

Notice of meeting and agenda

Finance and Resources Committee

10.00am, Tuesday 2 February 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

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

2. Declaration of interests

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

3. Deputations

- 3.1 Deputation Request from Niddrie Independent Parents Support in regards to item 8.1 - Lease, 63 Niddrie Mains Terrace – Amended Area of Let (circulated)

4. Minutes

- 4.1 Minutes of the Meeting of 14 January 2016 (circulated)

5. Business Bulletin

- 5.1 Finance and Resources Committee Business Bulletin (circulated)

6. Forward Planning

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

7. Executive decisions

- 7.1 Building Capacity for Transformation Leadership – report by the Acting Executive Director of Resources (circulated)
- 7.2 Managing Workforce Change – Workforce Dashboard - report by the Acting Executive Director of Resources (circulated)
- 7.3 Annual Treasury Strategy 2016/17 – report by the Acting Executive Director of Resources (circulated)
- 7.4 Award, Extension and Transfer of Health and Social Care Contracts – report by the Chief Officer – Edinburgh Health and Social Care Partnership (circulated)
- 7.5 Review of the Implementation of the Homelessness Prevention Commissioning Plan and Extension of Contracts – report by the Head of Service, Safer and

Stronger Communities (circulated)

- 7.6 Award of Contract – Furnishing and Furniture – report by the Head of Service, Safer and Stronger Communities (circulated)
- 7.7 Support for Families where Children and Young People are Affected by Parental Substance Use - Award of Contract – report by the Acting Executive Director of Communities and Families (circulated)
- 7.8 Extension of Short Residential Breaks at Barnardo's Caern Contract – report by the Acting Executive Director of Communities and Families (circulated)
- 7.9 21st Century Homes Small Sites Delivery Programme – report by the Executive Director of Place (circulated)
- 7.10 Redevelopment at Coalfield Lane – referral report from the Health, Social Care and Housing Committee (circulated)
- 7.11 Review of Council Depots Estate – Investment Strategy - report by the Acting Executive Director of Resources (circulated)
- 7.12 Temporary Lease Accommodation at 31 Bath Road – Waste Management Services – report by the Executive Director of Resources (circulated)
- 7.13 Approval for the Appointment of Consultants to Design Cycling and Walking Schemes – report by the Executive Director of Place (circulated)
- 7.14 Taxicard Services – report by the Executive Director of Place (circulated)
- 7.15 Property Conservation – Programme Momentum Progress Report and Edinburgh Shared Repairs Service Update – report by the Acting Executive Director of Resources (circulated)
- 7.16 Property Conservation – Irrecoverable Sum, Debt Recovery and Settlements Process – report by the Acting Executive Director of Resources (circulated)

8. Routine decisions

- 8.1 Lease, 63 Niddrie Mains Terrace – Amended Area of Let – report by the Acting Executive Director of Place (circulated)
- 8.2 Extension to Scottish Procurement Postal Services Framework – report by the Acting Executive Director of Resources (circulated)

- 8.3 Sale of Cammo Home Farm, 37 Cammo Road, Edinburgh – report by the Acting Executive Director of Resources (circulated)
- 8.4 Proposed New Lease at 297 Canongate, Edinburgh – report by the Acting Executive Director of Resources (circulated)
- 8.5 Proposed New Lease of 299 Canongate, Edinburgh – report by the Acting Executive Director of Resources (circulated)
- 8.6 Riddles Court and 4-6 Victoria Terrace – report by the Acting Director of Resources (circulated)

9. Motions

- 9.1 If any

Carol Campbell

Head of Legal and Risk

Committee Members

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

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

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

Further information

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

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

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

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

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NIPS

Niddrie Independent Parents Support
Secretary: Lyndsay Martin, 63 Niddrie Marischal Crescent Edinburgh EH16 4LN

07581 212107

26 January 2016

Ms Veronica MacMillan
Committee Clerk
CEC Finance & Resources Committee
The City of Edinburgh Council
Council Headquarters
Waverley Court
4 East Market Street
Edinburgh
EH8 8BG

BY EMAIL

Dear Ms Macmillan

CRAIGMILLAR SETTLEMENT, 63 NIDDRIE MAINS TERRACE, EDINBURGH

We should like to request that a deputation be heard at the City Council's Finance & Resources committee meeting on 3 February, 2016 concerning the Craigmillar Settlement, 63 Niddrie Mains Terrace.

We were regular users of the Settlement for fifteen years holding meetings, social events, training courses and supervised parental and child meetings. We took part, along with over a hundred other organisations and individuals, in the City Council's Equalities Impact Assessment a few years ago however, we were excluded from the City Council's last consultation on the future use of the building.

We understand that the City Council's new proposals for the Settlement are substantially different from those that were previously consulted on and eventually put out to tender.

Under these circumstances we think it would only be fair that a new and proper consultation process is carried out involving all the Settlement's former users, followed by a fair and transparent tendering procedure.

Attached is a copy of a letter we sent previously to Mr Peter Watton in February last year.

Yours sincerely,

Lyndsay Martin

Secretary

NIPS

Niddrie Independent Parents Support
Secretary: Lyndsay Martin, 63 Niddrie Marischal Crescent Edinburgh EH16 4LN

11 February 2015
Peter Watton
Head of Corporate Property
City of Edinburgh Council
East Market Street
EDINBURGH
EH8 8BJ

Dear Mr Watton

Craigmillar Settlement

Councillor Walker has informed us that the City of Edinburgh Council's plans for the use of the Craigmillar Settlement, 63 Niddrie Mains Terrace, may be changing.

We were a previous user of the settlement, took part a few years ago with the City of Edinburgh Council officials about the future use of the Settlement and participated in the Council's Equalities Impact Assessment. We were disappointed in not being informed about the City of Edinburgh Council's decision to invite bids for community use.

However we would now like to register interest in once again being a user of the settlement. We have a good relationship with the East Edinburgh Muslim Forum and we are confident we could share the building with them and perhaps with other previous user groups. We have recently been discussing with the Forum establishing a multi-cultural cooking school, given the wide diversity of ethnic groups that live in the Craigmillar area. This is something that could be suitable for the Settlement.

I look forward to hearing from you.

Yours sincerely

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Lyndsay Martin
Secretary, Niddrie Independent Parents Support

Item 4.1 - Minutes

Finance and Resources Committee

10.00am, Thursday, 14 January 2016

Present

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

1(a) Deputation: UNISON – Transformation Programme: Progress Update

The Committee agreed to hear a deputation from Gerry Stovin and Tom Connelly from UNISON.

The main points raised by the deputation were:

- The review process had not gone well, with many of the reviews being rushed through.
- Disjointed information had been distributed to staff regarding VERA and instructions to managers in terms of when to use VERA was lacking.
- Approximately 450 applications for VERA had been approved, but 700 applications for VERA had been turned down.
- It was suggested that more should be done to allow the staff that had applied for VERA to leave the Council and to match the remaining jobs to staff that wanted to stay with the Council.

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

1(b) Deputation: UNISON – Living Wage and Workforce Related Matters in Procurement Update

The Committee agreed to hear a deputation from Gerry Stovin and Tom Connelly from UNISON.

The main points raised by the deputation were:

- UNISON welcomed the Council's commitment to the living wage.
- Concerns were raised that despite the Council's commitment to the living wage, there was no reflection of it in the current pay grades and structures.
- The pilots that had been carried out by the Council to encourage contractors to pay the Living Wage were welcomed by the Unions.

- Fair working processes should not be dismantled for short-term economic benefits.

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

1(c) Transformation Programme: Progress Update

An update was provided on the Council Transformation Programme. The report highlighted recent progress made in relation to organisational reviews and set out the planned programme of delivery going forward.

Decision

- 1) To note the progress made to date in implementing the future operating model through a series of organisational reviews.
- 2) To approve the revised programme plan attached at Appendix 1 of the report, which set out the proposed phasing of organisational reviews over the coming months.
- 3) To note the Transformation Programme dashboards attached at Appendix 2 of the report.

(References – Finance and Resources Committee, 29 October 2015 (Item 1(c)); report by the Chief Executive, submitted.)

1(d) Living Wage and Workforce Related Matters in Procurement Update

Details were provided of the pilots that had been undertaken to encourage the adoption of the Living Wage and other favourable workforce related conditions by contractors. 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 was also considered.

Decision

- 1) To note the report.
- 2) To approve 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.
- 3) To agree to commence the accreditation process to become a Living Wage Employer.

(Reference – report by the Acting Executive Director of Resources, submitted.)

2. Minutes

Decision

To approve the minutes of the Finance and Resources Committee of 26 November 2015 and the Additional Finance and Resources Committee of 14 December 2015 as correct records.

3. Key Decisions Forward Plan

The Finance and Resources Committee Key Decisions Forward Plan from 14 January 2016 to 2 February 2016 was submitted.

Decision

To note the Key Decisions Forward Plan from 14 January 2016 to 2 February 2016.

(Reference – Finance and Resources Committee Key Decisions Forward Plan, 14 January to 2 February 2016, submitted.)

4. Rolling Actions Log

The Finance and Resources Committee Rolling Actions Log for 29 August 2013 to 26 November 2015 was submitted.

Decision

To note that Items 1, 3, 4, 8, 11, 14 and 15 had been closed.

(Reference – Rolling Actions Log, 29 August 2013 to 26 November 2015, submitted.)

5. CEC Transformation Programme: Property and Asset Management

Committee considered a report on the detailed implementation plan for Property and Asset Management.

Decision

- 1) To acknowledge 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.
- 2) To note that following Committee approval of the alternative in-house proposal for delivery of Facilities Management, Deloitte had been retained until July 2017, through the previously procured two stage contract to support the property and asset management workstream.
- 3) To note the award of further consultancy support for the provision of specialist technical advice, and investment strategy support, until July 2016 and to delegate authority to the Chief Executive to appoint the required Consultants.
- 4) To note that a progress report on the programme would be submitted to Committee every two cycles.

(References – Finance and Resources Committee, 26 November 2015 (item 1(b)); report by the Chief Executive, submitted.)

6. Annual Workforce Controls Report

An update was provided on the implementation of an enhanced workforce control framework.

Decision

- 1) To note the progress made to date.
- 2) To note the proposed future savings.
- 3) To refer the report to the Governance, Risk and Best Value Committee as part of its work programme, with particular concern about the absence rates.

(References – Finance and Resources Committee, 19 March 2015 (item 9); report by the Chief Executive, submitted.)

7. 2016-20 Budget Proposals: Overview of Feedback and Engagement

Details were provided of the feedback received as part of the Council's 2015 Budget Engagement Process.

Decision

- 1) To note the report.
- 2) To refer the report to the Full Council as part of setting the 2016/20 revenue budget framework.

(References – Finance and Resources Committee, 19 March 2015 (item 9); report by the Chief Executive, submitted.)

8. 2016/20 Revenue and Capital Budget Framework

Committee considered a report on the impact on the Council's Revenue and Capital Budget Framework of the Scottish Government's announcement on 16 December 2015. The level of reduction in the Council's revenue funding allocation was significantly higher than anticipated. Members of the Corporate Leadership Team (CLT) had now considered the additional savings requirement of £16.7 million in 2016/17 and had set out how they proposed it should be addressed.

Decision

- 1) To note the impact of the 2016/17 Local Government Finance Settlement on the 2016/20 budget framework.
- 2) To note the officer recommendations to address the resulting shortfall relative to previous assumptions for each year covered by the framework.
- 3) To refer the report to Council as part of the budget setting process.

(References – Finance and Resources Committee, 26 November 2015 (item 1(c)); report by the Acting Executive Director of Resources, submitted.)

9. Council's Budget 2016/20 – Risks and Reserves

Details were provided on the risks inherent in the revenue and capital budget framework and the range of measures and provisions established to mitigate these.

Decision

- 1) To note the report.

- 2) To refer the report to Council for decision on 21 January 2016 as part of the budget setting process.

(References – Finance and Resources Committee, 26 November 2015 (item 1c)); report by the Acting Executive Director of Resources, submitted.)

10. Funding Package Proposal for a New Meadowbank

Decision

To withdraw the report.

(References – Finance and Resources Committee, 26 November 2015 (item 21); report by the Chief Executive, submitted.)

11. Capital Investment Programme/Plan 2016/17 to 2023/24

Committee considered a report that provided an update on the roll forward of the capital investment programme to 2020/21 and the capital plan to 2023/24.

Decision

- 1) To note the report.
- 2) To refer the 2016 – 2021 Capital Investment Programme and updated 2019 – 2024 indicative five year capital plan to Council for decision on 21 January 2016 as part of the budget setting process.
- 3) To note that following the announcement of the Finance Settlement, there was no scope to increase the level of capital resources available to support additional capital investment at this time.
- 4) To note the up to date analysis of unfunded service priorities and pressures set out within the report.
- 5) To note the revised proposed treatment of potential additional capital receipts of £7.9 million that might 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 replaced the previous proposal of providing additional capital investment for priority areas) and refer to Council for decision on 21 January 2016.
- 6) To note that following the proposed update to the capital plan, £7 million of funding per annum was currently unallocated from 2019/20 onwards and refer to Council for decision on 21 January 2016 how this be allocated in the context of infrastructure needs /priorities and existing Council commitments.
- 7) To instruct the Council Leadership Team (CLT) to put in place measures to ensure that capital projects considered and undertook an Equality and Rights Impact Assessment (using the Council ERIA template and related guidance) and used the Sustainability, Adaptation, Mitigation tool iteratively in all project initiation, development and management processes.

(References – Finance and Resources Committee, 29 October 2015 (item 9); report by the Acting Executive Director of Resources, submitted.)

12. Corporate Governance Revenue Budget Monitoring 2015/16 and Capital Investment Programme – Month Eight Position

An update was provided 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.

Decision

- 1) To note the Corporate Governance Service was currently projecting expenditure within the approved revenue budget for 2015/16.
- 2) To note the risks to the achievement of a balanced revenue budget projection.
- 3) To note the expenditure on the Corporate Governance Capital Investment Programme was projected to be in line with budget.

(References – Finance and Resources Committee, 29 October 2015 (item 9); report by the Acting Executive Director of Resources, submitted.)

13. Capital Monitoring 2015/16 – Nine Month Position

Details were provided of 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.

Decision

- 1) To note the projected capital outturn positions on the General Fund and Housing Revenue Account (HRA) at month nine.
- 2) To note the prudential indicators at month nine.
- 3) To note that the Acting Executive Director of Resources was closely monitoring the capital receipts position.
- 4) To refer the report to the Governance, Risk and Best Value Committee for consideration as part of its work plan.

(References – Finance and Resources Committee, 29 October 2015 (item 7); report by the Acting Executive Director of Resources, submitted.)

14. Revenue Monitoring 2015/16 – Month Eight Position

Committee considered a report on the projected current-year revenue monitoring position for the Council, based on period seven data. The full-year outturn forecast showed an overall balanced position, albeit there were a number of risks to be managed throughout the remainder of the financial year to achieve this.

Decision

- 1) To note the projected balanced position at month eight.

- 2) To note the on-going risks and challenges in achieving necessary savings to off-set service pressures, including the additional measures approved by Council to address current-year pressures in Health and Social Care, which would require further management actions and active scrutiny for the remainder of the financial year.
- 3) To refer the report, upon confirmation of the overall outturn, to Council for approval of the transfer of any net under spends top reserves and earmark these for funding future staff release costs.
- 4) To note the balanced position projected on the Housing Revenue Account (HRA) after making a £17 million contribution towards the construction of new homes.

(References – Finance and Resources Committee, 29 October 2015 (item 6); report by the Acting Executive Director of Resources, submitted.)

15. Housing Revenue Account – Budget Strategy 2016/17 – 2020/20

Committee considered a report on the 2016/17 budget, five year Housing Revenue Account (HRA) budget strategy and the proposed rent levels for 2016/17.

Decision

- 1) To prioritise investment in measures and services that reduced the cost of living for tenants and expanded the Council led house building programme to 8,000 homes.
- 2) To refer the 2016/17 budget, draft five year capital programme and the proposed rent levels for 2016/17, set out in Appendices 1 to 6 of the report, to the Council budget meeting for decision on 21 January 2016.
- 3) To note the Council had made significant progress in improving tenants' homes and establishing one of the largest house building programmes in the country over the last five years.
- 4) To note 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.
- 5) To note 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.

(References – Health, Social Care and Housing Committee, 8 September 2015 (item 8); report by the Executive Director of Place, submitted.)

16. Common Good Planned Maintenance Programme and Common Good Reporting

Details were provided of the proposals for a Common Good Planned Maintenance Programme which was requested at the Governance, Risk and Best Value Committee meeting of 19 October 2015.

Decision

- 1) To approve the use of the Common Good Fund for the activities planned for the Common Good maintenance programme outlined in the report.

- 2) To note that actual and planned maintenance programme would be reported to the Finance and Resources Committee annually within the Common Good Performance Report.
- 3) To note that all Common Good matters would be reported to the Finance and Resources Committee, unless policy decisions were required in which circumstance the matter would be reported to the Corporate Policy and Strategy Committee.

(References – Governance, Risk and Best Value Committee, 19 October 2015 (item 5); report by the Acting Executive Director of Resources, submitted.)

17. ICT Governance

Details were provided of the proposed transitional and future governance arrangements for the management of ICT, based on the new contractual arrangements. These arrangements would allow for future governance arrangements to be streamlined whilst ensuring ICT was focused on delivering the right outcomes for the Council.

Decision

- 1) To approve the interim and future governance arrangements for ICT.
- 2) To note the approach to management of ICT investment and expenditure outlined in paragraphs 3.16 and 3.17 of the report.

(References – Finance and Resources Committee, 30 October 2014 (item 19); report by the Chief Executive, submitted.)

18. Health and Social Care Integration - Update

An update was provided on the integration of Council social care functions with NHS Lothian health functions under the Public Bodies (Joint Working) (Scotland) Act 2014.

Decision

- 1) To note the progress with the integration of NHS Lothian health and Council adult social care functions.
- 2) To note the summary of Audit Scotland's audit of national health and social care integration arrangements and the recommendations for Councils and NHS boards to working together on the Integration Joint Board (IJB).

Declaration of Interest

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

(References – Finance and Resources Committee, 26 November 2015 (item 10); report by the Chief Officer, Edinburgh Health and Social Care Partnership, submitted.)

19. Award the Extension of Existing Employability Contracts

Approval was sought to extend two existing employability contracts, until 31 March 2017, in order to integrate the provision into a wider employability contract for people who had complex needs.

Decision

- 1) To agree to waive contract standing orders in respect of employability contracts, commissioned by Edinburgh's criminal justice services and the Edinburgh Alcohol and Drug Partnership.
- 2) To approve the award of contract to Forth Sector for the period 1 April 2016 to 31 March 2017 at the value of £66,000.
- 3) To approve 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.

Declaration of Interest

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

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

20. Council Contracts Planning Update – Review of Waivers over £100,000

An update was provided on the contracts with a value over £100,000 which had been awarded following a waiver of the Council's Contract Standing Orders (CSOs) between 1 October 2014 and 30 September 2015.

Decision

- 1) To note the report.
- 2) To discharge the remit of the 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 that detailed the management process for dealing with contracts.

(References – Finance and Resources Committee, 30 July 2014 (item 17); report by the Acting Executive Director of Resources, submitted.)

21. Contracts Awarded Under Delegated Authority (Waiver Reports) and Procurement Activity

Details were provided of the contracts awarded following a waiver of the Council's Contract Standing Orders (CSOs) and the contracts awarded with a value below the threshold that required Committee approval between 1 July 2015 and 30 September 2015.

Decision

To note the report and the authorisations made under delegated authority.

(References – Finance and Resources Committee, 24 September 2015 (item 15); report by the Acting Executive Director of Resources, submitted.)

22. Award of Contract for Consultancy in Relation to the Transition to new ICT Provider

Approval was sought to award 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.

Decision

To approve the award of a contract to Progress Business Solutions Ltd (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.

(Reference – report by the Acting Executive Director of Resources, submitted.)

23. Integrated Employability Services

Details were provided of the result of the procurement of Integrated Employability Services and approval was sought for the award of the Integrated Employability Services contract.

Decision

- 1) To approve 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.
- 2) To note that the value of the contract would be £1,250,000 with a total contract value of £5,000,000 (which included two year contract extensions).

(Reference – report by the Executive Director of Place, submitted.)

24. Contract for Trauma and Final Cleaning in Domestic Properties – Award of Contract

Committee considered a report that sought approval to award a contract for trauma and final cleaning within domestic properties for the period 1 March 2016 until 28 February 2019.

Decision

To 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 an estimated value of £277,697,27. This was a total contract value of £1,110,789.08 over the four years of the contract.

(Reference – report by the Executive Director of Place, submitted.)

25. Taxicard Services

Decision

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

(Reference – report by the Executive Director of Place, submitted.)

26. Award of Contract for Consultancy Services to Prepare the Forth Estuary Local Plan District 10 Local Flood Risk Management Plan

Approval was sought for the award of a contract for consultancy services to prepare the Forth Estuary Local Plan District 10 Local Flood Risk Management Plan.

Decision

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)

(Reference – report by the Executive Director of Place, submitted.)

27. Boyd Anderson Trust

Committee considered a report on Mr George Boyd Anderson, who, during his lifetime provided funds for the purchase of land and the creation of an Outdoor Learning Centre at Lagganlia (situated in the Cairngorm National Park) which was owned and managed by the Communities and Families Department.

Approval was sought to release £66,000 of unallocated funds to assist with the building of a modular log cabin type classroom and storage space for the development of snow sports.

Decision

To approve the release of £66,000 of unallocated funds to assist with the building of a snowsports base at Lagganlia.

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

28. Communities and Families – Waiver of Council Contract Standing Orders to Award Contract to the Edinburgh Voluntary Organisations Council (EVOC)

Approval was sought to waive Council Contract Standing Orders and establish a Strategic Partnership Agreement contract between Communities and Families and the Edinburgh Voluntary Organisations Council (EVOC).

Decision

- 1) To approve the award of contract to the Edinburgh Voluntary Organisations Council (EVOC) from the 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.
- 2) To agree that contract standing orders would be waived, which was 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.

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

29. Property Conservation – Programme Momentum Progress Report and Edinburgh Shared Repairs Service (ESRS) Update

An update was provided on the progress of Programme Momentum and the Edinburgh Shared Repairs Services (ESRS).

Decision

- 1) To note the management information dashboard reports in Appendix 1 of the report.
- 2) To note the progress of debt recovery work.
- 3) To note the progress of the settlement process.
- 4) To note the end of the Thomson Bethune contract.
- 5) To note that the current powers of delegation expired on 31 December 2015 and to approve an extension of the current delegated authority arrangements until 31 March 2016.
- 6) To note the progress of the Pilot process and that a phased implementation of the Edinburgh Shared Repairs Services (ESRS) would take place during the financial year 2016/17.

(References – Finance and Resources Committee, 26 November 2015 (item 24); report by the Acting Executive Director of Resources, submitted.)

30. Proposed Lease Extension at 62 Niddrie Mains Road, Edinburgh

Approval was sought to grant a 10 year lease extension at 62 Niddrie Mains Road to Firstform (162) Limited on the terms and conditions outlined in the report.

Decision

To approve a 10 year lease extension to Firstform (162) Limited of retail premises at 62 Niddrie Mains Road, Edinburgh, on the terms outlined in the report and on other terms and conditions to be agreed by the Acting Executive Director of Resources.

(Reference – report by the Acting Executive Director of Resources, submitted.)

31. Lease, 63 Niddrie Mains Terrace – Amended Area of Let

Decision

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

(Reference – report by the Acting Executive Director of Resources, submitted.)

32. Ground at Manse Road, Kirkliston – Proposed Lease

Committee considered a report which sought approval to grant a 125 year ground lease at Manse Road, Kirkliston to the 1st Kirkliston Scouts Group, on the terms set out in the report.

Decision

To approve the lease and the option to purchase of land to 1st Kirkliston Scouts Group in accordance with the terms set out in the report and on such other terms and conditions to be agreed by the Acting Executive Director of Resources.

(Reference – report by the Acting Executive Director of Resources, submitted.)

33. Resolution to consider in private

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

34. Property Conservation – Irrecoverable Sum, Debt Recovery and Settlements Process

An update was provided on the current provision for impairment and settlements.

Decision

To note the provision for impairments and settlements in Appendix 1 of the report.

(References – Finance and Resources Committee, 26 November 2015 (item 27); report by the Acting Executive Director of Resources, submitted.)

35. Property Conservation – Legacy Closure Programme and Defect Costs

Committee considered a report that provided a project cost update in the resolution of the legacy closure issues of the former property conservation service.

Decision

- 1) To note the timeline of the legacy closure programme as detailed in Appendix 1 of the report.
- 2) To note the impairments and settlements provision in Appendix 2 of the report.
- 3) To note the cost analysis by financial year as detailed in Appendix 3 of the report.
- 4) To note the assessed need of £1 million for 2016/17 towards closure of the resolution programme.
- 5) To note that legacy work would continue into the coming years, primarily (but not exclusively) associated with debt recovery activity.

(Reference – report by the Acting Executive Director of Resources, submitted.)

36. Provision of Manned Security Guarding Services – 2016-2018

Details were provided of the result of a competitive tender process for the provision of Manned Security Guarding Services and approval was sought for the award of the contract to Allander Security Services Limited.

Decision

- 1) To approve the appointment of Allander Security Services Limited to provide Manned Security Guarding Services.
- 2) To agree that the Living Wage option should be adopted.

(Reference – report by the Acting Executive Director of Resources, submitted.)



Item 5.1 - Business bulletin

Finance and Resources Committee

10.00am, Tuesday 2 February 2016

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

Finance and Resources Committee

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

Recent news	Background
<p>Procuring Tenant Participation Services</p> <p>The Health, Social Care and Housing Committee (26/01/16) considered an update report Procuring Tenant Participation Services. Having heard a deputation from the Edinburgh Tenants Federation the Committee approved the recommendations in the Executive Director’s report and referred the report to the Finance and Resources Committee for information.</p>	<p>For further information:</p> <p>Susan Mooney, Head of Housing and Regulatory Services</p>

Forthcoming activities

Item 6.1 - Key decisions forward plan

Finance and Resources Committee

[2 February – 17 March 2016]

Item	Key decisions	Expected date of decision	Wards affected	Director and lead officer	Coalition pledges and Council outcomes
1.	Transformation programme: progress report	17 March 2016		Andrew Kerr, Chief Executive Lead Officer: Andrew Kerr , Chief Executive	
2.	Spend to Save: External Funding Initiative	17 March 2016		Andrew Kerr, Chief Executive Lead Officer: Elaine Ballantyne , External Relations & Investor Support Manager	
3.	ICT services and transformation procurement: Update	17 March 2016		Andrew Kerr, Chief Executive Lead Officer: Claudette Jones , Chief Information Officer	
4.	Health and Social Care Integration: update	17 March 2016		Director: Rob McCulloch-Graham Lead Officer: Susanne Harrison , Integration Programme Manager	
5.	Health and Safety: Proposed Corporate Health and Safety Strategy	17 March 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
	for 2016/17			Lead Officer: Susan Tannahill , Council Health and Safety Manager	
6.	People Strategy	17 March 2016		Hugh Dunn, Acting Executive Director of Resources Lead Officer: Katy Miller , Head of Organisational Development	
7.	Sale of Atria	17 March 2016		Hugh Dunn, Acting Executive Director of Resources Lead Officer: Ruth MacDonald , Acting Estate Manager	
8.	Asset Management Strategy - Update	17 March 2016		Hugh Dunn, Acting Executive Director of Resources Lead Officer: Peter Watton , Acting Head of Corporate Property	
9.	Proposed Lease of Sub Station - New Boroughmuir High School	17 March 2016		Hugh Dunn, Acting Executive Director of Resources Lead Officer: Peter Watton , Acting Head of Corporate Property	
10.	Summary Report on Property Transactions concluded under Delegated Authority	17 March 2016		Hugh Dunn, Acting Executive Director of Resources Lead Officer: Peter Watton , Acting Head of Corporate Property	

Item	Key decisions	Expected date of decision	Wards affected	Director and lead officer	Coalition pledges and Council outcomes
11.	Sale of amenity land off Slateford Road	17 March 2016		Hugh Dunn, Acting Executive Director of Resources Lead Officer: Peter Watton , Acting Head of Corporate Property	
12.	Property Conservation – Programme Momentum Progress Report and Edinburgh Shared Repairs Service Update	17 March 2016		Hugh Dunn, Acting Executive Director of Resources Lead Officer: Andrew Field , Head of Shared Repairs	
13.	Replacement of the Salvesen Steps on the River Almond	17 March 2016		Director: Paul Lawrence, Executive Director of Place Lead Officer: David Jamieson , Parks & Green Space Manager	
14.	Award of Contract for Consultancy Services to Undertake Retaining Wall Investigations	17 March 2016		Director: Paul Lawrence, Executive Director of Place Lead Officer: James Petrie , Project Officer	

Item 6.2 - Rolling Actions Log

Finance and Resources Committee

4 June 2015 – 14 January 2016

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

3	04-06-15	Home Energy Efficiency Programmes for Scotland	To provide a briefing note on how the impact of home energy efficiency programmes compared to scale with challenges of fuel poverty and carbon reduction that would be circulated to members.	Executive Director of Place	19-11-15		R	A briefing would be circulated to members by the end of December 2015 – ongoing.
4	27-08-15	Proposed 25 Year Lease of the Engine Shed, 19 St Leonard's Lane, Edinburgh	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 Executive Director of Resources	Not specified	Quarter 1 2016	A	Detailed negotiations now taking place with a view to them taking occupation of Council owned property in Q1 of 2016.
5	24-09-15	Bridgend Farmhouse and Steadings: Update	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		A	Report to be brought back to F+R by July 2016 – ongoing.

6	24-09-15	Common Good Annual Performance 2014/15	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		G	Report considered by the F+R Committee on 14 January 2016 – closed.
7	29-10-15	Managing Workforce Change	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.	Chief Executive/ Acting Executive Director of Resources	June 2016		A	Monitoring and Reporting was currently being developed – ongoing.

			<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>				<p>G Meetings have taken place and the dashboard is being redesigned to include VR, redeployment figures and career transition data. First new look dashboard will be issued early February – closed.</p>
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8	29-10-15	Redhall House and Lawn - Progress Report	To request an update report was brought to the Finance and Resources Committee at the conclusion of the planning process.	Acting Executive Director of Resources	January 2016		A	A report would be taken to F & R in the next year once the planning applications have been determined – ongoing.
9	26-11-15	CEC Transformation Programme - Property and Asset Management	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		G	A report was brought to the Finance and Resources Committee on 14 January 2016 – closed.
10	14-01-16	Annual Workforce Controls Report	To circulate a briefing note to members detailing the FTE reduction over the last two years.	Chief Executive	As soon as possible		A	

11	14-01-16	Capital Investment Programme-Plan 2016-17 to 2023-24	The Acting Executive Director of Resources to investigate extending the sustainability impact in relation to the Capital Investment Programme and to report back to Councillor Corbett.	Acting Executive Director of Resources	As soon as possible		A	
12	14-01-16	Integrated Employability Services	The Commercial and Procurement Manager to provide details on the quality assessment and 50% threshold.	Executive Director of Place	As soon as possible	26-01-15	G	A briefing note was circulated to members of the F+R Ctte – closed.

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, Tuesday 2nd February 2016,

Building capacity for transformation leadership

Item number	7.1
Report number	
Executive/routine	
Wards	

Executive Summary

The organisation is under pressure to transform itself and become fit for purpose in order to be able to operate effectively in a much altered financial climate.

Senior leadership plays a crucial role in any organisational transformation in ensuring the expected benefits are delivered in practice (in the Council's case, cost savings and improved outcomes from locality partnerships). Because of this, and to reduce the risk to Edinburgh Council's transformation agenda, an investment has been made in the organisation's senior leadership in 2015 in partnership with Steve Radcliffe Associates.

The work to date has had a strong positive impact: engagement with the work has been at unprecedentedly high levels, leading to the adoption of new and cohesive approaches to transformation leadership and the reduction of the levels of risk. It is recognised, however, that further work is now needed to extend and cement the progress made and a second phase of the work is now planned to ensure the strongest possible coalition for transformation leadership within the Council.

A procurement waiver is sought so that we can keep continuity with the existing partner as this is seen as a crucial factor in the ongoing success of the transformation.

Links

Coalition pledges

Council priorities

Single Outcome Agreement

Building capacity for transformation leadership

1. Recommendations

- 1.1 Agree to the waiver of Contract Standing Orders to appoint Steve Radcliffe Associates for the next phase of the work to build the organisation's capacity for transformation leadership, ensuring a successful City of Edinburgh Council transformation.

2. Background

- 2.1 Work has been undertaken in 2015 to support the organisation's senior leadership in successfully leading the Council's transformation to ensure the delivery of transformational benefits (cost savings and improved outcomes from locality partnerships).
- 2.2 It was recognised in early 2015 that leadership for the transformation was one of our significant areas of risk. In response, work was undertaken from spring 2015 onwards to build aligned, cohesive senior leadership for the transformation.
- 2.3 In April 2015 a one-off event was run in partnership with Steve Radcliffe Associates to begin to create a shared sense of the challenges and strategic choices facing the organisation amongst the organisation's senior leaders, to ignite their leadership and create appetite for them playing a shared and cohesive leadership role.
- 2.4 Steve Radcliffe is one of Europe's top leadership experts and has provided leadership coaching to over 50 chief executives and heads of the Civil Service, the NHS and other government departments. He was the choice of partner for this event as it was recognised that the level of impetus for change needed was significant and it was only somebody of his calibre that could have the level of impact needed.
- 2.5 The event received an unprecedented level of engagement and positive feedback from the group. It was considered crucial that this work continue to help this group of leaders come in from their functional 'silos' to cohesively lead for the whole Council transformation.
- 2.6 Due to the positive reception and exceptionally high level of adoption of the approach taken by Steve Radcliffe Associates, a procurement waiver was secured to undertake a series of 'leadership learning sets' within this group, to support this group in determining strategies for their transformation leadership and to build cohesion in their leadership approach. A waiver was put in place

at the time and this was reported to Finance and Resources Committee in September 2015.

- 2.7 The work undertaken to date has served to refocus the organisation's senior leadership on playing a powerful and aligned role in leading change. Under the new CEO's leadership, this support has enabled the beginnings of real cohesive leadership for change.
- 2.8 By the end of 2015, leadership was no longer explicitly a top risk in our transformation risk register, which reflects the growth in the organisation's capacity for transformation leadership.

3. Main report

- 3.1 It is recognised that, while the work to build the organisation's capacity for transformation leadership has made a powerful impact, further work is now needed to both embed and extend the impetus and coalition for change to help deliver real and lasting return on the investment made in transformation leadership to date.
- 3.2 In addition to tracking the impact on risk, we have begun tracking the senior leadership team's progress in leading change. We are tracking indicators that show the extent to which leadership has built commitment and confidence in the direction of travel, engaged and supported people through change and built climates ripe for change and performance.
- 3.3 A baseline has been established that shows further work is still needed to grow the leadership impact in these three vital areas. It is recognised that improvements in these areas are crucial in ensuring we have an engaged and productive workforce with the ability to be successful in striving to improve outcomes for the city within a very new financial climate.
- 3.4 It is also recognised that the route to these improvements is in both embedding and extending the work that has been undertaken to date in building an ever greater and ever stronger leadership force for Council transformation.
- 3.5 Accordingly, a second phase of the work is proposed to ensure that the organisation's leadership is in the strongest possible position to secure the organisation's transformation and deliver a Council that is fit for purpose for the role it needs to play within the city.
- 3.6 Work has therefore commenced to embed the work, supporting the organisation's new Corporate Leadership Team and their direct reports to put their now shared leadership aspirations in to practice. To grow the coalition for change, work is also being planned to extend the work to the next tier down once the organisational review affecting tier 3 is complete.
- 3.7 It is estimated that the value of the work in 2016 is up to £80,000.

- 3.8 It is deemed to be crucial that this work continues with Steve Radcliffe Associates as, having embedded a leading change focus and ethos, it would not make sense to change providers at this stage.
- 3.9 Owing to the success of the initial work, Steve Radcliffe Associates are seen amongst the target population as highly trusted, credible facilitators taking a compelling approach to leadership. They are also seen as having an exceptional amount of experience and expertise in supporting leaders to lead large-scale change. This has led to a high appetite for engaging with the leadership development process and will ensure that senior leaders now proactively sponsor the next phase of the work with the next tier.
- 3.10 It is anticipated that continuity of service delivery partner will enable the Council not only to ensure a high return on the investment made in transformation leadership but it will put us in a strong position to capitalise on the momentum gained and extend and cement progress at the quickest pace.

4. Measures of success

- 4.1 Success will be tracked using the 'transformation pulse tracker survey' indicators referred to in 3.2.

5. Financial impact

- 5.1 The value of the work is estimated at up to £80,000. This includes supporting the Chief Officer population additionally, this will be used to extend the support to the third Tier of senior leaders. The numbers are still being finalised as we are confirming the organisational reviews. It is estimated this could be between 70-100 staff.
- 5.2 The approach taken in partnering with Steve Radcliffe Associates has a sustainability focus so that internal organisational development capability is built into the process, reducing dependence on them, or other providers, in the future.
- 5.3 The costs associated with procuring this contract are estimated at less than £10,000.
- 5.4 The outcomes from the work undertaken should have a positive effect on the Council's financial position.

6. Risk, policy, compliance and governance impact

- 6.1 The risk of not granting the waiver is that the Council fails to fully grow its capacity for transformation leadership and in so doing reduces the benefits to the organisation of effective leadership.

6.2 There is a risk of challenge from other potential providers but this is considered to be very low given the unique services and the relative low value.

7. Equalities impact

7.1 There are no direct equalities impacts arising from this report.

8. Sustainability impact

8.1 There are no adverse environmental outcomes arising from the report.

9. Consultation and engagement

9.1 Not applicable.

10. Background reading/external references

10.1 None.

Hugh Dunn

Acting Executive Director of Resources

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E-mail: Jo.Guz@edinburgh.gov.uk | Tel: 0131 469 6178

11. Links

Coalition pledges

Council priorities

Single Outcome

Agreement

Appendices

Finance and Resources Committee

10.00am, Tuesday 2 February 2016

Managing Workforce Change – Workforce Dashboard

Item number 7.2
Report number
Executive/routine
Wards

Executive summary

The attached Workforce Dashboard provides monitoring information on:

- the number of Voluntary Early Release (VERA) applications received;
- the number of employees exiting the organisation;
- the associated annualised cost savings;
- the number of surplus staff and associated costs; and
- the number of managers who have participated in the Leading Change Through Transformation development programme.

Links

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

Managing Workforce Change – Workforce Dashboard

Recommendations

- 1.1 To note progress made to date.
- 1.2 To note that this dashboard is being redesigned to include further information on Voluntary Redundancy (VR) and Career Transition.
- 1.3 To note that this dashboard will be reported to the Finance and Resources (F&R) Committee on a four weekly cycle and that, in addition, it will be circulated to the Chief Executive, Group Leaders and the Trade Unions fortnightly from 8 February 2016 onwards.

Background

- 2.1 The Council faces unprecedented financial challenges over the next twelve months. The total savings target from organisational reviews is £64m, to be achieved by March 2017.
- 2.2 In order to achieve this target the following reduction in staffing levels is proposed:
 - management posts 27%;
 - business support posts 26%; and
 - front line posts 15%
- 2.3 At its meeting on 29 October 2015 the Finance and Resources Committee acknowledged the need to reduce the number of staff by encouraging employees to apply for voluntary severance and agreed revised terms for VERA and VR.
- 2.4 Subsequently two major exercises have taken place, in October and November 2015, inviting employees to apply for VERA.
- 2.5 It was agreed that where a postholder was granted VERA the post would be deleted. It was also agreed that the following categories of staff would not be authorised for VERA at this time:
 - employees in posts which are seen as essential for the delivery of services;
 - employees who are identified as having key skills critical to the organisation;
 - school based employees; and

- employees in posts which are difficult to recruit to.

Main report

- 3.1 The attached dashboard provides indicators to monitor change through the Council Transformation Programme.
- 3.2 A summary of the findings is detailed below:
- 1,650 people have applied to leave the organisation under VERA
 - 123, of the 162 who were issued offers (76%), exited the organisation on 31 December 2015 (this equates to £4.3m annualised cost savings);
 - there is an additional pipeline of £21.1m of annualised staff cost savings currently going through the VERA acceptance process if the January and March offers are accepted;
 - 54 people were recorded as being surplus in November 2015 (a staff cost of £1.9m). However 44 of those have been redeployed into temporary posts, leaving 10 who are currently unfunded;
 - 73 managers have participated in the Leading Change development programme which is designed to help managers to think about and plan how they will lead their teams through the pending organisational reviews;
 - 25% of people who went through the first three transformational reviews contacted the Career Transition Service and had a one to one meeting to discuss their needs; and
 - 794 applications were declined by service areas as they fall under the categories outlined in paragraph 2.5.
- 3.3 Voluntary Redundancy data is evolving as the first organisational reviews reach a conclusion and this will be added to future dashboards.
- 3.4 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. Further data on the number of employees using this service will be included in future dashboards.

Measures of success

- 4.1 That where possible the Council achieves the necessary staff reductions by voluntary means.

Financial impact

- 5.1 Annualised cost savings (including national insurance and pensions) of £4.3m have been achieved to date.

Risk, policy, compliance and governance impact

- 6.1 The VERA trawls described above 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

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

Sustainability impact

- 8.1 There is no sustainability impact of this report.

Consultation and engagement

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

Background reading/external references

[Managing Workforce Change report to F&R Committee 29 October 2015.](#)

Hugh Dunn

Acting Executive Director of Resources

Contact: Christine McFadzen, Manager of HR Business Partnering

E-mail: christine.mcfadzen@edinburgh.gov.uk | Tel: 0131 469 3112

Links

Coalition pledges	P25: Introduce a “living wage” (currently set at £7.20) for Council employees, encourage its adoption by Council subsidiaries and contractors and its wider development P26: Establish a policy of no compulsory redundancies, P27: Seek to work in full partnership with Council staff and their representatives P29: Ensure the Council continues to take on apprentices and steps up efforts to prepare young people for work P30: Continue to maintain a sound financial position including long-term financial planning
Council outcomes	CO24, CO25, CO26, CO27
Single Outcome	

Agreement

Appendices

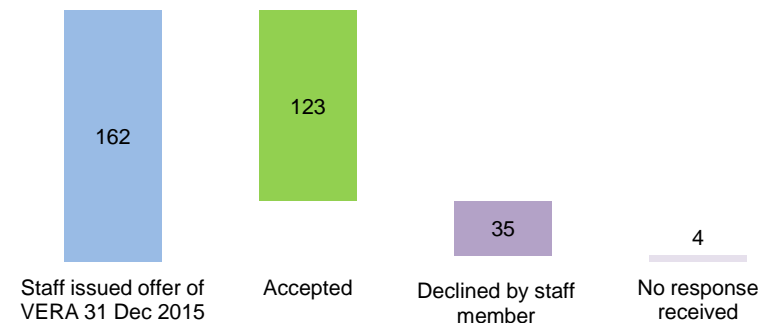
Appendix 1 – Workforce Dashboard - Transformation Programme Summary

* Please note that in addition to the 123 VERA exiting in December there were 7 who exited the organisation under VERA out with the transformation programme.

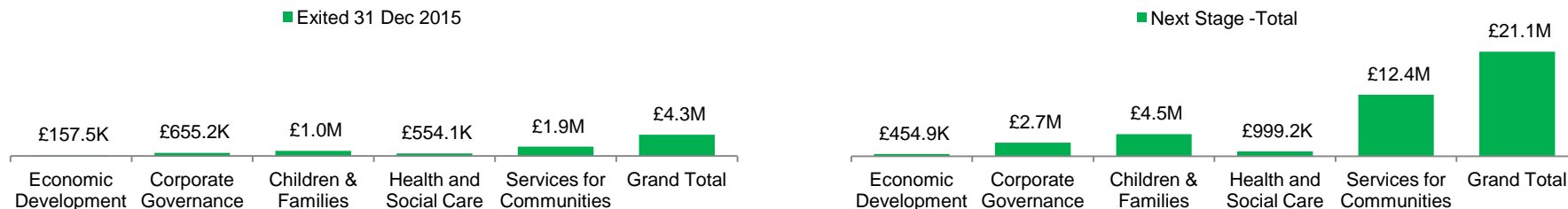
VERA (as at January 2016)

VERA outcomes to date	Positions	FTE
Exits for 31 December 2015	123*	110.1
Next stage - formal offer letter issued to leave by 31 January 2016	123	110
Next stage - preparing financial case to leave by 31 March 2016	481	459
Sub Total	727	679.1
Declined by service area	794	695.9
Pending	90	64.1
Employee given formal offer but did not accept	39	35.6
Sub Total	923	795.6
Grand Total	1,650	1,474.7

VERA exits for 31 December 2015 (positions)



Annualised cost including NI and Pensions



Surplus – number of positions and Cost

	Number of Positions				Annualised Salary including NI and Pensions			
	Aug 2015	Sept 2015	Oct 2015	Nov 2015	Aug 2015	Sept 2015	Oct 2015	Nov 2015
Surplus – not currently redeployed	25	17	16	10	£811.2K	£479.8K	£428.5K	£278.1K
Temporarily redeployed less than 6 months	1	2	4	4	£27.1K	£50.6K	£108.5K	£103.2K
Temporarily redeployed more than 6 months	31	39	39	40	£1.2M	£1.6M	£1.6M	£1.5M
Total	57	58	59	54	£2.0M	£2.1M	£2.1M	£1.9M

Career Transition and Leading the Change Through Transformation

- 73 managers have participated in the leading through Change development programme since December 2015
- 25% of people who have gone through a review have received a 1:1 meeting from the Career Transition Service

Finance and Resources Committee

10.00am, Tuesday 2 February 2016

Annual Treasury Strategy 2016/17

Item number	7.3
Report number	
Executive/routine	
Wards	

Executive summary

The report proposes a Treasury Management strategy for the Council for 2016/17, including an Annual Investment Strategy and a Debt Management strategy.

Links

Coalition pledges
Council outcomes
Single Outcome Agreement

Annual Treasury Strategy 2016/17

Recommendations

- 1.1 It is recommended that the Committee:
- 1.1.1 approves the Treasury Management Strategy for 2016/17; and
 - 1.1.2 refers the report to Council for their approval and remit to the Governance, Risk and Best Value Committee for their scrutiny.

Background

- 2.1 This report sets out a Treasury Management Strategy for 2016/17 including estimates of funding requirements, an economic forecast and borrowing and investment strategies.
- 2.2 The Council's Treasury Management activities are carried out in accordance with the Council's Treasury Policy Statement. Under the provisions of the Treasury Policy Statement, a report should be submitted on the proposed Treasury Management Strategy for the ensuing year. The Treasury Strategy aims to:
- ensure that the Council has sufficient and appropriate facilities available to meet its short and long-term borrowing requirements and funding needs;
 - secure new funding at the lowest cost; and
 - ensure that surplus funds are invested in accordance with the list of approved organisations for investment, minimising the risk to the capital sum and optimising the return on these funds consistent with those risks.
- 2.3 Treasury Management is undertaken with regard to CIPFA's Code of Practice for Treasury Management in the Public Services and the Prudential Code. It also adheres to the statutory requirements in Scotland which require this report, including Capital Programme and Prudential Indicators to be approved by the full Council. Appendix 2 gives details of the capital investment programme and prudential indicators which were approved by Council as part of the budget process.

