cost of £123,750 is requested, until 31 March 2015, to allow for examination of alternative service delivery models that will provide best value. This examination will assess bringing the service in-house or procuring a redesigned service | £123,750    | 31/03/2015 | SACRO ceased providing this service on 31 March 2015. Service provided by in-house team from August 2015 | Closed | No |
| 17/03/2015 | Health & Social Care     | The Jericho Benedictines     | 1 | Jericho House provides care home accommodation for men with alcohol-related brain damage. This extension allows for a new strategy to be developed for the service. Market engagement has identified no immediate alternative to the existing supplier   | £361,944    | 31/03/2016 | The home is now closed and people accommodated in other homes  | Closed | No |
| 27/03/2015 | Corporate Operations     | Capita Business Services Ltd | 1 | Additional customer service staff resource from an external processing supplier to address operational pressures created by Welfare Reform, fully funded by the DWP and to mitigate against unacceptable claim processing times  | £110,000    | 30/08/2015 | New contract in place from November 2015   | Closed | No |
|            |                          |                              |   |  | £29,354,362 |            |  |        |    |



# Finance and Resources Committee

10.00am, Thursday 14 January 2016

## Contracts Awarded Under Delegated Authority (Waiver Reports) and Procurement Activity

|                   |      |
|-------------------|------|
| Item number       | 7.20 |
| Report number     |      |
| Executive/routine |      |
| Wards             | All  |

### Executive summary

This report updates the Finance and Resources Committee on the contracts awarded between 1 July 2015 and 30 September 2015. It sets out those contracts awarded following a waiver of the Council's Contract Standing Orders (CSOs) and the contracts awarded with a value below the threshold requiring Committee approval. The table below provides a summary.

|   |                           |         |
|---|---------------------------|---------|
| Value of contracts awarded between 1 July 2015 and 30 September 2015    |                           | £228.5m |
| Value of contracts let following a waiver of the CSOs                   | Under delegated authority | £0.74m  |
|   | With Committee approval   | £2.34m  |
|   | Total                     | £3.08m  |
| Value of contracts let below the threshold requiring Committee approval |                           | £3.23m  |

It is recommended that the Committee notes the contents of this report.

### Links

|                          |                      |
|--------------------------|----------------------|
| Coalition pledges        | <a href="#">P30</a>  |
| Council outcomes         | <a href="#">CO25</a> |
| Single Outcome Agreement |                      |

## Contracts Awarded Under Delegated Authority (Waiver Reports) and Procurement Activity

### Recommendations

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- 1.1 It is recommended that the Committee notes the contents of this report and the authorisations made under delegated authority.

### Background

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- 2.1 The Contract Standing Orders (CSOs) are the Council's legal and operational rules for how we buy goods and services (ranging from purchases of small value to many millions of pounds).
- 2.2 The City of Edinburgh Council has awarded a total of £228.5m of contracts to a variety of supplier organisations in the period from 1 July 2015 to 30 September 2015.
- 2.3 During the specified period a number of contracts have been awarded under the delegated authority permitted by waiving the CSOs, as permitted in Section 9 of the CSOs. The report for this period includes an overview of the contracts awarded by committee approval of a waiver of the CSOs during the period, to give a comprehensive overview of all waiver activity. This will be included in future reports.
- 2.4 The current report includes information on a three month period, July to September. The quarterly reports are now therefore aligned with the financial reporting periods.

### Main report

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- 3.1 The CSOs may be waived in certain specified circumstances as set out below.

#### **Waiver of Standing Order Process**

- 3.2 The CSOs can be waived by the relevant officer providing a written waiver report which outlines the justification of the waiver under the delegated authority limits set out in the CSOs. Copies of all waivers are held by the relevant Service and also with Commercial and Procurement Services.

- 3.3 The CSOs are reviewed annually and updated as necessary. They will be altered as appropriate to incorporate changes in the Directorates throughout the Transformation Programme and to address the changes introduced as a result of the Procurement Reform (Scotland) Act 2014. The 2014 Act will introduce a new tendering regime for contracts over the value of £50,000.
- 3.4 The waiver of CSOs to allow a contract to be awarded or extended without some form of competitive tendering may be required in certain circumstances e.g. continuity of care or a sole provider due to intellectual property rights. Each waiver is looked at on its own merits and is only approved if fully justifiable. However, these circumstances need to be tightly controlled and scrutinised. As such, justification for the waiver of CSOs is permitted but only in the two instances categorised as follows:
- **Legislative exemptions**, including technical or artistic reasons, extreme unforeseen urgency, social care contracts (where there is no cross border interest) and genuinely exceptional circumstances, where the departure from CSOs is wholly justified in accordance with EU law and principles i.e. where the value of the contract does not exceed the current EU thresholds (£173,000 for services and £4.3M for works) and there is no interest from providers from member states outwith the UK.
  - **In the Council's best interests** where, on an individually risk-assessed basis, the departure from standing orders can be justified (e.g. to extend an existing arrangement to allow it to be combined as part of a larger procurement exercise).

Appendix 1 includes a breakdown by value in the relevant categorisation. Please note that while some may be categorised as 'in the Council's best interests' there may also still be a legislative exemption because of their relatively low value.

- 3.5 There will be a continuing need to use this process to allow for those exemptions that European procurement law recognises, and also to provide the flexibility required during this period of transition and improvement in compliance in relation to commercial and procurement activity. The overall objective is to provide an audit trail for when the Council legitimately departs from a requirement to tender, and to significantly reduce the need for those waivers where they are required due to poor planning, arranging for competitive procurement as required.
- 3.6 A summary of all contracts awarded under waiver arrangements for the period (both under delegated authority and through committee approval) from 1 July 2015 to 30 September 2015 is provided in Table 1 below, set alongside the total annual value of live contracts in operation over the same period. Further information on these waivers is detailed in Appendices 1 and 2.

- 3.7 One aim of the ongoing Purchase to Pay (P2P) project is to ensure that spend with non-contracted suppliers is minimised. A decrease in non-contracted spend has largely been as a result of closer financial management in this area and where appropriate, the approval of waivers has been necessary to continue service provision until a compliant procurement plan has been agreed for these contracts.

**Table 1 Contracts awarded under the Waiver of Standing Orders  
(1 July 2015 to 30 September 2015)**

| Directorate              | Total Waiver Value under Delegated Authority<br>1 July 2015 – 30 September 2015 (£m) | Total Waiver Value by Committee Approval<br>1 July 2015 – 30 September 2015 (£m) |
|--------------------------|--|--|
| Children & Families      | £0.08m   | n/a  |
| Corporate Operations     | £0.29m   | £0.01m   |
| Health & Social Care     | £0.07m   | £0.12m   |
| Services for Communities | £0.29m   | £2.21m   |
| Economic Development     | £0.01m   | n/a  |
| Cross-Directorate        | n/a  | n/a  |
|                          | £0.74m   | £2.34m   |

\* Excludes contracts below a threshold of £25,000 annual value

Given their de minimis value, waivers under £5,000 have not been included in the figures in this table. There are a total of 3 waivers awarded with a value of less than £5,000 which account for an additional £11,835 in total.

- 3.8 The figures shown in Table 1 and Appendix 1 reflect the total financial value requested to be waived for the contracts in question. In a number of cases the actual spend will be less than this value.
- 3.9 Commercial and Procurement Services will continue to monitor and challenge submitted waivers to ensure continuing compliance with the CSOs.

#### **CSO Approval Thresholds**

- 3.10 The CSOs state that contracts in excess of £1m for supplies and services and £1.5m for works require approval from the Committee before award.
- 3.11 Contracts under the Committee thresholds to the value of £3.23m have been awarded in the period 1 July 2015 to 30 September 2015, and are detailed

under Appendix 3. Given their de minimis value, contracts under the value of £25,000 have not been listed in the Appendix. There are a total of 18 contracts awarded with a value of less than £25,000 which account for an additional £219,407 in total.

## Measures of success

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- 4.1 By continuing to scrutinise and document all instances where it has been requested that the Council's CSOs be waived, this evidences strong authorisation and internal control processes within the City of Edinburgh Council.

## Financial impact

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- 5.1 There are no financial impacts directly arising as a result of this report. Contracts awarded or extended under delegated authority create a legally binding contract for and on behalf of the City of Edinburgh Council which is bound and liable for any conditions under such contracts.

## Risk, policy, compliance and governance impact

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- 6.1 A waiver denotes a departure from the Council's CSOs (which in part reflect the Council's legal obligations). There may be an increased risk if the Council has departed from EU requirements. However, each waiver is scrutinised on its own merits in this context, and is only approved if justifiable given the circumstances or permitted in accordance with EU obligations. This report outlines all waivers approved from 1 July 2015 to 30 September 2015, and all contracts awarded with a value over £25,000 and under the required committee approval thresholds in the same period, enhancing the Council's measures of transparency.

## Equalities impact

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- 7.1 There are no equalities impacts directly arising as a result of this report.

## Sustainability impact

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- 8.1 There are no sustainability impacts directly arising as a result of this report.

## Consultation and engagement

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- 9.1 The Council's CSOs outline the appropriate measures of consultation and approval that must be sought from officers or committee for each waiver, dependent on the expected value.

- 9.2 Following extensive consultation with service areas, revised CSOs were approved by the Council on 5 February 2015.
- 9.3 The revised waiver process and supporting documentation were launched in February 2015 to accompany the revised CSOs, and feedback received from services will be incorporated as appropriate through an annual review.

## Background reading/external references

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[Finance and Resources - Thursday 24 September 2015 \(item 7 12\) - contracts awarded under delegated authority \(waiver reports\) and Procurement Activity](#)

[Review of Contract Standing Orders and Guidance on Consultants February 2015](#)

## Hugh Dunn

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## Links

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|                                 |   |
|---------------------------------|---|
| <b>Coalition pledges</b>        | P30: Continue to maintain a sound financial position including long term financial planning   |
| <b>Council outcomes</b>         | CO25: The Council has efficient and effective services that deliver objectives  |
| <b>Single Outcome Agreement</b> |   |
| <b>Appendices</b>               | <p>Appendix 1 – Contracts Awards under waiver of CSOs by Delegated Authority</p> <p>Appendix 2 – Contracts Awards under waiver of CSOs by Committee approval</p> <p>Appendix 3 - Contract Awards below Committee Thresholds</p> |

## Appendix 1 – Contracts awarded under the Waiver of CSOs by Delegated Authority

The following relate to the period 1 July 2015 to 30 September 2015.

### Justification

| Paragraph | Description of Justification    | Amount |
|-----------|---------------------------------|--------|
| 9.1.1     | Legislative exemption           | 6      |
| 9.1.2     | In the Council's best interests | 30     |
|           |                                 | 36     |

### Delegated Authority Waivers by Directorate

| Directorate  | Children & Families  |                |
|--|--|----------------|
| Supplier/product or service                                | Justification for waiver   | Value          |
| Princes Trust  | In the Council's best interests. To continue the delivery of programmes to provide alternative curriculum provision for disengaged pupils.   | £28,125        |
| The Action Group - BEMAS (Black & Ethnic Minority Service) | In the Council's best interests. To continue to provide a service that will include one to one case work, informal social opportunities and will also offer sign posting for BME (black and ethnic minority) carers and their disabled children. | £50,875        |
|  |  | <b>£79,000</b> |

| Directorate                 | Services for Communities  |         |
|-----------------------------|---|---------|
| Supplier/product or service | Justification for waiver  | Value   |
| ADT Fire and Security plc   | In the Council's best interests. Intruder Alarm Maintenance Contract support for 320 City Wide Council Properties.  | £23,000 |
| RCAHMS                      | In the Council's best interests. Provision of a range of online reference information and learning to customers   | £5,565  |
| Living Streets              | In the Council's best interests. To contribute towards the recruitment of a walking project officer to engage communities and authorities about making streets pedestrian friendly and promoting walking. | £26,727 |
| EY                          | In the Council's best interests. Option appraisal for 21 <sup>st</sup> Century Homes  | £21,000 |

|                                     |   |         |
|-------------------------------------|---|---------|
| Vysionics ITS Ltd                   | In the Council's best interests. To continue the maintenance and support contract for the bus lane camera enforcement system.   | £19,306 |
| W F Howes Ltd                       | Legislative exemption. To provide a range of online Library services to meet customers' changing needs.   | £9,000  |
| Masterbill Micro Systems Ltd        | In the Council's best interests. To continue with essential annual software maintenance.  | £19,245 |
| Cameron Forecourt Ltd               | In the Council's best interests. To ensure that Travel and Fleet services meet the Council's fuel site needs until a strategic decision is made on the location of bunkered fuel.   | £8,724  |
| Webaspx Limited                     | In the Council's best interests. Renewal of licence for specialist software used to design refuse collection routes.  | £6,500  |
| Concerto                            | In the Council's best interests. To maintain a secure web based system to assist with hosted caller management for construction and projects.   | £6,000  |
| Domain Strategic Management Limited | In the Council's best interests. To maintain provision of asset data management and reporting services.   | £23,800 |
| The Gallery Partnership Ltd         | In the Council's best interests. Continued provision of software for the Edinburgh Common Clients Outcome (ECCO) monitoring system until the service is migrated to Northgate in March 2016.  | £15,630 |
| Freight Transport Association Ltd   | In the Council's best interests. To continue with the essential services of the FTA to provide an advisor who is expertly trained in legislation regarding Drivers Hours and Working Time.  | £20,030 |
| Allan's Magic                       | In the Council's best interests. To provide 'The Road Safety Magic Show' to promote road safety within the school curriculum in a fun and interactive manner for primary school children.   | £6,900  |
| BR Hallworth Ltd                    | In the Council's best interests. To continue with custom software and technical support for the Council's SPRUCE system which is required as part of the tram project for implementing priority at traffic signals along the route. | £22,000 |
| FES Support Services Limited        | In the Council's best interests. To carry out extensions and/or upgrades to existing Access Systems within Council properties.  | £25,000 |
| Synergie Training Limited           | In the Council's best interests. To undertake Construction (Design and Management) Regulations 2015 (COM) Training for SFC's Roads and Transport staff to comply with changes to  | £15,860 |



|                                |   |                 |
|--------------------------------|---|-----------------|
|                                | regulations.  |                 |
| Assemble Collective Self Build | In the Council's best interests. To provide private tenants who are at risk of losing their homes with specialist advice on co-operative proposals and available options to enable them to remain in their homes. | £15,200         |
|                                |   | <b>£289,487</b> |

| Directorate                   | Corporate Operations   |                 |
|-------------------------------|--|-----------------|
| Supplier/product or service   | Justification for waiver   | Value           |
| Cottrills                     | In the Council's best interests. Provision of Long Service awards to staff.  | £16,000         |
| Hypostyle Architects          | In the Council's best interests. To provide for Conservation Architectural advice and guidance for the statutory notice repair works at 170-176 Gorgie Road.               | £11,080         |
| Matthew Clark Wholesale Ltd   | In the Council's best interests. To enable the purchase of bar stock for events within time bound periods to meet client expectations and service requirements.            | £60,000         |
| Litho Supplies UK Ltd         | In the Council's best interests. To supply printing consumables whilst a tender process is carried out.  | £20,000         |
| In-Tend Procurement Solutions | In the Council's best interests. To enable continued service provision to publish tender opportunities with appropriate document upload facilities.                        | £6,011          |
| K3 Retail                     | Legislative exemption. To continue with annual software maintenance with the sole supplier.  | £5,412          |
| Curated Place Ltd             | Legislative exemption. To provide a unique light installation in St Andrew's Square.   | £42,000         |
| NFS Hospitality UK Limited    | In the Council's best interests. To enable the continuation of the Council's room booking service and allow a new procurement to take place.                               | £12,731         |
| Inform Communications PLC     | In the Council's best interests. To enable service continuation of the 24 hour automated telephone facility for residents whilst a suitable alternative is secured by CGI. | £79,524         |
| NCC Group                     | In the Council's best interests. To provide a robust security WEB and Infrastructure Penetration Testing scheme.   | £15,000         |
| Purple Seven Limited          | Legislative exemption. To undertake an audit of the last three years of audience data to summarise and identify music genre trends.  | £7,500          |
| Toptix (UK) Limited           | In the Council's best interests. To continue service with the sole supplier for use of proprietary ticketing software for the Usher Hall.                                  | £9,344          |
|                               |  | <b>£284,602</b> |

| Directorate                 | Economic Development  |        |
|-----------------------------|---|--------|
| Supplier/product or service | Justification for waiver  | Value  |
| Phoenix Broadband Limited   | In the Council's best interests. To extend the data provision infrastructure in the Creative Exchange incubator facility in Leith when the Council took on additional space within the building. Phoenix already provided the service in the original | £8,090 |

|                        |   |                |
|------------------------|---|----------------|
|                        | space, therefore it was agreed to extend the provision rather than install a new network.                                       |                |
| Milkroundabout Limited | In the Council's best interests. To provide an exhibition stand at a job fair for technology companies. This is a unique event. | £5,000         |
|                        |   | <b>£13,090</b> |

| Directorate                 | Health & Social Care   |                |
|-----------------------------|--|----------------|
| Supplier/product or service | Justification for waiver   | Value          |
| Later Life Training Limited | Legislative exemption. To maintain consistency in providing chair-based exercise facilitator training for day and care home services.  | £7,000         |
| SACRO                       | Legislative exemption. To support the criminal justice system by providing prisoners/patients with a travel service to stay in contact with their support network and mitigate the risk of re-offending. | £64,338        |
|                             |  | <b>£71,338</b> |

## Appendix 2 – Contracts awarded under the Waiver of CSOs by Committee approval

The following relate to the period 1 July 2015 to 30 September 2015.

| Directorate  |  | Services for Communities  |                   |
|--------------|--|---|-------------------|
| Date         | Supplier   | Contract Description  | Value             |
| 27/08/2015   | SPIE Scotshield  | In the Council's best interests. Contract extension for Telecare Technology (Installation Maintenance and responsive Repair). 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. | £90,000           |
| 27/08/2015   | Cofely Ineo  | In the Council's best interests. Continued provision of Bustracker Operation and Maintenance services.  | £450,000          |
| 27/08/2015   | Edinburgh Women's Aid, Shakti Women's Aid and Saheliya   | In the Council's best interests. To provide contracts for visiting housing support to women who have suffered domestic abuse and to provide temporary accommodation for the duration of an 18 month pilot.  | £976,608          |
| 27/08/2015   | Blackwood Care, Health in Mind, Link Living and Penumbra | In the Council's best interests to ensure continuity of housing support to identified individuals.  | £686,442          |
| <b>TOTAL</b> |  |   | <b>£2,203,050</b> |

| Directorate  |                                       | Health and Social care  |                 |
|--------------|---------------------------------------|---|-----------------|
| Date         | Supplier                              | Contract Description  | Value           |
| 27/08/2015   | Total Hygiene and Advanced Stairlifts | In the Council's best interests. Extension of existing waivers to enable a partnership agreement with four other councils and NHS Lothian for supply, service and repair of electric bidet toilets and stair lifts, lifting platforms and 'through floor' vertical lifts. | £122,500        |
| <b>TOTAL</b> |                                       |   | <b>£122,500</b> |

| Directorate  |                   | Corporate Operations   |                |
|--------------|-------------------|--|----------------|
| Date         | Supplier          | Contract Description   | Value          |
| 27/08/2015   | Morton Fraser LLP | In the Council's best interests. Extension of pilot to support, develop and improve the Council's whistleblowing policy. | £13,831        |
| <b>TOTAL</b> |                   |  | <b>£13,831</b> |

