

Notice of meeting and agenda

Finance and Resources Committee

10.00am, Thursday 9 June 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

Email: veronica.macmillan@edinburgh.gov.uk / laura.millar2@edinburgh.gov.uk

Tel: 0131 529 4283 / 0131 529 4319



1. Order of business

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

2. Declaration of interests

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

3. Deputations

- 3.1 If any

4. Minutes

- 4.1 Minutes of the Meeting of 12 May 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 Governance of Major Projects: Progress Report – report by the Chief Executive (circulated)
- 7.2 Asset Management Strategy (AMS) Transformation Programme - Update – report by the Acting Executive Director of Resources (circulated)
- 7.3 Managing Workforce Change – Workforce Dashboard – report by the Acting Executive Director of Resources (circulated)
- 7.4 Revenue and Capital Budget Framework 2016/20: Potential Equalities and Rights Impacts of Approved Proposals – report by the Chief Executive (circulated)
- 7.5 Waiver report for CCTV Infrastructure: BT Redcare – report by the Head of Safer and Stronger Communities (circulated)

- 7.6 Contracts Awarded under Delegated Authority (Waiver Reports) and Procurement Activity – report by the Acting Executive Director of Resources (circulated)
- 7.7 Implications for Co-production and Procurement – report by the Acting Executive Director of Resources (circulated)
- 7.8 Supply of Temporary Security Alarm Systems from 1 July 2016 to 31 March 2017 – report by the Acting Executive Director of Resources (circulated)
- 7.9 Contract Award for the Supply of Stationary from 1 August 2016 until 31 May 2020 – report by the Acting Executive Director of Communities and Families (circulated)
- 7.10 Bridgend Farmhouse and Steadings: Update – report by the Acting Executive Director of Resources (circulated)
- 7.11 Redhall House and Grounds, 7 Redhall House Drive, Edinburgh – report by the Acting Executive Director of Resources (circulated)
- 7.12 Inch House Community Centre – report by the Acting Executive Director of Resources (circulated)
- 7.13 Contract Award for the Supply and Distribution of Groceries & Provisions from 1 July 2016 until 30 April 2020 – report by the Acting Executive Director of Resources (circulated)
- 7.14 Property Repairs and Maintenance Contract – report by the Executive Director of Place (circulated)
- 7.15 Award of Contract for Consultancy Services to Provide the Water of Leith Basin Siltation Study – report by the Executive Director of Place (circulated)
- 7.16 Approval for the Appointment of Consultants to Design Cycling and Walking Schemes - report by the Executive Director of Place (circulated)
- 7.17 Approval for Smarter Choices, Smarter Places – Travel Planning Consultants – report by the Executive Director of Place (circulated)
- 7.18 Adoption of Scottish Government Liquid Fuels Framework – report by the Executive Director of Place (circulated)
- 7.19 21st Century Homes - Procurement of a Developer for North Sighthill – report by the Executive Director of Place (circulated)

- 7.20 Refurbishment & Re-development at the City Observatory Calton Hill Complex - Delegated Authority for Award of Contract – report by the Executive Director of Place (circulated)
- 7.21 Award of Contracts - Innovative Approaches to the Delivery of Care at Home Services – report by the Chief Officer – Edinburgh Health and Social Care Partnership (circulated)
- 7.22 Tynecastle Nursery – referral report from the Education, Children and Families Committee (circulated)
- 7.23 Appointments to Sub-Committees and Working Groups – 2016/17 – report by the Chief Executive (circulated)
- 7.24 Property Conservation – Programme Momentum Progress Report and Edinburgh Shared Repairs Service Update – report by the Acting Executive Director of Resources (circulated)
- 7.25 Edinburgh Shared Repairs Service – Missing Share - report by the Acting Executive Director of Resources (circulated)

8. Routine decisions

- 8.1 Proposed Disposal of 0.22 Ha at Edinburgh Capital Hotel, 187 Clermiston Road – report by the Acting Executive Director of Resources (circulated)
- 8.2 Disposal of Land at Princes Street Gardens – National Galleries of Scotland Proposed Extension – report by the Acting Executive Director of Resources (circulated)
- 8.3 Port Edgar Marina – Proposed Lease Extension – report by the Acting Executive Director of Resources (circulated)
- 8.4 Site at Newcraighall Road, Edinburgh – Proposed Disposal – report by the Acting Executive Director of Resources (circulated)
- 8.5 Participatory Budgeting Process – referral report by the Communities and Neighbourhoods Committee (circulated)

9. Motions

- 9.1 If any

Kirsty-Louise Campbell

Interim Head of Strategy and Insight

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 Ross (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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Please note: this meeting may be filmed for live and subsequent broadcast via the Council's internet site – at the start of the meeting the Convener will confirm if all or part of the meeting is being filmed.

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Generally the public seating areas will not be filmed. However, by entering the Council Chamber and using the public seating area, you are consenting to being filmed and to the use and storage of those images and sound recordings and any information pertaining to you contained in them for web casting and training purposes and for the purpose of keeping historical records and making those records available to the public.

Any information presented by you to the Council at a meeting, in a deputation or otherwise, in addition to forming part of a webcast that will be held as a historical record, will also be held and used by the Council in connection with the relevant matter until that matter is decided or otherwise resolved (including any potential appeals and other connected processes). Thereafter, that information will continue to be held as part of the historical record in accordance with the paragraphs above.

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

Item 4.1 - Minutes

Finance and Resources Committee

10.00am, Thursday, 12 May 2016

Present

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

1(a) Deputation: Scottish Care – Care at Home Contract

The Committee agreed to hear a deputation from Rene Rigby, Carol Craig and Swaran Rakhra on behalf of Scottish Care in relation to Item 7.5 – Care at Home Contract.

The main points raised by the deputation were:

- Out of all the organisations that registered an interest in submitting a tender for the care at home contract, 77% did not submit a tender.
- The contractual rate of per hour was £16.00 minus 10 per cent, £14.40 per hour – this was not included in the report to Committee.
- The terms and conditions around the application of penalties to providers had not been set out and this was an unacceptable risk for providers as it could result in them going out of business.

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

Declaration of Interest

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

1(b) Care at Home Contract

Approval was sought to award contracts to eight providers for the provision of Care at Home Services in eleven neighbourhood areas.

Decision

To approve the award of contracts for the provision of care at home services in the individual neighbourhoods listed below, subject to receipt of directions and confirmation of funding by the Edinburgh Integration Joint Board (EIJB).

Neighbourhood	Provider
1. Almond	Avenue Care Services
2. Craightinny/Duddingston	Call-In Homecare
3. Forth	Real Life Options
4. Inverleith	Real Life Options
5. Leith	The Human Support Group
6. Liberton/Gilmerton	Call-In Homecare
7. Pentlands	Shaw Healthcare
8. Portobello/Craigmillar	SCRT
9. South Central	Social Care Alba
10. South West	Shaw Healthcare
11. Western Edinburgh	Careline Homecare

Declaration of Interest

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

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

2. Minutes

Decision

To approve the minute of the Finance and Resources Committee of 17 March 2016 as a correct record.

3. Key Decisions Forward Plan

The Finance and Resources Committee Key Decisions Forward Plan from 12 May 2016 to 9 June 2016 was submitted.

Decision

To note the Key Decisions Forward Plan from 12 May 2016 to 9 June 2016.

(Reference – Finance and Resources Committee Key Decisions Forward Plan, 12 May 2016 to 9 June 2016, submitted.)

4. Rolling Actions Log

The Finance and Resources Committee Rolling Actions Log for 27 August 2015 to 17 March 2016 was submitted.

Decision

To note that Items 1, 5, 6, 7, 8, 9, 10, 11, 12, 14, 15, 16 and 17 had been closed.

(Reference – Rolling Actions Log, 27 August 2015 to 2 February 2016, submitted.)

5. Transformation Programme: Progress Update

A single, consolidated status update was provided on the Council Transformation Programme, aimed at delivering a lean and agile Council, centred on customers, services and communities.

Decision

- 1) To note the progress to date with the realisation of savings through organisational reviews.
- 2) To note the progress made to date with the major workstreams.
- 3) To note the updated VERA/HR figures contained within the report and that more detailed information was available in the Managing Workforce Change dashboard contained within Item 7.2 on the agenda.
- 4) To note the management information dashboards attached at Appendix 1 of the report.

(References – Finance and Resources Committee, 17 March 2016 (item 1(b)); report by the Chief Executive, submitted.)

6. Managing Workforce Change – Workforce Dashboard

Details were provided of monitoring information on the number of employees that had exited the Council through Voluntary Early Release (VERA) and Voluntary Redundancy (VR), the associated annualised cost savings, the number of surplus staff and associated costs, the number of managers that had participated in the Leading for Change Transformation development programme and the number of VERA applications declined and the reasons for them being declined.

Decision

To note progress made to date.

(References – Finance and Resources Committee, 17 March 2016 (item 9); report by the Acting Executive Director of Resources, submitted.)

7. Revenue and Capital Budget Framework 2016/20 Update

Committee considered a report that provided an overview of a number of recent announcements, subject to the outcome of the upcoming Scottish Parliamentary elections that may impact on the revenue and capital budget framework going forward.

Decision

- 1) To note the report.
- 2) To note that progress in the delivery of approved savings and any material changes to the budget framework assumptions would be reported to the Finance and Resources Committee later in the year.

(References – Finance and Resources Committee, 17 March 2016 (item 4); report by the Acting Executive Director of Resources, submitted.)

8. Report by the Accounts Commission – An overview of Local Government in Scotland 2016

Details were provided of a report by the Accounts Commission, as part of its annual programme of scrutiny and inspection across Scotland's local authorities that drew on work undertaken in the preceding year and summarised findings and key themes that emerged from financial statement, Best Value, Community Planning and wider performance audits.

Decision

- 1) To note the report.
- 2) To refer the report to the Governance, Risk and Best Value Committee as part of its work programme.

(References – Act of Council (No 10), 10 March 2016; report by the Acting Executive Director of Resources, submitted.)

9. Disabilities Complex Care Contract

Approval was sought to award a contract to Living Ambitions Ltd for the provision of a Disabilities Complex Care Housing and Support Service.

Decision

To approve the award of a contract to Living Ambitions Ltd for the provision of a Disabilities Complex Care Housing and Support Service.

Declaration of Interest

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

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

10. Scotland's Energy Efficiency Programme

Scotland's Energy Efficiency Programme had been launched by the Scottish Government as part of its commitment to energy efficiency as a national infrastructure priority and as a means of meeting targets on fuel poverty and climate change. The first phase of the programme would provide funding for a number of pathfinder projects which aimed to integrate both domestic and non domestic energy efficiency projects.

Decision

To approve Edinburgh's application to Scotland's Energy Efficiency Programme.

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

11. Provision of a City Wide Car Sharing Scheme

Committee considered a report that required approval to appoint City Car Club Ltd, to provide a city wide car sharing scheme for the City of Edinburgh Council.

Decision

To approve the appointment of City Car Club Ltd, to provide a city wide car sharing scheme for the City of Edinburgh Council which would commence on 1 July 2016 for a period of four years, with an optional extension of up to a further three periods of 12 month, each undertaken at the sole discretion of the Council.

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

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

Decision

To continue the report to the next Finance and Resources Committee being held on 9 June 2016, subject to confirmation of funding from Sustrans.

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

13. Contract Award Under Urgency Procedure – Cafe Concessions for Parks and Greenspace and Museums and Galleries – Lot 2

Committee considered a report advising the action that had been taken to award Lot 2 - East Princes Street Gardens Kiosk under urgency powers following the satisfactory completion of the due diligence process.

Decision

To note the action taken to award Lot 2 – East Princes Street Gardens to GIPA Capital Ltd under urgency provisions as described in paragraph 4.1 of the Committee Terms of Reference and Delegated Functions.

(References – Finance and Resources Committee, 17 March 2016 (item 21); report by the Executive Director of Place, submitted.)

14. Property Conservation - Programme Momentum Progress Report and Edinburgh Shared Repairs Service Update

An update was provided on the progress of Programme Momentum and the Edinburgh Shared Repairs Service (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 update on the pilot progress and phased implementation of the Edinburgh Shared Repairs Service (ESRS).

(References – Finance and Resources Committee, 17 March 2016 (item 33); report by the Acting Executive Director of Resources, submitted.)

15. Proposed New Lease at 56 High Street, Edinburgh

Approval was sought to grant a new 10 year lease to Palenque (Edinburgh) Limited on the terms and conditions outlined in the report.

Decision

To approve the grant of a new 10 year lease to Palenque (Edinburgh) Limited of retail premises at 56 High Street, 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.)

16. Disposal of Land adjacent to 257a Colinton Road, Edinburgh

Details were provided of a report which sought approval for the owners of the cottage at 257a Colinton Road, Edinburgh, to purchase 26.81 sq metres of Council owned land that they had been using as garden ground.

Decision

- 1) To approve the disposal of approximately 26.81 sq metres of land adjacent to the cottage at 257a Colinton Road to Jenny and David Terris, on the terms and conditions outlined in the report and on other terms to be agreed by the Acting Executive Director of Resources.
- 2) To agree to include in future reports of this kind that each application for disposal of land would be considered on its own merit and no precedence set for automatic sale to those who had already been using the land.

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

17. Proposed Disposal of 0.22 Ha at Edinburgh Capital Hotel, 187 Clermiston Road

Decision

To continue consideration of the report to the Finance and Resources Committee being held on 9 June 2016 to allow the Acting Head of Corporate Property to liaise with the bidder regarding protection of the right of way through the car park from Clermiston Road, towards Rannoch Road.

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

18. Additional Function Space and Offices Project – Investment Sale of Atria Offices

Details were provided of the construction of the Additional Function Space (AFS) and Offices project, which involved the construction of an expansion to the Edinburgh International Conference Centre (EICC) and a speculative grade A office development.

Decision

- 1) To note the successful completion of the Additional Function Space (AFS) and Offices construction project on time and within budget.
- 2) To note the investment sale of the offices (Atria One and Two) as shown outlined red in the attached plan to the report, for a gross price of £105.25 million.
- 3) To pass on thanks from the Finance and Resources Committee to the lead officer, Ruth Macdonald, for her management of the sale.

(References – Act of Council (No 6), 24 June 2010; report by the Acting Executive Director of Resources, submitted.)

19. 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 item of business on the grounds that it involved the disclosure of exempt information as defined in Paragraph 12 of Part 1 of Schedule 7(A) of the Act.

20. Property Conservation – Claims Recovery

An update was provided on the work carried out to date reviewing the potential to recover sums from contractors and consultants, written off under the Project Joule review.

Decision

Detailed in the Confidential Schedule, signed by the Convener, with reference to this minute.

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



Item 5.1 - Business bulletin

Finance and Resources Committee

10.00am, Thursday 9 June 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 Ricky Henderson ▪ Cllr Paul Godzik ▪ Cllr Allan Jackson ▪ Cllr Bill Henderson ▪ Cllr Andrew Burns (ex officio) ▪ Cllr Frank Ross (ex officio) 	<p>Veronica Macmillan Committee Officer Tel: 0131 529 4283</p> <p>Linda Fraser Professional Support Manager Tel: 0131 469 3928</p>

Recent news	Background
<p>Update on Greendykes and Wauchope communal heating system</p> <p>On 9 October 2014, Governance, Risk and Best Value committee agreed:</p> <p>‘To request a report in 12 months to both the Finance and Resources Committee and Health, Social Care and Housing Committee on whether the savings were achieved.’</p> <p>An update was included in a report approved at Health Social Care and Housing Committee on 19 April 2016.</p> <p>The installation of the district heating system at Greendykes and Wauchope House formed part of a comprehensive upgrade of 172 Council flats in the two multi storey blocks. The upgrade also included extensive cladding to the building to improve insulation and energy efficiency, and replacement of kitchens and bathrooms in tenants’ homes.</p> <p>The average annual cost per flat of the energy used by the district heating system is £474.40. Prior to that it is estimated that tenants were spending between £700 and £800 on heating costs annually. Tenants in these blocks have further benefited from the decision to charge an introductory flat rate of £1.00 per day. This was introduced to give tenants certainty over their future</p>	<p>Health, Social Care and Housing Committee 19 April 2016</p> <p>For further information, please contact Michael Thain, Strategy & Investment Manager</p>

energy bills at a time when they expressed significant concerns about the risks of installing a new heating system and a new way of providing energy.

This update to Finance and Resources Committee discharges the remit from Governance, Risk and Best Value committee.

Rivers Centre Public Social Partnership/Carr Gomm

On [27 August 2015](#), Committee requested that officers work alongside the Rivers Centre Public Social Partnership/Carr Gomm to identify alternative accommodation and to report the outcome back to Committee. Since that time, a number of options have been considered and discussions are now focusing on the vacant space in the upper floors of Fountainbridge Library. There has been a delay due to planned maintenance work to the building, however, it is expected that a report detailing the terms and conditions of a proposed lease will be presented to Committee later this year.

For information, please contact [Peter Watton](#),

Acting Head of Corporate Property

Forthcoming activities

Item 6.1 - Key decisions forward plan

Finance and Resources Committee

[9 June 2016 – 18 August 2016]

Item	Key decisions	Expected date of decision	Wards affected	Director and lead officer	Coalition pledges and Council outcomes
1.	ICT Services and Transformation Procurement: Update	18 August 2016		Andrew Kerr, Chief Executive Lead Officer: Claudette Jones , Chief Information Officer	
2.	Business Gateway – Workshops and Expert Help Sessions	18 August 2016		Andrew Kerr, Chief Executive Lead Officer: Susan Harkins , Business Gateway Manager	
3.	Re-employment and Re-engagement of staff – Progress Report	18 August 2016		Hugh Dunn, Acting Executive Director of Resources Lead Officer: Innes Edwards , Principal Treasury and Banking Manager	
4.	Treasury Annual Report	18 August 2016		Hugh Dunn, Acting Executive Director of Resources Lead Officer: Katy Miller , Head of Human Resources	

Item	Key decisions	Expected date of decision	Wards affected	Director and lead officer	Coalition pledges and Council outcomes
5.	Managing Workforce Change: Workforce Dashboard	18 August 2016		Hugh Dunn, Acting Executive Director of Resources Lead Officer: Katy Miller , Head of Human Resources	
6.	Revenue Monitoring 2015/16 Outturn Report	18 August 2016		Hugh Dunn, Acting Executive Director of Resources Lead Officer: Fraser Rowson , Principal Accountant – Corporate Accounts	
7.	Capital Monitoring 2015/16 Outturn Report	18 August 2016		Hugh Dunn, Acting Executive Director of Resources Lead Officer: Fraser Rowson , Principal Accountant – Corporate Accounts	
8.	Revenue Monitoring 2016/17: Month 3 Position	18 August 2016		Hugh Dunn, Acting Executive Director of Resources Lead Officer: Fraser Rowson , Principal Accountant – Corporate Accounts	
9.	Capital Monitoring 2016/17: Month 3 Position	18 August 2016		Hugh Dunn, Acting Executive Director of Resources Lead Officer: Fraser Rowson , Principal Accountant – Corporate Accounts	

Item	Key decisions	Expected date of decision	Wards affected	Director and lead officer	Coalition pledges and Council outcomes
10.	Policies – Assurance Statement - Finance	18 August 2016		Hugh Dunn, Acting Executive Director of Resources Lead Officer: Fraser Rowson , Principal Accountant – Corporate Accounts	
11.	Proposed 10 year lease extension at 69B Braid Road, Edinburgh	18 August 2016		Hugh Dunn, Acting Executive Director of Resources Lead Officer: Mark Bulloch , Senior Estates Surveyor	
12.	Replacement of the Salvesen Steps on the River Almond	18 August 2016		Director: Paul Lawrence, Executive Director of Place Lead officer: David Jamieson , Parks and Green Space Manager	
13.	Management of the Almond Weirs for Fish Migration	18 August 2016		Director: Paul Lawrence, Executive Director of Place Lead officer: David Jamieson , Parks and Green Space Manager	

Item 6.2 - Rolling Actions Log

Finance and Resources Committee

27 August 2015 – 12 May 2016

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	RAG Status	Comments
1	27-08-15	Proposed 25 Year Lease of the Engine Shed, 19 St Leonard's Lane, Edinburgh	To request that officers 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	Report to be considered at the F+R Committee on 9 June 2016 – ongoing.

2	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 Considered by the F+R Committee on 9 June 2016 – ongoing.
3	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	June 2016		A	Planning application would be considered on 8 June 2016, and a verbal update and report would be brought to F+R on 9 June 2016 – ongoing.

4	17-03-16	Community Transport Public Social Partnership Arrangements	To update members following discussions with the Integration Joint Board on responsibility for funding of Community Transport.	Executive Director of Place	As soon as possible	26 May 2016	G	Briefing note circulated to members – closed.
5	17-03-16	Cafe Concessions – Museums and Galleries, Parks and Greenspace	1) To withdraw the award of Lot 2 to investigate issues related to this and to bring back a report to Committee in May 2016.	Executive Director of Place	As soon as possible	12 May 2016	G	Report considered by the F+R Cttee on 12 May 2016 – closed.
			2) To arrange a meeting with Councillor Corbett to discuss how the Council could work with smaller businesses in relation to a contract of this size.		As soon as possible	1 June 2016	G	Meeting held with Councillor Corbett – closed.
6	12-05-16	Transformation Programme - Progress Report	To circulate a briefing note to members on the reductions and savings from frontline staff and how staff members would be affected in merged neighbourhoods	Chief Executive	As soon as possible	01 June 2016	G	Briefing note circulated to members on 1 June 2016 – closed.

7	12-05-16	Managing Workforce Change - Workforce Dashboard	To circulate a briefing note to members on the reasons for refusal of VERA applications, the reduction in the numbers of approved VERA applications and the criteria on which posts were deemed to be critical for the delivery of services.	Acting Executive Director of Resources	As soon as possible		A	Still being worked on – should be available in the next week – ongoing.
8	12-05-16	Report by the Accounts Commission - An Overview of Local Government in Scotland 2016	To request that the Acting Director of Resources meets with the Convener and Vice-Convener to discuss the Community Empowerment Act and its potential impact on Council property and community groups and to circulate a briefing note to members on this matter.	Chief Executive/ Acting Executive Director of Resources	As soon as possible	3 June 2016	G	A meeting was held with the Convener and Vice-Convener and a briefing note was circulated – closed.

9	12-05-16	Scotland's Energy Efficiency Programme	To circulate a briefing note to members on the progress with the establishment and operation of the Energy Improvement Unit.	Executive Director of Place	As soon as possible		A Due to the ongoing restructuring and transformation across Service Areas, there are ongoing discussions as to the function and remit of an Energy Improvement Unit. It is hoped to be able to provide a briefing for members for the next Finance and Resources Committee – ongoing.
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Red – Action has not been completed within timescales indicated.

Amber – Action is in Progress.

Green – Action has been completed and recommended for closure.

Finance & Resources Committee

10.00am Thursday 9 June 2016

Governance of Major Projects: progress report

Item number	7.1
Report number	
Executive/routine	
Wards	All

Executive summary

The former Policy and Strategy Committee on 7 August 2012 agreed the supervision of major projects, namely those with a value of over £5million or which are particularly sensitive to the Council's reputation. This report contains an update of the major projects portfolio and the forthcoming assurance review schedule.

Links

Coalition pledges	P03, P20, P23, P27, P28, P36, P41, P44, P47, P49, P51, P53
Council outcomes	C01, C02, CO25, CO26
Single Outcome Agreement	All

Governance of Major Projects: progress report

Recommendations

- 1.1. It is recommended that Committee note:
 - 1.1.1 the current synopsis of the dashboard reports for the major projects portfolio set out in appendix 1; and
 - 1.1.2 the updated assurance review schedule and findings of assurance review/health check's undertaken since previous reporting to Committee (see section 3.4 - 3.13); and
 - 1.1.3 the Transformation Team under the new Strategy and Insight Division is now operational from 2 May with a number of current vacancies.

Background

- 2.1 The former Policy and Strategy Committee agreed the oversight of major projects, namely those with a value of over £5million or which are particularly sensitive to the Council's reputation.
- 2.2 In Feb 2016, the CPO function was transferred to the Transformation Team in the newly created Strategy & Insight Division and this service is now operational.
- 2.3 This report forms a scheduled quarterly status update for the Finance and Resources Committee (9 June 2016) and six monthly to Governance Resource and Best value Committee. (26 May 2016).

Main report

Reporting Arrangements

- 3.1. Project Managers of each of the major projects are required to complete dashboard reports for each project. These returns seek to establish how key dimensions of the project are progressing and aim to ensure there is clear visibility of the status of each major project within the Council.
- 3.2. It should be noted that the content and sign off of each dashboard report remains the responsibility of the SRO/Sponsor.

- 3.3. A synopsis of the latest set of dashboard summaries is contained in appendix 1. Full dashboard reports are shared in the [major projects folder](#).

Assurance Reviews

ICT Transition and Transformation Programme

- 3.4. An Assurance Review of the ICT Transition and Transformation Programme was undertaken ahead of the 1 April transfer from BT to CGI . The review assessed the current status as Green/Amber – ‘delivery probable’ for the areas within the scope of this review, namely:
- Service cutover from CGI to BT;
 - BT staff TUPE;
 - Contract novation;
 - Early Transformation projects - BACS, Bulk Printing, Secure Cheque Printing; and
 - Data Centre migration (Sighthill and Capex).
- 3.5. No assessment has been made with respect to the health of any later ICT transformation projects such as ERP, Web, ECM, LAN, Telephony and Contact Centre.
- 3.6. As is to be expected, with a programme that is delivering the largest public sector contract change in Scotland, there are significant risks, which makes it prudent to give the Programme a Green/Amber status.
- 3.7. Governance of the programme is excellent, with clearly defined roles, responsibilities and escalation routes. The partnership appears to be working well between CGI and the Council, with the culture and ethos of the programme very much aligned to that of the Council. Risks and issues appear to be actively managed by CGI through their RiskIT management tool but it was concerning that not all risks and issues are readily visible to the Council, particularly at this key stage in the programme.
- 3.8. A key pressure point is the availability of Council staff to participate in the User Proving testing. Availability of Council resource will become increasingly important as the ICT transformation projects progress towards implementation.
- 3.9. There were some instances where the quality and timeliness of information from CGI to the Council could have been improved.
- 3.10. Engagement to date has been low key, as the main impacts of the programme will not be felt until some of the ICT transformation projects deliver, later in the year. Change management capacity within the programme needs to be developed to support the business to maximise the opportunities that will be presented through the implementation of these projects.
- 3.11. The review team recommended six priority and five further actions to the ICT Transition Programme team. Five of the priority actions have already been

completed, with the sixth not required until later in the year. One of the further actions has also been completed, with the Programme team making good progress on the remaining four.

- 3.12. Since the time of the review, good progress has been made closing out key risks. However a replanning exercise has currently been undertaken on ERP (replacement for the Finance and HR systems) with a likely December 2016 roll out being agreed. This revised date allows for increased planning, enhanced communications and is to be achieved at no cost to the council.

Future Schedule of Assurance Reviews

- 3.13. Discussions are ongoing with Management to schedule assurance reviews in the following areas:

- Edinburgh St James, Quarter;
- Heath & Social Care Integration (joint review with Internal Audit); and
- Zero Waste.

- 3.14. An overview of the key findings of each completed Assurance Review will be reported as part of the scheduled Major Project Reports to Committee.

Current highlights in the major projects portfolio

- 3.15. In recent months as the Council has been transitioning to a new operating model and there, have been significant colleague movements. As the new Strategy & Insight division comes into operation during May 2016, the team will work with the project management community to improve the quality of reporting. A pragmatic approach will be taken to avoid duplication of effort and the focus will be on gaining comfort or otherwise on the management of key project deliverables.

Tram Extension and Leith Programme

- 3.16. As of January there was a decision to integrate the Tram Extension and Leith Programme Boards to provide an integrated approach. Governance arrangements are now in place and work broken down into five workstreams, namely Commercial, Technical, Finance, Acquisition and Work. A Programme Management Office is being formed to support the Programme and preparatory work is being undertaken to appoint Commercial, technical and legal advisors.
- 3.17. The Leith Programme is being progressed in a series of phases to minimise disruption to road users of Leith Walk and the local community. Construction of each phase is delivered via a stand-alone contract, which is awarded shortly before the works for that phase are due to commence. Phases 1 to 3 of the project, covering Constitution Street, Crown Place to Pilrig Street and the Foot of the Walk junction, have been successfully delivered.
- 3.18. A new “tram proofed” design for Phase 4 that covers the area from Pilrig Street to McDonald Road are due to be issued in May with a projected start date on site in September 2016 completing in May 2017. Phase 5 and 6; compose of

McDonald Road to Elm Row and Elm Row to Picardy Place respectively. Outline design work for Phase 5 is currently nearing completion and localised consultation is currently underway.