3.1 Key Points

3.1.1 The key points in the report are that:

- The Council's total capital expenditure is forecast to be £988m between 2015/16 and 2020/21;
- The Council's total underlying need to borrow to finance capital expenditure is forecast to reduce each year to 2020/21;
- From 31 March 2015 to 31 March 2021, the underlying need to borrow is forecast to reduce by £140m from £1.510bn to £1.370bn;
- Over the same period £343m of the Council's external debt is due to mature;
- It is intended to continue to fund the Council's Capital Financing Requirement from temporary investment balances over the next year;
- Investment return is forecast to remain low in absolute terms as no increase in UK Bank Rate is anticipated in 2016/17.

3.2 Capital Expenditure

Overview

3.2.1 This section summarises the Council's anticipated capital expenditure in the period to March 2021 based on the Capital Investment Programme. It also details how that expenditure will be funded.

Total Capital Expenditure (Prudential Indicator 1)

3.2.2 Tables 1 and 2 below show the anticipated expenditure on capital assets for both General Services and the Housing Revenue Account.

Capital Expenditure - General Services

	2014/15 Actual £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000
Children and Families	16,903	46,877	49,310	6,558	10,019	14,601	393
Corporate Governance	7,582	2,729	18,879	1,028	165	165	165
Economic Development	0	58	0	0	0	0	0
Health and Social Care	4,616	6,328	4,229	114	0	0	0
Services for Communities (SFC)	85,260	76,616	98,942	73,598	30,719	24,201	19,834
SFC - Asset Management Programme	18,657	13,224	24,044	11,035	8,436	19,173	14,000
Other Capital Projects	1,049	259	0	0	0	0	0
Unallocated (indicative 5 year plan 2019-23)	0	0	0	0	0	7,000	7,000
General Services Capital Expenditure	134,067	146,091	195,404	92,333	49,339	65,140	41,392
Trams Project as approved in Sept 2011	5,246	0	0	0	0	0	0
Total General Services Capital Expenditure	139,313	146,091	195,404	92,333	49,339	65,140	41,392

Table 1 - Capital Expenditure on General Services

Capital Expenditure - Housing Revenue Account

	2014/15 Actual £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000
Total Housing Revenue Account Cap. Ex.	37,308	38,253	48,508	65,708	76,500	84,794	85,022

Table 2 - Capital Expenditure on the Housing Revenue Account
Funding Capital Expenditure

3.2.3 Tables 3 and 4 below show how the capital expenditure in Tables 1 and 2 is going to be funded by the Council.

	2014/15 Actual £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000
General Services Capital Expenditure	139,313	146,091	195,404	92,333	49,339	65,140	41,392
Government Capital Grants	57,675	57,461	38,795	47,921	47,921	41,422	38,000
Cycling, Walking and Safer Streets	762	729	540	0	0	0	
Development Funding	28,512	31,663	29,248	0	0	0	
Trams Funding (Scot Govt grant and 3rd party)	42	0	0	0	0	0	
Total Central Government Grants	86,991	89,853	68,583	47,921	47,921	41,422	38,000
Use of Capital Receipts	14,177	12,852	26,575	11,760	1,260	15,503	3,000
Transfer Receipts to Capital Fund for trams	-11,298	-1,000	-8,084	-2,334	-1,500	-1,500	-1,500
Other Capital Contributions	18,469	9,728	3,643	209	0	309	0
Draw down of capital fund - per budget update	0	6,600	0	0	0	0	0
Total Grants & Receipts	108,339	118,033	90,717	57,556	47,681	55,734	39,500
GF Cap Ex to be funded	30,974	28,058	104,687	34,777	1,658	9,406	1,892

Table 3 - Funding for General Services Capital Expenditure

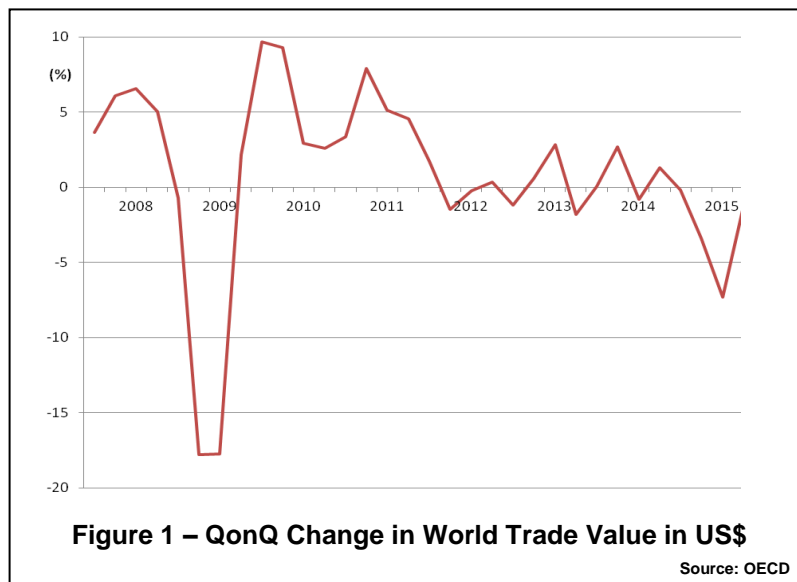
	2014/15 Actual £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000
HRA Cap Ex	37,308	38,253	48,508	65,708	76,500	84,794	85,022
Central Government Grants -:	4,259	4,589	736	4,738	2,346	3,861	5,376
Capital Receipts / CFRC / Grants / other conts	13,228	10,360	24,742	30,041	31,677	24,442	14,420
Total Grants & Receipts	17,487	14,949	25,478	34,779	34,023	28,303	19,796
HRA Cap Ex to be funded by borrowing	19,821	23,304	23,030	30,929	42,477	56,491	65,226

Table 4 - Funding for HRA Capital Expenditure
3.3 Economic and Market Outlook
Overview

3.3.1 Many of the key themes in the UK and global economies are similar to those outlined last year. The UK recovery continues, albeit at a modest rate, the state of the Eurozone economies remain precarious and the global economic outlook is weak.

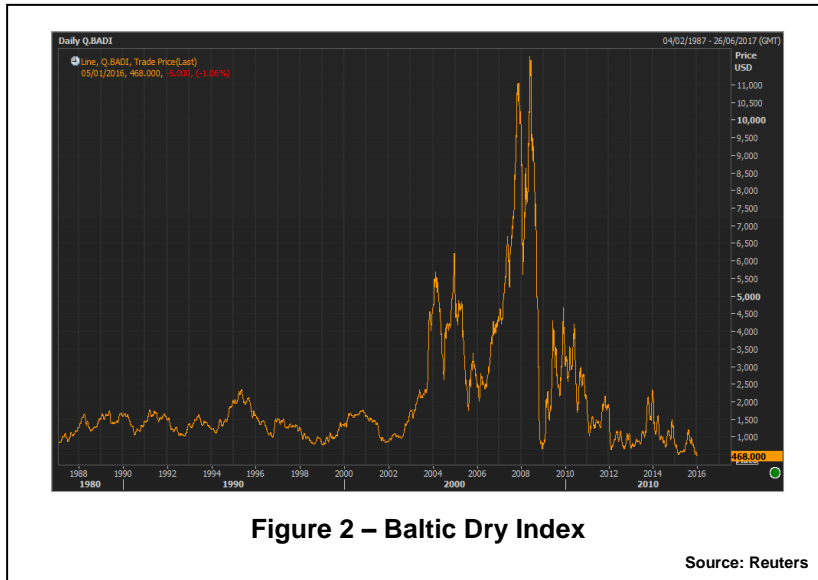
World Economy

3.3.2 2015 was a challenging year for the world economy. World growth by value (in US Dollar terms), has fallen for five consecutive quarters and by Quarter 3 2015 (the latest available statistic) was 13% lower than a year previously. As shown in Figure 1 below this is the largest fall since the Global Financial Crisis (GFC).



3.3.3 While the fall is partly due to the strength of the US Dollar and to the fall in commodity prices, there is no doubt that world growth is constrained with Emerging Market economies in particular facing major difficulties.

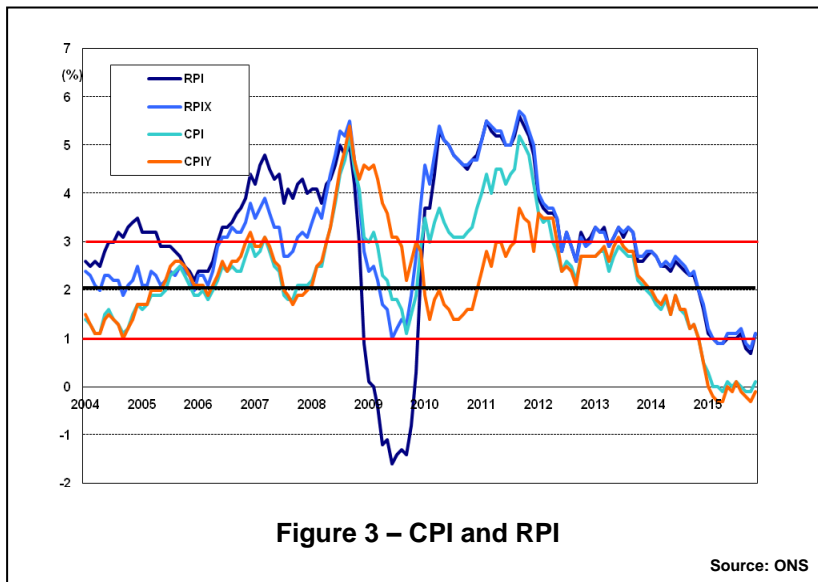
3.3.4 Figure 2 below shows the Baltic Dry Index (BDI), which measures the rates for chartering the giant ships that transport iron ore, coal and grain. Since it is indicative of the cost of shifting the basic raw materials that are the ingredients of steel, energy and food it is taken as a leading indicator of the state of the world economy.



3.3.5 While the index is also affected by the oversupply of shipping capacity which means it is an imperfect indicator of the world economy, the drop in the index is clear and can be taken as another indication of the weakness of the world economy.

Inflation Outlook

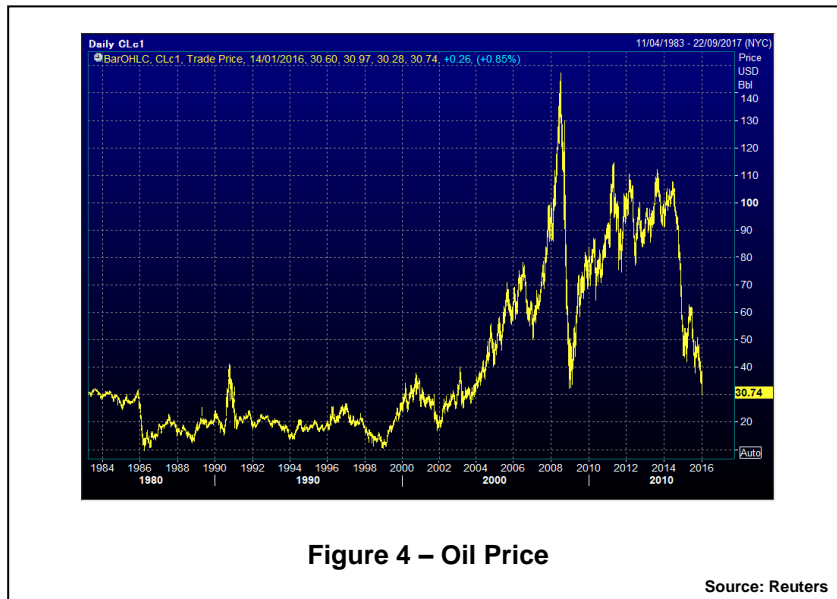
3.3.6 Figure 3 below shows CPI and RPI since March 2004.



3.3.7 The Government’s preferred measure of inflation, CPI, has remained in a narrow band between -0.1% and 0.1% for all of 2015.

3.3.8 Members were advised last year that there was “likely to be further disinflationary pressure as we go through 2015. While it is expected that inflation

(CPI) is likely to turn negative during the first half of 2015, it is anticipated that inflation will revert back to the target range over a two year horizon.” However the price of oil (Figure 4 below) has fallen even further than we and most commentators had expected.



3.3.9 Although little of this had fed through in lower domestic energy prices, transport costs alone are substantially reduced. Further, we continue to believe that there is no underlying pressure to core inflation in the UK. Figure 5 below shows the growth in real wages. While this has been positive during 2015, this is more to do with the exceptionally low inflation rate than soar away wages growth. CPI is still expected to increase back to trend, but on a slightly longer timescale.



Interest Rate Outlook

3.3.10 The Reuters poll of up to 38 economists, taken 23rd December 2015, shows most economists polled believe that the UK Bank Rate will be at 0.75% by the end of Quarter 2, June 2016. However, for many years, we have consistently maintained a “much lower for much longer” stance on UK Bank Rate, in spite of market sentiment and forecasts, and see no justification for changing this stance at present. There is some pressure from the 0.25% increase in the US Federal Reserve (Fed) Rate and the fact that the Fed is anticipating four 0.25% increases in 2016. However, the reason that the Fed delayed increasing rates in the US from June to September and then to December was the release of poorer than expected economic data. Figure 6 below shows the ‘US Economic Surprises Index’ which shows whether data released was above or below forecasts.

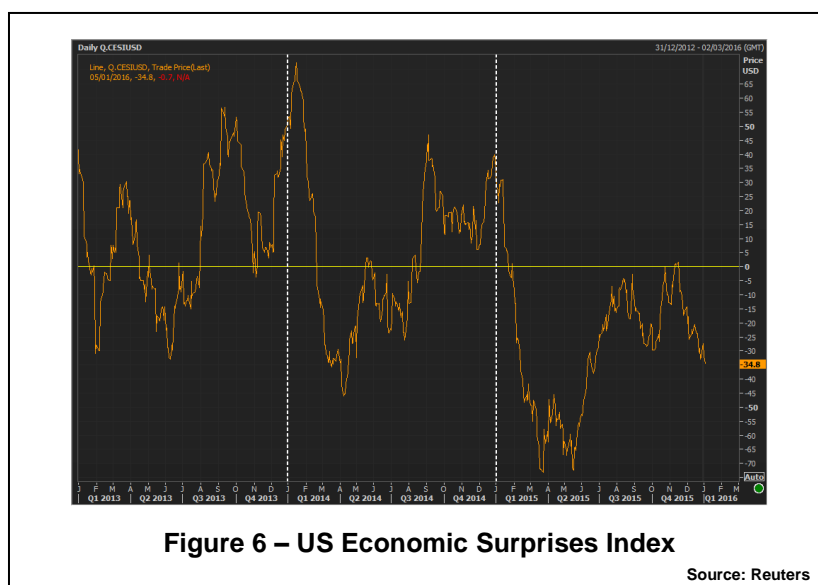
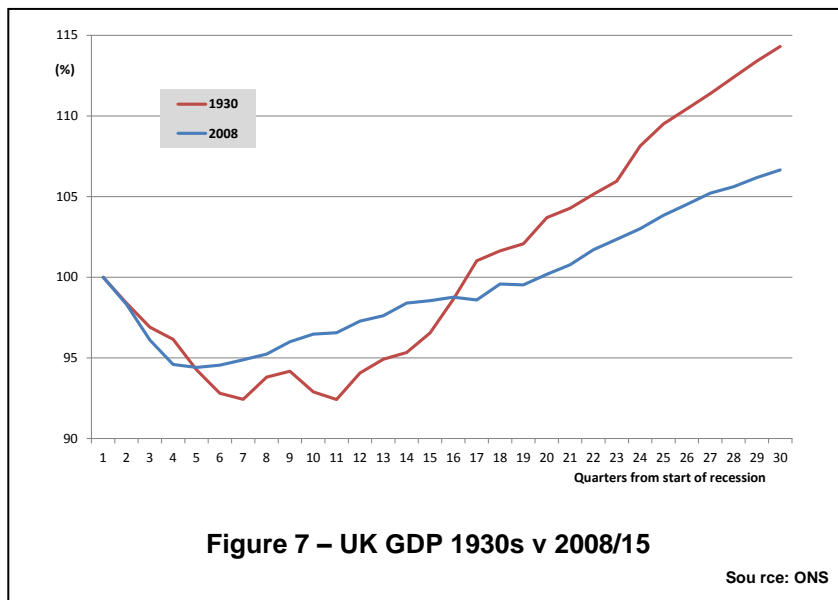


Figure 6 – US Economic Surprises Index

Source: Reuters

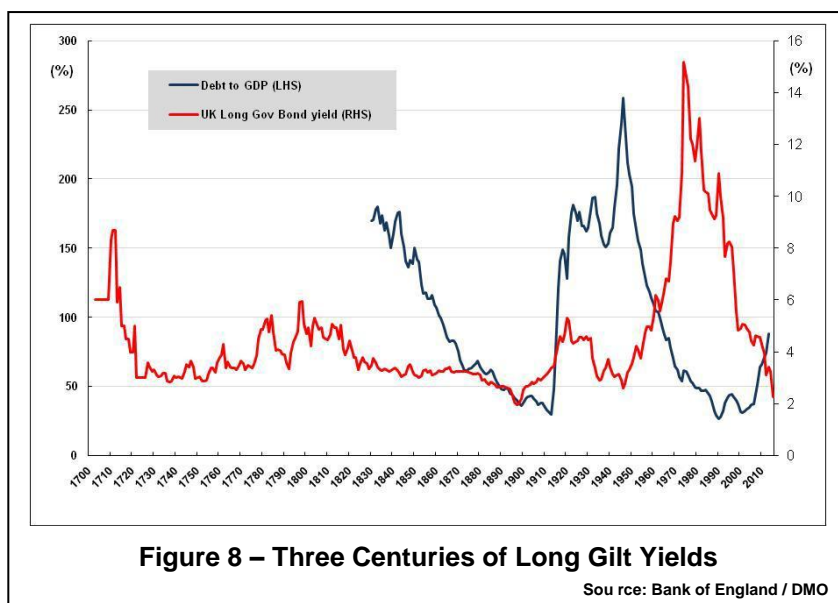
3.3.11 The index was heavily in negative territory all year as US payroll and other data came in under expectations and then later in the year the effect of growth in China slowing was felt.

3.3.12 In 2015 UK growth continued to be better than the Eurozone countries and other leading economies. However, Figure 7 below compares the recovery in GDP from start of the 2008 recession with the recovery from the start of the Great Depression in the 1930s. Although the concerted action by central banks around the world averted a deeper recession in 2008, the overall rate of recovery in the UK has been modest, and 30 quarters on from the start of the recession the recovery is significantly weaker than that in the 30s.



3.3.13 With no substantial pick up in UK inflation, modest UK growth at best, slowing growth in China, on-going issues in the Eurozone, a poor global economic backdrop and rates in the US possibly not increasing as much as is being expected, we see no great justification for increasing UK Bank Rate.

3.3.14 Longer term borrowing rates however are more finely balanced. Longer Gilt Yields are lower than they have been for half a century, having fallen from 15% to around 3%, and some commentators see this as a “Bonds Bubble” which is likely to burst sending interest rates higher. However on a longer term view shown below, the argument could be made that they have simply reverted to a more normal level. With a sluggish global economy, there may well be further ‘flights to safety’ from riskier asset classes such as equities which would keep yields low. It is difficult to determine how these competing pressures will resolve themselves.



3.3.15 There is the additional possibility of an early referendum on the UK's membership of the EU. If there were to be polls showing the likelihood of a no vote, it might be anticipated that there would be a sell off in UK Gilts with yields increasing.

3.4 Treasury Management Strategy – Debt

Overview

3.4.1 The overall objectives of the Council's Strategy for Debt Management are to:

- forecast average future interest rates and borrow accordingly;
- secure new funding at the lowest cost in a manner that is sustainable in the medium term;
- ensure that the Council's interest rate risk is managed appropriately;
- ensure smooth debt profile with a spread of maturities; and
- reschedule debt to take advantage of interest rates.

Loans Fund Borrowing Requirement

3.4.2 Table 5 below shows the anticipated out-turn for the current year and summarises how much the Council needs to borrow for the following five years, based on the capital investment programme summarised in Tables 1 to 4 above.

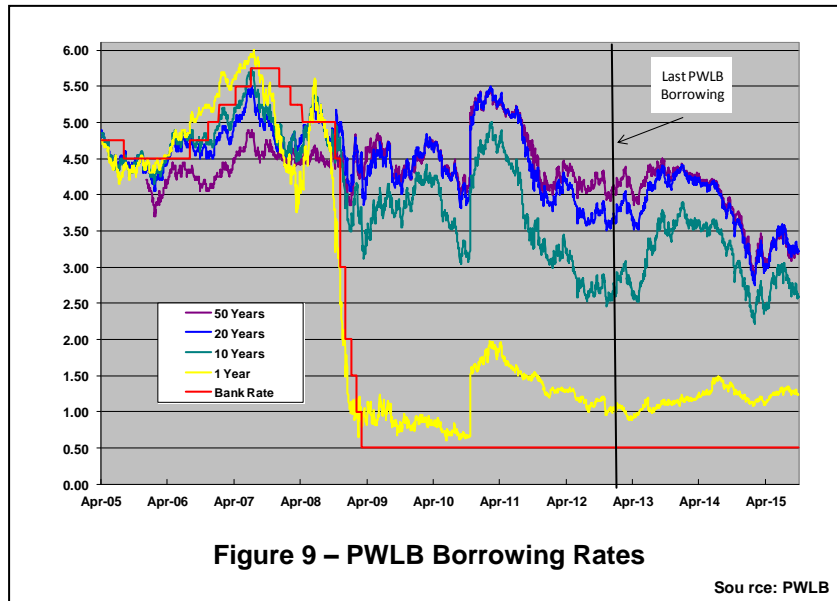
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	£000	£000	£000	£000	£000	£000	£000
Debt b/fd	1,434,289	1,412,998	1,367,988	1,316,005	1,261,650	1,256,690	1,233,108
Cumulative Capital Expenditure b/fd	1,544,437	1,510,154	1,483,226	1,475,344	1,453,153	1,409,967	1,387,149
Over/underborrowed b/fd	-110,148	-97,156	-115,238	-159,339	-191,503	-153,278	-154,041
GF Capital financed by borrowing (Table 3)	30,974	28,058	104,687	34,777	1,658	9,406	1,892
HRA Capital financed by borrowing (Table 4)	19,821	23,304	23,030	30,929	42,477	56,491	65,226
less scheduled repayments by GF	-60,585	-57,710	-113,526	-62,341	-60,263	-59,923	-62,680
less scheduled repayments by HRA	-21,129	-17,328	-19,112	-21,055	-23,348	-26,022	-27,784
less scheduled repayments by Former Joint Boards	-3,364	-3,252	-2,962	-2,481	-1,575	-517	-544
Underlying Need to Borrow	-34,283	-26,928	-7,883	-20,171	-41,051	-20,565	-23,890
plus total maturing debt	27,782	45,010	51,984	54,355	54,960	53,581	55,567
Total Borrowing Requirement	-6,501	18,082	44,101	34,184	13,909	33,016	31,677
Planned PWLB or short borrowing for year	0	0	0	0	50,000	30,000	30,000
Actual Other Borrowing	6,491	0	0	0	0	0	0
Debt at end of the year	1,412,998	1,367,988	1,316,005	1,261,650	1,256,690	1,233,108	1,207,542
Cumulative Capital Expenditure	1,510,154	1,483,226	1,475,344	1,455,173	1,414,121	1,393,556	1,369,666
Cumulative Over/under Borrowed	-97,156	-115,238	-159,339	-193,523	-157,432	-160,448	-162,125

Table 5 - Capital Funding v. External Debt

3.4.3 In producing the estimates in Table 5, the following assumptions have been made:

- Capital receipts are received as per the most recent forecast and used to repay prudential borrowing;
- The Council's underlying temporary cash balance representing earmarked reserves, allocated funds and other items on the Council's balance sheet is in the region of £150m in the short term.

3.4.4 The Council's last borrowing from the PWLB was undertaken in mid-December 2012. Since then, the Council's strategy has been to reduce its temporary investment balances to fund capital expenditure in the short term. Figure 9 below shows the interest rates for borrowing new maturity loans from the Government via the Public Works Loans Board since April 2005.



- 3.4.5 As markets have realised that lower interest rates might be here to stay, the Gilts yield curve has flattened considerably. In the graph above this means that the difference between the one year borrowing rate in yellow and the 50 year borrowing rate in dark purple reduced significantly between 2011 and 2013 and then even further between 2011 and the current date. The strategy over the last three years to fund capital expenditure from reducing investments has proven successful as not only has the funding achieved significant savings but longer borrowing rates are now lower if the Council chose to lock in longer term borrowing.
- 3.4.6 On the forecasts in Table 5, the Council's need to borrow reduces in each year. Thus if the Council's external borrowing was exactly matching the need to borrow, the Council's external borrowing would fall year on year. However, at the end of 2014/15 £97m of the need to borrow was being funded by reducing the Council's temporary investments. In addition, there is around £50m of debt maturing each year, some of which was borrowed at much higher interest rates in the 1990s.
- 3.4.7 It is proposed to continue to fund the borrowing requirement by reducing investments further. However, this will be reviewed in light of market conditions as the competing effects of the weak world economic conditions and the potential EU referendum feed through into UK sovereign debt yields.
- 3.4.8 The reduction in Loans Charges relating to PWLB debt which is maturing at higher interest rates has already been included within the Council's long term financial plan. In addition to a £1.2m saving in the current financial year, a further £5.2m saving in Loans Charges will be generated in 2016/17 based on the current strategy.
- 3.4.9 It is not intended to borrow in advance of need during the year. Appendix 1 lists the maturity of the Council's debt as of February 2015.

3.5 Treasury Management Strategy – Investment of Surplus Funds

3.5.1 In line with CIPFA’s Code of Practice, the overall objectives of the Council’s Strategy for Investment Management are to:

- ensure the security of funds invested;
- ensure that the Council has sufficient liquid funds to cover its expenditure commitments; and
- pursue optimum investment return within the above two objectives.

3.5.2 The Council’s cash balances are pooled and invested via the Treasury Cash Fund subject to the limits set out in the Treasury Management Policy Statement. The Cash Fund’s Investment Strategy continues to be based around the security of the investments. Figure 10 below shows the distribution of Cash Fund deposits since inception.

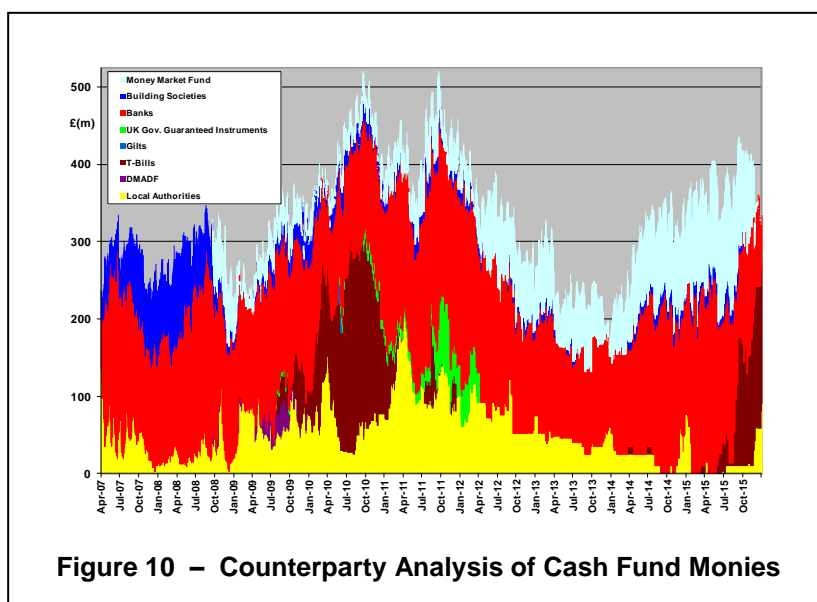
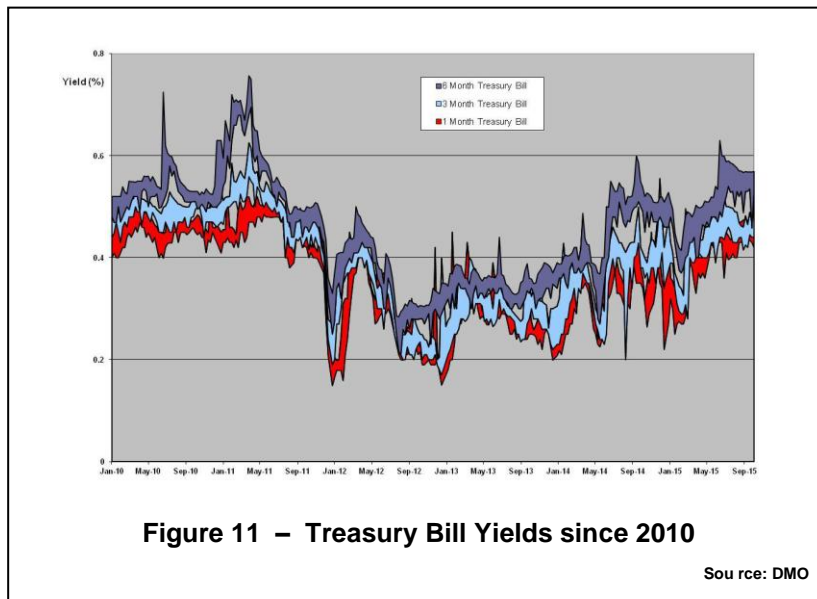


Figure 10 – Counterparty Analysis of Cash Fund Monies

3.5.3 As part of the 2015/16 Investment Strategy, the Cash Fund Treasury Policy Statement was amended to allow use of instruments such as Covered Bonds and FRN’s. However, during the year there were better opportunities to invest in UK Treasury Bills. In early July the successful rates at the UK Treasury Bill auctions increased significantly which gave the opportunity to invest in Treasury Bills at a higher rate than we were achieving on the Fund’s call accounts. This gave both a better rate of return and reduced counterparty risk. At the same time as the rates on offer increased, the Council’s Capital Budget monitoring for Period 3 showed that around £60m had been re-phased from 2015/16 to the following financial year which meant the Council projected a higher cash balance for the rest of the financial year. This allowed the cash to be placed longer, gaining the 6 month Treasury Bill return. Figure 11 below shows the lowest and highest accepted yields in the Treasury Bill auctions since 2010.



- 3.5.4 This shows how much the 6 month yield (in dark blue) has risen during 2015, although the return is still very low in absolute terms.
- 3.5.5 It is intended to continue the current investment strategy centred around the security of the investments, taking advantage of longer rates where liquidity allows. The criteria for approved financial organisations for investment in the CEC Treasury Policy Statement have been simplified in light of technical changes made by the Ratings Agencies. Investment will continue to be made via the Cash Fund arrangement and there are no changes to the investment instruments or counterparty limits in the Cash Fund Treasury Policy Statement.

Measures of success

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

Financial impact

- 5.1 The Council continues to manage its debt portfolio so as to minimise the medium term cost of funding its capital projects. Provision for the revenue implications arising from this report have already been included in the Council's long term financial plan.
- 5.2 The Treasury Cash Fund has generated significant additional income for the Council.

Risk, policy, compliance and governance impact

- 6.1 The changes to the Treasury Management Policy Statement and strategy are designed to manage and mitigate the risk to which the Council is exposed.

Equalities impact

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

Sustainability impact

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

Consultation and engagement

- 9.1 Not applicable.

Background reading / external references

Capital Investment Programme 2016/17 to 2023/24

[http://www.edinburgh.gov.uk/download/meetings/id/49400/item_710 -
_capital_investment_programme-plan_2016-17_to_2023-24](http://www.edinburgh.gov.uk/download/meetings/id/49400/item_710_-_capital_investment_programme-plan_2016-17_to_2023-24)

Hugh Dunn

Acting Executive Director of Resources

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Links

Coalition pledges	P30 - Continue to Maintain a sound financial position including long-term financial planning
Council outcomes	C025 - The Council has efficient and effective services that deliver on objectives
Single Outcome Agreement	SO1 - Edinburgh's Economy Delivers increased investment, jobs and opportunities for all
Appendices	Appendix 1 – Maturing Debt Profile as at 31 December 2015

Appendix 2 – Prudential Indicators

Appendix 3 – Treasury Management Policy Statement – The City of Edinburgh Council

Appendix 4 – Treasury Management Policy Statement – Treasury Cash Fund

Maturing Debt Profile – February 2015

Market Debt

START DATE	TYPE	MATURITY DATE	PRINCIPAL	INTEREST RATE %	ANNUAL INTEREST
30/03/1992	M	30/03/2017	1,000,000.00	10.25	102,500.00
21/08/1992	M	21/08/2017	500,000.00	9.75	48,750.00
21/08/1992	M	21/08/2017	500,000.00	9.75	48,750.00
12/11/1998	M	13/11/2028	3,000,000.00	4.75	142,500.00
15/12/2003	M	15/12/2053	10,000,000.00	5.25	525,000.00
18/02/2004	M	18/02/2054	10,000,000.00	4.54	454,000.00
28/04/2005	M	28/04/2055	12,900,000.00	4.75	612,750.00
25/02/2011	M	25/02/2060	15,000,000.00	7.126	1,068,900.00
25/02/2011	M	25/02/2060	10,000,000.00	7.126	712,600.00
26/02/2010	M	26/02/2060	5,000,000.00	7.085	354,250.00
26/02/2010	M	26/02/2060	10,000,000.00	6.993	699,300.00
30/06/2005	M	30/06/2065	5,000,000.00	4.4	220,000.00
01/07/2005	M	01/07/2065	10,000,000.00	3.86	386,000.00
07/07/2005	M	07/07/2065	5,000,000.00	4.4	220,000.00
24/08/2005	M	24/08/2065	5,000,000.00	4.4	220,000.00
07/09/2005	M	07/09/2065	10,000,000.00	4.99	499,000.00
13/09/2005	M	14/09/2065	5,000,000.00	3.95	197,500.00
03/10/2005	M	05/10/2065	5,000,000.00	4.375	218,750.00
21/12/2005	M	21/12/2065	5,000,000.00	4.99	249,500.00
23/12/2005	M	23/12/2065	10,000,000.00	4.75	475,000.00
28/12/2005	M	24/12/2065	12,500,000.00	4.99	623,750.00
06/03/2006	M	04/03/2066	5,000,000.00	4.625	231,250.00
14/03/2006	M	15/03/2066	15,000,000.00	5	750,000.00
17/03/2006	M	17/03/2066	10,000,000.00	5.25	525,000.00
03/04/2006	M	01/04/2066	10,000,000.00	4.875	487,500.00
03/04/2006	M	01/04/2066	10,000,000.00	4.875	487,500.00
03/04/2006	M	01/04/2066	10,000,000.00	4.875	487,500.00
07/04/2006	M	07/04/2066	10,000,000.00	4.75	475,000.00
05/06/2006	M	07/06/2066	20,000,000.00	5.25	1,050,000.00
05/06/2006	M	07/06/2066	16,500,000.00	5.25	866,250.00
18/08/2006	M	18/08/2066	10,000,000.00	5.25	525,000.00
01/02/2008	M	01/02/2078	10,000,000.00	3.95	395,000.00
			276,900,000.00		14,358,800.00

PWLB Debt

START DATE	TYPE	MATURITY DATE	PRINCIPAL	INTEREST RATE %	ANNUAL INTEREST
06/11/1990	P	25/03/2016	10,000,000.00	11.375	1,137,500.00
17/05/1991	P	25/03/2016	10,000,000.00	11	1,100,000.00
13/10/2009	P	13/04/2016	5,000,000.00	2.95	147,500.00
23/04/2009	P	23/04/2016	5,000,000.00	2.96	148,000.00
17/01/1991	P	15/05/2016	15,000,000.00	11.25	1,687,500.00
09/06/2009	P	09/06/2016	5,000,000.00	3.37	168,500.00
27/09/1991	P	25/09/2016	2,736,307.00	10.5	287,312.24
15/08/1991	P	15/11/2016	10,000,000.00	10.875	1,087,500.00
10/12/2008	P	10/12/2016	5,000,000.00	3.61	180,500.00
02/12/2011	P	02/06/2017	5,000,000.00	2.28	114,000.00
27/03/1992	P	25/09/2017	10,000,000.00	10.625	1,062,500.00
09/10/2008	P	09/10/2017	5,000,000.00	4.39	219,500.00
03/04/1992	P	25/03/2018	30,000,000.00	10.875	3,262,500.00
23/04/2009	P	23/04/2018	15,000,000.00	3.24	486,000.00
17/09/1992	P	15/05/2018	8,496,500.00	9.75	828,408.75
09/06/2009	P	09/06/2018	5,000,000.00	3.75	187,500.00
17/09/1993	P	15/11/2018	5,000,000.00	7.875	393,750.00
23/03/1994	P	15/11/2018	5,000,000.00	8	400,000.00
14/03/1994	P	11/03/2019	2,997,451.21	7.625	228,555.65
18/10/1993	P	25/03/2019	5,000,000.00	7.875	393,750.00
30/03/2009	P	30/03/2019	5,000,000.00	3.46	173,000.00
21/04/2009	P	21/04/2019	10,000,000.00	3.4	340,000.00
23/04/2009	P	23/04/2019	5,000,000.00	3.38	169,000.00
12/11/2008	P	12/11/2019	2,071,695.24	3.96	82,039.13
23/03/1994	P	15/11/2019	5,000,000.00	8	400,000.00
07/12/1994	P	15/11/2019	10,000,000.00	8.625	862,500.00
01/12/2008	P	01/12/2019	2,051,804.91	3.65	74,890.88
01/12/2009	P	01/12/2019	5,000,000.00	3.77	188,500.00
14/12/2009	P	14/12/2019	10,000,000.00	3.91	391,000.00
15/02/1995	P	25/03/2020	5,000,000.00	8.625	431,250.00
21/04/2009	P	21/04/2020	10,000,000.00	3.54	354,000.00
12/05/2009	P	12/05/2020	10,000,000.00	3.96	396,000.00
21/10/1994	P	15/05/2020	5,000,000.00	8.625	431,250.00
07/12/1994	P	15/05/2020	5,000,000.00	8.625	431,250.00
21/11/2011	P	21/05/2020	15,000,000.00	2.94	441,000.00
16/08/1995	P	03/08/2020	2,997,451.21	8.375	251,036.54
09/12/1994	P	15/11/2020	5,000,000.00	8.625	431,250.00
10/05/2010	P	10/05/2021	2,710,314.88	3.09	83,748.73
21/10/1994	P	15/05/2021	10,000,000.00	8.625	862,500.00
10/03/1995	P	15/05/2021	11,900,000.00	8.75	1,041,250.00
12/06/1995	P	15/05/2021	10,000,000.00	8	800,000.00
02/06/2010	P	02/06/2021	5,000,000.00	3.89	194,500.00
16/08/1994	P	03/08/2021	2,997,451.21	8.5	254,783.35
START DATE		MATURITY DATE		INTEREST RATE %	ANNUAL INTEREST

DATE	TYPE	DATE	PRINCIPAL	RATE %	INTEREST
28/04/1994	P	25/09/2021	5,000,000.00	8.125	406,250.00
23/04/2009	P	23/04/2022	5,000,000.00	3.76	188,000.00
12/06/1995	P	15/05/2022	10,200,000.00	8	816,000.00
14/06/2010	P	14/06/2022	10,000,000.00	3.95	395,000.00
31/03/1995	P	25/09/2022	6,206,000.00	8.625	535,267.50
16/02/1995	P	03/02/2023	2,997,451.21	8.625	258,530.17
24/04/1995	P	25/03/2023	10,000,000.00	8.5	850,000.00
05/12/1995	P	15/05/2023	5,200,000.00	8	416,000.00
20/09/1993	P	14/09/2023	2,997,451.21	7.875	236,049.28
20/09/1993	P	14/09/2023	584,502.98	7.875	46,029.61
08/05/1996	P	25/09/2023	10,000,000.00	8.375	837,500.00
13/10/2009	P	13/10/2023	5,000,000.00	3.87	193,500.00
05/12/1995	P	15/11/2023	10,000,000.00	8	800,000.00
10/05/2010	P	10/05/2024	10,000,000.00	4.32	432,000.00
28/09/1995	P	28/09/2024	2,895,506.10	8.25	238,879.25
14/05/2012	P	14/11/2024	10,000,000.00	3.36	336,000.00
14/12/2009	P	14/12/2024	6,637,268.64	3.66	242,924.03
17/10/1996	P	25/03/2025	10,000,000.00	7.875	787,500.00
10/05/2010	P	10/05/2025	5,000,000.00	4.37	218,500.00
16/11/2012	P	16/05/2025	20,000,000.00	2.88	576,000.00
13/02/1997	P	18/05/2025	10,000,000.00	7.375	737,500.00
20/02/1997	P	15/11/2025	20,000,000.00	7.375	1,475,000.00
01/12/2009	P	01/12/2025	10,358,828.33	3.64	377,061.35
21/12/1995	P	21/12/2025	2,397,960.97	7.875	188,839.43
21/05/1997	P	15/05/2026	10,000,000.00	7.125	712,500.00
28/05/1997	P	15/05/2026	10,000,000.00	7.25	725,000.00
29/08/1997	P	15/11/2026	5,000,000.00	7	350,000.00
24/06/1997	P	15/11/2026	5,328,077.00	7.125	379,625.49
07/08/1997	P	15/11/2026	15,000,000.00	6.875	1,031,250.00
13/10/1997	P	25/03/2027	10,000,000.00	6.375	637,500.00
22/10/1997	P	25/03/2027	5,000,000.00	6.5	325,000.00
13/11/1997	P	15/05/2027	3,649,966.00	6.5	237,247.79
17/11/1997	P	15/05/2027	5,000,000.00	6.5	325,000.00
13/12/2012	P	13/06/2027	20,000,000.00	3.18	636,000.00
12/03/1998	P	15/11/2027	8,677,693.00	5.875	509,814.46
06/09/2010	P	06/09/2028	10,000,000.00	3.85	385,000.00
14/07/2011	P	14/07/2029	10,000,000.00	4.9	490,000.00
14/07/1950	P	03/03/2030	3,665.36	3	109.96
14/07/2011	P	14/07/2030	10,000,000.00	4.93	493,000.00
15/06/1951	P	15/05/2031	3,632.59	3	108.98
06/09/2010	P	06/09/2031	20,000,000.00	3.95	790,000.00
15/12/2011	P	15/06/2032	10,000,000.00	3.98	398,000.00
15/09/2011	P	15/09/2036	10,000,000.00	4.47	447,000.00
22/09/2011	P	22/09/2036	10,000,000.00	4.49	449,000.00
START		MATURITY		INTEREST	ANNUAL
DATE	TYPE	DATE	PRINCIPAL	RATE %	INTEREST

10/12/2007	P	10/12/2037	10,000,000.00	4.49	449,000.00
08/09/2011	P	08/09/2038	10,000,000.00	4.67	467,000.00
15/09/2011	P	15/09/2039	10,000,000.00	4.52	452,000.00
06/10/2011	P	06/10/2043	20,000,000.00	4.35	870,000.00
09/08/2011	P	09/02/2046	20,000,000.00	4.8	960,000.00
23/01/2006	P	23/07/2046	10,000,000.00	3.7	370,000.00
23/01/2006	P	23/07/2046	10,000,000.00	3.7	370,000.00
19/05/2006	P	19/11/2046	10,000,000.00	4.25	425,000.00
07/01/2008	P	07/01/2048	5,000,000.00	4.4	220,000.00
27/01/2006	P	27/07/2051	1,250,000.00	3.7	46,250.00
16/01/2007	P	16/07/2052	40,000,000.00	4.25	1,700,000.00
30/01/2007	P	30/07/2052	10,000,000.00	4.35	435,000.00
13/02/2007	P	13/08/2052	20,000,000.00	4.35	870,000.00
20/02/2007	P	20/08/2052	70,000,000.00	4.35	3,045,000.00
22/02/2007	P	22/08/2052	50,000,000.00	4.35	2,175,000.00
08/03/2007	P	08/09/2052	5,000,000.00	4.25	212,500.00
30/05/2007	P	30/11/2052	10,000,000.00	4.6	460,000.00
11/06/2007	P	11/12/2052	15,000,000.00	4.7	705,000.00
12/06/2007	P	12/12/2052	25,000,000.00	4.75	1,187,500.00
05/07/2007	P	05/01/2053	12,000,000.00	4.8	576,000.00
25/07/2007	P	25/01/2053	5,000,000.00	4.65	232,500.00
10/08/2007	P	10/02/2053	5,000,000.00	4.55	227,500.00
24/08/2007	P	24/02/2053	7,500,000.00	4.5	337,500.00
13/09/2007	P	13/03/2053	5,000,000.00	4.5	225,000.00
12/10/2007	P	12/04/2053	5,000,000.00	4.6	230,000.00
05/11/2007	P	05/05/2057	5,000,000.00	4.6	230,000.00
15/08/2008	P	15/02/2058	5,000,000.00	4.39	219,500.00
02/12/2011	P	02/12/2061	5,000,000.00	3.98	199,000.00
			1,092,846,979.05		61,411,262.57

SALIX Debt

START		MATURITY		INTEREST	ANNUAL
DATE	TYPE	DATE	PRINCIPAL	RATE %	INTEREST
07/01/2015	Z	01/09/2021	473,742.84	0	0
31/03/2015	Z	01/04/2023	1,352,173.05	0	0
22/09/2015	Z	01/10/2023	351,679.50	0	0
			2,177,595.39		0

Appendix 2

PRUDENTIAL INDICATORS

Indicator 1 - Estimate of Capital Expenditure

The actual capital expenditure that was incurred in 2014/15 and the estimates of capital expenditure to be incurred for the current and future years that are recommended for approval are:

	----- Capital Expenditure General Services -----						
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000	£000	£000
Children and Families	16,903	46,877	49,310	6,558	10,019	14,601	393
Corporate Governance	7,582	2,729	18,879	1,028	165	165	165
Economic Development	0	58	0	0	0	0	0
Health and Social Care	4,616	6,328	4,229	114	0	0	0
Services for Communities (SFC)	85,260	76,616	98,942	73,598	30,719	24,201	19,834
SFC - Asset Management Programme	18,657	13,224	24,044	11,035	8,436	19,173	14,000
Other Capital Projects	1,049	259	0	0	0	0	0
Unallocated - indicative 5 year plan 2019-2023 funding	0	0	0	0	0	7,000	7,000
Sub Total General Services Capital Expenditure	134,067	146,091	195,404	92,333	49,339	65,140	41,392
Trams Project as approved by Council in Sept 2011 (not detailed in CIP)	5,246	0	0	0	0	0	0
Total General Services Capital Expenditure	139,313	146,091	195,404	92,333	49,339	65,140	41,392

Note that the 2016-2021 CIP includes slippage / acceleration brought forward based on projected capital expenditure reported at the nine month stage.