### Appendix 3 – Goods and service Contracts awarded with a value over £25,000 and below the committee approval thresholds of the CSOs

The following relate to the period 1 July 2015 to 30 September 2015.

| Directorate  |                                | Corporate Operations  |                 |
|--------------|--------------------------------|---|-----------------|
| Date         | Supplier                       | Contract Description  | Value           |
| 1/8/2015     | Framework - Multiple Suppliers | Supply of Specialist Paper  | £400,000        |
| 24/7/2015    | St Judes Laundry               | Laundry Services (supported business)   | £80,000         |
| 18/8/2015    | Progressive Partnership Ltd    | Market Research and Reporting for the 2015 Edinburgh People Survey.                     | £59,997         |
| 6/7/2015     | Framework - Multiple Suppliers | To provide an on-line booking system for the Registrars to incorporate payment on-line. | £59,000         |
| <b>TOTAL</b> |                                |   | <b>£598,997</b> |

| Directorate  |                                | Services for Communities  |                   |
|--------------|--------------------------------|---|-------------------|
| Date         | Supplier                       | Contract Description  | Value             |
| 10/9/2015    | Orchard and Shipman Group plc  | The Provider shall assist homeless people or people at risk of homelessness to secure a privately rented property where they do not have the means to provide a rental deposit. | £945,000          |
| 4/8/2015     | SPIE Scotshield Ltd            | Interim Provision of Cyclical and Responsive Maintenance of Concierge Systems including CCTV from 1 July 2015 31 December 2015  | £92,400           |
| 16/7/2015    | Integrated Skills (UK) Limited | Quick Quote for Re-routing of Waste Collections   | £38,000           |
| <b>TOTAL</b> |                                |   | <b>£1,075,400</b> |

| Directorate  |                                | Cross Directorate   |                   |
|--------------|--------------------------------|---|-------------------|
| Date         | Supplier                       | Contract Description  | Value             |
| 31/8/2015    | Framework - Multiple Suppliers | Cosmetic and Engineered repairs to hard surfaces  | £800,000          |
| 22/9/2015    | Framework - Multiple Suppliers | A range of First Aid Supplies including Protection (aprons), First Aid Kits, Dressing Plasters, Dressings, Tapes and Closures, Bandages, Cotton Wool, Compresses, Eye Care, Skill Kits, Bags and Containers, Disinfection, Wipes and Sundries | £404,520          |
| <b>TOTAL</b> |                                |   | <b>£1,204,520</b> |

**Works contracts awarded with a value over £25,000 and below the Committee approval thresholds of the CSOs**

| Directorate  |                       | Corporate Operations   |                |
|--------------|-----------------------|--|----------------|
| Date         | Supplier              | Contract Description   | Value          |
| 21/7/2015    | Finix Productions Ltd | New LED tree lights, 20 trees, The Mound, Princes St Gardens West, Edinburgh | £40,947        |
| <b>TOTAL</b> |                       |  | <b>£40,947</b> |

| Directorate  |                                | Services for Communities   |                 |
|--------------|--------------------------------|--|-----------------|
| Date         | Supplier                       | Contract Description   | Value           |
| 31/7/2015    | SP Power Systems Ltd           | Diversion of High Voltage cables at Riversdale Crescent for Water of Leith FPS Phase 2 | £107,985        |
| 28/9/2015    | Firstcall Trade Services Ltd   | Empty Homes - City Wide - Back Up Sub Contractor                                       | £50,000         |
| 12/8/2015    | Forth Stone Ltd                | Statutory Notice Works at 9 Piershill Terrace  | £44,379         |
| 18/8/2015    | Forth Stone Ltd                | Statutory Notice Works at 1-11 Queens Park Avenue                                      | £32,773         |
| 12/8/2015    | Bolton Roofing Contractors Ltd | Statutory Notice works at 130-138 Gorgie Road  | £30,012         |
| 7/7/2015     | Forth Stone Ltd                | Statutory Notice works at 7 Buchanan Street  | £27,976         |
| <b>TOTAL</b> |                                |  | <b>£293,125</b> |

**Consultancy contracts awarded with a value over £3,000 and below the Committee approval thresholds of the CSOs**

| Directorate  |                             | Services for Communities  |                |
|--------------|-----------------------------|---|----------------|
| Date         | Supplier                    | Contract Description  | Value          |
| 3/7/2015     | Sky High Technology Limited | Unmet demand taxi survey  | £11,925        |
| 9/9/2015     | Mott MacDonald Limited      | To produce a draft tender package for the Forth Estuary Flood Risk Management Plan. | £9,971         |
| <b>TOTAL</b> |                             |   | <b>£21,896</b> |

# Finance and Resources Committee

10.00am, Thursday 14 January, 2016

## Award of Contract for consultancy in relation to the transition to new ICT provider

|                   |      |
|-------------------|------|
| Item number       | 7.21 |
| Report number     |      |
| Executive/routine |      |
| Wards             |      |

### Executive summary

---

Committee approval is requested for the award of a contract to Progress Business Solutions Ltd (PBS) to provide consultancy services to assist the Council complete its ICT Procurement and transition to new partner, CGI. PBS have played a critical role in developing the Council's ICT & Digital strategy and advising throughout procurement and are uniquely placed to advise the Council through the critically important transition stage in 2016. This contract will be for a period of 6 months.

### Links

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|                          |                                       |
|--------------------------|---------------------------------------|
| Coalition pledges        | P35                                   |
| Council outcomes         | CO5, CO6, CO9, CO15, CO20, CO23, CO24 |
| Single Outcome Agreement |                                       |

## Award of Contract for consultancy in relation to the transition to new ICT provider

### Recommendations

---

- 1.1 It is recommended that the Finance and Resource committee;
  - 1.1.1 Approves the award of a contract to PBS from 14 January 2016 until 30 June 2016 to provide technical and commercial advice to assist with the transition of the Council's ICT services to new provider, CGI.

### Background

---

- 2.1 PBS is owned and operated by Steve Langmead. PBS have to date, provided advisory services which have been instrumental in the development of the ICT & Digital Strategy and in planning, designing and implementing the procurement exercise to establish a new ICT partnership for the Council beyond the current contract with BT which is due to expire on 31 March 2016.

### Main report

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- 3.1 PBS has been a key strategic advisor to the Council supporting the development of the Council's ICT & Digital Strategy and also providing support and advice throughout the ICT procurement which led to the award of contract to the Council's new provider, CGI. It will be in the Council's best interests to leverage the knowledge and expertise that PBS have built up by ensuring continued support for the transition of the Council's ICT services from the incumbent supplier to the new provider, CGI. PBS is uniquely placed to maintain the momentum required to ensure this vital change programme is delivered on time and on budget to help the Council successfully meet its significant financial challenges.
- 3.2 The award of this contract is deemed to be in the Council's best interests to secure the successful delivery of this vitally important element of the ICT & Digital procurement. PBS is uniquely placed to provide the necessary support due to their involvement in the development of the ICT & Digital strategy and procurement and also their track record of successful delivery in supporting the Council on a variety of strategic initiatives to date. It is considered that to change providers now would be neither practical nor cost effective. It is therefore



recommended that the Finance and Resources Committee waive the application of Contract Standing Orders and approve award of this contract to PBS.

### Measures of success

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- 4.1 Successful transition to new ICT partner, CGI by 1 April 2016.
- 4.2 Ensuring stability in service provision and governance following transition to CGI.
- 4.3 PBS has already demonstrated a proven track record of delivery of savings on the Council's ICT related procurements.

### Financial impact

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- 5.1 The contract will be operated as a 24 day call-off contract at a maximum total cost of £27,000. The contract will expire on 30 June 2016.
- 5.2 The costs associated with procuring this contract are estimated at less than £10,000.
- 5.3 Positive financial impact from providing reassurance of successful transition which will be critical to enabling ICT procurement savings to be delivered.

### Risk, policy, compliance and governance impact

---

- 6.1 The following risks have been identified as potential issues to the Council as to the successful delivery of the contract:

| Risk  | Mitigating Action  |
|---|--|
| Key personnel may leave the supplier                        | The key person (Steve Langmead) owns PBS and so is highly unlikely to be unavailable to undertake the contracted work. The contract specifies the services must be delivered by Mr. Langmead and that no substitute will be allowed. |
| Key personnel may become incapacitated                      | Risk deemed to be very low based on historic performance. The contract specifies that PBS will not receive payment for any period the services are not delivered, for whatever reason.   |
| Key personnel may be deflected on other business activities | The contract specifies that Council business must take priority over all other business and that PBS will not receive payment for any period the services are not delivered, for whatever reason.                                    |
| Council does not  | Resource requirements identified and secured for   |

|   |   |
|---|---|
| adequately resource the ICT transition. | the relevant transition initiatives.  |
| Risk of challenge                       | Deemed to be low due to the unique circumstances pertaining to PBS's experience of and involvement in this key Council project. |

### Equalities impact

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7.1 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

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8.1 There are no adverse environmental outcomes arising from this report.

### Consultation and engagement

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9.1 Not applicable.

### Background reading/external references

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None.

## Hugh Dunn

Acting Executive Director of Resources

Danny Gallacher, Interim Head of Customer Services

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### Links

---

|                                 |  |
|---------------------------------|--|
| <b>Coalition pledges</b>        | P30 - Continue to maintain a sound financial position including long-term financial planning                   |
| <b>Council outcomes</b>         | CO25   |
| <b>Single Outcome Agreement</b> | Our public services are high quality, continually improving, efficient and responsive to local people's needs. |
| <b>Appendices</b>               |  |

# Finance and Resources Committee

10.00, Thursday, 14 January 2016

## Integrated Employability Services

Ref: CT 0432

|                   |      |
|-------------------|------|
| Item number       | 7.22 |
| Report number     |      |
| Executive/routine |      |
| Wards             | All  |

### Executive Summary

---

This report seeks the approval of the Finance and Resource Committee for the award of the Integrated Employability Service contract. The term of the contract will be two years from 1 April 2016 to 31 March 2018 with an option to extend for a further two years.

### Links

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|                          |                          |
|--------------------------|--------------------------|
| Coalition pledges        | <a href="#">P29, P30</a> |
| Council outcomes         | <a href="#">CP7, CP8</a> |
| Single Outcome Agreement | <a href="#">SO1, SO2</a> |

## Integrated Employability Services

**Ref: CT 0432**

### 1. Recommendations

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- 1.1 It is recommended that the Finance and Resource Committee approves the award of a two year contract to Edinburgh College and Community Renewal for Integrated Employability Services, with the option to extend for a further two years.
- 1.2 The value of the contract will be £1,250,000 per annum with a total contract value of £5,000,000 (including two year contract extensions).

### 2. Background

---

- 2.1 This report outlines the result of the procurement of Integrated Employability Services.
- 2.2 The requirement was to commission a city-wide employability service to offer support to Edinburgh residents with multiple barriers to employment; to assist them with moving into sustainable work, education or training; and to support unemployed people where the service is tailored to their individual needs in order to make a long lasting impact and to build skills capacity.
- 2.3 The Scottish Government produced the Strategic Skills Pipeline model as part of the European Social Fund (ESF) Priority 5 programme.
- 2.4 It allows a number of provisions and interventions to coexist from a range of stakeholders and forms the core infra-structure of employability support; avoiding unnecessary duplication and confusion.
- 2.5 The Strategic Skills Pipeline is a five stage approach offering employability support and guidance to services aligned with local and national employability provision aimed at enhancing the journey of the client to sustainable employment.
- 2.6 Council funded employability services target gaps in national provision to offer a local approach and bring added value where possible. 'A Strategy for Jobs - The City of Edinburgh Council's Economic Strategy 2012-2017' outlines priority areas on which this contracted service will focus.

### 3. Main report

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- 3.1 This service falls within The Public Contracts (Scotland) Regulations 2012 Part B services. Although a Part B Services Contract is not subject to the full rigours of the regulations, the requirement for openness, transparency and fair and equal treatment remains, as does the need to comply with the Council's Standing Orders.
- 3.2 To assist with the development of the final specification for the service, early market engagement took place on 5 March 2015 to support co-production of the service, 34 individuals attended representing 26 organisations. A bidder event took place on 14 July 2015, 26 individuals attended, representing 22 organisations.
- 3.3 An open tender was placed on the Public Contract Scotland and Public Contracts Scotland Tender website 20 August 2015 resulting in 51 organisations noting interest in the opportunity. From those noting interest two organisations submitted a tender.
- 3.4 To ensure only the highest quality proposals were considered a quality threshold rating of 50% was applied to the qualitative evaluation. Only one organisation met this standard and were then evaluated on the basis of the most economically advantageous tender with 60% overall for quality and 40% for price.

The scoring methodology is set out in Appendix 2. The resultant score for the tender is as follows:-

| Provider                                | Quality (Max 60) | Price (Max 40) | Overall Rank |
|---|------------------|----------------|--------------|
| Edinburgh College and Community Renewal | 42%              | 40%            | 1            |

- 3.5 Price evaluation considered the total overall cost of the service and the unit cost associated with achieving the performance outcomes. The total price for the service will be split for payment with 60% paid for operational delivery and 40% for achievement of performance outcomes; this approach will support best value from the contract.

### 4. Measures of success

---

- 4.1 A successful tender process has been completed, and is compliant with European Union (EU) part B Regulations and Contract Standing Orders.

## 5. Financial impact

---

- 5.1 A budget of £5,000,000 based on a two year contract plus two years extension.
- 5.3 The costs associated with procuring this contract are estimated at from £20,001 and £35,000.

## 6. Risk, policy, compliance and governance impact

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- 6.1 This contract is required to comply with EU procurement regulations (Part B).
- 6.2 A further risk is the partnership between the providers Edinburgh College and Community Renewal breaking down, but this is mitigated by a long standing professional relationship.
- 6.3 European Social Funds are only guaranteed for the first three years and are subject to further approval and funds becoming available.

## 7. Equalities impact

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- 7.1 An equalities impact assessment was conducted as part of the procurement process and there were no equalities issues identified.

## 8. Sustainability impact

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- 8.2 Community benefits proposal incorporating training, sponsorship, work experience and job opportunities have been included as part of providers submissions.

## Background reading/external references

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### Paul Lawrence

Executive Director, Place

Contact: Rona Hunter, Principal Officer (Acting)

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### Links

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|                          |  |
|--------------------------|--|
| <b>Coalition pledges</b> | P29 - Ensure the Council continues to take on apprentices and steps up efforts to prepare young people for work<br>P30 - Continue to maintain a sound financial position including |
|--------------------------|--|

|                                 |   |
|---------------------------------|---|
|                                 | long-term financial planning  |
| <b>Council outcomes</b>         | CP7 - Access to work and learning<br>CP8 - A vibrant, sustainable local economy   |
| <b>Single Outcome Agreement</b> | SO1 - Edinburgh's Economy Delivers increased investment, jobs and opportunities for all<br>SO2 - Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health |
| <b>Appendices</b>               | 1 – Summary Tender Process<br>2 – Award Criteria<br>3 – Scoring Methodology   |

## Appendix 1

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## Summary of Tendering and Tender Evaluation Processes

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|   |  |
|---|--|
| <b>Contract</b>   | Integrated Employability Services  |
| <i>Contract Period</i>  | 1 April 2016 for a period of 2 years with the option to extend for up to a further 2 years   |
| <i>Estimated contract value</i>   | £1,250,000 (Annual)<br>£5,000,000 (Total including extensions)   |
| <i>Standing Orders observed</i>   | Open Procedure   |
| <i>EC Directives</i>  | 2004/18/EC – Part B  |
| <i>Tenders Returned</i>   | 2  |
| <i>Tenders fully compliant</i>  | 1  |
| <i>Recommended Provider/s</i>   | 1  |
| <i>Primary Criterion</i>  | Most economically advantageous tender to have met the qualitative and technical specification of the client department'  |
| <i>Evaluation criteria and weightings and reasons for this approach</i> | Quality (60%) – minimum threshold 50.<br>Price (40%);<br>Quality was of higher importance due to the nature of the provision; minimum threshold ensured low quality bid could not win. |
| <i>Evaluation Team</i>  | Officers from Economic Development   |

## Appendix 2

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## Qualitative Criteria

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| <b>Award Criteria</b>             | <b>Weighting (%)</b> |
|-----------------------------------|----------------------|
| Service Delivery                  | 20%                  |
| Meeting Clients Needs             | 20%                  |
| Partnership and Resources         | 15%                  |
| Emerging Employment Opportunities | 15%                  |
| Quality Management and Reporting  | 10%                  |
| Staffing                          | 10%                  |
| Community Benefits                | 10%                  |

## Appendix 3

### Scoring Methodology

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| <b>Score</b>                    | <b>Description</b>  |
|---------------------------------|---|
| <b>0</b><br><b>Unacceptable</b> | Nil or inadequate response. Fails to demonstrate an ability to meet the requirement.  |
| <b>1</b><br><b>Poor</b>         | Response is partially relevant but generally poor. The response addresses some elements of the requirement but contains insufficient/limited detail or explanation to demonstrate how the requirement will be fulfilled.        |
| <b>2</b><br><b>Acceptable</b>   | Response is relevant and acceptable. The response addresses a broad understanding of the requirement but may lack details on how the requirement will be fulfilled in certain areas.  |
| <b>3</b><br><b>Good</b>         | Response is relevant and good. The response is sufficiently detailed to demonstrate a good understanding and provides details on how the requirements will be fulfilled.  |
| <b>4</b><br><b>Excellent</b>    | Response is completely relevant and excellent overall. The response is comprehensive, unambiguous and demonstrates a thorough understanding of the requirement and provides details of how the requirement will be met in full. |

10.00 am, Thursday, 14 January 2016

## Contract for Trauma and Final Cleaning in Domestic Properties - Award of Contract

|                          |           |
|--------------------------|-----------|
| <b>Item number</b>       | 7.23      |
| <b>Report number</b>     |           |
| <b>Executive/routine</b> | Executive |
| <b>Wards</b>             | All       |

### Executive summary

---

This report seeks the approval of the Finance & Resources Committee to award the contract for Trauma and Final Cleaning within domestic properties for the period 1 March 2016 until 28 February 2019 with an option to extend for 12 months for an estimated total contract value of £1,110,789.08. A competitive tender process to identify the most economically advantageous tender was carried out.