- 3.19. Discussions are ongoing with Sustrans Scotland to secure a sustainable funding solution for the Leith Programme, as previously reported the initial indications are the funding for Phase 6 is insufficient. A refreshed business case will be presented before progressing to Stage 2 of the project in Summer 2017.

New Portobello High School

- 3.20. Balfour Beatty (BB) has continued to make steady progress on the fabric and structure of the building during the period. The majority of the classrooms have been completed to a level where the works are as complete as is practical until the commissioning works are able to be progressed to enable the completion of the last elements. The design review and change orders process is now closed. BB are now in the process of implementing all previous instructions.
- 3.21. Notwithstanding the progress to the fabric and structure of the building, BB still remain behind programme even after taking account of the previous five week Extension of Time award. The revised contract completion date is 15 July 2016. BB have advised they cannot meet the revised completion date however we are working closely with them to establish a realistic earliest completion date. Generally they are now in control of the works with the exception of a number of issues with utilities and Highways consents. In particular, BB have had difficulties in securing the necessary temporary and permanent drainage connections however good progress has recently been made in this regard although the timing of certain key actions still remains outwith BB's control.
- 3.22. A 'Decant' working group has been established and is progressing with the planning of the overlap and interfaces between the delivery of the new school and existing school closure. The delay to the completion date is being used positively to ensure the decant is being rigorously planned and co-ordinated including visits to the new school to familiarise and test the process.
- 3.23. The working assumption is that the school will move into the new building in January 2017. However there remains a possibility that this issue can be resolved more quickly and, if that is the case, the school would move at the earliest school holiday period which would be the October 2016 break. Both BB and the project team are doing everything possible to try and achieve that objective. A later date than the original plan of August 2016 will allow for orientation visits for both staff and pupils before the new school opens. It will also allow the new S1s (currently P7) to settle into the routine of secondary school before they have to get used to the new building and the school will be developing specific plans to support the transition for them.
- 3.24. BB's actual programme status is currently the subject of direct discussions between the SRO and senior management of BB who continue to suggest that, while an opening the school in August 2016 is unachievable, completion to allow

the school to open after the October break remains a *possibility*. Monthly principals meetings are taking place to ensure that any key decisions required are taken on a timely basis. The dialogue with BB remains positive and directed at ensuring the school can, if at all possible, be delivered for October and the transfer and decant is facilitated with least impact on the school staff and pupils.

3.25. Connected Capital Programme

3.26. BDUK in the Department of Culture, Media and Sport provided capital funding to this programme, which is now effectively closed. The programme has delivered the following elements:

- Voucher scheme – to assist with broadband connectivity charges for SMEs. It was agreed that the Council would administer the extension of the voucher scheme on behalf of the Lothians, Fife, Scottish Borders, Glasgow, Stirling, Dundee, and Inverness through to 31 March 2016. £1.6m has been awarded to 1,559 businesses across Scotland (£576k has gone to 580 businesses in Edinburgh,). The Voucher Scheme is now closed to new applicants.
- Public Building Wi-Fi – 66 buildings are now live.
- Transport WiFi – WiFi deployment across the Edinburgh Tram and Lothian Buses fleet was completed in Dec 2014. These services now also benefit from the delivery of a content management solution (CMS) to enhance the user experience further. The CMS provides infotainment channels to passengers using the on board Wi-Fi.
- Wireless Concession – Contract has now been agreed and signed and enabling work has been progressing on lighting and wayleaves. The reporting of this project will focus on the deployment of the wireless concession going forward which is independent from BDUK reporting.

3.27. Meanwhile the Scottish Government “Rest of Scotland” project to deploy increased broadband infrastructure is progressing. Roll out in Edinburgh is currently underway with significant activity expected over the next 6 months. A meeting with BT Openreach and Digital Scotland to resolve the cabinets with issues was held in early March and subsequent site meetings arranged. If issues with specific cabinets cannot be solved then broadband to the area supplied by that cabinet will not be possible. CityFibre or Virgin Media connections are unaffected. Phase 2 is currently under discussion with Digital Scotland/COSLA/BDUK.

Changes to the Portfolio

3.28. The Tram Extension project has been added to the portfolio this month (integrated with the Leith Programme). Discussions are ongoing with other relevant Project Sponsors to add the new St John’s RC Primary School from the next reporting cycle. The new Queensferry High School will be reported to Council in Quarter 3 ahead of full mobilisation and reporting will commence at

that stage. In addition the replacement of Meadowbank will be added at a later date.

- 3.29. A number of projects are drawing to a close and will be removed from the portfolio in the near future and this includes Connected Capital, Recycling Service Redesign and Programme Momentum. The Early Years Projects (which comprised the delivery of three distinct and separate projects - the delivery of new early years provision at Fox Covert and Wardie Primary Schools and replacement/extended provision at Duddingston Primary School) have been removed from the portfolio, all work is complete and the new buildings are fully operational with the exception of a 3G pitch at Fox Covert which will be completed this summer. Work will be undertaken with the relevant project teams to ensure that projects are adequately closed and handed over to the service area where appropriate.

Transformation and Business Change Support

- 3.30. The new structure for the Transformation Team includes expertise in portfolio and programme management, change management and process improvement reflecting and building on the success of the CPO. This team is now operational and will work with the wider Strategy and Insight Division to provide an integrated change and service improvement resource to the Council. This service has been designed to improve future levels of capacity for support and assurance.

Measures of success

- 4.1 A successful project delivers its output(s) on time, on or under budget and to quality standards agreed with its stakeholders. The reporting arrangements seek to ensure transparent and consistent reporting across all major projects by analysing key milestones, benefits, financials, risk and governance processes.

Financial impact

- 5.1 There are no financial implications directly arising from this report. The financial impacts of major projects will also be reported through the revenue and capital monitoring process.

Risk, policy, compliance and governance impact

- 6.1 The process of reporting and senior management oversight of risk within the project portfolio serves to strengthen the control environment and where appropriate prompt mitigating action. The Transformation team forms an independent risk assessment of each key project aspect taking account of a number of factors including the adequacy of resources, confidence in ability to

deliver, and the potential impact of the risk..

Equalities impact

- 7.1 Equalities impact assessments are carried out within individual major projects and addressed in separate reports to Council or committee.

Sustainability impact

- 8.1 Each project within the major projects portfolio is responsible for undertaking its own sustainability impact assessment.

Consultation and engagement

- 9.1 Consultation and engagement is carried out within individual projects and is addressed in separate reports to Council or committee.

Background reading / external references

[Governance of Major Projects](#) – Finance and Resource Committee, 26 November 2015

[Governance of Major Projects](#)- Finance and Resources Committee, 17 March 2016

Andrew Kerr

Chief Executive

Kirsty-Louise Campbell, Interim Head of Strategy and Insight

E-mail: kirstylouise.campbell@edinburgh.gov.uk | Tel: 0131 529 3654

Simone Hislop, Programme Manager

E-mail: simone.hislop@edinburgh.gov.uk | Tel: 0131 529 2145

Links

Coalition pledges

P03 - Rebuild Portobello High School and continue progress on all other planned school developments, while providing adequate investment in the fabric of all schools

P20 - Work with the Scottish Government to deliver a larger return of business rate receipts as part of the Business Rates Incentivisation Scheme (BRIS)

P23 - Identify unused Council premises to offer on short low-cost lets to small businesses, community groups and other interested parties

P27 - Seek to work in full partnership with Council staff and their representatives

P28 - Further strengthen our links with the business community by developing and implementing strategies to promote and protect the

economic well being of the city

P36 - Develop improved partnership working across the Capital and with the voluntary sector to build on the “Total Craigroyston” model

P41 - Take firm action to resolve issues surrounding the Council’s property services

P44 - Prioritise keeping our streets clean and attractive

P47 - Set up a city-wide Transport Forum of experts and citizens to consider our modern transport needs

P49 - Continue to increase recycling levels across the city and reducing the proportion of waste going to landfill

P51 - Investigate the possible introduction of low emission zones

P53 - Encourage the development of Community Energy Co-operatives

Council outcomes

C01 - Our children have the best start in life, are able to make and sustain relationships and are ready to succeed.

C02 - Our children and young people are successful learners, confident individuals and responsible citizens making a positive contribution to their communities.

CO25 – The Council has efficient and effective services that deliver on its objectives.

CO26 – The Council engages with its stakeholders and works in partnership to improve services and deliver on agreed objectives

Single Outcome Agreement

All

Appendices

Appendix 1 - Overview of major projects portfolio –March 2016

Ref	Appendix 1	Overall	Time	Cost	Quality	Benefits	Risk (reputational / deliverability)
MP2	Connected Capital	<p>Programme now aligned to ICT.</p> <p>Wireless Concession – the contract was finally signed on March 22nd and a number of wayleaves agreed by the end of March BDUK grant claim deadline (see details below). A revised implementation plan is due by w/c 2nd May.</p> <p>Public Buildings Wi-Fi – 66 buildings are now live with 1 building still to be connected and 5 operating on interim circuits.</p> <p>Rest of Scotland roll out – Roll out in Edinburgh is currently underway with significant activity expected over the next 6 months.</p> <p>Scottish Government/Scottish Futures Trust Public Buildings Wi-Fi Funding – CEC has been successful in gaining capital only funding of approx £250k to put in place public wifi in up to 26 buildings (Homeless Hostels, Young People’s Centres , Day Care Centres and Community Centres). CGI are currently working on costings for this project.</p>	<p>Project now closed from a BDUK perspective.</p> <p>Wireless concession now proceeding to roll out. .</p>	Spend within budget.	<p>Assurance Review completed with focus being on the Wireless Concession project and found that good project management techniques had been employed in delivery of the project to date.</p> <p>Transport Wi-Fi – Let’s Join Content Management System has now been implemented (Sept). Since deployment there has been a four fold increase in user sessions.</p>	<p>Faster and better broadband connections to SMEs via a voucher scheme contributing towards costs of connection.</p> <p>Wireless coverage in some public places, public buildings and across the Lothian Bus and Edinburgh Trams fleet.</p>	Risk: Amber
MP8	James Gillespie’s Campus	<p>The teaching block was completed in April 2015 and is already occupied by the school. Construction of the performance and sports blocks and other site infrastructure including car parking, the all-weather pitch and landscaping is progressing well and on programme. Bruntfield House summer 2015 works were completed within programme.</p>	<p>Phase 1 (teaching block) and Secondary School decant complete. Phase 2 (performance and Sports blocks and other site infrastructure) completion scheduled for August 2016 - on programme.</p>	<p>Phase 1 costs have now been received from HubCo/Tier 1 meetings ongoing to finalise. All costs are within the expected limit. Phase 2 costs, where still to be agreed, have been given a budget cost.</p>	<p>Works and 12 month defect period now concluded for the Design and Build Contract.</p>		Risk : Green

Ref	Appendix 1	Overall	Time	Cost	Quality	Benefits	Risk (reputational / deliverability)
MP10	National Housing Trust	<p>NHT Phase 1 - 422 new affordable homes complete and tenanted – This project is now closed and housing management taking forward as 'business as usual'.</p> <p>Phase 2: The Council has entered into contracts with FP Newhaven Two Ltd. Construction started in Nov 2014. 96 homes will be completed over 6 phases with completion scheduled for Dec 2016.</p> <p>Phase 3. The Council will establish three new limited liability partnerships with developers and Scottish Futures Trust to deliver up to 385 affordable homes. Contracts are subject to statutory consents and delivery of completed homes by end Dec 2019. The first contract signing for 80 homes at Fruitmarket, Chesser took place in April 2015. The Fruitmarket development was scheduled to start on site in Nov 2015.</p>	On time.	The City of Edinburgh Council on 12 Feb 2015 approved borrowing for phase 3 of up to £54. 998m. Forecast to complete within budget.	Previous Assurance Review completed with status of Green.	<p>Provision of affordable housing.</p> <p>Neighbourhood regeneration and creation of jobs and training opportunities.</p>	Risk: Green
MP11	21st Century Homes	<p>Gracemount: development complete and all properties let. Work progressing on Phase 2 with £735k secured in developer receipts.</p> <p>Greendykes C: development complete and all properties let.</p> <p>West Pilton Crescent: development complete and all properties let. Final homes handed over on 20 October 2014. All properties have been let.</p> <p>Pennywell: works started on phase 1 (108</p>	Programme progress within target timescale. Only minor change in the period is the awaited approval of matters specified in conditions for North Sighthill, as the consultation period was extended on behalf of the community.	Within budget	<p>Greendykes was a runner up at the Homes for Scotland awards in the Best Partnership in Affordable Housing Delivery category.</p> <p>West Pilton Crescent won Saltire Awards for Multiple Housing Development, and Landscape in Housing.</p>	<p>Community Benefits including employment and training opportunities.</p> <p>Increasing affordable housing supply across the city.</p>	Risk: Green

Ref	Appendix 1	Overall	Time	Cost	Quality	Benefits	Risk (reputational / deliverability)
		<p>Council and 85 Private homes) on 23 June 2014. Handover of the first Council homes commenced end August 2015.</p> <p>North Sighthill: Design work instructed to enable an Approval of Matters specified by conditions (AMC) application submitted to planning in July 2015, in respect of the Council housing.</p> <p>Leith Fort: Tenders approved at Finance & Resources Committee in June 2015 and contract has been awarded following a standstill period.</p> <p>Small Sites Project: 7 additional sites, tenure mix and energy strategy are to be reported to the Political Sounding Board in September. A delivery plan is being developed with the Council's procurement team. A report was taken to Finance and Resources Committee in Feb 2016 seeking approval to award contracts.</p>				Providing support to the economy and construction industry.	
MP12	New Boroughmuir High School	<p>The contractor (OHMG) has received an extension of time of four weeks due to the adverse inclement weather.</p> <p>The revised completion date is now 23 October 2016. The contractor is reporting works are now on programme to deliver to the revised completion date..</p> <p>Weekly review of actual progress against the planned programme is ongoing for monitoring purposes with monthly principals meetings</p>	Whilst the status was previously set at red due to the delay against the original completion date, this has now been changed to green reflecting the position relating to the revised completion date for which a detailed programme to	A total of 33 change orders requests have been raised to date, 27 change order requests have been authorised. Three change orders require to be returned by the contractor with the cost and programme implications. The	A Clerk of Works is being employed to ensure the works are undertaken to the expected quality standard. A Technical Advisor is employed to carry out further inspections and to ensure the main contractor undertakes all quality inspection and completes all the necessary quality documentation.		Risk: Green Project disciplines in place to deliver to the revised schedule

Ref	Appendix 1	Overall	Time	Cost	Quality	Benefits	Risk (reputational / deliverability)
		<p>being held between the SRO and senior management of the contractor.</p> <p>The concrete pours to all levels are now complete. M&E 1st fix has commenced to levels -01, 00 and 01. Internal partitions have now commenced to level 01. Works to the external envelope are now progressing to level 02.</p> <p>Steelwork to the atrium roof has now commenced.</p> <p>Roadworks are ongoing to Viewforth and, following discussion with the roads department, are now due to be completed by end of July.</p>	<p>completion has been provided by the contractor against which progress will be closely monitored and reported</p> <p>Discussions are currently ongoing with the school regarding the move to the new building which is now anticipate to take place around the Christmas 2016 break with pupils moving to the new school at the start of the Jan 2017 term. The intervening period between contract completion and occupation will allow time for pupils and staff to become familiar with the new school in advance of moving to it.</p> <p>This change has been communicated to the school community.</p>	<p>estimated order of cost remains within the client contingency retained in the project budget.</p>			
MP13	New Portobello High School	Balfour Beatty (BB) has continued to make steady progress on the fabric and structure of the building during the period. The majority of the classrooms have been completed to a level	Balfour Beatty remain behind programme. The revised Contract Completion date is 15	The forecast costs to completion are within the project budget	Regular inspections are undertaken to ensure that the appropriate standard is being maintained.	BB have made further progress in the delivery of the targets	Risk: Red Status has been set at

Ref	Appendix 1	Overall	Time	Cost	Quality	Benefits	Risk (reputational / deliverability)
		<p>where the works are as complete as is practical until the commissioning works are able to be progressed to enable the completion of the last elements. The design review and change orders process is now closed with a small number of the more recent CORs being finalised and Instructed. BB are now in the process of implementing all previous instructions.</p> <p>A 'Decant' working group has been established and is progressing with the planning of the overlap and interfaces between the delivery of the new school and existing school closure. The delay to the completion date is being used positively to ensure the decant is being rigorously planned and co-ordinated including visits to the new school to familiarise and test the process.</p>	<p>July 2016. BB have advised they cannot meet the revised completion date however we are working closely with them to establish a realistic earliest completion date. In particular, BB have had difficulties in securing the necessary temporary and permanent drainage connections however good progress has recently been made in this regard although the timing of certain key actions still remains outwith BB's .control</p> <p>The working assumption is that the school will move into the new building in January 2017. However there remains a possibility that this issue can be resolved more quickly and, if that is the case, the school would move at the earliest school holiday period which would be the October 2016 break. Both BB and the project team are doing</p>			<p>within their Community Engagement Plan which currently includes direct involvement in: opportunities for work placements; youth involvement events and volunteering opportunities. The plan also covers local employment, new starts, and working directly with Action for Children; progress on all of which is reported through the monthly update from BB.</p>	<p>red due to delay and factors outwith the Council's control on utilities. This will be reassessed once a confirmed opening date has been established and the issues with the utilities companies have been resolved.</p>

Ref	Appendix 1	Overall	Time	Cost	Quality	Benefits	Risk (reputational / deliverability)
			<p>everything possible to try and achieve that objective. A later date than the original plan of August 2016 will allow for orientation visits for both staff and pupils before the new school opens. It will also allow the new S1s (currently P7) to settle into the routine of secondary school before they have to get used to the new building and the school will be developing specific plans to support the transition for them.</p> <p>BB's actual programme status is currently the subject of direct discussions between the SRO and senior management of BB who continue to suggest that, while an opening the school in August 2016 is unachievable, completion to allow the school to open after the October break remains a <i>possibility</i>. Monthly principals meetings are</p>				

Ref	Appendix 1	Overall	Time	Cost	Quality	Benefits	Risk (reputational / deliverability)
			taking place to ensure that any key decisions required are taken on a timely basis. The dialogue with BB remains positive and directed at ensuring the school can, if at all possible, be delivered for October and the transfer and decant is facilitated with least impact on the school staff and pupils.				
MP29	Water of Leith, Flood Prevention Scheme Phase 2	<p>The site compound at Balgreen has been established and the CEC Phase 2 project team relocated there at the start of February 2016.</p> <p>The design by Mott MacDonald is continuing well albeit that it is currently slightly behind programme. CEC approvals, inter alia, by the bridges team are progressing well within the specified durations assisting the review process considerably.</p>	The SGN diversion of the gas main progressed well until the Christmas break. Since then, SGN has not made further progress on the river crossings and other works to complete the diversion. SGN cannot complete the diversion by 14 March 2016 the date stipulated in the main works programme. However, contingency is available. The lack of progress has been escalated to the senior management of SGN.	Programme cost is within budget.	<p>Assurance Reviews have been included in the programme plan at scheme definition (Sept 2014) and prior to award of contract (Nov 2015), with the recent pre-contact award review finding that the overall project status is Green - delivery highly likely.</p> <p>Ongoing stakeholder engagement activities have raised no significant issues. Health & Safety and Environment plans are in place.</p>	<p>Protect 492 residential & commercial properties.</p> <p>Reduce dependency on temporary flood defences.</p> <p>Provide enhanced access to the riverside.</p> <p>Improve quality of life for residents affected by flooding.</p>	Risk: Green

Ref	Appendix 1	Overall	Time	Cost	Quality	Benefits	Risk (reputational / deliverability)
MP22	Zero Waste: Edinburgh and Midlothian	<p>Food Waste Transition Project</p> <p>All main elements of construction work are complete. There is now an expectation that Service Commencement will be autumn 2016. The Partner Councils, under the Project Agreement with Alaua, are still utilising contingency facilities. While this initially caused significant difficulties, Alaua is picking up all additional costs during this period as provided for under the Project Agreement. All required site services/utilities, potable water, power, foul and surface water drainage are now complete and functioning. The new road access is in operation and was formally adopted by Midlothian Council in February.</p> <p>Residual Waste Procurement</p> <p>Detailed Planning Permission and Environmental Permit are now in place and the Judicial Review Periods have now expired therefore reducing risks to the Council. Financial Close is currently expected in April 2016 and FCC has agreed to hold its Final Tender price to meet this programme. The Service Commencement date will now be towards the end of 2018, well in advance of the Landfill Ban.</p>	<p>Food Waste Transition has experienced slippage. Service commencement delayed from late Dec 2015 to Autumn 2016.</p> <p>The residual waste project remains within target timescales with service commencement towards the end of 2018.</p>	<p>The contractor is picking up the costs for the delay in the commencement of the food waste service. The capital budget is fully committed.</p> <p>Residual waste if financial close needs to be achieved by May to maintain the Final Tender price.</p>	<p>An assurance review undertaken in December 2014 assessed the programme as Amber- Green (delivery probable). A follow up Assurance Review is scheduled for Q4 2015/16.</p>	<p>Benefits Realisation Plan remains under construction Discussions are ongoing with SEPA and ARE regarding the cessation of delivery of food waste to Powderhall as it moves to delivery to Millerhill.</p>	<p>Risk: Green Planning risks are of a low likelihood but carry very severe impacts should they materialise.</p> <p>Substantial mitigation strategies agreed by the Project Board are in place.</p>
MP25	Forth Replacement Crossing	<p>Transport Scotland (TS) is the lead agency for construction of the bridge. The Forth Crossing Act sets out the process of some enabling road and property assets to the Council as the Local</p>	<p>As Transport Scotland (TS) is the lead agency, CEC has no influence on delivery timescales.</p>	<p>As TS is the lead agency no budget information reported.</p>	<p>TS and CEC have not agreed the official inspection and handover process.</p> <p>Work in progress with</p>	<p>Enhance transportation links locally and nationally.</p>	<p>Risk: Amber</p>

Ref	Appendix 1	Overall	Time	Cost	Quality	Benefits	Risk (reputational / deliverability)
		<p>Authority and Roads Authority.</p> <p>B800 bridge construction works complete. Status will remain amber until adoption extents are agreed and final inspections completed.</p>	<p>However the project continues to be on time and under budget with a forecasted completion of Autumn 2016.</p>		<p>Transport Scotland to define adoption extents, clarify handover, and quality assurance processes.</p> <p>Establishment of a Memorandum of Understanding underway with TS.</p>		
MP28	H&SC Integration	<p>The Strategic plan was completed and approved by EIJB in mid March. As a result the functions have now been delegated to the EIJB for planning and resourcing purposes. The statutory deadline for this was met.</p> <p>The EIJB accepted delegation of functions based on the budget estimates in March and the EIJB due diligence process will be completed once the budgets proposed are clear.</p> <p>The statutory directions to the council and NHS Lothian have been issued to the chief executives. They are in interim form subject to the budget clarification by the Council and NHS Lothian and due diligence being completed. The Council and NHS Lothian will be required to implement the directions. Further directions may follow during the year with more detail.</p> <p>Work is progressing on the integrated structure for operational delivery and it is expected that consultation will start in May. Accountability</p>	<p>Phase 1 of the integration programme is now almost complete. Phase 2 is the implementation of the Strategic Plan. As a result handover of the programme is now in progress to the EIJB strategic planning support arrangements. The EIJB will monitor progress of the multiple projects within the Strategic Plan Action Plan, oversee and approve relevant business cases within Phase 2 as well as assess impact and benefits through its Performance and Quality subgroup.</p>	<p>The council budget for the EIJB is agreed at a high level. The detail in relation to scope and other council programmes of change are still being worked through. NHS Lothian budget for the EIJB is still being finalised due to the national timeline for Scottish Health budget. NHS Lothian has until the end of May to finalise its 16/17 financial plan which includes the budget element for the four Lothian IJBs.</p> <p>Joint Leadership Group received</p>	<p>Audit and Risk Committee remit and membership agreed. Part of the responsibility of this function will be to monitor quality elements.</p>	<p>High level benefits identified through options analysis work and business case.</p> <p>Detailed benefits to be developed in line with the statutory plan, baseline performance framework, national outcomes and SQAs, and service workstreams.</p>	<p>Risk: Amber</p> <p>Council's liability policies may not operate. Integration scheme details claims handling process. Council awaiting further detail from CNORIS.</p>

Ref	Appendix 1	Overall	Time	Cost	Quality	Benefits	Risk (reputational / deliverability)
		<p>matters in relation to delegated functions that are not within the operational structure of the Chief Officer will need to be clarified.</p> <p>EIJB Audit and Risk Committee membership and remit agreed. EIJB Performance Sub group agreed in principle and Chair appointed.</p> <p>Responses from Draft Strategic Plan consultation analysed and reported to EIJB in Jan 2016.</p>		<p>update on budget position mid Jan 2016</p> <p>Council budget set for EIJB at high level.</p>			
MP30	Recycling Service Project	<p>This project is now in the closing phase as all properties within the scope of the project have now switched to the new service. There is a small element associated with the withdrawal of the red and blue box service across the city. This additional work package entailed replacing the box service with suitable on street recycling facilities.</p>	<p>85% complete on replacing the old service with on street facilities and aim to complete the remaining 15% by the end of March 2016.</p>	<p>The Recycling Redesign cost centre is currently under pressure. Current financial modelling estimates that will deteriorate further by the year end. There are a number of variables that could affect this figure such as; level of contamination within the contingency supplier, variation in the scope of additional phases. The team are actively reviewing options to mitigate additional costs where possible</p>	<p>Increased Recycling rates across the city.</p> <p>Contamination workshop to identify new procedure of for dealing with persistent contamination issues.</p>	<p>Reduction in landfill kg's/hh/wk from 7.7 kg's to 4.7kgs for phase 1 households and increase in recycling kgs/hh/wk from 1.9kgs to 3.6kgs.</p>	<p>Risk Green</p> <p>Project now the closing Phases</p>
MP31	Fleet Review	<p>The cars and vans procurement has been completed with nearly all of the vehicles now</p>	<p>The wider fleet review is behind schedule however</p>	<p>Fleet and Corporate Finance continue to</p>	<p>Working with department and the transformation</p>	<p>The programme is designed to</p>	<p>Risk</p>

Ref	Appendix 1	Overall	Time	Cost	Quality	Benefits	Risk (reputational / deliverability)
		<p>having been delivered. All 17 Refuse Collection Vehicles (RCVs) have now arrived, alongside the 9 RCVs procured as part of the in-house transfer of dry mixed recycling and glass collections. 4 new side-loading RCVs are due to arrive in March and June 2016.</p> <p>Work continues on the scoping of the wider Fleet Review. A project scope will be presented to both SMT and CLT in the coming weeks to seek approval to commence this work.</p>	resource has now been recruited to manage this project	work together to identify optimal funding arrangements for the fleet, as well as identifying opportunities to re-organise the accounting structure for fleet to allow greater financial certainty across the life of our vehicle assets. It is anticipated that this can be delivered within the capital budget	programme to define future requirements.	deliver efficiencies and it is anticipated that in the longer term this can be exceeded	Amber/Red Behind schedule, but remedial action now being taken to drive this project forward
MP32	Programme Momentum (previously Property Conservation / Shared Repairs)	<p>The Programme is now drawing to a close with Customer contact now receiving fewer enquiries, complaints and FOI requests received each month. The settlement team have now issued letters to all complainants and other affected owners. Deloitte have completed all case reviews. Morton Fraser continue to lead on debt recovery with significant progress being made and the recovery rate increasing on a monthly basis.</p> <p>Phased implementation of the new service commenced on 1 Sep 2015 and will run to the end Mar 2017.</p>	Programme is currently progressing to schedule.	A provisional budget has been reviewed by the Project Board. Additional provision requires to be made in expectation of the costs of defence of legal cases, expert witness costs, additional case reviews, defect reparations, record maintenance, claims recovery and associated consultants costs. The Project remains a key	The last Assurance Review gave Programme Momentum an Amber-Green status: delivery probable. Main areas of concern centred on the budget allocation for the new service, the continuing validity of the Business Case, the impact of recent changes in the Project team and resulting gaps in resource, issues with recruitment of technical staff, and the need to ensure Elected Members have a clear understanding of the costs of the new service and the limitations of their	<p>Reduce outstanding debt and billing of completed work.</p> <p>Resolve all complex and deferred complaints.</p>	Risk: Amber Reputational and ability to realise full debt.