----- **Capital Expenditure Housing Revenue Account** -----

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000	£000	£000

Housing Revenue Account	37,308	38,253	48,508	65,708	76,500	84,794	85,022
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Indicator 2 - Ratio of Financing Costs to Net Revenue Stream

Estimates of the ratio of financing costs to net revenue stream for the current and future years and the actual figures for 2014/15 are:

	Ratio of Financing Costs to Net Revenue Stream						
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
	%	%	%	%	%	%	%
General Services	11.60	12.03	11.98	11.95	11.67	11.56	N/A
HRA	36.01	35.40	36.64	39.33	40.73	42.49	44.60

Note: Figures for 2017/18 onwards are indicative as the Council has not set a General Services or HRA budget for these years. The figures for General Services are based on the current long term financial plan that ends to 2019/20. HRA figures are based on the current business plan.

The estimates of financing costs include current commitments and the proposals in this budget.

Indicator 3 - Capital Financing Requirement

Estimates of the end of year capital financing requirement for the authority for the current and future years and the actual capital financing requirement at 31st March 2015 are:

	----- Capital Financing Requirement -----						
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
	£m	£m	£m	£m	£m	£m	£m
General Services	1,358	1,318	1,298	1,260	1,192	1,133	1,064
HRA	368	374	378	388	407	437	475

The capital financing requirement measures the authority's underlying need to borrow for a capital purpose. In accordance with best professional practice, the Council does not associate borrowing with particular items or types of expenditure. The authority has an integrated treasury management strategy and has adopted the CIPFA Code of Practice for Treasury Management in the Public Services. The Council has, at any point in time, a number of cashflows both positive and negative, and manages its treasury position in terms of its borrowings and investments in accordance with its approved treasury management strategy and practices. In day to day cash management, no distinction can be made between revenue cash and capital cash. External borrowing arises as a consequence of all the financial transactions of the authority and not simply those arising from capital spending. In contrast, the capital financing requirement reflects the authority's underlying need to borrow for a capital purpose.

CIPFA's Prudential Code for Capital Finance in Local Authorities includes the following as a key indicator of prudence:

"In order to ensure that the medium term debt will only be for a capital purpose, the local authority should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years."

	Gross Debt and the Capital Financing Requirement						
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
	£m	£m	£m	£m	£m	£m	£m
Gross Debt	1,629	1,576	1,516	1,454	1,441	1,410	1,377
Capital Financing requirements	1,726	1,692	1,676	1,648	1,599	1,571	1,539
(Over) / under limit by:	97	115	159	194	158	161	162

The Council's Capital Financing Requirement (CFR) is projected to reduce by £34m during 2015/16 as repayments for previous capital advances are higher than advances for in year expenditure. At 31/03/15, the authority was under borrowed by £97m. Current projections suggest that the authority will be under borrowed by approximately £115m at 31/03/16, although this may vary in light of actual capital expenditure and market conditions. This movement is a result of the reduction in CFR, partially offset by maturing external debt.

As demonstrated above, the authority does not currently envisage borrowing in excess of its capital financing requirement over the next few years. This view takes into account current commitments, existing plans, the repayment of the outstanding capital advance on the EICC - additional function space project following future receipt settlement, assumptions around cash balances and the proposals in this budget.

Indicator 4 – Authorised Limit for External Debt

The authorised limit should reflect a level of borrowing which, while not desired, could be afforded, but may not be sustainable. Previously, the definition of long term liabilities was used to include funding required in respect of finance leases and PFI assets. In light of proposed changes to Financing Regulations which are likely to come into force from 1 April 2016, the definition of 'credit arrangements' has been used to calculate the authorised and operational limits requiring both the short and long term liabilities relating to finance leases and PFI assets to be considered rather than solely long term liabilities as before. In respect of its external debt, it is recommended that Council approves the following authorised limits for its total external debt gross of investments for the next five financial years. These limits separately identify borrowing under credit arrangements including finance leases and PFI assets. Council is asked to approve these limits and to delegate authority to the Acting Executive Director of Resources / Head of Finance, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and credit arrangements, in accordance with option appraisal and best value for money for the authority. Any such changes made will be reported to the Council at its meeting following the change:

	Authorised Limit for External Debt				
	2016/17	2017/18	2018/19	2019/20	2020/21
	£m	£m	£m	£m	£m
Borrowing	1,591	1,617	1,631	1,559	1,508
Credit Arrangements	227	216	205	196	188
	<u>1,818</u>	<u>1,833</u>	<u>1,836</u>	<u>1,755</u>	<u>1,695</u>

These authorised limits are consistent with the authority's current commitments, existing plans and the proposals in this budget for capital expenditure and financing, and with its approved treasury management policy statement and practices. They are based on the estimate of most likely, prudent but not worst case scenario, with in addition sufficient headroom over and above this to allow for operational management, for example unusual cash movements. Risk analysis and risk management strategies have been taken into account, as have plans for capital expenditure, estimates of the capital financing requirement and estimates of cashflow requirements for all purposes.

Indicator 5 – Operational Boundary for External Debt

The Council is also asked to approve the following operational boundary for external debt for the same time period. The proposed operational boundary equates to the estimated maximum of external debt. It is based on the same estimates as the authorised limit but reflects directly the estimate of the most likely, prudent but not worst case scenario, without the additional headroom included within the authorised limit to allow for example for unusual cash movements. The operational boundary represents a key management tool for in year monitoring. Within the operational boundary, figures for borrowing and credit arrangements are separately identified. The Council is also asked to delegate authority to the Acting Executive Director of Resources / Head of Finance, within the total operational boundary for any individual year, to effect movement between the separately agreed figures for borrowing and credit arrangements, in a similar fashion to the authorised limit. Any such changes will be reported to the Council at its next meeting following the change:

	Operational Boundary for External Debt				
	2016/17	2017/18	2018/19	2019/20	2020/21
	Estimate	Estimate	Estimate	Estimate	Estimate
	£m	£m	£m	£m	£m
Borrowing	1,491	1,487	1,521	1,479	1,457
Credit Arrangements	227	216	205	196	188
	<u>1,718</u>	<u>1,703</u>	<u>1,726</u>	<u>1,675</u>	<u>1,645</u>

The Council's actual external debt at 31st March 2015 was £1,430.711m, comprising borrowing (including sums repayable within 12 months). Of this sum, £21.454m relates to borrowing carried out by the Council on behalf of the former Police and Fire Joint Boards.

In taking its decisions on this budget, the Council is asked to note that the estimate of capital expenditure determined for 2015/16 (see paragraph 1 above) will be the statutory limit determined under section 35(1) of the Local Government in Scotland Act 2003.

Indicator 6 – Impact on Council Tax and House Rents

The estimate of the incremental impact of capital investment decisions proposed in this budget, together with changes in projected interest rates, over and above capital investment decisions that have previously been taken by the Council are:

a) for the band "D" Council Tax

2016/17	2017/18	2018/19	2019/20	2020/21
£	£	£	£	£
2.46	9.19	13.69	18.05	N/A

b) for average weekly housing rents

2016/17	2017/18	2018/19	2019/20	2020/21
£	£	£	£	£
-0.19	-0.68	-0.50	0.55	3.50

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 the Limited Liability Partnerships (LLPs) 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.

Consideration of options for the capital programme

In considering its programme for capital investment, Council is required within the Prudential Code to have regard to:

- affordability, e.g., implications for Council Tax / House Rents;
- prudence and sustainability, e.g., implications for external borrowing;
- value for money, e.g., option appraisal;
- stewardship of assets, e.g., asset management planning;
- service objectives, e.g., strategic planning for the authority;
- practicality, e.g., achievability of the forward plan.

A key measure of affordability is the incremental impact on the Council Tax / rents, and the Council could consider different options for its capital investment programme in relation to their differential impact on the Council Tax / rents.

Indicators included in Treasury Management Strategy

The Council's treasury management strategy and annual plan for 2016/17 will include the following:

- The Council has adopted the CIPFA Code of Practice for Treasury Management in the Public Services;
- It is recommended that the Council sets an upper limit on its fixed interest rate exposures for 2016/17, 2017/18, 2018/19, 2019/20 and 2020/21 of 100% of its net outstanding principal sums;
- It is further recommended that the Council sets an upper limit on its variable interest rate exposures for 2016/17, 2017/18, 2018/19, 2019/20 and 2020/21 of 75% of its net outstanding principal sums;
- This means that the Acting Executive Director of Resources / Head of Finance will manage fixed interest rate exposures within the range 25% to 100% and variable interest rate exposures within the range 0% to 75%. This reflects the need for a high level of liquidity to assist in managing counterparty exposure in the current market environment;

-It is recommended that the Council sets upper and lower limits for the maturity structure of its borrowing as follows.

Amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate:

	Upper Limit	Lower Limit
	%	%
under 12 months	25	0
12 months and within 24 months	25	0
24 months and within 5 years	50	0
5 years and within 10 years	75	0
10 years and above	100	20

The maximum total principal sum which may be invested with a maturity of up to 3 years is £100m.

In relation to Gross and Net Debt, the Council will continue its current practice of monitoring throughout the year that the projected Gross Debt position for the financial year does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.

Treasury Management Policy Statement – The City of Edinburgh Council

The City of Edinburgh Council

Treasury Management Policy Statement

Summary

The Council has adopted the CIPFA Code of Practice on Treasury Management in the Public Services. As part of the adoption of that code, the Council agreed to create and maintain, as the cornerstones for effective treasury management:

- a Treasury Management Policy Statement (TMPS), stating the policies and objectives of its treasury management activities; and
- suitable Treasury Management Practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

This document outlines the Council's Treasury Management Policy Statement which provides a framework for the Council's treasury management activities. Any reference in the Treasury Policy Statement to the Chief Financial Officer should be taken to be any other officer to whom the Chief Financial Officer has delegated his powers.

Approved Activities

The Council defines its treasury management activities as:

“The management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.

Subject to any legal restrictions, this definition covers the following activities:

- arranging, administering and managing all capital financing transactions
- approving, arranging and administering all borrowing on behalf of the Council
- cash flow management
- investment of surplus funds
- ensuring adequate banking facilities are in place, negotiating bank charges, and ensuring the optimal use by the Council of banking and associated facilities and services

The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Council.

The Council also acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

Treasury Management Strategy

The treasury management strategy for the cash fund is to:

- Secure both capital and revenue funding at the lowest cost in the medium term; and
- ensure that surplus funds are invested in accordance with the list of approved organisations for investment, minimising the risk to the capital sum and optimising the return on these funds consistent with those risks

Approved Sources of Finance

Finance will only be raised in accordance with legislation and within this limit the Council has a number of approved methods and sources of raising capital finance. No other instrument other than those listed below may be used

- Bank Overdraft
- Temporary Loans
- Loans from the Public Works Loan Board and other government bodies
- Loans from the European Community institutions
- Long-Term Market Loans
- Bonds
- Stock Issues
- Negotiable Bonds
- Internal (such as Capital Receipts, capital income from third parties and Revenue Balances)
- Commercial Paper
- Medium Term Notes
- Finance and Operating Leases
- Deferred Purchase Covenant Agreements
- Government and European Community Capital Grants
- Lottery Monies
- Public and Private Partnership funding initiatives

Permitted Instruments

Where possible the Chief Financial Officer will manage all of the Council's temporary surplus funds together and invest them using the Council's Treasury Cash Fund. The investment restrictions contained in the Treasury Cash Fund Policy Statement therefore apply to the City of Edinburgh Council's monies.

However small operational balances will need to be retained with the Council's bankers, and in other cases – such as devolved schools – relatively small investment balances may be operated locally. Some allowance for temporary deposits has therefore been made.

In addition, the Council has some non-cash investment types and these are also included in the Policy Statement.

The Head of Finance may invest monies in accordance with the Council's requirements only by using the following instruments:

- (a) Temporary deposit with an approved institution of the Bank of England or with any other approved organisation for investment (see below)
- (b) Money Market Funds
- (c) Debt Management Office's Debt Management Agency Deposit Facility
- (d) Investment Properties
- (e) Loans to Other Organisations
- (f) Investment in share capital of Council Companies and Joint Ventures
- (g) Loans to / investment in the Loan Stock of Council Companies
- (h) Investment in Shared Equity Housing Schemes
- (i) Investment in the Subordinated Debt of projects delivered via the "HubCo" model

Approved Organisations for Investment

The approved counterparty limits are as follows:

- (a) *The Council's bankers with no limit.*
- (b) *DMO's DMADF with no limit.*
- (c) *AAA Money Market Funds with no limit.*
- (d) *financial institutions on the Bank of England's authorised list where the lowest of their long term ratings from the three main Credit ratings agencies, S&P, Moodys and Fitch is the equivalent of A- or above up to a maximum of £10 million per institution*
- (e) *building societies where the lowest of their long term ratings from the three main Credit ratings agencies, S&P, Moodys and Fitch is the equivalent of A- or above up to a maximum of £5 million per institution.*
- (f) *Subordinated debt of projects delivered via "HubCo" model up to a maximum of £1 million.*

In addition, there is no explicit limit at present for the non-cash investment types. However, it is anticipated that each specific investment of these types would be reported individually to Council and a full list of them will be contained in the Treasury Annual Report.

The investment risks and controls to mitigate those risks are outlined to the end of this document.

Policy on Delegation

Responsibility for the implementation and regular monitoring of the Council's treasury management policies and practices is retained by the Council.

The Council delegates responsibility for the execution and administration of Treasury Management decisions to the Chief Financial Officer who will act in accordance with the organisation's policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.

The Council nominates the Governance, Risk and Best Value Committee to be responsible for the ensuring effective scrutiny of the treasury management strategy and policies.

Reporting Arrangements

This will include, as a minimum, an annual strategy and plan in advance of the year, and an annual report after its close, in the form prescribed in its TMPs. The Head of Finance will report to the Council as follows:

- (a) A Treasury Strategy prior to the commencement of the financial year.
- (b) A mid-term report during the financial year
- (c) A Treasury Annual Report as soon as practicable after the end of the financial year.
- (d) Ad hoc reports according to need.

Type of Investment	Treasury Risks	Mitigating Controls
a. Deposits with the Debt Management Account Facility (UK Government) (Very low risk)	This is a deposit with the UK Government and as such counterparty and liquidity risk is very low, and there is no risk to value. Deposits can be between overnight and 6 months.	As this is a UK Government investment the monetary limit is unlimited to allow for a safe haven for investments.
b. Money Market Funds (MMFs) (low/medium risk)	Pooled cash investment vehicle which provides short term liquidity. It is difficult to effectively monitor the underlying counterparty exposure, so will be sparingly used.	Funds will only be used where the MMFs are Constant Net Asset Value (CNAV), and the fund has a “AAA” rated status from either Fitch, Moody’s or Standard & Pools.
c. Call account deposit accounts with financial institutions (banks and building societies) (Risk is dependent on credit rating)	<p>These tend to be moderately low risk investments, but will exhibit higher risks than the category (a) above. Whilst there is no risk to value with these types of investments, liquidity is high and investments can be returned at short notice.</p> <p>These will be used to provide the primary liquidity source for Cash Management</p>	<p>The counterparty selection criteria approved above restricts lending only to high quality counterparties, measured primarily by credit ratings from Fitch, Moody’s and Standard and Pools.</p> <p>On day to day investment dealing with this criteria will be further strengthened by the use of additional market intelligence</p>
d. Term deposits with financial institutions (banks and building societies) (Low to medium risk depending on period & credit rating)	The risk on these is determined, but will exhibit higher risks than category (a) above. Whilst there is no risk to value with these types of investments, liquidity is low and term deposits can only be broken with the agreement of the counterparty, and penalties may apply	<p>The counterparty selection criteria approved above restricts lending only to high quality counterparties, measured primarily by credit ratings from Fitch, Moody’s and Standard and Pools</p> <p>On day to day investment dealing with this criteria will be further strengthened by the use of additional market intelligence.</p>
e. Investment properties	These are non-service properties which are being held solely for a longer term rental income stream or capital appreciation. These are highly illiquid assets with high risk to value (the potential for property prices to fall).	Property holding will be re-valued regularly and reported annually with gross and net rental streams.
f. Loans to third parties, including soft loans	These are service investments either at market rates of interest or below market rates (soft loans). These types of investments may exhibit substantial credit risk and are likely to be highly illiquid.	Each third party loan requires Member approval and each application is supported by the service rational behind the loan and the likelihood of partial or full default.
g. Loans to a local authority company	These are service investments either at market rates of interest or below market rates (soft loans). These types of investments may exhibit significant credit risk and are likely to be highly illiquid.	Each loan to a local authority company requires Member approval and each application is supported by the service rational behind the loan and the likelihood of partial or full default.

h. Shareholdings in a local authority company	These are service investments which may exhibit market risk and are likely to be highly illiquid.	Each equity investment in a local authority company requires Member approval and each application will be supported by the service rational behind the investment and the likelihood of loss.
i. Investment in Shared Equity Schemes	These are service investments which exhibit property market risk and are likely to be highly illiquid, with funds tied up for many years.	Each scheme investment requires Member approval and each decision will be supported by the service rational behind the investment and the likelihood of loss.
j. Investment in the Subordinated Debt of projects delivered via the "Hubco" model	These are investments which are exposed to the success or failure of individual projects and are highly illiquid	The Council and Scottish Government (via the SFT) are participants in and party to the governance and controls within the project structure. As such they are well placed to influence and ensure the successful completion of the project's term

The City of Edinburgh Council

Treasury Cash Fund

Treasury Management Policy Statement

Summary

The Council operates the Treasury Cash Fund on a low risk low return basis for cash investments on behalf of itself, Lothian Pension Fund and other associated organisations. This Policy Statement covers the type of investments which are permitted for monies held with the Cash Fund and should be read in conjunction with the Treasury Policy Statement for the City of Edinburgh Council.

Approved Activities

The activity undertaken in the management of cash balances and their investment in cash and near cash instruments. In undertaking this activity, the key objective is the security of the monies invested. Accordingly, the investment types and counterparty limits below represent a prudent attitude towards the instruments with which and the institutions with whom investment will be undertaken.

Treasury Management Strategy

The treasury management strategy for the cash fund is to ensure that surplus funds are invested in accordance with the list of approved organisations for investment, minimising the risk to the capital sum and optimising the return on these funds consistent with those risks

Permitted Instruments

The Chief Financial Officer may invest monies in accordance with the Council's requirements only by using the following instruments:

- (a) Temporary deposit, Certificate of Deposit, collateralised deposit, structured deposit, commercial paper, floating rate note or Bonds with an approved institution of the Bank of England or with any other approved organisation for investment (see below)
- (b) UK Treasury Bills
- (c) Gilt-edged securities
- (d) Reverse Repurchase Agreements
- (e) Money Market Funds and Bond Funds
- (f) Debt Management Office's Debt Management Agency Deposit Facility

Limits on Investment

The approved limits on counterparties and investment types are as follows (where money limits and percentages are stated, the greater of the two should be applied):

- (a) DMO's DMADF, UK Treasury Bills and UK Gilts with no limit
- (b) UK local authorities with no limit.
- (c) other public bodies up to a maximum of £20 million per organisation.
- (d) The Council's bankers, where not otherwise permitted under (k) below, up to a limit of £20m on an overnight only basis other than when funds are received into the Council's bank account without pre-notification.

- (e) Money Market Funds with no limit in total but with no more than £30 million or 15% of the funds under management with any one Fund.
- (f) Bond Funds with no more than £20 million or 10% of the funds under management.
- (g) Supranational Bonds with a limit of £60 million or 20% of the fund in total.
- (h) financial institutions where the relevant deposits, CDs or Bonds are guaranteed by a sovereign government of AA or above up to a maximum of £60 million or 20 percent of the fund per institution for the duration of the guarantee in addition to the appropriate counterparty limit for the institution.
- (i) Local Authority Collateralised deposits up to a maximum of £30 million or 15 percent of the fund per institution up to a maximum of 5 years in addition to the appropriate counterparty limit for the institution.
- (j) Structured deposits up to a maximum of £20 million or 10 percent of the fund, subject to the appropriate counterparty limits for the institution also being applied.
- (k) financial institutions included on the Bank of England's authorised list under the following criteria:

Credit Rating	Banks Unsecured	Banks Secured	B. Socs. Unsecured	B. Socs. Secured
AAA	20% or £60m	20% or £60m	20% or £60m	20% or £60m
AA+	15% or £30m	20% or £60m	15% or £30m	20% or £60m
AA	15% or £30m	20% or £60m	15% or £30m	15% or £30m
AA-	15% or £30m	20% or £60m	10% or £20m	15% or £30m
A+	10% or £20m	15% or £30m	10% or £20m	10% or £20m
A	10% or £20m	15% or £30m	10% or £20m	10% or £20m
A-	10% or £20m	15% or £30m	5% or £20m	15% or £30m
BBB+	5% or £10m	5% or £10m	n/a	n/a
BBB or BBB-	5% or £10m	5% or £10m	n/a	n/a
None	n/a	n/a	n/a	n/a

The credit ratings quoted in the above table are for the financial institution, instrument or security provided and are the lowest of the relevant long term ratings from the three main Credit ratings agencies, S&P, Moodys and Fitch.

Time Limits

In addition to the monetary limits above, the following maximum time limits will be placed on investments:

Category	Max. Time Limit
20% of Assets Under Management / £60m	5 Years
15% of Assets Under Management / £30m	1 Years
10% of Assets Under Management / £20m	6 months
5% of Assets Under Management / £10m	3 months

In addition to the above limits, no more than 25% of assets under management will have a maturity greater than 1 year.

In considering an investment, consideration is given to a wide range of information, not simply the credit ratings of the institution being considered. This will include financial information on the institution, relevant Credit Default Swaps and equity pricing data, and the general macro-economic, market and sector background. The investment risks and controls to mitigate those risks are outlined to the end of this document.

Policy on Delegation

The Treasury Cash Fund is operated under the Council's Treasury Policy Statement and the delegations are defined in that document.

Reporting Arrangements

This will include, as a minimum, an annual strategy and plan in advance of the year, and an annual report after its close, in the form prescribed in its TMPs. The Head of Finance will report to the Council as follows:

- (a) A Treasury Strategy prior to the commencement of the financial year.
- (b) A mid-term report during the financial year.
- (c) A Treasury Annual Report as soon as practicable after the end of the financial year.
- (d) Ad hoc reports according to need.

Type of Investment	Treasury Risks	Mitigating Controls
a. Deposits with the Debt Management Account Facility (UK Government) (Very low risk)	This is a deposit with the UK Government and as such counterparty and liquidity risk is very low, and there is no risk to value. Deposits can be between overnight and 6 months.	As this is a UK Government investment the monetary limit is unlimited to allow for a safe haven for investments.
b. UK Treasury Bills (Very Low Risk)	These are marketable securities issued by the UK Government and as such counterparty and liquidity risk is very low, although there is potential risk to value arising from an adverse movement in interest rates unless held to maturity. Maturity at issue is only 1, 3 or 6 months so will be used mainly in the 1 to 3 month period to provide a high level of security but a better return than the DMADF in (a).	As this is a UK Government investment the monetary limit is unlimited to allow for a safe haven for investments.
c. UK Gilts (Very Low Risk)	These are marketable securities issued by the UK Government and as such counterparty and liquidity risk is very low, although there is potential risk to value arising from an adverse movement in interest rates unless held to maturity. There is a risk to capital if the Gilt needed to be sold, so should only be used on a hold to maturity basis as a proxy for a slightly longer maturity Treasury Bill	As this is a UK Government investment the monetary limit is unlimited to allow for a safe haven for investments. Would only be used on a hold to maturity basis at the very short end of the yield curve.
d. Deposits with other local authorities or public bodies (Very low risk)	These are considered quasi UK Government debt and as such counterparty risk is very low, and there is no risk to value.	Little mitigating controls required for local authority deposits, as this is a quasi UK Sovereign Government investment.
e. Money Market Funds (MMFs) (low/medium risk)	Pooled cash investment vehicle which provides short term liquidity. It is difficult to effectively monitor the underlying counterparty exposure, so will be used for only a small proportion of the Fund	Funds will only be used where the MMFs are Constant Net Asset Value (CNAV), and the fund has a "AAA" rated status from either Fitch, Moody's or Standard & Pools.
f. Bond Funds (low/medium risk)	AAA Rated Pooled cash investment vehicle investing in a range of Government, Financial Institutions and Government Bonds.	Fairly liquid vehicle investing in Bonds with a high average credit rating, will only be used for a relatively small proportion of the fund.
g. Call account deposit accounts with financial institutions (banks and building societies) (Risk is dependent on credit rating)	These tend to be moderately low risk investments, but will exhibit higher risks than the categories (a) to (d) above. Whilst there is no risk to value with these types of investments, liquidity is high and investments can be returned at short notice. These will be used to provide the primary liquidity source for Cash Management	The counterparty selection criteria approved above restricts lending only to high quality counterparties, measured primarily by credit ratings from Fitch, Moody's and Standard and Pools. On day to day investment dealing with this criteria will be further strengthened by the use of additional market intelligence.

<p>h. Term deposits with financial institutions (banks and building societies) (Low to medium risk depending on period & credit rating)</p>	<p>The risk on these is determined, but will exhibit higher risks than categories (a) to (d) above. Whilst there is no risk to value with these types of investments, liquidity is low and term deposits can only be broken with the agreement of the counterparty, and penalties may apply.</p>	<p>The counterparty selection criteria approved above restricts lending only to high quality counterparties, measured primarily by credit ratings from Fitch, Moody's and Standard and Poors</p> <p>On day to day investment dealing with this criteria will be further strengthened by the use of additional market intelligence.</p>
<p>i. Certificates of deposits with financial institutions (risk dependent on credit rating)</p>	<p>These are short dated marketable securities issued by financial institutions and as such counterparty risk is low, but will exhibit higher risks than categories (a) to (d) above. There is risk to value of capital loss arising from selling ahead of maturity if combined with an adverse movement in interest rates. Liquidity risk will normally be low.</p>	<p>The counterparty selection criteria approved above restricts lending only to high quality counterparties, measured primarily by credit ratings from Fitch, Moody's and Standard and Poors.</p> <p>On day to day investment dealing with this criteria will be further strengthened by the use of additional market intelligence.</p>
<p>j. Structured deposit facilities with banks and building societies (escalating rates, de-escalating rates etc.) (Low to medium risk depending on period & credit rating)</p>	<p>These tend to be medium to low risk investments, but will exhibit higher risks than categories (a) to (d) above. Whilst there is no risk to value with these types of investments, liquidity is very low and investments can only be broken with the agreement of the counterparty (penalties may apply).</p>	<p>The counterparty selection criteria approved above restricts lending only to high quality counterparties, measured primarily by credit ratings from Fitch, Moody's and Standard and Poors.</p> <p>On day to day investment dealing with this criteria will be further strengthened by the use of additional market intelligence.</p>
<p>k. Bonds (Low to medium risk depending on period & credit rating)</p>	<p>This entails a higher level of risk exposure than gilts and the aim is to achieve a higher rate of return than normally available from gilts. They do have an exposure to movements in market prices of assets held.</p>	<p>The counterparty selection criteria approved above restricts lending only to high quality counterparties, on a hold to maturity basis. Bonds may also carry an explicit Government Guarantee.</p>
<p>l. Floating Rate Notes (Low to medium risk depending on credit rating)</p>	<p>These are Bonds on which the rate of interest is established periodically with reference to short term interest rates.</p>	<p>The counterparty selection criteria approved above restricts lending only to high quality counterparties, measured primarily by credit ratings from Fitch, Moody's and Standard and Poors.</p> <p>Will be used in an increasing interest rate environment but only for a limited proportion of the portfolio.</p>
<p>m. Commercial Paper (Low to medium risk depending on credit rating)</p>	<p>These are short term promissory notes issued at a discount par. They entail a higher level of risk exposure than gilts and the aim is to achieve a higher rate of return than normally available from gilts. They do have an exposure to movements in market prices of assets</p>	<p>The counterparty selection criteria approved above restricts lending only to high quality counterparties, on a hold to maturity basis. They are relatively short maturity.</p>

	held.	
n. Secured Investments (relatively low risk due to dual recourse)	These include Reverse Purchase Agreements (Repo) and Covered Bonds issued by banks and building societies.	Both Repo and Covered Bonds provide opportunities to lower credit risk by having any exposure supported by an enhanced level of high quality collateral such as Gilts in the case of Repo. The lower credit risk is reflected in the Cash Fund being able to invest larger % or value amounts as shown in the criteria for financial institutions in (k).

Finance and Resources Committee

10am, Tuesday, 2 February 2016

Award, Extension and Transfer of Health and Social Care Contracts

Item number	7.4
Report number	
Executive/routine	
Wards	All

Executive summary

This report provides an update for Committee on work undertaken with a view to facilitating the good management of a number of health and social care contracts and grants. Based on the outcomes of this work, it makes recommendations to directly award 16 contracts, extend 3 contracts and allocate 7 contract budgets to the Health, Social Care and Housing Committee's grants portfolio.

Links

Coalition pledges	P12, P15, P30, P33, P36, P37, P43
Council outcomes	CP10, CO11, CO12, CO13, CO14, CO23,CO24,CO25
Single Outcome Agreement	SO2, SO4

Award, Extension and Transfer of Health and Social Care Contracts

Recommendations

To agree the:

- 1.1 direct award of contracts to the providers for total contract values and period listed in Appendix 1.
- 1.2 extension of contracts with the providers for the annual values and periods listed in Appendix 2.
- 1.3 budgets for contracts with the providers listed in Appendix 3 should be allocated to the Health, Social Care and Housing Committee's grants portfolio from 1 April 2016 and the future funding of related services should be the subject of grant application to that Committee.

Background

- 2.1 In September 2014 and May 2015 Finance and Resources Committee agreed the award or extension of a number of contracts, initially until 31 March 2016. These awards or extension of contracts were designed to allow time to explore potential alternative contractual solutions for night time support services, test market interest in the provision of post diagnostic support services for people with dementia, sensory disability services, specialist welfare rights and independent living advice services and for a provider to progress the disposal of property to allow it to re-design its service offer. This report details the outcome of work undertaken to ensure the good future management of contracts for these services and resulting recommendations.
- 2.2 In the intervening period, the Health, Social Care and Housing Committee agreed the grant funds at its disposal should be used to support the delivery of preventative and/or locality based services. In a separate decision, it also approved the commissioning strategy for the provision of day services to older people from black and ethnic minority (BME) communities and noted the recommendation to transfer existing contracts for these services to grants on the basis they provide preventative and/or locality based services. The Committee asked that the Finance and Resources Committee approval be sought to allocate remaining contract budgets in respect of the delivery of preventative, locality based and services for older people from BME communities to its grants portfolio.

- 2.3 The waiver of Council Standing orders is permitted where the circumstances of a proposed contract are covered by legislative exemptions, including where the nature of the market for the 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. In addition, a waiver can be requested where it is considered in Council's best interests to do so. It is on this latter basis that approval is sought to award the contracts listed in Appendix 1.
- 2.4 Section 10 of Council Standing Orders requires the approval of the Finance and Resources Committee in respect of the recommended extension of the contracts listed in Appendix 2.
- 2.5 In general terms Council Standing Orders indicate Committee approval should be sought in circumstances where it is proposed to change the status of a current contract to that of a grant, as in the case of the contracts listed in Appendix 3.

Main report

Direct Award of Contracts – to ensure safe night time staffing arrangements in a variety of care settings

- 3.1 As part of the whole system transformation of health and social care services carried out in response to the personalisation, self directed support and integration agendas, block contracts for the delivery of care and support at home services to adults with disabilities valued at £21,563,147 were dismantled in 2013. Of the total contract value, £19,226,502 was used to provide personal budgets to 631 service users. This meant that the Council no longer directly contracted for care and support services, providing maximum choice for service users.
- 3.2 Finance and Resources Committee noted in September 2014 that while the Council was committed to the personalisation of services, it had so far been unable to devise an affordable way of providing personalised budgets in respect of maintaining safe night-time support arrangements for service users living in houses of multiple occupancy and those operated on a core and cluster basis. Committee agreed the most economically advantageous option was that these should continue to be provided on a shared basis, where one worker would provide support to all service users living in a communal setting who required support during the night. Given the impracticality of seeking to tender for the separate provision of night-time services, as these are in all cases delivered by the same provider chosen by service users to provide their day time support, Committee approved the distribution of the remaining contract balance of £2,336,645, via the direct award of 20 contracts to a number of providers to maintain safe night time staffing arrangements. Contracts were awarded for a

period of two years from 1 April 2014. Finance and Resources Committee also agreed an increase in the rate paid for night time support in May 2015.

- 3.3 This initial contract period was intended to allow time to assess whether the implementation of the Social Care (Self Directed Support) Act 2013 in 2014, the ongoing publication of related Regulations and good practice guidance and developments in social work practice led to the identification of any other appropriate contractual solutions in respect of night-time cover.
- 3.4 Regulation and guidance relating to the implementation of self directed support legislation, published since 2014, has not recommended any alternative course of action in respect of the provision of night-time personal budgets. It is also the case that discussions with Scottish and English Councils about the issue have not led to the identification of alternatives to the direct award of contract approach adopted in Edinburgh but rather to other Councils following suit.
- 3.5 On the basis the direct award of contracts to maintain safe night time support arrangements continues to represent the best outcome for service users and at present continues to be the most cost effective solution for the Council, Committee are recommended to approve the award of contracts for three years in the amounts shown (a three year total of £8,182,764) to the providers listed at Appendix 1 for the period 1 April 2016 to 31 March 2019. This time will be used to look for efficiencies through the use of technology enabled care options and the trialling of possible alternative delivery models including, for example, peripatetic delivery.
- 3.6 Committee will wish to know funding has been secured to pilot a technology solution designed to reduce future reliance on the presence of an individual night worker in some care settings. Work on the pilot will start in 2016 and initial outcomes are due to be reported in 2017. While the pilot has the potential to deliver savings, these are likely to be realised over the longer term by offering alternatives to traditional forms of night time support to younger people making the transition from children's to adult services. For this reason the pilot's impact is unlikely to be realised until after the expiry of recommended contracts in 2019.

Direct Award of Contract - Dementia Post Diagnostic Service

- 3.7 The Edinburgh Dementia Post Diagnostic Support Service (the Service) is currently delivered through a contract with Alzheimer Scotland which was the subject of a waiver report in May 2013 and which is due to expire on 31 March 2016. The service supports around 300 people recently diagnosed with dementia for a period of up to one year.
- 3.8 This Service is a co production partnership development between the Council, NHS Lothian and Alzheimer Scotland in response to Scotland's National Dementia Strategy 2013 – 16 and an associated Scottish Government HEAT target.

- 3.9 The Commercial and Procurement Service issued a Prior Information Notice outlining the partnerships requirements beyond March 2016. The response demonstrated a lack of competitive interest in this Service. This is largely attributed to the current time limited funding period of two years.
- 3.10 On this basis, Committee are recommended to directly award a 2 year contract for the period 1 April 2016 to 31 March 2018 to Alzheimer Scotland for the amount listed in Appendix 1, to support continued service development and the delivery of positive outcomes for people newly diagnosed with dementia.
- 3.11 Committee will wish to know the Scottish Government plans to publish a new Dementia Strategy for the period 2017 – 2020 during 2016. It is hoped this will help clarify longer term financing arrangements for post diagnostic dementia support services.

Direct Award of Contract - Sensory Disability Services

- 3.12 In May 2015 Committee agreed the award of contracts to the Royal National Institute for the Blind (RNIB) and Deaf Action (DA) to deliver specialist statutory assessment and care management services on behalf of the Council to blind and/or deaf people for the period April 2015 to March 2016. These one year contracts, which together are currently valued at £569,775 per annum, were made to give the Council and its partners time to consider how best to organise the future delivery of sensory disability services and to test market interest in this area of work.
- 3.13 A co production exercise carried out in 2015 concluded the delivery of a truly integrated and cost effective sensory disability service would best be achieved through the letting of a single contract for the provision of all sensory disability services. This is intended to ensure a single, coherent service 'offer' is available to service users and to avoid the duplication of management and other costs associated with current service delivery arrangements.
- 3.14 The Commercial and Procurement Service issued a Prior Information Notice outlining the Council's sensory disability service requirements in November 2015. No credible notes of interest were received other than from RNIB and DA. Both incumbent providers indicated their willingness to work jointly on the delivery of any new contract.
- 3.15 Committee are recommended to agree the direct award of a single contract for the delivery of an Integrated Sensory Disability Support Service jointly to RNIB and DA, for the period 1 April 2016 to 31 March 2019, with an option to extend the contract for up to two further years, for the amount listed in Appendix 1.

Extension of Contracts - Disability Services

- 3.16 In May 2015 Committee approved the extension of Capability Scotland's (CS) contracts for the delivery of day services to people with disabilities at its E2 Centre until 31 March 2016 and at its New Trinity Centre until 30 September

2016. This was because a buildings based day service model no longer meets the needs of CS service users and intended to allow CS to progress the sale of both sites. CS plans to reinvest part of the proceeds from the sale of its property in a new 'hub' facility, around which people with disabilities will be helped to learn about and make use of the community facilities available to everyone.

- 3.17 CS have advised the Council that while the sale of both sites has been agreed in principle, for technical reasons they are unlikely to complete the sales until towards the end of 2016. To provide some degree of flexibility to CS around the sale completion date, Committee are recommended to agree an extension of CS contracts for services at E2 from 1 April 2016 for a period of up to 12 months and at New Trinity Centre from 1 October 2016 for a period of up to 6 months for the amounts listed in Appendix 2.
- 3.18 In May 2015 Committee approved the extension of a contract with the Lothian Centre for Inclusive Living (LCIL) until 31 March 2016. LCIL provides advice to people considering using Direct Payments and Personal Assistant (PA) payroll and other support to people who decide to do so. The purpose of the extension was to allow for a consultation and market testing exercise to be carried out as a means of determining the future procurement route for this service.
- 3.19 Market research has identified strong capacity in the provision of payroll support services but less in the delivery of advice to service users on the recruitment and employment of PA's and the delivery of an income maximisation service.
- 3.20 To allow the procurement of a payroll service provider to be progressed and for further co-production dialogue to take place with LCIL, service users and co funders East, Mid and West Lothian Councils, about the future delivery of this service, Committee are recommended to agree a further extension of contract for a period of up to nine months from 1 April 2016 for the amount listed in Appendix 2.

Transfers from Contract to Grant

- 3.21 The outcome of consultation and co production activity in respect of the delivery of services to older people from black and ethnic minority (BME) communities was the subject of report to the Health, Social Care and Housing Committee in September 2015. One of the outcomes of this work was a recommendation that as localised and/or preventative services, these should in future be funded via grant aid.
- 3.22 Health, Social Care and Housing Committee endorsed the report recommendations and referred the matter of transferring existing contract budgets to its grants portfolio to Finance and Resources Committee for decision. Committee are recommended to agree existing contract budgets, in the amounts detailed in Appendix 3, Part A, should be transferred to the Health, Social Care and Housing Committee grants portfolio from 1 April 2016 and the future funding of related services should be the subject of grant application to that Committee.

- 3.23 Changes in the management of Blood Borne Viruses (BBV), notably HIV/AIDS, during the last decade have required providers working in this area to adapt and/or re-design their service offer. As a result there is now a clear focus on the delivery of post diagnostic support and the provision of longer term support for those whose diagnosis is complicated by mental health and/or substance misuse issues. This has allowed the Council and Waverley Care, currently Edinburgh's only large scale provider of BBV services and specialist volunteer agency Positive Help, to agree significant changes in service design in recent years and to realise associated savings for the Council.
- 3.24 Given the fast changing nature of nature of BBV services and the likelihood that further advances in the management of BBV will require further and possibly radical change to service delivery arrangements, Committee are recommended to agree the existing contract budgets listed in Appendix 3, Part B should be transferred to the Health, Social Care and Housing Committee's grants portfolio from 1 April 2016 and the future funding of related services should be the subject of grant application to that Committee. This is intended to provide the flexibility the Council needs to react quickly to further medical developments and to focus its resources on the most needy among those affected by BBV.
- 3.25 During 2015 co production work with people with learning disabilities and other stakeholders was carried out to determine a service specification for the delivery of advice and advocacy support in respect of welfare rights, information about options for moving on from the family home and self directed support opportunities. On the basis the new specification requires these services are designed to prevent needs escalating, Committee are recommended to agree the existing budgets for contracts with the Family Advice and Information Resource and Edinburgh Development Group, listed in Appendix 3, Part C, should be transferred to the Health, Social Care and Housing Committee's grants portfolio from 1 April 2016 and the future funding of related services should be the subject of grant application to that Committee.

Measures of success

- 4.1 Arrangements are in place for the good management of all Health and Social Care contracts and grants.

Financial impact

- 5.1 The value of the contracts recommended for direct award for periods between 2016/19 is £9,669,240.

The value of the contracts recommended for extension in 2016/17 is £662,409.

The 2016/17 value of the contracts recommended for transfer to grants is £593,470.

- 5.2 With the exception of contracts/grants for the delivery of safe night time staffing arrangements and for dementia post diagnostic support, all others referenced in

the report have been subject to a minimum saving requirement of 10% of 2015/16 contract value over either a one or two year period. On this basis all have been appropriately budgeted for.

Risk, policy, compliance and governance impact

- 6.1 Approval of the report recommendations will ensure all contracts referenced in the report meet the requirements of Council Standing Orders.

Equalities impact

- 7.1 Report recommendations will have a positive equalities impact on a wide range of people affected by disability, dementia, frailty in old age, blood borne viruses and other health and wellbeing issues.

Sustainability impact

- 8.1 None directly arising from this report.

Consultation and engagement

- 9.1 Report recommendations are result of consultation and co production activity with service providers, service users, carers and other interested stakeholders.

Background reading / external references

Report on the findings of the consultation on the future of day services for older people from minority ethnic communities, Health, Social Care and Housing Committee, 17 June 2014

Award and Further Extension of Health and Social Care Contracts, Finance and Resources Committee, 30 September 2014

Award and Extension of Health and Social Care Contracts, Finance and Resources Committee, 13 May 2015

Impact on Providers of Recent Appeal Tribunal Judgement – Night Time Sleepover Costs, 13 May 2015

Transformation Requirements for Grant and Contract Payments to Third Parties in Health and Social Care, Health, Social Care and Housing Committee, 8 September 2015

Robert McCulloch- Graham

Chief Officer, Edinburgh Health and Social Care Partnership

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Appendix 1

Recommended direct award of contracts – to ensure safe night time staffing arrangements in a variety of care settings to the following providers and in the amounts shown for the period 1 April 2016 to 31 March 2019:

Provider	Total Contract Value (3 years)
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Finance and Resources Committee – 2 February 2016

Action Group	£ 666,132
Ark Housing Association	£ 901,578
Autism Initiatives	£ 893,067
Barony Housing Association	£ 153,060
Carr Gomm	£ 327,525
Community Integrated Care	£ 730,422
Freespace	£1,180,962
L'Arche	£ 379,470
Mears Care	£ 214,050
Places for People	£ 452,880
Richmond Fellowship	£ 568,305
SHARE	£ 509,361
Visualise	£ 335,265

Single Service Shared Night Cover FA	£ 870,687
Comprising: Crossreach	£ 161,295
Enable	£ 38,259
Garvald	£ 68,328
Leonard Cheshire Disability	£ 156,768
Link Living	£ 39,027
Penumbra	£ 120,291
Redcroft	£ 168,741
Redwoods	£ 70,158
Thistle	£ 47,820

Recommended direct award of contract for Dementia Post Diagnostic Service for the period 1 April 2016 to 31 March 2018 to:

Alzheimer Scotland	£215,483	2016/17
	£215,483	2017/18

Recommended direct award of contract for Sensory Disability Support Services for the period 1 April 2016 to 31 March 2019, with option to extend for a further two years to:

RNIB/Deaf Action	£541,287	2016/17
	£514,223	2017/19

Appendix 2

Recommended extensions of the contracts listed for the periods and amounts shown:

Provider	Annual Contract Value
Capability Scotland E2 Centre for a period of up to 12 months from 1 April 2016	£55,530
Capability Scotland Trinity Centre for a period of up to 6 months from 1 October 2016	£364,950
Lothian Centre for Inclusive Living for a period of up to 9 months from 1 April 2016	£241,929

Appendix 3

Part A – Recommended transfer of contracts to grants: providers of support to older people from black and ethnic minority communities

	2016/17	2017/18
Edinburgh Chinese Elderly Association	£ 82,137	£77,814

MILAN	£104,756	£99,242
NKS	£ 15,110	£14,315

Part B – Recommended transfer of contracts to grants: providers of Blood Borne Virus support services

Waverley Care	£220,228
Positive Help	£ 36,039

Part C – Recommended transfer of contracts to grants: providers of advice and information services to people with learning disabilities

Family Advice and Information Resource	£ 85,200
Edinburgh Development Group	£ 50,000

Finance and Resources Committee

10.00am, Tuesday, 2 February 2016

Review of the Implementation of the Homelessness Prevention Commissioning Plan and Extension of Contracts

Item number	7.5
Report number	
Executive/routine	Executive
Wards	All

Executive summary

The purpose of this report is to provide an update on the review of the pilot of Advice and Support services and to seek authority to extend the pilot and contracts for a range of services.

This report highlights:

- The progress made with the pilot of Advice and Support services
- The need to extend contracts beyond the 18 month pilot to allow time for the further testing of service provision and consideration of the procurement options for new services
- The need to extend contracts for the continued purchase of housing support for individuals outwith the pilot
- The need to extend the contract for a supported accommodation service.

Links

Coalition pledges	P11. P13. P14. P32. P36.
Council outcomes	C09. C10. C11. C13. C14. C16. C23. C25. C26
Single Outcome Agreement	S02. S04

Review of the Implementation of the Homelessness Prevention Commissioning Plan and Extension of Contracts

Recommendations

It is recommended that Finance and Resources Committee:

- 1.1 Notes the progress made with the review of the first year of the pilot of Advice and Support services.
- 1.2 Agrees to the extension of the Advice and Support pilot for a further nine months to 31 December 2016.
- 1.3 Agrees to the extension of six contracts for a maximum of a further nine months to 31 December 2016, with a break clause, to allow further testing of the approach, co-production of specifications and time for the procurement of new services.
- 1.4 Agrees to the extension of the contracts (spot purchase arrangements) with four providers for services to named individuals for a further nine months to 31 December 2016.
- 1.5 Agrees to the extension of the contract for Rowan Alba's Thorntree Street service for a further year to 31 March 2017.
- 1.6 Authorises the Contract Standing Orders to be waived, deemed to be in the Council's best interests to ensure continuity of support services.
- 1.7 Notes that a further report will be made to a subsequent meeting of the Finance and Resources Committee, which will report on the review of the pilot and future procurement options.

Background

- 2.1 The Homelessness Prevention Commissioning Plan, approved by the Policy and Strategy Committee on 6 September 2011, sets out the need to prevent homelessness wherever possible and the key outcomes that will prevent homelessness in Edinburgh. The Homelessness Prevention Commissioning Plan is part of the Council's wider City Housing Strategy 2012-2017.
- 2.2 On 30 September 2014, the Finance and Resources Committee agreed to the award of six contracts to a range of providers for the pilot of reshaped Advice and Support services. There are three contracts for housing support (provided on a consortia basis, which encompasses 13 partner organisations), one contract for a city-wide advice service, one contract for a city-wide mediation

service and one contract for a city-wide home management/food preparation service. Further detail is provided in Appendix 1.