### Links

---

|                                 |      |
|---------------------------------|------|
| <b>Coalition pledges</b>        | CP08 |
| <b>Council outcomes</b>         | CO16 |
| <b>Single Outcome Agreement</b> | SO4  |

## Contract for Trauma and Final Cleaning in Domestic Properties - Award of Contract

### Recommendations

---

- 1.1 Approve the contract award for Trauma and Final Cleaning to domestic properties to VPS UK Ltd for the period 1 March 2016 until 28 February 2019 for an estimated value of £833,091.81 with an option to extend for 12 months at estimated value of £277,697.27. This is a total contract value of £1,110,789.08 over the four years of the contract.

### Background

---

- 2.1 The Council requires a provider to complete trauma cleaning and house cleaning in council homes and for the homes of customers receiving services from Health and Social Care. This function is needed in both empty Council homes and domestic properties which require cleaning to allow a patient to return home from hospital. Trauma work can include the removal and disposal of various items, needle sweeps, deep cleaning (including bodily fluids), deceased animals and vermin, excrement and disinfection of surfaces.

### Main Report

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- 3.1 This report seeks approval to appoint one suitably qualified and experienced contractor to carry out trauma and final cleaning in domestic properties.
- 3.2 The tender and evaluation process was undertaken in accordance with Council Standing Orders, Public Procurement (Scotland) 2012 Regulations and EU Procurement Directives.
- 3.3 A full tender exercise was carried out which included, placing a contract notice on the Public Contracts Scotland Portal as a single stage procedure on 4 May 2015.
- 3.4 There were 42 organisations who noted their interest in the contract. Of these, 13 organisations submitted an Invite to Tender (ITT) by the closing date of 22 June 2015.
- 3.5 The first stage of the ITT evaluation process was used to assess if the bidders were suitably qualified and experienced by considering their financial stability, technical capability, capacity, experience and organisational processes and procedures evidenced by previous project examples.
- 3.6 After completion of this stage, one bidder was disqualified due to not passing the mandatory criteria as set out within the ITT documentation.

- 3.7 The ITT stated that the contract would be awarded to the top scoring supplier on the basis of the most economically advantageous tender, with 40% of the overall score being given to quality and 60% given to price. This ratio was determined as the cleaning market is well established and stable. This ratio also ensured that the focus was on the value of the cleaning being undertaken to ensure maximisation of the savings to support the Council's budget.
- 3.8 The 13 tender submissions received were evaluated individually by the three members of the evaluation team to determine a score for quality. On completion of the individual evaluation process, a consensus meeting was held by the members of the evaluation team and the contract administrator from Commercial and Procurement Services. 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.
- 3.9 Following the evaluation, a further five bidders were disqualified due to scoring 0 or 1 on one or more scored questions. The decision was made to disqualify these tenders due to the quality of service being critically important to the overall tender and subsequent service provided.
- 3.10 Following completion of the quality analysis, their pricing bids were opened and subject to a cost analysis. These were checked and evaluated as accurate.
- 3.11 The lowest priced tender was received which was awarded the maximum score of 60% for price. All other bids were then scored on a pro-rata basis against this lowest bid i.e. for each of the other bids the lowest bid price was divided by that bid price and multiplied by the maximum score of 70.
- 3.12 All submitted pricing was based on Schedule of Rates and notional occurrences from a historical 12 month period.
- 3.13 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 on page 4.

| <b>Bidder</b>         | <b>Quality Score</b> | <b>Price</b> | <b>Price Score</b> | <b>Total Score</b> |
|-----------------------|----------------------|--------------|--------------------|--------------------|
| Bidder 1 – VPS UK Ltd | 29                   | £277,697.27  | 60                 | <b>89</b>          |
| Bidder 2              | 27                   | £299,824.47  | 55.57              | <b>82.57</b>       |
| Bidder 3              | 31.5                 | £391,630.77  | 42.54              | <b>74.04</b>       |
| Bidder 4              | 29.75                | £412,156.51  | 40.43              | <b>70.18</b>       |

|          |       |             |       |              |
|----------|-------|-------------|-------|--------------|
| Bidder 5 | 25.5  | £442,275.60 | 37.67 | <b>63.17</b> |
| Bidder 6 | 27.75 | £462,286.00 | 32.09 | <b>59.84</b> |
| Bidder 7 | 21    | £519,177.19 | 36.04 | <b>57.04</b> |

- 3.14 The bidder with the highest overall score, which represents the most economically advantageous tender, is VPS UK Ltd who provided satisfactory responses to all elements of the award criteria and met all mandatory criteria for insurance levels, trade experience, financial stability and business probity.

## Measures of success

---

- 4.1 The success of the framework will be measured by Key Performance Indicators (KPIs).
- 4.2 KPIs will ensure that strict contract management and performance monitoring is maintained for all maintenance and improvement works carried out on behalf of the Council. KPIs will measure:
- Response times
  - Completion times
  - Community Benefits
  - Customer Complaints
  - Health and Safety incidents.

## Financial impact

---

- 5.1 This contract was advertised in the Official Journal of the European Union with an overall contract value range of £700,000 to £2,000,000 from 1 March 2016 until 28 February 2019 due to the varying level of work which is put through this contract. This spend is accommodated within the HRA for EBS and, for H&SC related properties, from the Section 12 (Social Work Scotland Act) budget.
- 5.2 Based on historical occurrences it is estimated that the annual value of this contract will be £277,697.27.
- 5.3 It is anticipated that savings of approximately 38% will be delivered from this contract based upon comparison between the existing contract Schedule of Rates and notional occurrences with the suppliers submitted Contractor s Adjustment applied. The delivery of savings against budget spend will be monitored.
- 5.4 The costs associated with procuring this contract are estimated to be between £10,001 - £20,000, this is costs purely associated to resource, which is already accounted for.

## **Risk, policy, compliance and governance impact**

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- 6.1 There are no negative risk, policy, compliance and governance impacts arising from this report.
- 6.2 The risks of not approving this report for Empty Homes will be, properties which require a trauma and or final clean, may not returned to the Local Neighbourhoods within the timescales. This may cause additional rent loss and bed blocking within hospitals and temporary accommodation.
- 6.3 The risk of not approving this report for Health and Social Care would be a discontinuous of service, which would mean people may not be able to return to their home if admitted to hospital, until their home was safe to do so.

## **Equalities impact**

---

- 7.1 There are no negative equality or human rights impacts arising from this report.

## **Sustainability impact**

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- 8.1 The Contractor will be required to deliver Community Benefits such as employing modern apprentices and, through their tender submission, have committed to identifying local SME's and supported businesses as well as looking to partner with Edinburgh Council to provide one week placement to help develop skills and experience of disabled young adults in the working environment.

## **Consultation and engagement**

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- 9.1 Engagement was carried out with Edinburgh Building Services, Commercial and Procurement Services and Health & Social Care.

## **Background reading/external references**

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N/A

### **Paul Lawrence**

Executive Director - Place

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## Links

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|                                 |   |
|---------------------------------|---|
| <b>Coalition pledges</b>        | N/A   |
| <b>Council outcomes</b>         | N/A   |
| <b>Single Outcome Agreement</b> | N/A   |
| <b>Appendices</b>               | Appendix 1 – Summary of Tendering and Tender Evaluation Processes |



## Appendix 1 - Summary of Tendering and Tender Evaluation Processes

|                                    |   |
|------------------------------------|---|
| Contract                           | Trauma and Final Cleaning   |
| Contract period                    | 6 January 2016 – 5 January 2021 –(including a 1x12 month optional extension)  |
| Contract value                     | £1,110,789.08   |
| Standing Orders observed           | 2.4 Requirement to advertise<br>5.1.b Selection of the most economically advantageous tender  |
| Portal used to advertise           | <a href="http://www.publiccontractsscotland.co.uk">www.publiccontractsscotland.co.uk</a>  |
| EU Procedure chosen                | Open  |
| Invitations to tender issued       | 42  |
| Tenders returned                   | 13  |
| Tenders fully compliant            | 7   |
| Recommended supplier/s             | VPS UK Ltd  |
| Primary criterion                  | Most economically advantageous tender to have met the qualitative and technical specification of the client department  |
| Evaluation criteria and weightings | Written responses were provided for the following award criteria areas:<br><ol style="list-style-type: none"> <li>1. Delivery Of The Contract – 20%</li> <li>2. Workmanship – 15%</li> <li>3. Collaboration, Monitoring &amp; Dispute Resolution - 5%</li> <li>4. Meeting KPI's &amp; Targets – 15%</li> <li>5. Management Information – 5%</li> <li>6. Quality Assurance – 10%</li> <li>7. Health &amp; Safety – 10%</li> <li>8. The Environment – 5%</li> <li>9. Continuous Improvement – 5%</li> <li>10. Equalities – 2.5%</li> <li>11. Community Benefits - 2.5%</li> <li>12. Workplace Matters – 5%</li> </ol> |
| Evaluation Team                    | Operations Manager, Services for Communities<br>Integrated Practice Manager, Health and Social Care<br>Operations Manager, Services for Communities   |

# Finance and Resources Committee

10.00am, Thursday, 14 January 2016

## Taxicard Services

|                   |      |
|-------------------|------|
| Item number       | 7.24 |
| Report number     |      |
| Executive/routine |      |
| Wards             | All  |

### Executive summary

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This report seeks the approval of the Committee to appoint Central Radio Taxis (Tollcross) Ltd to supply Taxicard Services for the City of Edinburgh Council commencing on 25 January 2016 for a period of two years with an optional extension of up to a further two periods of 12 months each. The contract for the provision of these services has an estimated annual value of £600,000 based on 2014/2015 usage data.

### Links

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|                          |  |
|--------------------------|--|
| Coalition pledges        | <a href="#">P1</a>   |
| Council outcomes         | <a href="#">CO1</a> , <a href="#">CO3</a> , <a href="#">CO5</a> , <a href="#">CO6</a> , <a href="#">CO10</a> |
| Single Outcome Agreement | <a href="#">SO2</a> , <a href="#">SO3</a>  |

## Taxicard Services

### Recommendations

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- 1.1 It is recommended that the Committee approves the appointment of Central Radio Taxis (Tollcross) Ltd (“Central”) to supply Taxicard Services for the City of Edinburgh Council commencing on 25 January 2016 for a period of two years with an optional extension of up to a further two periods of 12 months each, undertaken at the sole discretion of the Council.

### Background

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- 2.1 The City of Edinburgh Council’s Taxicard scheme has been successfully operating for many years. Taxicard is offered as a valued part of a holistic Concessionary and Accessible Transport (C&AT) provision in the city. Taxicard is the most well used form of C&AT and meets the widest range of travel needs.
- 2.2 Taxicard allows the holder to make taxi journeys at a reduced rate. The Taxicard scheme is designed to help people with disabilities get about by making taxi journeys more affordable with participating taxi operators.
- 2.3 Taxicard currently provides users with a fixed discount on taxi journeys: £2.00 per journey for fares under £5.00 and £3.00 for fares over £5.00. Taxicard scheme members are allowed up to 104 journeys per year. There is no subsidy or discount available on journeys in excess of the annual allowance.
- 2.4 The Council currently funds this service through the Transport revenue budget. Expenditure in the financial year 2014/15 was £551,524.
- 2.5 Taxicard is available to Edinburgh residents with a severe, permanent disability who cannot use commercial bus services or can only use buses with assistance. Children under two years old and people with temporary mobility difficulties are not eligible for a Taxicard.
- 2.6 There are currently 8,534 registered users of Taxicard in Edinburgh making approximately 205,000 trips annually.
- 2.7 The scheme is administered by the Parking Operations Team within the Place Directorate.

## Main report

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- 3.1 A principal feature of Taxicard is service provision to often highly vulnerable clients with complex and sometimes challenging needs. The care and safety of vulnerable clients is therefore appropriately reflected in the specification and mandatory criteria.
- 3.2 Commercial and Procurement Services conducted the tender and evaluation process in accordance with Council Contract Standing Orders and The Public Contracts (Scotland) Regulations 2012. A full OJEU tender exercise was undertaken by placing an OJEU Contract Notice on the Public Contracts Scotland Portal as a single stage procedure on 8 June 2015.
- 3.3 Seventeen organisations noted their interest in the contract and were able to download the Invitation to Tender (ITT) which was attached to the notice. Four organisations submitted responses to the ITT by the tender closing date of 22 July 2015.
- 3.4 The first stage of the ITT evaluation process was used to assess if the bidders were suitably qualified and experienced by considering their financial stability, technical capability, capacity, experience and organisational processes and procedures.
- 3.5 After completion of this stage, two bidders were disqualified due to not meeting the mandatory criteria (provided in Appendix 1) as set out within the ITT.
- 3.6 In the ITT it was stated that the contract would be awarded to the top scoring supplier on the basis of the Most Economically Advantageous Tender, with 30% of the overall score being given to quality and 70% given to price. The 70% price was split into two sections: 65% for the discount offered against Council subsidised journeys and 5% for discount offered against journeys above the Council subsidised journey threshold of 104 journeys per annum. This ratio helped to ensure maximisation of the savings to support the Council's budget and also took into account the quality of service to scheme members.
- 3.7 The two tender submissions received were evaluated individually by the three members of the evaluation team in terms of quality. Fourteen areas were evaluated, each having different weightings and being scored between 0 and 4 in accordance with the Evaluation Criteria Scoring Definitions included in the ITT. Further details of the procurement process, including the members of the evaluation team, and the fourteen evaluation areas and their respective weightings, is provided in Appendix 1.

- 3.8 On completion of the individual evaluation process a consensus meeting was attended by the members of the evaluation team and the contract administrator from Commercial and Procurement Services. Individual evaluation scores for responses to the quality questions were reviewed and debated and a consensus score reached for each. The appropriate weighting was then applied to each to arrive at a final quality score for each bidder.
- 3.9 Following completion of the quality analysis the pricing bids were opened and subjected to a cost analysis. The supplier offering the higher discount on Council subsidised journeys was awarded the maximum 65% score. The other bid was then scored on a pro-rated basis against this..
- 3.10 The higher discount for journeys above the 104 Council subsidised journeys was awarded the maximum 5%. The other bid was then scored on a pro-rated basis against this.
- 3.11 The quality scores were then combined with the scores from the cost analysis to give an overall score for each bidder out of a maximum of 100. The results are detailed in the table below.
- 3.12 Due to there only being 2 compliant bidders, the actual prices are not included for reasons of commercial sensitivity.

| <b>Tenderer</b>                            | <b>Price Score</b> | <b>Quality Score</b> | <b>Overall Score</b> |
|--|--------------------|----------------------|----------------------|
| <b>Central Radio Taxis (Tollcross) Ltd</b> | 62.86%             | 24.38%               | 87.24%               |
| <b>Bidder B</b>                            | 70%                | 16.3%                | 86.13%               |

- 3.13 The bidder with the higher overall score which represents the Most Economically Advantageous Tender is Central.
- 3.14 Central has demonstrated that it has the capacity and capability to provide the Taxicard Service in terms of both its current fleet and personnel as follows:
- Fleet –465 wheelchair accessible, carbon neutral accredited, taxi vehicles with an average fleet age of less than four years. This core fleet is capable of providing the full service required.
  - Personnel – estimated 1,200 full and part-time fully licensed drivers. Every driver has PVG with Protected Adults and Children certification.
- 3.15 Additionally, some users of the Taxicard service prefer to use saloon car vehicles rather than traditional taxi vehicles. Central has committed to provide this additional service where required using new, zero emission, electric saloon car vehicles upon receiving licensing approval.

## Measures of success

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- 4.1 The contracted service will provide a high quality, responsive and cost effective passenger transport offering the fleet size required to meet the Council's sizeable and changing requirements.
- 4.2 Service users will be transported by adequately insured drivers with PVG Scheme Record clearance.
- 4.3 Financial savings (as detailed in 5.1 below).

## Financial impact

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- 5.1 The contract for the provision of these services has an estimated annual value of £600,000 based on 2014/2015 usage data.
- 5.2 Following the analysis of tenders an estimated annual saving of £105,985 or 18% should be realised based on the current Council expenditure of c. £600K.
- 5.3 The costs associated with procuring this contract are estimated at between £10,001 and £20,000.

## Risk, policy, compliance and governance impact

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- 6.1 The following risks have been identified as potential issues to the Council as to the successful delivery of the contract:

| <b>Risk</b>   | <b>Mitigating Action</b>  |
|---|---|
| Legal challenge from unsuccessful companies who participated in the tender. | The contract was designed to encourage as many potential bidders as possible.<br>Commercial and Procurement Services have overseen the tender process to ensure compliance.   |
| Committee decides not to award contract.                                    | The current providers would continue to provide the service to ensure Council service requirements to be met.<br>Estimated savings of c. £106K p a would not be realised. A new tender process would need to be undertaken causing delay to service improvements, additional costs and loss of potential savings. |

- 6.2 Parking Operations will be responsible for contract management, and will monitor the performance of the service throughout the duration of the contract.

## Equalities impact

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- 7.1 An Equalities and Rights Impact Assessment was undertaken with due regard to the protected characteristics outlined in the Equalities Act 2010. Given the service provided and especially the vulnerable nature of the service users, equalities considerations were given to the specification of the contract.
- 7.2 The contract for Taxicard Services in Edinburgh will provide high quality, responsive and cost effective passenger transport offering the fleet size/diversity and the flexibility required to meet users and the Council's sizeable and changing requirements. Maintaining the current discount for users of the scheme and the same number of discounted journeys will ensure that all users of the scheme will continue to benefit from the ability to travel in Edinburgh at a discounted rate, enhancing users rights to health, education and learning, standard of living, productive and valued activities, individual, family and social life and participation, influence and voice.
- 7.3 Service users will be transported by adequately insured drivers with Protecting Vulnerable Groups Scheme Record clearance enhancing users rights to physical security. The service being offered will also maintain the positive impact on people's social lives and help reduce social exclusion.
- 7.4 The Parking Operations team will be able to track the whereabouts of a vehicle and passenger at any time by means of real time access to the Supplier's booking systems and management information. This benefit will provide an additional level of security and reassurance for vulnerable passengers, their carers and the Council.
- 7.5 One of the main barriers to Individual, Family and Social Life for older people or those with mobility problems is suitable transport options. Continuing to offer the Taxicard service, using an operator with capacity and capability to provide the service will help to remove this barrier.
- 7.6 The views and feedback from the C&AT engagement and consultation have been used to inform the development of the contract specification.
- 7.7 The quality of service specified in the tender documents removes disadvantages for all users and encourages participation in public life.