Ref	Appendix 1	Overall	Time	Cost	Quality	Benefits	Risk (reputational / deliverability)
				financial and reputational risk to the Council.	role within it.		
MP33	Edinburgh St James	<p>The Compulsory Purchase Order (CPO) has been implemented for the St James Quarter redevelopment and all costs to the Council are being reimbursed.</p> <p>The Growth Accelerator Model (GAM) Agreement is between the Scottish Government and the Council, and separately between the Council and TIAA Henderson was approved by Council on 19 November 2015.</p> <p>The SG Agreement, based on the December 2014 draft/revised Heads of Terms, is progressing well. This Agreement's final and full terms are targeted to be complete by 16 October 2015 and will be reported to full Council on 19 November, seeking authorisation to commit to the Agreement.</p> <p>The report will also incorporate the outcomes from a close-out meeting involving Scottish Futures Trust and the Scottish Government on 29 September 2015 to conclude governance, reporting, programme and control procedures over the life of the GAM. This same report will also provide an update on the satisfactory progress with the TIAA Henderson agreement.</p>	<p>The over-run of the CPO inquiry has had a knock on effect to the commencement of works on site.</p> <p>The developer's indicative master programme for development shows demolition and site start in May 2016 with completion around 2019 for retail elements and around 2020/21 for the remaining leisure and residential elements.</p>	<p>Contractual arrangements have been structured to minimise financial risk to CEC. To date all costs incurred by the Council have been reimbursed by the developer.</p> <p>Present GAM works budget has been reduced.</p>	Management, governance, risk and financial control are managed through a Minute of Agreement.	Redevelopment creating 42,500m2 of high-quality retail space, deliver 2,300m2 of grade A office space, a 210-bedroom five-star hotel, a 152-bedroom four-star hotel, a 55-bedroom apart-hotel, a theatre, restaurants and 138 residential units.. There are a number of Community Benefits including increased employment and training for unemployed and harder to reach group.	<p>Risk: Amber</p> <p>Major interdependency with the Tram Extension Project.</p>

Ref	Appendix 1	Overall	Time	Cost	Quality	Benefits	Risk (reputational / deliverability)
MP34	ICT Transition & Transformation Programme	<p>An effective Service cutover from incumbent to CGI was achieved on 1 April 2016.</p> <p>Focus on overcoming the Technical challenges posed relating to the closure of the incumbent's Data Centre and Network by 30 June.</p> <p>Successful Network migration of a number of sites which the incumbent was unable to progress for 2/3 years.</p>	<p>Key Transition cutover has been achieved on 1st April</p> <p>However there are a number of critical tasks are planned around the Data Centre and Network migration on 30th June.</p> <p>Future transformational activities are scheduled over the coming months. Notably ERP (the replacement GL/ Payroll) with the plan being rebaselined to achieve a December deployment,</p>	<p>Additional costs have been identified but their total is expected to be significantly less than the sums noted for contingency.</p>	<p>Assurance Review Amber Green</p>	<p>Benefits are due to accrue from 2016/17 onwards; the planning for Benefits Realisation and delivery of Community Benefits and use of local SMEs is at an advanced stage. SME engagement has started early.</p> <p>New WAN circuits (for example Drummond Community High School are noticeable faster)</p>	<p>Risk Amber</p> <p>CGI and Council Programme Assurance are working hard to ensure the incumbent co-operates fully. However the complexities and scale of Programme and Project Management remains high and therefore by their nature will remain Amber until the key data centre migration have completed</p>

Ref	Appendix 1	Overall	Time	Cost	Quality	Benefits	Risk (reputational / deliverability)
MP36	Tram Extension and Leith Programme	In January 2015 there was a decision to integrate the Tram Extension and Leith Programme Boards. Governance arrangements are now in place and work broken down into five workstreams, namely Commercial, Technical, Finance, Acquisition and Work. A Programme Management Office is being formed to support the Programme and preparatory work is being undertaken to appoint Commercial, technical and legal advisors.	Work is ongoing to appoint legal advisors by July 2016. Leith Programme Phase 4 and 5 will continue during 2016/17.	<p>The tram budget for Stage 1, including land acquisition is £5m and this is being tracked at a high level until further consultancy support is procured.</p> <p>The budget for the Leith Programme, including tram elements in the footways is currently being reviewed and all budgets will be reconciled by the commercial advisors once appointed.</p>	<p>Programme Board has reviewed lessons learned to date in developing the extension to Newhaven and these have been integrated into Outline Business Case and Commercial Strategy.</p> <p>Consideration to retaining legal knowledge in supporting the Council through completion</p>	The tram extension is to support the overall level of economic growth of Edinburgh through enhancing the viability and attractiveness of major housing and employment sites identified in Local Development Plans.	Ongoing work to manage the interface with the St James Quarter development.

Finance and Resources Committee

10.00am, Thursday 9 June 2016

AMS Transformation Programme - Update

Item number	7.2
Report number	
Executive/routine	
Wards	

Executive summary

This report provides a general progress report to the Finance and Resources Committee on the implementation of the Asset Management Strategy for Property and Facilities Management.

Links

Coalition pledges
Council outcomes
Single Outcome Agreement

AMS Transformation Programme - Update

Recommendations

- 1.1 That the Committee:-
 - 1.1.1 Notes the continued progress in each of the key AMS Transformation Programme work streams;
 - 1.1.2 Notes the development and content of the Management Information dashboard reports and Milestone Programme provided in Appendix A and B;
 - 1.1.3 Notes the proposal to accelerate the building survey programme so that it is completed within 12 month; and
 - 1.1.4 Notes the Benefits Realisation Tracker is currently being developed and populated to create a revised baseline for savings.

Background

- 2.1 The “Asset Management Strategy” (AMS) is an ongoing transformation programme that is part of the wider Council Transformation Programme, aimed at achieving cost savings and delivering an improved service through a new operating model.
- 2.2 The AMS Transformation Programme aims to create a credible, focused and sustainable delivery plan for property and facilities management; provide a fit-for-purpose, right-sized and safe estate; provide an appropriate level of service at an acceptable and efficient cost; and act in a commercial manner in pursuit of maximising value.
- 2.3 This paper provides an overview of the status of the programme and the work completed over the last period.

Main report

- 3.1 Good progress has been made through April and May across the five AMS work streams. A summary of progress is provided below and the Management Information dashboards containing further information and KPI's are provided in

Appendix A. A detailed review of the AMS risk register has been completed in accordance with agreed risk ratings guidance. The register illustrates a number of red risks which are a function of likelihood and impact before mitigation actions have been considered or progressed, and serve to highlight the importance of these risks. Mitigation actions which are planned or in progress to address each risk are described in the register and continue to be monitored and updated.

- 3.2 During this reporting period a detailed review of key activities and milestones has been completed across all of the AMS workstreams. A detailed Gantt chart has been produced along with a summary milestone programme, which both serve as live documents for the purposes of monitoring progress through to the launch of the Property and Facilities Management Service. The summary milestone programme is provided at Appendix B.

Transition

- 3.3 The consultation period for the formal organisational review for tiers 3 and 4 closed on 11th April 2016. Final feedback and amendments to proposals have been made and decisions on VR advised. Matching and assignment is underway with internal appointments expected by the end of May.
- 3.4 Given there are a significant number of staff in Facilities Management who will be unavailable for consultation during the school summer holidays, a decision has been taken, in consultation with the Trade Unions, to split the next phase of organisational review into two phases.
- 3.5 Phase 2, which will include non-Facilities Management staff below tier 4 is scheduled to commence at the end of June 2016. Phase 3, which includes all Facilities Management staff below tier 4, will begin at the end of August 2016. Re-phasing organisational reviews will aim to deliver an operational structure by November 2016. This takes account of the summer holidays and time required for any external appointments.
- 3.6 The AMS team has taken the decision to delay the staff transfers related to Facilities Management currently managed within Communities and Families and the Integrated Joint Board. These staff will therefore no longer be part of phase 3 of the organisational review. It was considered prudent to consider the risks and benefits of these staff transfers once the new service is operational and therefore a further review will now be undertaken at some time in the future when the re-designed facilities management function has had time to bed in.
- 3.7 Budget transfers to consolidate Property and Facilities Management spend across the Council into a single budget are also underway. These transfers aim to enable greater visibility of property costs and reduce internal recharges.

Estates Rationalisation

- 3.8 Outline business cases for exiting Lothian Chambers and 329 High Street were considered at the CLT Transformation Board in March and further work is now underway to develop proposals to accommodate staff and services into 249 High Street. As this work develops further details will be brought to Committee.
- 3.9 A consultation strategy is being developed for the Wester Hailes place based approach. Initial public engagement is proposed at the end of May through the Living Well Group, and a public workshop in June. This will help shape the detail of the proposals to allow development of a full business case over the summer, with subsequent formal consultation and reporting in the autumn.
- 3.10 An initial viability study for the Leith Partnership Centre is nearing completion, bringing together joint agencies onto a single site, to determine whether there is merit in developing this prospect further. Discussions are also ongoing with Twenty-first Century Homes regarding their proposals for redeveloping Muirhouse shopping centre, including the library, and a study is being undertaken as to the best location for a library service to serve this area (including co-located opportunities).
- 3.11 The rationalisation of the depots estate has advanced with the establishment of a Project Board to oversee the delivery of the required new facilities at three key sites to allow the exit and consolidation of services from existing sites. It is anticipated that it will take three years to deliver the new facilities and allow the full implementation of the depots estate rationalisation.
- 3.12 The estates rationalisation programme is heavily dependent on service area and locality demand strategies being developed. Given the current programme for moving to localities is only just getting underway there is likely to be a delay in these demand strategies being developed and this in turn will impact on the timing of any potential rationalisation savings. The rationalisation team is also supporting each of the Council's service areas at half day 'embedding transformation' workshops set up by the Transformation Programme, which are helping to articulate each service's property requirements and key priorities.
- 3.13 In addition, a number of reports have been considered at the May meeting of Education, Children and Families Committee setting out demand requirements and proposed solutions for the schools estate. The strategic asset management team will work closely with Communities and Families to ensure that proposals are consistent with the wider strategy to manage property demand strategies in a holistic manner, and to fully evaluate the consequences of the proposed changes to the estate.
- 3.14 The Council is also working with the NHS to identify a venue to house the homeless team who provide direct services for the homeless, including GP, dentistry and podiatry services. A business case will be developed once the initial options have been scoped.

Investment Portfolio

- 3.15 The draft strategy for the Investment Portfolio is currently being developed. It highlights the dependences on Stakeholder support, particularly in relation to concessionary rents, disposal strategy to achieve best value and timescales for delivery, and sets out how resultant financial savings will be tracked. It proposes that individual business cases are brought forward as each set of proposals are developed in detail.
- 3.16 The emerging strategy also highlights the need to invest in an appropriate IT software system to allow the Estates Team to report on KPI's and improve on rent and service charge collection.
- 3.17 Business as usual continues to be maintained with the portfolio rental income increasing by 7% over financial year 2015/16.

Asset Condition

- 3.18 It is clear that the Council's current approach and budget provisions relating to asset condition and maintenance is not sufficient to address the backlog maintenance requirements, estimated to be circa £20m per annum over the next 5 years. Failure to address the backlog maintenance and adopt a more sustainable proactive and planned approach to will continue to present a serious and significant corporate risk. Condition surveys will dictate the prioritisation and timing of these works, including the profile of the annual spend, by applying a risk assessment based approach.
- 3.19 In response to this, the Asset Condition working group has completed a forward strategy relating to asset condition and maintenance which was approved by the Corporate Leadership Team in March 2016.
- 3.20 This CLT approved a plan of work focussed around the following key tasks:
- a. Continue work with estate rationalisation and finance colleagues to profile estimated capital receipts against projected expenditure;
 - b. Complete an assessment of expediting the survey programme with external resource to improve the quality of asset condition data;
 - c. Continue with the programme of rope access surveys and complete any identified remedial work across all high risk assets;
 - d. Engage with ICT colleagues to complete a review of the CAFM system and ensure the system meets the requirements and functionality of future asset condition recording and capital prioritisation and planning; and
 - e. Begin work, using existing data sets, to plan revised capital works programmes from 2017 onwards.
- 3.21 In progressing task b) above, it was identified that the quality of the asset condition data currently held by the Council is variable, fragmented and in some areas very poor.

- 3.22 In 2015, an in-house team of surveyors was established with the remit of undertaking comprehensive asset condition surveys across the entire operational estate on a rolling 5 year programme. The first full year of surveys have commenced, however it will be a further 4 ½ years until full and accurate condition data is in place for the whole estate.
- 3.23 An options appraisal has been completed and a preferred option identified to respond to the backlog maintenance. This option expedites the survey programme by undertaking 80% of the Gross Internal Area (GIA) of the estate via an external delivery partner and retaining the internal team to continue surveying 20% of the estate on a rolling programme.
- 3.24 The preferred option will deliver fully updated asset condition information within 12 months, which will greatly improve the quality of available management information and enable better planning and prioritisation of capital works via the new CAFM system.
- 3.25 Whilst not specifically budgeted for previously, the external survey costs (estimated at £900k) can be funded from the overall AMS implementation budget already approved.
- 3.26 It is intended to proceed with the preferred option and the progression of the following activities:
- a. Development of a brief, specification and tender document for the contract.
 - b. Identify pre-survey information requirements and mobilise a team to collate this for all properties to be surveyed.
 - c. Investigate the appropriate framework, tender list and issue PQQ and Invitation to Tender Documents.
 - d. Continue with work to mobilise the CAFM system to ensure it is system ready to accept the new survey data.

Facilities Management (FM)

- 3.27 The FM Service Level Agreement (SLA) has been drafted, and there is ongoing consultation with Service Customers to define scope and collate feedback and comments on service standards
- 3.28 The team is continuing to design the service delivery models for soft FM services due for completion by the end of May.
- 3.29 FM processes continue to be developed alongside the design of the future organisation structure to document and improve ways of working.

Next Steps

- 3.30 The following are the activities planned during the next reporting period:
- a. Complete the matching and assignment for Phase 1 of the organisational review.

- b. Continue budget transfers to consolidate Property and Facilities Management spend across the Council.
- c. Complete the design and preparation to enable the next two phases of the organisational review to begin in June (Phase 2) and August (Phase 3). This includes completion of the analysis and assessment of current service models and the processes for FM.
- d. Complete the review of the CAFM system to ensure the system meets the requirements and functionality of the new service going forward.
- e. Commence the detailed engagement for each of the outline business cases approved at the Property and Facilities Management Board.
- f. Develop the financial information for the Estate Rationalisation pipeline.
- g. Complete the services engagement to define accommodation demand strategies at a high level.
- h. Further development of the Investment Portfolio strategy including establishing the possibility of a land swap for Housing Revenue Account (HRA) investment properties.
- i. Progression of the procurement process for the required asset condition surveys
- j. Continue Directorate engagement and finalise new SLA's

Measures of success

- 4.1 The AMS business case identified significant financial and non-financial benefits associated with the asset management and Property and Facilities Management function that are in line with the wider objectives of the Council's Transformation Programme.
- 4.2 A benefits tracker has been designed to monitor the qualitative and non-qualitative benefits of the AMS Transformation Programme and, where possible, the corresponding implementation costs associated with the initiatives. Although AMS aims to principally deliver revenue savings targets through estate rationalisation, organisational redesign and investment portfolio initiatives, there are also consequential impacts on the capital budget that also need to be monitored. This includes, for example, capital requirements as part of any implementation costs and capital receipts from any proposed disposal initiatives.
- 4.3 The benefits tracker therefore tracks the revenue and capital implications of any financial savings initiatives. These benefits, along with qualitative impacts, have been categorised into the following three areas:
 - 1. Direct cashable savings e.g. reduced operating costs from closure of a building;

2. Non-cashable efficiencies e.g. the reduction in required revenue maintenance spend as a result of the building closure (which is then redeployed); and
 3. Qualitative benefits e.g. improved customer satisfaction in relocating a service to a property that is more fit for purpose.
- 4.4 The benefits tracker has been populated based on emerging findings to date. Further work is currently underway to refine initiatives in all workstreams and, once respective milestones have been reached across these workstreams, the benefits tracker will be fully populated and act as a baseline from which the benefits can be measured.
- 4.5 It is worth noting that staff, leaving under VERA arrangements, has generated £630k of recurring savings which will assist in achieving the overall savings targets. Additionally the renting of Waverley Court to CGI has also generated an annual income of ~£180k.
- 4.6 The Management Information dashboards provided in Appendix A have been developed to track key KPI's across the AMS work streams.

Financial impact

- 5.1 The total budget for AMS implementation is £7.7m, of which £3.4m has been allocated for external support. Expenditure committed up to July 2016 totals £1.5m, leaving £1.9m uncommitted. Ongoing external support up to AMS implementation to December 2016 is estimated at £0.95m and building condition surveys will amount to £0.9m. These sums can be contained within the remaining budget for AMS external support.

Risk, policy, compliance and governance impact

- 6.1 During this reporting period a detailed review of the AMS risk register has been completed by way of a cross workstream workshop considering headline risks, and subsequent review and reflection by individual workstream leads. Likelihood and impact scoring and overall ratings have been reviewed and updated where appropriate.
- 6.2 Key delivery risks are provided in the Management Information dashboards provided in Appendix A.
- 6.3 The top delivery risks currently include:
- There is a risk that a lack of stakeholder and political support for the Property and Facilities Management Transformation proposals leads to a failure to deliver the agreed cost savings.

- There is a risk that a lack of capital funding, due to budget constraints, leads to the Councils inability to reduce the backlog maintenance across the estate.
- There is a risk that a delay to the implementation of CAFM impacts on the delivery of the Blueprint and cost savings profile.
- There is a risk that resistance from other Council services to new property strategies and service standards leads to a failure to deliver the required cost savings.

Equalities impact

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

Sustainability impact

- 8.1 The contents and proposals contained in this report have been assessed with respect to the Climate Change (Scotland) Act 2009. In this regard, a sustainability, adaptation and mitigation impact assessment has been initiated, and initial findings have indicated:

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

Consultation and engagement

- 9.1 Communications have been established with the Trade Unions and regular meetings are held in relation to transformation. Engagement across the Council is also underway in relation to the re-design of the FM function and the development of Service Level Agreements.

Background reading/external references

Please refer to [September 2015](#), [November 2015](#), [January 2016](#) and [March 2016](#) Finance & Resource Committee papers.

Hugh Dunn

Acting Executive Director of Resources

Contact: Rob Leech, Water of Leith FPS Phase 2 Project Director

E Mail: rob.leech@edinburgh.gov.uk Tel: 0131 469 3796

Links

Finance and Resources Committee – 9 June 2016

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	<p>SO1 - Edinburgh's Economy Delivers increased investment, jobs and opportunities for all</p> <p>SO2 - Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health</p> <p>SO3 - Edinburgh's children and young people enjoy their childhood and fulfil their potential</p> <p>SO4 - Edinburgh's communities are safer and have improved physical and social fabric</p>
Appendices	<p>Appendix A – Management Information Dashboard</p> <p>Appendix B – Milestone Programme</p>

APPENDIX A

Workstream Dashboard as of 06 May 2016

Previous Progress RAG	Current Progress RAG	Capability Maturity Rating

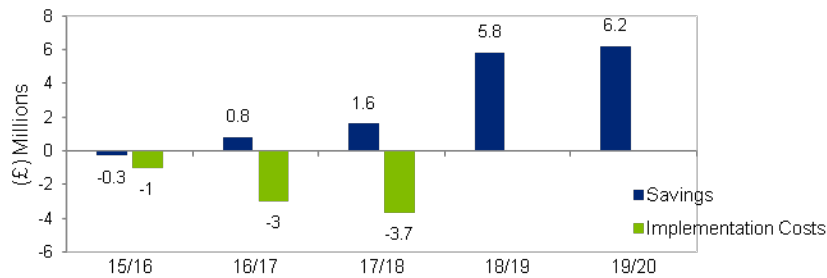
Completed

- Service Level Agreements (SLAs) review by technical consultant (Arcadis) ongoing.
- Consolidated responses to Directorate SLA questions.
- Tier 3 and 4 formal consultation has completed 11 April 2016.
- Tier 5+ org design ongoing.
- First tranche of Estate Rationalisation business cases developed and submitted to Property and Facilities Management board.
- Asset Condition and Maintenance strategy developed and submitted to Council Leadership Team.

Planned

- Continuation of tier 3&4 post consultation activities.
- Continue process design work across all workstreams.
- Budget transfers for transitioned services ongoing following 1st April 2016.
- Continuation of tier 5+ org design in two phases.
- Develop Investment Portfolio strategy for submission to May 2016 Property and Facilities Management board.
- SLA scoping sessions being arranged with Directorate.
- Valuation of HRA Portfolio to be undertaken.

Asset Management Savings Per Year



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

PROJECT RISKS	MITIGATION	RAG
STAKEHOLDER / POLITICAL SUPPORT There is a risk of failing to secure stakeholder and political support for property and facilities management transformation proposals resulting in a failure to deliver the anticipated savings.	Ensure the programme has support from Senior Sponsors, within the Council and utilise this support to achieve political buy in to the initiatives and recommendations.	
BACKLOG MAINTENANCE CAPITAL There is a risk that a lack of capital availability affects the ability to reduce the backlog of maintenance across the operational estate.	An asset condition and maintenance strategy paper has identified estimated backlog maintenance requirements and has recommended further actions.	
CAFM MOBILISATION Risk of delays to CAFM mobilisation having impact on new FM process and implementation of new service standards	CAFM to be operational once SLA goes live and new FM processes established. Additional CAFM resources to be established.	
RESISTANCE TO PROPERTY STRATEGIES Risk of other Council services resisting property strategy leading to failures to deliver the required cost savings.	Engage with AMS PMO and management. Implement blueprint, i.e. ensure demand strategies are provided to inform, and escalate if required. Identify areas where data or support is required to be communicated by ER W/stream lead to management teams.	
SERVICE AREA BUY-IN Risk of service areas not accepting new service standards leading to working around newly implemented standards. This will result in benefits from the new SLAs not being fully realised. e.g. Head teachers not directly engaged in the process.	Ongoing interaction with Service Areas to collate feedback and concerns. Ensure senior support/endorsement during SLA briefings and sign off. Implement new service level performance processes to ensure buy-in is retained during early stages of SLA roll-out.	

		March	April	May	June
1	Technical service review				
2	Directorate SLA presentation		◆		
3	Investment Portfolio Strategy				◆
4	Asset Condition Survey Report			◆	
5	Phase 2 Job Descriptions				
6	Phase 2 Structure sign off (CLT)				◆
7	Estate Business Case engagement				

Key: On track In progress Attention

Project Dependencies

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

Estates rationalisation key dependency on localities model.



Overview of Progress

Staff transfers from C&F and H&SC removed from the scope of the current review – to be re-visited in 2017. The formal Organisational Review for tiers 3&4 closed on 11/04/16 and matching and assignment is now underway. Implementation plan updated to reflect 3 phases of review, change management activities are being designed around new target dates. Budget transfers now underway and expected to be substantially complete by the end of May. Re-phasing organisational reviews will aim to deliver an operational structure by November 2016. This takes account of the summer holidays and time required for any external appointments.

KPI Tracking

KPI	RAG	COMMENTS
No. FTE's delivering corporate property services	■	Phase 1 org review underway. Remaining FTE reductions to inform Phase 2 & 3 design
Budget consolidation from service areas	■	Budget transfers underway, to be complete by end July 2016.
Progress of Departmental FTE's transferring into Corporate Property.	■	Phase 1 transfers complete 31/12/16. Scope of transfers from C&F and H&SC established and issued to service areas
Number of people in post in new structure	■	Phase 1 of Org Review in final stages. Phases 2 & 3 in planning stage

Information Required / Dependencies

1. Strong programme leadership.
2. Technical Consultant input to Organisational Design/Scope and SLA development: input required by end June 2016 to allow Phase 2 Org Review to begin 30/06/16, then Phase 3 in August 2016
3. Agreement from Client Departments on new SLA's, new business processes and new partnership/ relationship management model.
4. Agreed process to support the continued legacy shared repairs cases .

Key Planned Activities

1. Undertake matching and assignment.
2. Develop change management plans to reflect phasing
3. On-going budget transfers
4. Plan for Org Review (Phase 2): preparing for formal consultation : completing document pack
5. Plan for Org Review (Phase 3): preparing for formal consultation : completing document pack

Key Risks

Risk ID		RAG
01	Early exit of key programme personnel leads to failure to deliver benefits	■
02	Increased absence and attrition	■
03	Insufficient budget transfer	■
04	Lack of confidence in new service leads to delays and scope of proposed transfers and service level agreements	■



Overview of Progress

Reported to the Property and Facilities Management Board in March with three business cases from the estate rationalisation pipeline; Lothian Chambers, 329 High Street and Wester Hailes. Each case was approved for development and engagement. Publicly announced the Council's proposals to seek a restorative purchaser for Inch House and transfer the property off the CEC estate. The Depots Programme Steering Group has been established to oversee the delivery of new projects to enable the property exits outlined in the review. First licence established for CGI to use space in Waverley Court (£83k for first 6 months, estimated at £167k pa). Agreement for the Estate Rationalisation team to join the Transformation Programmes embedding transformation workshops and understand the service priorities for the next year.

KPI Tracking

KPI	RAG	COMMENTS
Number of projects at each key stage of the identified rationalisation process	Green	All projects currently on track
Reduction in operational property costs	Green	Baseline is 0 until project implementation
Increase in income from operational assets	Green	£167,600 of income
Reduction in operational estate footprint	Green	Baseline is 0 until project implementation
Increase in desk to FTE ratio	Green	% of the office portfolio working 7 to 10 ratio – baseline to be established
Number of teams supported in a co-located environment.	Green	Captured as pipeline projects come through
No of properties closed/exited	Green	1 Property has been exited by the Office Estate.

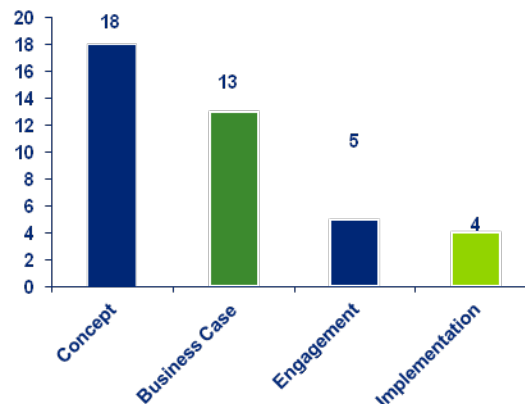
Information Required / Dependencies

1. Articulation of new localities model required, crucially, which teams, including partner agencies, should be located together.
2. Detailed negotiations required with new Tier 3 managers regarding team location.
3. Post headcount reduction picture required, with detailed breakdowns of team size.
4. Robust property costs data required from Finance for tracking of saving.

Key Planned Activities

1. Develop project timelines and engagement plans for each business cases approved at the Property and Facilities Management Board.
2. Develop the financial information for the rest of the Estate Rationalisation pipeline.
3. Continue to work with the Task Force to deliver a strategy for the rationalisation of Community Centres and Libraries.
4. Continue to gather requirements for the full restack of Waverley Court.

Project Status Tracking



Key Risks

Risk ID	RAG
01 Insufficient resource	Yellow
02 Lack of political engagement and support	Yellow
03 Lack of stakeholder support	Red
04 Resistance to property strategies by services	Red



Overview of Progress

The following activities are currently being undertaken by the Investment Portfolio Consultant

- Report looking at the emerging strategy for the Investment Portfolio
- Contributing to the development of the AMS Benefits Tracker
- Draft Outline Business Case Document development
- Valuation of the HRA Portfolio and related activities

KPI Tracking

KPI	RAG	COMMENTS
Reduce number of concessionary lets by 10% pa to increase revenue by 2% pa based on £12.5m.	■	This requires considerable resource to put in place formal leases and political support in the case of third party organisations.
Review of property voids on quarterly basis to benchmark against Investment Property Databank (IPD) level of 7% based on total income.	■	The majority of current voids are shown as development land or social assets with limited or no income prospects. Current true voids sit around 4%.
Benchmark income growth and maximisation against IPD levels quarterly which will provide a view on performance of the Investment Portfolio relative to the market. A comparison should be made quarterly, annually, 3 yearly and 5 yearly.	■	This depends on a software system producing a standard reporting format on these KPI's Requirement to identify the current level of return to set base. This also depends on an Estates software module (CAFM) that can report on this KPI and interface with Finance to monitor rent and service charge arrears going forward.
To provide the Council with a quality secure income with a target of 2% pa growth rate.	■	Identify targets and business case to retain, develop or dispose of assets to have a well balanced conservatively managed investment portfolio.