- 2.3 The main purpose of the reshaped services is to provide short-term interventions to resolve housing crises and to prevent people becoming homeless.
- 2.4 The pilot was co-produced with existing voluntary sector providers and contracts were awarded for an 18 month pilot, commencing 13 October 2014 until 31 March 2016, with an option to extend for a further six months, which would enable the contract to run until 12 October 2016. A review of the pilot was also to take place to inform the extension and future procurement options.
- 2.5 On 27 August 2015, the Finance and Resources Committee also agreed to the award of additional contracts for the purchase of housing support on a longer term individual basis to run parallel to the pilot, i.e. from 13 October 2014 to 31 March 2016. These contracts are with Penumbra, Link Living, Health in Mind and Blackwood.

Main report

- 3.1 A review has been undertaken of the first year of the pilot, which focused on consortia working, service access and provision, the achievement of outcomes and the payments system to be based on outcomes.
- 3.2 While the review has demonstrated the overall success of the approach to preventing homelessness, there are a number of areas that require further testing and analysis. A further extension of the pilot would enable this work to be progressed and provide a more robust basis for the procurement of new services.
- 3.3 A key element of the pilot was to change the basis of contracting from block purchasing to a payment by outcomes approach. The first 12 months of the pilot were considered transitional and, although payment by outcomes was subsequently introduced, the methodology has not been fully tested. Concerns have been expressed by the providers as to the impact this could have on the financial viability of partners within the three consortia should there be insufficient demand for the service.
- 3.4 The other major factor in the design of future services is the development of the Council's four localities. This will require a reshaping of contracts and ways of working for the current three consortia and negotiation with the providers will be necessary to achieve a fair and equitable distribution of service/work/delivery.
- 3.5 The advice service, provided by Edinburgh Housing Advice Partnership (EHAP), currently operates on a city-wide basis and consideration will also have to be given to future configuration in relation to the four localities.
- 3.6 It would be beneficial for the piloting of advice and support services to be reshaped further in line with the Council's Transformation project. There is scope

for greater integration of services between the Council's direct provision, the neighbourhood support consortia and the advice service to ensure a more responsive joined up service to meet the needs of people who are at risk of homelessness. This will also help achieve best value for the Council.

- 3.7 The review has identified a number of areas which require further development and revision, and the intention is to coproduce this with the providers over the remainder of the pilot. This includes further work to clarify what is provided as a low level preventative service, a review of the lifeskills matrix and further revisions to the contract for advice services as necessary. There may also be additional work needed to ensure referrals for services are maximised to meet demand.
- 3.8 The relatively short duration of the pilot has limited the ability to test service effectiveness properly and it would be useful to be able to test this through the achievement of outcomes over a longer period.
- 3.9 The contracts for the pilot currently in place are for the period 13 October 2014 to 31 March 2016, with an option to extend for six months to 12 October 2016. However, a further three months extension to 31 December 2016 is required to fully test the approach and complete the procurement of services.
- 3.10 It is recommended that the Contract Standing Orders be waived as these contract extensions are deemed to be in the Council's best interests to ensure continuity of support services.

Procurement Options

- 3.11 Further work is now required, in collaboration with the providers, to revise specifications that will inform the future commissioning of services, following the conclusion of the pilot. Consideration is being given to the most appropriate route to co-produce the procurement of services while achieving best value for the Council and the best outcomes for people at risk of homelessness.
- 3.12 The findings of the review and consideration of future procurement options, will be reported to the next meeting of the Finance and Resources Committee.

Additional contract (spot purchase) arrangements

- 3.13 Additional housing support has been provided under contract with four providers in parallel to the Advice and Support pilot. This was considered necessary to allow continuity of support for people, mainly with mental health problems, for whom the move to short-term homeless prevention services was not appropriate.
- 3.14 Of the 133 people receiving support in October 2014, 19 support packages have ended as people have moved on from the services. The majority of these individuals have been in receipt of support for several years, including many from the Supporting People programme, and it anticipated that the numbers of people continuing to receive this support will reduce over time.

- 3.15 These contracts were approved by Finance and Resources on 27 August 2015 to cover the period 13 October 2014 to 31 March 2016. It is proposed that these are extended for a further nine months to complete the procurement of services in line with that for the Advice and Support pilot.
- 3.16 It is recommended that the Contract Standing Orders be waived as these contract extensions are deemed to be in the Council's best interests to ensure continuity of support services.

Supported Accommodation

- 3.17 The development of the Crisis and Complex work stream has prioritised the reshaping of support and outreach services. One supported accommodation service is also in the scope of this workstream: Rowan Alba's Thorntree Street. This service provides both housing support and care to vulnerable older people with a history of street drinking and is jointly funded by Health and Social Care.
- 3.18 The clients all have secure tenancies with Bield Housing Association and the service makes a valuable contribution by accommodating this group of people who have a range of social and health problems, with a history of homelessness and failed tenancies. It is not considered a priority to reshape the provision, but procurement options for the service will be explored in partnership with Health and Social Care and in line with the developments under the 'Inclusive Edinburgh' project.
- 3.19 The contract for this service was established under the Supporting People programme and has been renewed on an annual basis. The total annual value for the Thorntree Street service in 2015/16 is £270,100, which is made up of £166,435 from Services for Communities and £103,665 from Health and Social Care.
- 3.20 It is recommended that the Contract Standing Orders be waived as this contract extension is deemed to be in the Council's best interests to ensure continuity of the support service.

Measures of success

- 4.1 That the first year of the pilot demonstrates the success of reshaping services to work on a more focused, short-term basis to prevent homelessness; and that the initial findings of the review suggests the approach is working and will provide a sound basis for the future procurement of services.
- 4.2 That the continuation of four contracts provides longer term housing support for a number of vulnerable people in individual (spot purchase) arrangements in parallel with the Advice and Support pilot.
- 4.3 That the extension of the contract for the Thorntree Street service will allow continuity of provision for a vulnerable group with a background of homelessness and rough sleeping.

Financial impact

- 5.1 The value of the Advice and Support extension for the period 1 April 2016 to 31 December 2016 is £1,982,006, with a detailed breakdown provided in Appendix 2. This brings the total value of the contracts to £6,174,993.
- 5.2 To achieve the third tranche of savings (reduction of £2.3m over three years agreed by Council in February 2014), reductions have been agreed with providers for the extension period of the pilot. The savings due from the six month extension, as originally planned, are programmed to be £243,000, but can only be achieved with the approval of the current contracts extensions.
- 5.3 Further savings may be possible in the event of under-performance against contract as measured on a payment by outcomes basis.
- 5.4 The value of the individual (spot purchase) support extension for nine months would be up to a maximum of £324,375. This brings the total value of the contract to £1,010,817.
- 5.5 The value of the housing support contract extension for the Thorntree Street service will be £166,435 for 2016/17.

Risk, policy, compliance and governance impact

- 6.1 The pilot of reshaped Advice and Support services is a key element in the implementation of the Homelessness Prevention Commissioning Plan, which was approved by the Policy and Strategy Committee on 6 September 2011.
- 6.2 The majority of current contracts are with consortia leads (as referred to at 2.2 and given in detail in Appendix 1) and as such the Council no longer has a direct contractual relationship with the other providers who are partners or 'sub-contractors' in the consortia. While there is some risk attached to this, the partnerships are managed effectively by the leads under consortium agreements and these appear to be operating well.
- 6.3 Should the contract extensions not be agreed, these homeless prevention services could not continue to operate, and there would be a risk of an increase in people making homeless presentations to the Council.
- 6.4 There is a risk of challenge to continued award of business that exceeds the Regulated Procurement thresholds (currently £172, 514). These services do have some flexibility under the Part B services criteria about how awards are made and the anticipated level of interest from other member states. The impact of legislation changes from April 2016 will support the development of procurement options in the next report to Finance and Resources Committee.
- 6.5 The risk of challenge by alternative providers is still considered low while the pilot is in operation. However, there will be a full analysis of risk in response to

the procurement route chosen, and this will be included in the report to Committee at the appropriate time.

Equalities impact

- 7.1 An Equalities and Rights Impact Assessment was completed for the Homelessness Prevention Commissioning Plan and a further assessment was carried out in respect of the proposals for Advice and Support services. This will be updated as the pilot progresses.
- 7.2 The re-commissioning of advice and housing support services for people who are homeless or threatened with homelessness will have a positive impact in that they will receive help to find and retain a home, overcome poverty and access specialist health services. This will support the Council's duty to eliminate harassment of people who are homeless, especially people with a disability, addictions or from a minority ethnic background.
- 7.3 The majority of people receiving housing support under the additional (spot purchase) contract arrangements have mental health issues and the loss of these services would negatively impact on their rights and their ability to live independently in the community. Where appropriate, further assessments of need may be undertaken to ensure people have the service that best meets their needs.

Sustainability impact

- 8.1 There is no sustainability impact relating to these proposals.

Consultation and engagement

- 9.1 In 2013, the proposals for Advice and Support workstream were developed through collaborative consultation with current providers, potential providers, service users and stakeholders to develop the model. This was set out in a report to the Health, Social Care and Housing Committee on 12 November 2013.
- 9.2 Throughout this process, there has been ongoing consultation with Commercial and Procurement Services.
- 9.3 The management of the pilot has been overseen through regular meetings between the lead partners and the Council.

Background reading/external references

- [Homelessness Prevention Commissioning Plan, Policy and Strategy Committee, 6 September 2011](#)

- [Homelessness Prevention Commissioning Plan Update and Proposals for Advice and Support – referral from the Health, Social Care and Housing Committee, Finance and Resources, 28 November 2013](#)
- [Contract Award for Homelessness Prevention - Advice and Support Services Pilot, Finance and Resources Committee 30 September 2014](#)
- [Homeless Prevention - Advice and Support Additional Contracts, Finance and Resources Committee 24 August 2015](#)
- [Review of the Implementation of the Homelessness Prevention Commissioning Plan and Extension of Contracts, Finance and Resources Committee 27 November 2014](#)

Michelle Miller

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Links

Coalition pledges	<p>P11. Encourage the development of co-operative housing arrangements</p> <p>P13. Enforce tenancy agreements (council and private landlord) with a view to ensuring tenants and landlords fulfil their good conduct responsibilities</p> <p>P14. Strengthen Council housing allocation policy to give recognition to good tenants and to encourage responsible tenant behaviour and responsibilities</p> <p>P32. Develop and strengthen local community links with the police</p> <p>P36. Develop improved partnership working across the Capital and with the voluntary sector to build on the “Total Craigroyston” mode</p>
Council outcomes	<p>C09. Edinburgh residents are able to access job opportunities</p> <p>C10. Improved health and reduced inequalities</p> <p>C11. Preventative and personalised support in place</p> <p>C13. People are supported to live at home</p> <p>C14. Communities have the capacity to help support people</p> <p>C16. Well-housed – People live in a good quality home that is affordable and meets their needs in a well managed</p> <p>C23. Well engaged and well informed – Communities and individuals are empowered and supported to improve local outcomes and foster a sense of community</p>

Single Outcome Agreement

C25. The Council has efficient and effective services that deliver on objectives

C26. The Council engages with stakeholders and works in partnership to improve services and deliver on agreed objectives

S02. Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health

S04. Edinburgh's communities are safer and have improved physical and social fabric

Appendices

1. Advice and Support Pilot: Contracted Services
2. Contract values for the extension period 1 April to 31 December 2016

Appendix 1: Advice and Support Pilot: Contracted Services

CITY-WIDE ADVICE SERVICE

Edinburgh Housing Advice Partnership (EHAP)

Consortia lead: CHAI

Granton Information Centre
Move On
Changeworks
Foursquare

MEDIATION SERVICE

Cyrenians

CITY-WIDE HOME MANAGEMENT AND FOOD PREPARATION SERVICE

Cyrenians

NEIGHBOURHOOD HOUSING SUPPORT

West Integrated Services for Homelessness (WISH) –

South West and West Neighbourhood Offices

Consortia lead: Foursquare

Blackwood
CHAI
Home Scotland
LinkLiving
Penumbra

Homelessness Prevention Service – South and East Neighbourhood Offices

Consortia lead: Cyrenians

Crossreach
CHAI
Health in Mind
Penumbra

Gateway Visiting –

North and City Centre Leith Neighbourhood Offices

Consortia lead: Bethany

Blackwood
Cyrenians
Move On
Penumbra
Rock Trust
Salvation Army

Appendix 2. Contract values for the extension periods

Provider	Service	Contract Value (1/4/16 to 31/12/16)
CHAI	EHAP	£225,178
Cyrenians	Home Management & Food Prep	£43,278
Cyrenians	Mediation	£59,922
Bethany	Gateway	£553,638
Cyrenians	HPS	£547,987
Four Square	WISH	£552,000
	Total	£1,982,006

Provider	Service	Contract Value (1/4/16 to 31/12/16)
Blackwood Care	Spot purchase housing support	£34,719.10
Health in Mind	Spot purchase housing support	£112,499.80
Link Living	Spot purchase housing support	£35,973.40
Penumbra	Spot purchase housing support	£141,182.40
	Total	£324,375

Provider	Service	Contract Value (1/4/16 to 31/03/17)
Rowan Alba	Thorntree Street	£166,435

Finance and Resources Committee

10 am, Tuesday 2 February 2016

Award of contract - Furnishing and Furniture

Item number 7.6
Report number
Executive/routine
Wards

Executive Summary

This report seeks approval to appoint CF Services to supply and install furniture, white goods and soft furnishings to a range of accommodation types managed by the Council's Hostels and Temporary Accommodation Service (HTAS). The contract will also supply core furnished tenancy packages to Council tenants. This is administered by HTAS.

The contract will be for one year, with an option to extend for a further year.

The total contract value is £1,460,000 (including the option to extend). This is based on a calculation using 2014/15 spend data which includes a small percentage of non core purchases.

Links

Coalition pledges [P1](#)
Council priorities [CO1](#), [CO3](#), [CO5](#), [CO6](#), [CO10](#), [CO13](#)
Single Outcome Agreement [SO2](#), [SO3](#)

Award of contract - Furnishing and Furniture

1. Recommendations

- 1.1 It is recommended that Finance and Resources Committee approves the appointment of CF Services to supply the installation of furniture, white goods and soft furnishings to a range of accommodation managed by the Council including temporary accommodation. The contract will also supply core furnished tenancy packages to Council tenants.

2. Background

- 2.1 The City of Edinburgh Council's Hostels and Temporary Accommodation Service (HTAS) provide temporary accommodation to fulfil the Council's statutory duty towards people who are homeless.
- 2.2 The Council provides temporary accommodation using a variety of accommodation types, and there is a requirement for a contract to provide a full furnishings package to temporary accommodation properties.
- 2.3 The provision of furnishing packages assists the Council to fulfil its statutory duties towards people who are homeless.
- 2.4 There are currently 410 dispersed flats and 207 hostel and supported accommodation rooms, all of which require furnishing, floor coverings and curtains to be supplied and fitted.
- 2.5 HTAS operate a core furnished tenancy scheme, which provides basic furniture packages to people who have been homeless and have secured a Council tenancy. The scheme assists in people to sustain their home and to avoid a cycle of repeat homelessness.
- 2.6 There are currently 2500 core furnished tenancies across all neighbourhoods in Edinburgh.
- 2.7 The scheme is self financing. The weekly charge is £10, with all receipts re-invested into the operation of the scheme, providing a repairs service, replacing items where required and create new core furnished tenancies. The charge is eligible for Housing Benefit.
- 2.8 The existing contract, which was awarded to CF Services following a procurement exercise, began on 15 May 2013 and expired on 31 May 2015, with the option to extend to 31 May 2017. The advice from Commercial and Procurement Services was to use the Scotland Excel framework for the

provision of household furnishings at the end of the contract in May 2015, rather than utilise the option to extend to 31 May 2017. The justification for using the Scotland Excel framework was that it would produce savings through increased buying power and economies of scale.

- 2.9 It was anticipated that moving to a framework contract would be a relatively quick process. However, the complexity of the contract and the need to ensure appropriate fire standards for all items meant the procurement exercise took longer than projected. The previous contract had an option to extend and because a procurement exercise was underway, the service was able to utilise the existing contract to ensure business continuity, whilst the re-procurement exercise was undertaken.

3. Main report

- 3.1 The Council is required to appoint one suitably qualified and experienced supplier to provide furnishings and furniture for temporary accommodation.
- 3.2 Commercial and Procurement Services conducted a mini competition on the Scotland Excel framework for the Supply, Delivery and Installation of Domestic Furniture including White Goods - contract reference number CT0438.
- 3.3 There were three suppliers on the Scotland Excel framework and all three were invited to submit a bid - CF Services (the incumbent supplier), The Furnishing Service and First Furnishings. Each supplier's quality score out of 30% was carried forward from the initial evaluation of this framework agreement and the remaining 70% was given to price.
- 3.4 The tender opportunity was published on Public Contracts Scotland on 2 September 2015 with a closing date of 23 September 2015. All three suppliers submitted a bid.
- 3.5 The pricing schedule was based on a basket of commonly purchased goods by HTAS. The values were totalled and the overall lowest total price obtained the full 70 points, which is the 70% allocated to price. All other bids were scored on a pro rata basis against the lowest bid. The quality scores carried forward from the original quality analysis were then combined with the scores for the cost analysis to reach a combined score for each tender submission.

3.6 The results are detailed in the table below.

Tender	Price Score %	Tendered Price (£)	Quality Score % (Carried forward from the original tender)	Overall Score %
CF Services	70	705,680	21	91
Bidder B	59.29	833,216	28	87.29
Bidder C	63.08	783,105	18.5	81.58

- 3.7 The bidder with the highest overall score, which represents the most economically advantageous tender, was CF Services.
- 3.8 The contract will be for a period of one year, which will begin on 1 March 2016 and run until 28 February 2017 with an option to extend for a further year until 28 February 2018.
- 3.9 The contract for the provision of these goods has an estimated annual value of £730,000, based on 2014/15 usage data with a total contract value of £1,460,000 if the option to extend is adopted.

4. Measures of success

Measures of success include:

- 4.1 Provision of a high quality responsive and cost effective service, which provides and installs a full range of household furnishings.
- 4.2 Installation of core furnished tenancy packages as and when required within specified timescales.

5. Financial impact

- 5.1 The contract for the provision of these services has an estimated annual value of £730,000, based on the Council's 2014/15 usage data, which includes a small percentage of non core item purchases.
- 5.2 In order to estimate savings, Commercial Procurement Services benchmarked a basket of goods on the most common items purchased. Through this benchmarking exercise, there is a potential saving of approximately 32% per

annum. This was established by comparing the previous contract with the recommended tenderer's submission on a like for like basis. Any savings are wholly dependent on the actual goods bought and will require monitoring.

- 5.3 The costs associated with procuring this contract are estimated at between £10,001 and £20,000.

6. Risk, policy, compliance and governance impact

- 6.1 HTAS will be responsible for the management of the new contract and will ensure the key performance indicators are met. This will mitigate any risk that the contract is not compliant with service requirements.

7. Equalities impact

- 7.1 An equalities and rights impact assessment was undertaken with due regard to the protected characteristics outlined in the Equalities Act 2010. There is no impact on equalities and rights as the service is available and open to anyone who is homeless.

8. Sustainability impact

- 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 ways set out below.
- 8.1.1 The supplier is required to make every effort to minimise the impact of the delivery of these services on the environment.
- 8.1.2 Shall use their best endeavours to achieve the efficient use of energy and, where possible, to maximise the use of biodegradable or recycled products.
- 8.1.3 Shall have an environmental policy to demonstrate compliance.
- 8.1.4 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.

9. Consultation and engagement

- 9.1 The specification for this service was written in consultation with HTAS.

10. Background reading/external references

10.1 None.

Michelle Miller

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11. Links

Coalition pledges	P1 - Increase support for vulnerable children, including help for families so that fewer go into care
Council priorities	CO1 - Our children have the best start in life, are able to make and sustain relationships and are ready to succeed CO3 - Our children and young people at risk, or with a disability, have improved life chances. 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. CO10 - Improved health and reduced inequalities CO13 - People are supported to live at home
Single Outcome Agreement	SO2 - Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health SO3 - Edinburgh's children and young people enjoy their childhood and fulfil their potential
Appendices	Appendix 1 – Summary of Tendering and Tender Evaluation Process

FR Committee 2 Feb 2016 Award of Contract - Furnishing and Furniture (2)

Appendix 1 - Summary of Tendering and Tender Evaluation Processes

Contract	Furnishings and Furniture for Temporary Accommodation
Contract period	1 March 2016 – 28 February 2018 –(including a one year optional extension) -
Contract value	£730,000 (£1,460,000 if the option to extend is adopted).
Standing Orders observed	2.7 Commercial and Procurement Manager provided resource to undertake tendering 3.2 Director has responsibility for all Contracts tendered and let by their Directorate 5.1 (b) Tenders evaluated on basis of most economically advantageous criteria 8.1 Procurement process conducted electronically via Public Contracts Scotland.
Portal used to advertise	www.publiccontractsscotland.co.uk
EU Procedure chosen	Mini Competition
Invitations to tender issued	3
Tenders returned	3
Tenders fully compliant	3
Recommended supplier/s	CF Services
Primary criterion	Most economically advantageous tender to have met the qualitative and technical specification of the client department
	Price 70%
	Quality 30%
Evaluation Team	Scotland Excel, Procurement and/or Technical Representatives from some of the Councils participating.

Finance and Resources Committee

10am, Tuesday, 2 February 2016

Support for Families where Children and Young People are Affected by Parental Substance Use - Award of Contract

Item number	7.7
Report number	
Executive/routine	
Wards	All

Executive summary

This report seeks the approval of the Finance and Resources Committee to award a contract following a competitive tendering process.

The term of the contract will be three years, with the option to extend for up to a maximum of two years.

Links

Coalition pledges	P1
Council outcomes	CP1 and CP2
Single Outcome Agreement	S02 and SO3

Support for Families where Children and Young People are Affected by Parental Substance Use - Award of Contract

Recommendations

It is recommended that the Finance and Resource Committee:

- 1.1 Approves the appointment of the following Providers for three years, with the option to extend for up to a maximum of two years:
 - 1.1.1 Circle (lead organisation) in partnership with CrossReach/Sunflower Garden.

Background

- 2.1 This report outlines the result of the procurement of the Support for Families where Children and Young People are Affected by Parental Substance Use (CAPSU) provision.
- 2.2 It is estimated that in Edinburgh there are 7,000 children affected by parental alcohol use and at least 2,173 affected by parental drug use; in 2013/14 parental alcohol / drug misuse was recorded as a contributing factor in 27% of child protection case conferences.
- 2.3 The key drivers for service redesign and change included the recommendations from the 2012 independent 'Assessment of need and review of services for children and families affected by parental substance misuse' undertaken by the Edinburgh Alcohol and Drug Partnership (EADP).
- 2.4 A particular driver has been the requirement to address the recommendation regarding the need to provide 'one service' for the City thereby ensuring integrated services and equity of access. Other drivers include addressing ease of access for service users by moving to a locality-based model aligned to adult recovery services.
- 2.5 Key principles informing the redesign have been an increased focus on early intervention and services for children in need, and support for families where there are high levels of risk and a strong likelihood of intervention.
- 2.6 Incumbent delivery organisations were informed early in the planning stages of intention to tender for a redesigned service and were involved in a Collaborative Group which approved the project plan and advised on key service development issues, including priorities for action /change and emerging issues and challenges.

Main report

- 3.1 The service will deliver a single coherent service focused on minimising harm and mitigating risks to children and young people by reducing the impact of parental substance use. There are two strands to the service: whole family support (where there are children aged 0-18 affected by parental substance use) and/or direct one-to-one work with children and young people aged 5-18.
- 3.2 This service was advertised using an open tender published on Public Contracts Scotland on 23 October 2015, resulting in 16 notes of interest. An open invitation was issued to organisations to attend a briefing event to ‘walk through’ the tender documentation and process. There were 3 tender submissions.
- 3.3 The supplier selection and award was based on a weighting of quality (70%) and price (30%). The quality assessment sought to identify specialist providers of services provided to vulnerable families, children and young people. Key to this is the ability to provide accessible services at a locality level; a focus on outcomes; and an overarching ability to support families to reach a point of stability to transition into mainstream activities and community services.
- 3.4 The qualitative criteria and evaluation, as set out below, specifically addressed the ability to meet the service specification.

Award Criteria	Weighting (%)
Service Delivery	35%
Management and Staffing	20%
Performance Management	15%
Partnership and Collaborative Working	15%
Implementation Plan	10%
Community Benefits	5%
Total	100%

- 3.5 The quality outcome (out of 100) was converted by applying 70% weighting to the final score; the pricing weighting was 30%, with the maximum 30% allocated to the lowest priced bid.

The scoring methodology is set out in Appendix 2. The resultant score for the Tender is as follows:

Provider	Quality (out of 70)	Price (out of 30)	£ (max potential value)	TOTAL	Position
Circle/CrossReach	59.50	28.50	2,096,825	88.00	1
Provider B	51.63	30.00	1,992,122	81.63	2
Provider C	42.00	27.12	2,203,722	69.12	3

- 3.6 The EADP Support Team and the Communities and Families Commissioning team will be jointly responsible for the contract management of the new contract. This will ensure oversight linked to adult treatment and recovery services as well as community services for children and families.

Measures of success

- 4.1 A successful tender process has been completed and is compliant with EU regulations and Contract Standing Orders.
- 4.2 The contract delivers the specification of requirements within the allocated budget.

Financial impact

- 5.1 The maximum potential value of the contract, including extension, is £2,096,825.
- 5.2 The contract value represents a saving of £24,167 per annum, compared to the allocated budget.
- 5.3 The costs associated with procuring this contract are estimated at £10,001 to £20,000.

Risk, policy, compliance and governance impact

- 6.1 The transition to the new service and implementation of the Contract will be managed by a lead officer within Communities and Families.
- 6.2 Ongoing contract monitoring and compliance, including performance management and management of risk will be overseen by Communities and Families Commissioning.

Equalities impact

- 7.1 A full equalities and rights impact assessment (ERIA) has been undertaken. The recommendations of the ERIA have been addressed.
- 7.2 There are no direct equality and rights impacts arising from this report.

Sustainability impact

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

Consultation and engagement

- 9.1 There was a clear consultation and engagement plan in place to gain feedback to inform the development of the service specification. A Collaborative Group was established involving service providers and key partner agencies. The Collaborative Group was actively involved in discussions advising on service development priorities, and emerging issues and challenges highlighted through consultation and engagement.
- 9.2 Discussions about service redesign and priorities took place within the EADP Children, Young People and Families Commissioning Group with representation from NHS Lothian and EVOC. There was also face-to-face engagement with key professionals in other service areas. The Principal Officer for Substance Misuse in Children and Families responsible for developing the service specification has shadowed existing service providers which included meeting clients accessing the family support services.
- 9.3 Two survey Monkey Questionnaires were developed to gather views from organisations / professionals and service users.
 - 9.3.1 150 responses received from professionals / organisations from range of services – schools, NHS (health visitors), social work, and voluntary organisations.
 - 9.3.2 Engagement with service users has been challenging. 9 responses received from service users, plus meeting with women attending at PrePare group.

Feedback from consultation and engagement helped to inform the requirements outlined in the service specification.

Background reading/external references

[Equalities and Rights Impact Assessment](#)

Alistair Gaw

Acting Executive Director, Communities and Families

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Links

Coalition pledges	P1 - Increase support for vulnerable children, including help for f care
Council outcomes	CP1 – Children and young people fulfil their potential CP2 – Improved health and wellbeing; reduced inequalities
Single Outcome Agreement	SO2 - Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health SO3 - Edinburgh's children and young people enjoy their childhood and fulfil their potential
Appendices	Appendix 1- Summary Tendering and tender evaluation Process Appendix 2 – Scoring Methodology

Appendix 1: Summary of Tendering and Tender Evaluation Processes

Contract	Children & Young People Affected by Parental Substance Use
Contract Period	1 April 2016 to 31 March 2019 with the option to extend for up to two years.
Estimated contract value	£ 419,365 (Annual) £2,096,825 (Total including extensions)
Standing Orders observed	Open Procedure
EC Directives	2004/18/EC
Tenders Returned	3
Tenders fully compliant	3
Recommended Provider/s	1
Primary Criterion	Most economically advantageous tenders to have met the qualitative and technical specification of the client department'
Evaluation criteria and weightings and reasons for this approach	Quality (70%) Price (30%); Quality was of higher importance due to the nature of the provision.
Evaluation Team	Council Officers

Appendix 2 – Scoring Methodology

Score	Description
0 Unacceptable	Nil or inadequate response. Fails to demonstrate an ability to meet the requirement.
1 Poor	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.
2 Acceptable	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.
3 Good	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.
4 Excellent	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.

Finance and Resources Committee

10am, Tuesday 2 February 2016

Extension of Short Residential Breaks at Barnardo's Caern Contract

Item number	7.8
Report number	
Executive/routine	
Wards	All

Executive Summary

This report is to request approval for a 24 month extension to the "Short Residential Breaks at Barnardo's Caern Contract". This extension request will also be submitted to the Convenor of the Finance and Resource Committee on the grounds of urgency, prior to the Committee Meeting, to request approval of uninterrupted care to the 25 children who currently attend the Caern Project for a short break.

Links

Coalition pledges	P1
Council priorities	CO1-CO6
Single Outcome Agreement	SO2, SO3

Extension of Short Residential Breaks at Barnardo's Caern Contract

1. Recommendations

- 1.1 It is recommended that the Finance and Resource Committee approve the extension of the "Short Residential Breaks at Caern" Contract for a total value not exceeding £650,000 to Barnardo's for ongoing provision of short breaks for the two year period from 1 April 2016 to 31 March 2018.

2. Background

- 2.1 The City of Edinburgh Council has commissioned services with Barnardo's Caern Project since 2003.
- 2.2 Barnardo's Caern Project offers regular short breaks to disabled children aged between five and 18 years old, to promote their social opportunities and to allow their families to have a short break from their caring responsibilities, thus helping prevent family breakdown.
- 2.3 A Service Level Agreement was in place with Barnardo's between 2003 and 2005 for the value of £620,000 per annum to deliver a short breaks service to up to 25 young people and their families by providing outreach support and by means of Caern's respite unit.
- 2.4 For the financial year 2005-2006 the block contract value of the service was changed to £700,000 per annum.
- 2.5 For the subsequent years from 2006 until 31st March 2015 the block contract value was £731,180 per annum. Barnardo's were commissioned to provide 30 to 35 placements per annum to disabled children who were assessed as eligible for short breaks away from their home.
- 2.6 The [Social Care \(Self-directed Support\) \(Scotland\) Act 2013](#) became law on 1 April 2014. This is a driver to how care support is delivered, arranged and reviewed and will have a significant impact on the future commissioning of services.
- 2.7 Following the implementation of this legislation, the Council entered into a more flexible one year contract with Barnardo's Caern Project for the year 2015-2016, to allow for potential reduction in provision due to families choosing to exercise self directed support options. The contract value reduced from £731,180 to

£509,040 and Caern were commissioned to provide support to 34 children who were currently using Caern under this Contract.

3. Main report

- 3.1 The [Social Care \(Self-directed Support\) \(Scotland\) Act 2013](#) places a number of duties on local authorities:
- 3.1.1 Children, young people and families must have as much involvement as they wish in both the assessment of their needs and the provision of any support to meet these needs.
- 3.1.2 The Council must offer children, young people and families who are eligible for social care support a choice of four mechanisms, referred to as the four options of self-directed support, through which their care and support needs can be met which meet agreed needs and outcomes:
- Option 1 – a direct payment – the money available to meet the child/young person’s needs is transferred to them in order for them to purchase and manage their own care
- Option 2 – the child/young person requiring support chooses the way in which their support will be provided and asks the Council or a third party to arrange it on their behalf
- Option 3 – the council chooses and arranges the support
- Option 4 – the child/young person’s needs and outcomes are met through a mix of the above options
- 3.1.3 The Council must provide a child/young person, and their family who will be offered the four options of Self-directed Support, an estimate of how much the Council thinks it will cost to meet their needs (indicative budget); this is the amount available to them and their social worker, or whoever is supporting them, to plan how their needs will be met and will achieve agreed outcomes.
- 3.1.4 The Council must facilitate the development of a diverse market with a variety of suppliers offering a wide range of services for families.
- 3.2 The Council has had to implement the new legislation for all new referrals and all reviews of existing service users taking place after 1 April 2014. Existing service users are continuing to be advised of their rights under the Self-Directed Support legislation, as part of the ongoing review process.
- 3.3 It is envisaged that all existing service users will have been transferred to one of the four options of Self-Directed Support within a period of five years (31 March 2019).

- 3.4 Currently services within Communities and Families are commissioned using a mixture of block contracts, grant awards and spot purchase agreements with a very small number of people receiving direct payments. Future commissioning, now requires a more flexible approach to meet the ever changing needs and demands of young people, their families or carers.
- 3.5 It is the budgets which have been previously and currently used to provide or procure these services, which will be allocated to individuals through the Funding Allocation System. In many cases, people will use their personal budgets to procure existing services, although in the future it is increasingly likely that people will choose to access different forms of support.
- 3.6 In 2015, the "Short Residential Breaks at Caern" contract was reviewed, with the aim of moving away from the previous block contract at an annual value of £731,180, to a more flexible contract, purchasing only what was required for the existing users of the service.
- 3.7 The Council entered into a further one year contract with Barnardo's Caern Project for the year 2015-2016. The contract value reduced from £731,180 to £509,040 and Caern were commissioned to provide support to 34 children under this Contract. This contract was authorised by the Head of Service for Children's Services.
- 3.8 This contract has been reviewed and, to promote the continuity of care and support for the remaining 25 children who still use the service and are yet to be reassessed, this service is still considered to be required. This report is requesting a further two year extension to this flexible contract. The contract is likely to reduce further in value over this period as it has already done so between 2014 and 2016. The extension will allow continuity of service to the remaining 25 young people whilst plans are set up to review their current supports.

4. Measures of success

- 4.1 Continuity of service to 25 children until such time that their assessment of need is updated and reviewed under the [Social Care \(Self-directed Support\) \(Scotland\) Act 2013](#) and they receive individual personal budgets with which to plan and choose their support.

5. Financial impact

- 5.1 The cost for 2016-2017 is estimated to be approximately £400,000 based on the costs for existing clients. This can be met from the existing Communities and Families Disability Budget.

- 5.2 The cost for 2017-2018 is estimated to be approximately £250,000 based on the costs of existing clients. This can be met from the existing Communities and Families Disability Budget.
- 5.3 As a child either leaves the service or is reviewed under Self-directed Support legislation, their individual package of support would be removed from the value of this contract, and any future supports that the child and their family choose would be arranged depending on their chosen option in line with legislation. Therefore, any reduction in the costs of the Barnardo's contract is re-invested to provide the alternative care packages agreed with children and their carers.
- 5.4 Should a family choose option 2 for continued support from Caern, this would be contracted on an individual basis.
- 5.5 There may be times that the Council will approach Barnardo's Caern to spot purchase in a crisis. This again would form an individual contract.

6. Risk, policy, compliance and governance impact

- 6.1 The extension of the contract enables the Council to maintain supports for 25 young people and allows time for reviews and assessments to take place over the next two years.
- 6.2 Should the service cease on 31 March 2016, 25 young people and their families will be without their current support and alternative supports would need to be found.
- 6.3 The sudden cessation of support would increase the risk of family breakdown and could lead to some children being accommodated or requiring significantly more expensive support packages.
- 6.4 The risks associated with not tendering this contract are low in comparison to the risk of 25 children and their families being without support on 1 April 2016, and the risks associated with removing the support service for which established relationships with vulnerable individuals is in place. There is also no current alternative provider who would be able to deliver this contract from 1 April 2016 and the reducing demand makes it an unattractive option for new markets.

7. Equalities impact

- 7.1 This extension will ensure continued provision of a service to 25 disabled children, for whom it would be difficult to secure alternative support within such short timescales.
- 7.2 There is an overall Equality Rights Impact Assessment (ERIA) which has been completed in respect of the Personalisation Programme which was established to monitor and support the implementation of the [Social Care \(Self-directed Support\) \(Scotland\) Act 2013](#) within the Council.
- 7.3 The fundamental principles of Self-directed Support are choice and control, enabling people to choose how to live their life and have control over the way in which their care needs are met. This extension will allow time for the current users of the service to be reviewed in line with these principles.

8. Sustainability impact

- 8.1 The impacts of this report have been considered in relation to the three elements of the [Climate Change \(Scotland\) Act 2009 Public Bodies Duties](#). There are no adverse environmental outcomes arising from this report

9. Consultation and engagement

- 9.1 Each family who currently have a child who uses Barnardo's Caern Project will be written to prior to the 1 April 2016 to have their allocated nights confirmed for the year 2016-2017. The letter will also inform them of the intention to review the support under Self-directed Support legislation and the process and timescales for undertaking this.
- 9.2 Regular meetings with the management at Caern to monitor and evaluate the contract will continue. These meetings will be held a minimum of six monthly and the contract is also monitored by monthly returns.
- 9.3 It is recognised by the Scottish Government and Audit Scotland that the implementation of the Self-directed Support legislation will take time and will continue to be developmental. In order to support ongoing consultation the following has been established:
 - 9.3.1 A Parents/Carers Checkpoint Group, meeting four monthly to discuss matters in relation to Self-directed Support.
 - 9.3.2 A newsletter has been developed and issued on a four monthly basis through a school-bag drop to all children who receive special or additional education services. The purpose of this newsletter is to keep children and

their families up to date with Self-directed Support and service developments.

- 9.3.3 A Market Place Event took place in March 2015 at The Yard for providers and families to come together, to provide information sessions and to develop market shaping alongside providers and families.
- 9.3.4 Support to providers through workshops to join our online directory Edinburgh Choices.
- 9.3.5 An online and paper consultation with parents and carers in February 2014 to inform future market shaping and information sessions on Self-directed Support.
- 9.3.6 Regular engagement and consultation sessions with providers who support children with a disability in Edinburgh to aid the implementation of the legislation and facilitate forward thinking in promoting a diverse and flexible market place for children and families in Edinburgh. This has included the establishment of a six monthly providers forum.
- 9.3.7 Presentations to established carers/parents groups across the city.

10. Background reading/external references

A Whole Systems Approach to Self-directed Support in Edinburgh

[National Self-directed Support Strategy 2010-2020](#)

[Social Care \(Self-directed Support\) \(Scotland\) Act 2013](#)

[Progress on the Implementation of Self-directed Support in Children and Families, Education, Children and Families Committee \(May 2014\)](#)

[Audit Scotland Report on Self-directed Support and associated documents \(June 2014\)](#)

Briefing Note for Elected Members Audit Scotland Report on Self-directed Support (June 2014)

Self-directed Support Self Assessment Checklist for Council Officers (June 2014)

National SDS Questionnaire to local authority SDS Leads (July 2014)

Assurance Review Report Personalisation Programme (February 2015)

Alistair Gaw

Acting Executive Director of Communities and Families

Finance and Resources Committee - 2 February 2016

11. Links

Coalition pledges

P1 – Increase support for vulnerable children, including help for families so that fewer go into care

Council priorities

CO1 – Our children have the best start in life, are able to make and sustain relationships and are ready to succeed

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 in need, 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 and young people's outcomes are not undermined by poverty and inequality

Single Outcome Agreement

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

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

Appendices

Finance & Resources Committee

10.00, Tuesday, 2 February 2016

21st Century Homes Small Sites Programme Delivery

Item number	7.9
Report number	
Executive/routine	Executive
Wards	All

Executive Summary

The purpose of this report is to seek Committee approval to place a project order with Willmott Dixon Construction Ltd using the Scape Group Ltd (Scape) framework, to enable the development of seven brownfield sites for affordable housing within a project target budget of £29.7m. Committee is also asked to agree to apply for Scottish Government grant funding to support the delivery of around 165 social rented homes on the sites with the remaining homes to be developed for Council mid market rent.

It is anticipated that around 246 energy efficient homes will be delivered across the seven sites within an estimated three year timescale. Development of the sites will deliver regeneration and community benefits as well as much needed affordable homes.

The principle benefit to the Council of using the Scape framework is immediate access to a pre-procured single contractor to deliver a rolling programme across the seven sites with significant time savings on procurement. The contractor is successfully delivering affordable homes and community benefits at the 21st Century Homes Pennywell development.

Links

Coalition pledges	P8, P9, P17
Council priorities	CO16
Single Outcome Agreement	SOA4

21st Century Homes Small Sites Programme Delivery

Recommendations

It is recommended that the Finance and Resources Committee:

- 1.1 Agrees to place a Project Order with Willmott Dixon Construction Ltd for the development of seven sites for affordable housing using the Scape framework.
- 1.2 Agrees a project budget of up to £29.7m for the small sites programme.
- 1.3 Designates the Director of Place to enter into Delivery Agreements for sites through Scape on condition that total costs for the programme do not exceed the project budget.
- 1.4 Agrees to apply for Scottish Government grant funding to support the delivery of around 165 homes for social rent across the sites.
- 1.5 Notes that progress with development of the sites will be reported to Health, Social Care and Housing Committee.

Background

- 2.1 On 13 February 2015, the Economy Committee approved the transfer of five sites, held on the General Fund, to the Housing Revenue Account (HRA) for the purpose of developing affordable housing. A further two sites held on the HRA were also considered to have potential to provide affordable homes.
- 2.2 On 16 June 2015, Health, Social Care and Housing Committee agreed to include the seven sites in the 21st Century Homes Programme and Robertson Construction Ltd (Robertson) was engaged, through the Scape framework, to carry out a feasibility study at no cost to the Council. Scape is a local authority-controlled company that set up a number of frameworks in respect of different works/services.
- 2.3 There are six delivery partners on the OJEU procured Scape National Framework. One of those, Willmott Dixon Construction Limited, is the delivery partner for major works projects over £2m in the UK. They have sub-contracted all of their construction works in Scotland to the Robertson Construction Group. The Council will, therefore have a Delivery Agreement with Willmott Dixon Construction Ltd, but through an assignment arrangement will operate on a day to day basis through the Robertson Construction Group (Robertson).
- 2.4 Robertson is the construction partner of the Urban Union consortium that is currently delivering 719 affordable and private homes in Edinburgh through a Development Agreement with the Council.

Main report

- 3.1 A feasibility study for the development of affordable housing on seven HRA sites has been carried out by Robertson. Appendix 1 shows the location of the sites and the estimated housing development capacity. The key outputs of the feasibility study for each site are: concept development plans, 3-D sketches, accommodation schedules, risk and cost plans. An overarching energy strategy has also been provided as well as a budget and programme for developing the sites. Consultation has taken place with the Council's Planning and Transport services regarding the urban context, development proposals and 'place making' principles for each site.
- 3.2 The total number of homes that Robertson considers to be feasible to deliver across the seven sites is 246. The development programme is based on when sites will be vacant and ready for development. It is estimated the programme will take approximately three years to deliver. The current assumption is that sites at Calder Gardens and West Pilton Grove will form the first phase of the development programme.
- 3.3 The energy strategy for the sites will minimise the energy required (and therefore costs to tenants) to heat the home with a 'fabric first' approach that exceeds the new Building Regulations 2015. The 'fabric first' approach is designed to minimise heat loss and ensures that fabric insulation is incorporated into construction elements that would be difficult and costly to upgrade in future. The specification for the homes includes: high levels of fabric insulation; wider than the traditional 50mm external wall cavities; high levels of air tightness; Photovoltaic PV Solar panels high energy efficient 'Energy Related Product (ERP)' compliant boilers with real time electricity resources display monitors.. The solar PV installation will achieve the required carbon reduction levels and also afford benefit to the tenants via generation and export of electricity to the Grid.
- 3.4 The feasibility of providing communal combined heat and power (CHP) systems was considered for the small sites. However, the capital costs would be approximately twice that of providing individual boilers along with PV solar panels. The preferred option of individual boilers with PV solar panels is expected to deliver similar levels of cost savings to tenants without the requirement for multiple plant facilities on small sites that are dispersed across the city.
- 3.5 It is proposed to deliver the small sites using the Scape framework. Robertson is successfully delivering affordable homes and community benefits at Pennywell. The Pennywell project is on budget and on programme and targets have been exceeded in relation to delivery of community benefits. Delivery of the programme through a framework will enable speedier delivery of sites and cost efficiency in the development and construction process.

- 3.6 Following Committee approval a project order will be placed with Scape to enable detailed designs and cost plans to be developed by Robertson for each site. The Council will only enter into a building contract for the delivery of a site when Planning Consent is in place and the Council's independent cost consultant certifies that the fixed price proposed by Robertson has been market tested and represents value for money for the Council.
- 3.7 It is proposed that the budget for the 21st Century Homes small sites programme will be capped at £29.7m. Progress with delivering the programme will be reported to the Council's 21st Century Homes Programme Board and Health, Social Care and Housing Committee.
- 3.8 Development of housing on the small sites will help accelerate housebuilding in the city, address demand for affordable homes and support the local economy. At Royston and Dumbryden, affordable homes will be developed alongside new Council care homes. This will complete the regeneration of the sites and contribute to the delivery of health and social care outcomes.

Measures of success

- 4.1 Delivery of 246 quality, energy efficient affordable homes on seven brownfield sites across the city.
- 4.2 Development of accessible homes, including 16 fully wheelchair accessible homes to meet a range of housing needs.
- 4.3 Development of affordable homes alongside Council care homes, delivering comprehensive regeneration and supporting the delivery of health and social care outcomes.
- 4.4 Community benefits include the creation of 4 FTE apprentices and sustaining 6 existing FTE apprentices, as well as engaging with local schools, colleges and universities to provide work placements, qualifications and site visits.
- 4.5 Time and cost saving in the housing development process

Financial impact

- 5.1 Robertson has advised that the estimated cost of design and construction of 246 homes on these sites as a package, under the Scape framework is £27.4m. The Council's independent cost consultant, the David Adamson Partnership (DAP), has reviewed the costs against market rates and previous 21st Century Homes tenders. Taking account of inflationary costs and 2015 Building Regulations, DAP has concluded that the average total construction cost, including preliminaries, of £96,482 is competitive and represents value for money for the Council. It is lower than those presented by Robertson for larger sites and lower than the average Registered Social Landlord cost of £98,000.
- 5.2 The total funding requirement for the Council is estimated at £29.7m which includes the sum paid to the contractor, planning contributions and the Council's project management costs. The costs can be contained within the HRA Business Plan.

- 5.3 Development of the small sites will be funded from borrowing on the Housing Revenue Account and available Scottish Government grant funding. It will be delivered as part of the 21st Century Homes housebuilding programme and is projected to make a positive contribution to the HRA over the lifetime of the business plan. .

Risk, policy, compliance and governance impact

- 6.1 Scape System Build Limited (Scape) is a local authority-controlled company that set up a number of frameworks in respect of different works/services. Local authorities may call-off relevant contractors from a particular framework thereby awarding the contract to a particular contractor. Willmott Dixon Construction have been appointed to the framework following an open procurement process. .
- 6.2 A gateway review process is in place for the Scape framework which enables approvals to be sought at key stages from the 21st Century Homes programme board, including approval to enter into Delivery Agreements for sites. The Scape Delivery Agreement incorporates a standard, fixed price building contract. Delivery Agreements will only be entered into if sites can be delivered within the Council's £29.7m budget and represents value for money.
- 6.3 In the event that sites cannot be delivered within budget and a decision was made not to enter into a Delivery Agreement, the Council would only be liable for meeting pre-construction costs; such as design costs and Planning fees.

Equalities impact

- 7.1 Development of 246 affordable homes on seven sites across the city will have a positive impact on equalities. New housing will be accessible and energy efficient with 10% of social rented housing suitable for wheelchair users.