## Sustainability impact

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8.1 The impacts of this report have been considered in relation to Climate Change (Scotland) Act 2009 Public Bodies Duties and the outcomes are summarised below. Relevant Council sustainable development policies have been taken into account and would be met in the following ways: The Supplier:

- is required to make every effort to minimise the impact of the delivery of these services on the environment;
- shall use their best endeavours to achieve the efficient use of energy and, where possible, to maximise the use of biodegradable or recycled products;
- shall have their own environmental policy to demonstrate compliance; and
- shall apply (i) the minimum mandatory standards for CO2 emissions for the relevant vehicle category from the Government Buying Standards and (ii) the Cleaner Road Transport Vehicles (Scotland) Regulations 2010 for any new vehicles acquired for use in the delivery of this service.

## Consultation and engagement

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The specification for this service was written in consultation with the C&AT review team after engagement sessions with approximately 15 organisations and 350 people including service users, representatives of service users, charities and the Equalities Transport Advisory Group.

## Background reading/external references

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None required.

### **Paul Lawrence**

Executive Director of Place

Contact: Gavin Brown, Parking Operations Manager

E-mail: [gavin.brown@edinburgh.gov.uk](mailto:gavin.brown@edinburgh.gov.uk) | Tel: 0131 469 3650



## Links

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|                                 |   |
|---------------------------------|---|
| <b>Coalition pledges</b>        | P1 - Increase support for vulnerable children, including help for families so that fewer go into care   |
| <b>Council outcomes</b>         | CO1 - Our children have the best start in life, are able to make and sustain relationships and are ready to succeed<br>CO3 - Our children and young people at risk, or with a disability, have improved life chances.<br>CO5 - Our children and young people are safe from harm or fear of harm, and do not harm others within their communities.<br>CO6 - Our children's and young people's outcomes are not undermined by poverty and inequality.<br>CO10 - Improved health and reduced inequalities<br>CO13 - People are supported to live at home<br>CO22 - Moving efficiently – Edinburgh has a transport system that improves connectivity and is green, healthy and accessible |
| <b>Single Outcome Agreement</b> | SO2 - Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health<br>SO3 - Edinburgh's children and young people enjoy their childhood and fulfil their potential  |
| <b>Appendices</b>               | Appendix 1 – Summary of Tendering and Tender Evaluation Process   |

## Appendix 1 - Summary of Tendering and Tender Evaluation Processes

|                              |  |
|------------------------------|--|
| Contract                     | Taxi Card Services   |
| Contract period              | 25 January 2016 – 24 January 2018 –(including a 2x1 year optional extension)   |
| Contract value               | £2,400,000   |
| Standing Orders observed     | 2.4 Requirement to advertise<br>5.1.b Selection of the most economically advantageous tender   |
| Portal used to advertise     | <a href="http://www.publiccontractsscotland.co.uk">www.publiccontractsscotland.co.uk</a>   |
| EU Procedure chosen          | Open   |
| Invitations to tender issued | 17   |
| Tenders returned             | 4  |
| Tenders fully compliant      | 2  |
| Recommended supplier/s       | Central Radio Taxis (Tollcross) Ltd  |
| Primary criterion            | Most economically advantageous tender to have met the qualitative and technical specification of the client department   |
| Mandatory Criteria           | <ol style="list-style-type: none"> <li>1. Appropriate Insurances</li> <li>2. Enhanced Disclosure</li> <li>3. Management of Health &amp; Safety at Work Regulations</li> <li>4. Experience &amp; Expertise</li> <li>5. Standards and legislative requirements</li> <li>6. Fully licensed fleet</li> <li>7. Driver training</li> <li>8. Environmental Policy</li> <li>9. Relevant driver, vehicle and office licenses</li> </ol> |

|   |  |
|---|--|
| <p>Evaluation criteria and weightings</p> | <p>Written responses were provided for the following award criteria areas:</p> <ol style="list-style-type: none"> <li>1. Delivery Of The Contract – 10%</li> <li>2. Complaints Procedure – 5%</li> <li>3. Collaboration, Monitoring &amp; Dispute Resolution - 5%</li> <li>4. Meeting KPI's &amp; Targets – 10%</li> <li>5. Banned &amp; Expired Taxicards – 10%</li> <li>6. Management Information – 10%</li> <li>7. Quality Assurance – 5%</li> <li>8. Business Continuity – 5%</li> <li>9. The Environment – 5%</li> <li>10. Continuous Improvement – 5%</li> <li>11. Equalities – 5%</li> <li>12. Community Benefits - 5%</li> <li>13. Booking System – 10%</li> <li>14. Capacity – 10%</li> </ol> |
| <p>Evaluation Team</p>                    | <p>Parking Operations Manager, Services for Communities<br/> Parking Services Manager, Services for Communities<br/> Parking Services Team Leader, Concessionary and Accessible Transport, Services for Communities</p>  |

# Finance and Resources Committee

10am, Thursday, 14 January 2016

## Award of Contract for Consultancy Services to Prepare the Forth Estuary Local Plan District 10 Local Flood Risk Management Plan

|                   |      |
|-------------------|------|
| Item number       | 7.25 |
| Report number     |      |
| Executive/routine |      |
| Wards             | All  |

### Executive summary

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This report seeks the approval of the Finance and Resources Committee for the award of a contract for consultancy services to prepare the Forth Estuary Local Plan District 10 Local Flood Risk Management Plan.

There will be a requirement to update the Plan in three years time and to republish the full Plan in six years time. One of the tender deliverables will be for the Consultant to attend a half day project handover meeting to ensure there is a clear tangible transfer of knowledge.

### Links

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|                          |                      |
|--------------------------|----------------------|
| Coalition pledges        | <a href="#">P28</a>  |
| Council outcomes         | <a href="#">CO19</a> |
| Single Outcome Agreement | <a href="#">SO1</a>  |

## **Award of Contract for Consultancy Services to Prepare the Forth Estuary Local Plan District 10 Local Flood Risk Management Plan**

### **Recommendations**

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- 1.1 To approve the appointment of AECOM to prepare the Forth Estuary Local Plan District 10 (LPD10) Local Flood Risk Management Plan (the Plan) at a contract sum of Thirty Two Thousand, Two Hundred and Ninety Pounds and Eighty Eight Pence (£32,290.88)

### **Background**

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- 2.1 The Plan is a statutory requirement of the Flood Risk Management (Scotland) Act 2009 (FRM Act) and must be published on the 22 June 2016.
- 2.2 For Flood Risk Management (FRM) purposes, Scotland is divided into 14 Local Plan Districts (LPDs). The City of Edinburgh Council (the Council) is the Lead Local Authority (LLA) for LPD10, which comprises 13 Local Authorities (LAs), Scottish Environment Protection Agency (SEPA) and Scottish Water.
- 2.3 The Plan will take the selected FRM actions contained in the FRM Strategy published by SEPA on 22 December 2015. It will provide further detail as to the timescales for implementation, responsibility for implementation, funding arrangements and coordination of actions.
- 2.4 The Council will meet 35% of the cost of producing the Plan. The other 12 LPD10 Partner LAs will meet the remaining 65% of the cost. This ratio is based on the number of properties vulnerable to flooding in each LA area.
- 2.5 It should be noted that this Plan should be prepared by 22 June 2016 in order that the Council meets its statutory obligations. The use of consultants on this project is required due to the specialist nature of this work coupled with the need to have Council staff available should there be a flooding event which would distract from this work.

## Main report

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### Tender Process and Evaluation

- 3.1 Ten consultancies listed under Scotland Excel Engineering and Technical Consultancy framework Lot 5 (Drainage and Flooding) were invited to tender for the service via Public Contracts Scotland. Six consultancies declined to submit a tender.
- 3.2 Evaluation included an emphasis on quality as well as price with 60% of the overall evaluation score given to quality and 40% of the overall evaluation score given to price. Quality was included in the evaluation to ensure that those working on this project meet the programme to produce the LFRMP and ensure the Council meets the statutory obligation to publish it by 22 June 2016.
- 3.3 The quality analysis was based on answers provided in response to weighted Award Criteria Questions. Responses to these questions were scored 0 to 4 as per the scoring matrix included in the Invitation tender document.
- 3.4 In order to safe guard an acceptable level of quality, the Council reserved the right to reject bids which had any individual quality scores of less than 2.
- 3.5 Following completion of the quality analysis, tenders were subject to a cost analysis. The cost analysis established the full price of tenders considering responses to the Pricing Schedule. The lowest priced bid was allocated the 40% weighting. All other bids were scored on a pro-rated basis against the lowest bid. Scores from the quality analysis were then combined with the scores for the cost analysis to reach a combined score for each tender submission.
- 3.6 The tender returns were deemed competitive following detailed analysis against the specification and submitted prices.
- 3.7 The tender scores were as follows:

| Company  | Quality Score | Price Score | Combined Score |
|----------|---------------|-------------|----------------|
| AECOM    | 48            | 40          | 88             |
| Tender 2 | 45            | 33          | 78             |
| Tender 3 | 42            | 36          | 78             |
| Tender 4 | 42            | 22          | 64             |

- 3.8 Following the tender evaluation is it recommended that a contract be appointed to AECOM.

### Measures of success

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- 4.1 The contract enables the Council to buy in specialist technical advice to support Council staff in meeting its statutory obligations under the Flood Risk Management (Scotland) Act 2009.

- 4.2 There will be a requirement to update the Plan in three years time and to republish the full Plan in six years time. One of the tender deliverables will be for the Consultant to attend a half day project handover meeting to ensure there is a clear tangible transfer of knowledge to build in-house capacity and capability.

## **Financial impact**

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- 5.1 The contract value is £32,290.88.
- 5.2 The costs associated with procuring this contract are up to £10,000.
- 5.3 An allocation of £11,308.27 for this project has been made in the current financial year and is allowed for in the Maintenance - Flood Prevention Revenue Budget 2015/16.
- 5.4 The Council will meet £11,308.27 (35% of the total cost of producing the plan, which will be met from the Flood Prevention Revenue Budget). The other 12 LPD10 Partner LAs will meet the remaining 65% of the cost. This ratio is based on the number of properties vulnerable to flooding in each LA area, as detailed in Appendix 2.

## **Risk, policy, compliance and governance impact**

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- 6.1 The key risk is failure to meet the statutory deadline for publication of the Plan, which could have an additional impact of missing opportunities to pursue further funding from the Scottish Government.
- 6.2 There is an additional risk of delayed recovery of funding from Partner LAs which will be mitigated by invoicing monthly.

## **Equalities impact**

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- 7.1 There are no equalities implications as the recommendation in this report does not affect groups of people in different ways. Equality and Rights Impact Assessments will be undertaken for FRM actions as they are developed.

## **Sustainability impact**

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- 8.1 There are no sustainability implications as the recommendation in this report does not affect Public Bodies Duties with regards to the three elements of the Climate Change (Scotland) Act 2009.

## Consultation

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- 9.1 A major engagement and consultation exercise was undertaken between 22 December 2014 and 2 June 2015. This exercise focussed on the FRM Strategy which SEPA published on 22 December 2015 and the potential FRM actions which will be delivered in the Plan.
- 9.2 The Council will take the lead role in this contract. AECOM will liaise with the Partner LAs when preparing the Plan. A first draft of the Plan will be shared with the Partner LAs, Scottish Water and SEPA and any comments will be incorporated prior to the issue of the final Plan to the Council. All the Partners will require approval from their own organisation.

## Background reading/external references

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Transport and Environment Committee 25 August 2015 – Flood Risk Management – Consultation and Prioritisation.

### Paul Lawrence

Executive Director of Place

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## Links

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|                                 |   |
|---------------------------------|---|
| <b>Coalition Pledges</b>        | 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                 |
| <b>Council Outcomes</b>         | 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 |
| <b>Single Outcome Agreement</b> | SO1 – Edinburgh’s economy delivers increased investment, jobs and opportunities   |
| <b>Appendices</b>               | Appendix 1 – Summary of Tendering and Tender Evaluation Process<br>Appendix 2 – Relevant Financial Contribution due by LPD10 LFRMP Partners Towards Project Management Costs        |



## **Appendix 1 – Summary of Tendering and Tender Evaluation Processes**

|                              |   |
|------------------------------|---|
| Contract                     | Preparation of Forth Estuary Local Plan District 10 Local Flood Risk Management Plan<br>Ref: CT0147 |
| Contract Period              | 21st January 2016 – 16th June 2016 (Five months)  |
| Contract Value               | £32,290.88  |
| Standing Orders Observed     | Yes   |
| Invitations to Tender Issued | 12 November 2015  |
| Tenders Returned             | 30 November 2015  |
| Tenders Fully Compliant      | 3 December 2015   |
| Recommended Supplier         | AECOM   |
| Primary Criteria             | Most economically advantageous tender to have met the technical specification                       |
| Evaluation Team              | Chris Gray, Project Officer<br>Gordon McOmish, Project Officer<br>Calum Ross, Professional Officer  |
| Procurement Advisors         | Ben Fulton  |

**Appendix 2 – Relevant Financial Contribution due by LPD10 Partners Towards Project Management Costs**

| LPD10 LFRMP Partners | Apportioned Project Management Costs |
|----------------------|--------------------------------------|
| City of Edinburgh    | 35.02%                               |
| Clackmannanshire     | 0.02%                                |
| East Dunbartonshire  | 0%                                   |
| East Lothian         | 12.86%                               |
| Falkirk              | 32.94%                               |
| Fife                 | 9.65%                                |
| Midlothian           | 1.62%                                |
| North Lanarkshire    | 0.4%                                 |
| Perth & Kinross      | 2.34%                                |
| Scottish Borders     | 0.25%                                |
| South Lanarkshire    | 0%                                   |
| Stirling             | 0.03%                                |
| West Lothian         | 4.87%                                |

# Finance and Resource Committee

10am, Thursday, 14 January 2016

## Boyd Anderson Trust

|                   |      |
|-------------------|------|
| Item number       | 7.26 |
| Report number     |      |
| Executive/routine |      |
| Wards             |      |

### Executive Summary

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This fund relates to the life and legacy of George Boyd Anderson and was specifically set up to support snow sport developments.

The majority of these funds were released in 2011. However, some monies released to Snowsport Scotland and other agencies had set criteria relating to charitable status and matched private sector funding. These criteria were subsequently unmet and so it is now proposed that the remaining funds are re-allocated to Lagganlia Outdoor Learning Centre for the development of a snowsport base.

### Links

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|                          |   |
|--------------------------|---|
| Coalition pledges        | <a href="#">P42</a>                       |
| Council outcomes         | <a href="#">CO2</a> , <a href="#">CO4</a> |
| Single Outcome Agreement | <a href="#">SO2</a> , <a href="#">SO3</a> |

## Boyd Anderson Trust

### 1. Recommendations

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- 1.1 To agree to release 66k of unallocated funds to assist with the building of a snowsports base at Lagganlia.

### 2. Background

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- 2.1 During his lifetime Mr George Boyd Anderson provided funds for the purchase of land and the creation of an Outdoor Learning Centre at Lagganlia (situated in the Cairngorm National Park) which is owned and managed by the Children and Families Department. Upon his death he bequeathed further funds for the support and development of snowsports.

### 3. Main report

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- 3.1 It is proposed to build a modular log cabin type classroom and storage space for the development of snowsports. The cabin will be sited at the foot of the artificial ski slope.
- 3.2 This building will cater primarily for school pupils attending the Centre for a residential week. However, Lagganlia Outdoor Centre is self financing and needs to find additional ways to increase income generation. The design of the building will also allow for use by approved providers on weekends and holiday periods. This will provide a new income stream for the Centre.

### 4. Measures of success

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- 4.1 A snowsport base is built at Lagganlia in time for use by Edinburgh school children by the winter season 2017.

### 5. Financial impact

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- 5.1 This initiative is designed to assist with school and group ski programmes and by turn increased income generation.
- 5.2 The release of these funds will close this account and the need to administer it.

## **6. Risk, policy, compliance and governance impact**

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- 6.1 The building will have to comply with strict planning guidelines set within the Cairngorms National Park. However, we are confident the style and choice of building will meet these requirements.

## **7. Equalities impact**

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- 7.1 There are no direct equalities impacts arising from this report.
- 7.2 Positive equalities impacts may arise from new programmes/projects with users which target equalities outcomes.

## **8. Sustainability impact**

---

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

## **9. Consultation and engagement**

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- 9.1 This proposal fully meets the funding criteria laid out by George Boyd Anderson.

## **10. Background reading/external references**

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- 10.1 N/A

### **Alistair Gaw**

Acting Executive Director of Communities and Families

Robin Yellowlees, Service Manager, Sports and Outdoor Learning Unit

E-mail: [robin.yellowlees@edinburgh.gov.uk](mailto:robin.yellowlees@edinburgh.gov.uk) | Tel: 0131 469 3479

## 11. Links

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|                                 |   |
|---------------------------------|---|
| <b>Coalition pledges</b>        | P42 - Continue to support and invest in our sporting infrastructure   |
| <b>Council outcomes</b>         | CO2 - Our children and young people are successful learners, confident individuals and responsible citizens making a positive contribution to their communities<br>CO4 - Our children and young people are physically and emotionally healthy |
| <b>Single Outcome Agreement</b> | SO2 - Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health<br>SO3 - Edinburgh's children and young people enjoy their childhood and fulfil their potential                                      |

# Finance and Resources Committee

10am, Thursday, 14 January 2016

## Communities and Families - Waiver of Council Contract Standing Orders to award contract to EVOC

|                   |      |
|-------------------|------|
| Item number       | 7.27 |
| Report number     |      |
| Executive/routine |      |
| Wards             |      |

### Executive Summary

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This report seeks approval to waive Council Contract Standing Orders and establish a Strategic Partnership Agreement contract between Communities and Families and the Edinburgh Voluntary Organisations Council (EVOC).

### Links

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|                          |                           |
|--------------------------|---------------------------|
| Coalition pledges        | <a href="#">P1-P7</a>     |
| Council priorities       | <a href="#">CO2 - CO6</a> |
| Single Outcome Agreement | <a href="#">SO3</a>       |

## Communities and Families - Waiver of Council Contract Standing Orders to award contract to EVOC

### 1. Recommendations

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It is recommended that Finance and Resources Committee:

- 1.1 Approves the award of contract to EVOC from 1 April 2016 to 31 March 2019 with the option to extend for up to 2 years, to a total potential value of £295,850.
- 1.2 Authorises the Contract Standing Orders to be waived, deemed to be in the Council's best interests to provide continuity of service support to Communities and Families and the organisations they work with.