Information Required/Dependencies

1. Accurate information on concessionary lets and information on grant funding or demonstration of evidence for concessionary let. Identify the difference in concessionary rents and ERV's to highlight the financial implications.
2. Identify potential for reducing voids where possible and budget implications
3. Valuation of HRA portfolio .
4. Agree KPI's for filtering process for retain/develop/dispose
5. Information on Estimated rental values
6. Information on OMV's

Key Planned Activities

1. Preparation of Investment Portfolio Strategy AMS Board Paper for 12th May
2. Desktop valuation of HRA account (continuation)
3. Benefits Tracker development (continuation)
4. Review of re-investment opportunities

Key Risks

Risk ID		RAG
01	Lack of political engagement, support and approval on concessionary rents and rental increases.	■
02	Negative feedback from third party organisations relating to communications over concessionary rents	■
03	Negative effect on investment market caused by uncertainty over Scotland's political future.	■
04	Outdated/inaccurate information from Asset Information System.	■
05	Risk of Council assets being valued incorrectly due to historic valuations or inaccuracies in the valuation.	■



Overview of Progress

The Asset Condition core working group submitted the forward strategy relating to asset condition and maintenance which was approved by the Council Leadership Team in March 2016. The group have since been taking forward the recommendations of that paper which has included reviewing the functionality of the TF Cloud CAFM system. Work is continuing with tier 5+ organisational design. Also, an evaluation exercise has been completed and the procurement of asset condition surveys which is being submitted to the May Property and Facilities Management Board for approval.

KPI Tracking

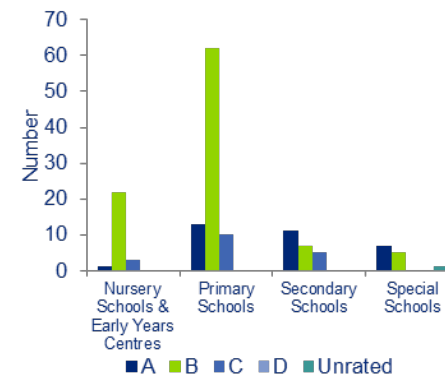
**FIG 1.0 - Asset Condition and Improvement
FY 15/16 Plan vs Actual Spend**



Progress Against Core Objectives

Identify Backlog	Survey programme for FY15/16 forecast to achieve 20% total assets (not incl PPP and monuments). High level surveys on plan to achieve 33% total assets. Extrapolated condition ratings from historic data on the C&F estate shown in fig 2.0 opposite. Review of external survey delivery option ongoing.
Technology	CAFM functionality is in the process of being reviewed and tested to ascertain if the system will meet the future vision for hard FM and asset condition processes. A gap analysis and further recommendations will be prepared if required.
Delivery Model	The delivery models for Hard FM, Capital Works Delivery and the Survey programme are under review and recommendations will be brought forward to the Corporate Property Board in the next period.
Safer Estate	100+ wind and weather tight incidents in March. 2 significant H&S incidents including a fire at Clermiston Primary School.

**FIG 2.0 – Existing Condition Ratings
Children and Families Estate**



Key Planned Activities

1. Review and test CAFM functionality and make recommendations
2. Review options relating to delivery of capital programmes and asset condition surveys
3. Clarify technical support requirements to investment portfolio
4. Input into org design work
5. Work to profile estimated building footprint reduction and capital receipts

Info Required/ Dependencies

1. Identify CAFM functionality and resources
2. Approval of survey delivery preferred option
3. Confirm external support to asset condition workstream from June to December 2016
4. Approval of emerging tier 5+ org design

Key Risks

Risk ID	Description	RAG
01	Budget constraints restricts ability to reduce backlog	Red
02	Health and Safety risks in relation to asset condition	Red
03	Service disruption in relation to asset condition	Red
04	Lack of appropriate skills and resources to deliver revised strategy	Yellow
05	CAFM functionality does not meet expectations	Yellow



Overview of Progress

- SLA handed over to Arcadis
- Consolidated responses to Directorate SLA questions
- Arcadis service review ongoing
- Scoping sessions being arranged with Directorates
- Data capture ongoing

KPI Tracking

KPI	RAG	COMMENTS
New SLA's developed	■	Standardised SLAs and exceptions are being managed through the scoping workshops
Optimised organisation structure and service delivery models	■	Arcadis review dependant on complete headcount data – most of the data provided but not yet validated
Budget vs chargeable costs determined	■	1 st wave budget transfers ongoing and additional transfers subject to recommendation by Arcadis. Chargeable costs set out in SLA

Information Required / Dependencies

1. Existing service data (headcount, no of supervisors, shift patterns)
2. Hard services procurement
3. CAFM mobilisation strategy (timeline, deployment date)
4. Approval of budgets included in SLA scope from Finance

Note: Decision to delay review of care homes FM service model and pick up in subsequent phases

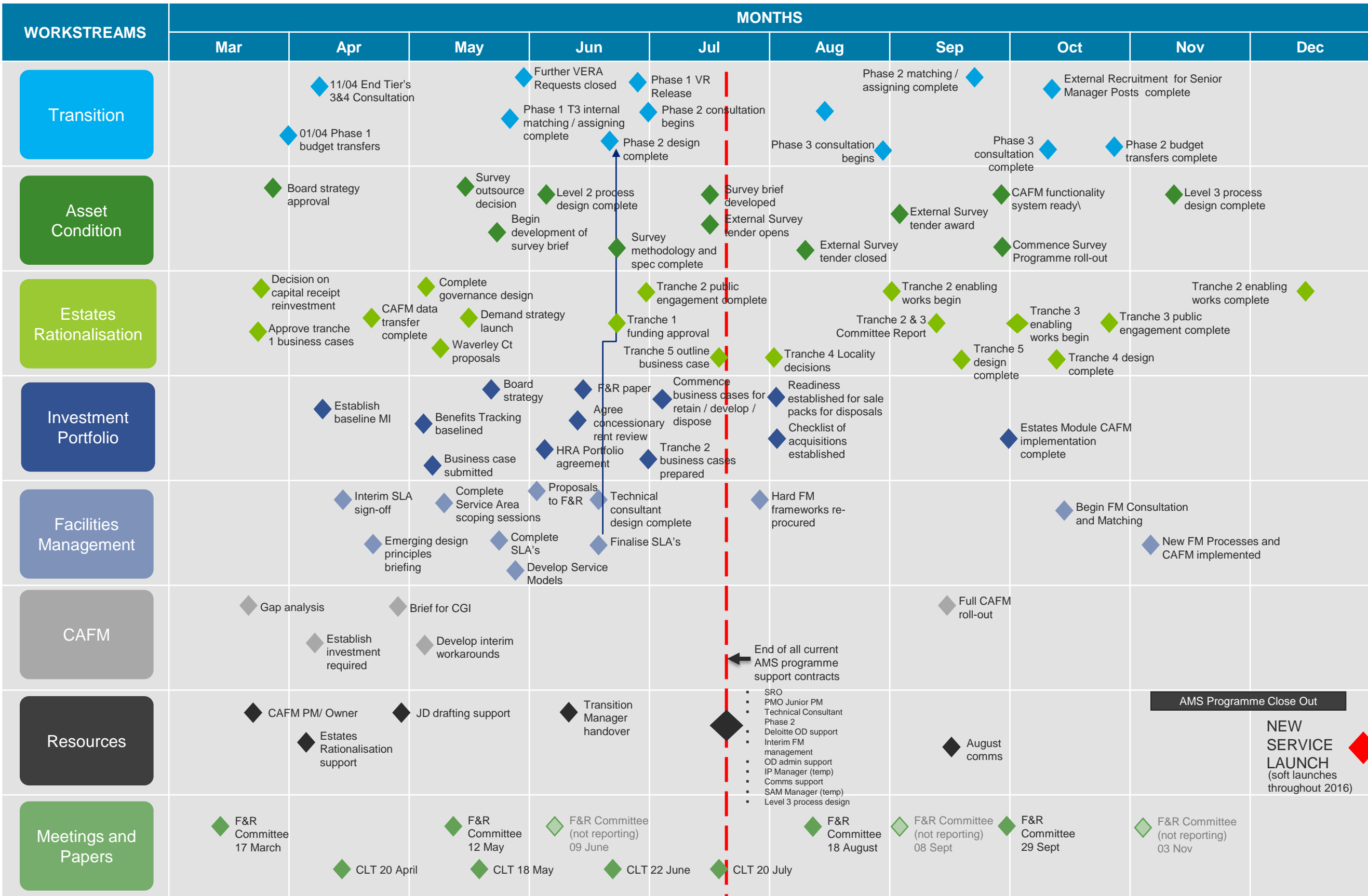
Key Planned Activities

1. Arcadis complete analysis and assessment of current service models
2. Ongoing Directorate SLA engagement
3. Hard services delivery model procurement
4. Develop process blueprint for FM function
5. Ongoing CAFM implementation

Key Risks

Risk ID		RAG
01	Limited Directorate engagement on SLA and push back on new standards	■
02	Proposed facilities budget transfers not approved	■
03	Lack of support to implement new service models	■
04	Buy-in to CAFM systems, input of data and ongoing management of data will be poor, leading to errors and inconsistencies.	■
05	Changes to FM service SLAs lead to industrial unrest or action in service areas, due to disagreement over changes.	■

APPENDIX B - Milestone Plan (Mar 16 – Dec 16)



Tranche 1 = 329 High Street and Lothian chambers; Tranche 2 = Wester Hailes redesign and call centre relocation; Tranche 3 = Community Centres and Libraries estate review; Tranche 4 = Office Restack; Tranche 5 = South Queensferry Cluster

AMS Programme Close Out

NEW SERVICE LAUNCH
(soft launches throughout 2016)

Finance and Resources Committee

10.00am, Thursday 9 June 2016

Managing Workforce Change – Workforce Dashboard

Item number	7.3
Report number	
Executive/routine	
Wards	

Executive summary

The attached Workforce Dashboard provides monitoring information on:

- the number of employees exiting the organisation through voluntary severance arrangements;
- the associated annualised cost savings;
- the number of staff accessing support / Career Transition Service;
- the number of surplus staff and associated costs; and
- a summary of the latest available information on Council wide staffing numbers, sickness absence, agency expenditure and vacancies.

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.

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.

Main report

- 3.1 The attached dashboard provides indicators to monitor change through the Council Transformation programme
- 3.2 In summary the findings detail:
- Fourteen organisational reviews are currently underway across the Council involving over 4,500 staff.
 - People totalling 554.9fte have exited/are confirmed to exit the organisation through voluntary severance arrangements, equating to £20.8m annualised cost savings.
 - 71 people were recorded as being surplus at 27 May 2016 representing an annual salary cost of £3.1m. However, 38 of these people have been redeployed into temporary posts, leaving 33 who are currently not redeployed;
 - The Career Transition Service has supported a total of 347 one to one meetings with individuals to discuss their needs, 445 people have now

- undertaken interview skills training and 499 people have taken advantage of the services provided by our out placement provider; and
- 655 managers have now participated in the Leading for 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.
- 3.3 The latest available information on Council wide staffing numbers, sickness absence, agency expenditure and vacancies is as reported at 29th April 2016. An update will be reported to the next Finance and Resources Committee in August 2016.

Measures of success

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

Financial impact

- 5.1 The confirmed reductions from voluntary severance arrangements will achieve recurring annualised cost savings (including national insurance and pensions) of £20.8m.

Risk, policy, compliance and governance impact

- 6.1 The voluntary severance releases 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: Katy Miller, Head of HR

E-mail: katy.miller@edinburgh.gov.uk | Tel: 0131 469 5522

Links

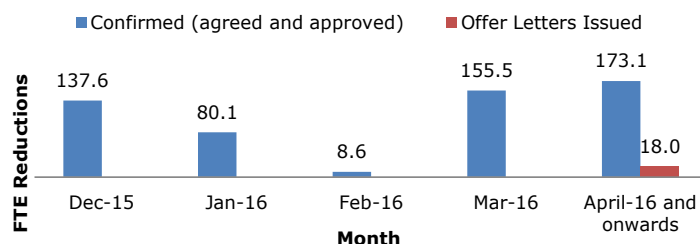
Coalition pledges	P25: Introduce a “living wage” (currently set at £7.20) for Council employees, encourage its adoption by Council subsidiaries and contractors and its wider development P26: Establish a policy of no compulsory redundancies, P27: Seek to work in full partnership with Council staff and 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

VERA/VR Dashboard – Transformation Programme Summary – 27 May 2016

Organisational review summary

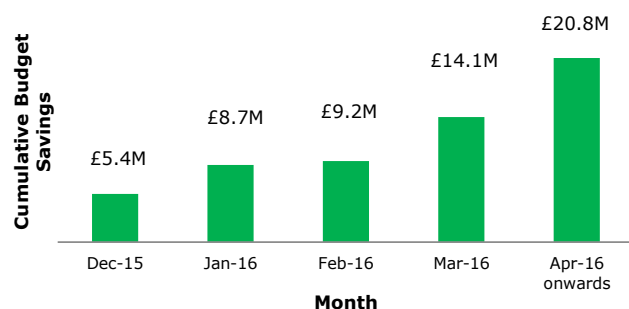
4,582 people are currently involved in ongoing organisational reviews and further voluntary redundancy cases are expected in future.

VERA/VR leaver reductions (FTE)



People accounting for a total of 554.9FTE are confirmed as leaving the Council under VERA and VR arrangements.

Current and projected cumulative budget savings



The overall organisational review savings target is £64m. The confirmed 554.9FTE reductions from VERA and VR will achieve recurring savings of £20.8M.

The one off VR/VERA and pension strain cost for those cases is £24m and the overall payback period is 13.8 months, which is in line with planning assumptions.

Employee support / Career Transition Service

	Nov 2015	Dec 2015	Jan 2016	Feb 2016	Mar 2016	Apr 2016	May 2016
Number of people in review	263	263	510	3383	4294	4406	4582

There continues to be a steady uptake of support through the Career Transition Service as organisational reviews progress

Support	No. to date
1:1's	347
Attended interview skills training	445
Attended Leading Through Change training	655
Requested access to online registration for Right Everywhere access	499

Attendance at Leading Through Change training is being further encouraged through Orb and line manager communications.

Redeployment – number of people and cost

	Nov 2015	Jan 2016	Feb 2016	Mar 2016	Apr 2016	May 2016
Number of people on register	54	50	64	59	48	71
Annual salary cost	£1.9M	£1.6M	£2.8M	£2.6M	£2.1M	£3.1M
Surplus – not currently redeployed	10	8	21	17	11	33
Temporarily redeployed less than 6 months	4	2	1	2	2	5
Temporarily redeployed more than 6 months	40	40	42	40	35	33

71 people are now recorded as being surplus, representing an annual salary cost of £3.1 million.

This represents a total increase of 16 people since the last dashboard.

Those not currently redeployed represent annual salary costs of £1.4M

Workforce Dashboard – Summary – 29 April 2016

Workforce Dashboard Summary

The information presented within this paper reflects the latest available information from the monthly Workforce dashboard. An update will be provided in the dashboard dated 10 June 2016

Staff Numbers

	FTE	Headcount
Apr 14	15,347	19,086
Apr 15	15,564	19,668
March 16	14,944	18,705

As at end March 2016, a total of 14,944 full time equivalent staff were employed by the Council.

This represents a drop of 620 FTEs in the period since April 2015.

Sickness absence

	12 month rolling average
Apr 12	4.57%
Apr 13	4.50%
Apr 14	4.51%
Apr 15	4.99%
March 16	4.88%

A total of 4.88% of working days in the 12 months to March 2016 were lost to sickness absence.

This represents a drop of 0.1% in the period since April 2015, but remains high in comparison to previous years.

Agency expenditure

	Adecco Agency Expenditure
Jan 15	£1.21M
Apr 15	£875.4K
Jan 16	£928.4K
Feb 16	£997.2K
March 16	£988.1K

Agency expenditure covers the period January 2015 to March 2016. The increase in January and February represent temporary staff in Customer Services & Place, both of which will see a decrease on completion of organisational reviews.

Data recorded here refer to agency expenditure recruited through Adecco, the Council's contracted provider of temporary agency workers.

A total of £988,091 of agency staff expenditure was recorded in March 2016.

Vacancies

	Number of roles	Type
Resources/CEO Office	4	Change and Portfolio
Communities and Families	18	Teachers Early Years Officers Pupil Support
Health and Social Care	4	Social Care Workers/Assistants
Place	4	Library Cleaners

As at 24th April we have 30 live vacancies.

6th April CLT agreed all vacancies would only be advertised internally (for permanent FTC) except in predefined categories. This was communicated and live from 25th April.

Finance and Resources Committee

10.00am, Thursday 9 June 2016

Revenue and capital budget framework 2016/20: potential equalities and rights impacts of approved proposals

Item number	7.4
Report number	
Executive/routine	
Wards	

Executive summary

In setting the Council's 2016/20 revenue and capital budget framework on 21 January 2016, elected members required to have due regard to the potential equalities and rights impacts of the proposals concerned. In the small number of cases where the potential for significant adverse impacts was identified, the approved motion instructed the bringing forward to Committee, early in the new financial year, of a report setting out how the actual impacts of the approved proposals compared with those anticipated and, where relevant, the effectiveness of mitigating actions put in place. While implementation and thus assessment of impacts remains at an early stage, this report sets out the initial findings in this area.

Links

Coalition pledges	P30
Council outcomes	SO25
Single Outcome Agreement	

Report

Revenue and capital budget framework 2016/20: potential equalities and rights impacts of approved proposals

Recommendations

- 1.1 Members of the Finance and Resources Committee are asked to:
 - 1.1.1 note the contents of the report; and
 - 1.1.2 note that a further update will be reported to the Committee later in the year once additional evidence of actual impacts and the effectiveness of relevant mitigating actions is available.

Background

- 2.1 On 21 January 2016, Council approved a balanced revenue budget for 2016/17 and indicative balanced budgets for the following two years, subject to confirmation of grant funding levels for 2017/18 and 2018/19. In considering the proposals concerned, elected members required to have due regard to their potential equality and rights impacts and to this end, a detailed report was considered initially by the Finance and Resources Committee and referred on to the Council budget-setting meeting.
- 2.2 Under the 'Framework to Advance Equality and Rights 2012-2017', the Council is implementing a five-year corporate programme of equality and rights impact assessments (ERIA) development. The programme comprises ongoing ERAs of existing policies and services, which includes any proposed changes to these. Continual improvement of budget proposals and decisions is a key feature of this programme.
- 2.3 As well as meeting the requirements of the Equality Act 2010 public sector equality duty and human and children's rights conventions, undertaking ERAs enables the Council to assess the positive and negative impacts on people with protected characteristics in the city. It also enables the development of mitigating actions to counteract negative impacts.

Main report

- 3.1 Appendix 1 to this report sets out those approved proposals within the budget framework where potential impacts had been identified, along with relevant planned mitigating actions. A brief commentary on the actual impacts experienced and effectiveness of these planned mitigating actions is then provided, alongside any proposed further measures.

- 3.2 At this early stage in the year, any negative impacts identified have been small, with mitigating actions effective in addressing these. It is clear, however, that any comprehensive assessment of service impacts can only meaningfully be undertaken once the relevant changes have had time to bed in and a greater evidence base is available. With this in mind, a further update will be provided to the Committee as part of the mid-year review on 29 September.
- 3.3 Many of the proposals outlined are being undertaken as part of, or alongside, the Council's Transformation Programme. While it is a requirement of all organisational reviews for an equalities and rights assessment to be undertaken, further work is underway to consolidate this approach and share the findings with key stakeholders.

Measures of success

- 4.1 Due regard to the equality and rights impacts has been given to each of the savings and additional income budget options comprising the framework.
- 4.2 The potential equality and rights impacts are taken into account when budget decisions are being made and recommendations for mitigating negative impacts are implemented and reported on.
- 4.3 The potential cumulative (both annual and incremental) equality and rights impacts are taken into account and mitigating actions are identified when each year's budget decisions are being made.

Financial impact

- 5.1 The report to the Finance and Resources Committee on 14 January 2016 concerning the budget framework proposals identified some potential risks in relation to equality and rights. The Council could be the subject of a legal challenge if these risks are not considered and addressed. Other financial risks relate to savings derived from preventative services which may result in increased demand on other crisis intervention services.

Risk, policy, compliance and governance impact

- 6.1 The incorporation of equalities and rights and carbon, climate change adaptation and sustainable development impact assessments as an integral part of the budget development process reflects both good practice and relevant legal duties. This activity enables the Council to highlight any unintended consequences of specific proposals on vulnerable service users, climate change and partnership and prevention activity, increasing the effectiveness of the mitigating actions.
- 6.2 The process is also aligned to wider council and Edinburgh Partnership strategies and plans, enabling more effective prioritising of available resources in a way that best supports the needs of vulnerable service users and groups.

Equalities impact

- 7.1 Undertaking equality and rights impact assessment is intended to ensure that any negative impacts, including cumulative impacts, for protected characteristic groups set by the Equality Act 2010 are reduced.
- 7.2 It also ensures that the Equality Act 2010 public sector equality duty is met with regard to (i) eliminating unlawful discrimination, victimisation and harassment; (ii) advancing equality of opportunity and (iii) fostering good relations and that any infringements on human and children's rights are minimised.

Sustainability impact

- 8.1 Carbon, climate change adaptation and sustainable development impacts assessments have enabled consideration of the public body duties under the Climate Change (Scotland) Act 2009. The findings of these assessments will also help to achieve a sustainable Edinburgh with regard to progressing climate change, social justice and community wellbeing objectives.

Consultation and engagement

- 9.1 Relevant feedback from the budget engagement that took place in the months leading up to budget-setting informed the equality and rights and carbon, climate change adaptation and sustainable development impact assessment analysis.

Background reading/external references

[Council Revenue Budget Framework 2016/20 – Impact Assessments](#), Finance and Resources Committee, 14 January 2016

Andrew Kerr

Chief Executive

Contact: Kirsty-Louise Campbell, Interim Head of Strategy and Insight

E-mail: kirstylouise.campbell@edinburgh.gov.uk | Tel: 0131 529 3654

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	One – Potential equalities and rights impacts of approved budget framework proposals and mitigating actions – progress update

2016/17 BUDGET PROPOSALS WHERE POTENTIALLY-SIGNIFICANT EQUALITIES AND RIGHTS IMPACTS HIGHLIGHTED

Budget proposal number and description, with responsible Service Lead	Potential impacts highlighted and proposed mitigating actions	Brief description of actual impacts experienced and mitigating actions implemented, including assessment of their effectiveness and any additional measures proposed or implemented
<p><i>CF/SP1 Youth Work Redesign</i> David Bruce</p>	<p>Concerns have been raised about limiting the youth work contract to service for young people aged 11-25 and not younger children and how the needs of vulnerable groups such as disabled young people will be met.</p> <p>Mitigation - A strategic oversight group will ensure that issues of distribution across the strategic outcomes are addressed as part of the grant programme and with contracts. Staff will continue to meet with organisations to discuss implications and inform them that they will have the opportunity to apply to the Communities and Families grants programme. The views of children and young people will continue to be central to the redesign.</p>	<p>Actions that have been take forward include:</p> <ul style="list-style-type: none"> • A strategic oversight group was set up in March 2016 with the aim of ensuring issues of distribution across the strategic outcomes are addressed within the grant programme and contracts; • The grants programme has now concluded. Organisations have been informed and awards have been made; • Existing feedback from children and young people on relevant services will inform the redesign but there will also be additional engagement to ensure the views of children and young people continue to be taken account of in the planning stages; and • An ERIA commenced in May to identify impact of the service redesign across Youth Work, Arts and Creative Learning, Sports and Outdoor Education, Libraries and Community Learning and Development and Community Planning and Engagement. This should be completed in August 2016.

Budget proposal number and description, with responsible Service Lead	Potential impacts highlighted and proposed mitigating actions	Brief description of actual impacts experienced and mitigating actions implemented, including assessment of their effectiveness and any additional measures proposed or implemented
<p><i>CF/SP7 Adoption allowance for young people aged 18 and over</i> Scott Dunbar</p>	<p>Young adults will have equality and consistency with peers and have access to universal benefits.</p>	<p>All parents of adopted children have received a letter of notification about the cessation of adoption allowances for young people after their 18th birthday. There has been one appeal for a disabled young person. The allowance has been reinstated and an income maximisation assessment will be applied to determine future requirements.</p>
<p><i>HSC/EF8 Reduce spending on block-contracted services by 10%</i> Chris Whelan</p>	<p>There may be impacts arising from this proposal as a result of reduction in levels of contact with vulnerable people.</p> <p>Mitigation – Support provider organisations will be asked to make necessary reductions in a way that minimises impact on front line services.</p>	<p>Provider organisations only began receiving their reduced financial allocations on April 1 2016. While at this stage no immediate adverse impacts have been reported to us, some may become apparent as we move through the financial year, so a further update will be provided in due course.</p>
<p><i>HSC/INC1 Increased charges for residential accommodation, telecare and other local authority charges</i> Rob McCulloch-Graham</p>	<p>Paying more in charges for care will not be perceived as positive by service users or their families. However, the financial assessment rules are designed to ensure that people are not charged more than they can afford. The rules for charging for residential care are prescribed by statute and residents do not pay the full cost of residential care.</p> <p>Mitigation - The impact of increases in social care charges is mitigated by means-testing. However, the impacts on individuals may be perceived or experienced as significant. Council officers have</p>	<p>No adverse impacts arising from the increase in charges have been reported to date. We will continue to monitor impacts in this area and advise if this situation changes.</p>

Budget proposal number and description, with responsible Service Lead	Potential impacts highlighted and proposed mitigating actions	Brief description of actual impacts experienced and mitigating actions implemented, including assessment of their effectiveness and any additional measures proposed or implemented
	discretion under the Council's current charging policy for adult social care to reduce charges in response to evidence of individual hardship.	
<p><i>PLA/INC7 Increase parking permit charges</i> <i>John Bury</i></p>	<p>There could be negative impacts for older people, and people on fixed incomes. However, it is hoped that this will encourage, where possible, more motorists to consider alternative forms of transport.</p> <p>Mitigation – Officers would develop a framework to profile individuals by protected characteristics who do not renew or cancel their parking permit due to increased cost. Consideration should be given to broadening the pricing criteria for permits.</p>	<p>We are monitoring permit uptake and complaints received regarding pricing. Complaints have been general in nature and there is little evidence of any negative impacts on the identified groups. As permits are renewable at different times throughout the year it is difficult to identify trends until the end of a full year. A pricing strategy will be developed through the Parking Action Plan which will address permit pricing and provide policy support for charges.</p>
<p><i>PLA/INC8 Increase pay and display charges</i> <i>John Bury</i></p>	<p>This income generating proposal will support the ongoing delivery of statutory services to the most vulnerable members of our communities. The increase in charges has potential to impact negatively on older drivers, families with young children and pregnant women.</p> <p>Mitigation – Officers can develop a promotional campaign to highlight alternative forms of public transport and with partners, develop key indicators to assess the impact of the changes aligned to the Hate Crime Strategy and Transport Charter.</p>	<p>There has been no negative impact as per period two of financial year 2016/17. The Parking Action Plan, Local Transport Strategy, new car charging contract, etc. will all be used to promote alternatives to private car travel in the city.</p>

Budget proposal number and description, with responsible Service Lead	Potential impacts highlighted and proposed mitigating actions	Brief description of actual impacts experienced and mitigating actions implemented, including assessment of their effectiveness and any additional measures proposed or implemented
<p><i>PLA/SP5 Street Lighting repairs</i> <i>John Bury</i></p>	<p>The new approach may impact negatively across all rights as the fear of going out in the dark could restrict attendance to events/organisations where there is a lack of light in and around buildings. If there is no escalation in policy to repair street lights around buildings of significance in terms of protected characteristics there could be an increase in victimisation and harassment. A Gold Command Group has been established in response to the increase in Islamophobia incidents in the City post Paris bombing.</p> <p>Mitigation – develop a framework to identify buildings of significance and localities to enable the Confirm system automatically to categorise the repair classification. A staff development programme to support hate crime identification to be implemented.</p>	<p>There has been no negative impact identified as a result of this new approach. Cat 1 Lighting Defect (life and limb situations) response time has been amended as the target proved to be unachievable and was consistently missed by the smallest of margins. Following a review of the issues it was agreed that the response time be changed from 2 to 4 hours. The new target for Cat1s is 95% made safe in 4 hours with a supplementary target of 100% made safe in 24 hours. It is considered unlikely that this amendment will have a negative impact in terms of the protected characteristics. There has been no change to the target response time for the other categories.</p> <p>Defect numbers continue to be monitored and reported to CLT on a monthly basis.</p> <p>Defect locations are categorised in terms of key buildings in the immediate area.</p> <p>The future roll-out of LED lights across the city will reduce the maintenance requirements for street lights. A Project Board has been set up and future plans are being developed.</p>
<p><i>PLA/SP6 Clarence response service</i> <i>John Bury</i></p>	<p>A new approach should enhance rights by increasing road safety and reducing the risk of injury (including the potential for life limiting injury). Potential negative impacts could arise if</p>	<p>There has been no negative impact identified as a result of this new approach. Initially there was an increase in the number of Cat 1 defects. This work was generated by the Neighbourhood Roads Teams.</p>

Budget proposal number and description, with responsible Service Lead	Potential impacts highlighted and proposed mitigating actions	Brief description of actual impacts experienced and mitigating actions implemented, including assessment of their effectiveness and any additional measures proposed or implemented
	<p>there was an increase in Category one defects that exceed the reduced number of Defect Repair Squads and access, and/or safeties were comprised.</p> <p>Mitigation - A framework to ensure consistent categorisation of defects needs to be developed and implemented across localities. Diversity Officers and Roads Managers to identify key buildings (e.g. place of worship) that may require a higher priority in the Confirm Works Order Management System. The impact of the repairs of Category 2 defects will be monitored for disproportionate impacts.</p>	<p>The quantity of defects classified as Cat 1s was stretching the repair resource and repair targets were not being met.</p> <p>Defect locations are categorised in terms of key buildings in the immediate area.</p> <p>To address this, an Operational Guide (Road Safety Inspections and Defect Categorisation Procedures) was developed and adopted on 1 April 2016. This will ensure the correct classification of defects and consistency across all Localities. This should ensure a substantial reduction in the number of Cat1/Emergency Defects.</p> <p>Defect numbers continue to be monitored and reported to CLT on a monthly basis.</p>
<p>PLA/SP7 Reduce bus stops and shelters maintenance John Bury</p>	<p>There could be negative impacts on health and wellbeing if offensive graffiti removal is not put in place. The fear of hate crime incidents may increase due to concerns associated with offensive graffiti. The lack of removal may lead to the normalisation of offensive graffiti.</p> <p>Mitigation – Ensure the Councils Offensive Graffiti Policy is communicated to the new contractor. Use hate crime analysis to identify hot spots to priorities repairs.</p>	<p>No negative impacts thus far. Sufficient budget remains to undertake regular cleaning and take additional specific action as required.</p> <p>Shelter glazing replacement and other routine maintenance will be prioritised and monitored against available budget.</p> <p>At this time, there is unlikely to be any impact on works that are required to remove offensive graffiti, or make a shelter or bus stop pole safe.</p>

Finance and Resources Committee

10:00 Thursday, 9 June 2016

Waiver Report for CCTV Infrastructure: BT Redcare

Item number 7.5
Report number
Executive/routine
Wards

Executive Summary

This report seeks the approval of the Finance and Resources Committee for a waiver of Contract Standing Orders to allow the direct award of a contract to BT Redcare, a subsidiary of BT Group plc.