Sustainability impact

- 8.1 Affordable housing will be developed on brownfield sites which have been earmarked for development for some time. The proposed new build homes will be built to high standards in terms of energy efficiency and sustainability and therefore reduce fuel poverty.

Consultation and engagement

- 9.1 Consultation took place in 2015 with community councils, Edinburgh Tenants Federation and ward Councillors regarding the opportunities these small sites offered for affordable housing development. There was a high level of support for the development of the sites.
- 9.2 Consultation will take place with communities and ward councillors on the proposals for each site as detailed designs are developed and prior to submission of planning applications.

Background reading/external references

10.1 <http://www.scapegroup.co.uk/about/>

Paul Lawrence

Executive Director of Place

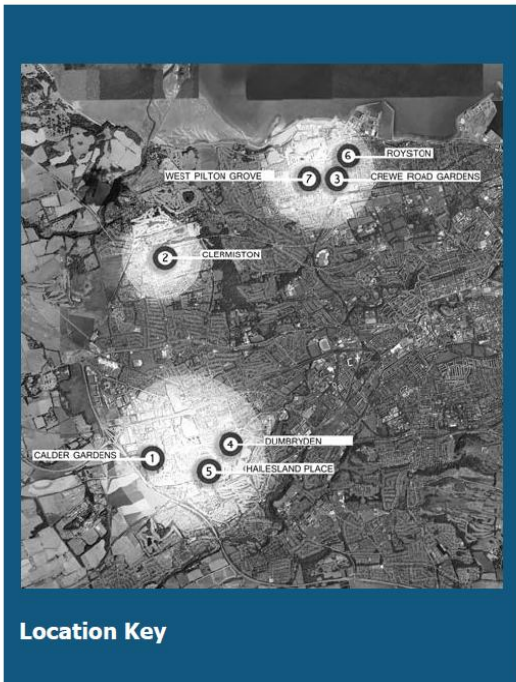
Contact: Elaine Scott, 21st Century Homes Programme Manager

E-mail: elaine.scott@edinburgh.gov.uk | Tel: 0131 529 2277

Links

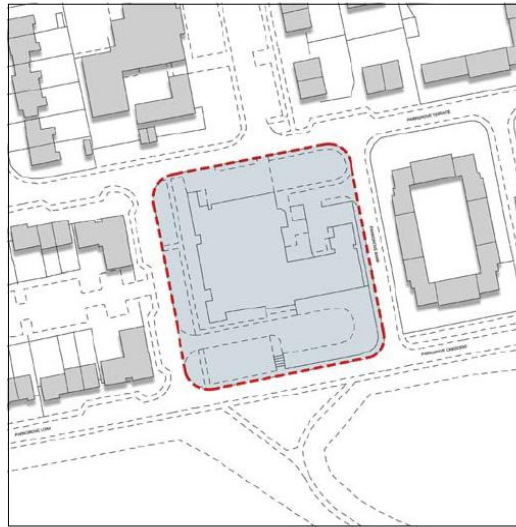
Coalition pledges	<p>P8 – Make sure the city’s people are well-housed, including encouraging developers to build residential communities, starting with brownfield sites.</p> <p>P9 – Work in partnership with Scottish Government to release more funds for Council homes for rent.</p> <p>P17 – Continue efforts to develop the city’s gap sites and encourage regeneration.</p>
Council priorities	<p>CO16 – Well-housed – People live in a good quality home that is affordable and meets their needs in a well managed Neighbourhood.</p>
Single Outcome Agreement	<p>SO4 – Edinburgh’s communities are safer and have improved physical and social fabric</p>
Appendices	<p>Appendix 1 - Locations and Indicative Capacities</p>

Appendix 1 - Locations and Indicative Capacities



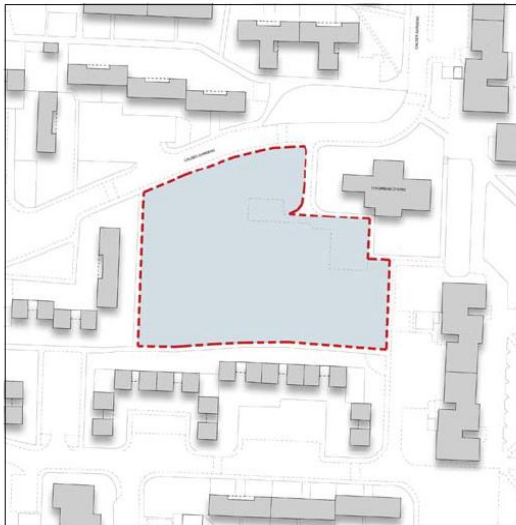
Location Key

Site 2: Clermiston - 44 Homes



0.48 ha (1.18 acres)

Site 1: Calder Gardens - 37 Homes



0.66 ha (1.63 acres)

Site 3: Crewe Road Gardens - 26 Homes



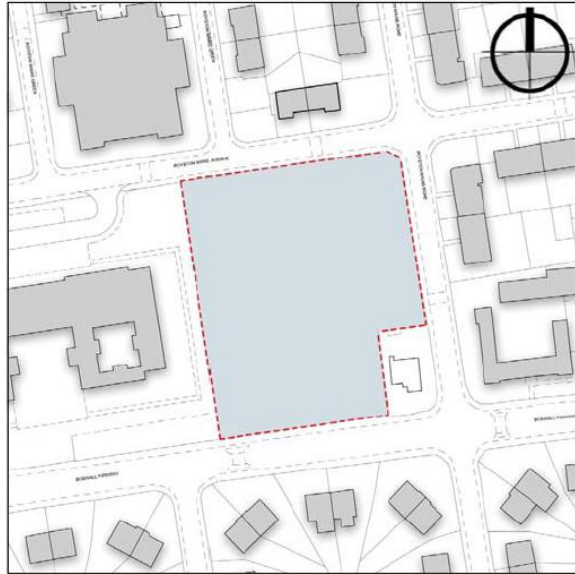
0.39 ha (0.96 acres)

Site 4: Dumbryden Drive - 34 Homes



0.42 ha (1.04 acres)

Site 6: Royston - 46 Homes



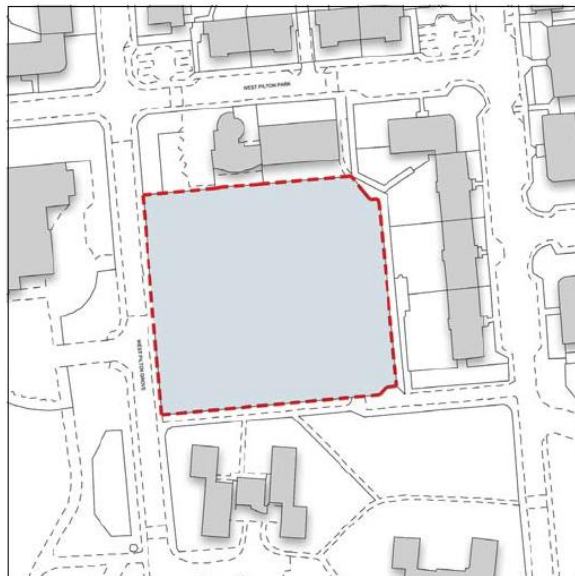
0.58 ha (1.42 acres)

Site 5: Hailesland Place - 30 Homes



0.41 ha (1.02 acres)

Site 7: West Pilton Grove - 29 Homes



0.45 ha (1.12 acres)

Finance and Resources Committee

10.00 am, Tuesday 2 February 2016

Redevelopment at Coatfield Lane – referral from the Health, Social Care and Housing Committee

Item number	7.10
Report number	
Wards	Ward 13

Executive summary

The Health, Social Care and Housing Committee on 26 January 2016 considered a report from the Executive Director of Place seeking approval to proceed with proposed plans for redevelopment of homes, garages and car park at Coatfield Lane.

Links

Coalition pledges	See attached report
Council outcomes	See attached report
Single Outcome Agreement	See attached report
Appendices	See attached report

Terms of Referral

Redevelopment at Coatfield Lane

Terms of referral

- 1.1 The properties at 1-9 Coatfield Lane and 13-31 Giles Street were built in the 1960s. In total there are 21 properties; five are privately owned and 16 are owned by the Council, four of the Council properties are occupied by tenants.
- 1.2 The Coatfield Lane properties consist of four one bedroom and seven two bedroom flats in a three storey block. The Giles Street properties are a single storey block made up of nine one bedroom flats and one three bedroom flat, built partly over a pond and partly over an underground car park.
- 1.3 The blocks are in poor condition and would require substantial investment to meet the Scottish Housing Quality Standard (SHQS). Bringing the properties up to SHQS would not represent value for money for the Housing Revenue Account.
- 1.4 There are 25 Council owned garages to the rear of these blocks, two of which are vacant. A number of the garages are leased to non-residents of the immediate area. The area around the garages is a frequent site of fly tipping and anti social behaviour and is a great concern to local residents. The underground car park covers a considerable area and has been securely closed off for a considerable period of time due to serious drug related anti social behaviour concerns.
- 1.5 The high levels of anti social behaviour in recent years have been challenging and resource intensive for the Leith Neighbourhood team. This along with property conditions and layout of the buildings has contributed to difficulties in letting the properties as prospective tenants were unwilling to reside in the blocks. The layout and design of the area is poor. An improved layout based on 'Secured by Design' principles would protect public safety and deter vandals.
- 1.6 A project team made up of officers from the Leith Neighbourhood office and the Regeneration team was formed in 2014 to consider options for the area.
- 1.7 Complete demolition of the site is the preferred option as this would allow all issues to be addressed fully and create a higher number of new sustainable homes to replace those demolished. This will contribute to meeting housing need and demand in the area. This approach was also the preference of Edinburgh Tenants Federation (ETF) and the majority of local residents who took part in consultation.
- 1.8 The Health, Social Care and Housing Committee agreed:
 - 1.8.1 To approve the demolition of the area, subject to compliance with the Edinburgh City Local Plan (ECLP) and the Scottish Historic Environmental Policy (SHEP).

- 1.8.2 To agree to receive a progress report on housing development proposals following completion of a capacity study.
- 1.8.3 Approves the re-housing of existing Council tenants.
- 1.8.4 To refer the report to the Finance and Resources Committee to seek approval of the purchase of five properties and for approval to end leases for 25 Council owned garages at 17 Coatfield Lane.

For Decision/Action

- 2.1 The Finance and Resources Committee is asked to approve the purchase of five properties and for approval to end leases for 25 Council owned garages at 17 Coatfield Lane.

Background reading / external references

Health, Social Care and Housing Committee 26 January 2016.

Carol Campbell

Head of Legal and Risk

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Links

Coalition pledges	See attached report
Council outcomes	See attached report
Single Outcome Agreement	See attached report
Appendices	See attached report

Health, Social Care & Housing Committee

10.00am, Tuesday, 26 January 2016

Redevelopment at Coatfield Lane

Item number

Report number

Executive/routine

Executive

Ward

Ward 13

Executive summary

This report seeks approval to proceed with proposed plans for redevelopment of homes, garages and car park at Coatfield Lane. There are 21 properties in two blocks at Coatfield Lane and Giles Street. Five properties are privately owned, four are rented to Council tenants and the remaining 12 Council properties are vacant.

The layout and design of these properties, and the surrounding garages and underground car park, contribute significantly to a high level of anti social behaviour in the surrounding area.

A project team was formed in 2014 to consider the options for the area and consultation has been undertaken with the local community. Demolition and future redevelopment for affordable housing were identified as being the preferred options.

A housing capacity study of the area is currently being undertaken, this study will form the basis of a delivery plan for the redevelopment of the site. Progress with re-housing residents and development proposals for the site will be reported to Committee within three committee cycles.

Links

Coalition pledges

[P8,P17](#)

Council outcomes

[CO10, CO16, CO19, CO21, CO23](#)

Single Outcome Agreement

[SOA4](#)

Redevelopment at Coatfield Lane

Recommendations

It is recommended that the Health, Social Care & Housing Committee:

- 1.1 Approves the demolition of the area, subject to compliance with the Edinburgh City Local Plan (ECLP) and the Scottish Historic Environmental Policy (SHEP).
- 1.2 Agrees to receive a progress report on housing development proposals following completion of a capacity study.
- 1.3 Approves the re-housing of existing Council tenants.
- 1.4 Agrees to refer this report to Finance & Resources Committee to approve the purchase of five properties and for approval to end leases for 25 Council owned garages at 17 Coatfield Lane.

Background

- 2.1 The properties at 1-9 Coatfield Lane and 13-31 Giles Street were built in the 1960s. In total there are 21 properties; five are privately owned and 16 are owned by the Council, four of the Council properties are occupied by tenants.
- 2.2 The Coatfield Lane properties consist of four one bedroom and seven two bedroom flats in a three storey block. The Giles Street properties are a single storey block made up of nine one bedroom flats and one three bedroom flat, built partly over a pond and partly over an underground car park.
- 2.3 The blocks are in poor condition and would require substantial investment to meet the Scottish Housing Quality Standard (SHQS). Bringing the properties up to SHQS would not represent value for money for the Housing Revenue Account.
- 2.4 There are 25 Council owned garages to the rear of these blocks, two of which are vacant. A number of the garages are leased to non-residents of the immediate area. The area around the garages is a frequent site of fly tipping and anti social behaviour and is a great concern to local residents.
- 2.5 Under the current lease arrangements, garage tenants can be given 30 days notice to vacate. Should Committee agree to the recommendations of this report, notice will be extended to 90 days prior to demolition to allow garage tenants additional time to relocate.
- 2.6 The underground car park covers a considerable area and has been securely closed off for a considerable period of time due to serious drug related anti social behaviour concerns.

- 2.7 The high levels of anti social behaviour in recent years have been challenging and resource intensive for the Leith Neighbourhood team. This along with property conditions and layout of the buildings has contributed to difficulties in letting the properties as prospective tenants were unwilling to reside in the blocks. The layout and design of the area is poor. An improved layout based on 'Secured by Design' principles would protect public safety and deter vandals.
- 2.8 The site is part of a direct thoroughfare between the recently improved and high footfall areas of Leith Walk / the Kirkgate and the Shore area, popular with local residents and tourists.
- 2.9 It is also in the middle of a high number of other Council housing properties, including two multi story blocks, managed by the Council's concierge service which includes estate management of the immediate surrounding area.
- 2.10 The area lies in the Leith Conservation Area, and under the SHEP. Conservation Area Consent is therefore required for demolition of unlisted buildings.
- 2.11 Prior to Conservation Area Consent being granted, policy ENV 5 of the ECLP requires a detailed planning application to be submitted for a replacement development which enhances or preserves the character of the area. The purpose of this is to avoid gap sites in conservation areas.

Main report

- 3.1 A project team made up of officers from the Leith Neighbourhood office and the Regeneration team was formed in 2014 to consider options for the area.
- 3.2 To help identify the options, an assessment of the buildings was carried out which led to two options being identified for improving the area:
 - Complete demolition of 13-31 Giles Street and 1-9 Coatfield Lane, the adjacent garages and underground car park and redevelopment of the site for affordable housing provision.
 - Demolition of four flats at 25-31 Giles Street built over the pond and refurbishment of the other properties. This would include extensive environmental works around the blocks.
- 3.4 The option of partial demolition and refurbishment of the remaining 17 properties would allow for the improvement of the buildings and some improvement to the external environment. However, this would not exploit the opportunities to use the underground car park and garage areas to increase the number of homes built, or address some of the Secured by Design and anti social behaviour issues.
- 3.3 Complete demolition of the site is therefore the preferred option as this would allow all issues to be addressed fully and create a higher number of new sustainable homes to replace those demolished. This will contribute to meeting housing need and demand in the area.
- 3.4 This approach was also the preference of Edinburgh Tenants Federation (ETF) and the majority of local residents who took part in consultation.

- 3.5 Re-housing of Council tenants and the purchase of five properties is required to proceed with redevelopment of the site and it is possible that this could take 12 to 18 months.
- 3.6 Due to the poor condition of the Giles Street properties, the Leith Neighbourhood Office is seeking alternative accommodation for the remaining tenants. All three tenants in this block have requested moves and suitable properties nearby are being sought. The one remaining Council tenant in the Coatfield Lane block will require to be re-housed if demolition and redevelopment are approved.
- 3.7 Smith Scott Mullan have been appointed to undertake a housing capacity study of the area, reflecting the SHEP and ECLP requirements, to establish the potential capacity of the site and to provide an estimate of the cost of construction. An initial assessment suggests that the site could be suitable for future development of up to 40 new homes; there are currently 21 homes in this area.
- 3.8 On completion of the capacity study, a delivery plan for the site will be developed and reported to the Health, Social Care and Housing Committee. The options to be considered for delivery are:
- Development by the Council's 21st Century Homes programme for affordable housing.
 - Disposal of the site to a Registered Social Landlord for affordable housing.
 - Disposal of the site on the open market for housing development.
- 3.9 A follow up report setting out progress with re-housing existing residents and development proposals for the site will be provided to Committee on 21 June 2016.

Measures of success

- 4.1 The existing site would be replaced with an increased number of new, sustainable homes. The surrounding area would be improved, creating a safer, cleaner and more pleasant environment for the local community.
- 4.2 Redevelopment of the site will provide new affordable homes which will:
- Increase the supply of energy efficient, cheap to heat homes on brownfield sites;
 - Bring in additional Council tax revenue;
 - Provide a positive effect on the local economy, through creating opportunities for local businesses as well as jobs in construction;
 - Provide opportunities for community engagement and co-operative approaches to the management of homes; and
 - Deliver an improved environment through 'place making' and reinstating the important and historic link from the Foot of the Walk through to the Shore, thus better integrating the development with the Leith community.

Financial impact

- 5.1 The total cost of demolition is estimated to be £350,000. This includes demolition of the 25 garages, 1-9 Coatfield Lane, 13-31 Giles Street and the underground car park to leave a cleared site.
- 5.2 In order to carry out the demolition, the Council needs to buy back five flats which will be concluded through negotiation with the owners. Valuations have not been carried out on these properties. The most recent sales are of 9/3 Coatfield Lane in June 2009 for £86,000 and 9/6 Coatfield Lane in December 2010 for £11,000 (this property was bought at auction). Funding is available within the HRA capital programme for buy backs and demolition.
- 5.3 There will be a loss of income to the General Fund of around £14,000 from rental of garages.
- 5.4 Development of new affordable homes on the site by 21st Century Homes would provide income to the Housing Revenue Account and additional Council tax revenue.

Risk, policy, compliance and governance impact

- 6.1 The demolition work will be carried out under an existing Housing Asset Management framework, so risk of additional costs from unforeseen circumstances are vastly reduced. Where variations are necessary, the contract provides defined agreed costs, so variations will have a known maximum price.
- 6.2 In the event that Committee chose to transfer the site to a Registered Social Landlord partner or private ownership for redevelopment, consent would be required from Scottish Ministers under Section 12 (5) of the Housing (Scotland) Act 1987.
- 6.3 Lease terms for garage tenants is a minimum of 30 days, however tenants will be given 90 days notice to relocate prior to demolition.
- 6.4 SHEP requires Conservation Area Consent for demolition of unlisted buildings in a Conservation area.
- 6.5 Policy ENV 5 of the ECLP requires a detailed planning application to be submitted for a replacement building which enhances or preserves the character of the area. Should Conservation Area Consent be granted it will be subject to assurances that demolition does not begin until Planning are satisfied that contracts have been agreed for the approved replacement development.

Equalities impact

- 7.1 Delivery of new homes will contribute to the three key Public Sector Equality Duties. The homes will contribute to improving the health, physical security, standards of living and the right to an individual, family or social life for the future tenants.

- 7.2 The project will deliver new, energy efficient and affordable homes. All homes will be built to modern Building Standards, which will help reduce fuel poverty in the city.
- 7.3 The 'Place Making' opportunity to deliver environmental improvements will significantly improve pedestrian access and movement in a high density area.
- 7.4 Consultation with the community and other stakeholders will continue throughout the duration of the project.

Sustainability impact

- 8.1 An environmental impact appraisal will be undertaken to identify potential risks. Mitigation measures will be built into any demolition contract to minimise the environmental impact to air, land and water.
- 8.2 Demolition and redevelopment will:
 - Deliver affordable homes on a brownfield site, reducing pressure on Edinburgh's green belt.
 - Provide energy efficient, sustainable homes that meet or exceed building standards.
 - Enhance the character of the Leith Conservation area.

Consultation and engagement

- 9.1 In November 2014, letters and questionnaires were sent to 250 residents in the area, including all residents of Linksvie House.
- 9.2 Residents were also invited to a consultation event that took place in St Marys Star of the Sea hall in December 2014. Around 25 residents attended the event with 11 in favour of demolition and a further 10 residents in favour of the area being developed but remaining open to how this is achieved.
- 9.3 Only four attendees were in favour of partial demolition and refurbishment with these residents mainly having concerns over a current lack of parking in the area.
- 9.4 A number of garage tenants also stated a preference for refurbishment as this would not affect their current garage lease.
- 9.5 Representatives from ETF visited the site in October 2014 and were in favour of the site being demolished and redeveloped for affordable housing.

Background reading/external references

[Policy Env 5 - Conservation Areas - Demolition of Buildings](#)

[Scottish Historic Environment Policy \(SHEP\) Guidance Note on Demolition](#)

Paul Lawrence

Executive Director of Place

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Links

Coalition pledges	P8 Make sure the city's people are well housed, including encouraging developers to build residential communities, starting with brownfield sites. P17 Continue efforts to develop the city's gap sites and encourage regeneration.
Council outcomes	CO10 Improve health and reduce inequalities. CO16 Well-housed – People live in a good quality home that is affordable and meets their needs in a well managed Neighbourhood. CO19 Attractive Places and Well Maintained – Edinburgh remains an attractive city through the development of high quality buildings and places and the delivery of high standards and maintenance of infrastructure and public realm. CO21 Safe – Residents, visitors and businesses feel that Edinburgh is a safe city. CO23 Well engaged and well informed – Communities and individuals are empowered and supported to improve local outcomes and foster a sense of community.
Single Outcome Agreement	SO4 Edinburgh's communities are safer and have improved physical and social fabric.
Appendices	N/A

Finance and Resources Committee

10.00am, Tuesday, 2 February 2016

Review of Council Depots Estate – Investment Strategy

Item number	7.11
Report number	
Executive/routine	
Wards	

Executive summary

The Council's depot estate has suffered, over many years, from a lack of maintenance investment. Consequently, much of the estate fabric is in poor condition, out of date and not optimised for service delivery. Accordingly, a strategic review of the depot estate has been undertaken that is aligned with the Council's Transformation Programme.

This report outlines how the depot estate is rationalised thereby releasing approximately £30m of investment into the retained estate and identifies the operational and property savings, and capital receipts, that will be applied to offset the cost of this investment. This much needed investment will help to create a consolidated, fit for purpose, depot estate to deliver more efficient and resilient services that are essential to the function of the City of Edinburgh. The report sets out the overall strategy, and seeks approval to proceed with a phased implementation programme.

It is now critical that the first phase of the strategy is implemented, being the development of a facility for Waste Services and Task Force to serve the east of the city, at Seafield, and also design work on new and upgraded facilities at Bankhead and Russell Road depots.

Coalition pledges	P44
Council outcomes	CO17
Single Outcome Agreement	SO4

Review of Council Depots Estate – Investment Strategy

Recommendations

- 1.1 That Committee:-
 - 1.1.1 Notes the significant backlog of maintenance and out dated facilities in the depots estate;
 - 1.1.2 Notes the potential opportunities for service improvement and savings that the review of the estate can deliver;
 - 1.1.3 Notes the requirement for new waste transfer stations to serve the city once the new Millerhill waste facility is operational;
 - 1.1.4 Notes the estimated capital cost associated with the upgrade of the depots estate and approve the principle that this is funded through the application of prudential borrowing and the capital receipts released as a result of the depots review;
 - 1.1.5 Approves the first phase of the construction of a new depot facility at Seafield to accommodate Waste Collection and Task Force services in the east of the City at a capital cost of £5.8m;
 - 1.1.6 Agrees to the commencement of design work for the remaining new facilities;
 - 1.1.7 Requests further reports on progress at gateway intervals once the strategy is implemented; and
 - 1.1.8 Refers this report to Council, on 4 February 2016, for approval of the prudential borrowing of £20.85m as outlined in this report.

Background

- 2.1 The Council's depot estate has suffered, over many years, from a lack of maintenance investment. Consequently, much of the estate fabric is in poor condition, out of date and not optimised for service delivery. Considerable intervention is necessary to address this issue and modernise the estate so that it is fit for future operational needs. Accordingly, a strategic review of the depot estate has been undertaken with the principal driver being to ensure the delivery of an affordable, modern, flexible estate resource, facilitating the efficient provision of services and generating long term property and operational savings, in line with the Council Transformation Programme.

2.2 The main over-arching objectives of the review are to:-

- Create long term savings through the reduction of the number of depots sites;
- Re-provide, extend and upgrade the retained estate to provide modern, fit for purpose facilities; and
- Provide supporting infrastructure for the operation of the new Zero Waste facility at Millerhill.

Main report

Current Position

3.1 The depots estate currently comprises 17 operational sites, two non-operational sites and the freehold for one further site. Their locations are illustrated in Appendix 1. In total, they deliver six main services as follows:

- Waste Collection;
- Fleet;
- Roads Services;
- Task Force;
- Parks and Greenspace; and
- Edinburgh Building Services (EBS)

3.2 While these services have some similarities, they have differing needs for service delivery relating to function, the scale of operations and the geographical customer base they serve.

3.3 The review process has identified several specific opportunities to generate efficiency savings, and has also highlighted the urgent need to address a significant backlog of repairs that has resulted in poor working conditions and inefficiencies in many depot operations. There is a need to significantly upgrade and modernise the depot estate to provide compliance and support better operational functionality.

3.4 Condition surveys, undertaken in 2012, identified over £7.8m worth of work needed for day to day repairs alone. Although the most urgent work has been addressed, there still remains a significant unbudgeted investment liability from outstanding works. The condition issues in many depot properties have become compounded over time and many of the problems can no longer be economically repaired. A strategic approach is needed to ensure that all work on the depot estate is delivered as part of a planned and comprehensive modernisation programme. A selection of photos showing example conditions of the current estate is attached at Appendix 2.

Future State

3.5 The review has set out to identify specific principles that are required to be fulfilled to ensure service levels can be maintained and improved. Through extensive consultation with the services, the following operational principles have been identified and adopted:

- Two depots for Waste (refuse collection and disposal operations) are required to serve the City – one for the west and one for the east - to optimise waste collection routing and also provide an element of service resilience, which is core to operational planning;
- The co-location dependency between Waste Services and Fleet (which provides a vehicle repair service to maintain the vehicles), no longer applies with the arrival of up to 27 new refuse collection vehicles throughout 2015. Fleet therefore can operate from a single site with minimal satellite facilities;
- Ideally, Waste Collection vehicle depots would also include waste bulking and tipping facilities. This is an important service principle following the opening of Zero Waste Millerhill, which will yield significant logistical benefits;
- Task Force require operational locations within the local community they serve to achieve optimum logistical efficiencies;
- The three current Roads depots are well located for providing an emergency response for strategic routes into the City (the A90, the A71 and the A7/A68); and
- Community Recycling would continue to operate from their three existing strategic sites, given the volume of domestic recycling waste and the Council's desire to support recycling initiatives.

3.6 A number of options were considered under the depots review which are summarised below.

Do minimum option

3.7 This option assumed that all existing operational depots would be retained and that current costs would continue going forward. Investment would be made to address essential repairs. This was not considered a viable option for the following reasons:

- The very poor condition of many depot properties could lead to potential health and safety risks to personnel;
- Business continuity - Potentially significant levels of service disruption though the loss of operational depot sites as a result of condition;
- Considerable investment would be required to maintain the status quo, which is currently unbudgeted, i.e., closures of existing sites are required to create the capital and revenue for reinvestment, which is not possible under this option; and

- Supporting infrastructure and changing logistical requirements following the introduction of transferring waste to Millerhill from 2018. The location of Millerhill at the south east of the city means that an additional waste transfer station serving the north west of the city is required as a minimum. The new location of the waste transfer station at Bankhead will considerably improve the current routing logistics for the waste service.

Super depot concept

3.8 This option considered bringing all the uses onto a single site, an option favoured by some other local authorities. However, it has been discounted for the following reasons:

- It significantly increases the logistical costs to the service due to staff 'down time' and transport costs to travel to the community to be served. Service operational costs are ten times the property costs (around £30m compared to £3m property running costs) and the financial case is very sensitive to locational choices.
- The size of site and level of investment required would be extensive. The overall size of the current depot estate, excluding Millerhill, is estimated to be 177,500m². This is made up of 60,000m² of internal space with 117,500m² of external space – principally hardstanding. Even a rationalised depot estate (assuming, for example, a reduction in total space of 50%) could not be accommodated by a single 'super depot' model without utilising large areas of land outwith the current depot estate, at a considerable cost. In addition to land costs this would require investment of around £85m for new facilities at current prices.

Service led option - Core and Satellite depots

- 3.9 The preferred strategy creates capital and revenue savings that are reinvested into a reduced but more modern, resilient and sustainable depot estate. Under this option, retained depots would be upgraded to address essential repairs, improve staff accommodation and welfare facilities, and provide additional facilities. The investment comprises a combination of new build, refurbishment and extension works. The new build investment centres around changes to the introduction of waste transfer by road to the new disposal facility at Millerhill, currently under development.
- 3.10 Retaining satellite depots provides a balance between operating more centres but decreasing operational travel costs and staff 'down time'. Over time, these issues could be mitigated through service redesign, increased collaboration with partners /other councils and the advancement of technological solutions such as vehicle telematics.
- 3.11 Waste Services are by far the largest service accommodated in the depot estate and the statutory obligations to deliver waste services, over a large geographical area, create very pronounced logistical challenges. Optimum depot location is

therefore critical in achieving efficiencies in service delivery, cost and service resilience.

- 3.12 The principles set out above have been translated into site specific strategies. Depots have been categorised as 'core', 'satellite', 'change potential' or 'surplus', and are described in Appendix 3, with the location of the retained sites illustrated in Appendix 4. The five core sites provide the key hubs across the city for depot services, supporting a multi service approach, based on a consolidation of services from other sites. In some cases they will require considerable new investment to provide the necessary level of accommodation to support all the services. The six satellite depots represent supplementary accommodation serving communities at the local level, and tend to make provision for single services.
- 3.13 As a result of the consolidation of services, up to eleven change or surplus potential sites are identified. These offer development potential, disposal in their entirety, or partial disposal following a consolidation of services to other depot locations.
- 3.14 All Edinburgh's food and residual waste will be managed at the Zero Waste Millerhill site, from early 2018. Given travel distances, a new waste transfer station, to tip waste, will be necessary to serve the north-west area of the city, before it is transferred to Millerhill for treatment. The strategy proposes that this station is located at Bankhead. The north-west area of the city currently has the highest level of service complaints, mainly caused by its distance from the current facility at Powderhall. The provision of a waste transfer station at Bankhead should see a significant improvement in customer satisfaction. A smaller scale waste building/transfer station is also proposed at Seafield to serve the north east, which will complement direct tipping at Millerhill in the east. In concentrating Waste Service proposals at Bankhead and Seafield, an anchor for the overall strategy of Core and Satellite depots approach is established.
- 3.15 In order to deliver the strategy significant investment in new facilities is required at the following sites:
- Seafield – New eastern city waste collection depot, Task Force (East) base, waste bulking/transfer station – this facility is required as soon as possible due to a lease termination for the current site in May 2016;
 - Bankhead - New western city waste collection depot, waste bulking transfer station, Task Force (South West) base, required to come on line before 2018; and
 - Russell Road – Consolidated single depot for Fleet Services including new taxi inspection centre, Passenger Transport vehicle services and new facilities for Task Force (City) (the investment here will be subject to the outcome of current reviews of fleet services and community transport).

- 3.16 The Council's recyclable waste service came in-house in November 2015, having been formerly run from a private facility. It is currently being run from the Russell Road depot. Options are being considered to include this facility at both Bankhead and Seafield which offer significant logistical advantages, cost savings and better sustainability of service delivery.
- 3.17 It is also proposed that there is a phased decant off the Murrayburn site, retaining only the existing, recently built, archive facilities. This may offer the opportunity to develop an enhanced storage facility here to release commitments elsewhere, and/or partial disposal. This will be considered under a separate business case.
- 3.18 In addition, key asset management upgrade works for the following retained 'satellite' depots are being progressed as part of a planned, comprehensive and long term modernisation process. The total value of this work is estimated at £2.1m, funding for which would be sourced from the Council's programme of asset management works, specifically for upgrading condition. These sites comprise:
- Blackford
 - Barnton
 - The Inch
 - Craigmillar
 - Inverleith
 - Burgess Road

Surplus sites

- 3.19 It is proposed to progress a disposal strategy around the following anticipated surplus depots. The release of these sites is dependent on related investment being made elsewhere in the estate to allow services to relocate.
- Powderhall
 - Longstone
 - Braehead
 - Murrayburn (part)
 - Cowan's Close
 - Balcarres Street (sold in 2015)
 - Granton (proposals are with Housing & Regeneration)
 - Peffer Place – alternative potential uses of this site being evaluated
 - Stanley Street - alternative potential uses of this site being evaluated

Timescales

- 3.20 Given the level of investment required in the remaining depot sites, it is expected that the strategy, set out in this report, will take three to four years to deliver. Timescales for each element of the strategy will be developed as part of the detailed business case for each of the sites. The strategy will be delivered on a phased basis of investment as follows:

Phase 1 - implement the development of an eastern waste collection depot, and base for Task Force East at Seafield in 2016 for business continuity reasons. Commence design work for the redevelopment of the Bankhead facility and a waste transfer station at Seafield to come on stream in line with the operation of Zero Waste at Millerhill before 2018. Commence design work for the redevelopment of Russell Road.

Phase 2 - implement development of the waste bulking transfer station at Seafield, and redevelopment of Bankhead for new western waste collection depot, waste bulking transfer station and base for Task Force (south west).

Phase 3 – implement single depot for Fleet Services including new taxi inspection centre, passenger transport vehicle services and new facilities for Task Force (City) at Russell Road.

Phases 1 to 3 – implementation of asset management works to upgrade retained satellite depots.

Next steps

- 3.21 This report sets the strategy for all the Council's depots sites and provisional costing and valuation details. The next steps will be to implement Phase 1 and to progress the development of detailed business cases for each depot site and ensure that the proposals remain within the overall strategic and financial parameters outlined in this report. The key sites to allow the consolidation to commence are Seafield (as described above) Bankhead and Russell Road. It is proposed to progress to outline design for the development of the facilities at Bankhead and Russell Road, and the second phase of Seafield, with a view to developing the detailed business case. It is proposed to report further to Committee at appropriate gateway intervals, on the development of the strategy.

Detail on the Development of a Depot at Seafield

- 3.22 The most urgent requirement is the development of a new depot facility at Seafield for Waste Collection (East) and Task Force (East). These services are currently located on a leased site at Baileyfield, rented from Standard Life. The lease expires in May 2016, and the landlord has confirmed that no extension to the lease will be possible. Accordingly, design work has already been initiated for the Seafield site to provide accommodation necessary for these services.
- 3.23 It is proposed that a phased approach is developed for Seafield, providing accommodation essential to maintain the delivery of the service as a first phase, including staff welfare, hardstanding for vehicular parking, access road upgrade and covered parking facilities. This has been costed at £5.8m. A second phase would deliver the longer term waste transfer station requirements, costed at £3.2m.
- 3.24 The design for the first phase has been developed to an outline design stage, which is sufficient to submit a planning application. The design has been undertaken through the Council's framework with 'Scape' and a modular solution

for the new building is being pursued to minimise construction timescales. The design has been developed in consultation with the service users, and should represent a considerable improvement over existing facilities. For example, a focus on health and safety has led to the development of a clearly defined segregation of pedestrian and vehicular movement on site, mitigating a key risk for depot sites. New features include the provision of canopies to protect the rear of the vehicles, where the hydraulics are located, to increase life expectancy of the equipment and improve day to day reliability. A selection of images are included in Appendix 5. The emerging designs for the site were shared with the unions, in December 2015, and received favourable comment.

- 3.25 The funding package for the development of Seafield is tied to the overall business case for investment in the wider depots review. Should Council approve the funding package, it is proposed to submit a planning application for this site in February 2016. Based on this programme, it is expected that this would allow an on-site start in the summer 2016, with completion of the facility by the end of 2016. It is proposed to progress the delivery of this project through the Council's framework with 'Scape'.
- 3.26 As the lease for the current facilities will expire in May 2016, a short term decant solution will be required for these services. The short term lease of a site at Bank Road in Leith has been identified for this purpose, which is subject to a separate report on this agenda. It is proposed to redirect a proportion of the current rental for Baileyfield (amounting to £140k per annum), to cover the £80k cost of this short term lease.

Measures of success

- 4.1 The implementation of the review is predicated on the following objectives:

Core objectives

- Develop an estate which is well maintained, fit for purpose, with improved working conditions and appropriate welfare facilities for staff;
- Ensure the estate supports the most efficient pattern of provision from a service logistics perspective;
- Reduce operational property costs to support reinvestment in a more efficient estate;
- Protect the health, safety and welfare of Council employees and members of the public;
- Optimise potential capital receipts from the surplus estate to support reinvestment; and
- Provide a depot estate and service which delivers value for money for the Council.

Complementary objectives

- Deliver benefits which accrue in the wider Council estate relative to both services and property solutions;
- Reduce environmental impact and support the Council's target reduction in carbon emissions;
- Enable services to remain resilient and responsive to operational need;
- Support recognition of potential future depot requirements/ locations generated by new developments and awareness of Council controlled land holdings and facilities that could accommodate future need; and
- Support the development of a mobile, integrated and responsive workforce.

Financial impact

Costs

- 5.1 The review will reduce the number of operational depots sites from 19 to 12. In order to accommodate the relocating services at receiving sites, the following levels of investment are required:
- Seafield – New eastern waste collection depot, Task Force (East) base, waste bulking/transfer station, with an estimated capital cost of £9m for phases one (£5.8m) and two (£3.2m);
 - Bankhead - New western waste collection depot, waste bulking transfer station, Task Force (South West) base with an estimated capital cost of £10.6m; and
 - Russell Road – Consolidated single depot for Fleet Services including new taxi inspection centre, Passenger Transport vehicle services and new facilities for Task Force (City) with an estimated capital cost of £7.1m (this is subject to the outcome of current reviews of fleet services and community transport).
- 5.2 Inflation has been applied to the cost of these facilities at a rate of 3% per annum, based on the 2015 Quarter 2 BCIS construction inflation indices.
- 5.3 Condition surveys were undertaken across the depots estate three years ago. This identified £2.1m required to upgrade existing buildings across the sites that are proposed for retention. These surveys are currently being refreshed to identify a five year plan of upgrade for each retained site. The level of required investment may increase as a result of these surveys; however it is proposed to contain this element of investment within the Asset Management Works Programme.
- 5.4 The Seafield project is proposed to be developed in two phases; firstly the welfare and storage facilities associated with service relocation from the Baileyfield site, costed at £5.8m. The forecast costs for this project have been

utilised to estimate the cost of projects at other sites.

Funding Sources

- 5.5 The principal effect of this review is to reduce the number of depots sites in the city. Accordingly, it has estimated that there will be a reduction in property running costs of £714k per annum. These estimates have been modelled based on the continuation of the running costs of existing buildings on the retained sites, plus an additional running cost for the new build facilities at the three core sites. These new build running costs allow for utilities, rates and an £8/m² per annum provision for planned maintenance.
- 5.6 A significant service saving is anticipated from the closure of Powderhall in 2018, once Millerhill is fully operational. The aging plant at Powderhall, and its intensive maintenance regime, will no longer be required. It is estimated that the entire running costs for Powderhall will represent a saving to the Council. These costs amount to £1.6m pa (excluding the property running costs, which are already factored into the £714k saving described in para. 5.5 above).
- 5.7 Capital receipts are expected from six surplus sites. These have been valued at £5.85m on a conservative basis. All values have been confirmed by a RICS registered valuer. It should be noted that a number of the remaining operational depots are located in greenbelt areas that have little development value and have been identified as more being expensive to relocate the uses than the income that would be generated from a receipt.
- 5.8 In summary, a total capital investment of £28.8m has been identified as the investment requirement for the depots. £2.1m is to upgrade existing assets and this will be contained this within the Asset Management Works budget. It is proposed to fund the remaining £26.7m from the following three sources:
1. Capital receipts from surplus depots sites of £5.85m;
 2. Annual revenue savings of £714k of property running costs as a direct result of the depot rationalisation, to be applied against prudential borrowing. This would unlock £8.6m of capital funding;
 3. Annual revenue savings of £1,008k of the Powderhall service costs (from a total available of £1,600k), to be applied against prudential borrowing. This would unlock £12.25m of capital funding.

These three sources combined would meet the investment cost of £26.7m, of which £20.85m would be prudential borrowing. The capital/revenue costs and savings are illustrated in Appendix 6. If approval is given to fund £20.85m through prudential borrowing supported by identified revenue savings, the overall loan charges associated with this expenditure over a 20 year period would be a principal amount of £20.85m and interest of £13.59m, resulting in a total cost of £34.440m based on a loans fund interest rate of 5.1%. The annual

loan charges would be £1.722m which can be accommodated by identified revenue savings.

- 5.9 Should a reduced scope of investment be required at Russell Road, following the outcome of the organisational reviews, a total capital investment of only £15.4m would be required. This would reduce the level of saving from the Powderhall service costs required to fund the programme to £535k pa.
- 5.10 The majority of the funding sources become available as individual sites are closed; however the investment will be required upfront to allow the closure. As a consequence there is a £59k borrowing cost pressure anticipated in 2017/18 which would be covered corporately from that year's revenue budget for loan charges.
- 5.11 In summary, the strategy releases a potential £26.7m of capital investment into the new and retained estate plus revenue service savings of £592k per annum, that are part of the Environment Service's future budget proposals. In the event that the strategy creates additional savings, e.g., higher capital receipts will reduce the borrowing costs, these savings will increase.

Risk, policy, compliance and governance impact

- 6.1 The main risk associated with not making the investment in the depots estate will result in some of the services becoming inoperable. There is a significant backlog of maintenance required at many of the depots. Furthermore, many depots have poor welfare facilities. There are also potential health and safety implications should the condition of the estate remain unaddressed.
- 6.2 Risks associated with the project at present include:
- The financial modelling requires more input and development to ensure robust business cases for each element of the programme are produced; and
 - Developing the optimised long term solution, especially around new facilities, will require significant detailed work, investment and approvals;
- 6.3 The risk of not achieving a permanent Waste Collection and Task Force solution for the services currently at Baileyfield is significant. Should the Seafield development not be approved there will be significant business continuity issues which can only be partially mitigated on a short term basis with the temporary decant solution at Bank Road.

Equalities impact

- 7.1 To be tested as part of individual business case development. The overall review is designed to improve service delivery for customers by creating a more efficient, DDA compliant and fit for purpose service.

Sustainability impact

- 8.1 The reduction in the number of depots, the investment in new efficient property stock whilst also minimising travel logistics for the services, will reduce the carbon footprint of the depots services.
- 8.2 An awareness of reducing 'total waste' levels, budgetary pressures, and legislative requirements are driving consideration of waste issues differently and adopt the 'Reduce-Reuse-Recycle' philosophy rather than simply responding with adaptations of the current models.

Consultation and engagement

- 9.1 Detailed scrutiny of the proposals is currently ongoing with the individual service managers. Unions have been advised of the review and have been consulted on the emerging design for the new facility at Seafield. The high level strategy has been shared with the Council's partner agencies such as the Ambulance Service and the Police, and there will continue to be consultation about the prospect of shared services as the detailed options emerge.

Background reading/external references

None.