### 2. Background

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- 2.1 The waiver of Council Contract Standing Orders is permitted where the circumstances of the proposed contract are covered by legislative exemptions, including where the nature of the market for services to be provided has been investigated and is demonstrated to be such that a departure from the requirement of Standing Orders is justifiable in accordance with EU law and principles: for example, when for technical reasons the contract may only be awarded to a particular provider or it is in the Council's best interest to do so. It is on this basis that approval is sought to award the contract to EVOC.
- 2.2 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. Main report

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- 3.1 Communities and Families currently contracts with Edinburgh Voluntary Organisations Council (EVOC). This is recognised by the Scottish Government as a key infrastructure support body for Edinburgh's Third Sector. As such, EVOC carries out functions unique to them and for which no 'market' alternative provider exists.
- 3.2 For the period of the contract, EVOC will, through a Strategic Partnership Agreement, work with the City of Edinburgh Council (Communities and Families) to provide Voluntary Sector Infrastructure Support Services which help deliver



the outcomes and actions within the Integrated Plan for Children and Young People 2015-2018 and contribute to the Edinburgh Partnership Community Plan outcome 'Edinburgh's children and young people enjoy their childhood and fulfil their potential'. To achieve this, EVOC will:

- 3.2.1 Support the Voluntary Sector to be confident, well informed, well trained and able to fully engage with strategic and thematic partnerships at a city and locality level;
- 3.2.2 Support EVOC staff members to represent the voluntary sector in appropriate, designated partnership forums;
- 3.2.3 Promote the ongoing mainstreaming of GIRFEC and a programme of training to ensure GIRFEC principles are embedded in Voluntary Sector policy and practice across the city;
- 3.2.4 Work to ensure that reducing poverty and inequality is the focus of work with children, young people and families across the sector;
- 3.2.5 Support the development of locality structures for delivering integrated children's services.

#### **4. Measures of success**

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- 4.1 The new contract and agreed service specification is in place from April 2016.
- 4.2 The voluntary sector is fully engaged in appropriate, designated partnership forums.

#### **5. Financial impact**

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- 5.1 Budget provision for this contract has been made.
- 5.2 Relative to the value of its predecessor award (£65,259/annum), the value of the new contract has been reduced by 3.3% per annum for three years, making it subject to the same savings requirement as the grant-aided organisations that EVOC supports. This will deliver a total saving of £30,445 over 5 years.

#### **6. Risk, policy, compliance and governance impact**

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- 6.1 There is a risk that, should the waiver be agreed, best value is not being demonstrated in line with CSO's that require all services valued above £25,000 to be competitively tendered. However the finance impact demonstrates savings on current service value would be achieved.

- 6.2 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, “Social and other Services” are currently exempt from full application of EU tendering requirements where the authority considers low risk of cross-border interest. The new Regulations will be applied during 2016 and the future value threshold will be much greater than currently applied to this service.
- 6.3 The Regulations require as a minimum a notification when a contract is awarded for social service contracts, there is an opportunity to confirm this and meet the Council’s obligations, thus reducing potential risk of future challenge.
- 6.4 The risk of challenge by an alternative provider is very low given the specialist nature of the service provided.

## **7. Equalities impact**

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- 7.1 The report's recommendation will have a positive equalities impact in terms of ensuring continuity of services.

## **8. Sustainability impact**

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- 8.1 None arise directly from this report.

## **9. Consultation and engagement**

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- 9.1 The report's recommendation has been discussed with the organisation.

## **10. Background reading/external references**

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### **Alistair Gaw**

Acting Executive Director of Communities and Families

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## 11. Links

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### **Coalition pledges**

P1 - Increase support for vulnerable children, including help for families so that fewer go into care

P2 - Hold the maximum P1 class size at 25 and seek to reduce class sizes in line with Scottish Government recommendations

P3 - Rebuild Portobello High School and continue progress on all other planned school developments, while providing adequate investment in the fabric of all schools

P4 - Draw up a long-term strategic plan to tackle both over-crowding and under use in schools

P5 - Seek to ensure the smooth introduction of the Curriculum for Excellence and that management structures within our schools support the new curriculum

P6 - Establish city-wide co-operatives for affordable childcare for working parents

P7 - Further develop the Edinburgh Guarantee to improve work prospects for school leavers

### **Council priorities**

CO2 - Our children and young people are successful learners, confident individuals and responsible citizens making a positive contribution to their communities

CO3 - Our children and young people at risk, or with a disability, have improved life chances

CO4 - Our children and young people are physically and emotionally healthy

CO5 - Our children and young people are safe from harm or fear of harm, and do not harm others within their communities

CO6 - Our children's and young people's outcomes are not undermined by poverty and inequality

### **Single Outcome Agreement**

SO3 - Edinburgh's children and young people enjoy their childhood and fulfil their potential

### **Appendices**

# Finance and Resources Committee

10.00am, Thursday, 14 January 2016

## Property Conservation – Programme Momentum Progress Report and Edinburgh Shared Repairs Service (ESRS) Update

|                   |      |
|-------------------|------|
| Item number       | 7.28 |
| Report number     |      |
| Executive/routine |      |
| Wards             |      |

### Executive summary

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This report provides the Finance and Resources Committee with a progress update for Programme Momentum and the Edinburgh Shared Repairs Service.

### Links

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|                          |  |
|--------------------------|--|
| Coalition pledges        | <a href="#">P40</a> , <a href="#">P41</a>  |
| Council outcomes         | <a href="#">CO7</a> , <a href="#">CO19</a> |
| Single Outcome Agreement | <a href="#">SO4</a>                        |

# Report

## Property Conservation – Programme Momentum Progress Report and Edinburgh Shared Repairs Service (ESRS) Update

### Recommendations

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- 1.1 Committee is requested to:
  - 1.1.1 Note the management information dashboard reports in Appendix 1.
  - 1.1.2 Note the progress of debt recovery work.
  - 1.1.3 Note the progress of the settlement process.
  - 1.1.4 Note the end of the Thomson Bethune contract.
  - 1.1.5 To note that the current powers of delegation expire on 31 December 2015 and to approve an extension of the current delegated authority arrangements until 31 March 2016; and
  - 1.1.6 To note the progress of the Pilot process and that a phased implementation of ESRS will take place during the financial year 2016/17

### Background

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- 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 November 2015.

### Main report

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#### Management information

- 3.1 Management Information as at 25 November 2015 is attached in Appendix 1.

#### Delegated Authority – Irrecoverable Sums & Settlements

- 3.2 The provision for impairment and for settlement repayments is £17.9m.
- 3.3 As at 25 November 2015 a total of £11.1m has been approved for write-off against the provision comprising irrecoverable sums of £6.9m, aged debt of £0.3m and a total value of £3.9m for settlements to date.
- 3.4 These sums are contained within the overall Bad Debt and Irrecoverable Sums provision.

- 3.5 The provision remains subject to regular review by the Head of Edinburgh Shared Repairs and the Acting Director of Resources.

#### Billing and Recovery Update

- 3.6 Billing on Deloitte reviewed projects is now complete at a total of £17.7m.
- 3.7 To 25 November 2015 £10.1m has been received in payment from individual customers. A further £1.3m has been secured in payment plans and inhibitions. The recovery rate in terms of debt collected and secured debt is 64%.
- 3.8 The balance of debt of £6.3m (36%) is being actively pursued, predominantly through Morton Fraser, and is at various stages of recovery.

#### Debt Recovery – Morton Fraser

- 3.9 Under the extended contracted arrangements, instructions continue to be sent to Morton Fraser for statutory notice debt recovery. Since 1 April 2015, 421 instructions have been issued to Morton Fraser with a total value of £5m for debt collection.
- 3.10 For the 8 month period from April 2015 to 25 November 2015 the overall sums recovered or in payment plans secured by Morton Fraser total £1.1m (22%) over 110 customers (26%).
- 3.11 The costs of Morton Fraser to date in return for the £1.1m recovery is £22,000. As at 25 November 2015 the percentage solicitor's fees against sums recovered is 2%. These figures will vary from month to month. The Council is currently recovering on average £100,000 per month in Statutory Notice invoices.
- 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 review process for complainants is largely complete. One additional case remains to be received from Deloitte. Closure in respect of half of all settlement cases has now been reached, with more than 94% of all complainants issued with settlement. Acceptance rates from complainants are at 59%. Settlements to other affected owners are progressing with settlements communicated to 1,568 owners.

#### Projects

- 3.14 Thomson Bethune will complete their contract with the legacy programme at the end of December 2015. Thomson Bethune staff are currently working on 6 projects which will be completed or handed over to ESRS. The schedule for this is as follows:-
- 2 projects are programmed to be completed during December.
  - 1 project will be completed in January.

- There are 25 projects still in the defect period with 3 projects currently requiring intervention.

#### Delegated Authority

- 3.15 At its meeting on 5 June 2014 the Finance and Resources Committee approved the following arrangements for delegated authority powers to the Director of Corporate Governance in relation to statutory repairs to write off sums and to approve and pay any settlement by way of compensation, refund and/or write-off sums or otherwise, subject to the following limits:-
- a) The aggregate amount written off and/or paid shall not exceed the amount of the Council's bad debt provision in respect of statutory notice work;
  - b) Any write off of unbilled sums by the Director of Corporate Governance shall not exceed £100,000 per project;
  - c) Any proposed settlement by the Director of Corporate Governance shall not exceed a value of £100,000 per owner; and
  - d) The delegated authority shall expire on 31 March 2015 unless earlier renewed by the Finance and Resources Committee.
- 3.16 At its meeting on 3 February 2015 Committee agreed to extend the above delegated authority arrangements until 31 December 2015.
- 3.17 In order to continue with the legacy service progress and the resolution of cases it is recommended that Committee agrees to extend the existing delegated authority arrangements above until 31 March 2016, to be authorised by the Acting Executive Director of Resources.

#### New Service Update

##### Proposed Phased Implementation

- 3.18 The pilot for the new service commenced on 1 September 2015 and is due to end on 31 March 2016. The new service will see a phased implementation through 2016/17 following the pilot phase. There are a number of risk areas that the Council will progress through 2016/17 as per points 1-5 below. The service will operate within the approved budget and be fully operational as planned.
1. Council Transformation – The service will undertake a business review beginning early 2016 as part of the wider Council transformation.
  2. ICT – The establishment of systems required by the service include Customer Relationship Management, Case Management, Finance and Business Intelligence reporting. These are required before the service can operate without risk associated with inappropriate ICT arrangements. CGI are committed to replacing legacy systems which have a dependency on this service by March 2017. This is in line with our current timescales. Early engagement has commenced ahead of the CGI contract start date.
  3. Procurement – Testing of the strategy currently being progressed and the Contractors framework is programmed to be in place by July 2016. With the

- assistance of a framework manager, the new KPI's and framework contract conditions will be run and tested throughout the next financial year.
4. Testing of the all the processes and procedures for the new service will take place in a phased way through 2016/17. These include gateway compliance and quality assurance checks in Customer Contact, Intervention, Facilitation, Enforcement and Finance.
  5. Recruitment - The approved current Council pay scales for quantity and building surveyors does not fare well when compared with the external markets, private and other institutions. Throughout the year soft market testing will be carried out to establish the level of salary required to attract chartered building surveyors to the service and action taken to seek alignment with the correct Council staff grades. This should allow the service to recruit the correct quality of surveyors at the correct pay grades into the Council.

### Pilot Progress

#### 3.19 Customer Contact: 3 cases

This area of the service is where a customer will contact the service to request assistance with a problem on their property. The customer contact team will gather information on the reported defect to determine at a high level whether the defect is within the scope of the service. If the defect reported does appear to be within scope, the team will then ask the customer to evidence what efforts have been made by the property owner to engage with their fellow neighbours. This evidence is requested to be sent to the service for further review before the case is passed to the Intervention part of the service.

3.20 At present the service is not officially launched and therefore in this pilot period the customer contact team are assessing service requests after the customer has been in touch to determine if any service requests should be retrospectively followed up.

3.21 The customer contact team are following up three potential cases at present. One of these is new this month.

#### Facilitation: 2 cases

3.22 This area of the service has been utilised already where a customer has approached the service for assistance with defects on a property but for reasons of financial or reputational risk the service cannot assist at an enforcement level. The service can however assist the property owner in others ways for example corresponding with other owners at the property or contacting Private Rented Services for assistance with information on landlord registrations and such like. In a recent case, where the Council were responsible for providing emergency scaffolding, the service arranged meetings with contractors, permits/roads officer and owners to facilitate scaffold hand-over.



3.23 There are two cases in facilitation at present.

The Intervention Service: 6 cases

3.24 The intervention service is made up of the activity undertaken following the identification of an essential repair and prior to taking a decision to enforce the repair, where the objective is to support owners to take responsibility for progressing the repair privately. Included in this area of work is diagnosis of the defect reported and tailored communication to owners.

3.25 Case officers currently have six cases with correspondence on-going with the lead owner and all other owners at each of these properties. Early progress has indicated that two cases are likely to be submitted to the Project Panel for a decision to take to these into the Enforcement part of the service.

Successful Intervention: 2 cases

3.26 The Pilot service have successfully intervened in two cases and these cases are now closed on our database, however a follow up will be undertaken to check work has been undertaken privately after three months has passed.

The Enforcement Service: 1 project

3.27 The Enforcement service is activated when all intervention services have failed to provide a platform for owners to procure the works privately. Upon Panel approval the project will be allocated to the surveying department for progression through the standard operating procedures. The procedures include carrying out a full survey, preparation of cost estimates, preparation of risk registers, issue of the Statutory Notice, tender preparation including design and specification, tender approvals and award and contract administration on site.

3.28 This project is being progressed on behalf of owners and is currently in the procurement phase. The tenders were returned on 2 November, the quality submission has been evaluated and a consensus score established. The prices returned are currently being assessed by the project surveyor. A number of qualifications and errors are being cleansed at present. The service intends to be in a position to issue the tender report to procurement prior to the Christmas break, contract award will follow. The replacement Statutory Notice has now been issued. The Council have not received any notification of appeal therefore the section 26 notice will be issued in December.

New Edinburgh Shared Repair Service Implementation

3.29 Throughout the pilot period, work will continue on additional implementation activities prior to the full service launch – notably Procurement, Recruitment and ICT.

3.30 The Pre-Qualification Questionnaire was uploaded to Public Contract Scotland on 30 November 2015 with a return date of 12 January 2016. The framework contract is programmed to be in place by July 2016.

- 3.31 Recruitment of the required technical resource is underway, with two Building Surveyors identified following interviews during September. Both surveyors are now in post.
- 3.32 Work has continued on the ICT plan including a working session to investigate potential short-term system improvements, and initiation of data cleansing activity.

### **Measures of success**

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- 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**

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- 5.1 The associated revenue cost in resolution of the legacy closure programme from April 2013 forecast to March 2016 totals £7.7m. A current assessed need of £1m has been identified for 2016/17 towards the closure of the legacy programme.
- 5.2 The financial statements include a provision of £17.9m for impairments and settlement repayments of which £11.1m has been approved as at 25 November 2015.
- 5.3 The adequacy of the impairment and settlement provision remains under regular review by the Head of Edinburgh Shared Repairs and the Acting Director of Resources.
- 5.4 The overall 2015/16 available budget for the legacy and new Edinburgh Shared Repairs Service is £3.8m.

### **Risk, policy, compliance and governance impact**

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- 6.1 This area of work represents a significant financial and reputational risk for the Council.

### **Equalities impact**

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- 7.1 There is no equalities impact arising from this report.

### **Sustainability impact**

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- 8.1 There is no adverse environmental impact arising from this report.

## Consultation and engagement

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9.1 Not applicable.

## Background reading/external references

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[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 -](#)

### Hugh Dunn

Acting Executive Director of Resources

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## Links

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|                                 |  |
|---------------------------------|--|
| <b>Coalition pledges</b>        | P40 – Work with Edinburgh World Heritage Trust and other stakeholders to conserve the city’s built heritage<br>P41 – Take firm action to resolve issues surrounding the Council’s Property Services                                    |
| <b>Council outcomes</b>         | 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 |
| <b>Single Outcome Agreement</b> | SO4 – Edinburgh’s communities are safer and have improved physical and social fabric   |
| <b>Appendices</b>               | Appendix 1: Management Information Dashboards  |

# Edinburgh Shared Repairs Service Dashboard

## November 2015

Monthly progress update (for reporting purposes month end is 25 November)

### LEGACY PROGRAMME

A number of legacy workstreams continue to draw to a close with billing now complete, settlements at the final stages and projects on site nearing completion. Significant volumes of work remain in customer service and debt recovery.

### NEW SERVICE

The pilot for the new service commenced on 1 September 2015 and will run until the end of March 2017. The pilot period has been extended to ensure the full implementation and testing of the new procedures developed by Deloitte and the Council. The extended time period will allow the risk items to be progressed prior to full launch of ESRS.

| TOP RISKS             | MITIGATION   | RAG    |
|-----------------------|--|--------|
| 1. Debt Recovery      | Additional provisions have been made through the appointment of Morton Fraser. | Red    |
| 2. Bad Debt Provision | The provision will continue to be monitored and reported monthly.              | Yellow |
| 3. Settlement Process | Settlement process nearing completion  | Yellow |

| TOP RISKS  | MITIGATION   | RAG    |
|--|--|--------|
| 1. Lack of Market interest in Contractor Framework             | PQQs were issued on 30/11/15 with a return date of 12/1/16. The returns will indicate the level of market interest.  | Red    |
| 2. Unable to recruit suitable technical resource               | Two surveyors appointed. Recruitment of suitable technical resource will continue to be monitored  | Yellow |
| 3. Senior Management Team not in post during Pilot             | Robust evaluation, handover and training plan to be in place for SMT of new service - decision required on outstanding management posts.                                 | Yellow |
| 4. Position of Service within CEC Corporate structure          | Meetings ongoing to determine position of service in new CEC structure.  | Yellow |
| 5. Customers have unrealistic expectations for the New Service | Ensure that communication to the current stakeholders is clear and that information available on web pages is up to date for launch. Communication Strategy is required. | Green  |

| OVERALL STATUS               | RAG    | COMMENTS  |
|------------------------------|--------|---|
| Case Reviews and Settlements | Yellow | The settlement process is nearing completion. At this time 94% of complainants have been issued with settlement with an acceptance rate of 59%.   |
| Debt Recovery                | Red    | Debt outstanding is currently £13.6m. Of this debt £9.6m is being pursued through active billing, Morton Fraser recovery or other legal action. The remaining debt is either being pursued for legal action or is suspended debt.                                 |
| Projects                     | Yellow | Thomson Bethune are currently working on 6 projects which will be completed by Winter 2015.<br>2 projects are programmed to be completed during December.<br>1 project will be completed in January.<br>3 projects are due to be handed over to ESRS in December. |
| Customer services            | Yellow | There remains a high volume of customer contact across the legacy service.  |

| OVERALL STATUS | RAG    | COMMENTS   |
|----------------|--------|--|
| Governance     | Yellow | Costed Business Plan approved by the Board in October. Requirement to identify position of service in new structure.   |
| People         | Yellow | Two Building Surveyors have been appointed. The pilot will facilitate a review of remaining recruitment requirements in line with demand and within the budget agreed. Soft market testing on recruitment will be carried out in line with the ESRS Service Review to start in January 2016. |
| IT             | Yellow | Database for Pilot Service is up and running and being tested with Pilot Projects. Data cleansing report to be submitted in early 2016. Quotation received from IDOX for upgrade to Uniform System.  |
| Processes      | Green  | Draft procedure are being tested during Pilot phase. Proposed changes are being tracked, interim procedures will be updated and issued to CEC by the end of December 2015.   |
| Procurement    | Yellow | PQQ has been issued. Contractors framework is programmed to be in place by July 2016.  |

### KEY PLANNED ACTIVITIES

Completion of settlement process.  
Continuation of debt recovery programme.  
Continuation of legacy projects.  
Continuation of ESRS pilot activity.  
Recruitment of Records manager.