The contract will provide the continued lease and maintenance of fibre optic networks used for the Closed Circuit Television (CCTV) network in Edinburgh for the period of 1 July 2016 to 30 June 2017, with an optional 1 year extension to 30 June 2018. This is to allow the Council to end the contract early in the event of an alternative solution being provided by CGI.

Links

Coalition Pledges [P30](#)
Council Priorities [CP4 ,CP5 ,CP11](#)
Single Outcome Agreement [SO4](#)

Request for CCTV Infra-structure waiver: BT Redcare

1. Recommendations

It is recommended that the Finance and Resources Committee:

- 1.1 approves the direct award of the contract to BT Redcare for the continued lease and maintenance of fibre optic networks used for the Closed Circuit Television (CCTV) network in Edinburgh
- 1.2 awards the contract to BT Redcare for the period 1 July 2016 to 30 June 2017 with the option to extend for a further year to 30 June 2018.

2. Background

- 2.1 The waiver of Council Contract Standing Orders is permitted where the circumstances of the proposed contract are covered by legislative exemptions. This includes 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(s) or it is in the Council's best interests to do so.
- 2.2 This contract cannot be delivered by another provider because any new provider would need to meet an upfront capital cost of approximately £1.2 million for the installation of an equivalent optic fibre network, excluding the undetermined associated leasing and maintenance costs. These capital costs are not relevant to the BT Redcare contract, as the initial upfront capital costs were funded when the fibre optic network was installed originally.
- 2.3 Specialists from procurement are negotiating the new contract with BT Redcare and have provided an indicative cost for renewal of £160,500 per annum for a 1 + 1 year contract effective from 1 July 2016. This will allow the Council to end the contract early in the event of an alternative solution being provided by CGI, or upon the completion and implementation of the CCTV Investment Programme.
- 2.4 The direct award of this contract to BT Redcare will enable the continued operation of the Central Monitoring Facility delivering CCTV services in Edinburgh, which help ensure Edinburgh remains a safe city by contributing to the reduction of crime and antisocial behaviour.

3. Main report

- 3.1 The Central Monitoring Facility operates 24 hours, 365 days per year, and monitors 213 public space CCTV cameras. The use of these cameras is an essential part of detecting and combating crime, reducing antisocial behaviour and providing reassurance to local communities.
- 3.2 Images from these cameras are transmitted via fibre optic cables installed by BT Redcare. These fibre optic cables and the associated network equipment are owned by BT Redcare, and have been leased by the Council to enable the provision of CCTV services in Edinburgh.
- 3.3 The current contract for the lease and maintenance of the BT Redcare fibre optic cables and network is due for renewal at the end of June 2016. Specialists from procurement are negotiating the new contract with BT Redcare and have provided an indicative renewal cost of £160,500 per annum for a 1 + 1 year contract effective from 1 July 2016. This will allow the Council to end the contract early in the case of an alternative solution being provided by CGI, or upon the completion and implementation of the CCTV Investment Programme.
- 3.4 The contract cannot be delivered by another provider because they would be at an unfair disadvantage to BT Redcare for the reasons set out below.
 - There would be an additional estimated capital cost of £1.2m for the installation of a replacement for the BT Redcare network, plus leasing costs of an indeterminate level that would not be incurred if we stay with BT Redcare.
 - The Council would also incur additional removal costs from BT Redcare.
 - There could be an unacceptable period of suspension of service to enable the specified works to be completed to the detriment of public safety in the city.
- 3.5 Following advice from procurement and from a service perspective, it is recommended that the contract with the existing provider BT Redcare is agreed to ensure the continued service delivery whilst the CCTV Investment Programme is progressed.

4. Measures of success

- 4.1 Continuity of service delivery.

5. Financial impact

- 5.1 The indicative renewal cost for the BT Redcare contract is £160,500 per annum for a 1 + 1 year contract operating from 1 July 2016. This cost is within the funding envelope for the service and the contract will deliver price stability for an essential service until June 2018.

6. Risk, policy, compliance and governance impact

- 6.1 The lack of this contract will jeopardise the operation of the public space CCTV system. It will directly impact on the detection and prevention of crime and decrease community reassurance.

7. Equalities impact

- 7.1 CCTV is an essential element in the prevention and detection of crime and as a consequence, public safety and security are enhanced. This in turn encourages a greater participation in public life by people with protected characteristics and in doing so advances the Council's due regard for equality of opportunity and fostering good relations.

8. Sustainability impact

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

9. Consultation and engagement

- 9.1 Consultation on the award of this contract at this stage has been restricted to stakeholders from the Central Monitoring Facility, Procurement and BT Redcare. However, as part of the next stage of the CCTV Investment Programme, further consultation will be completed on the Outcome Based Specification before the procurement of any new systems or equipment required.

10. Background reading/external references

- 10.1 [CCTV Investment Project Update Report](#) - report to the Health, Social Care and Housing Committee on 26 January 2016.

Michelle Miller

Head of Safer and Stronger Communities and Chief Social Work Officer

Contact: Harry Robertson, Senior Manager Community Justice

E-mail: harry.robertson@edinburgh.gov.uk | Tel: 0131 553 8237

11. Links

Coalition Pledges	P30 - Continue to maintain a sound financial position including long term financial planning
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Council Priorities	CP4 - Safe and empowered communities CP5 - Business growth and investment CP11 - An accessible connected city
Single Outcome Agreement	SO4 - Edinburgh's communities are safer and have improved physical and social fabric.
Appendices	

Finance and Resources Committee

10.00am, Thursday 9 June 2016

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

Item number	7.6
Report number	
Executive/routine	
Wards	All

Executive summary

This report updates the Finance and Resources Committee on the contracts awarded between 1 January 2016 and 31 March 2016. It sets out those contracts awarded following a waiver of the Council's Contract Standing Orders (CSOs) and the contracts awarded with a value below the threshold requiring Committee approval. The table below provides a summary.

Value of contracts awarded between 1 January 2016 and 31 March 2016		£98.6m
Value of contract let below the threshold requiring committee approval		£7.9m
Value of contracts let following a waiver of the CSOs	Under delegated authority	£1.5m
	With Committee approval	£35.1m

Links

Coalition pledges	P30
Council outcomes	CO25
Single Outcome Agreement	

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

Recommendations

- 1.1 It is recommended that the Committee notes the contents of this report and the authorisations made under delegated authority.

Background

- 2.1 The Contract Standing Orders (CSOs) are the Council's legal and operational rules for how we buy goods and services (ranging from purchases of small value to many millions of pounds).
- 2.2 The City of Edinburgh Council has awarded a total of £98.6m of contracts to a variety of supplier organisations in the period from 1 January 2016 and 31 March 2016.
- 2.3 During the specified period a number of contracts have been awarded under the delegated authority permitted by waiving the CSOs, allowable under Section 9 of the CSOs. The report for this period includes an overview of the contracts awarded by committee approval of a waiver of the CSOs during the period, to give a comprehensive overview of all waiver activity. This will be included in future reports.
- 2.4 The current report includes information on a three month period, January to March. The quarterly reports are now therefore aligned with the financial reporting periods.

Main report

Waiver of Standing Order Process

- 3.1 The waiver of CSOs to allow a contract to be awarded or extended without some form of competitive tendering may be required in certain circumstances e.g. continuity of care or a sole provider due to intellectual property rights. Each waiver is looked at on its own merits and is only approved if fully justifiable. However, these circumstances need to be tightly controlled and scrutinised. As

such, justification for the waiver of CSOs is permitted but only in the two instances categorised as follows:

- 3.1.1 **Legislative exemptions**, including technical or artistic reasons, extreme unforeseen urgency, social care contracts (where there is no cross border interest) and genuinely exceptional circumstances, where the departure from CSOs is wholly justified in accordance with EU law and principles i.e. where the value of the contract does not exceed the current EU thresholds (£164,176 for services, £589,148 for social and other specific services and £4.1m for works) and there is no interest from providers from member states outwith the UK.
- 3.1.2 **In the Council's best interests** where, on an individually risk-assessed basis, the departure from standing orders can be justified (e.g. to extend an existing arrangement to allow it to be combined as part of a larger procurement exercise).
- 3.2 Appendix 1 includes a breakdown by value in the relevant categorisation. Please note that while some may be categorised as 'in the Council's best interests' there may also still be a legislative exemption because of their relatively low value.
- 3.3 There will be a continuing need to use this process to allow for those exemptions that European procurement law recognises, and also to provide the flexibility required during this period of transition and improvement in compliance in relation to commercial and procurement activity. The overall objective is to provide an audit trail for when the Council legitimately departs from a requirement to tender, and to significantly reduce the need for those waivers where they are required due to poor planning, arranging for competitive procurement as required.
- 3.4 A summary of all contracts awarded under waiver arrangements for the period (both under delegated authority and through committee approval) from 1 January 2016 to 31 March 2016 is provided in Table 1 below, set alongside the total annual value of live contracts in operation over the same period. Further information on these waivers is detailed in Appendices 1 and 2.
- 3.5 From the Waivers with Committee approval totalling £35.1m in value in this quarterly report, £30.0m of this relates to five contracts. Details are as follows:
 - 3.5.1 Maintenance of night time care and support arrangements (£10.9m). The Committee agreed the direct award of contracts, extended existing contracts and the transfers to Grants for three years to

- March 2019 to provide the opportunity to look for efficiencies and trial possible alternative delivery models.
- 3.5.2 Care placements and residential school providers (£9.1m). Approval was given to place direct awards to March 2018 to allow time to work with Scotland Excel to discuss and extend framework activity for these Care services in preparation for the next review
- 3.5.3 NHS Service Level Agreements (£5.2m). Approval was given to renew the Service Level Agreements for Children’s Services with the NHS for a further three years to 31 March 2019. This strategic alignment will be subject to review as part of the Council’s transformation programme for Children’s Services.
- 3.5.4 Homelessness Prevention pilot (£2.5m). The Committee approved the extension of contracts to December 2016 to allow the pilot to allow further testing of the approach, coproduction of specifications and time for the procurement of new services.
- 3.5.5 Community Transport arrangements (£2.3m). Approval was given to enter into a three year Public Social Partnership (PSP) for the purpose of providing community and accessible transport to a range of groups and people with mobility impairments

Table 1 Contracts awarded under the Waiver of Standing Orders (1 January 2016 to 31 March 2016)

Directorate	Total Waiver Value under Delegated Authority 1 January 2016 – 31 March 2016 (£m)	Total Waiver Value by Committee Approval 1 January 2016 – 31 March 2016 (£m)
Communities & Families	£0.22m	£18.09m
Resources	£0.57m	£0.51m
City Strategy and Economy	£0.06m	n/a
Health & Social Care	£0.33m	£11.38m
Place	£0.26m	£2.34m
Chief Executive	£0.09m	£2.73m
Cross-Directorate	n/a	n/a
	£1.53m	£35.05m

Given their de minimis value, for the 'Total Waiver Value under Delegated Authority' in the table above (£1.53m), waivers under £5,000 have not been included. There are a total of 17 waivers awarded with a value of less than £5,000 which account for an additional £65,819 in total.

- 3.6 The figures shown in Table 1 and Appendix 1 reflect the total financial value requested to be waived for the contracts in question. In a number of cases the actual spend will be less than this value.
- 3.7 Commercial and Procurement Services will continue to monitor and challenge submitted waivers to ensure continuing compliance with the CSOs. The Waivers and Contract Register provide a required visibility of spend enabling Commercial and Procurement Services to highlight to Directorates where plans for procurement require to be put in place without delay.

CSO Approval Thresholds

- 3.8 The CSOs state that contracts in excess of £1m for supplies and services and £1.5m for works require approval from the Committee before award.
- 3.9 Contracts under the Committee thresholds to the value of £7.9m have been awarded in the period 1 January 2016 to 31 March 2016, and are detailed under Appendix 3. Given their de minimis value, contracts under the value of £25,000 have not been listed in the Appendix. There are a total of 10 contracts awarded with a value of less than £25,000 (£3,000 for Consultancy) which account for an additional £150,302 in total.

Measures of success

- 4.1 By continuing to scrutinise and document all instances where it has been requested that the Council's CSOs be waived, this evidences strong authorisation and internal control processes within the City of Edinburgh Council.

Financial impact

- 5.1 There are no financial impacts directly arising as a result of this report. Contracts awarded or extended under delegated authority create a legally binding contract for and on behalf of the City of Edinburgh Council which is bound and liable for any conditions under such contracts.

Risk, policy, compliance and governance impact

- 6.1 A waiver denotes a departure from the Council's CSOs (which in part reflect the Council's legal obligations). There may be an increased risk if the Council has departed from EU requirements. However, each delegated waiver is scrutinised on its own merits in this context, and is only approved if justifiable given the circumstances or permitted in accordance with EU obligations. This report outlines all waivers approved from 1 January 2016 to 31 March 2016, and all contracts awarded with a value over £25,000 and under the required committee approval thresholds in the same period, enhancing the Council's measures of transparency.

Equalities impact

- 7.1 There are no equalities impacts directly arising as a result of this report.

Sustainability impact

- 8.1 There are no sustainability impacts directly arising as a result of this report.

Consultation and engagement

- 9.1 The Council considered recommendations from the latest annual review of the CSOs on 2 June 2016. The review was undertaken with service areas.
- 9.2 The Council's CSOs outline the appropriate measures of consultation and approval that must be sought from officers or committee for each waiver, dependent on the expected value.

Background reading/external references

[Finance and resources - Thursday 17 March 2016 \(item 7.13\) - contracts awarded under delegated authority \(waiver reports\) and Procurement Activity](#)

Hugh Dunn

Acting Executive Director of Resources

Contact: Tammy Gillies, Acting Chief Procurement Officer

E-mail: tammy.gillies@edinburgh.gov.uk | Tel: 0131 529 4930

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 objectives
Single Outcome Agreement	
Appendices	Appendix 1 – Contracts Awards under waiver of CSOs by Delegated Authority Appendix 2 – Contracts Awards under waiver of CSOs by Committee approval Appendix 3 - Contract Awards below Committee Thresholds

Appendix 1 – Contracts awarded under the Waiver of CSOs by Delegated Authority

The following relate to the period 1 January 2016 to 31 March 2016.

Justification

Paragraph	Description of Justification	Amount
9.1.1	Legislative exemption	11
9.1.2	In the Council's best interests	48
		59

Directorate	Communities & Families	
Supplier/product or service	Justification for waiver	Value
Barnardo's Scotland	In the Council's best interests. Direct award of a 6 month contract for the Barnardo's Intensive Behaviour Support Service to provide intensive early intervention support for practical strategies to families whose disabled child displays challenging behaviour at home.	£44,750
Polystar Limited	In the Council's best interests. To allow Polystar Limited to conduct an initial engagement and consultation exercise with Queensferry Community High School to ensure the design of the new school meets educational best practice both now, and in the future.	£24,938
University of Edinburgh	In the Council's best interests. To support the national 'Into Headship Programme', a development programme for Head Teachers, part funded by Scottish Government, Local Authorities and the Practitioner.	£11,000
The Roxburghe Hotel	In the Council's best interests. Payment to Roxburghe Hotel for the library & Information Services, EDGE conference fees. The conference is cost neutral as all expenditure is covered by income from exhibitors & delegates.	£15,000
Canongate Youth Project Ltd	In the Council's best interests. To maintain service to 30 local vulnerable young people over the coming year and in preparation for a tender process for a wider family support service which will be completed by April 2017.	£40,000

The Real David Cameron	In the Council's best interests. To provide planning, co-ordination, negotiation, with and securing various speakers and overall facilitation of Creative Conversations. The Creative Conversations are funded by Education Scotland to develop the Creative Learning Network In Edinburgh, East Lothian and Midlothian.	£7,000
Allocate Software Limited	In the Council's best interests. To share se of the NHS Lothian Staff Bank System for Translation Services.	£8,000
Columba 1400 Staffin Ltd	In the Council's best interests. Columba is a unique service provider that works with extremely vulnerable client groups of young people. Service is required for a 10 month period.	£15,000
Open Objects Software Limited	Legislative exemption. To provide a range of online library services to meet the needs of customers for a 12 month period.	£5,500
Oxford University Press	Legislative exemption. To provide the online service for customers for the product <i>Core Reference Package</i> from a single source supplier.	£7,670
Young Scot	Legislative exemption. To provide services for the <i>Young Scot for Edinburgh</i> card.	£20,541
Capita Business Services Ltd	In the Council's best interests. To maintain customer access to all library online services through the support and hosting of <i>Your library</i> and the <i>Prism Online Catalogue</i> . These services support customer access to library transaction services, download services, newspapers, and unique online information services and Capita is the Intellectual Property owner.	£14,000
Bibliotheca Ltd	In the Council's best interests. Provision of RFID tags which provide stock security and enable use of customer self service equipment in libraries to borrow and return items, pay charges and check reservations without staff intervention.	£5,000
		£218,399

Directorate	Resources	Value
Supplier/product or service	Justification for waiver	Value
Online HR	In the Council's best interests. To allow for temporary recruitment of Human Resources / Organisational Development leaders to backfill for staff who will be undertaking work on the Council's transformation programme.	£60,000

Bruynzeel Storage Systems Ltd	In the Council's best interests. To provide a maintenance and service contract for the Council's Archive service at Murrayburn. Bruynzeel Storage Systems are the only company who manufacture this bespoke specialist electronic shelving system, and possess the requisite skills and knowledge to ensure its continued maintenance.	£12,000
FWB Park Brown Limited	In the Council's best interests. To allow for temporary recruitment of Human Resources / Organisational Development leaders to backfill for staff who will be undertaking work on the Council's transformation programme.	£19,150
Hudson Global Resources	In the Council's best interests. To allow for temporary recruitment of Human Resources / Organisational Development leaders to backfill for staff who will be undertaking work on the Council's transformation programme.	£6,984
Recruitment Zone Ltd	Legislative exemption. To provide recruitment services for Procurement Professionals to aid the delivery of the Commercial Excellence Programme.	£9,902
Portfolio Evaluation Ltd	In the Council's best interests. To properly monitor the Council's Pension Funds' investments.	£60,000
IOM Consulting Ltd	In the Council's best interests. To review and update the Council's Asbestos Management Policy and Procedures.	£5,625
Thomson Reuters Sweet & Maxwell	In the Council's best interests. To renew the Practical Law Service subscription to provide the legal team with access to a Public Sector Information Package.	£7,381
Matthew Algie & Co Ltd	In the Council's best interests. To renew the on-going rental and lease agreements on coffee equipment and products during major review and restructuring of the in-house catering service.	£73,000
CEB Global Limited	In the Council's best interests. For provision of HR research services by a single provider covering the full range of HR services, best practice, tools, toolkits, training, templates, on-line support, workshops, and meetings.	£22,500
Ronnie Watt Studio	In the Council's best interests. To procure the services of the metalwork sub-contractor after the main contractor went into liquidation during a project to restore Jawbones on Jawbones Walk. The sub-contractor designed and fabricated the bespoke metalwork.	£11,000
Addison Conservation & Design Limited	In the Council's best interests. In the Council's best interests. To procure the services of a structural engineer sub-contractor after the main contractor went into liquidation during a project to restore Jawbones on Jawbones Walk. The sub-contractor designed and fabricated the bespoke metalwork.	£24,500
Keirfield Ltd	Legislative Exemption. To enable continued support for the 2017 Local Government Election eCounting Project, Local Government Liaison. Scottish Government meets all costs associated with this expenditure.	£24,500
Recruitment Zone Ltd	In the Council's best interests. For specialist recruitment services which the contracted supplier (Adecco) could not provide.	£23,400
Hays Specialist Recruitment Ltd	In the Council's best interests. In the Council's best interests. For specialist recruitment services which the contracted supplier (Adecco) could not provide.	£37,693

Cadassist Ltd	In the Council's best interests. To change existing Building Design Suite <i>Standard</i> Licenses to Building Design Suite <i>Premium</i> following announcement by the supplier to cease future perpetual licence upgrades or purchases.	£17,680
ADT Fire and Security PLC	In the Council's best interests. To extend the current arrangements for intruder alarm maintenance for the Council's non – housing properties until the new contracts which are currently being procured are in place.	£40,000
PID Systems Ltd	Legislative exemption. To ensure continued maintenance of alarm systems which are maintained by the supplier and monitored by Security Services.	£90,000
Soil Association Scotland	In the Council's best interests. To arrange bespoke support to allow the Council to meet key objectives around healthy, local and sustainable food.	£5,395
Modus Scotland Ltd	In the Council's best interests. To continue with maintenance of the Council's Asbestos Management System.	£24,000
		£574,710

Directorate	Health & Social Care	
Supplier/product or service	Justification for waiver	Value
Total Hygiene Ltd	In the Council's best interests. To allow the extension of current contracts for Supply, Service and repair of electric bidet toilets to enable the creation of a new contract / Framework Agreement with the complete revision of specifications (which will include provision for bariatric clients) and consolidation of the requirements from all five participating Councils through a compliant OJEU tendering process.	£51,000
Edinburgh Voluntary Organisations	In the Council's best interests. To support the LOOP's (Local Opportunities for Older People) initiatives across the city for three months (April- June 2016) to allow time for the recently produced evaluation and recommendations for 2016/17 to be reported to the Edinburgh Older People's Redesign Executive for approval.	£49,036
Park House Health Care Limited	In the Council's best interests. To allow the extension of current contracts for Servicing and Repair of mobile hoists, beds, mattresses and cushions and supply, service, repair, recondition and storage of stairlifts to enable the creation of a new contract with the complete revision of specifications (to include provision for bariatric clients - clients 25 stone and above) and through a compliant OJEU tendering process.	£170,000
Advanced Stairlifts Scotland Ltd	In the Council's best interests. To allow the extension of current contracts for Servicing and Repair of mobile hoists, beds, mattresses and cushions and supply, service, repair,	£50,000

	recondition and storage of stairlifts to enable the creation of a new contract with the complete revision of specifications (to include provision for bariatric clients - clients 25 stone and above) and through a compliant OJEU tendering process.	
DePoel Community	In the Council's best interests. To renew the software licence currently in use to operate the booking facility that underpins VolunteerNet. This software is used directly by unpaid carers and their families, and by the Council's approved H&SC Volunteers, to book periods of support for carers and their 'cared for person'.	£8,640
		£328,676

Directorate	City Strategy and Economy	
Supplier/product or service	Justification for waiver	Value
Gilbert Associates Limited	In the Council's best interests. For office accommodation for Greater Grassmarket Business Improvement District (BID). Office accommodation rates are reviewed annually to achieve best value.	£16,000
Storm ID Ltd	Legislative exemption. To target and promote Invest Edinburgh messaging to the key investor audience.	£4,550
442 Design Ltd	Legislative exemption. To promote and showcase Edinburgh's opportunities as an investment location through an updated version of the Investor Support Pack.	£4,200
Crown Fine Art Limited	Legislative exemption. To provide return transport of 117 loans pieces to private and public lenders. The City Art Centre and the Towner Art Gallery signed a legally binding contract which specifies that Crown Fine Art is to be the appointed transport	£10,000
Landmark Press	In the Council's best interests. To provide a one-off advert for a very specific targeted tourist publication which has been fully evaluated as providing value for money and return on investment.	£6,520
Art and Antiques Appraisals Ltd	In the Council's best interests. To have the varied collections housed at Lauriston Castle re-valued.	£5,000
Toptix (UK) Ltd	In the Council's best interests. To provide hosting services for proprietary ticketing software.	£7,416
K3 Retail Systems Group Limited	In the Council's best interests. To procure the services of the single provider who supplies software and hardware for the Council's retail system. The software is unique to the supplier and only they can provide maintenance.	£5,412
		59,098

Directorate	Place	
Supplier/product or service	Justification for waiver	Value
Marshalls Mono Ltd	In the Council's best interests. To provide bespoke Natural Stone combined drainage kerb system to comply with the requirements of the World Heritage Site.	£24,128

Ashurst LLP	In the Council's best interests. To provide an outline Commercial Strategy for prior to commencing core Stage 1 tram extension activities. Future legal advice for the tram extension will be subject to a separate procurement exercise.	£24,500
Turner & Townsend Infrastructure	In the Council's best interests. To maintain the current programme for Phase 4 of the Leith Programme and allow tenders to be issued in spring 2016.	£15,000
Royal Mail Group Ltd	In the Council's best interests. To enable urgent printing and posting of 71,000 letters following the withdrawal of stair lighting maintenance within privately owned tenement blocks.	£21,000
Chartered Institute of Housing (CIH)	Legislative exemption. One off requirement. To support the CIH conference in the host city and to enable access to benefits and development opportunities for around 80 staff and tenants through attending the Chartered Institute of Housing (CIH) Scotland Conference. Supporting the conference also offered opportunities to showcase Edinburgh's housing sector.	£12,000
The Institution of Civil Engineers, Thomas Telford Ltd	In the Council's best interests. To purchase the Licence Agreement for NEC3 Digital Contracts to meet legal obligations by ensuring mandatory inspections and certifications are carried out.	£5,850
Matthews Environmental Solutions Limited	In the Council's best interests. To remove two existing cremators from Mortonhall Crematorium and relocate the small scale cremator to the site of one of the existing cremators that is due to be removed. This will also ensure that the warranty remains in place.	£25,000
Harrison Stevens Limited	In the Council's best interests. To enable the supplier to continue to provide a post-contract landscape architect consultancy service in relation to the infrastructure contract for the proposed development at Leith Fort, Edinburgh.	£24,000
Trading Standards Institute	Legislative exemption. To renew the subscription for provision of metrological reference material and other trading standards technical support.	£5,453
Environmental Scientifics Group Ltd	In the Council's best interests. To extend the current contract arrangements for the provision of Coring and Testing as per the Edinburgh Local RAUC Coring Contract.	£15,000
Veolia ES UK Limited	In the Council's best interests. To provide electricity and water utilities from the single source supplier to Seafeld laboratory which was formerly part of the waste water treatment plant (WWTW).	£87,259

£259,190

Directorate	Chief Executive	
Supplier/product or service	Justification for waiver	Value
The Junction Young People Health	In the Council's best interests. To extend the contract for services to Young People Affected by Parental Substance Misuse (YPAPSM). The support approval process post was created in response to specific findings and recommendations from the Children Affected by Parental Substance Misuse (CAPSM) needs assessment undertaken by Create Consultancy and commissioned by the EADP.	£43,983
Edinburgh Regency Guest House	In the Council's best interests. Short term requirements for homeless people to meet statutory duty within the terms of part 2 of the Housing (Scotland) Act 1987 and amended by Section 5 of the Housing (Scotland) Act 2001.	£49,000
		£92,383

Appendix 2 – Contracts awarded under the Waiver of CSOs by Committee approval

The following relate to the period 1 January 2016 to 31 March 2016.