Hugh Dunn

Acting Executive Director of Resources

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Links

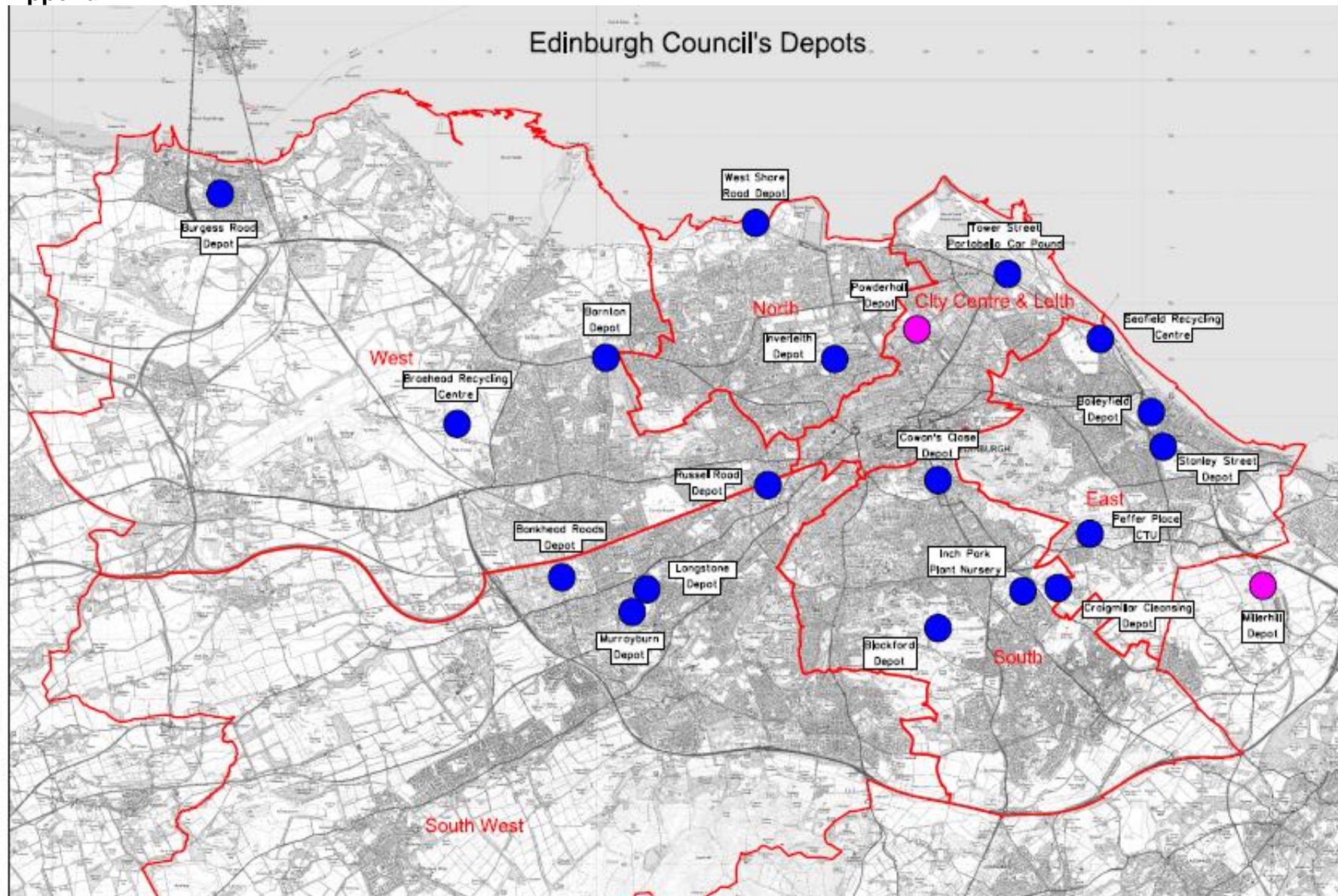
Coalition pledges	P44 – Prioritise keeping our streets clean and attractive
Council outcomes	CO17 – Clean – Edinburgh's streets and open spaces are clean and free of litter and graffiti
Single Outcome Agreement	SO4 - Edinburgh's communities are safer and have improved physical and social fabric
Appendices	Appendix 1: Location of CEC Depots Appendix 2: condition of Current Depots Estate Appendix 3: Depots: Proposed Status

Appendix 4: Proposed Depot Estate 2017/18

Appendix 5: Proposals for the Development of Seafield

Appendix 6: Financial Summary

Appendix 1



Appendix 2: Condition of Current Depots Estate

Roads Services

Bankhead – new facility



Barnton



Blackford



Fleet Russell Road



Task Force Cowan's Close



Appendix 3: Depots: Proposed Status

Core depots as follows:

1. Seafield –east city Waste Collection, Waste Bulking/Transfer and Task Force facilities
2. Bankhead – south west city Road Services, Waste Bulking/Transfer, Waste Collection Parks and Green Spaces
3. The Inch –Parks and Green Spaces (South Central)
4. Russell Road - single site in central location Fleet Services (+CTU)
5. Murrayburn (part retained) – single site in central location Archive facilities, storage & Reprographics

Core satellite depots as follows:

1. Craigmillar – Community Recycling Centre and Task Force (South Central)
2. Burgess Road – Task Force (North West)
3. Inverleith – Park and Green Spaces (North West)
4. Barnton – Road Services (North West)
5. Blackford – Road Services (South Central)
6. Tower Street – Vehicle Pound and Salt Store

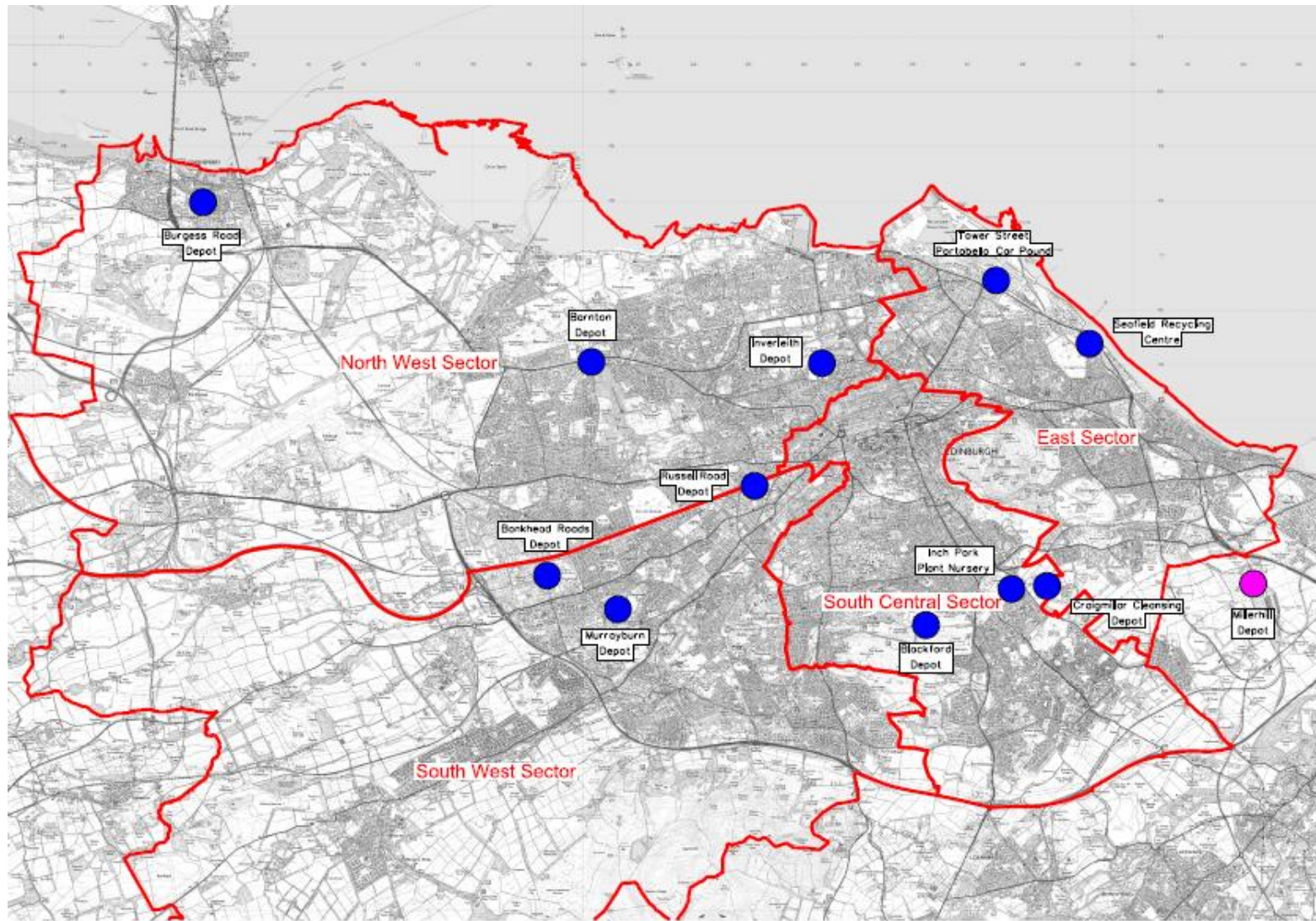
Change potential depots as follows

1. Peffer Place
2. Stanley Street
3. Murrayburn (potential for part development/part disposal)
4. 24 Shore Road

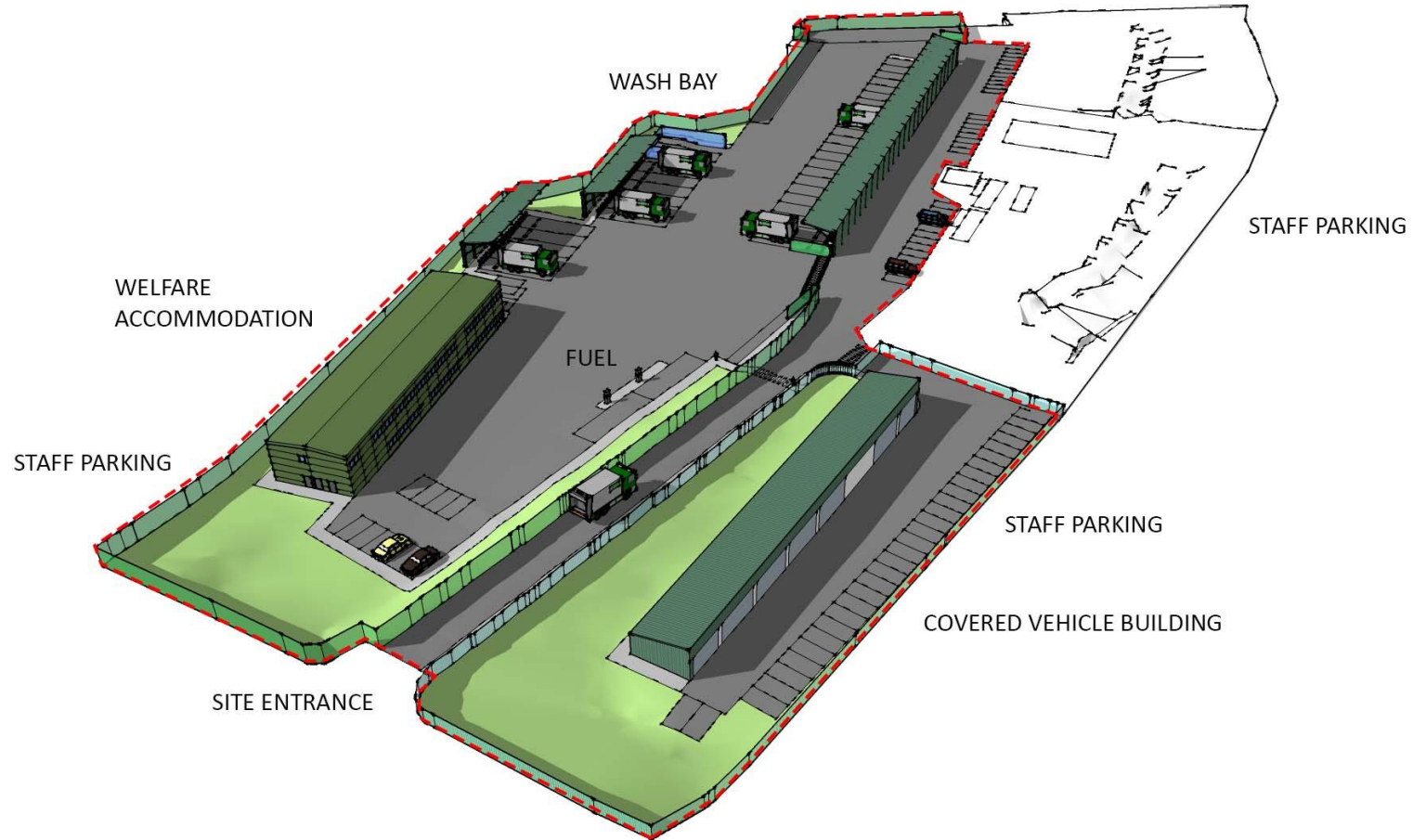
Surplus potential depots as follows:

1. Powderhall
2. Cowans Close
3. Longstone
4. Murrayburn (propose part disposal)
5. Braehead
6. Granton (vacated, transferred to Housing and Regeneration)
7. Balcarres (now sold)

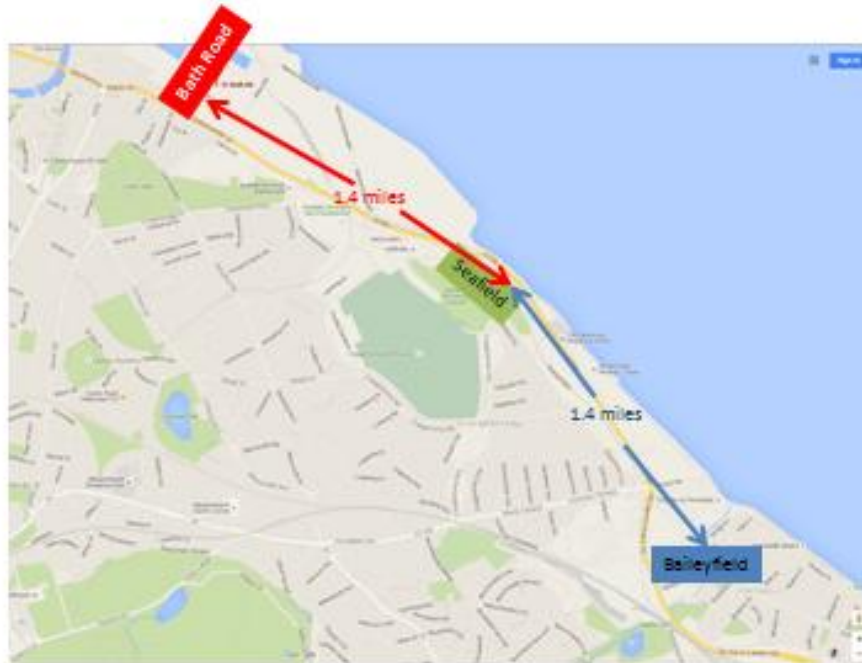
APPENDIX 4: PROPOSED DEPOT ESTATE 2017/18



APPENDIX 5: PROPOSED REDEVELOPMENT AT SEAFIELD



WASTE AND TASK FORCE EAST: LOCATION OF EXISTING, INTERIM AND PERMANENT ARRANGEMENTS



Proposed pedestrian/vehicular segregation and vehicle canopies



Depots Review Financial Profiling

	Capital					Revenue					
	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	Total Capital	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total Revenue
Outgoings: New build											
Seafield	1,000	4,800	3,180	0	8,980		180	180	282	282	924
Bankhead		150	3,551	6,890	10,591				121	275	396
Russell Road - Scenario 1: Full service retention		371	3,379	3,379	7,129				189	189	378
<i>Total New Build</i>	1,000	5,321	10,110	10,269	26,700	0	180	180	592	746	1,698
Increased Outgoings: Existing											
Barnton					0		9	9	9	9	36
Blackford Depot					0			49	49	49	147
Tower St Portobello Car Pound					0	10	10	10	10	10	50
Seafield existing operational area					0		3	3	3	3	12
<i>Total Existing cost increase</i>	0	0	0	0	0	10	22	71	71	71	245
<i>Total Increased Revenue cost</i>						10	202	251	663	817	1,943
Income (surplus sites)											
Baileyfield							-316	-316	-316	-316	-1,264
Balcarres St						-14	-14	-14	-14	-14	-70
Braehead											0
Cowans Close									-27	-27	-54
Longstone						-16	-16	-16	-16	-16	-80
Murrayburn									-363	-363	-726
Peffer Place									-94	-94	-188
Powderhall - Running costs									-419	-419	-838
Duddingston (leased)						-281	-281	-281	-281	-281	-1,405
Total net change in property costs						-301	-425	-376	-867	-714	-2,682
Powderhall - Service costs - Investment Requirement									-394	-1,008	-1,402
Powderhall - Service costs - Service Savings									-1,206	-592	-1,798
<i>Total income: capital receipts & revenue savings</i>	-1,000	-50	-100	-4,700	-5,850	-311	-627	-627	-3,130	-3,130	-7,825
Net Capital Cost / (Revenue Saving)	0	5,271	10,010	5,569	20,850	-301	-425	-376	-2,467	-2,313	-5,882
Prudential Borrowing requirement	0	-5,271	-10,010	-5,569	-20,850			435	1,261	1,721	
Remaining revenue savings								59	-1,206	-592	

Assumptions

Future years investment costs adjusted to account for BCIS inflation figures

Appendix 1 - Phased Prudential Borrowing																				
Scenario 1 - Russell Road fully retained service																				
Year	Financing Costs -PB rate at 5.10%				Depot Revenue Savings										Additional Revenue Costs	Total Net	Net			
	Year 1	Year 2	Year 3	Total	Baileyfield	Balcarres	Braehead	Cowan's	Longstone	Murrayburn	Peffer	Powderhall	Duddingston	Total	Total			Revenue Savings	Revenue Expense	Revenue Savings
Borrowing	£5,031,000	£10,010,000	£5,569,000	£20,610,000		Street		Close			Place									
2017-2018	435,117	0	0	435,117	-316,000	-14,000	0	0	-16,000	0	0	0	-281,000	-627,000	251,000	-376,000	59,117			
2018-2019	435,117	826,318	0	1,261,435	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-813,435	-281,000	-1,924,435	663,000	-1,261,435	0			
2019-2020	435,117	826,318	459,717	1,721,152	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-1,427,152	-281,000	-2,538,152	817,000	-1,721,152	0			
2020-2021	435,117	826,318	459,717	1,721,152	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-1,427,152	-281,000	-2,538,152	817,000	-1,721,152	0			
2021-2022	435,117	826,318	459,717	1,721,152	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-1,427,152	-281,000	-2,538,152	817,000	-1,721,152	0			
2022-2023	435,117	826,318	459,717	1,721,152	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-1,427,152	-281,000	-2,538,152	817,000	-1,721,152	0			
2023-2024	435,117	826,318	459,717	1,721,152	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-1,427,152	-281,000	-2,538,152	817,000	-1,721,152	0			
2024-2025	435,117	826,318	459,717	1,721,152	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-1,427,152	-281,000	-2,538,152	817,000	-1,721,152	0			
2025-2026	435,117	826,318	459,717	1,721,152	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-1,427,152	-281,000	-2,538,152	817,000	-1,721,152	0			
2026-2027	435,117	826,318	459,717	1,721,152	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-1,427,152	-281,000	-2,538,152	817,000	-1,721,152	0			
2027-2028	435,117	826,318	459,717	1,721,152	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-1,427,152	-281,000	-2,538,152	817,000	-1,721,152	0			
2028-2029	435,117	826,318	459,717	1,721,152	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-1,427,152	-281,000	-2,538,152	817,000	-1,721,152	0			
2029-2030	435,117	826,318	459,717	1,721,152	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-1,427,152	-281,000	-2,538,152	817,000	-1,721,152	0			
2030-2031	435,117	826,318	459,717	1,721,152	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-1,427,152	-281,000	-2,538,152	817,000	-1,721,152	0			
2031-2032	435,117	826,318	459,717	1,721,152	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-1,427,152	-281,000	-2,538,152	817,000	-1,721,152	0			
2032-2033	435,117	826,318	459,717	1,721,152	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-1,427,152	-281,000	-2,538,152	817,000	-1,721,152	0			
2033-2034	435,117	826,318	459,717	1,721,152	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-1,427,152	-281,000	-2,538,152	817,000	-1,721,152	0			
2034-2035	435,117	826,318	459,717	1,721,152	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-1,427,152	-281,000	-2,538,152	817,000	-1,721,152	0			
2035-2036	435,117	826,318	459,717	1,721,152	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-1,427,152	-281,000	-2,538,152	817,000	-1,721,152	0			
2036-2037	435,117	826,318	459,717	1,721,152	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-1,427,152	-281,000	-2,538,152	817,000	-1,721,152	0			
2037-2038	0	826,318	459,717	1,286,035	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-992,035	-281,000	-2,103,035	817,000	-1,286,035	0			
2038-2039	0	0	459,717	459,717	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-165,717	-281,000	-1,276,717	817,000	-459,717	0			
2039-2040	0	0	0	0																
Total	8,702,340	16,526,360	9,194,340	34,423,040	-6,952,000	-308,000	0	-567,000	-352,000	-7,623,000	-1,974,000	-27,659,923	-6,182,000	-51,617,923	17,254,000	-34,363,923	59,117			
Assumptions																				
Includes BCIS inflation - this means an additional total borrowing requirement of £20.610m, an increase of £1.4m from non inflated figure of £19.20m																				
Funding gap showing in 2017/18 will be managed within existing budgets																				
Powderhall Depot Savings																				
Running cost savings -419,000 <i>Utilise all</i>																				
Operating cost savings (At full 3yr payback) -1,008,152 <i>From total forecast saving of £1.6m</i>																				
Savings required to balance PB 1,427,152																				
Balance 0																				
Total Operating savings -1,600,000																				
Less PB requirement 1,008,152																				
Useable savings for Waste -591,848																				

Appendix 1 - Phased Prudential Borrowing																	
Scenario 2 - Russell Road reduced service																	
Financing Costs -PB rate at 5.10%					Depot Revenue Savings										Additional Revenue Costs		
Year	Year 1	Year 2	Year 3	Total	Baileyfield	Balcarres	Braehead	Cowan's	Longstone	Murrayburn	Peffer	Powderhall	Duddingston	Total	Total	Total Net	Net
Borrowing	£5,064,000	£7,367,000	£2,925,000	£15,356,000	Street	Close					Place			Revenue Savings	Revenue Expense	Revenue Savings	Position
2017-2018	418,029	0	0	418,029	-316,000	-14,000	0	0	-16,000	0	0	0	-281,000	-627,000	251,000	-376,000	42,029
2018-2019	418,029	608,140	0	1,026,169	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-578,169	-281,000	-1,689,169	663,000	-1,026,169	0
2019-2020	418,029	608,140	241,456	1,267,625	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-973,625	-281,000	-2,084,625	817,000	-1,267,625	0
2020-2021	418,029	608,140	241,456	1,267,625	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-973,625	-281,000	-2,084,625	817,000	-1,267,625	0
2021-2022	418,029	608,140	241,456	1,267,625	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-973,625	-281,000	-2,084,625	817,000	-1,267,625	0
2022-2023	418,029	608,140	241,456	1,267,625	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-973,625	-281,000	-2,084,625	817,000	-1,267,625	0
2023-2024	418,029	608,140	241,456	1,267,625	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-973,625	-281,000	-2,084,625	817,000	-1,267,625	0
2024-2025	418,029	608,140	241,456	1,267,625	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-973,625	-281,000	-2,084,625	817,000	-1,267,625	0
2025-2026	418,029	608,140	241,456	1,267,625	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-973,625	-281,000	-2,084,625	817,000	-1,267,625	0
2026-2027	418,029	608,140	241,456	1,267,625	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-973,625	-281,000	-2,084,625	817,000	-1,267,625	0
2027-2028	418,029	608,140	241,456	1,267,625	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-973,625	-281,000	-2,084,625	817,000	-1,267,625	0
2028-2029	418,029	608,140	241,456	1,267,625	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-973,625	-281,000	-2,084,625	817,000	-1,267,625	0
2029-2030	418,029	608,140	241,456	1,267,625	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-973,625	-281,000	-2,084,625	817,000	-1,267,625	0
2030-2031	418,029	608,140	241,456	1,267,625	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-973,625	-281,000	-2,084,625	817,000	-1,267,625	0
2031-2032	418,029	608,140	241,456	1,267,625	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-973,625	-281,000	-2,084,625	817,000	-1,267,625	0
2032-2033	418,029	608,140	241,456	1,267,625	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-973,625	-281,000	-2,084,625	817,000	-1,267,625	0
2033-2034	418,029	608,140	241,456	1,267,625	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-973,625	-281,000	-2,084,625	817,000	-1,267,625	0
2034-2035	418,029	608,140	241,456	1,267,625	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-973,625	-281,000	-2,084,625	817,000	-1,267,625	0
2035-2036	418,029	608,140	241,456	1,267,625	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-973,625	-281,000	-2,084,625	817,000	-1,267,625	0
2036-2037	398,217	608,140	241,456	1,247,813	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-953,813	-281,000	-2,064,813	817,000	-1,247,813	0
2037-2038	0	608,140	241,456	849,596	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-555,596	-281,000	-1,666,596	817,000	-849,596	0
2038-2039	0	0	241,456	241,456	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	0	-281,000	-1,111,000	817,000	-294,000	-52,544
2039-2040	0	0	0	0													
Total	8,340,768	12,162,800	4,829,120	25,332,688	-6,952,000	-308,000	0	-567,000	-352,000	-7,623,000	-1,974,000	-18,639,203	-6,182,000	-42,597,203	17,254,000	-25,343,203	-10,515
Assumptions																	
Includes BCI inflation - This means an additional total borrowing requirement of £15.116m, an increase of £0.66m from non inflated figure																	
Powderhall Depot																	
Running cost savings																	
Operating cost savings (At full 3yr payback)																	
Savings required to balance PB																	
Balance																	
0																	
Total Operating savings																	
Less PB requirement																	
Useable savings for Waste																	
-1,065,187																	

Finance and Resources Committee

10.00a.m, Tuesday, 2 February 2016

Temporary Lease at 31 Bath Road - Waste Management Services

Item number	7.12
Report number	
Executive/routine	Routine
Wards	13 - Leith

Executive summary

The Council's Waste Management Service leases in an industrial unit at 17 Fishwives Causeway, Baileyfield, and the lease will terminate on 11 May 2016.

The landlord, Standard Life Assurance Limited, requires vacant possession and has asked the Council to vacate the premises when the lease ends. The Council requires a short term replacement of this facility, pending completion of the new depot at Fillyside, and requires to enter into a temporary lease agreement with Forth Ports Limited (Scotland Operation) Limited.

This report seeks Committee authority to enter into an initial seven month lease of premises at 31 Bath Road, Leith, Edinburgh from Forth Ports (Scotland Operation) Limited with effect from 1 April 2016, and then monthly thereafter, for a maximum period of a year. This report is linked to the Council wide depot strategy, which is considered elsewhere of this agenda.

Links

Coalition pledges	P44 , P45
Council outcomes	CO10 , CO15 , CO25
Single Outcome Agreement	SO4

Temporary Lease at 31 Bath Road - Waste Management Services

Recommendations

1.1 That Committee:

- 1.1.1 Approves a seven month lease of premises at 31 Bath Road, Leith, Edinburgh from 1 April 2016 as outlined in this report, and on other terms and conditions to be agreed by the Executive Director of Resources.

Background

- 2.1 The Council has been in occupation of premises at 17 Fishwives Causeway, commonly referred to as the Baileyfield Depot, since 1990 and the current lease extension is due to expire on 11 May 2016. The Council's Waste Management Service uses the premises to carry out waste collection and provide general environmental services, to residents and businesses, within the north east of the city. The current rent is £140,000 per annum exclusive of VAT.
- 2.2 The Council intends to provide a replacement waste management facility on Council land at the Fillyside Road Depot, (Seafield Community Recycling Centre), and a report detailing the timing and delivery of this project is on the agenda for consideration at this Committee.
- 2.3 The landlord, Standard Life Assurance Ltd, has declined the Council's request to extend the lease for a further minimum period of seven months, and has served the Council with a Notice to Quit which requires the Council to vacate Baileyfield Depot on 11 May 2016.
- 2.4 It is proposed that, until the practical completion of the new facilities at Fillyside Road, Seafield, the current operation of the Waste and Task Force services be moved to temporary premises at 31 Bath Road, Leith, Edinburgh.

Main report

- 3.1 The subjects at 31 Bath Road, Leith, Edinburgh which are owned by Forth Ports (Scotland Operation) Limited, comprise part of ground, office and industrial buildings as shown outlined red on the attached plan. The property will be used by the East Task Force and Waste Services as temporary replacement accommodation for 17 Fishwives Causeway (Baileyfield Depot).

3.2 The following main terms and conditions of lease have been provisionally agreed with Forth Ports (Scotland Operation) Limited:-

- **Subjects:** All and whole of the area of ground, offices within the industrial unit at 31 Bath Road, Leith, Edinburgh, as shown on the attached plan;
- **Term:** Seven months from 1 April 2016 until 31 October 2016, (with the option to extend on a monthly basis until 31 March 2017 subject to the development programme at the Fillyside Road Depot);
- **Rent:** £80,000 for the period, exclusive of VAT;
- **Use:** Storage and Preparation of waste collection vehicles;
- **Repairs:** Fully Repairing and Insuring obligation;
- **Legal Fees and Costs:** Each party will meet its own legal costs and fees, and the Council will meet the cost of any Registration dues; and
- **Other Payments:** The tenant will meet the cost of fitting out the premises, but these are expected to be minimal.

3.3 Securing suitable alternative accommodation allows sufficient time for the proposed development of replacement facilities to be completed with minimal operational risk and disruption to services.

Measures of success

4.1 Securing the temporary lease will allow the services to continue to collect and process waste efficiently pending successful completion of the replacement new facilities at Fillyside Road, in Seafield, to accommodate the Baileyfield operation.

Financial impact

5.1 This option of securing a temporary lease at Bath Road provides the most cost effective solution with minimal disruption to services until new facilities are planned, designed, and developed.

5.2 The monthly rental cost will be similar to current costs subject to the Council bearing the cost of surveyor's fees, legal fees and costs, any stamp duty land tax arising and any potential dilapidations at the end of the lease. These costs will be accommodated within the Services for Communities (Environment) revenue budget.

Risk, policy, compliance and governance impact

- 6.1 The proposal is contrary to the Council's policy which discourages leasing in properties; however, the lack of alternative suitable Council owned accommodation, the specialist facilities required and the ongoing Depot Review warrant a short term departure from this strategy.
- 6.2 There would be a detrimental impact on the provision of Waste Services in the eastern side of the city if suitable alternative premises are not available from 11 May 2016.
- 6.2 There is a risk that the Council will require to lease the premises at Bath Road for longer than seven months, until the permanent replacement facilities are complete.

Equalities impact

- 7.1 An Equality and Rights Impact Assessment has been carried out and the recommendations of this report support the Council to continue its waste management services for residents in the East of Edinburgh.
- 7.2 The lease of the property will allow the Council to promote better environmental health for residents, increase physical security in local neighbourhoods, and promote a better standard of living for residents and businesses in this area of the city.
- 7.3 If the Council does not secure a temporary lease, this will have a negative impact on the delivery of efficient services to the affected residents and businesses.

Sustainability impact

- 8.1 There are no sustainability issues arising from this report as it is relocation of the same services delivered from industrial land owned by Forth Ports Limited, and it represents a continuation of the status quo.

Consultation and engagement

- 9.1 The East Task Force and Corporate Property Services have been working together to address the Service users requirements, and are all supportive of the proposals to take a new lease.

Background reading/external references

http://www.edinburgh.gov.uk/download/meetings/id/43907/item_82_-_proposed_lease_renewal_for_baileyfield_depot_at_17_fishwives_causeway_edinburgh

Hugh Dunn

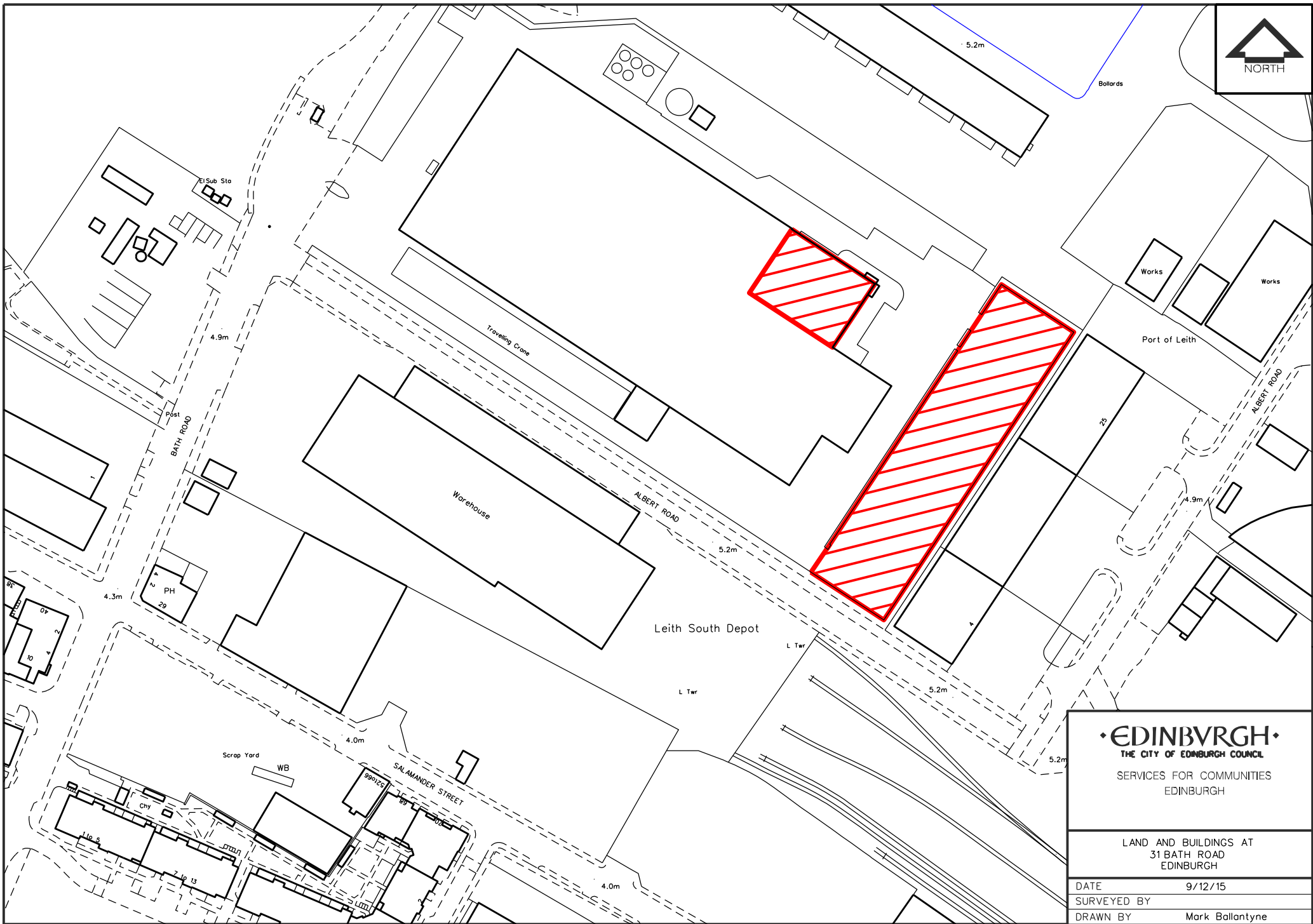
Acting Executive Director of Resources

Contact: Thuso Selelo, Estates Surveyor

E-mail: thuso.selelo@edinburgh.gov.uk | Tel: 0131 529 5952

Links

Coalition pledges	P44 – Prioritise to keep our streets clean and attractive. P49 – Continue to increase recycling levels across the city and reducing the proportion of waste going to landfill.
Council outcomes	CO10 – Improved health and reduced inequalities. CO15 – The public is protected. CO25 - The Council has efficient and effective services that deliver on objectives.
Single Outcome Agreement	SO4 - Edinburgh’s communities are safer and have improved physical and social fabric.
Appendices	Location Plan.



EDINBURGH
 THE CITY OF EDINBURGH COUNCIL
 SERVICES FOR COMMUNITIES
 EDINBURGH

LAND AND BUILDINGS AT
 31 BATH ROAD
 EDINBURGH

DATE	9/12/15
SURVEYED BY	
DRAWN BY	Mark Ballantyne
SCALE	N.T.S.
NEG. NO.	A3/1635

SITE PLAN

PHOTOGRAPHICALLY REDUCED NOT TO SCALE

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Finance and Resources Committee

10am, Tuesday, 2 February 2016

Approval for the Appointment of Consultants to Design Cycling and Walking Schemes

Item number	7.13
Report number	
Executive/routine	
Wards	

Executive summary

The Council's Active Travel Action Plan (ATAP) includes a programme of cycling and walking improvements. The cycling improvements typically attract substantial external funding (usually on a 50/50 match basis) from the Scottish Government via the Sustrans 'Community Links' programme.

This report deals with the appointment of consultants to take forward design of package 1 of a tranche of sixteen cycling and eight walking schemes for which there is no internal design resource currently available.

Tenders were sought for three work packages, work package 1 and work package 2 covering cycle scheme design and work package 3 covering walking scheme design. Only one organisation, AECOM, bid for work package 1, with no bids received for work package 2 and work package 3. The report recommends approval of the award of tender for work package 1 to AECOM at a fixed price of £317,357.

Links

Coalition pledges	P45 and P50
Council outcomes	CO22 , CO24 and CO26
Single Outcome Agreement	SO2 and SO4

Approval for the Appointment of Consultants to Design Cycling and Walking Schemes

Recommendations

- 1.1 It is recommended that Committee approves the award of Cycle Design Schemes Work Package 1 to AECOM for a value of £317,357.

Background

- 2.1 In 2010, the Council approved its [Active Travel Action Plan](#) (ATAP). This seeks to build on the high level of walking in Edinburgh and the growing role of cycling. A key element of the ATAP is investment in infrastructure for both cycling and walking, with cycling investment currently focussed on the creation of a citywide 'QuietRoutes' network.
- 2.2 A significant amount of Scottish Government funding is being regularly allocated to the Council via the Sustrans 'Community Links' programme, in order to support the implementation of cycle and pedestrian facilities in the city. Typically this is offered on a matched (1:1) basis and has been in the region of £400-500K per annum. In addition, around £300-400K per annum is allocated towards cycle projects from the Scottish Government's 'Cycling, Walking and Safer Streets' fund.

Main report

Requirement for Consultants

- 3.1 In order to maintain the ATAP programme of cycling and walking improvements, there is a need to design a new tranche of schemes. The cycle schemes, in particular, have, and are expected to continue to attract external funding.
- 3.2 Sixteen cycling and eight walking schemes have been identified, for which there is no internal design resource currently available (see Appendix 2 for a detailed list of schemes). The Council therefore requires to procure consultancy support to undertake this design work.

- 3.3 £105,000 of 'Community Links' external funding is available to fund design work on this design programme. This funding has a spend deadline of 31 May 2016. Making use of this time-limited external funding, together with the lack of internal design resource available to take forward the design programme, is the reason for the need to procure the external design resource.
- 3.4 The procurement has been undertaken through the Scotland Excel Engineering and Technical Consultancy Services Framework Contract.

Procurement Approach

- 3.5 The design schemes were divided into three work packages within one mini competition. This permitted Tenderers to bid for one or more work packages depending on their capacity. This approach was intended to ensure that:
- a) the Tenderers did not try to take on more design work than was feasible; and
 - b) potential Tenderers were not put off by the overall volume of work required with the timescales set.
- 3.6 Work packages 1 and 2 comprised a total of sixteen cycle schemes and were divided so that there was approximately equal value in each. Work package 3 comprised the walking schemes.
- 3.7 On 16 December 2015, the competition was published utilising the quick quote facility within the Public Contracts Scotland portal inviting applicants through the Scotland Excel Engineering and Technical Consultancy Services Lot 1 to deliver the contracts.
- 3.8 Work package 1 received a bid from one tenderer by the closing date of 7 January 2016. No bids were received for work packages 2 and 3.
- 3.9 The basis for tender evaluation had been agreed as assessment of the most economically advantageous bid, with weightings of Quality 70% and Price 30%.
- 3.10 The tender was independently scored in relation to quality and price. The tender return was checked for compliance and was deemed compliant by the evaluation panel.
- 3.11 The quality analysis was based on weighted Award Criteria questions, which were scored using a 0 to 10 matrix. Following completion of the quality analysis, the tender passed the minimum threshold score for quality and was subject to a cost analysis.
- 3.12 The cost element was assessed on the prices submitted for a lump sum fee to carry out all services detailed in the specification. The tender was independently evaluated and the results of the evaluation processes are shown below.

Cycle Design Scheme Work Package 1

Bidder	Quality Score 70%	Price Score 30%	Combined Total 100%
AECOM	49	30	79

- 3.13 Given that only one bid was submitted, a supplementary evaluation was conducted in order to determine value for money. This used a detailed cost and quality comparison with other similar cycling design projects. The comparison assessed:
- the number and type (eg senior engineer or technician) of person hours allocated to each scheme;
 - the overall cost of each scheme; and
 - the specific activity costs, such as project management and design.
- 3.14 The outcome of the tender evaluation and the supplementary evaluation is that AECOM submitted an economically advantageous tender at a cost of £317,357 and is the Preferred Bidder. AECOM's bid includes spending the £105,000 of Scottish Government, Community Links Funding before the 31 May 2016 deadline, with the remainder being of the project being delivered by 31 March 2017.
- 3.15 Tenderers who formally declined stated the reason that the three weeks to respond was too short to complete a tender due to the Christmas vacation period, the lack of resource and the scale and complexity of the work packages.
- 3.16 Work Packages 2 and 3 will be re-published with a longer submission period to ensure a competitive bidding process.

Management and Staffing Arrangements

- 3.17 To ensure effective co-ordination and accountability, the design work covered by this report will be overseen by the Council's Active Travel team within the Transport Service.

Measures of success

- 4.1 Success will be measured on whether the design projects are delivered on time, to specification and on budget.

- 4.2 At a strategic level the ATAP includes a number of targets to track increases in cycling/walking. These are being monitored over the duration of the plan (2010-2020). The latest figures are contained within the 'Active Travel Action Plan – Two Year Review', which will be reported to the January 2016 Transport and Environment Committee.

Financial impact

- 5.1 The total value of the Cycle Design Work Package 1 is £317,357. This comprises £105,000 from the Community Links grant funding (Scottish Government administered by Sustrans); this funding requires to be spent by 31 May 2016. The remaining £221,109 match funding is available from the Council's cycling capital budget. However it is planned to apply for further Community Links funding such that overall a 50/50 grant funding/ Council budget split is achieved.
- 5.2 The costs associated with procuring this contract are estimated at up to £10,000. This sum has been allocated from the cycle capital budget.

Risk, policy, compliance and governance impact

- 6.1 Implementation of this project will provide a positive impact in delivering the Local Transport Strategy and ATAP.

Equalities impact

- 7.1 The proposed spend on cycling and walking projects, summarised in this report, will be undertaken according to the priorities set out in the ATAP. An Equalities Impact Assessment (EqIA) pre-assessment was undertaken in 2010 for the ATAP, which concluded that a full EqIA was not required.
- 7.2 An Equalities and Rights Impact Assessment (ERIA) was performed on these design schemes. The implementation of the cycling projects will have positive benefits for people with mobility issues, such as wheelchair users and parents with prams and buggies. The cycling projects will particularly benefit younger, vulnerable and less confident cyclists. Increases in cycling are expected to result in improvements in the health of those cycling more often.

Sustainability impact

- 8.1 The impacts of this report in relation to the three elements of the Climate Change (Scotland) Act 2009 Public Bodies Duties have been considered, and the outcomes are summarised below. Relevant Council sustainable development policies have been taken into account.

- 8.2 The project will help deliver the outcomes of the ATAP and Sustainable Energy Action Plan. In so doing the proposals in this report will reduce carbon emissions, increase the city's resilience to climate change impacts, and help achieve a more sustainable Edinburgh.

Consultation and engagement

- 9.1 The selection and prioritisation of the schemes to design has been informed by consultation with the Active Travel Forum, Spokes Cycling advocacy group and input from some Community Councils. Further consultation will be undertaken on the more significant scheme designs through neighbourhood partnerships, Spokes, Sustrans, Living Streets and other scheme specific local stakeholders (such as businesses and residents).

Background reading/external references

[Active Travel Action Plan](#)

[Community Links 2015/16 Application Guidance, November 2015](#)

[8% Budget Commitment to Cycling – report to 17 March 2015 Transport and Environment Committee](#)

Paul Lawrence

Executive Director of Place

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Links

Coalition pledges	P43 - Invest in healthy living and fitness advice for those most in need. P45 - Spend 5% of the transport budget on provision for cyclists P50 - Meet greenhouse gas targets, including the national target of 42% by 2020.
Council outcomes	CO5 – Our children and young people are safe from harm or fear of harm, and do not harm others within their communities. CO7 – Edinburgh draws new investment in development and regeneration. CO8 – Edinburgh’s economy creates and sustains job opportunities. CO9 – Edinburgh residents are able to access job opportunities. CO18 – Green - We reduce the local environmental impact of our consumption and production. 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. CO22 - Moving efficiently – Edinburgh has a transport system that improves connectivity and is green, healthy and accessible.
Single Outcome Agreement	SO1 - Edinburgh's Economy Delivers increased investment, jobs and opportunities for all. SO2 - Edinburgh’s citizens experience improved health and wellbeing, with reduced inequalities in health. SO4 - Edinburgh's communities are safer and have improved physical and social fabric.
Appendices	1. Summary of tendering and evaluation process 2. Detailed list of schemes for design

Appendix 1

Summary of Tendering and Tender Evaluation Processes

Procurement of Consultant to design Cycle and Walking Schemes Design

Contract period	Work package 1 - Section 1 to a minimum value of £105,000 to be completed by 31 May 2016 Section 2 to completion by 31 May 2017
Estimated contract value	Work package 1 - £317,357
Standing Orders observed	2.4
Governing UK Regulation	Public Contracts (Scotland) regulations 2012
Invitations to tender issued	Work package 1 – 16 December 2015 Work package 2 - 16 December 2015 Work package 3 - 16 December 2015
Tenders returned	Work package 1 - 07 January 2016
Tenders fully compliant	Work package 1 - 11 January 2016
Recommended suppliers	Work package 1 - AECOM
Primary criterion	Most economically advantageous tender 70% Quality 30% Price

Detailed list of the schemes for design

Work Package 1 – Cycle Schemes 1

1. QuietRoute 6
 - Cycle and pedestrian crossing of Grange Road at Lauder Road (or alternative route alignments).
 - Route development from the Meadows to Castle Terrace.
2. QuietRoute 20
 - Design of segregated or semi-segregated cycle infrastructure along Carrington Road.
 - Design of segregated, semi-segregated or traffic calmed cycle infrastructure along Inverleith Terrace.
 - Design of a cycle link from Inverleith Row to Warriston Crescent involving widening of a footway to shared use, a Toucan crossing and potential parking/loading restrictions. Design of an improved ramp and path from Warriston Path to Warriston Crescent.
 - Re-design the junction of McDonald Road and Broughton Road by the St Mark's Park path. Provision for cyclists upon entry and exit of the Toucan crossing on McDonald Road via footway widening, removal of car parking and footway redetermination.
 - Design of a cycle link along Easter Road from Brunswick Road to Bothwell Street. Including; a crossing upgrade to a Toucan, widening and redetermination of a footway and restriction/removal of loading bays on Easter Road.
 - Design the implementation of cycle lanes or a shared use path on Groathill Avenue to Craighleith Path junction and the potential restriction of on-street parking.
3. QuietRoute 61
 - Design of segregated, semi-segregated or shared use path cycle infrastructure and a Toucan crossing at Gilmerton Road. This will provide a missing link along Gilmerton Road between the shared-use path on south-eastern boundary of the Morrison's supermarket and 'the pillars' path situated approximately 60m to the south-east.
 - Footway widening or segregated cycleways and Toucan crossings of Old Dalkeith Road.

- Design, including TRO, a contra-flow cycle lane at the entrance to Niddrie House Avenue (cycle lane will cut through an existing build-out).
 - Redetermination of the 'Pillar's path' in Gilmerton and the eastern side footway at Hay Avenue in Niddrie. Upgrade of the railway underpass to Bingham.
4. Improved integration of cycling infrastructure with the Edinburgh tram.
 5. QuietRoutes 11-15 North Edinburgh Path Network
 - Feasibility study of upgrades to accesses, drainage, lighting, surfacing and seating.
 6. Middle Meadow Walk to George Street
 - Feasibility study for a new cycle route.
 7. QuietRoute 30, Holyrood Park to Radcliffe Terrace
 - Design of a cycle route from Holyrood Park to Pollock Halls and on to Radcliffe Terrace.
 8. Cycle link on National Cycle Route 1 at Devon Gardens.

Work Package 2 – Cycle Schemes 2

1. QuietRoute 8
 - Re-design of the junction of South Gyle Access and Bankhead Drive (to link the route to Edinburgh College and Edinburgh Napier University).
 - Upgrading and re-determining link paths to Edinburgh Park from South Gyle Access.
 - Design a crossing over Russell Road to link two shared use footways.
 - Upgrade the existing pelican crossing on Balgreen Road to a Toucan crossing.
 - Relocate lighting columns to side of path between North Saughton Road and Saughton Mains Street.
2. QuietRoute 9
 - Design of a cycle link from Route 9 to Corstorphine Hill Nature Reserve, involving segregated cycle lanes or a shared use footway and a Toucan crossing on Corstorphine Road. Upgrades to pedestrian and cycle crossings on Balgreen Road.
 - Drop kerbs at Pinkhill, Ladywell Avenue and integration of the cycle route with Ladywell path.
 - Design of a raised table junction and tightening of corner radii at the junction of South Gyle Road and South Gyle Gardens.

- Design of a cycle link from Route 9 to Edinburgh Zoo. This would involve a 75m long ramp and path surfacing, a Toucan crossing and widening of a footway into a shared use path or the provision of segregated cycling facilities. Cycle links from Route 9 to Clermiston.
3. QuietRoute 10
 - Upgrades to the cycle route from Sandport Place to Seafield Street.
 4. QuietRoute 13 - Lower Granton Road
 - New shared use path.
 5. Calton Road to St Leonards, via Canongate and Holyrood Drive
 - New cycle route and upgrade to existing crossings.
 6. QuietRoute 5 - Holyrood Drive to Portobello
 - Feasibility study for a cycle route.
 7. Telford Path to the Western General Hospital
 - Cycle and pedestrian link, including upgraded paths, accesses and crossings.
 8. Cultins Road
 - New shared use footway, accesses and crossings.