### INFORMATION / DECISIONS

Closure programme staffing to be agreed.  
Service placement to be agreed.



# Settlements & Customer Service

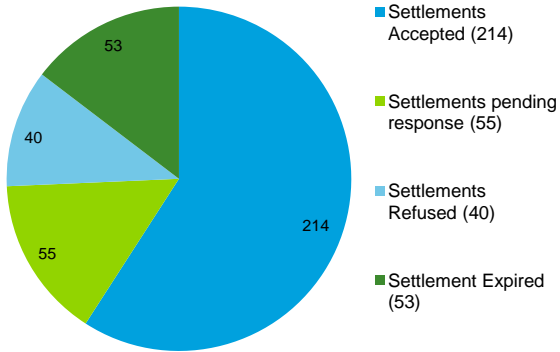
Programme dashboard as at 25 November 2015



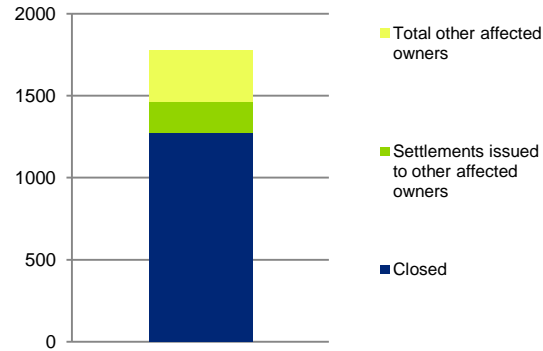
## PROGRESS

Closure in respect of half of all settlement cases has now been reached, with more than 94% of all complainants issued with settlement. Acceptance rates from complainants are at 59%. Settlements to other affected owners are progressing with settlements communicated to 1,568 owners. Settlements to all other affected owners is anticipated to be complete by Winter 2015.

### Complainant Closure Status



### Other Affected Owners



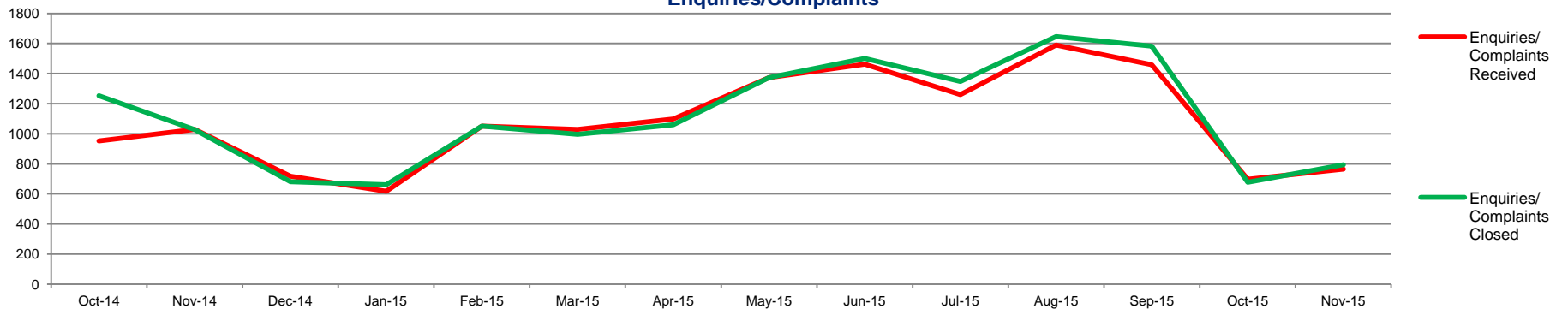
### Settlement Value

|  |        |
|--|--------|
| Total Value of projects reviewed                     | £12.2m |
| Total settlements approved under delegated authority | £3.9m  |
| Settlements paid/credited to date                    | £2.9m  |

## PROGRESS

Customer Services has seen a slight surge in November on overall enquiries, FOI and SPSO requests. Response rate for FOI/SPSO requests was maintained at 100% with enquiries/complaints achieving 98% closed within target.

### Enquiries/Complaints





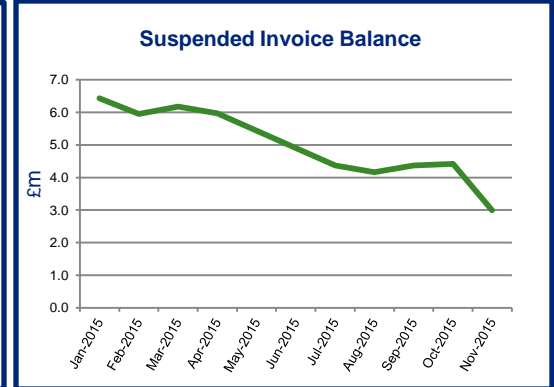
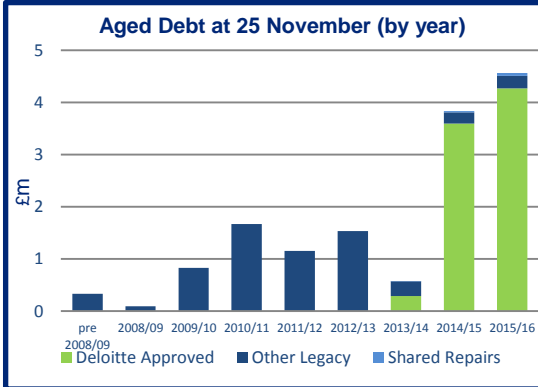
# Finance and Debt Recovery Overview

Programme dashboard as at 25 November 2015

## PROGRESS

The current level of debt outstanding is £13.6m of which £7.6m is Deloitte (Project Joule) reviewed debt and £6.0m of Legacy and Shared Repairs debt. A total of £9.6m is being pursued through active billing. Debt of £4.1m is either being prepared for legal action or is suspended debt. Since January 2015 suspended debt has reduced by £3.4m to £3.0m as disputes are resolved.

| Debt Status  | Deloitte Project Joule (Reviewed) | Legacy And Shared Repairs | Total         |
|--|-----------------------------------|---------------------------|---------------|
| Total debt being pursued                               | £7.2m                             | £2.4m                     | £9.6m         |
| Total debt scheduled for action                        | £0.4m                             | £3.6m                     | £4.0m         |
| <b>Total Debt</b>                                      | <b>£7.6m</b>                      | <b>£6.0m</b>              | <b>£13.6m</b> |
| Payment plans and inhibitions agreed within debt total | £1.3m                             | £0.4m                     | £1.7m         |

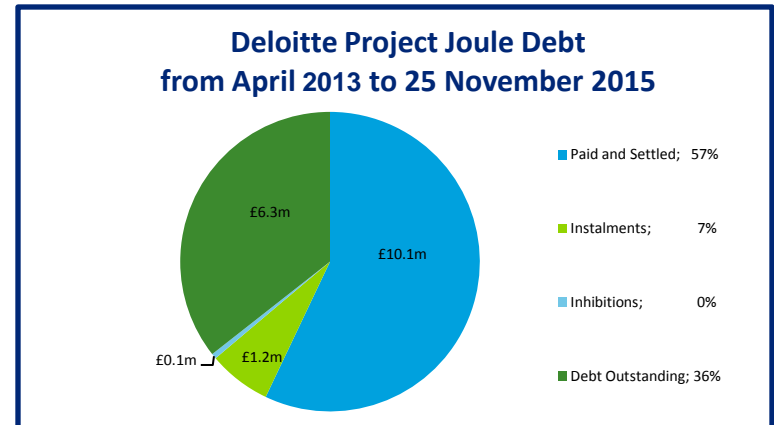
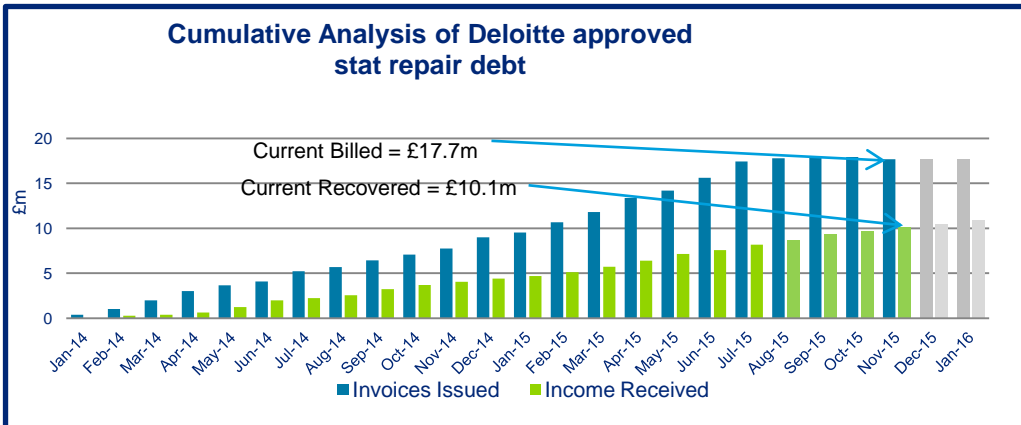


# Project Joule Billing and Recovery Progress

Programme dashboard as at 25 November 2015

## PROGRESS

Billing on Deloitte reviewed (Project Joule) cases is complete and totals £17.7m. £10.1m has been received in settlement and a further £1.3m of secured debt in payment plans and inhibitions giving a total of settled and secured debt of £11.4m. This represents a current collection rate of 64%. The balance of debt of £6.3m is at various stages of recovery.





# Morton Fraser Progress

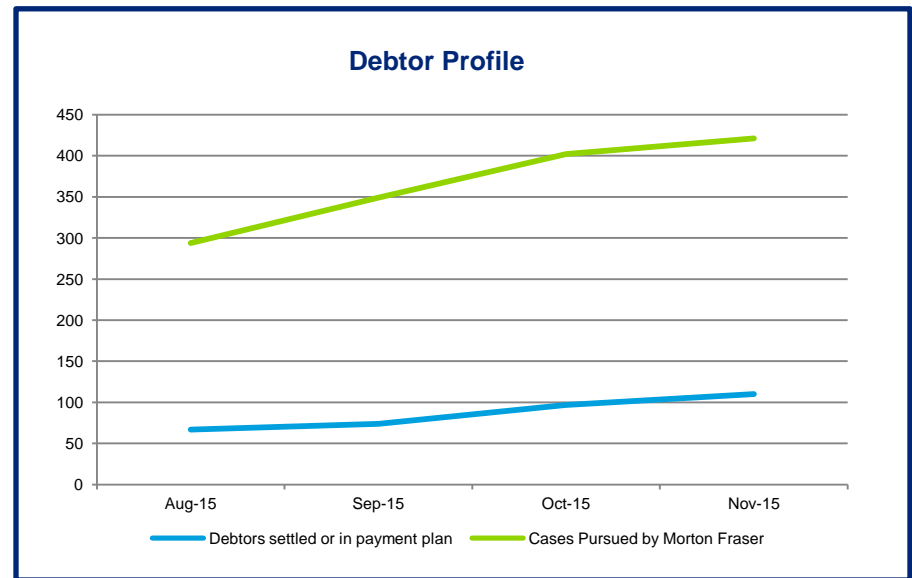
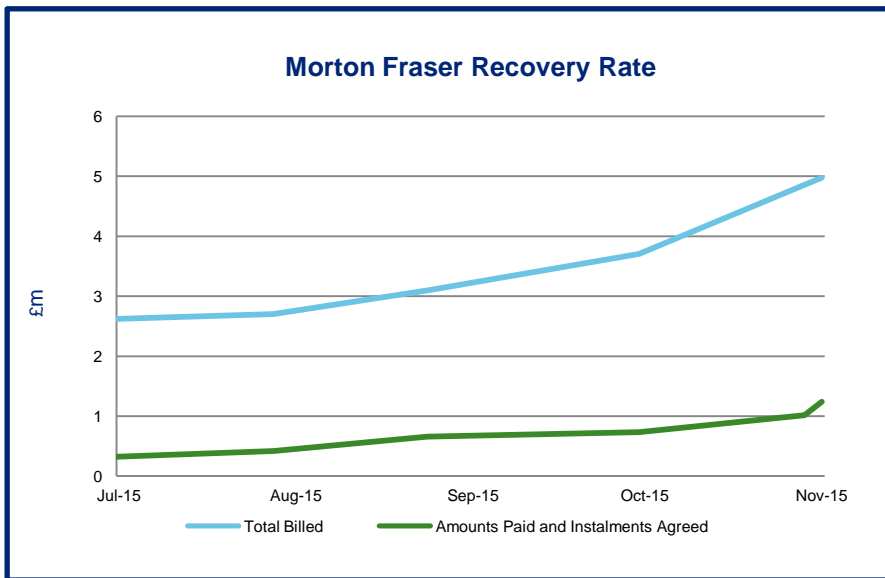
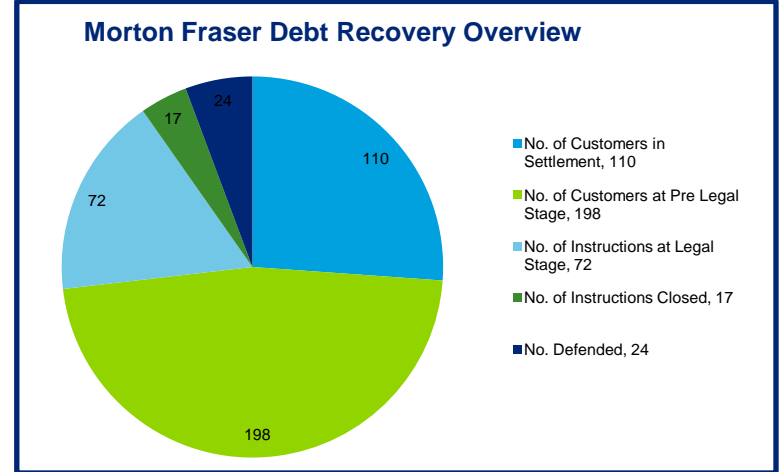
Programme dashboard as at 25 November 2015



## PROGRESS

Under the extended contracted arrangements, Morton Fraser took on responsibility for statutory notice debt recovery in April 2015. To date, 421 instructions have been issued to Morton Fraser with a total value of £5.0m for debt collection. Over the 8 month period from April 2015 to date the overall sums settled or in payment plans total £1.1m (22%) over 110 customers (23%). 198 cases are at pre legal stage, 72 at legal stage with 17 cases closed and 24 being defended.

| Morton Fraser Debt Recovery Cases pursued by the Council  | August | September | October | November |
|---|--------|-----------|---------|----------|
| Total debt recovery cases pursued by Morton Fraser        | 294    | 349       | 402     | 421      |
| Total value of instructions issued                        | £3.1m  | £3.7m     | £4.9m   | £5.0m    |
| Total debtors settled or in payment plan                  | 67     | 74        | 97      | 110      |
| Total sum recovered or in payment plan                    | £0.7m  | £0.7m     | £1.0m   | £1.1m    |
| Total sum recovered in payment plan as % of debt recovery | 21%    | 19%       | 20%     | 22%      |





# ESRS Pilot Phase and Emergency Service Dashboard

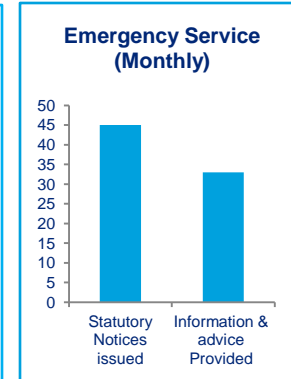
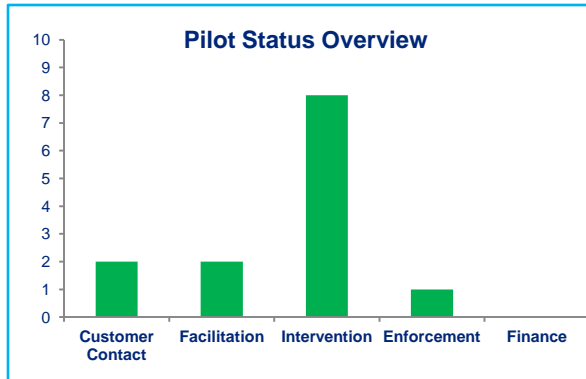
Programme dashboard as at 25 November 2015



## OVERVIEW OF PROGRESS

The Pilot Phase started in September 2015. The Pilot Phase currently consists of eleven open cases with successful intervention achieved on two projects. Work is progressing on the Major Works project. This is currently in the Tender Evaluation period.

| CASE WORKLOAD PROGRESS |   | NO. |
|------------------------|---|-----|
| Customer Contact:      | • Customer Services Enquiry             |     |
|                        | • Collating Information from Lead Owner | 2   |
| Facilitation:          | • Advice and Information                |     |
|                        | • Council Correspondence                | 2   |
| Intervention:          | • Case Officer                          |     |
|                        | • Communication 1 issued                | 4   |
|                        | • Communication 2 issued                | 2   |
|                        | • Panel Report pending                  |     |
| Enforcement:           | • Closed with successful intervention   | 2   |
|                        | • Site Survey / S24 Notice / S26 Notice |     |
|                        | • Procurement                           | 1   |
| Finance:               | • Projects on site                      |     |
|                        | • Final Account issued                  |     |
|                        | • Invoices issued to owners             |     |



## EMERGENCY SERVICE

55% of all emergencies this month related to drainage issues. In addition to the number of emergency drainage responses attended to, the service received seven separate requests to attend to fallen render/masonry in this period however none of the calls required emergency make safe measures carried out. Two requests received from Police Scotland related to dangerous windows, one was not deemed a danger to public and the other was referred to another Council service. A request from a Councillor for service to attend to a dangerous wall was responded to however the wall was privately owned and the property owner had a maintenance officer who dealt with the repair.

| PROJECTS WORKLOAD                        | MAJOR    | MINOR    | ESTIMATED VALUE |
|--|----------|----------|-----------------|
| 1. Major Stonework / Roof (Procurement ) | 1        |          | £376k           |
| <b>TOTAL</b>                             | <b>1</b> | <b>-</b> | <b>£376K</b>    |

| FACILITATION WORKLOAD (TYPE OF PROJECT) | MAJOR    | MINOR    | ESTIMATED VALUE |
|---|----------|----------|-----------------|
| 1. Major Stonework / Roof               | 1        |          | £1m             |
| 2. Railway Wall                         | 1        |          | £1m             |
| <b>TOTAL</b>                            | <b>2</b> | <b>-</b> | <b>£2.0m</b>    |

| EMERGENCY SERVICE  | Sep 15   | Oct 15   | Nov 15   | Trend |
|--|----------|----------|----------|-------|
| No of requests for advice/ info only.                                    | 265      | 170      | 295      | ↑     |
| No. of service requests  | 74       | 66       | 78       | ↑     |
| No of emergency repair inspections resulting in statutory notices issued | 49       | 46       | 45       | ↓     |
| No. of Emergency service requests where information/ advice was provided | 25       | 20       | 33       | ↑     |
| Value of invoices issued to owners for emergency repairs (cumulative)    | £721,588 | £743,918 | £753,839 | ↑     |
| Value of income received from owners for emergency repairs (cumulative)  | £608,924 | £642,469 | £658,989 | ↑     |
| No of visits to SRS webpage (Google Analytics)                           | 3304     | 3153     | 4186     | ↑     |
| Solicitors Enquiries Received  |          | 626      | 711      | ↑     |
| Solicitors Enquiries Completed   |          | 705      | 800      | ↑     |



# Finance and Resources Committee

10.00 a.m, Thursday, 14 January 2016

## Proposed Lease Extension at 62 Niddrie Mains Road, Edinburgh

|                          |                             |
|--------------------------|-----------------------------|
| <b>Item number</b>       | 8.1                         |
| <b>Report number</b>     |                             |
| <b>Executive/routine</b> | Routine                     |
| <b>Wards</b>             | 17 - Portobello/Craigmillar |

### Executive summary

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The retail unit at 62 Niddrie Mains Road is let to Firstform (162) Limited, who trades as iSee Opticians.