Directorate		Communities and Families	
Date	Supplier(s)	Contract Description	Value
21/01/2016	Edinburgh Voluntary Organisations Council (EVOC) See Item 7.27 F&R Committee paper (21/01/2016)	Legislative exemption. To enable continuity of service support through a Strategic Partnership Agreement to provide Voluntary Sector Infrastructure Support Services from 1 April 2016 to 31 March 2019 with the option to extend for up to 2 years.	£295,850
02/02/2016	Barnardo's See Item 7.8 F&R Committee Paper (02/02/2016)	Legislative exemption. To provide an extension of uninterrupted care to the 25 children who currently attend the Caern Project for a short break for the period 1 April 2016 to 31 March 2018. 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).	£650,000
17/03/2016	Edinburgh Young Carers Project (EYCP) See Item 7.20 F&R Committee Paper (17/03/2016)	Legislative exemption. To enable continued support for young carers for a further 12 months from 1 April 2016 to 31 March 2017 while a new specification is identified using a coproduction approach.	£75,000
17/03/2016	External agency staff See Item 7.21 F&R Committee Paper (17/03/2016)	In the Council's best interests. To enable continued Interpretation and Translation services pending the conclusion of a procurement exercise in December 2016.	£450,000
17/03/2016	Pilton Retreat See Item 7.22 F&R Committee Paper (17/03/2013)	In the Council's best interests. To enable a continuation of support services to young people, schools and vulnerable families in North Edinburgh for a 12 month period from 1 April 2016 to 31 March 2017. This will also allow the development of a fundraising strategy to secure the services for the long term future for the community of North Edinburgh.	£52,979
17/03/2016	Shakti, Edinburgh	In the Council's best interest. To enable a 19 month contract extension from 1 April 2016 to 1 November 2017 to allow continuation of domestic abuse support	£161,423

	Women's Aid See Item 7.23 F&R Committee Paper (17/03/2016)	services while a review leading to a redesign of services and a new procurement exercise takes place.	
17/03/2016	Eighteen independent suppliers. See Item 7.24 F&R Committee Paper(17/03/2016)	In the Council's best interests. To continue provision of 52 independent care placements and residential & day school providers for the period 1 April 2016 to 31 March 2018. This will allow time to work with Scotland Excel to discuss and extend framework activity for these Care services in preparation for the next review in 2018.	£9,138,000
17/03/2016	Early Years Family Support, City-Wide GIRFEC/ASL Support See Item 7.25 F&R Committee Paper (17/03/2016)	In the Council's best interests. To provide ongoing services to families of young children for a period of 18 months from 1 April 2016 to 30 September 2017. This will allow a review of services and a coproduction process to design a new service specification.	£203,600
17/03/2016	Scottish Adoption See Item 7.26 F&R Committee Paper (17/03/2016)	In the Council's best interests. To continue pre- and post-adoption services for a period of one year from 1 April 2016 to 31 March 2017. Options are being explored in relation to transferring exchange arrangements to the Council.	£71,920
17/03/2016	NHS See Item 7.27 F&R Committee Paper (17/03/2016)	In the Council's best interests. To enable the renewal of Service Level Agreements for Children's Services with the NHS for a further three years from 1 April 2016 to 31 March 2019. This strategic alignment will be subject to review as part of the Council's transformation programme for Children's Services.	£5,229,000
17/03/2016	Barnardo's See Item 7.27 F&R Committee Paper (17/03/2016)	In the Council's best interests. To enable continuation of Locality Services for Additional Support for Learning for 24 months (1 April 2016 to 31 March 2018). This will allow a review of the service with the goal of developing a service specification.	£1,763,000
TOTAL			£18,090,772
Directorate		Health and Social Care	
Date	Supplier(s)	Contract Description	Value

14/01/2016	Forth Sector and Access to Industry See Item 7.18 F&R Committee Paper (14/01/2016)	In the Council's best interests. Extension of existing employability contracts to enable stakeholder engagement and co-production activity which will inform the process and routes available for procurement.	£170,000
02/02/2016	Various suppliers listed in Appendices 1 & 2 of Item 7.4 F&R Committee Paper (02/02/2016)	In the Council's best interests. Direct awards, contract extensions and transfers to grants to maintain safe night time support arrangements for three years for the period 1 April 2016 to 31 March 2019. This will provide the opportunity to look for efficiencies through the use of technology enabled care options and the trialling of possible alternative delivery models.	£10,925,119
17/03/2016	Blackwood Homes and Care See Item 7.11 F&R Committee Paper (17/03/2016)	Legislative exemption. To provide care for vulnerable people and people with disabilities as part of a wider effort to develop new ways of providing night time support to people with disabilities and/or poor mental health for the period 1 April 2016 to 31 March 2017 (at a cost of £144,350), with an option to extend the contract for one further year at the same cost.	£288,700
			£11,383,819

Directorate		Place	
Date	Supplier(s)	Contract Description	Value
17/03/2016	British Standards Institute (BSI), SGS United Kingdom Ltd. (SGS) and United Kingdom Accreditation Service (UKAS) Item 7.15 F&R Committee Paper (17/03/2016)	In the Council's best interests. To continue certification of ISO international quality standards pending procurement of a new contract covering all of the individual departments' related ISO certification requirements for a period of up to one year from 17 March 2016 to 16 March 2017.	£70,000
17/03/2016	Various Community Transport organisations. See Item 7.16 F&R Committee Paper (17/03/2016)	In the Council's best interests. To enter into a three year Public Social Partnership (PSP) for the purpose of providing community and accessible transport to a range of groups and people with mobility impairments.	£2,271,084

		TOTAL	£2,341,084

Directorate		Resources	
Date	Supplier	Contract Description	Value
02/02/2016	Steve Radcliffe Associates See Item 7.1 F&R Committee Paper (02/02/2016)	In the Council's best interests. To appoint Steve Radcliffe Associates for the next phase of the work to build the organisation's capacity for transformation leadership.	£80,000
02/02/2016	Whistl See Item 8.2 F&R Committee Paper (02/02/2016)	In the Council's best interests. To extend the existing postal services from 1 March to 30 September 2016 to allow the completion of the procurement exercise.	£430,000
TOTAL			£510,000

Directorate		Chief Executive	
Date	Supplier	Contract Description	Value
14/01/2016	Progress Business Solutions Ltd (PBS) See Item 7.21 F&R Committee Paper (14/01/2016)	In the Council's best interests. To provide a 24 day call-off contract for technical and commercial advice to assist with the transition of the Council's ICT services to the new provider (CGI) from 14 January 2016 until 30 June 2016.	£27,000
02/02/2016	Various contracts listed in Item 7.5 F&R Committee Paper (02/02/2016)	In the Council's best interests. To extend Homeless Prevention contracts beyond the 18 month pilot to: <ul style="list-style-type: none"> • allow time for the further testing of service provision and consideration of the procurement options for new services • extend contracts for the continued purchase of housing support for individuals outwith the pilot • extend the contract for a supported accommodation service. 	£2,472,816
17/03/2016	Niceworks Ltd, Gallery	In the Council's best interests. To enable continued delivery of the Homelessness Information System (HIS) and the Edinburgh	£227,397

	Partnership See Item 7.19 F&R Committee Paper (17/03/2016)	Common Client Outcomes (ECCO) system until April 2018 whilst these functions are migrated onto Council supported systems.	
			£2,727,213

Appendix 3 – Goods and service Contracts awarded with a value over £25,000 and below the committee approval thresholds of the CSOs

The following relate to the period 1 January 2016 to 31 March 2016.

Directorate		Resource	
Date	Supplier	Contract Description	Value
22/03/2016	Decco Ltd T/A White Milne	Industrial Cleaning Equipment	£81,000
TOTAL			£81,000

Directorate		City Strategy and Economy	
Date	Supplier	Contract Description	Value
19/02/2016	SecuriGroup Services Ltd	Assembly Rooms, Usher Hall and Church Hill Theatre Events Security Services 2016-2019	£331,250
TOTAL			£331,250

Directorate		Communities and Families	
Date	Supplier	Contract Description	Value
05/01/2016	The Action Group	Black and Ethnic Minority Service (BEMAS) - Action Group	£203,500
01/03/2016	Who Cares Scotland National Office	Independent Advocacy and Children's Rights Service	£575,000
TOTAL			£778,500

Directorate		Place	
Date	Supplier	Contract Description	Value
04/02/2016	AECOM Limited	Design of Cycle Scheme Work Package 1	£317,353
15/03/2016	Out of Hand Ltd	Festival Advertising	£333,381

16/03/2016	Hydro-Logic	River Level Flood Sensor Maintenance, Edinburgh - Three year term service contract	£42,912
17/03/2016	Henderson Grass Machinery Ltd	Supply of 3 x Tractors	£97,911
17/03/2016	Framework – multiple suppliers	iBike Project	£60,825
TOTAL			£852,382

Directorate		Cross Directorate	
Date	Supplier	Contract Description	Value
30/03/2016	SPIE Scotshield Limited	Sheltered Housing Warden Call and SMART Technology Maintenance, Repair and Installation	£394,324
TOTAL			£394,324

Works contracts awarded with a value over £25,000 and below the Committee approval thresholds of the CSOs

Directorate		Place	
Date	Supplier	Contract Description	Value
07/01/2016	Sportsmasters UK Ltd	Princes Street Gardens Reinstatement works 2016	£43,576
12/01/2016	Freyssinet Limited	St Marks Bridge Investigation and Refurbishment Feasibility	£51,199
01/02/2016	McGill & Co Ltd	HAM framework lot 1 electric smart storage heaters & associate work phase 1	£676,411
02/02/2016	CCG (Scotland) Ltd	Phase 1 Window Renewals Dinmont Area, Edinburgh	£256,518
02/03/2016	McGill Electrical Ltd	HAM Framework Lot 8:Door Entry at West Pilton and Muirhouse Area	£199,813
03/03/2016	Turner Facilities Management Ltd	Greendykes & Wauchope Hse - Resurfacing Footpath Area	£39,304
08/03/2016	Framework – multiple	Painting Area - Back Up Sub Contractor	£50,000

	suppliers		
09/03/2016	Anglian Building Products	HAM Framework Lot 4: Main Door Replacement Programme City Wide	£622,040
09/03/2016	Murdoch Mackenzie Construction Ltd	Hawes-LongCraig Piers Cleaning Contract 2016-2017	£38,995
09/03/2016	P1 Solutions Ltd	Northfield Dr Piersfield Gr - Fencing	£59,456
15/03/2016	P1 Solutions Ltd	EWf - Hailesland Rd - Improvement to Steps	£40,868
17/03/2016	Taziker Industrial	North Bridge - North Span Repairs And Drop Hazard Protection	£658,261
23/03/2016	Gordon Guthrie Contracts Ltd	Preston Street Primary School	£137,480
31/03/2016	Ashwood Scotland Ltd	Hermitage of Braid	£80,040
TOTAL			£2,953,961

Directorate		Resource	
Date	Supplier	Contract Description	Value
08/01/2016	Dacoll Electrical Contracting Ltd	Electrical Upgrade	£211,549
15/01/2016	Morris & Spottiswood Ltd	External Improvements	£317,306
22/01/2016	Mitie Property Services (UK) Ltd	Window replacement works	£45,336
02/02/2016	Ashwood Scotland Ltd	Fire Upgrade Works in the Depots	£86,683
04/02/2016	McGill Ltd	Heating Improvement Works	£303,815
16/02/2016	Cornhill Building Services Ltd	Stonework Repairs	£61,907
24/02/2016	Morris & Spottiswood	Emergency Lighting	£41,824
29/02/2016	Mitie Property Services (UK) Ltd	Window Replacement Works	£87,998
01/03/2016	Arthur McKay & Co Ltd	Electrical Upgrade	£50,732
08/03/2016	Campbell & Smith	Boundary Wall works at Ravelston Park,	£102,283

	Construction Group Ltd	Glenogle Road & Warriston Allotments.	
08/03/2016	G Grigg & Sons Ltd	Boundary Walls at Ratho Park, Spylaw Park, Saughton Winter Gardens & Craigmillar Country Park.	£225,023
11/03/2016	Gordon Guthrie Contracts Ltd	Window replacement (Phase 2)	£41,328
11/03/2016	Mitie Property Services (UK) Ltd	Masonry & General Building Works	£79,821
16/03/2016	Mitie Property Services (UK) Ltd	Window & Door Replacement	£186,653
22/03/2016	G Grigg and Sons Limited	Masonry & Roof Repairs	£276,831
23/03/2016	Ashwood Scotland Ltd	Heating Upgrade & Windows And Doors	£403,133
TOTAL			£2,522,222

Consultancy contracts awarded with a value over £3,000 and below the Committee approval thresholds of the CSOs

Directorate		Chief Executive	
Date	Supplier	Contract Description	Value
03/02/2016	Shelter Scotland	Research into rough sleeping in Edinburgh	£8,923
TOTAL			£8,923

Directorate		Place	
Date	Supplier	Contract Description	Value
23/02/2016	Atkins Limited	Reservoir Supervising Engineer Services	£23,057
TOTAL			£23,057

Finance and Resources Committee

10.00am, Thursday 9 June 2016

Implications for Coproduction and Procurement

Item number 7.7

Report number

Executive/routine

Wards

Executive summary

In response to a motion at the Finance and Resources Committee on 26 November 2015, a report on 14 December 2015 set out some early learning for future procurement exercises following the Edinburgh Alcohol and Drug Partnership (EADP) tender of community treatment services. As significant changes to the legislation were anticipated a further report analysing the options for coproduction and procurement of community services was to be brought back in Spring. This report sets out:-

- a summary of the changes brought about by new procurement legislation and the implications for the way the Council procures community services;
- lessons learned to date including specific lessons from the EADP tendering processes and the Council's grants processes;
- an update as to how future work to mainstream co-production in the context of procurement and grants is progressing; and
- how the capacity of community based third sector organisations can continue to be developed.

Links

Coalition pledges

Council outcomes

Single Outcome Agreement

Implications for Coproduction and Procurement

Recommendations

- 1.1 It is recommended that:
 - 1.1.1 the Finance and Resource Committee note the issues raised in this report; and
 - 1.1.2 note that a follow up report in six months will report on the development of a 'light touch regime' for health and social care tenders.

Background

- 2.1 At its meeting on 26 November 2015, the Finance and Resources Committee deferred a decision on the award of contracts for the EADP Community Treatment Service. The Committee requested further information about the procurement process itself.
- 2.2 The Implication for Coproduction and Procurement - Early Findings from the EADP Treatment Services Tender report on 14 December 2015 set out some early learning for future procurement exercises. The Future Governance of Council Payments to Third Parties report to Committee in March 2016 provide a report on the benefits, outcomes, management and improved transparency of third party payments. Anticipating significant changes to the procurement legislation along with statutory guidance a further report was planned for Spring. This report now sets out:
 - 2.2.1 a summary of the main changes and how they will impact upon the procurement of health, social care and community services;
 - 2.2.2 lessons learned to date including specific lessons from the tender processes and the Council's grants processes;
 - 2.2.3 an update as to how future work to mainstream coproduction in the context of procurement and grants is progressing; and
 - 2.2.4 how the capacity of community based 3rd sector organisations can continue to be developed.

Changes to the Procurement of health, social and care related services

- 3.1 As from 18 April 2016 the Public Contracts (Scotland) Regulations 2015 (2015 Regulations), which implement the EU Public Procurement Directive, introduce a new 'light touch' regime for certain services, including health, social and care related services i.e. community services. This requirement brings clarity as to when a contract opportunity for such services requires to be openly advertised and an appropriate procurement process followed.
- 3.2 The new procurement process, referred to as the 'light touch' regime because not all the provisions of the 2015 Regulations must be followed, applies to those potential contracts with a value above the EU threshold of 750,000Euros (£589,148). This threshold applies to the total anticipated value of contract over its full contract duration and not to an annual value. The minimum requirements for health, social and care related services and certain educational and training services, and others such as legal services (formerly known as Part B services of which only limited regulation applied) are now as follows:-
 - 3.2.1 the Council must make its intention to award a potential contract known by way of a contract notice published in the Official European Journal. This is to comply with the principle of transparency and allow cross border trade by notifying all registered providers of the contract opportunity.
 - 3.2.2 the notice must contain a description of the proposed services, value and extent, any conditions for participation and a brief description of the award procedure to be applied:-
 - 3.2.3 the Regulations provide that the Council may take into account the following criteria when procuring services:-
 - 3.2.3.1 the need to ensure quality, continuity, accessibility, affordability, availability and comprehensiveness of the services;
 - 3.2.3.2 the specific needs of different categories of users, including disadvantage and vulnerable groups;
 - 3.2.3.3 the involvement and empowerment of users;
 - 3.2.3.4 innovation; and
 - 3.2.3.5 and any other relevant considerations.
- 3.3 Subject to complying with the above, the procedure leading to the award of contract is essentially left to the Council to determine provided that it complies with the fundamental EU Treaty principles of transparency and equal treatment of potential providers and the mandatory grounds for exclusion such as bribery, corruption and fraud.
- 3.4 The new Regulations mean that contract opportunities above the value of £589,148 will require to be openly and transparently advertised. However the

clarity and flexibility that is permitted gives the Council the opportunity to rethink and coproduce the procedures that we use to procure health, social and care related services.

Contracts below EU thresholds

- 3.5 For contracts or frameworks agreements over the value of £50,000 but less than £589,148 (total value over proposed term) the Council is left the discretion to decide on a case by case basis whether to seek offers or not subject to the general requirement to obtain best value i.e. the optimum balance between quality, cost and sustainability. Best value will usually, but not always, be best demonstrated through a fair and transparent competitive process.
- 3.6 The recent Scottish Government Guidance on the Procurement of Care and Support Service 2016 (Best Practice) recommends that Councils to take into consideration the impact that a change in service provider or change in service provision may have on service users and their carers, continuity or service regulatory requirements, quality and cost, the market and the workforce. This general position is caveated in that notwithstanding that the value opportunity is below EU financial thresholds, the service may on occasion be of interest to providers located in other member states. In these instances EU law requires that there should be an open and transparent process as if the opportunity were above the EU financial threshold.

Legislative Changes and updated Contract Standing orders

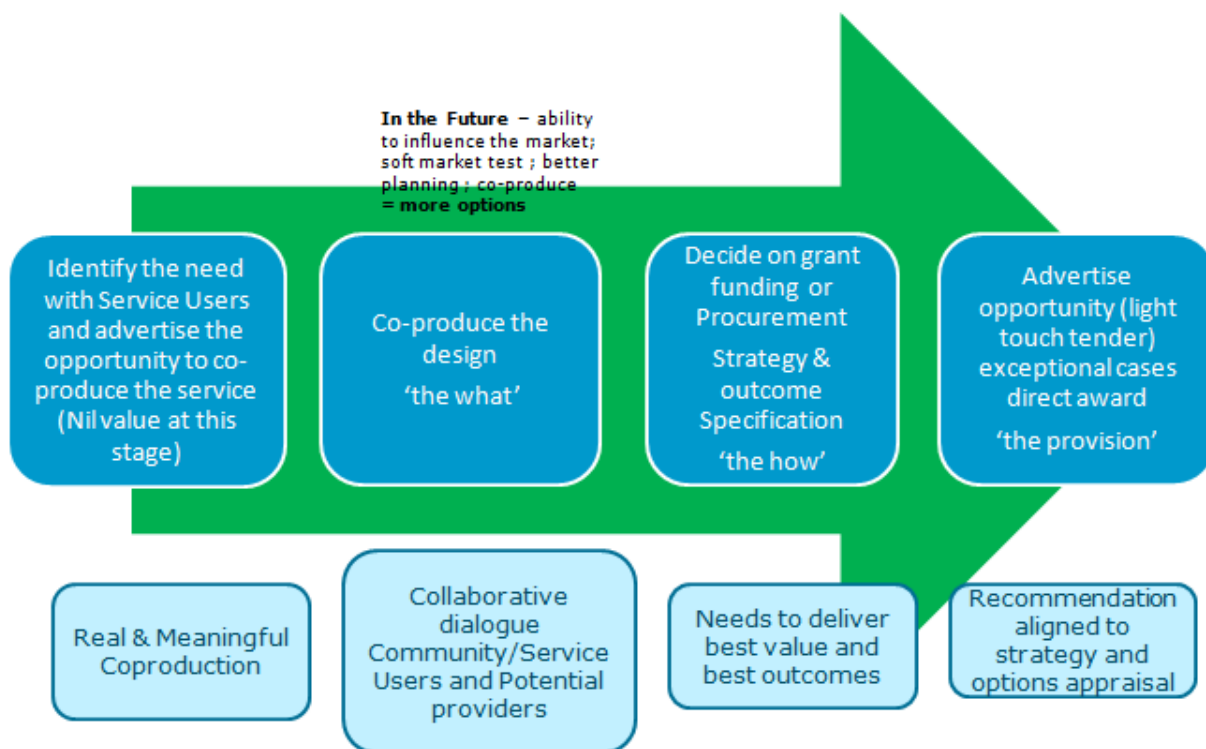
- 3.7 The Council's Contract Standing Orders are kept under annual review by Commercial and Procurement Services (CPS) to ensure that they work effectively, and address changes in the legislation. A report to Council on 2nd June will recommend a number of changes including the procedural changes that will impact upon health, social care and community services in light of the statutory changes referred to above.

Coproduction and procurement

- 3.8 Coproduction is seen as an effective means of designing, developing and improving service delivery, and making sure our public services are built around people and communities. As a result the Council has set out a clear commitment to coproduction as a means of service redesign and development. This includes the Council and Compact commitments to mainstream coproduction (November 2014). Coproduction good practice guidance for Council staff which once finalised with third sector colleagues will be included in the Procurement Handbook.
- 3.9 Coproduction is defined by the Council in a number of complementary ways. This includes the Edinburgh Compact's definition:
- "To coproduce is to build something together, to co-create, to jointly develop and innovate."
- 3.10 The Joint Improvement Taskforce description as "Co-production begins and ends with the person, placing them at the heart of any given service, and involving them

in it, from the creation and commissioning of that service through to its design and delivery, it's assessment and sometimes, where appropriate, its end. (Co-production of Health and Wellbeing in Scotland: Loeffler, Power, Bovaird and Hine-Hughes, (eds.))

- 3.11 Co-production needs to form part of the ongoing process of service design and development, with commissioners and service providers working together to involve service users, carers and others with lived experience in the design development and delivery of services. As the Council implements its commitment to coproduction, the involvement of service providers and service users should become central to service evaluation, monitoring and development, and identifying the need for change. While this approach is becoming embedded in the way the Council works, there will be an emphasis on co-production of service redesign where there is an intention or need to make significant changes to a service.
- 3.12 The diagram below and the following stages indicate how service users and third sector partners and all other potential suppliers will be a part of decision making when there is significant change to contract from the outset up to tender award stage and then in the subsequent review and contract management of the contract or grant.



- 3.12.1 Commissioning Strategy – identification of needs using strategic needs assessment work and involvement of Service Users and carers and how these might be met.
- 3.12.2 To comply with the Procurement Regulations requirements to be fair, transparent and treat potential providers equally the opportunity to co-produce may require to be advertised openly at the outset, prior to the

investment approach or route to market being finalised. Co-production with service users does not require advertisement.

- 3.12.3 Develop the specification with potential users and potential providers.
 - 3.12.4 Determining best route to market – including grant or contract provision - will form part of the co-production process with key stakeholders, where there is a statutory requirement to provide a service or care commission requirements that may indicate that a contract is the best procurement method but each instance will be looked at on its merits along with the benefits, how best value will be achieved, the need for continuity and the risks and issues.
 - 3.12.5 Evaluation – service users and those with expert knowledge may be used as subject matter experts to inform quality assessments.
 - 3.12.6 Review – review how well the strategy and contract have performed and allow service users, local organisations and providers to identify specific areas for improvement in future. Proper management and monitoring of contracts and grants will be fundamental to securing continuous improvement.
- 3.13 As co-production requires the proper involvement of service users, potential providers and other stakeholders this involvement should happen early on in the commissioning stage before decisions are made. Ideally key stakeholders should be involved at the identification of need and strategy stage then throughout the process as the service specification is designed and route to market determined. Once the resulting service is in place co-production may continue as part of continuous improvement and service planning for the future.
- 3.14 Decision making – co-production is built on equal relationships, where individuals, families, communities, service providers and commissioners have a reciprocal and equal relationship. An appropriate timescale needs to be allowed for these relationships to develop and function properly, and a supportive structure developed.
- 3.15 There are many good examples of the Council co-producing services with its third sector partners which should be built upon, for example
- 3.15.1 The supported employment tender where there was extensive consultation with services, stakeholders and particular emphasis on engagement with clients . There was also benchmarking with five other local authorities and further market testing and co-production of the service design with 28 organisations. This resulted in a new contract with specific focus on outcomes for service users. The improved outcomes

achieved as a result are:-

	14/15(Prev)	15/16 (Curr)	%Differ
Employment Full Time	68	104	152.9%
Employment Part Time	47	34	72.3%
Self Employed	2	6	300.0%
Retained Employed	5	22	440.0%
Total Outcomes	122	166	136.1%

- 3.15.2 The pilot for Homeless Advice and Support services was co-produced (in 2013/14) with a wide range of stakeholders, and is considered a success in achieving agreement to partial payments by outcome and a greater shift towards prevention and the formation of consortia to deliver the services.
- 3.15.3 The reservation of a proportion of the delivery capacity in the recent Care at Home tender for innovative practices.
- 3.15.4 The service design by Edinburgh Alcohol and Drug Partnership (EADP) within the Commissioning Collaborative of its third and public sector partners for the community treatment and counselling services which are held up by EVOC as a good example of coproduction working well in terms of providers.
- 3.16 However co-production in this context has focussed on commissioners and providers working together to redesign services. Work is ongoing with third sector representatives such as EVOC to produce guidance and minimum standards for co-production which focus more on involving service users and people with lived experience. Once finalised this coproduction good practice guidance for Council staff will be included in the Procurement Handbook. Co-production will be a requirement for community based services under the revised Contract Standing Orders.

Lessons Learned from the EADP Treatment Services Tender and Coproduction to date

- 3.17 On 26 November 2015 two reports were put to the Finance and Resources Committee recommending the following contracts to be delivered on behalf of the EADP were awarded:-
- Item 7.9 Community Treatment Contract
- Item 7.10 Counselling and Psychological Therapies
- 3.18 The contracts both followed the same or very similar co-production and procurement processes. While the contracts recommended by Report 7.10 were awarded, the Community Treatment contracts were deferred following deputations expressing concern as to the potential loss of value to the community in that the incumbent local providers was unsuccessful in the tender. Concerns were

expressed that the unsuccessful tenderers were 'not equipped to manage a full tender process' and that the "outcome of this competitive tender process starkly contradicts the Council's stated commitment to co-production and locality based partnership working" because their local expertise and strong links to community was valued in the co-production process but it was felt that the tender process did not allow sufficiently for this to be taken into account. The deferral allowed for additional information on the tendering process and an early lessons learned report to be reported to Committee (the 14 December reports). The total value of the contracts including possible extension was £7.251million.