Work Package 3 – Walking Schemes

1. Arboretum Place and the entrance to the Royal Botanic Garden Edinburgh
 - Complete design of the crossing area.
2. Deanhaugh Street and Leslie Place
 - Upgrade to the traffic signals and crossing points.
3. Broughton Street and London Street junction
 - Feasibility study and re-design.
4. Royal Mile (Canongate)
 - Design as per the Royal Mile Action Plan to improve the pedestrian environment.
5. Holyrood Park
 - Audit of walking and cycling use and design improvements.
6. Morrison Street
 - Design to improve the pedestrian environment.
7. Dean Park Crescent, Oxford Terrace and Queensferry Road – re-design.
 - Design to improve the pedestrian and cycling environment.
8. Calton Road to Leith Street – re-design
 - Design to improve the pedestrian and cycling environment

Finance and Resources Committee

10.00am, Tuesday, 2 February 2016

Taxicard Services

Item number	7.14
Report number	
Executive/routine	
Wards	All

Executive summary

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 1 April 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

Coalition pledges	P1
Council outcomes	CO1 , CO3 , CO5 , CO6 , CO10
Single Outcome Agreement	SO2 , SO3

Taxicard Services

Recommendations

- 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 1 April 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

- 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

- 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.

Tenderer	Price Score	Quality Score	Overall Score
Central Radio Taxis (Tollcross) Ltd	62.86%	24.38%	87.24%
Bidder 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

- 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

- 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

- 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
Legal challenge from unsuccessful companies who participated in the tender.	The contract was designed to encourage as many potential bidders as possible. 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. 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

- 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

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

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

None required.

Paul Lawrence

Executive Director of Place

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Links

Coalition pledges	P1 - Increase support for vulnerable children, including help for families so that fewer go into care
Council outcomes	CO1 - Our children have the best start in life, are able to make and sustain relationships and are ready to succeed CO3 - Our children and young people at risk, or with a disability, have improved life chances. 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. CO10 - Improved health and reduced inequalities CO13 - People are supported to live at home CO22 - Moving efficiently – Edinburgh has a transport system that improves connectivity and is green, healthy and accessible
Single Outcome Agreement	SO2 - Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health SO3 - Edinburgh's children and young people enjoy their childhood and fulfil their potential
Appendices	Appendix 1 – Summary of Tendering and Tender Evaluation Process

Appendix 1 - Summary of Tendering and Tender Evaluation Processes

Contract	Taxi Card Services
Contract period	1 April 2016 – 31 March 2018 –(including a 2x1 year optional extension)
Contract value	£2,400,000
Standing Orders observed	2.4 Requirement to advertise 5.1.b Selection of the most economically advantageous tender
Portal used to advertise	www.publiccontractsscotland.co.uk
EU Procedure chosen	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"> 1. Appropriate Insurances 2. Enhanced Disclosure 3. Management of Health & Safety at Work Regulations 4. Experience & Expertise 5. Standards and legislative requirements 6. Fully licensed fleet 7. Driver training 8. Environmental Policy 9. Relevant driver, vehicle and office licenses

<p>Evaluation criteria and weightings</p>	<p>Written responses were provided for the following award criteria areas:</p> <ol style="list-style-type: none"> 1. Delivery Of The Contract – 10% 2. Complaints Procedure – 5% 3. Collaboration, Monitoring & Dispute Resolution - 5% 4. Meeting KPI's & Targets – 10% 5. Banned & Expired Taxicards – 10% 6. Management Information – 10% 7. Quality Assurance – 5% 8. Business Continuity – 5% 9. The Environment – 5% 10. Continuous Improvement – 5% 11. Equalities – 5% 12. Community Benefits - 5% 13. Booking System – 10% 14. Capacity – 10%
<p>Evaluation Team</p>	<p>Parking Operations Manager, Services for Communities Parking Services Manager, Services for Communities Parking Services Team Leader, Concessionary and Accessible Transport, Services for Communities</p>

Finance and Resources Committee

10.00am, Tuesday, 2 February 2016

Property Conservation – Programme Momentum Progress Report and Edinburgh Shared Repairs Service Update

Item number	7.15
Report number	
Executive/routine	
Wards	

Executive summary

This report provides the Finance and Resources Committee with a progress update for Programme Momentum and the Edinburgh Shared Repairs Service (ESRS).

Links

Coalition pledges	P40 , P41
Council outcomes	CO7 , CO19
Single Outcome Agreement	SO4

Property Conservation – Programme Momentum Progress Report and Edinburgh Shared Repairs Service Update

Recommendations

- 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 status of the remaining legacy projects.
 - 1.1.5 Note the update on the pilot progress.

Background

- 2.1 Programme Momentum has been established as a robust end-to-end process across all workstreams relating to the legacy Statutory Notice issues, including the development of the blueprint for the new enforcement service.
- 2.2 This report gives details of progress to the end of December 2015.

Main report

Management information

- 3.1 Management Information as at 25 December 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 December 2015 a total of £11.2m has been approved for write-off against the provision comprising irrecoverable sums of £6.9m, aged debt of £0.4m 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 Executive Director of Resources.

Billing and Recovery Update

- 3.6 Billing on Deloitte reviewed projects is now complete at a total of £17.6m.
- 3.7 To 25 December 2015, £10.6m has been received in payment from individual owners. A further £1.3m has been secured in payment plans and inhibitions. Total recovery rate in debt collected and secured debt is £11.9m (68%).
- 3.8 The balance of debt of £5.7m (32%) 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, 543 instructions have been issued to Morton Fraser with a total value of £5.7m for debt collection.
- 3.10 From April 2015 to 25 December 2015 the overall sums recovered or in payment plans secured by Morton Fraser total £1.1m (19%) over 112 customers (21%).
- 3.11 The costs of Morton Fraser to date in return for the £1.1m recovery is £22,000. As at 25 December 2015 the percentage solicitor's fees against sums recovered is 2%. The solicitor's fee to debt recovery ratio is £50 recovered for every £1 spent. 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.

Debt Recovery - Suspended Debt

- 3.13 Suspended debt relates to historic Property Conservation projects which have been billed and where a customer or legal representative has raised a dispute leading to the invoice being put on hold.
- 3.14 Between January 2015 and January 2016 the suspended debt has reduced from £6.4m to £2.8m.
- 3.15 Of the remaining £2.8m suspended debt, 2 projects carry a combined value of £1.3m (46%). One project has been referred to Deloitte for further case review whilst the other has been referred for legal advice.
- 3.16 Following Deloitte review, settlement credit notes will be raised for £0.7m (25%) against invoices which are currently suspended. The remaining suspended debt balance of £0.8m (29%) relates primarily to old legacy invoices which are at various stages of investigation and recovery.

Complaint Resolution and Settlements

- 3.17 The review settlement process for complainants is complete. Closure in respect of half of all settlement cases has now been reached, with more than 95% of all complainants issued with settlement. Acceptance rates from complainants are at 57%. Settlements have been communicated to 1,632 other affected owners.

Scottish Public Services Ombudsman (SPSO) Decision

3.18 A decision was returned in favour for the Council last month from the SPSO. The complaints were:

- “CEC unreasonably failed to consider your complaint in line with the investigation principles agreed with Deloitte”; and
- “CEC unreasonably failed to explain and document the charges you have received.”

3.19 Both complaints were not upheld and no further action is required by the Council.

Projects – Legacy

3.20 Thomson Bethune (TB) have completed their contract with the City of Edinburgh Council (CEC). However 2 projects have construction related issues which have delayed completion and TB are completing these.

3.21 ESRS are completing a number of historic projects. The schedule for this is as follows:-

- 3 projects are to be completed early this year;
- 2 projects are due to be re-programmed for completion in spring;
- 3 projects currently requiring intervention, following completion of defects works; and
- There are 25 projects still in the defect period to be signed off by ESRS.

3.22 Consultant run defect projects handed over to CEC late in 2015 are still to be completed on 5 projects.

New Service Update

3.23 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.

- Council Transformation – The service will undertake a business review in 2016 as part of the wider Council transformation.
- 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 the service is dependent on by March 2017. This is in line with our current timescales. Early engagement has commenced ahead of the CGI contract start date.
- 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.
- Testing of 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.
 - 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.

Pilot Progress 14 Cases

Customer Contact: 1 case

- 3.24 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.
- 3.25 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.
- 3.26 Customer contact has identified one potential case at present.

Facilitation: 2 cases

- 3.27 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.
- 3.28 There are two cases in facilitation at present.

The Intervention Service: 7 cases

- 3.29 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.
- 3.30 Case officers currently have seven cases with correspondence on-going with the lead owner and all other owners engaging at each of these properties. Early progress has indicated that one case is 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

- 3.31 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: 2 projects

- 3.32 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.
- 3.33 This month one additional project has been approved by the ESRS Panel to progress to the enforcement process.
- 3.34 This new project is a re-roofing project at Thorntree Street. The lead owner (top floor flat) has tried to engage his fellow neighbours for seven years unsuccessfully and ESRS Intervention has failed to encourage owners to undertake the work privately. Five of twelve owners returned the mandate to say they wish to progress the work themselves but cannot engage the remaining neighbours.
- 3.35 The major project at Gorgie Road has now been awarded to the successful contractor and a pre-start meeting and owners' meeting has been arranged for January 2016. The commencement date is 1 February 2016, the project has a 30 week programme and will complete in September 2016.

New Edinburgh Shared Repair Service Implementation

- 3.36 The service will take ownership of the reviewing of procedures and processes as the phased service implementation progresses.
- 3.37 Throughout the phased pilot period, work will continue on additional implementation activities prior to the full service launch – notably Procurement, Recruitment and ICT.

- 3.38 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.
- 3.39 Recruitment of the required technical resource is underway, with two Building Surveyors identified following interviews during September. Both surveyors are now in post.
- 3.40 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

- 4.1 Conclusion of reviewing statutory notice projects.
- 4.2 Collection of outstanding debt.
- 4.3 Resolution of complaints.
- 4.4 Launch of new replacement enforcement service.

Financial impact

- 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 £11.2m has been approved as at 25 December 2015.
- 5.3 The adequacy of the impairment and settlement provision remains under regular review by the Head of Edinburgh Shared Repairs Service and the Acting Executive Director of Resources.
- 5.4 The overall 2015/16 available budget for both the legacy and new Edinburgh Shared Repairs Service is £3.8m.

Risk, policy, compliance and governance impact

- 6.1 This area of work represents a significant financial and reputational risk for the Council.

Equalities impact

- 7.1 There is no equalities impact arising from this report.

Sustainability impact

8.1 There is no adverse environmental impact arising from this report.

Consultation and engagement

9.1 Not applicable.

Background reading/external references

[Report to Finance and Resources Committee, 19 March 2015 -Property Conservation - Programme Momentum Progress Report](#)

[Report to City of Edinburgh Council, 12 February 2015, Shared Repairs Services - Development of a New Service.](#)

[Report to City of Edinburgh Council 11 December 2014, Shared Repairs Services - Development of a New Service -](#)

Hugh Dunn

Acting Executive Director of Resources

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Links

Coalition pledges	P40 – Work with Edinburgh World Heritage Trust and other stakeholders to conserve the city’s built heritage P41 – Take firm action to resolve issues surrounding the Council’s Property Services
Council outcomes	CO19 – Attractive Places and Well Maintained – Edinburgh remains an attractive city through the development of high quality buildings and places and the delivery of high standards and maintenance of infrastructure and public realm
Single Outcome Agreement	SO4 – Edinburgh’s communities are safer and have improved physical and social fabric
Appendices	Appendix 1: Management Information Dashboards.

Edinburgh Shared Repairs Service Dashboard

December 2015

Monthly progress update (for reporting purposes month end is 25 December)

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 phased implementation of the pilot for the new service commenced on 1 September 2015 and will run until the end of March 2017. The Edinburgh Shared Repairs Service will be managed overall within the Corporate Property Service in the new Council structure.

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. Project Officer Support	Project Officer Secondment due to end on 31/3/16. There will be no dedicated Project resource putting delivery of the Project at risk. Extension being sought	Red
2. ICT Project Manager Support	ICT Project Manager contract due to end in March 2016. There will be no dedicated ICT Project resource putting delivery of the Project at risk. Extension being sought.	Red
3. 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
4. Unable to recruit suitable technical resource	Two surveyors appointed. Recruitment of suitable technical resource will continue to be monitored .	Yellow
5. 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

OVERALL STATUS	RAG	COMMENTS
Case Reviews and Settlements	Yellow	The settlement process is nearing completion . At this time 95% of complainants have been issued with settlement with an acceptance rate of 57%.
Debt Recovery	Red	Debt outstanding is currently £12.7m. Of this debt £9m 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 completed their contract at the end of December. ESRS staff are completing 8 historic projects. 3 will complete in January. 2 will complete in Spring 3 require intervention following completion of defects works.
Customer services	Yellow	There remains a high volume of customer contact across the legacy service.

OVERALL STATUS	RAG	COMMENTS
Governance	Green	The Edinburgh Shared Repairs Service and Legacy Programme will be managed overall within the Corporate Property Service in the new Council structure.
People	Red	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. Uniform System IDOX update scheduled to take place mid January with management training scheduled for the end of January.
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. An internal audit will be carried out in Spring 2016
Procurement	Yellow	PQQ has been issued. Contractors framework is programmed to be in place by July 2016. An internal audit will be carried out in Spring 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 review to be undertaken



Settlements & Customer Service

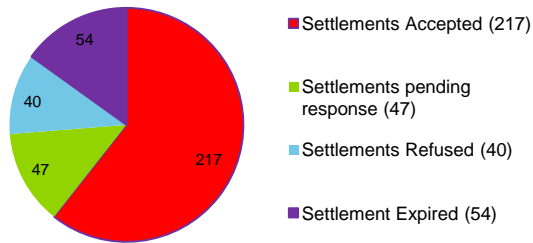
Programme dashboard as at 25 December 2015



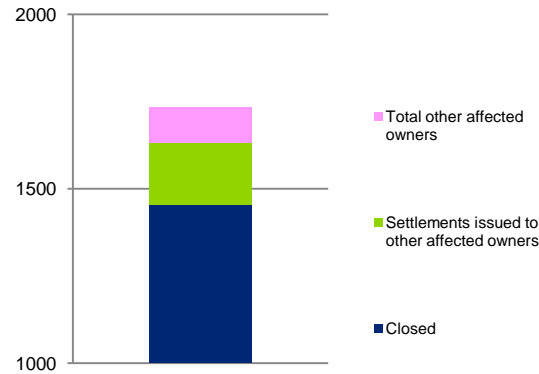
PROGRESS

Closure in respect of half of all settlement cases has now been reached, with more than 95% of all complainants issued with settlement. Acceptance rates from complainants are at 57%. Settlements to other affected owners are progressing with settlements communicated to 1,632 owners

Complainant Closure Status



Other Affected Owners



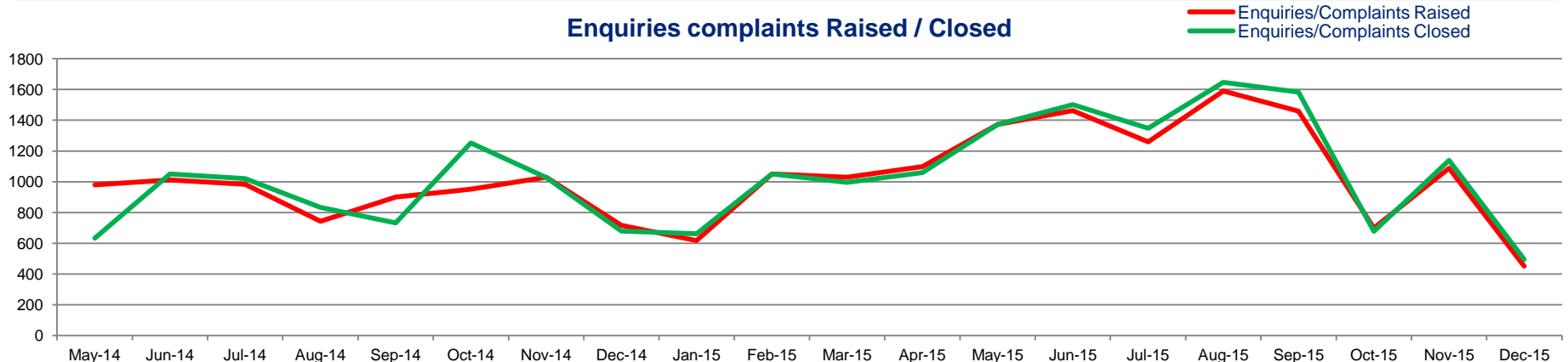
Settlement Value

Total Value of projects reviewed	£12.8m
Total settlements approved under delegated authority	£3.9m
Settlements paid/credited to date	£2.9m

PROGRESS

Customer Services has seen an expected dip in December on overall enquiries, FOI and SPSO requests. Response rate for FOI/SPSO requests was maintained at 100% with enquiries/complaints achieving 96.8% closed within target.

Enquiries complaints Raised / Closed





Finance and Debt Recovery Overview

Programme dashboard as at 25 December 2015

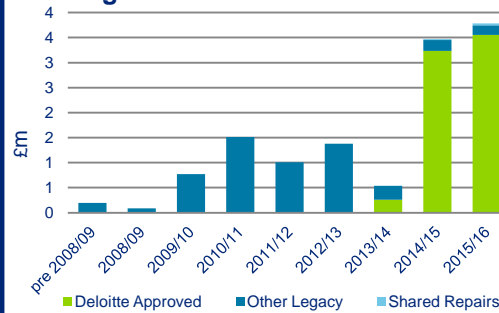
PROGRESS

Progress

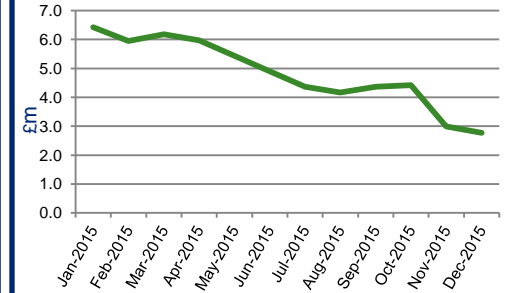
The current level of debt outstanding is £12.7m of which £7.0m is Deloitte (Project Joule) reviewed debt and £5.7m of Legacy and Shared Repairs debt. A total of £9.0m is being pursued through active billing. Debt of £3.7m is either being prepared for legal action or is suspended debt. Since Jan 2015 suspended debt has reduced from £6.4m to £2.8m as disputes are resolved and settlements processed.

Debt Status	Deloitte Project Joule (Reviewed)	Legacy And Shared Repairs	Total
Total debt being pursued	£6.7m	£2.3m	£9.0m
Total debt scheduled for action	£0.3m	£3.4m	£3.7m
Total Debt	£7.0m	£5.7m	£12.7m
Payment plans and inhibitions agreed within debt total	£1.3m	£0.4m	£1.7m

Aged Debt at 25 December 2015



Suspended Invoice Balance



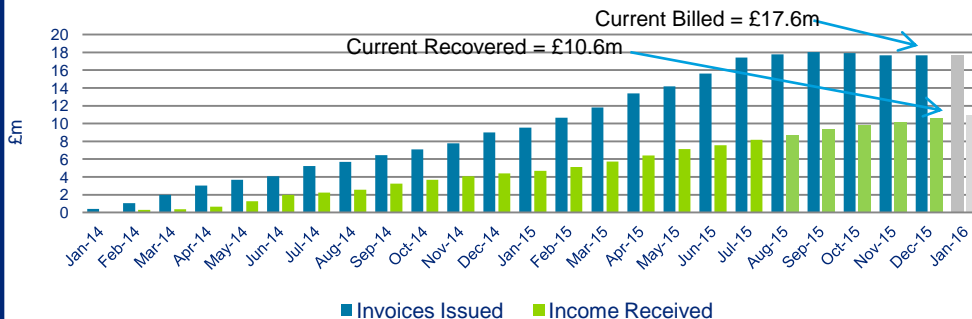
Project Joule Billing and Recovery Progress

PROGRESS

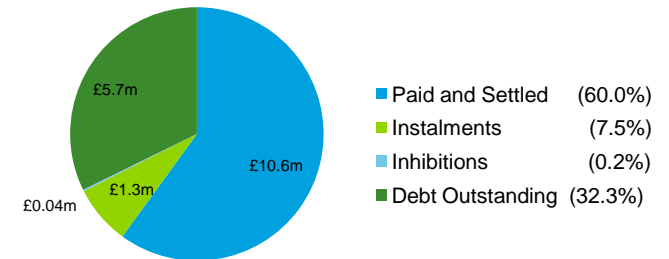
Progress

Billing on Deloitte reviewed (Project Joule) cases is complete and totals £17.6m. £10.6m 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 £11.9m. This represents a current collection rate of 68%. The balance of debt of £5.7m is at various stages of recovery.

Cumulative Analysis of Deloitte approved stat repair debt



Deloitte Project Joule Debt from January 2014 to December 2015

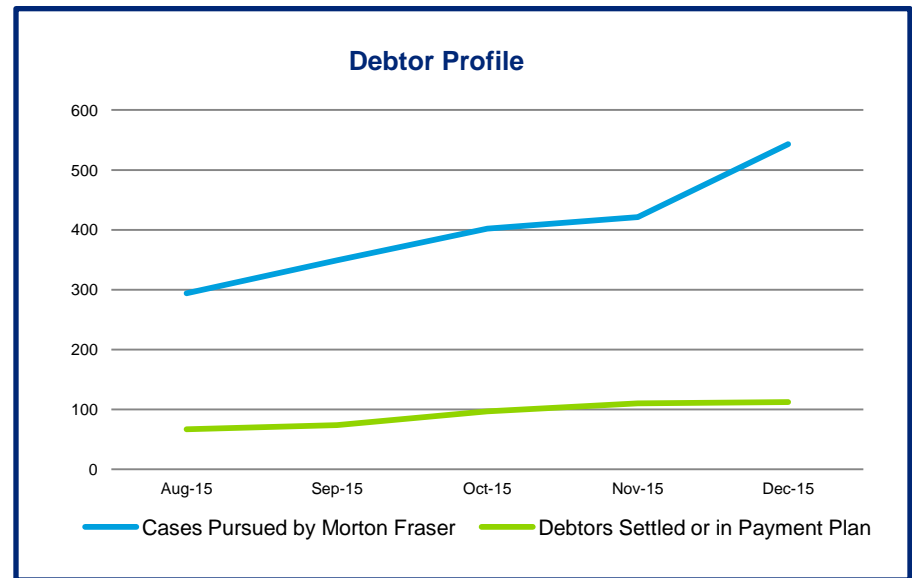
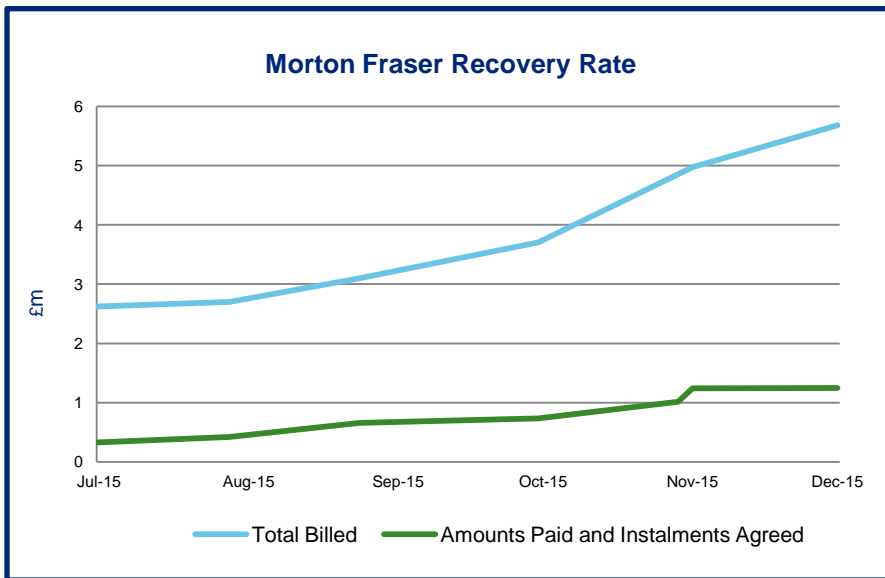
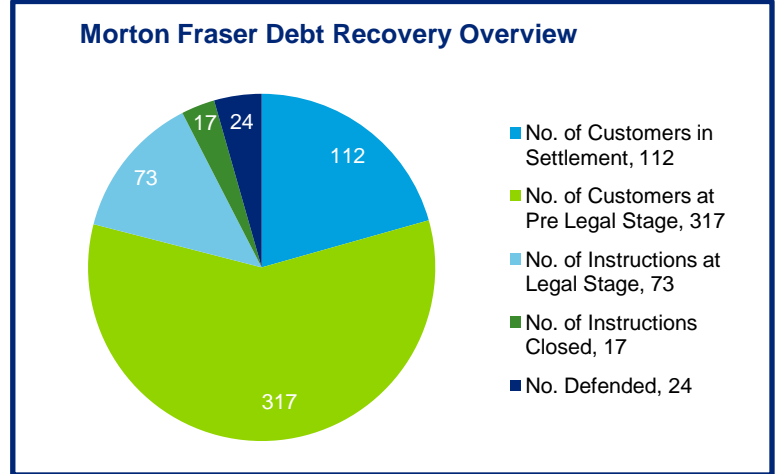




PROGRESS

Under the extended contracted arrangements, Morton Fraser took on responsibility for statutory notice debt recovery in April 2015. To date, 543 instructions have been issued to Morton Fraser with a total value of £5.7m for debt collection. Over the 9 month period from April 2015 to date the overall sums settled or in payment plans total £1.1m over 112 customers. 317 cases are at pre legal stage, 73 at legal stage with 17 cases closed and 24 being defended.

Morton Fraser Debt Recovery Cases pursued by the Council	September	October	November	December
Total debt recovery cases pursued by Morton Fraser	349	402	421	543
Total value of instructions issued	£3.7m	£4.9m	£5.0m	£5.7m
Total debtors settled or in payment plan	74	97	110	112
Total sum recovered or in payment plan	£0.7m	£1m	£1.1m	£1.1m
Total sum recovered in payment plan as % of debt recovery	19%	20%	22%	19%





ESRS Pilot Phase and Emergency Service Dashboard

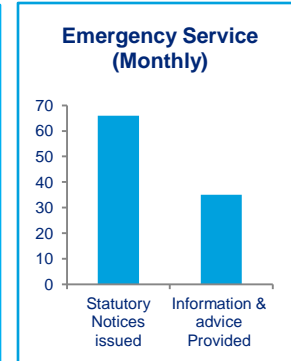
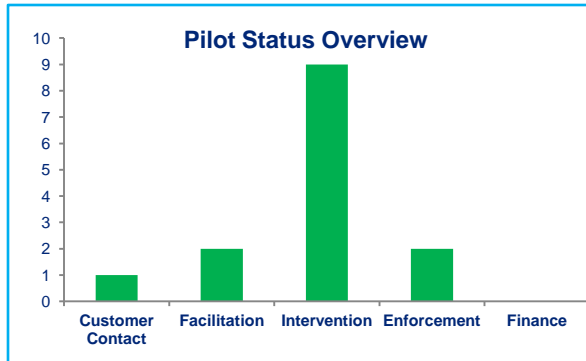
Programme dashboard as at 25 December 2015



OVERVIEW OF PROGRESS

The phased implementation of the new service started in September 2015. The Pilot Phase currently consists of twelve open cases with successful intervention achieved on two projects. Work is progressing on the Major Works project and this has now been awarded to the successful contractor. This month one additional project has been approved by the ESRS Panel to progress to the enforcement process. .

CASE WORKLOAD PROGRESS		NO.
Customer Contact:	• Customer Services Enquiry	
	• Collating Information from Lead Owner	1
Facilitation:	• Advice and Information	
	• Council Correspondence	2
Intervention:	• Case Officer	1
	• Communication 1 issued	4
	• Communication 2 issued	2
	• Panel Report pending	
	• Closed with successful intervention	2
Enforcement:	• Site Survey / S24 Notice / S26 Notice	1
	• Procurement	1
	• Projects on site	
Finance:	• Final Account issued	
	• Invoices issued to owners	



PROJECTS WORKLOAD	MAJOR	MINOR	ESTIMATED VALUE
1. Major Stonework / Roof (Procurement)	1		£364k
TOTAL	1	-	£364K

FACILITATION WORKLOAD (TYPE OF PROJECT)	MAJOR	MINOR	ESTIMATED VALUE
1. Major Stonework / Roof	1		£1m
2. Railway Wall	1		£1m
TOTAL	2	-	£2.0m

EMERGENCY SERVICE

In relation to the November dashboard, there has been a 47% increase in the number of emergency requests the service received in December which resulted in Officers instructing Contractors to make safe defects. 64 of these requests related to blocked drains and of the remainder 11 calls were deemed an emergency and resulted in make safe works being carried out; advice was given to the others which were not deemed an emergency.

Three requests were received from Police Scotland this month. One was a lorry hitting a wall, one related to loose lead and one related to an internal ceiling collapse caused by a party in the flat above. These calls were all received out of normal working hours. None of the associated costs are recoverable.

The Statistics this period are almost 30% higher than the same period last year however this was most likely due to the severe weather conditions during this period.

EMERGENCY SERVICE	Oct 15	Nov 15	Dec 15	Trend
No of requests for advice/ info only.	170	295	239	↓
No. of service requests	66	78	101	↑
No of emergency repair inspections resulting in statutory notices issued	46	45	66	↑
No. of Emergency service requests where information/ advice was provided	20	33	35	↑
Value of invoices issued to owners for emergency repairs (cumulative)	£743,918	£753,839	£763,450	↑
Value of income received from owners for emergency repairs (cumulative)	£642,469	£658,989	£678,106	↑
No of visits to SRS webpage (Google Analytics)	3153	4186	4071	↓
Solicitors Enquiries Received	626	711	459	↓
Solicitors Enquiries Completed	705	800	459	↓

Finance and Resources Committee

10.00am, Tuesday, 2 February 2016

Property Conservation – Irrecoverable Sum, Debt Recovery and Settlements Process

Item number	7.16
Report number	
Executive/routine	
Wards	

Executive summary

This report provides an update to the Finance and Resources Committee on the current provision for impairment and settlements.

Links

Coalition pledges	P40 , P41
Council outcomes	CO7 , CO19
Single Outcome Agreement	SO4

Property Conservation – Irrecoverable Sums; Debt Recovery and Settlements Process

Recommendations

- 1.1 The Committee is requested:
- 1.1.1 To note the provision for Impairments and Settlements in Appendix 1.

Background

- 2.1 This report provides an update to the Committee on irrecoverable sums approved under delegated authority and seeks approval for irrecoverable sums in excess of £100,000 per project. There is also an update on the current provision for impairment and settlements.

Main report

- 3.1 On 5 June 2014 the Finance and Resources Committee considered a report entitled 'Property Conservation – Complaints Resolution' and resolved:-
- To delegate authority (with power to sub-delegate to any Council Officer she considers appropriate) to the Chief Executive 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 of 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 Chief Executive shall not exceed a value of £100,000 per project;*
 - c) *any proposed settlement by the Chief Executive shall not exceed a value of £100,000 per owner.*
 - d) *the delegated authority shall expire on 31 March 2015 unless earlier renewed by the Finance and Resources Committee.*

Provision for Impairment and Settlements

- 3.2 The provision for impairment and for settlement repayments is £17.9m.
- 3.3 Approvals to date against the provision are £11.2m. The approved sums against the provision is shown below together with the assumptions that underpin the provision in Appendix 1.

	Provision £m	Approved £m
Irrecoverable WIP:-		
Deloitte	£6.4m	£6.4m
Non-Deloitte – Legacy	£1.0m	£0.5m
	<hr/> £7.4m	<hr/> £6.9m
Aged Debt	£6.3m	£0.4m
Settlements	£4.2m	£3.9m
Total Impairment and Settlements	<hr/> £17.9m <hr/>	<hr/> £11.2 <hr/>

Measures of success

- 4.1 Conclusion of reviewing Statutory Notice projects.
- 4.2 Billing and collection of outstanding debt.
- 4.3 Resolution of complaints.
- 4.4 Launch of new replacement enforcement service.

Financial impact

- 5.1 The financial statements include a provision of £17.9m for impairments and for settlement repayments. The adequacy of this provision is subject to regular review by the Head of Edinburgh Shared Repairs and the Acting Executive Director of Resources.

Risk, policy, compliance and governance impact

- 6.1 This area of work represents a significant financial and reputational risk for the Council.

Equalities impact

- 7.1 There is no equalities impact.

Sustainability impact

- 8.1 There is no sustainability impact.

Consultation and engagement

- 9.1 Not applicable.

Background reading/external references

[Report to Finance and Resources Committee, 19 March 2015 - Property Conservation - Programme Momentum Progress Report.](#)

[Report to Finance and Resources Committee, 3 February 2015, Property Conservation - Programme Momentum Progress Report.](#)

[Report to Finance and Resources Committee, 5 June 2014, Property Conservation - Complaints Resolution](#)

[Report to Finance and Resources Committee, 7 May 2014, Property Conservation - Complaints Resolution](#)

Hugh Dunn

Acting Executive Director of Resources

Contact: Andrew Field, Head of Edinburgh Shared Repairs Service

E-mail: andrew.field@edinburgh.gov.uk | Tel: 0131 529 7354

Links

Coalition pledges	P40 - Work with Edinburgh World Heritage Trust and other stakeholders to conserve the city's built heritage P41 - Take firm action to resolve issues surrounding the Council's property services
Council outcomes	CO7 - Edinburgh draws new investment in development and regeneration CO19 - Attractive Places and Well Maintained – Edinburgh remains an attractive city through the development of high quality buildings and places and the delivery of high standards and maintenance of infrastructure and public realm
Single Outcome Agreement	SO4 - Edinburgh's communities are safer and have improved physical and social fabric
Appendices	Appendix 1: The provision for impairments and settlements.



Provision for Impairment and Settlements

Programme dashboard as at 25 December 2015

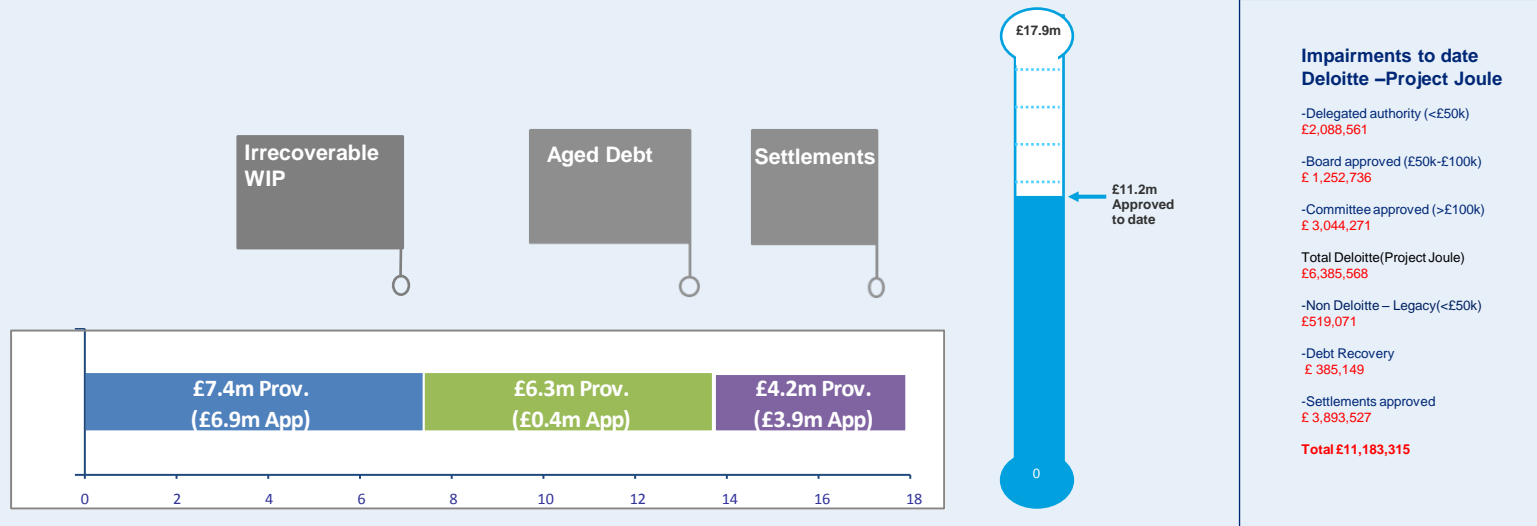


PROGRESS

The provision recommended for impairment and settlement repayments is £17.9m. The basis of the provisions are as follows:

- **Irrecoverable WIP (£7.4m)** – This is based on the actual final sum of £6.4m for the Deloitte (Project Joule) Review outcomes on Irrecoverable Work-In Progress. In addition a provision of £1.0m has been made, based on Irrecoverable WIP for Non-Deloitte old legacy work for remedial projects, old unbilled Emergency Work and door closed entry systems.
- **Aged Debt (£6.3m)** –An overall collection rate of 53% is required to ensure adequacy of provision. Current recovery rate is 60%.
- **Settlements (£4.2m)** –Work on settlements is nearing completion with an expected write off sum of £4.2m .

Provision for Impairment and Settlements



Finance and Resources Committee

10.00a.m, Tuesday, 2 February 2016

Lease, 63 Niddrie Mains Terrace – Amended Area of Let

Item number	8.1
Report number	
Executive/routine	Routine
Wards	17 – Portobello/Craigmillar

Executive summary

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 Communities 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.

This report specifically addresses the proposal to extend the area of let and to amend the lease on the revised provisionally agreed terms.

Links

Coalition pledges	P43
Council outcomes	CO10 , CO14 , CO23
Single Outcome Agreement	SO2

Lease, 63 Niddrie Mains Terrace – Amended Area of Let

Recommendations

1.1 That Committee:

- 1.1.1 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

- 2.1 The Finance and Resources Committee, at its meetings on 6 June 2013 and 30 September 2014, approved a 10 year lease to Caring in Craigmillar (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 Communities and Families Service and it is planned to relocate the Service to alternative premises in Spring 2016 as part of the wider Transformation Programme.

Main report

- 3.1 CiC has indicated that the ground floor space vacated by the Communities 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)
 - Other terms: As per the existing lease and as agreed by the 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 community space, which the Council provided to the SPSO on 31 July 2014.

Measures of success

- 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 ground floor for CiC and releases space in the upper floors for other potential tenants.

Financial impact

- 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 Executive Director of Resources.

Risk, policy, compliance and governance impact

- 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

- 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.

Sustainability impact

- 8.1 The impacts of this report in relation to the three elements of the Climate Change (Scotland) Act 2009 Public Bodies Duties have been considered, and the outcomes are summarised below:-
- 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

- 9.1 Local members have been made aware of the proposals.

Background reading/external references

[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](#)

Hugh Dunn

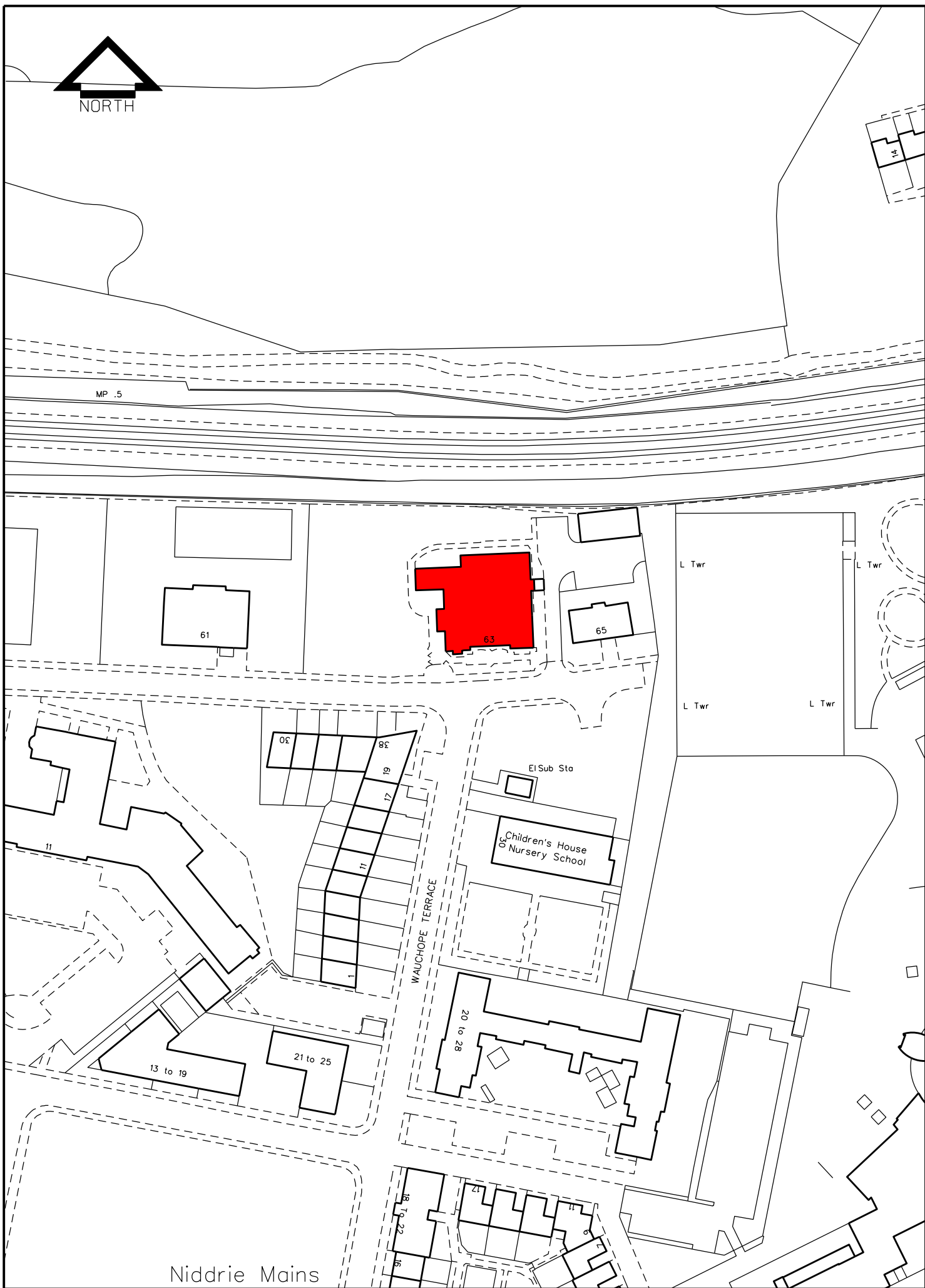
Acting Executive Director of Resources

Contact: Veronica Ross, Senior Estates Surveyor

E-mail: veronica.ross@edinburgh.gov.uk | Tel: 0131 529 3159

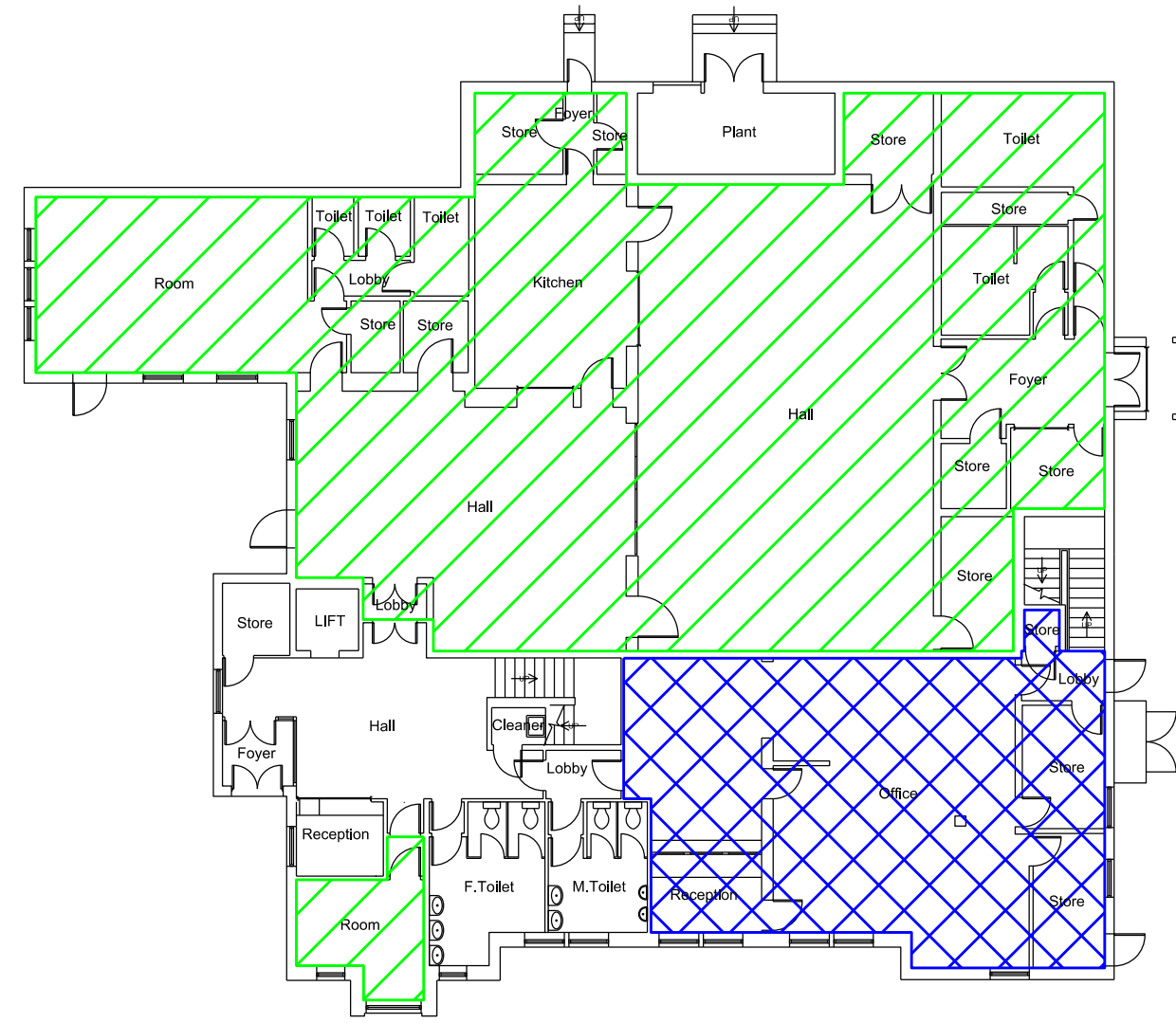
Links

Coalition pledges	P43 – Invest in healthy living and reduced inequalities.
Council outcomes	CO10 - Improved health and reduced inequalities. CO14 – Communities have the capacity to help support people. CO23 - Well engaged and well informed – Communities and individuals are empowered and supported to improve local outcomes and foster a sense of community.
Single Outcome Agreement	SO2 – Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health.
Appendices	Appendix 1: 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

10.00am, Tuesday, 2 February 2016

Extension to Scottish Procurement Postal Services Framework

Item number	8.2
Report number	
Executive/routine	
Wards	All

Executive Summary

In March 2012, Finance and Resources Committee approved the use of the Scottish Procurement's framework agreement for ad hoc and hybrid mail from 1 April 2012 to 28 February 2016.