The lease is due to expire on 22 February 2016 and the tenant has requested a 10 year extension to the lease.

This report seeks approval to the grant of a 10 year lease extension to Firstform (162) Limited on the terms and conditions outlined in the report.

### Links

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|                                 |   |
|---------------------------------|---|
| <b>Coalition pledges</b>        | <a href="#">P15</a> , <a href="#">P28</a> |
| <b>Council outcomes</b>         | <a href="#">CO8</a> , <a href="#">CO9</a> |
| <b>Single Outcome Agreement</b> | <a href="#">SO1</a>                       |

## Proposed Lease Extension at 62 Niddrie Mains Road, Edinburgh

### Recommendations

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That Committee:

- 1.1 Approves a 10 year lease extension to Firstform (162) Limited of retail premises at 62 Niddrie Mains Road, Edinburgh, on the terms outlined in this report and on other terms and conditions to be agreed by the Acting Executive Director of Resources.

### Background

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- 2.1 The shop premises at 62 Niddrie Mains Road extends to 39.20m<sup>2</sup> (422sq ft) or thereby, as shown hatched in red on the attached plan.
- 2.2 Since February 2007, the property has been let to Firstform (162) Limited an optometry business trading as iSee Opticians. The current rent is £4,750pa excl VAT.

### Main report

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- 3.1 The existing lease expires on 22 February 2016 and Firstform (162) Limited has requested that the Council grant a 10 year lease extension from 23 February 2016.
- 3.2 The tenant has fulfilled all its legal and financial obligations in terms of the existing lease.

The following terms have been provisionally agreed:

- Subjects: Retail shop at 62 Niddrie Mains Road, Edinburgh.
- Lease Extension: 10 years from 23 February 2016 until 22 February 2026.
- Rent: £6,150 per annum (current market rental value).
- Rent Reviews: Reviewed on each 5<sup>th</sup> anniversary of the term to open market value.
- Use: Optician.
- Repairs: Full repairing and maintaining obligation.
- Break Option: Tenant can break the lease on the 23 February 2021, subject to providing a minimum of 3 months prior written notice to the Council.

## Measures of success

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- 4.1 Granting a 10 year lease extension will allow the company to continue their long term financial planning of the business and, in turn, sustain employment for their workers and provide a continued optometry service to the local community.

## Financial impact

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- 5.1 An increase in rent of £1,400 per annum payable to the General Property Account.

## Risk, policy, compliance and governance impact

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- 6.1 This is an extension of a lease that commenced in February 2007, and the same tenant has been in occupation at the property since this date. It is considered there is little or no impact on Risk, Policy, Compliance or Governance issues.

## Equalities impact

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- 7.1 An Equality and Rights Impact Assessment has been carried out.
- 7.2 An enhancement of rights has been identified as through a lease extension, it will ensure that Firstform (162) Limited can continue to plan both financially and in terms of developing their business. This will allow them to continue to provide a high level of service and experience to their employees and customers. This directly links to an enhancement of the following rights namely (i) Legal Security, (ii) Education and Learning and (iii) Productive and Valued Activities.
- 7.3 A possible infringement has been identified in that by extending the current lease, rather than placing the retail premises on the open market, there is the potential impact on others who may want to lease the shop. However, given the established nature of the tenants business and the possible effect on it if the lease is not extended, the impact is considered to be proportionate and justifiable.

## Sustainability impact

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- 8.1 There are no sustainability issues arising from this report as it is a lease renewal whereby the original lease commenced in February 2007 and the current tenant has been in occupation at the property since this date also.

## Consultation and engagement

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- 9.1 N/A

## Background reading/external references

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N/A

## Hugh Dunn

Acting Executive Director of Resources

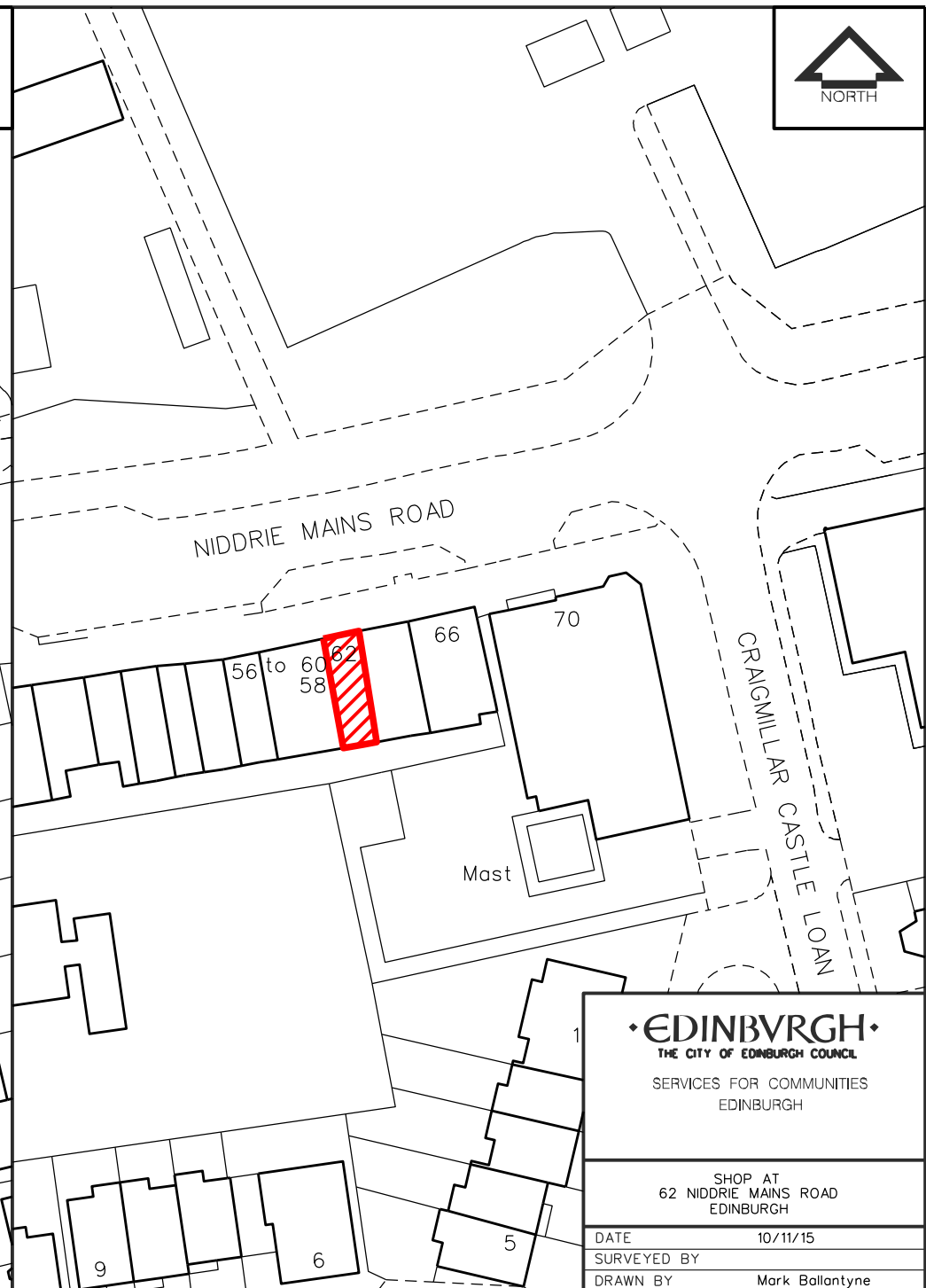
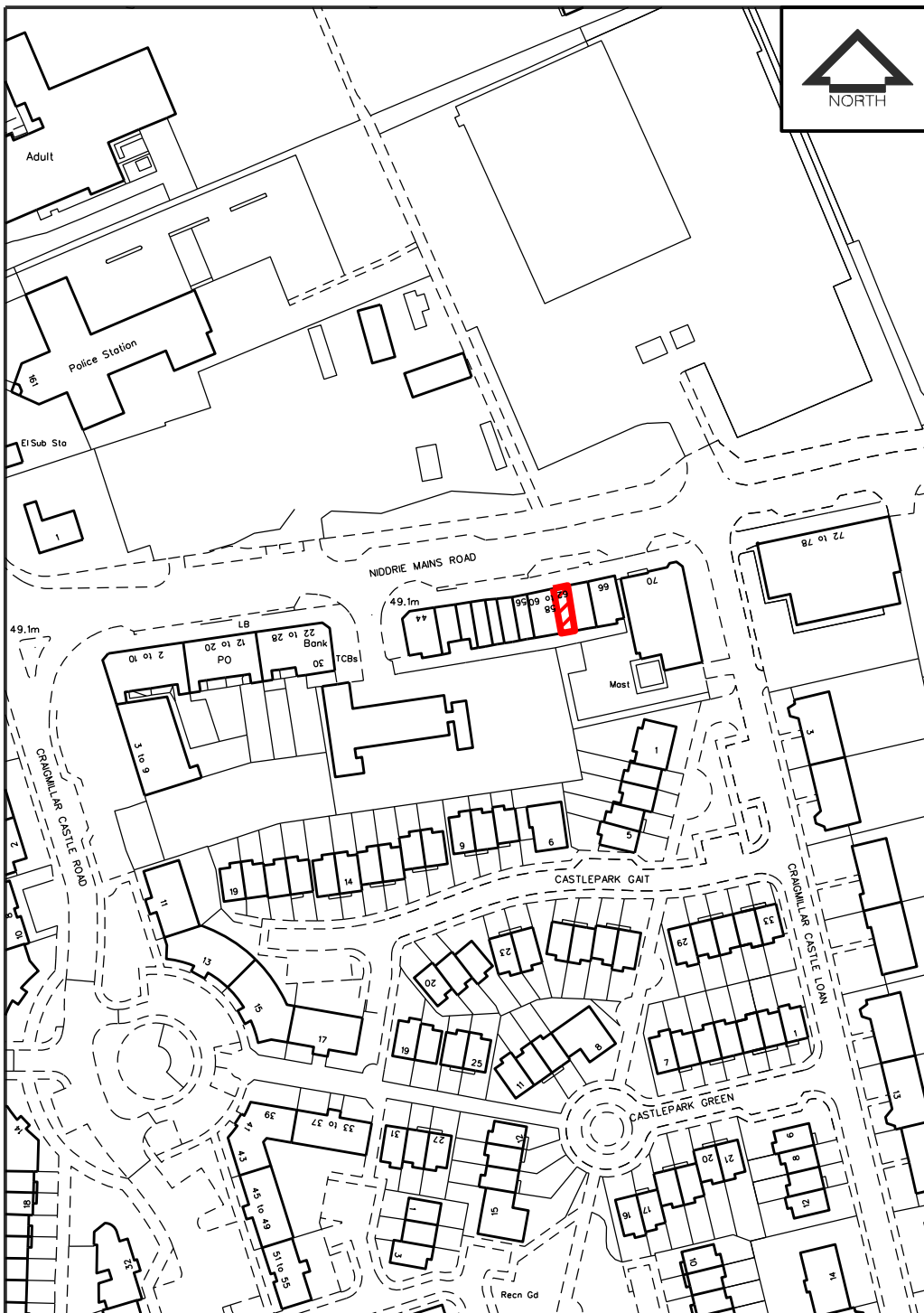
Contact: Iain Lamont, Estates Surveyor

E-mail: [iain.lamont@edinburgh.gov.uk](mailto:iain.lamont@edinburgh.gov.uk) | Tel: 0131 529 7610

## Links

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|                                 |  |
|---------------------------------|--|
| <b>Coalition pledges</b>        | <p>P15 – Work with public organisations, the private sector and social enterprise to promote Edinburgh to investors.</p> <p>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.</p> |
| <b>Council outcomes</b>         | <p>CO8 – Edinburgh’s economy creates and sustains job opportunities.</p> <p>CO9 – Edinburgh’s residents are able to access job opportunities.</p>  |
| <b>Single Outcome Agreement</b> | <p>SO1 – Edinburgh’s Economy delivers increased investment, jobs and opportunities for all.</p>  |
| <b>Appendices</b>               | <p>Location Plan.</p>  |



LOCATION PLAN

PHOTOGRAPHICALLY REDUCED NOT TO SCALE

SITE PLAN

|  |                 |
|--|-----------------|
| <b>• EDINBURGH •</b><br>THE CITY OF EDINBURGH COUNCIL<br>SERVICES FOR COMMUNITIES<br>EDINBURGH |                 |
| SHOP AT<br>62 NIDDRIE MAINS ROAD<br>EDINBURGH  |                 |
| DATE   | 10/11/15        |
| SURVEYED BY  |                 |
| DRAWN BY   | Mark Ballantyne |
| SCALE  | N.T.S.          |
| NEG. NO.   | A3/1628         |

# Finance and Resources Committee

10.00 a.m, Thursday, 14 January 2016

## Lease, 63 Niddrie Mains Terrace – Amended Area of Let

|                          |                             |
|--------------------------|-----------------------------|
| <b>Item number</b>       | 8.2                         |
| <b>Report number</b>     |                             |
| <b>Executive/routine</b> | Routine                     |
| <b>Wards</b>             | 17 – Portobello/Craigmillar |

### Executive summary

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On 6 June 2013, the Finance and Resources Committee authorised the lease of the community space at 63 Niddrie Mains Terrace to Caring in Craigmillar (CiC) for five years, which was extended to 10 years by the Finance and Resources Committee on 30 September 2014.

The Children and Families Service is vacating space it occupies on the ground, first and second floors of the building in early 2016, and CiC is interested in leasing the remainder of the ground floor space to improve its service provision.

It is proposed to extend the area of let to include the area, shown cross hatched in blue on the attached plan, and this report seeks approval to amend the lease on the provisionally agreed terms. The proposal will also free up the upper floors for lease to interested parties.

### Links

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|                                 |  |
|---------------------------------|--|
| <b>Coalition pledges</b>        | <a href="#">P43</a>  |
| <b>Council outcomes</b>         | <a href="#">CO10</a> , <a href="#">CO14</a> , <a href="#">CO23</a> |
| <b>Single Outcome Agreement</b> | <a href="#">SO2</a>  |

## Lease, 63 Niddrie Mains Terrace – Amended Area of Let

### Recommendations

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That Committee:

- 1.1 Approves the proposed amendment to the area of let, on the terms outlined in this report, and on the other terms and conditions to be agreed by the Acting Executive Director of Resources.

### Background

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- 2.1 The Finance and Resources Committee, at its meetings on 6 June 2013 and 30 September 2014, approved a 10 year lease to CiC of the area shown hatched in green on the attached plan. The current rent is £9,700 per annum.
- 2.2 The area shown cross hatched in blue on the attached plan, and the first and second floors, are currently occupied by the Children and Families Service and it is planned to relocate the Service to alternative premises in early 2016 as part of the wider Transformation Programme.

### Main report

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- 3.1 CiC has indicated that the ground floor space vacated by the Children and Families Service will aid its service provision and from an operational point of view, this space would be difficult to let as a single unit. Provisional agreement has been reached with CiC that its lease be amended to include the additional area, subject to the following main terms:
  - Additional area: 99 sq metres (1066 sq ft) or thereby;
  - Rent: £12,500 per annum, exclusive;
  - Rent free: An initial rent free period of three months (normal provision of a 10 year lease);and
  - Other terms: As per the existing lease and as agreed by the Acting Executive Director of Resources.
- 3.2 The report to the Finance and Resources Committee of 30 September 2014, detailed the outcome of a complaint raised with the Scottish Public Services Ombudsman (SPSO) regarding the consultation and marketing of the area currently approved for lease to CiC (area shown hatched on the attached plan).

- 3.3 The complaint to the SPSO was not upheld but the SPSO recommended, inter alia, that the Council develops a procedure for future marketing of the property, which the Council provided to the SPSO on 31 July 2014.
- 3.4 The proposal will also free up the upper floors, which can be leased separately, thereby creating additional income to the Council. The Edinburgh Muslim Forum, who have informally used the ground floor, have expressed interest in leasing a floor and negotiations are ongoing in this respect.

### **Measures of success**

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- 4.1 Extending the area of let to CiC will:-
- ensure that it can continue to provide day care and other support services to elderly, vulnerable and disabled people in Craigmillar from a more suitable premises; and
  - increase the use of the premises, including community use.

### **Financial impact**

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- 5.1 An increase in rental income £2,800 per annum payable to the Housing Revenue Account, less an initial rent free period to be agreed by the Acting Executive Director of Resources.
- 5.2 Additional rental income will be secured by leasing the upper floors.

### **Risk, policy, compliance and governance impact**

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- 6.1 The proposals will help to ensure that this building is used to the benefit of the Craigmillar community.
- 6.2 The property was marketed for community use and CiC successfully bid for the premises having bid along with other community focussed organisations.
- 6.3 A consultation framework was approved by Communities and Neighbourhood Committee on 6 May 2014.