3.19 The Community Treatment contracts commenced on 1st April 2016. As the Transfer of Undertakings (TUPE) regulations applied no staff were made redundant as a result of the process. For the Hub based services, services continue to be delivered from the same venues with more locally based venues being considered. Both Lifeline and Turning Point have delivered effectively on their implementation plans.

3.20 While the co-production process of the EADP contracts was considered by the Council's third sector partners as a good example of co-production working well there were specific lessons learned as follows:-

3.20.1 It is clear that co-production will not always mean co-delivery by those involved in the co-production and the Council must work to deliver the co-produced service requirements in a way that is transparent, fair and equal as well as demonstrating best value. This needs to be made absolutely clear at the outset of any co-produced service so that expectations are managed.

3.20.2 Applying traditional procurement processes used to deliver other services may not be the optimum method to achieve best value and best outcomes for health and social care services. A 'lighter touch regime' which is better able to assess added value is required.

3.20.3 While local knowledge cannot, in itself, be a factor in an evaluation, participation in the co-design process, an in depth understanding of local needs and systems and established local networks can all give advantages to local providers: they provide opportunities to adapt services to meet expectations and to describe their proposed service delivery in depth. Specifications and evaluation frameworks should allow for this (even while they will not require it).

3.20.4 Smaller and local organisations may not have the same in-house tender writing resources as larger national organisations. Continuing to signpost these organisations to available training and having a procurement process that allows different methods of assessing what best value looks like should be adopted.

3.20.5 To respond to tenders effectively, third sector organisations need to be able to evidence their effectiveness, quality and capacity to be co-

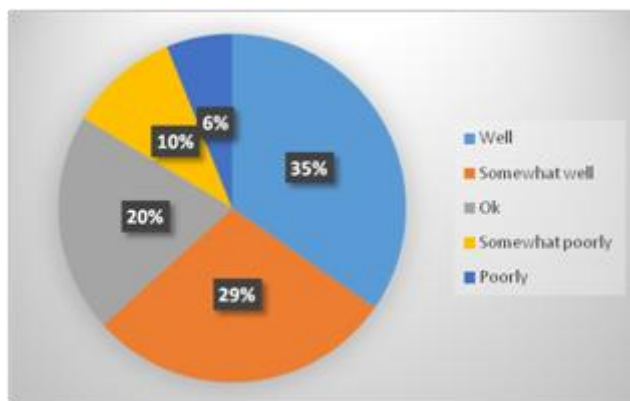
production partners. EADP developed a quality assurance process to support smaller third sector partners to develop the kind of organisational capacity needed to engage in tender processes. However the implementation of these processes can take time and clearly some smaller organisations found this process challenging. In preparation for tendering under the new legislation the Council could explore the use or the co-production of a set of quality assurance standards across health and social care services. This should enable "smaller" or "locally based organisations" to develop their capacity to engage in more formal tender processes; particularly smaller organisations and/or those which have arisen out of a community based response to a particular challenge. Any quality assurance process would have to be evaluated alongside standard equivalents used by organisations so as to comply with the principles of fairness and equal treatment.

3.20.6 The procurement process can be perceived as competitive as opposed to collaborative with potential partnering providers required to submit individual proposals against defined and coproduced service specifications. Where appropriate collaborative partnerships should be encouraged, and appropriate timescales allowed for these to form. The EADP counselling tender process provides evidence that coalitions of existing providers fared better when working together and sharing expertise and resources.

Lessons Learned from Coproduction to date

- 3.21 The Council has been reviewing recent examples of co-production, including co-production of the grants programme, with a view to creating standardised guidance and looking to streamline and coordinate the grants programme. The main issues highlighted have been:
- 3.21.1 Perception of fairness and transparency of process.
 - 3.21.2 Further training required for staff, service users and providers when they are involved in coproduction.
 - 3.21.3 The social added-value of community organisations be taken into account when devising investment programmes.
 - 3.21.4 Effective co-production is extremely beneficial in terms of outcomes but to be effective requires considerable time and investment which need to be resourced.
 - 3.21.5 Co-production in the current financial context of reducing budgets can lead to reluctance in some instances to engage. Forums to co-produce alternative innovative approaches to service provision are also required. Co-production can work best when there is new funding available as there are usually no vested interests at stake.

- 3.21.6 Demonstrable transparency throughout the life-time of the co-production, investment and appointment of providers process leads to improved trust and better more productive relationships.
 - 3.21.7 There is a need for improved consistency across investment (grant and contract) programmes.
 - 3.21.8 There is a need to be very clear with all stakeholders at the start of the process that when the commissioning stage ends and the tendering or grant application starts that different rules to ensure fairness, transparency and equality of treatment apply and must be adhered to.
 - 3.21.9 The need to value the time commitment of providers and people with lived experience and use it thoughtfully and with focus. Developing a framework for the process could help clarify expectations.
 - 3.21.10 Co-production requires a genuine sharing of power and decision making. It should not be used as a new term for consultation.
 - 3.21.11 Involvement of EVOC/other infrastructural organisation can assist the smooth running of a number of co-production processes.
 - 3.21.12 The Council should be very clear where there is going to be a competitive process after a period of co-production.
- 3.22 To put the above lessons learned in context, in response to a recent survey of the co-production experience of 3rd sector organisations, 64% of the third sector respondents stated that their experience of co-production had gone well or somewhat well, with only 16% stating it had gone poorly or somewhat poorly.



What needs to happen next

- 3.23 In recognition of the above observations there a number of workstreams to be taken forward focusing on:-
 - 3.23.1 The procurement 'light touch regime'.
 - 3.23.2 The management and integration of the grants process with the contracts pipeline.

- 3.24 The Council will work with its Compact partners to develop its own 'light touch regime' which can take into account:-
- 3.24.1 Organisations track record of delivering added value and integrating well with other local services.
 - 3.24.2 The need for training in tender writing and co-production (currently provided by the Supplier Development Programme).
 - 3.24.3 Need to encourage the market.
 - 3.24.4 Encouraging collaborative working as the evidence suggests that smaller organisations that tender collaboratively fare much better in the tender process as they allow for pooling resource, expertise, knowledge and experience.
 - 3.24.5 Opportunity to split the contracts into smaller 'lots' based upon localities or types of services where this seems likely to result in a more responsive, effective service.
 - 3.24.6 The opportunity to developing a quality assurance process across health and social care services to improve organisational capacity to evidence their effectiveness.
- 3.25 A Thinkspace event is being planned by EVOC, to explore the options and solutions for the new procurement procedures. This is likely to take place at the end of June 2016. A follow up report in six months will report on the progress of these new procurement procedures.
- 3.26 As of 1 April 2016, the lead function for overseeing grant management arrangements will transfer from the Strategy and Insight Division to CPS to sit alongside contract procurement. Grants and contracts currently have two discrete council governance arrangements with outcomes to be delivered by grant programmes commissioned and approved by executive committees, whereas contracting arrangements commissioned by executive committee are approved by this committee.
- 3.27 For both types of funding, achieving best value, transparency, fairness and the delivery of outcomes for service users remain key. Aligning the procurement of grants and contracts for the provision of community outcomes and related services will allow for enhanced co-ordination of best practice, improved planning and avoiding duplication of effort across directorates.

Measures of success

- 4.1 The work outlined in this report will directly impact upon the Council objective of embedding the practice of coproduction as standard

Financial impact

5.1 There are no direct financial impacts related to this report.

Risk, policy, compliance and governance impact

6.1 If the overall potential contract value exceeds £589,148 then officers require to adhere to the requirement that it must be openly advertised along with the procedure for award. From the point of advertising, any breach of the principles of transparency and equal treatment, such as favouring local providers, may be challenged. Where there is interest from providers then there will be an expectation of a fair, equal and transparent process. Breach of any of the fundamental principles carries a greater likelihood of successful legal challenge as well as reputational damage where the opportunity has been advertised and generated interest.

Equalities impact

7.1 There are no direct equalities implications 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 Consultation and communication has been undertaken with appropriate stakeholders in preparing this report and the guidance for the Procurement Handbook.

Background reading/external references

[Implications for Co-production and Procurement – report to the Finance and Resources Committee of 14 December 2015](#)

[EADP Adult Community Treatment Contract – report to the Finance and Resources Committee of 14 December 2015](#)

[EADP Adult Community Treatment Contract – report to the Finance and Resources Committee of 26 November 2015 Item 7.6 Future Governance of Council Payments to Third Parties](#)

[Future Governance of Council Payments to Third Parties - report to the Finance and Resources Committee of 17 March 2016](#)

Hugh Dunn

Acting Executive Director of Resources

Contact: Maggie Deans, Commercial Partner

E-mail: Maggie.Deane@edinburgh.gov.uk | Tel: 0131 529 3212

Links

Coalition pledges	P12 and P43
Council outcomes	CO10 and CO11
Single Outcome Agreement	SO2
Appendices	

Finance and Resources Committee

10.00am, Thursday 9 June 2016

Supply of Temporary Security Alarm Systems from 1 July 2016 – 31 March 2017

Item number	7.8
Report number	
Executive/routine	
Wards	All

Executive summary

This report recommends that the Finance and Resource Committee approves an extension to the existing arrangement for the Supply and Maintenance of Temporary Security Alarm Systems to PID Systems Limited for a period of 9 months to the 31 March 2017.

Links

Coalition pledges	P28 ,
Council outcomes	CO25
Single Outcome Agreement	SO4

Supply of Temporary Security Alarm Systems

Recommendations

- 1.1 That the Committee:-
 - 1.1.1 Approves the Waiver of Contract Standing Orders to allow the incumbent contractor, PID Systems Ltd. to continue to supply and maintain Temporary Security Alarm Systems, for the period 1 July 2016 until 31 March 2017 to allow a tender exercise to be carried out and a contract awarded in March 2017.
 - 1.1.2 Approves a Direct Award to PID Systems Ltd if no suitable providers note interest in the contract opportunity to be advertised on Public Contract Scotland subject to Commercial and Procurement Services advising that this is compliant with procurement legislation.

Background

- 2.1 The existing arrangement is for the provision of temporary security systems at vacant and other properties, which is an ongoing requirement throughout the council estate. These are rented from the current incumbent, including maintenance with software and hardware upgrades, as and when required.
- 2.2 It is essential to maintain the security of the Council's properties in order that business-critical buildings and depots available to staff and the services provided by the Council can operate in a safe and secure environment. Vacant properties are required to maintain their value too, as an asset to the Council.
- 2.3 This service is currently being provided by PID Systems Ltd as there were no other suitable solutions on the market at the time and PID Systems was willing, at its own risk, to quickly develop a solution that met the Council's requirements, to counter lead thefts that were costing the Council significant sums of money. The provision of this service is currently out of contract and a waiver is in force until 30 June 2016. It was hoped that the new Scotland Excel Security Services and Equipment Framework would provide a quick and convenient route to contract, but unfortunately the lack of suitable suppliers on the framework of this specialist and bespoke type of equipment means that it is not an option to use this Equipment Framework. The Council now needs to advertise and check whether the market has in fact changed and whether there are any suitable

providers in the wider market in order to comply with the procurement regulations and establish whether we are getting best value for money.

- 2.4 The potential value of this contract over 4 years would be approximately £400,000 which is above the European advertising threshold and it is therefore proposed to advertise the opportunity using the Official Journal of the European Union (OJEU) using the Open Procedure. This will take at least 9 months and in order to allow sufficient time for the procurement process, the Waiver needs to be extended until the end of March 2017.
- 2.5 The corporate requirement for this service has been reviewed and this interim measure will meet all departments' requirements.
- 2.6 Failure to have these systems in place will put buildings at significant risk of metal theft from roofs or metal stripping from within vacant properties, creating considerable damage and incurring additional cost to the Council. On 22 February 2013, the Council published an article entitled "Edinburgh leads the fight against metal theft" which highlighted the lead taken by the City of Edinburgh Council in tackling a national problem. The thefts were creating additional repair costs to roofs on Communities & Families properties of circa £50K annually. This figure does not include repairs to the internal structure of the buildings or the disruption to services in schools and offices. The Royal High Primary School alone spent circa £20,000 for repairs after metal was stolen from the roof. Most recently, the vacant Silverlea Care Home required roof repairs due to metal theft until security measures were put in place.

Main report

- 3.1 PID Systems Ltd has made a substantial capital investment in the development of temporary intruder alarm systems which meet the needs of the Council providing a solution to the threat from metal theft and vandalism to vulnerable properties within the Council estate, but the requirement has never been formally put out to tender and has grown incrementally. The procurement of this service via the Open Procedure of the European Public Contracts regulations will regularise this arrangement.
- 3.2 The company has provided bespoke solutions for some of our iconic buildings and schools.
- 3.3 The key points to note regarding these systems is that the provision includes for the supply, installation and monitoring (providing live monitoring & control direct to the Security Services Control Room):
 - Permanently connected to networks to allow immediate arm/disarm and programme functions;
 - Battery powered with a minimum of 12 months battery life;

- Dual zone PIR detection – very important to reduce environmental false alarms;
 - Video verification of alarm activations;
 - Full night vision capability out to a minimum of 12 metres;
 - Armoured vandal resistant housings, including antennas;
 - Anti-tamper built in;
 - Remote unit health monitoring including battery states, signal strengths etc;
 - Built in timers for auto arm/disarm;
 - Remote control by both Security Services & PID for arm/disarm/programming;
 - Loud voice warning units integral with system for maximum on-site effectiveness in deterring intruders;
 - Modular system allows rapid integration of additional units for changing site requirements;
 - All servicing, maintenance, battery changing, repositioning of equipment as required, free of charge;
 - Linked permanently live to Security Services control room for immediate arm/disarm;
 - Individual secure passwords for operator access;
 - Web based audit function showing all system events;
 - Secure on-line storage of all system video clips and triggers;
 - Secure By Design accredited;
 - Equipment exceeds SSAIB specifications for wireless alarm systems;
 - SIA approved contractor;
 - UVDB Achilles approved;
 - Rapid reaction – same day/next day service; and
 - No minimum rental
- 3.4 The systems have demonstrated that they meet our security requirements as the reduction in thefts of metal from roofs and recyclable architecture has dropped significantly. A number of arrests and interrupted attempted thefts have also been recorded.
- 3.5 The new contract will deliver all of the above.

Measures of success

- 4.1 The Council achieves best value in the delivery of all temporary intruder systems providing protection to our buildings.

Financial Impact

- 5.1 The estimated Contract cost of this extension is £80,000.

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
PID Systems Ltd business fails	<ul style="list-style-type: none">○ Alarm systems will continue to operate.
Power failure at Security Services Control Room	<ul style="list-style-type: none">○ Failover procedure is in place.○ Alternate location has been identified○ PID Systems Ltd will continue to monitor the alarms.
Challenge from a competitor	As the requirement will be advertised using the Open Procedure of the European Public Contracts Regulations within a short time frame the risk is considered to be low

Equalities impact

7.1 There is no relationship to the public sector general equality duty to the matters described in this report and no direct equalities impact arising from this report.

Sustainability impact

8.1 PID Systems Ltd is able to demonstrate that they recognise the impact of their activities on the environment.

8.2 PID Systems Ltd is committed to:

- Continual improvement in its environmental performance.
- Preventing pollution.
- Compliance with all environmental legislation, regulations and codes of practice relevant to the industry sector in which it operates.
- Records environmental accidents and incidents and takes follow up action where necessary.

8.3 Working in partnership with the Council standard ISO14001 is maintained as far as is practical.

Consultation and engagement

9.1 The Security Services Manager and members of his staff have engaged with Commercial and Procurement Services throughout this procurement exercise.

Background reading/external references

None.

Hugh Dunn

Acting Executive Director of Resources

Contact: Ian McPhee, Security Services Manager

E-mail: ian.mcphee@edinburgh.gov.uk | Tel: 0131 556 4494

Links

Coalition pledges	P28 - Further strengthen our links with the business community by developing and implementing strategies to promote and protect the economic well-being of the city.
Council outcomes	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.
Coalition pledges	
Appendices	

Finance and Resources Committee

10.00am Thursday 9 June 2016

Contract Award for the Supply of Stationery from 1 August 2016 until 31 May 2020

Item number	7.9
Report number	
Executive/routine	Executive
Wards	All

Executive summary

This report seeks approval to award a contract to Lyreco for the supply of stationery to the Council from 1 August 2016 to 31 May 2020. This is the proposed adoption of the single-supplier Scottish Procurement framework (Ref. SP-14-009) until 31 May 2020.

The estimated future expenditure is approximately £530k per annum with a 46-month contract value of £2.03m. The contract offers estimated savings of £100k-£150k per annum (£383k-£575k over the 46 month period of the contract).

Links

Coalition pledges	P30
Council outcomes	CP8
Single Outcome Agreement	

Adoption of a Scottish Procurement Framework for the Supply of Stationery

Recommendations

- 1.1 That Committee approves the award of a contract to Lyreco for the Supply of Stationery from 1 August 2016 until 31 May 2020.

Background

- 2.1 The Scottish Procurement single-supplier framework for the Supply of Stationery has been renewed from 1 June 2016 until 31 May 2020. The new framework supplier is Lyreco.
- 2.2 The Council currently spends around £630k per annum on stationery; with paper accounting for 43% of this spend, across approximately 4,000 product lines. Under the new contract, savings of approximately £100k-£150k per annum are expected, being a new annual spend of around £480k-£530k.

Main report

- 3.1 Scottish Procurement established a User Intelligence Group (UIG), consisting of representatives from 22 partner bodies representing the Scottish Public Sector to agree the procurement strategy. Following extensive deliberations and consideration of options, the UIG agreed that there should be a single supplier to provide the full scope of the framework.
- 3.2 To encourage maximum competition, the UIG agreed that an open tender process should be followed to establish the framework.
- 3.3 This framework was advertised on the Official Journal of the European Union (OJEU) and the Public Contracts Scotland (PCS) portal on 11 September 2015. Expressions of interest were received from 28 organisations. The closing date for tender submissions was 12 November 2015 and 5 tenders were received.
- 3.4 At the first stage, tender responses were assessed against financial capability, technical/professional capability and business probity requirements. Bidders were required to pass this stage to be eligible for award.

At the second stage of the process the offers were evaluated against the following criteria and weightings, set by Scottish Procurement:

Technical/ Quality	40%
Commercial/Price	60%

- 3.5 Within the technical section, bidders were required to provide details on Service Delivery, Account Management, Implementation and Mobilisation Plan, Sustainability and Corporate Social Responsibility, Workforce Matters and Community Benefits.
- 3.6 The Evaluation Panel comprised of representatives from Scottish Procurement, Dundee City Council, NHS Greater Glasgow and Clyde; Scottish Parliament and APUC Ltd.
- 3.7 Three of the five bidders were deemed to be technically non-compliant and their bids were not further evaluated.
- 3.8 Bidders were required to price 4,000 line items, which were the top purchases across the Scottish Public Sector.
- 3.9 There were 2 bidders who were fully evaluated and their scores were:

	Technical	Commercial	Total
Lyreco UK Ltd	36.58	60.00	<u>96.58</u>
Bidder 2	35.69	52.51	88.20

- 3.10 Commercial and Procurement Services has conducted a full benchmarking exercise of the products that have been purchased in 2015/16 against Lyreco's prices under this new framework and also against prices available via the Crown Commercial Services framework and the Scottish Procurement framework offers the best value.

Measures of success

- 4.1 As well as offering very attractive pricing, the new framework supplier offers enhanced functionality including a management information portal. There is also an option to mark items as "favourites" and we could choose, for example, to mark particular items such as recycled paper as a "favourite" which will appear at the top of a requisitioner's search for paper.

Financial impact

- 5.1 The total estimated contract value is £2.03m over 46 months. This contract offers significant savings of £100,000-£150,000 (15.8%-23.8% of previous annual spend) per annum. This is mostly due to the attractive paper pricing in the new contract, which currently accounts for 43% of the Council's stationery purchases.
- 5.2 It is also worth noting that Lyreco are pricing their 100% recycled paper and FSC accredited paper at the same price as their budget paper, thereby offering the Council the opportunity to introduce a policy of using FSC accredited and/or 100% recycled paper at no additional cost.
- 5.3 Lyreco is providing 4,000 competitively priced items and has confirmed that should we require an item that is not on the list of 4,000 items that it will, with the prior approval of Commercial and Procurement Services, source this for the Council.
- 5.4 The costs associated with procuring this contract are estimated at up to £10,000.

Risk, policy, compliance and governance impact

- 6.1 This contract will allow the Council to adopt a 100% recycled paper policy, at no additional cost, should this be decided.
- 6.2 There is a risk that the Lyreco paper may not be compatible with the Xerox Multi-Function Devices and/or the high volume devices in some schools. Lyreco has assured us that the paper has been fully tested but the Council will conduct its own paper trials to confirm that this is the case.
- 6.3 The Scottish Procurement procurement strategy includes a robust and comprehensive assessment of all associated risk factors with mitigating actions.
- 6.4 In terms of contract performance management, Scottish Procurement will meet with the supplier on a quarterly basis to review a set of key performance indicators.
- 6.5 Any contractual issues arising at operational level will be addressed and escalated where necessary through Commercial and Procurement Services, since this is a cross-directorate contract.

Equalities impact

- 7.1 The procurement process excludes any bidders where a complaint had been upheld after investigation by the Equality and Human Rights commission or its predecessors and a failure to take remedial action.
- 7.2 The equalities assessment has identified no impact on the Councils specific public sector equality duties.

Sustainability impact

- 8.1 This framework included scored elements related to sustainability.
- 8.2 As stated above, this contract will allow the Council to adopt a 100% recycled paper policy, at no additional cost, should this be decided.

Consultation and engagement

- 9.1 Due to the nature of this contract being cross directorate there is minimal requirement for consultation and engagement.
- 9.2 The Print Unit has advised that it does not use standard paper from our stationery supplier so their supply is unaffected by this contract award.
- 9.3 Paper trials in the Xerox Multi-Function Devices and also in high volume devices in schools, will take place to ensure that the paper is compatible.

Background reading/external references

Alistair Gaw

Acting Executive Director of Communities and Families

Contact: Andy Gray, Head of Schools and Lifelong Learning

E-mail: Andy.Gray@edinburgh.gov.uk | Tel: 0131 529 2217

Links

Coalition pledges	P30 – Continue to maintain a sound financial position including long-term financial planning
Council Priorities	CP8 – A vibrant and sustainable local economy
Single Outcome Agreement	
Appendices	Appendix 1 - Tendering Process summary.

Appendix 1 - Summary of Tendering and Tender Evaluation Processes

Contract	Framework Contract for Supply of Stationery - let by Scottish Procurement
Adopted by CEC	1 August 2016 until 31 May 2020
Estimated contract value	£2,032,000 (over 46 months at an estimated £530k per annum)
Governing UK Regulation	Public Contracts (Scotland) Regulations 2012
EC Procedure chosen	Open
Standing Orders observed	2.4 EU Principles been applied 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 Tender (PCST)
Tenders returned	5
Tenders fully compliant	2
No. of recommended suppliers	1
Primary criterion	Most Economically Advantageous offer
Secondary criteria	Price - 60%
	Quality - 40%
Evaluation Team	Scottish Procurement, Dundee City Council, APUC, NHS Greater Glasgow and Clyde
Procurement Costs	<£10,000

Finance and Resources Committee

10.00am, Thursday 9 June 2016

Bridgend Farmhouse and Steadings: Update

Item number	7.10
Report number	
Executive/routine	Executive
Wards	16 – Liberton/Gilmerton

Executive summary

On 24 September 2015 the Finance & Resources Committee instructed the transfer of Bridgend Farm to Bridgend Inspiring Growth (BIG). The Committee instructed that a further report be prepared detailing progress on all aspects of the project. This report updates the Committee on the progress of BIG and the transfer of the asset.

Links

Coalition pledges	P17
Council outcomes	CO7
Single Outcome Agreement	SO4

Bridgend Farmhouse and Steadings: Update

Recommendations

- 1.1 That Committee:
 - 1.1.1 Notes that the transfer of the farmhouse and steadings to Bridgend Inspiring Growth (BIG) is expected to complete in June 2016; and
 - 1.1.2 Notes the progress made by BIG since Committee approval in September 2015.

Background

- 2.1 On 24 September 2015, the Finance & Resources Committee instructed the transfer of Bridgend Farm, as shown outlined in red on the attached plan, to Bridgend Inspiring Growth (BIG). The full decision was:
 - i) That Committee instructs the transfer of the property to BIG at nil value subject to full development funding being approved by the BIG Lottery Fund - Investing in Communities;
 - ii) In order to protect the Council's financial commitment, instructs the Director of Services for Communities to impose Economic Development Burdens on the transfer that restrict the use of the property for the purposes of a Learning, Eating and Exercise Centre and relevant ancillary use;
 - iii) Committee requests that the Chief Executive work with BIG to ensure that optimum social capital can be derived, for the local and wider community, through association with the project and Bridgend Farmhouse; and
 - iv) Committee instructs that a report be brought to the Finance & Resources Committee detailing progress on all aspects of the project including the costs/benefits to the collaboration by July 2016.

Main report

- 3.1 BIG has occupied the property by a way of a lease from 1 October 2014. Initially the duration of the lease was for 12 months although this continued on the basis of a monthly agreement, on the same terms and conditions, until the completion of the full transfer of the property which is expected in June 2016.

- 3.2 BIG has completed its funding application to the Big Lottery Fund and in November 2015, was awarded £997,908. A further £20,000 has been secured from the Robertson Fund. Consequently, BIG has been successful in raising the full funding for the project.
- 3.3 Following the Committee approval to transfer the property, BIG has also made significant progress on other aspects of the project and has:
- Appointed a Design team (Architects, Quantity Surveyors, Service Engineers, and Structural engineers).
 - Finalised designs for the development and submitted building warrant application.
 - Appointed a Build Project Manager to carry out the build process from start to completion.
 - Continued weekly Sunday drop-in events from 11.00 am to 3.00 pm.
 - Continued to carry out other community engagement programmes (including a cafe, Christmas event, Burns Supper Ceilidh).
 - Carried out a disability audit of Craigmillar Castle Park.
 - Finalised the job description for a community development worker which will be advertised in June and appointed in July.
 - Developed plans for a community built bothy on the site in the external barn and achieved £20k funding for its construction.
 - Increased membership, volunteer base, and attendees at committee meetings.
 - Been on a study visit to the Ecology Centre in Fife and set up a second study visit in July 2016 for 16 volunteers.
- 3.4 Within the contract for the sale of the property, Economic Development burdens have been placed on BIG which restricts the use of the property to the purposes of a Learning, Eating and Exercise Centre. This protects the Council from BIG disposing of the property for an alternative use, such as a residential development opportunity, and benefitting from the corresponding capital receipt.

Measures of success

- 4.1 By obtaining the necessary Lottery funding to carry out the project, BIG will be able to fulfil its plans to reinstate a dilapidated property and create a Learning, Eating and Exercise Centre which will benefit the local community.

Financial impact

- 5.1 The Council has foregone a capital receipt from the transfer of the property, however, the liability of a decaying historic building has been transferred and the property will be brought back into a beneficial use to the local and wider community.

Risk, policy, compliance and governance impact

- 6.1 Failure of the project will result in closure of the facility leading to further deterioration of the property.

Equalities impact

- 7.1 The creation of a Learning, Eating and Exercise Centre will enhance the rights to health, education and learning of the local and wider community.
- 7.2 The project will provide productive and valued activities. The project will engage the community in heritage interpretation and learning through the restoration of an historic building which is at risk.
- 7.3 The project will result in the renovation of an historic building which is at risk having suffered physical decay for a number of years. The project will improve the physical security of the area.
- 7.4 By targeting the centre towards people with disabilities, and disadvantaged local residents, the proposal would have a positive impact on the public sector duty to advance equality of opportunity.

Sustainability impact

- 8.1 The redevelopment of the property following disposal will be to modern standards and will comply with current building regulations to minimise impact to the environment.

Consultation and engagement

- 9.1 BIG has undertaken community consultation prior to developing and delivering the programme of activities for the site.
- 9.2 Planning permission for the proposed development was achieved following the normal consultation process.