Approval is sought to extend the use of this contract until September 2016 in order for Scottish Procurement to complete the tendering exercise for the new contract, which is scheduled to start in July 2016, and to seek the necessary approvals.

Links

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

Framework for supply of postal services: extension

1. Recommendations

- 1.1 It is recommended that the Finance and Resources Committee approves the contract extension of Whistl under the Scottish Procurement Framework for postal services until September 2016 for an estimated amount of £430,000. Scottish Procurement have extended the current framework to allow the procurement process to be completed.

2. Background

- 2.1 As reported in March 2012, the national strategy for the procurement of postal services was developed by Scottish Procurement in collaboration with key stakeholders across the Scottish public sector and representatives from industry suppliers.
- 2.2 The national framework for the Scottish public sector provides a sole supplier (Whistl) for the provision of postal services for both ad-hoc and hybrid mail.
- 2.3 The postal service consists of the collection of physical mail from the Council, delivery to the addressee and a separate hybrid mail service. The hybrid service is a desk to door service covering, but not limited to, encrypted off-site mail production of ad-hoc printing/mail generation. Documents will be printed, folded, enclosed and posted.
- 2.4 On 20 March 2012, the Council agreed the recommendation to adopt Lot 1 which covers the postal service from 1 April 2012 to 28 February 2016
- 2.5 Scottish Procurement is re-tendering the national framework for postal services with a planned start date of July 2016. A further report to committee will seek the adoption of the new framework when it is available.

3. Main report

- 3.1 As reported in March 2012, the national strategy for the procurement of postal services was developed by Scottish Procurement in collaboration with key stakeholders across the Scottish public sector and representatives from industry suppliers. This engagement was supported by regional workshops conducted in May 2011 and user intelligence groups (UIGs) provided an opportunity to learn and liaise with other partners and share best practice.

- 3.2 It was agreed that the optimal approach to market to meet the requirements of end user organisations would be to undertake a comprehensive tender exercise for postal services, in compliance with EU public procurement.
- 3.3 The current national framework is due to expire on 28 February 2016. However, Scottish Procurement will not have a new postal services framework agreement in place by this date and have extended the contract to 31 July 2016. Approval is therefore sought to extend the use of Lot 1 until such time that the new framework agreement is in place (expected in June/July 2016) and the necessary Committee approvals sought.

4. Measures of success

- 4.1 The Council will:
- 4.1.1 achieve value for money and meets the needs of service users
 - 4.1.2 see a reduction in non-contracted spend, and
 - 4.1.3 have regular KPI reporting in existing framework.

5. Financial impact

- 5.1 The estimated costs of the extension until September 2016 is £430,000 which is based on the Councils consumption volumes over the four year term. It also indicated that savings would be generated when benchmarked against other providers.
- 5.2 There are no procurement costs to the Council associated with extending the use of the framework.

6. Risk, policy, compliance and governance impact

- 6.1 Compliance with Contract Standing Orders by ensuring services not at detriment while the collaborative framework is being re-tendered.

7. Equalities impact

- 7.1 The equality and rights impact assessment has identified no impact on the Council's specific public sector equality duties.

8. Sustainability impact

- 8.1 There are no adverse environmental impacts arising from the outcome of this report. The use of hybrid mail and planned mail has a positive and auditable impact on carbon emissions.

9. Consultation and engagement

- 9.1 Scottish Procurement engaged with eligible public sector bodies through the UIG process to ensure relevance. This process is also underway for the new Framework to be in place in 2016.

10. Background reading/external references

- 10.1 Details of the framework agreement can be found on the Scottish Government's [procurement directory](#).

Hugh Dunn

Acting Executive Director of Resources

Contact: Helen Allan, Acting Facilities Services Manager

E-mail: helen.allan@edinburgh.gov.uk | Tel: 0131 529 4530

Links

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

Finance and Resources Committee

10.00a.m, Tuesday, 2 February 2016

Sale of Cammo Home Farm, 37 Cammo Road, Edinburgh

Item number	8.3
Report number	
Executive/routine	Routine
Wards	1 - Almond

Executive summary

On 3 February 2015, the Finance and Resources Committee considered a report on this property and resolved that, if the sale to Mr Kamran Akbar did not proceed, an application for delisting would be submitted and the property remarketed.

Mr Akbar withdrew from the sale, on 12 February 2015, and the property was delisted by Historic Environment Scotland, on 24 August 2015.

Cammo Home Farm was then remarketed for sale with a closing date of 25 November 2015. This report seeks authority to sell the property to Michael and Emily Shimwell on the terms and conditions outlined.

Links

Coalition pledges	P40
Council outcomes	CO19
Single Outcome Agreement	SO4

Sale of Cammo Home Farm, 37 Cammo Road, Edinburgh

Recommendations

- 1.1 That Committee:
 - 1.1.1 Approves the sale of Cammo Home Farm, 37 Cammo Road, Edinburgh to Michael and Emily Shimwell on the main terms outlined in this report, and on other terms and conditions to be agreed by the Acting Executive Director of Resources.

Background

- 2.1 Cammo Home Farm, as shown outlined red on the attached plan, is a former category C listed building which is in extremely poor condition.
- 2.2 On 3 February 2015, the Finance and Resources Committee agreed that, in the absence of a sale to Mr Kamran Akbar, an application for delisting would be made and the building remarketed once that application was determined.
- 2.3 Mr Akbar withdrew from the sale on 12 February 2015 citing involvement in a number of other projects as the reason he could not proceed.
- 2.4 In accordance with the Committee decision, an application was made to Historic Environment Scotland, and the building was delisted on 24 August 2015.
- 2.5 The property was then remarketed with a closing date of 25 November 2015. Nine offers were received at the closing date and have been analysed.

Main report

- 3.1 The details of the offer which Committee is recommended to accept are:
 - Purchaser: Michael and Emily Shimwell;
 - Price: £678,500 (exclusive of legal and surveyors fees);
 - Use: Demolition of existing buildings and erection of a single dwelling to be used as their family home;
 - Fees: The purchaser is to meet the Council's reasonable legal and surveyors fees in addition to the price; and
 - Conditionality: Unconditional except for the requirement to obtain the consent of the National Trust for Scotland (NTS) as a result of the Conservation Agreement it holds over the property.

- 3.2 No difficulties are anticipated in obtaining NTS consent to a single dwelling house. Finance for both the purchase and the construction work is in place.
- 3.3 There were two higher offers which have been discounted. The reasons for this are given below. No offers were received from restoring purchasers.
- 3.4 The top offer was for a scheme of 15 houses and was subject to planning and other development consents. Planning has indicated that this is overdevelopment of the site given its greenbelt status and an existing tree protection order. This offer is not recommended because of the unacceptably high planning risk.
- 3.5 The next highest offer was conditional on planning consent for two detached houses. While the planning risk in this case is considered low, the offer was less than £5,000 higher than the recommended offer. Ongoing holding costs, and loss of interest, could cancel out the benefit from the higher offer during the period when planning consent is being sought. This, coupled with the greater risk, means that this offer should also be discounted.
- 3.6 Another offer, for four houses, was submitted with a minimum price that is substantially less than the offer from Mr and Mrs Shimwell. It does offer 30% of the sale price of the completed housing units as an additional payment but this delays receipt of the majority of the purchase price until the development is completed and the houses sold. With no guarantee of receiving more than the minimum price and the greater risk and delay associated with this offer, it is also not recommended.
- 3.7 For the reasons given above, the Committee is recommended to accept the third highest offer, from Mr and Mrs Shimwell, on the terms outlined above.

Measures of success

- 4.1 A sale of the property to Mr and Mrs Shimwell should secure the redevelopment of a semi derelict site as a family home.
- 4.2 The Cammo Estate would receive funds from the sale to assist in the implementation of its Management Plan for the remainder of the Estate.

Financial impact

- 5.1 A capital receipt of approx £400,000 (following the deduction of the Court costs incurred by the Council for terminating an agricultural tenancy in 2007) secured in 2016/17. The net receipt will be reinvested in Cammo Estate in line with the decision of the Executive of the Council on 31 October 2006.

Risk, policy, compliance and governance impact

- 6.1 Although the offer is unconditional except as to NTS consent, there remains a risk that the sale will still not proceed. This would apply to any offer to purchase. This offer has been scrutinised and validated to ensure the risks associated with it are at an acceptable level.

Equalities impact

- 7.1 A successful redevelopment of the derelict property would enhance the rights to health and physical security by improving the site, and the area for nearby residents.
- 7.2 There are repeated breaches of the building's security which could result in unauthorised access to a dangerous building. Redevelopment would remove this risk to the health and physical security of the intruders.
- 7.3 The purchaser wishes the property for his family home which would enhance his right to individual, family and social life.

Sustainability impact

- 8.1 The impacts of this report in relation to the three elements of the Climate Change (Scotland) Act 2009 Public Bodies Duties have been considered, and the outcomes are summarised below:
- The proposals in this report will increase carbon emissions because an existing vacant building will be demolished and a new house erected. This impact will be addressed by the need for the building plans to comply with planning consents and building control regulations;
 - The need to build resilience to climate change impacts is not relevant to the proposals in this report because it relates to the reuse of an existing building; and
 - The proposals in this report will help achieve a sustainable Edinburgh because local interested parties are some of the main drivers behind the desire to see the redevelopment of this site. Redevelopment to provide a dwelling house in the place of a derelict building will benefit the local community.

Consultation and engagement

- 9.1 The Cammo Advisory Committee has been consulted throughout the current and previous sales processes.

Background reading/external references

[Report to Finance and Resources Committee on 3 February 2015 – Sale of Cammo Home Farm Steading, 37 Cammo Road, Edinburgh.](#)

[Report to Finance and Resources Committee on 28 August 2014 – Sale of Cammo Home farm Steading, 37 Cammo Road, Edinburgh.](#)

[Report to Finance and Resources Committee on 17 January 2012 – Disposal of Property at Cammo Home farm Steading, 37 Cammo Road, Edinburgh.](#)

[Report to Finance and Resources Committee on 27 January 2009 – Disposal of Property at Cammo Home farm Steading, 37 Cammo Road, Edinburgh.](#)

[Report to Executive of the Council on 31 October 2006 – Surrender of Agricultural Tenancy.](#)

Hugh Dunn

Acting Executive Director of Resources

Contact: Lesley Turner, Senior Estates Surveyor

E-mail: lesley.turner@edinburgh.gov.uk | Tel: 0131 529 5954

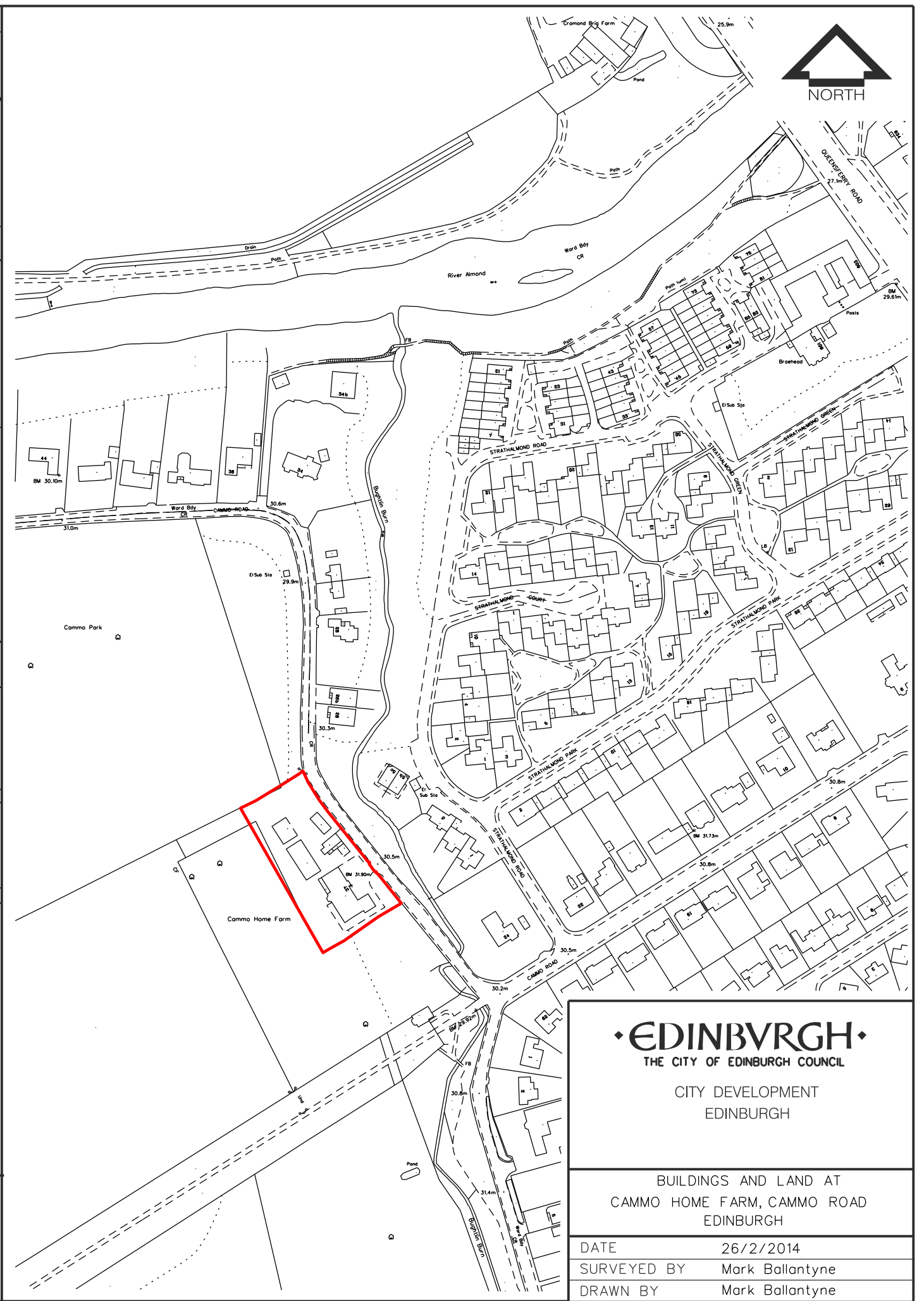
Links

Coalition pledges	P40 – Work with Edinburgh World Heritage Trust and other stakeholders to conserve the city’s built heritage.
Council outcomes	CO19 – Attractive Places and Well Maintained – Edinburgh remains an attractive city through the development of high quality buildings and places and the delivery of high standards and maintenance of infrastructure and public realm.
Single Outcome Agreement	SO4 – Edinburgh’s communities are safer and have improved physical and social fabric.
Appendices	Location Plan.



AREA SHOWN OUTLINED RED - 0.361 ha (0.89 acres)

SITE PLAN SCALE 1:500



LOCATION PLAN SCALE 1:2500

• EDINBURGH • THE CITY OF EDINBURGH COUNCIL	
CITY DEVELOPMENT EDINBURGH	
BUILDINGS AND LAND AT CAMMO HOME FARM, CAMMO ROAD EDINBURGH	
DATE	26/2/2014
SURVEYED BY	Mark Ballantyne
DRAWN BY	Mark Ballantyne
FILE NO.	
NEG. NO.	A3/1042 A

Finance and Resources Committee

10.00a.m, Tuesday, 2 February 2016

Proposed New Lease at 297 Canongate, Edinburgh

Item number	8.4
Report number	
Executive/routine	Routine
Wards	11 – City Centre

Executive summary

The retail unit at 297 Canongate is let to Mr Sitki Cagritekin and Mrs Mari Cagritekin, and trades as Wonders of Nature.

The lease is due to expire on 1 April 2016 and the tenant has requested a new 15 year lease in the name of Mrs Mari Cagritekin only.

The report seeks approval to grant a new 15 year lease, to Mrs Mari Cagritekin, on the terms and conditions outlined in the report.

Links

Coalition pledges	P15 , P28
Council outcomes	CO8 , CO9
Single Outcome Agreement	SO1

Proposed New Lease at 297 Canongate, Edinburgh

Recommendations

- 1.1 That Committee:
 - 1.1.1 Approves a new 15 year lease, to Mrs Mari Cagritekin, of retail premises at 297 Canongate, 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

- 2.1 The shop premises at 297 Canongate extends to 59.98m² (646sq ft) or thereby and is shown outlined in red on the attached plan.
- 2.2 Since September 2013, the property has been let to Mr Sitki Cagritekin and Mrs Mari Cagritekin who operate a retail business selling a range of woollen fashions, household furnishings and ornaments, trading as Wonders of Nature. The current rent is £16,290pa excl VAT.

Main report

- 3.1 The existing lease expires on 1 April 2016, and Mrs Mari Cagritekin has requested that the Council grants a new 15 year lease, from 2 April 2016, in her name only. Mr Cagritekin is to guarantee the lease.
- 3.2 The tenant has fulfilled all its legal and financial obligations in terms of the existing lease.
- 3.3 The following main terms have been provisionally agreed:
 - Subjects: Retail shop at 297 Canongate, Edinburgh, EH8 8BD;
 - New Lease: 15 years from 2 April 2016 until 1 April 2031;
 - Rent: £19,200 per annum (current market rental value);
 - Rent Reviews: Reviewed on each 5th anniversary of the term to open market value;
 - Use: The sale of woollen fashions, household furnishings and ornaments;
 - Repairs: Full repairing and maintaining obligation;
 - Guarantor: Mr Sitki Cagritekin.

Measures of success

- 4.1 Granting a new 15 year lease will allow Mrs Cagritekin to continue her long term financial planning of the business and, in turn, sustain employment to her workers and also help maintain the vibrant mix of retailers found in the Canongate.

Financial impact

- 5.1 An increase in rent of £2,910 per annum payable to the General Property Account.

Risk, policy, compliance and governance impact

- 6.1 This is a new 15 year lease to an existing joint tenant who has been trading from the property since September 2013. It is considered there is little or no impact on Risk, Policy, Compliance or Governance issues.

Equalities impact

- 7.1 An Equality and Rights Impact Assessment has been carried out.
- 7.2 An enhancement of rights has been identified as through a new lease, it will ensure that Mrs Cagritekin can continue to plan both financially and in terms of developing her business. This will allow her to continue to provide a high level of service and experience to her 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 offering a new lease to the current tenant 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 tenant's business and the possible effect on it if a new lease is not granted, the impact is considered to be proportionate and justifiable.

Sustainability impact

- 8.1 There are no sustainability issues arising from this report as the property has been leased out as a retail shop for many years and this is set to continue.

Consultation and engagement

- 9.1 N/A.

Background reading/external references

N/A.

Hugh Dunn

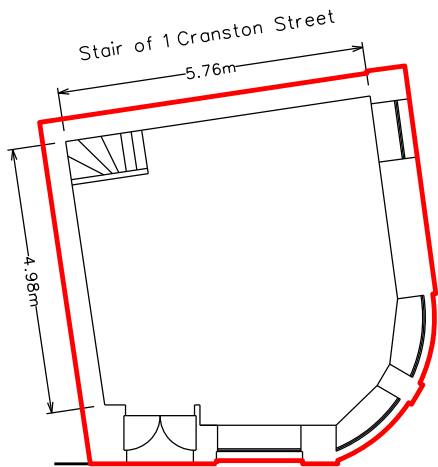
Acting Executive Director of Resources

Contact: Iain E Lamont, Estates Surveyor

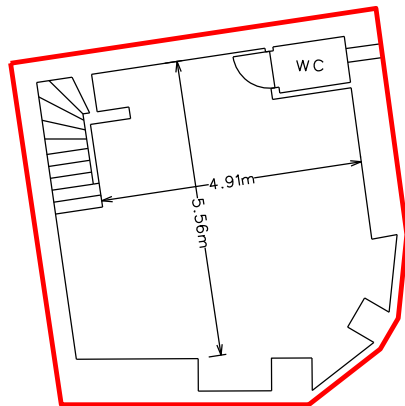
E-mail: iain.lamont@edinburgh.gov.uk | Tel: 0131 529 7610

Links

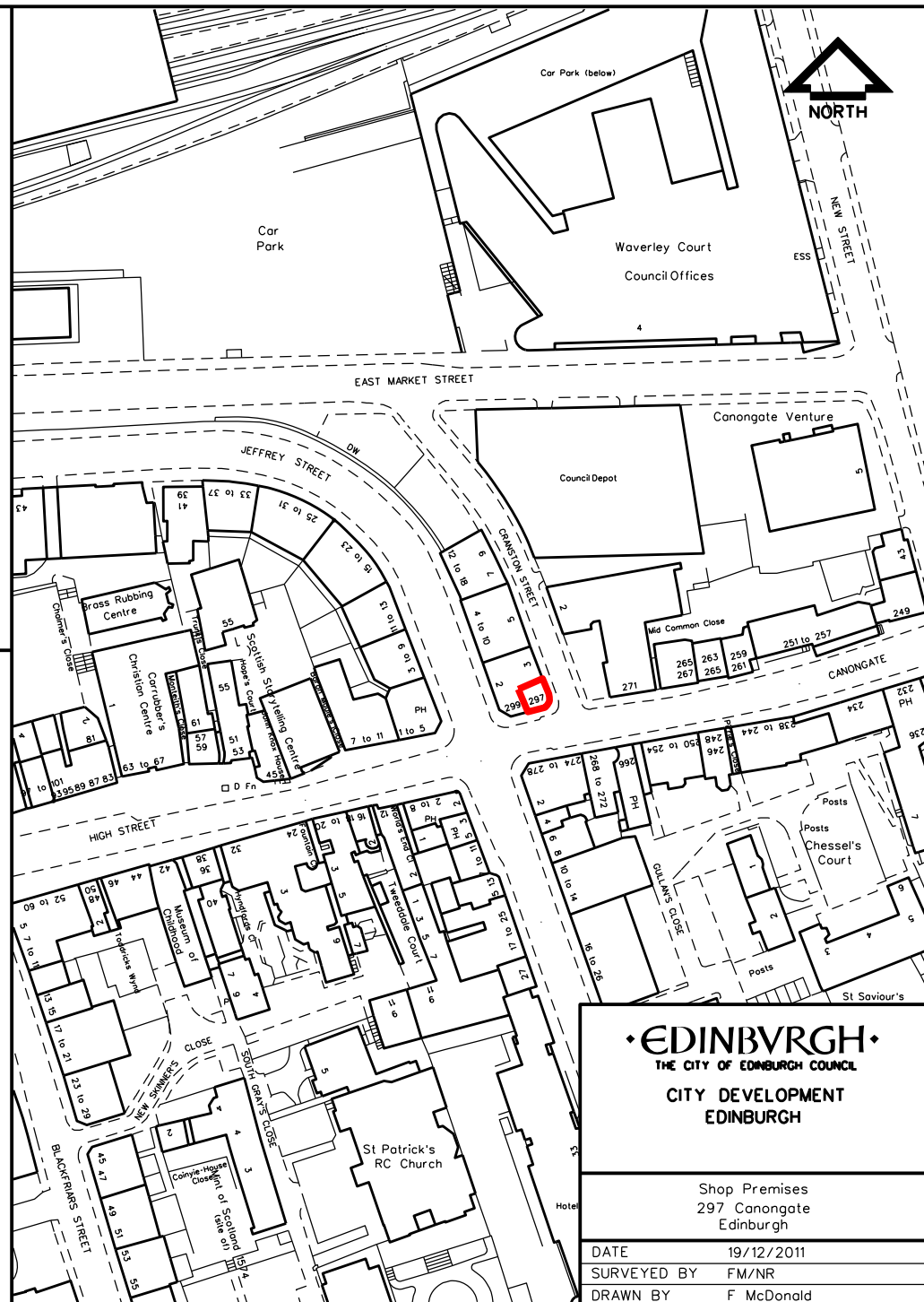
Coalition pledges	P15 – Work with public organisations, the private sector and social enterprise to promote Edinburgh to investors. P28 – Further strengthen our links with the business community by developing and implementing strategies to promote and protect the economic well being of the city.
Council outcomes	CO8 – Edinburgh’s economy creates and sustains job opportunities. CO9 – Edinburgh’s residents are able to access job opportunities.
Single Outcome Agreement	SO1 - Edinburgh’s Economy delivers increased investment, jobs and opportunities for all.
Appendices	Location Plan.



Ground Floor



Basement



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 CITY DEVELOPMENT
 EDINBURGH

Shop Premises 297 Canongate Edinburgh	
DATE	19/12/2011
SURVEYED BY	FM/NR
DRAWN BY	F McDonald
FILE NO.	
NEG. NO.	NT 2673/A3/1258

SITE PLAN

PHOTOGRAPHICALLY REDUCED NOT TO SCALE

LOCATION PLAN

Finance and Resources Committee

10.00a.m, Tuesday, 2 February 2016

Proposed New Lease at 299 Canongate, Edinburgh

Item number	8.5
Report number	
Executive/routine	Routine
Wards	11 – City Centre

Executive summary

The retail unit at 299 Canongate is let to Michael Thomas Cassidy, and trades as The Scottish Grocer.

The lease is due to expire on 30 March 2016 and the tenant has requested a new 10 year lease.

This report seeks approval to grant a new 10 year lease, to Michael Thomas Cassidy, on the terms and conditions outlined in the report.

Links

Coalition pledges	P15 , P28
Council outcomes	CO8 , CO9
Single Outcome Agreement	SO1

Proposed New Lease at 299 Canongate, Edinburgh

Recommendations

1.1 That Committee:

- 1.1.1 Approves a new 10 year lease, to Michael Thomas Cassidy, of retail premises at 299 Canongate, 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

- 2.1 The shop premises at 299 Canongate extends to 95.85m² (1,032sq ft) or thereby, and is shown outlined in red on the attached plan.
- 2.2 Since December 1998, Michael Thomas Cassidy has been the tenant operating a newsagent and convenience store business. The current rent is £15,250pa excl VAT.

Main report

- 3.1 The existing lease expires on 30 March 2016, and the existing tenant has requested that the Council grant a new 10 year lease from 31 March 2016.
- 3.2 The tenant has fulfilled all his legal and financial obligations in terms of the existing lease.
- 3.3 The following terms have been provisionally agreed:
- Subjects: Retail shop at 299 Canongate, Edinburgh;
 - New Lease: 10 years from 31 March 2016 until 30 March 2026;
 - Break Option: Tenant only break option on the third and seventh anniversaries;
 - Rent: £28,100 per annum (current market rental value);
 - Rent Reviews: Reviewed on each fifth anniversary of the term to open market value;
 - Use: Newsagent & Convenience Store;
 - Repairs: Full repairing and maintaining obligation.

Measures of success

- 4.1 Granting a new 10 year lease will allow the existing tenant to continue their long term financial planning of the business and, in turn, sustain employment for his workers and also help maintain the vibrant mix of retailers found in the Canongate.

Financial impact

- 5.1 An increase in rent of £12,850 per annum payable to the General Property Account.

Risk, policy, compliance and governance impact

- 6.1 This is a new 10 year lease to the existing tenant who has been trading from the property since December 1998. It is considered there is little or no impact on Risk, Policy, Compliance or Governance issues.

Equalities impact

- 7.1 An Equality and Rights Impact Assessment has been carried out.
- 7.2 An enhancement of rights has been identified as through a new lease, it will ensure that the existing tenant can continue to plan both financially and in terms of developing his business. This will allow him to continue to provide a high level of service and experience to his 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 offering a new lease to the current tenant 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 a new lease is not granted, the impact is considered to be proportionate and justifiable.

Sustainability impact

- 8.1 There are no sustainability issues arising from this report as the property has been leased out as a retail shop for many years and this is set to continue.

Consultation and engagement

- 9.1 N/A.

Background reading/external references

N/A.

Hugh Dunn

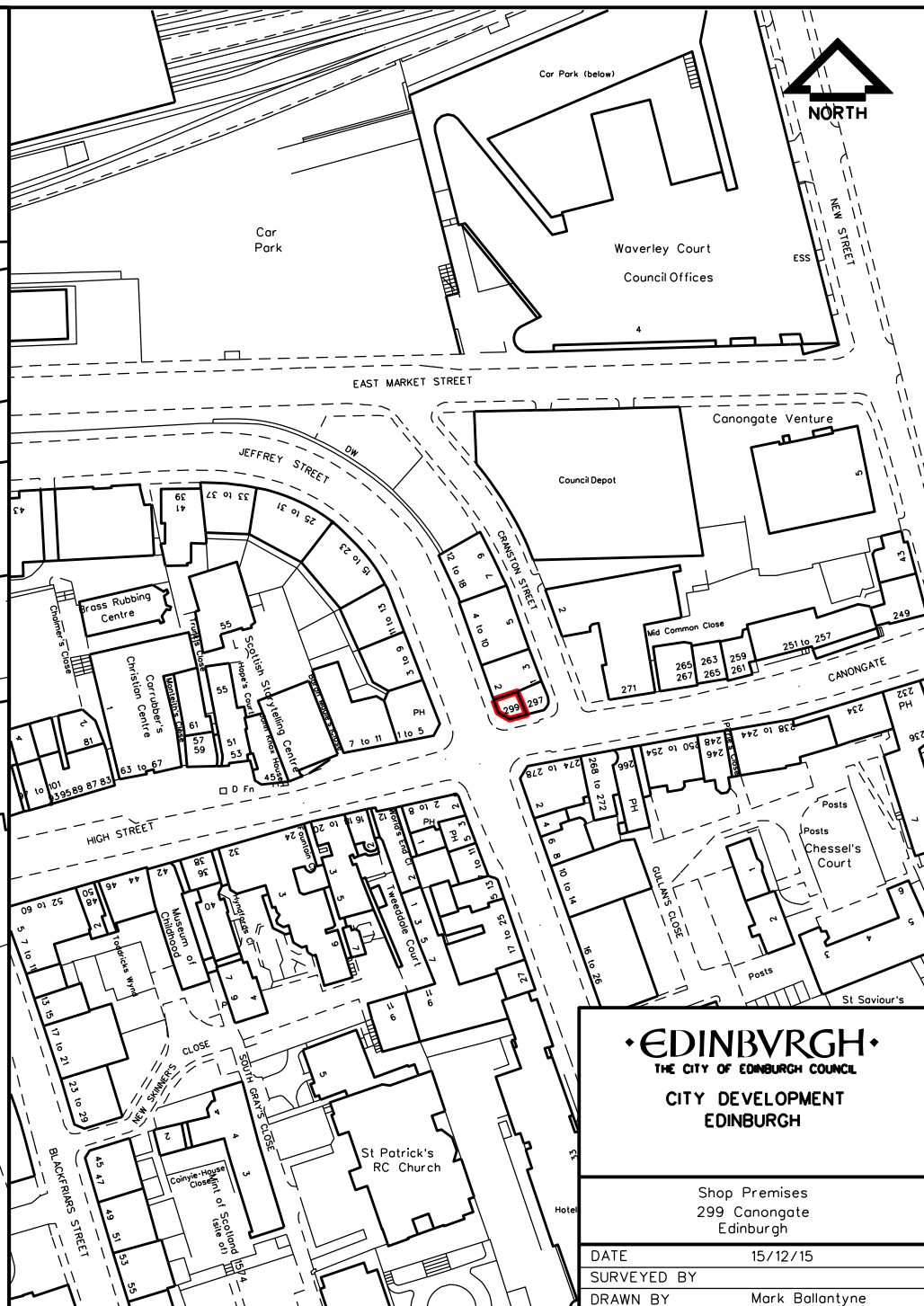
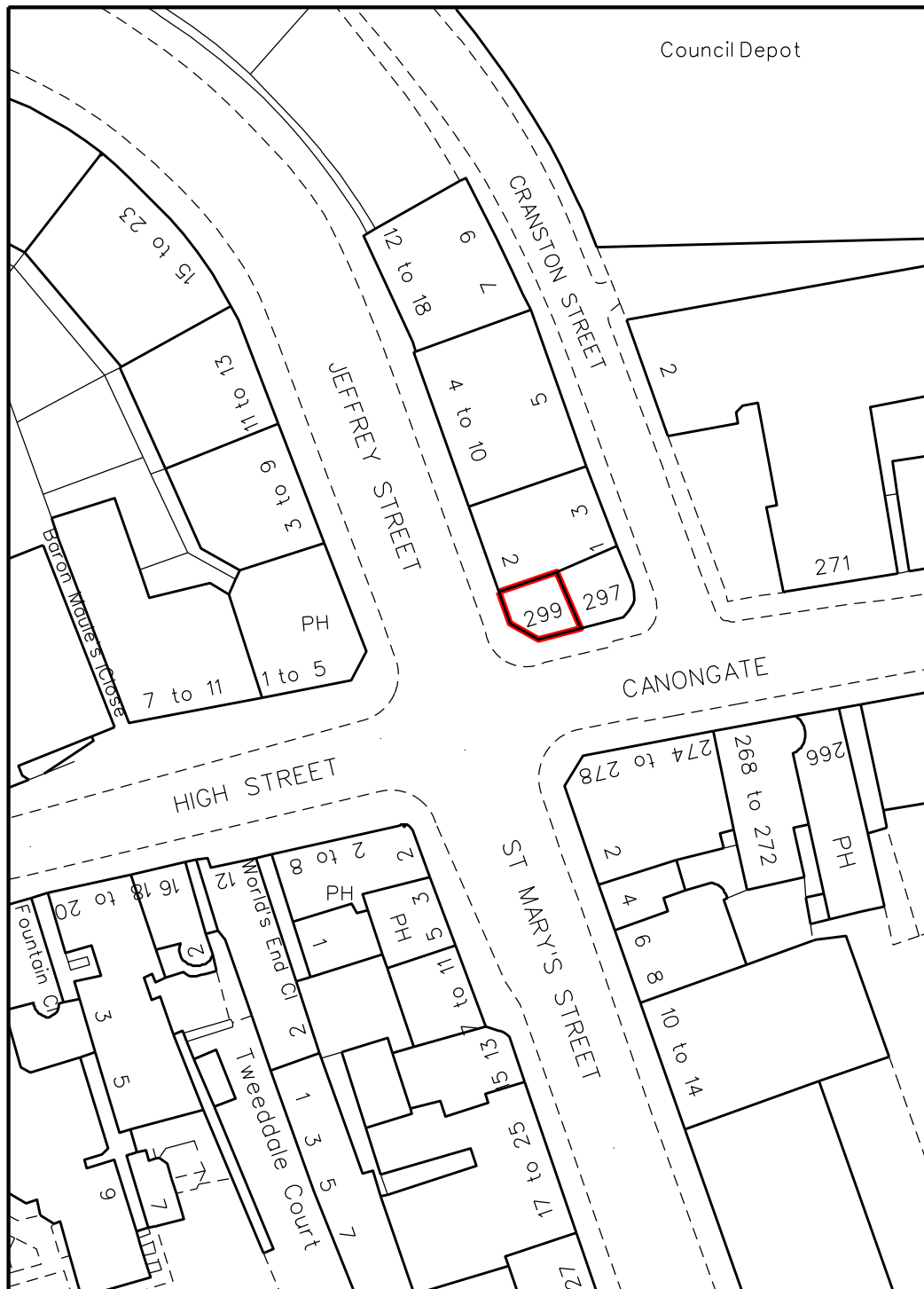
Acting Executive Director of Resources

Contact: Iain E Lamont, Estates Surveyor

E-mail: iain.lamont@edinburgh.gov.uk | Tel: 0131 529 7610

Links

Coalition pledges	P15 – Work with public organisations, the private sector and social enterprise to promote Edinburgh to investors. P28 – Further strengthen our links with the business community by developing and implementing strategies to promote and protect the economic well being of the city.
Council outcomes	CO8 – Edinburgh’s economy creates and sustains job opportunities. CO9 – Edinburgh’s residents are able to access job opportunities.
Single Outcome Agreement	SO1 - Edinburgh’s Economy delivers increased investment, jobs and opportunities for all.
Appendices	Location Plan.



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 CITY DEVELOPMENT
 EDINBURGH

Shop Premises 299 Canongate Edinburgh
DATE 15/12/15
SURVEYED BY
DRAWN BY Mark Ballantyne
FILE NO.
NEG. NO. A3/1638

SITE PLAN

PHOTOGRAPHICALLY REDUCED NOT TO SCALE

LOCATION PLAN

Finance and Resources Committee

10.00a.m, Tuesday, 2 February 2016

Riddles Court and 4-6 Victoria Terrace

Item number	8.6
Report number	
Executive/routine	Routine
Wards	11 – City Centre

Executive summary

On 1 July 2015, the Council concluded a 99 year lease of Riddles Court and 4-6 Victoria Terrace to the Scottish Historic Buildings Trust (SHBT).

SHBT will be refurbishing the property with a significant amount of grant assistance, including funds from Historic Scotland (Scottish Ministers).

As part of the conditions of grant, Historic Scotland has requested that the Council imposes a burden on its Title to the property so as to ensure, inter alia, that for 15 years, the property will be properly maintained, and that any proposal to charge entry to the building be subject to prior approval of Scottish Ministers.

This report seeks authority for the Council to create a conservation burden on its Title of Riddles Court and 4-6 Victoria Terrace.

Links

Coalition pledges	P1 , P15 , P28 , P30
Council outcomes	CO2 , CO7 , CO9 , CO19
Single Outcome Agreement	SO1 , SO3

Riddles Court and 4-6 Victoria Terrace

Recommendations

- 1.1 That Committee:
 - 1.1.1 Approves that a conservation burden be placed on the Council's Title at Riddles Court and 4-6 Victoria Terrace in favour of Scottish Ministers, 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

- 2.1 Riddles Court and 4-6 Victoria Terrace, as shown edged red on the attached plan, have been leased to SHBT for a period of 99 years from 1 July 2015 at a peppercorn rent.
- 2.2 SHBT will be undertaking a major refurbishment of the property to create the Patrick Geddes Centre for Learning.
- 2.3 The project cost amounts to approximately £5.6m, which is being met by grants from a variety of sources including Historic Scotland.

Main report

- 3.1 Historic Scotland, in committing public funds to the project, wishes to ensure that the property will be maintained in good repair and condition for a period of 15 years, and requires that a conservation burden be imposed on the Council's Title for this period.
- 3.2 The primary element of the burden relates to repairs and maintenance but it also includes rights for Historic Scotland to inspect, and that any proposals to charge entry fees to the property be subject to prior approval of Scottish Ministers.
- 3.3 Under the terms of the lease, SHBT is obliged to adhere to all Title burdens affecting the property including this fresh conservation burden.
- 3.4 The risk to the Council will only arise if the lease between the Council and SHBT is terminated for any reason in which case the Council would be obliged to take on responsibility for the burden until such time as the property is either relet or sold.
- 3.5 Provisional agreement has been reached with SHBT and Historic Scotland that a conservation burden be imposed on the Council's Title for a period of 15 years,

subject to SHBT meeting the Council's fees and expenses incurred in completing the constitutive deed.

Measures of success

- 4.1 The completed refurbishment of Riddles Court and 4-6 Victoria Terrace, which is a Grade A Listed building.

Financial impact

- 5.1 SHBT is responsible for payment of any fees and other expenses as a result of placing this burden on the Council's Title.

Risk, policy, compliance and governance impact

- 6.1 In the event of the Council not agreeing to the conservation burden, SHBT is at risk of losing its funding and the Riddles Court refurbishment project will no longer be viable. The building could be returned to the Council, its future use would have to be decided and the Council would be responsible for all maintenance costs in the short to medium term.
- 6.2 In the event of the Council agreeing to the conservation burden, SHBT will be required, under the terms of the lease, to adhere to all Title conditions.

Equalities impact

- 7.1 An Equalities and Right's Impact Assessment has been carried out. Approval to attaching the burden to the Title will mean that funding is enabled to save this historic building for future Edinburgh residents. The building is to become the Patrick Geddes Centre for Learning in honour of Sir Patrick Geddes, a former owner.
- 7.2 If approval is not granted then funding may be lost and the benefits of conservation may not be realised.

Sustainability impact

- 8.1 The refurbishment of Riddles Court will preserve a Category A listed building for future generations and provide full time jobs.

Consultation and engagement

- 9.1 The Council has been working extensively with SHBT to agree mutually successful outcomes.

Background reading/external references

Riddles Court and 4-6 Victoria Terrace:

http://www.edinburgh.gov.uk/download/meetings/id/42920/item_no_87_-_riddles_court_and_4-6_victoria_terrace

Redevelopment of Riddles Court:

http://www.edinburgh.gov.uk/download/meetings/id/31722/item_16-redevelopment_of_riddle's_court

Riddles Court – Lease to the Scottish Historic Buildings Trust:

http://www.edinburgh.gov.uk/download/meetings/id/32453/item_27-riddles_court-lease_to_the_scottish_historic_buildings_trust

Redevelopment of Riddles Court – Update:

http://www.edinburgh.gov.uk/download/meetings/id/34779/item_11-redevelopment_of_riddle_s_court-update

Hugh Dunn

Acting Executive Director of Resources

Contact: Judith Shaw, Senior Estates Surveyor

E-mail: judith.shaw@edinburgh.gov.uk | Tel: 0131 529 4381

Links

Coalition pledges	<p>P1 - Increase support for vulnerable children, including help for families so that fewer go into care.</p> <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> <p>P30 - Continue to maintain a sound financial position including long-term financial planning.</p>
Council outcomes	<p>CO2 - Our children and young people are successful learners, confident individuals and responsible citizens making a positive contribution to their communities.</p> <p>CO7 - Edinburgh draws new investment in development and regeneration.</p> <p>CO8 - Edinburgh's economy creates and sustains job opportunities.</p>

Single Outcome Agreement

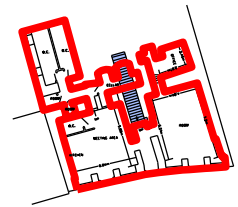
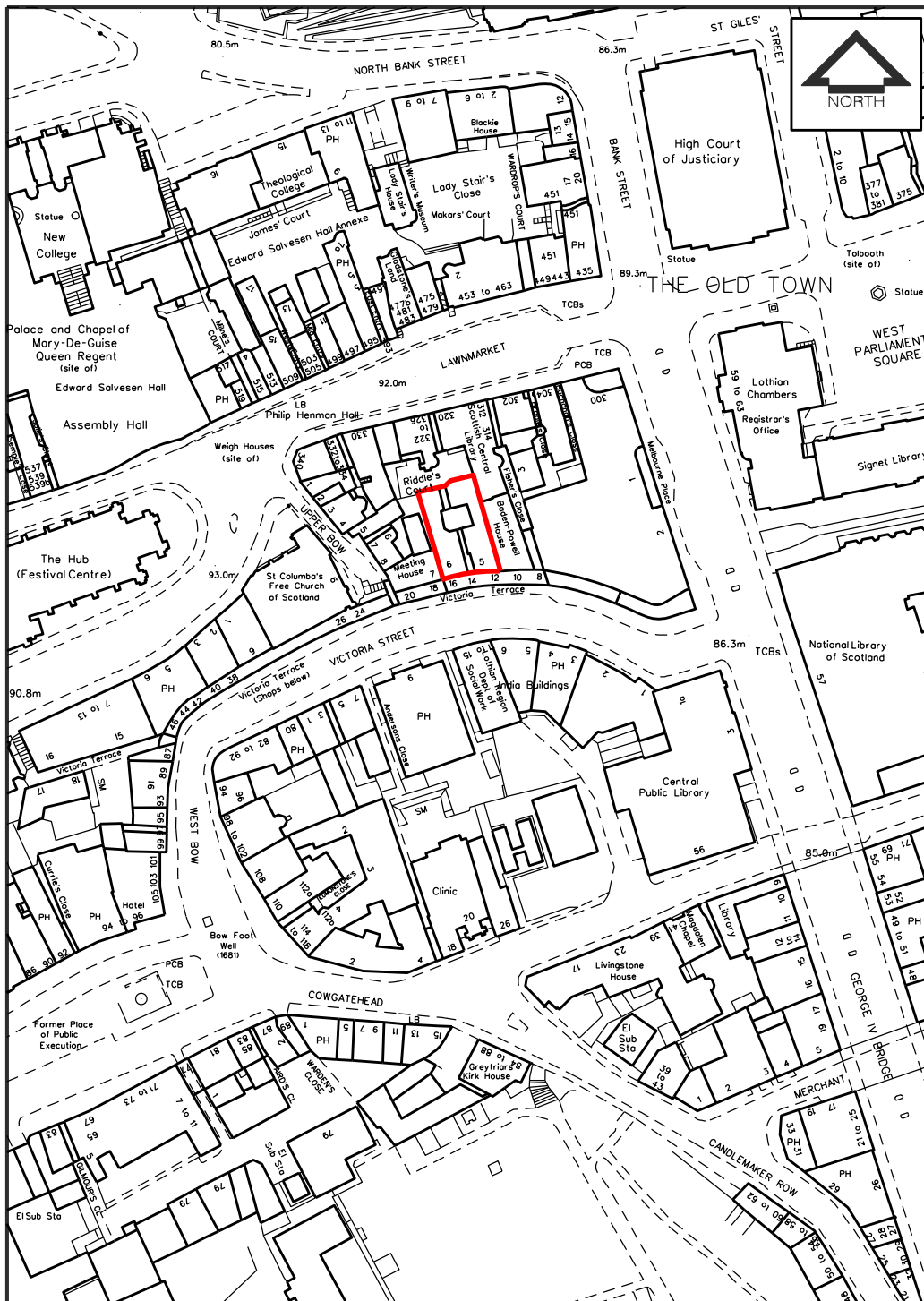
CO19 - Attractive Places and Well Maintained – Edinburgh remains an attractive city through the development of high quality buildings and places and the delivery of high standards and maintenance of infrastructure and public realm.

SO1 - Edinburgh's Economy Delivers increased investment, jobs and opportunities for all.

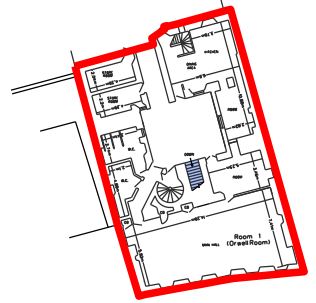
SO3 - Edinburgh's children and young people enjoy their childhood and fulfil their potential.

Appendices

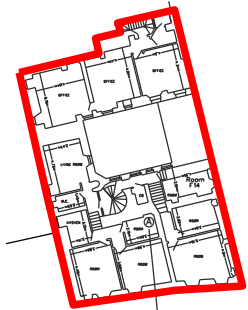
Appendix 1: Location Plan



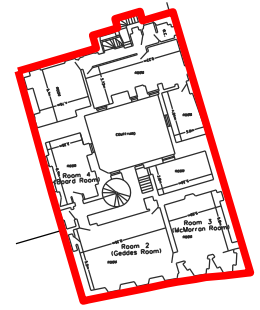
4-6 VICTORIA TERRACE



GROUND FLOOR
RIDDLE'S COURT
322 LAWNMARKET



2nd FLOOR
RIDDLE'S COURT
322 LAWNMARKET



1st FLOOR
RIDDLE'S COURT
322 LAWNMARKET

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SERVICES FOR COMMUNITIES EDINBURGH	
RIDDLE'S COURT, 322 LAWNMARKET AND 4-6 VICTORIA TERRACE EDINBURGH	
DATE	9/12/15
SURVEYED BY	
DRAWN BY	Mark ballantyne
SCALE	N.T.S.
NEG. NO.	A3/1457a

LOCATION PLAN

PHOTOGRAPHICALLY REDUCED NOT TO SCALE

SITE PLAN