### **Equalities impact**

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- 7.1 The proposals will allow CiC to continue to provide day care and other support services to elderly, vulnerable and disabled people in Craigmillar.
- 7.2 CiC works within its equal opportunities policies and practices a non discriminatory and inclusive environment.
- 7.3 CiC aim to work with as many groups as possible to ensure that no one group is insular and all have opportunities to come together in order to create one community.
- 7.4 CiC will continue to work on joint initiatives with managers and occupiers in other local community groups and centres.



7.5 The East Edinburgh Muslim Forum (EEMF) currently uses part of the property for prayer meetings and other activities. In order for the proposals to progress, EEMF's use of the property will change significantly and/or the group's activities will be run from alternative premises, possibly on one of the upper floors of the building once vacant.

## Sustainability impact

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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:-

- Climate change and carbon emissions will be impacted upon as a result of intensified use of the building. However, due to more efficient use of the space, the effect per head is likely to be neutral or improved.
- The proposals will allow CiC to continue to provide day care and other support services to elderly, vulnerable and disabled people in Craigmillar.
- CiC work within their equal opportunities policies and practice a non discriminatory and inclusive environment.
- CiC aim to work with as many groups as possible to ensure that no one group is insular and all have opportunities to come together in order to create one community.
- CiC will continue to work on joint initiatives with managers and occupiers in other local community groups and centres.
- CiC will work with the local community to bring the large area of mature gardens surrounding the premises back into use.

8.2 Relevant Council sustainable development policies have been taken into account and are noted at Background Reading later in this report.

## Consultation and engagement

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9.1 Local members have been made aware of the proposals.

## Background reading/external references

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[Finance and Budget Committee 6 June 2013 Report "63 Niddrie Mains Terrace – Use and Management of Community Space"](#)

[Finance and Resources Committee 30 September 2014 Report "Proposed Lease at 63 Niddrie Mains Terrace"](#)

[Health and Social Care Service Plan](#)

[Local community plan](#)

[Sustainable Edinburgh 2020](#)

## Hugh Dunn

Acting Executive Director of Resources

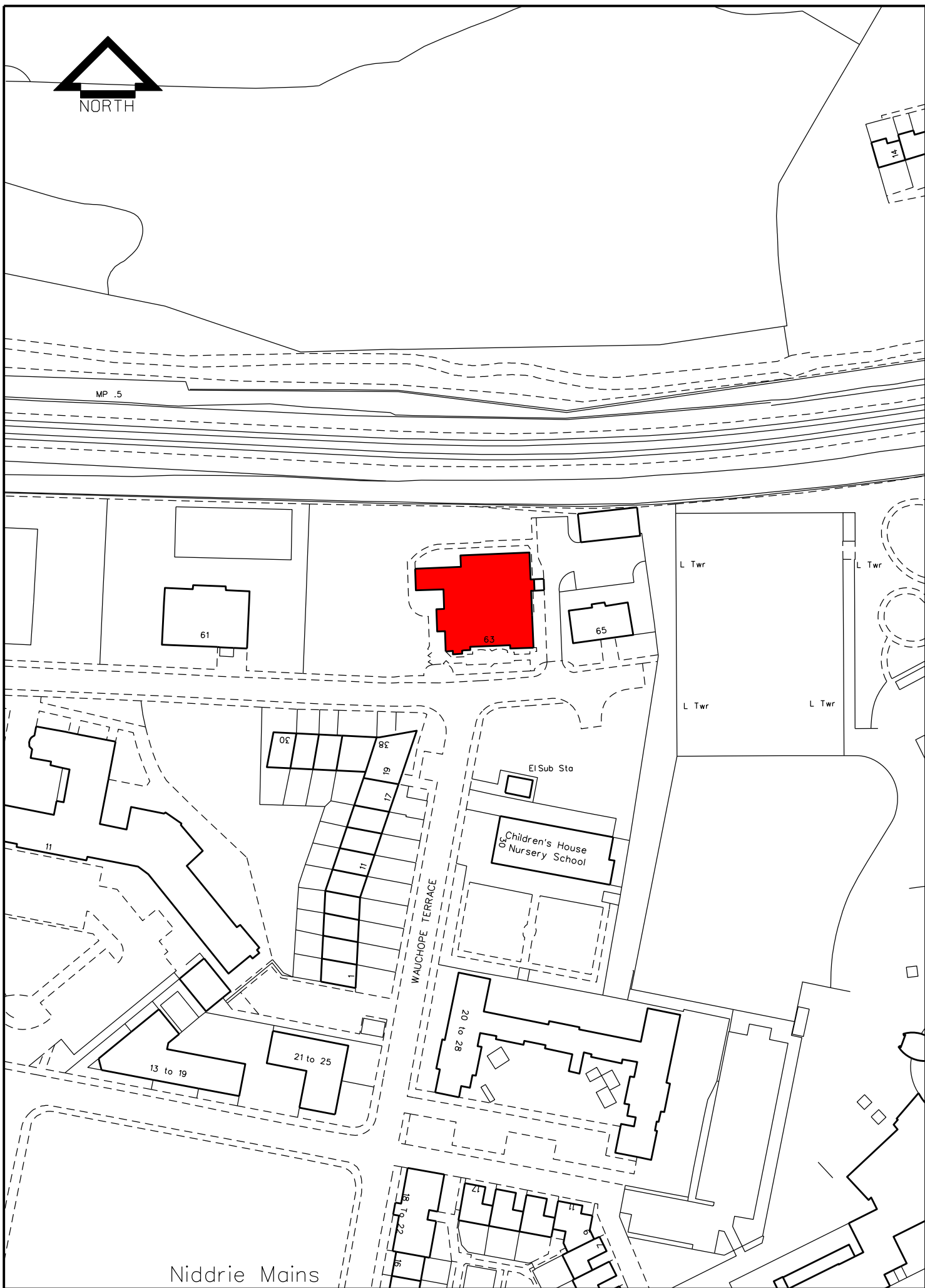
Contact: Veronica Ross, Senior Estates Surveyor

E-mail: [veronica.ross@edinburgh.gov.uk](mailto:veronica.ross@edinburgh.gov.uk) | Tel: 0131 529 3159

## Links

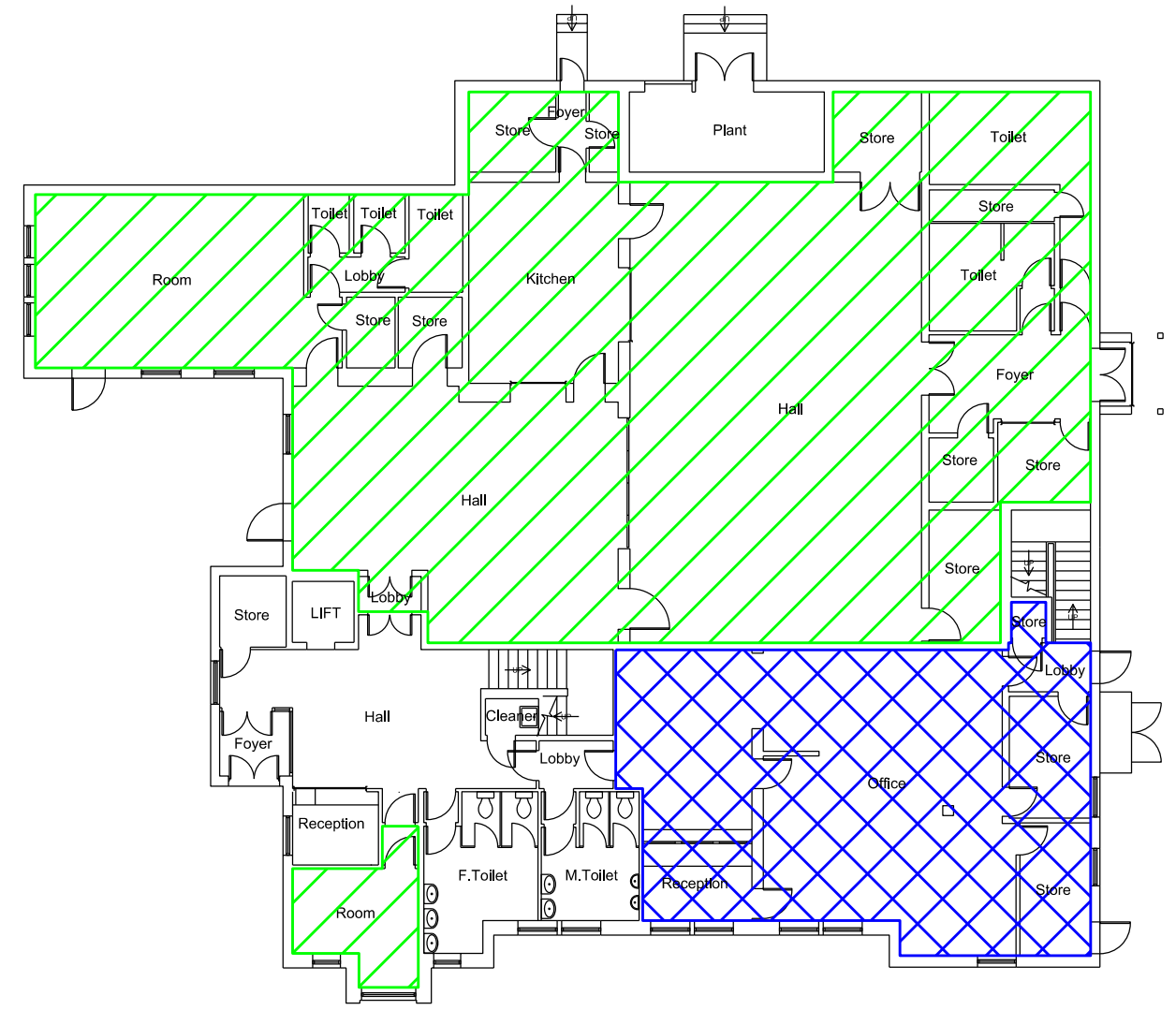
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|                                 |  |
|---------------------------------|--|
| <b>Coalition pledges</b>        | P43 – Invest in healthy living and reduced inequalities.   |
| <b>Council outcomes</b>         | CO10 - Improved health and reduced inequalities.<br>CO14 – Communities have the capacity to help support people.<br>CO23 - Well engaged and well informed – Communities and individuals are empowered and supported to improve local outcomes and foster a sense of community. |
| <b>Single Outcome Agreement</b> | SO2 – Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health.  |
| <b>Appendices</b>               | Location Plan.   |



LOCATION PLAN

SCALE 1:1250



GROUND FLOOR PLAN

SCALE 1:200

**• EDINBURGH •**  
THE CITY OF EDINBURGH COUNCIL

SERVICES FOR COMMUNITIES  
EDINBURGH

Craigmillar Community Facility  
63 Niddrie Mains Terrace  
Edinburgh

|             |                  |
|-------------|------------------|
| DATE        | 09/10/2015       |
| SURVEYED BY | Asset Management |
| DRAWN BY    | Fiona McDonald   |
| FILE NO.    |                  |
| NEG. NO.    | NT 2972/A3/1625  |

# Finance and Resources Committee

10.00 a.m, Thursday, 14 January 2016

## Ground at Manse Road, Kirkliston – Proposed Lease

|                          |            |
|--------------------------|------------|
| <b>Item number</b>       | 8.3        |
| <b>Report number</b>     |            |
| <b>Executive/routine</b> | Executive  |
| <b>Wards</b>             | 1 - Almond |

### Executive summary

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1<sup>st</sup> Kirkliston Scouts Group has approached the Council to acquire land at Manse Road, Kirkliston to develop a Community Activities Hall.

The Group has prepared a feasibility study to support the proposal.

Heads of Terms have been provisionally agreed for the grant of a 125 year ground lease of the site to the Group, with an option to purchase.

This report seeks authority to grant a 125 year ground lease, to 1<sup>st</sup> Kirkliston Scouts Group, on the terms set out in the report.

### Links

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|                                 |  |
|---------------------------------|--|
| <b>Coalition pledges</b>        | <a href="#">P17</a> , <a href="#">P42</a>                        |
| <b>Council outcomes</b>         | <a href="#">CO1</a> , <a href="#">CO2</a> , <a href="#">CO10</a> |
| <b>Single Outcome Agreement</b> | <a href="#">SO1</a> , <a href="#">SO2</a> , <a href="#">SO3</a>  |

## Ground at Manse Road, Kirkliston – Proposed Lease

### Recommendations

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That Committee:

- 1.1 Approves the lease, and option to purchase, of land to 1<sup>st</sup> Kirkliston Scouts Group, in accordance with the terms set out in this report, and on such other terms and conditions to be agreed by the Acting Executive Director of Resources.

### Background

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- 2.1 1<sup>st</sup> Kirkliston Scouts Group currently operates from a site on the outskirts of Kirkliston, which it leases from a private company. The existing hall is in a dilapidated condition and continues to deteriorate despite repairs being undertaken by the Group. Due to increasing demand from the continued expansion of Kirkliston, the Group has also outgrown the current premises.
- 2.2 The Group's Board has been working on a proposal to develop a new facility on a vacant Council site on Manse Road, in the centre of Kirkliston. The site, held on the Housing Revenue Account, extends to approximately 0.067 hectare (0.16 acre) and is shown outlined in red on the attached plan.

### Main report

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- 3.1 1<sup>st</sup> Kirkliston Scouts Group has prepared a feasibility study, which outlines its proposals for the site. The Group has utilised the services of several professional consultants in the preparation of the study including architects, quantity surveyors and engineers. Site investigations and a topographical survey of the site have also been undertaken.
- 3.2 The Group has presented a fully designed and costed scheme for the new building which comprises a large hall, cafe, storage/office space and an outdoor play area. It is anticipated that the facility will be used by a number of local organisations including Brownies, dance groups, breakfast and after school clubs.
- 3.3 The projected cost of the construction work is £547,000. Local fund raising initiatives have been taking place, and an application will be made for Lottery Funding.

- 3.4 A new charitable legal entity will be formed based on a joint venture between the Scouts and the other user groups.
- 3.5 The Group has approached the Council to lease the site on a negotiated basis. Following discussions between the Group and the Council, Heads of Terms have now been provisionally agreed with the main terms as detailed below:
- Tenant: 1<sup>st</sup> Kirkliston Scout Group (or legal charitable entity to be created within which the Scout Group remain a principal partner).
  - Method of Disposal: 125 year ground lease with tenant option to purchase.
  - Price: rent £1 per annum.
  - Option Price: £40,000 exclusive.
  - Development: The construction of a Community Hall and related facilities.
  - Conditionality : The lease will be conditional on the Group receiving:
    - a) Funding
    - b) Planning and other necessary consents.
  - Tenant Option to Purchase: Can be exercised at any time during the lease. The purchase price during first five years of lease is £40,000, subject to annual upward review to CPI from the fifth anniversary of the date of entry of the lease.
  - Overage Provision: Payable to the Council in the event that the property is sold within three years of the completion of the option to purchase. The Council to receive 50% of the amount by which any sell on price exceeds the option price.
  - Fees: The tenant will pay the Council's reasonably incurred legal and surveyor fees.

## Measures of success

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- 4.1 A vacant site will brought back into beneficial use with a development that will bring social, health and welfare benefits to the local community.

## Financial impact

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- 5.1 Throughout the duration of the lease the Group will have the option to purchase the land at £40,000. This value will increase annually, after the fifth anniversary of the date of entry, in line with the Consumer Price Index (CPI), from the effective date of the lease until the option to purchase is exercised.
- 5.2 The price of £40,000 represents market value of the site, taking the potential uses and size into consideration.

- 5.3 The site would attract limited interest if placed on the market for rent due to the size, location and potential uses.

## **Risk, policy, compliance and governance impact**

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- 6.1 As the site is held on the Housing Revenue Account, Scottish Government consent will be required for any disposal.
- 6.2 Planning advice has been sought by the Group as part of the feasibility study and permission will be required prior to the lease being put in place.

## **Equalities impact**

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- 7.1 The development of the site for a community facility will provide social, health and welfare benefits to the local population. This will improve the standard of living along with individual, family and social life.
- 7.2 The development will remove a gap site which will enhance physical and legal security to the surrounding residents.
- 7.3 The redevelopment of the property will have a temporary adverse effect on the surrounding area, however this will be mitigated as much as possible by any contractor.
- 7.4 The disposal by way of an off market transaction will prevent other developers from making a bid to purchase the site. This will be offset by the development of a facility that will be of benefit to the local community. In addition, the size and location of the site prevent a large scale development for an alternative use, such as residential, being undertaken.

## **Sustainability impact**

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- 8.1 The redevelopment of the property will be to modern standards and will comply with current building regulations to minimise impact to the environment.

## **Consultation and engagement**

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- 9.1 The building has been through the normal consultation process internally prior to being declared surplus. Housing and Regeneration has been consulted and is fully supportive of the proposal.
- 9.2 Local elected members have been consulted on the recommendations of the report and are supportive of the proposal.

## **Background reading/external references**

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N/A

### **Hugh Dunn**

Acting Executive Director of Resources

Finance and Resources Committee – 14 January 2016

Contact: Graeme McGartland, Acting Principal Project Manager

E-mail: [graeme.mcgartland@edinburgh.gov.uk](mailto:graeme.mcgartland@edinburgh.gov.uk) | Tel: 0131 529 5956

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## Links

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|                                 |  |
|---------------------------------|--|
| <b>Coalition pledges</b>        | P17 – Continue efforts to develop the city’s gap sites and encourage regeneration.<br>P42 – Continue to support and invest in our sporting infrastructure.   |
| <b>Council outcomes</b>         | CO1 – Our children have the best start in life, are able to make and sustain relationships and are ready to succeed.<br>CO2 – Our children and young people are successful learners, confident individuals and responsible citizens making a positive contribution to their communities.<br>CO10 – Improved health and reduced inequalities. |
| <b>Single Outcome Agreement</b> | SO1 – Edinburgh’s Economy delivers increased investment, jobs and opportunities for all.<br>SO2 – Edinburgh’s citizens experience improved health and wellbeing, with reduced inequalities in health.<br>SO3 – Edinburgh’s children and young people enjoy their childhood and fulfil their potential.                                       |
| <b>Appendices</b>               | Location Plan.   |



**ASSET MANAGEMENT  
LOCATION PLAN**

ADDRESS  
10/1 MANSE ROAD  
KIRKLISTON  
DISUSED PLAY AREA

DRAWN BY : A.Powers  
DATE : June 2005  
ASSMAN NUMBER : 651  
SCALE : 1:1250 @ A3

 AREA - 0.067 Ha  
0.16 Ac  
AREA TAKEN FROM ORDNANCE SURVEY