Background reading/external references

[Report to Finance and Resources Committee – 24 September 2015](#)

Hugh Dunn

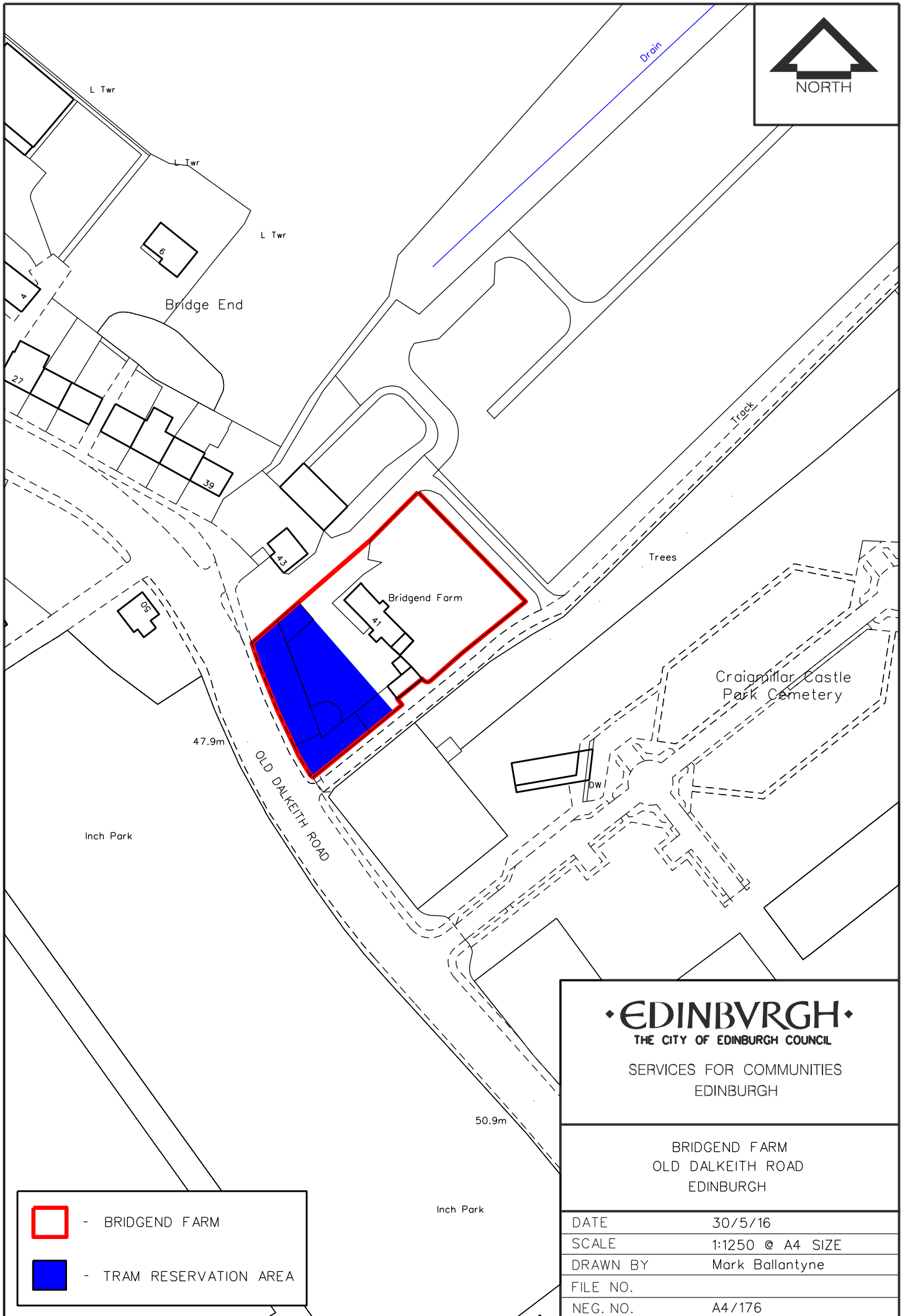
Acting Executive Director of Resources

Contact: Graeme McGartland, Acting Estates Manager (Development and Disposals)

E-mail: graeme.mcgartland@edinburgh.gov.uk | Tel: 0131 529 5956

Links

Coalition pledges	P17 – Continue efforts to develop the city’s gap sites and encourage regeneration.
Council outcomes	CO7 – Edinburgh draws new investment in development and regeneration.
Single Outcome Agreement	SO4 – Edinburgh’s communities are safer and have improved physical and social fabric.
Appendices	Location Plan



• EDINBURGH •
 THE CITY OF EDINBURGH COUNCIL
 SERVICES FOR COMMUNITIES
 EDINBURGH

BRIDGEND FARM
 OLD DALKEITH ROAD
 EDINBURGH

DATE	30/5/16
SCALE	1:1250 @ A4 SIZE
DRAWN BY	Mark Ballantyne
FILE NO.	
NEG. NO.	A4/176

Finance and Resources Committee

10.00am, Thursday 9 June 2016

Redhall House and Grounds, 7 Redhall House Drive, Edinburgh

Item number	7.11
Report number	
Executive/routine	
Wards	9 - Fountainbridge/Craiglockhart

Executive summary

On 2 February 2016, the Committee resolved to investigate the delay in the planning application process for Redhall House and Lawn and requested a report in May 2016. The report was subsequently deferred until the June meeting to allow time for the planning situation to be crystallised.

The planning application is due to be considered on 8 June 2016, and a verbal update on the outcome will be provided at Committee.

The enabling case associated with the planning application is materially affected by a clawback agreement entered into with the owner when the property was sold in 2007.

This report provides an update on the planning process and seeks authorisation to renegotiate the terms of the clawback agreement.

Links

Coalition pledges	P40
Council outcomes	CO19 , CO23
Single Outcome Agreement	SO4

Redhall House and Grounds, 7 Redhall House Drive, Edinburgh

Recommendations

- 1.1 That Committee:
 - 1.1.1 Notes the current position in the planning application process;
 - 1.1.2 Notes that the Court has agreed to the legal action remaining on hold until 15 September 2016; and
 - 1.1.3 Authorises the negotiation of revised terms for the clawback agreement with the owner of Redhall House with provisionally agreed terms to be reported back to Finance and Resources Committee for approval.

Background

- 2.1 Following submission of a petition entitled “Save Redhall House and Lawn”, the Petitions Committee referred the matter to Finance and Resources Committee. The Committee considered reports on 5 June 2014, 27 November 2014, 4 June 2015 and 29 October 2015.
- 2.2 On 29 October 2015, the Committee requested a further update report at the conclusion of the planning process. Subsequently, on 2 February 2016, the Committee resolved to investigate the delay in the planning application process for Redhall House and Lawn and report back to Finance and Resources Committee in May 2016. This report combines an update on the investigation into the planning application process with a request for authority to negotiate terms for a new clawback agreement. The report, although originally drafted for the May committee, was subsequently deferred until the June cycle to allow the position with the planning application to crystallise.

Main report

Planning Application Process

- 3.1 The investigation into the delay in the planning process revealed a number of issues. The application had insufficient information when originally submitted in December 2014. As a result, the applicant was advised to withdraw the application in January 2015. The applicant chose not to do so and instead sought to provide the required information. The applicant has not been prompt

in responding to information requests from the Planning Service and, on a number of occasions they have not provided the level of detail required. However, the application is due to be considered on 8 June 2016, and a verbal update on the outcome will be provided to Committee.

Listed Building Application

- 3.2 The listed building application relates solely to the subdivision of Redhall House into apartments. This application has been held in abeyance awaiting the outcome of the planning application.

Legal Action

- 3.3 In March 2015, the Council initiated a Court action against the owner to enforce development obligations, however, to allow time to pursue a negotiated settlement, the Court has agreed to put the action on hold until 15 September 2016.

Clawback Agreement

- 3.4 Redhall House and Grounds were sold in 2007 at a purchase price of £1,734,332. As part of the transaction, the purchaser also entered into a clawback agreement with the Council, which entitled the Council to further payments in certain circumstances. The subjects of sale are shown on the attached plan with the house as lot 1, coloured pink and the lawn as lot 2 coloured blue.
- 3.5 The clawback agreement relating to lot 1, the house itself, was for a period of five years and has, therefore, expired.
- 3.6 The clawback terms for the lawn, shown as lot 2, are in place for a period of 15 years and remain extant.
- 3.7 Under these terms, if new residential units are built on lot 2, the Council is entitled to a payment of £131 per square ft of the gross internal area (GIA). This figure would then be subject to indexation to current day values.
- 3.8 As part of their current planning application, the owner has put forward an enabling case that eight new build mews units are required in order to fund the restoration of Redhall House, and its subdivision into six flats.
- 3.9 Based on the current planning application for 8,738 sq.ft GIA of new build, the maximum clawback payable to the Council would be £1,144,678 before indexation. Under the current scheme, approximately half of this accommodation is located on lot 2 which would reduce the payment pro rata.
- 3.10 The owner has submitted details of the financial viability of the scheme as part of their case for enabling development, i.e., the new build units.
- 3.11 The financial viability information has been scrutinised and without pre-determining the outcome of the planning application process, the figures are likely to show that, even with eight new units, the scheme remains only marginally financially viable.

- 3.12 If the Council, as former land owner, insists on receiving the potential clawback payment, it would erode a substantial proportion of the anticipated surplus from the new build units. This, in turn, would result in insufficient return from the sale of the new build to fund the restoration of Redhall House. Essentially, taking the clawback payment would unravel the planning enabling case argument.
- 3.13 It is highly unlikely that the owner would proceed with the restoration of Redhall House, even with consent for the new build element, if the Council insists on the payment of the clawback sum.
- 3.14 Consequently, in order to achieve the Council's aim of bringing about the restoration of Redhall House, Committee is asked to approve the principle of renegotiating the existing clawback agreement and to authorise negotiation of revised terms. This will result in an agreement to waive the Council's entitlement to payment under the existing clawback agreement, and its replacement with a new agreement entitling the Council to an additional payment in the event that the development produces excess profit.
- 3.15 The proposed revised terms will be brought back to Finance and Resources Committee for approval.
- 3.16 Clearly, before the owner can commence the development and the restoration of Redhall House, it will be necessary for them to secure the appropriate planning consents. It may be difficult to agree more than terms in principle for the revised clawback agreement until a consented, detailed scheme is in place. In the meantime, officers will continue to press the owner to resolve the planning issues.

Measures of success

- 4.1 Encouraging the restoration of a listed building is helping to meet the Council's objective to conserve Edinburgh's built heritage, and to remove a building from the Buildings at Risk Register.

Financial impact

- 5.1 Negotiating a new clawback agreement and waiving the Council's rights to any payment under the existing agreement potentially prevents the Council from receiving a large payment if new residential development takes place. In reality, as outlined above, it is highly unlikely that the owner will proceed with any new development while the existing clawback agreement is in place, as the requirement to pay the clawback substantially reduces all the financial benefit from the new build units.
- 5.2 There are ongoing legal costs relating to the court action which will be minimised if a negotiated solution can be reached, and are further mitigated by the action being placed on hold for the time being.

Risk, policy, compliance and governance impact

- 6.1 The proposed renegotiation of the clawback agreement will only be effective if the owner receives the necessary planning and other consents for their proposals.
- 6.2 The alternative to reaching a voluntary agreement is to pursue the court action. There are risks involved with any court action. These have been mitigated by the court action being placed on hold, and will be mitigated further should a suitable voluntary agreement be reached, which ensures the restoration of the building, without the need for further court action.

Equalities impact

- 7.1 Successfully encouraging the owner to bring the listed building back into use would enhance the rights to health, physical security and participation, influence and voice in the local community.
- 7.2 Pursuing legal action against the owner could potentially have a negative impact on his right to standard of living and individual, family and social life. Any such potential impact is justified by the benefit to the listed building and the public, and the fact that the owner agreed to the legal obligations at the time of purchase.
- 7.3 Any potential impact will also be mitigated by agreeing to put the legal action on hold while a negotiated solution is pursued.
- 7.4 By agreeing to renegotiate the clawback agreement to allow the new build units to proceed and, in turn, to enable the restoration of the listed building, the rights to legal security (of the owner of Redhall House) and productive and valued activities are enhanced.

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 a currently vacant building will be brought back into use, and this impact will be addressed by the need for the restoration plans to comply with planning and listed building consents, and building control regulations. Reusing an existing building rather than utilising new build will help mitigate the impact;
 - 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 residents, and the community council, are some of the main drivers behind the desire to restore this listed building to enhance the local area, and reuse of this building to provide dwelling houses in the place of a derelict building, which will benefit the local community.

Consultation and engagement

- 9.1 The local community has engaged with this issue through its petition and the previous committee meetings.
- 9.2 There has been further consultation as part of the planning process.

Background reading/external references

[Report to Finance and Resources Committee 5 June 2014 – Redhall House and Lawn – Options for Action](#)

[Report to Finance and Resources Committee 27 November 2014 – Redhall House and Lawn – Progress Report](#)

[Report to Finance and Resources Committee 4 June 2015 – Redhall House and Lawn – Progress Report](#)

[Report to Finance and Resources Committee 29 October 2015 – Redhall House and Lawn – Progress Report](#)

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

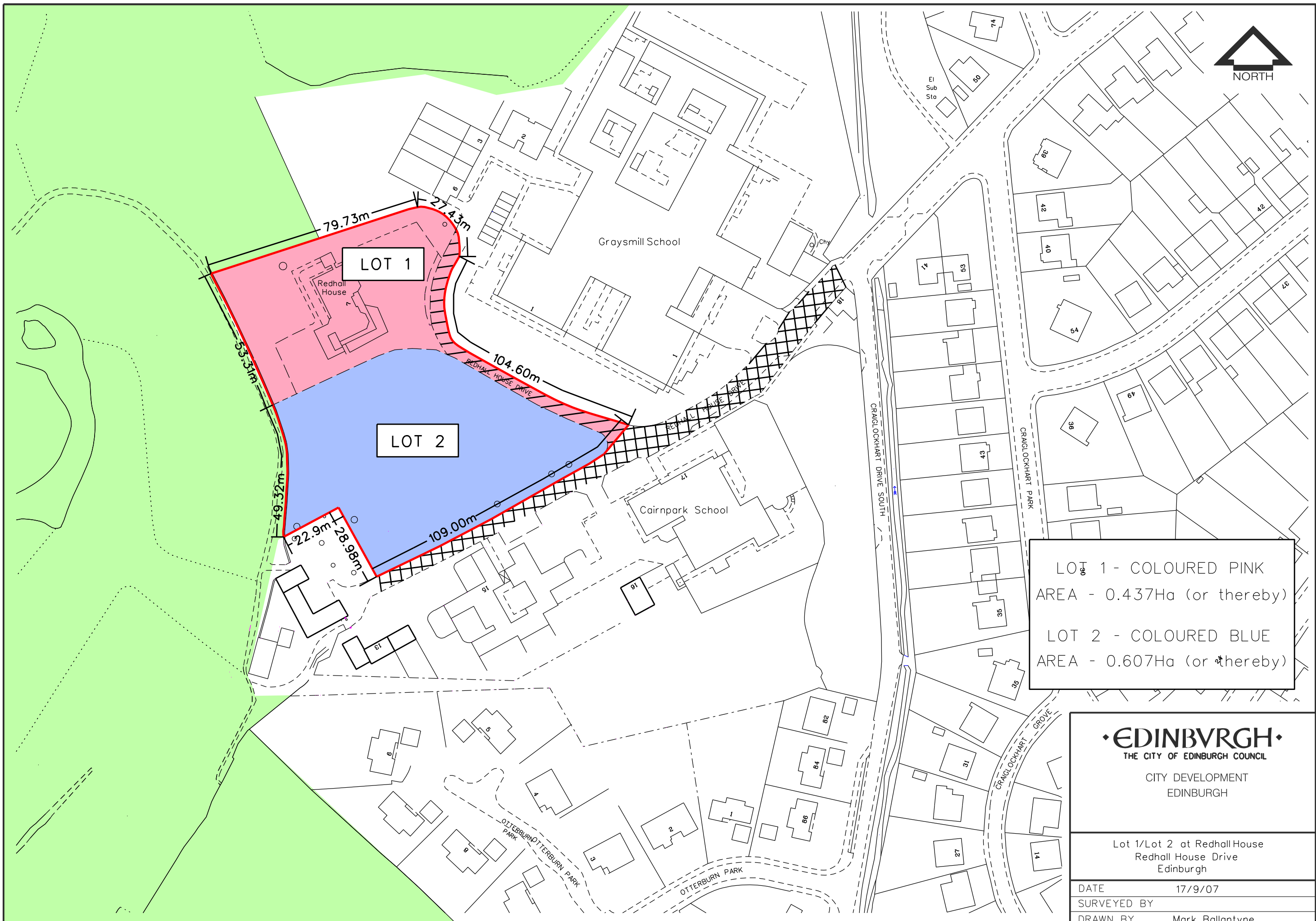
Coalition pledges	P40 – Work with Edinburgh World Heritage Trust and other stakeholders to conserve the city’s built heritage.
Council outcomes	CO19 – Attractive Places and Well Maintained – Edinburgh remains an attractive city through the development of high quality buildings and places and the delivery of high standards and maintenance of infrastructure and public realm.

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 Appendices

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

Location plan.



LOT 1 - COLOURED PINK
 AREA - 0.437Ha (or thereby)

LOT 2 - COLOURED BLUE
 AREA - 0.607Ha (or thereby)

• EDINBURGH •
 THE CITY OF EDINBURGH COUNCIL
 CITY DEVELOPMENT
 EDINBURGH

Lot 1/Lot 2 at Redhall House Redhall House Drive Edinburgh	
DATE	17/9/07
SURVEYED BY	
DRAWN BY	Mark Ballantyne
FILE NO.	
NEG. NO.	A3/866A

SITE PLAN

SCALE 1:1250

Finance and Resources Committee

10.00am, Thursday 9 June 2016

Inch House Community Centre

Item number	7.12
Report number	
Executive/routine	
Wards	Liberton/Gilmerton

Executive summary

This report summarises the history and deterioration in the condition of Inch House Community Centre and sets out the results of series of surveys regarding its condition. It proposes that the Council explores opportunities for a restorative purchaser to acquire the building, and notes the requirement for a further report on the way forward.

Links

Coalition pledges	P30
Council outcomes	C025
Single Outcome Agreement	SO4

Inch House Community Centre

Recommendations

- 1.1 It is recommended that Committee:
 - 1.1.1 Notes that Inch House Community Centre is now in a position where major expenditure will be required if the building is to be made fit for purpose for future use; and
 - 1.1.2 Requests a further report once opportunities for the potential of a restorative purchaser, and grant funding availability, have been explored.

Background

- 2.1 Inch House is an historic “A” Listed building, which sits on land that belonged to the Abbey of Holy rood from 1450. The estate was sold to Edinburgh Corporation in 1946, with public housing to be built on the hill to the south of the house.
- 2.2 Inch House was initially used by Edinburgh Corporation as a primary school for the new housing scheme nearby. Since 1986 it has been Inch Community Centre. However parts of the building have been vacant for several years. The current footfall through the centre advised by the Management Committee is 20,000 visits per annum.
- 2.3 A range of building inspections by specialists were undertaken in 2015 to determine the indicative cost of addressing the various issues with the building. The structure, fabric and mechanical and electrical services within the building are now at the stage where major investment will be required if the building is to be made fit for purpose for future use.
- 2.4 Works to address immediate health and safety issues have recently been undertaken and scaffolding erected to provide protection for the front of the building, following a stone fall incident in autumn 2015.

Main report

Deterioration in condition

- 3.1 The surveys have revealed that the building has deteriorated to the extent that in excess of £1m will be required to make the building fit for purpose in the long

term. Parts of the building have been closed off and/or abandoned over the years due to either reduced need or condition problems.

3.2 A survey undertaken in June 2015, by National Height Specialists (a specialist firm of steeplejacks), identified a range of defects with the roof. The issues identified include:

- Loose/broken stonework;
- Erosion of mortar/pointing;
- Defective mortar skewes;
- Loose/broken/defective copestones;
- Loose/missing/defective roof slates;
- Deteriorating paintwork to timbers and downpipes;
- Broken window panes;
- Defective putty sealants;
- Broken fixings to downpipes;
- Severely corroded roof vents;
- Loose ornamental stone;
- External timber staircase rotting and no longer fit for purpose; and
- Blocked downpipes.

3.3 A structural condition report prepared by consultants Will Rudd Davidson, in November 2015, identified that:

- The main areas of structural concern are the uppermost rooms, where there are indications of possible water-related defects in the roof structure, and vertical cracks running the height of the exterior of the building;
- The majority of defects appear to be connected to the ingress of moisture to the building;
- The “unused” rooms on the first floor, north-east of the building are neglected and showing signs of deterioration, probably due to the presence of moisture;
- Cracking to the ceiling of the safe room and mezzanine floor have disrupted plasterwork; and
- Water ingress to the switch room on the ground floor should be addressed in order to minimise electrical hazards from accumulated water and to preserve the building fabric.

3.4 A timber survey undertaken by Richardson & Starling, in November 2015, identified:

- Defective and blocked gutters and downpipes, defective render and decayed stonework causing moisture ingress and penetration to the internal wall fabric, evident throughout the building with severe water penetration in some rooms;

- A widespread infestation by the common furniture beetle in the roof rafters and joists with structurally weakened rafters;
- A heavy woodborer infestation on the first and second floors;
- An outbreak of the true dry rot fungus in the floor timbers, door frames and skirting on the ground floor;
- Poor condition floating timber floors requiring some renewal.

3.5 As part of a five year cycle of inspections, surveyors from the Council's Strategic Asset Management Team also provided a condition report using a standard "Core Facts" format applied to operational buildings of the Council. Under this methodology, the condition of a building is assessed within the range of A – D as follows:

- A – Performing well and operating efficiently. No major expenditure anticipated for the next 1 – 5 years;
- B – Performing adequately but showing signs of deterioration. Some expenditure required within the next 2 – 5 years;
- C – Showing major defects and/or not operating adequately. Major expenditure required within year 1 – 2; and
- D – Life expired and/or serious risk of imminent failure. Major expenditure required within year 1 or may require immediate action.

3.6 Inch House was assessed as 'C' - Showing major defects and/or not operating adequately. Major expenditure required within year 1 – 2.

3.7 The main issues associated with the fabric of the building were:

- Substantial roofing and high level stonework repairs were required in addition to the recent "make safe" works;
- Window improvements are required (using existing frames where possible to preserve the character of the building);
- Internal repairs are required to those parts of the building most recently occupied; and
- Overhaul necessary for the portion of the building which has been vacant and deteriorated over several years.

3.8 The inspection of the Mechanical and Electrical installations within the building revealed:

- There is no gas supply to the building and the electric heating system is beyond its expected operating life, with many units not operational and beyond economic repair, having to be augmented by temporary fan assisted heaters;

- The majority of the water supply pipework requires replacement and the water shut off valve is in a hazardous location. The hot water is supplied by individual hot water heaters and should be replaced alongside the heating system. The drainage system pipework is also beyond its natural life expectancy;
- The electrical distribution system would benefit from upgrade including replacement of the main switch gear, distribution boards and the installation of additional sockets in the practice rooms;
- The building does not meet modern standards with the absence of a lift for accessing upper floors, mechanical ventilation to improve environmental conditions or a sprinkler system.

Next steps

3.9 Recent survey information has revealed that the building is at a stage in its lifecycle where it needs significant investment to sustain its continued future occupation. In the short term, temporary works have been carried out to the roof to remove loose masonry. This, together with the installation of protective fencing and scaffolding along the front elevation providing a crash deck to provide a safeguard in the event of further masonry falls, means that the building can continue to be used. However, in the event of further deterioration that results in additional health and safety issues, the building may have to close at short notice.

3.10 Options for the future of the building have been considered as follows:-

Option 1 – Implement the works

At present, there is no allocated budget within the capital investment programme or asset management works to implement this option. As the building is listed - Grade A, Historic Environment Scotland (HES) has raised concerns over the condition and, in particular, the roof which could not be considered wind and water tight.

Option 2 – Seek restoring organisation/purchaser

This option would be to seek a restoring organisation that would invest in the property for their own use, and accommodate continued and future community use. This proposal would require the Council to grant a long lease of the property at a peppercorn rent. This would involve preparing a package of due diligence on the property and inviting organisations to submit proposals. This would be done in partnership with the Community Centre Management Committee and in tandem with exploring what grant funding would be available from organisations such as HES.

Option 3 – Close the centre and sell off the asset

Given that there is still an operational community centre that has been in occupation since 1986, and the Council's wider statutory obligations for a listed building, this option is not considered appropriate.

- 3.11 It is accordingly proposed to now engage with potential restoring organisations to understand the appetite for this type of proposal and assess whether this is a viable option. The proposal and outcome of this viability exercise would be discussed with the management committee in tandem with investigating what grants may be available. Once this work is complete a further update report will be submitted to committee.

Measures of success

- 4.1 The outcome addresses the current and expected future needs of the local community.
- 4.2 The outcome demonstrates value for money on a whole-life basis in addressing needs of the local community; and
- 4.3 The heritage building of Inch House remains available for appropriate use in the future.

Financial impact

- 5.1 A series of surveys has identified the need to spend £1.1m on upgrading the condition of Inch House to keep the building operational. A breakdown of the costs is indicated at Appendix 1. In addition, any future development of the building into a sustainable long term use may want to consider additional works to address the building's suitability, set out in Appendix 2, amounting to a further £700,000.
- 5.2 It should be noted that in retaining the building, the upgrade would need to address the full building fabric and external envelop to make the building wind and watertight and provide it with functional systems, rather than trying to tackle individual parts of the building.
- 5.3 There is no funding to address these costs. Previous committee reports on the allocation of capital funding for upgrading the Communities and Families estate, and the Transformation Programme's Asset Management Strategy have highlighted the lack of sufficient funding to address backlog maintenance. The approved five year programme of upgrade for the Communities and Families

estate is already fully committed and is only sufficient to address half of the work identified across the estate, with significant unfunded budget pressures.

Risk, policy, compliance and governance impact

- 6.1 While current health and safety risks with the external fabric of the building have been temporarily mitigated with the installation of scaffolding to provide a protective decking, this position cannot be sustained indefinitely and the building is expected to be subject to further deterioration, particularly in the winter.
- 6.2 There is a considerable ongoing financial risk for the Council in that this building brings significant unbudgeted pressure to limited resources needed to keep other elements of the Council's estate in operational condition.

Equalities impact

- 7.1 The future management of the building by a restorative owner would have a positive effect on equalities at this heritage building, by preserving the environmental benefits, addressing social needs and demonstrating the most economic use of limited public financial resources.

Sustainability impact

- 8.1 The life expectancy of the building would be extended by substantial capital investment by a restorative user prepared to permit continued use as a community facility. However the age and configuration of the building means it is unlikely to be able to fully meet modern day standards expected of public buildings.

Consultation and engagement

- 9.1 Officers met with members of the Inch House Management Committee on Thursday 24 March 2016 to explain the results of the surveys and to give an indication of officers' recommendations going forward.

Background reading/external references

None.

Hugh Dunn

Acting Executive Director of Resources

Contact: Lindsay Glasgow, Asset Strategy Manager

E-mail: Lindsay.glasgow@edinburgh.gov.uk | Tel: 0131 469 3312

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	SO4 – Edinburgh’s communities are safer and have improved physical and social fabric.
Appendices	Appendix 1 Condition works required at Inch House Appendix 2 Suitability Recommendations

APPENDIX 1: CONDITION WORKS REQUIRED AT INCH HOUSE

Work required	Approximate cost
B&CE Repairs externally:	
Roofing & high level stonework repairs evidenced by recent rope access survey (inclusive of replacement lightning protection).	£210,000
Window improvements utilising existing frame where possible.	£150,000
Improvements to underground drainage system.	£5,000
Dry rot and beetle infestation	£52,000
External repairs	£5,500
B&CE Repairs internally:	
Internal repairs	£149,800
Replace entire heating system with comparable electric warm air system.	£300,000
Asbestos removal	£2,000
Repairs to area occupied by "Teens Plus"	£24,000
Vacant accommodation	£200,000
Total estimate (Capital Works)	£1,098,300

APPENDIX 2: SUITABILITY RECOMMENDATIONS TO SUSTAIN LONG TERM USE OF INCH HOUSE

The costs below are indicative of the likely additional revenue and capital sums required to upgrade the building over the next five years. The costs do not include for any upgrading such as insulation (to address significant heat losses) of the building fabric, improvements to layouts etc.

Work required (over 5 year period to 2021)	Approximate cost
Overhaul any blocked or restricted RWO's, install wire guards, and clear all gutters (annual regime).	£4,000
Decor (circa 6000m ² of walls and ceilings (@£35/m ²) should be split into zones and completed as an annual improvement). Hygiene paint to dining, food prep, and ablutions areas is mandatory.	£210,000
Maintenance of access road including line markings. (to be determined by survey)	£2,000
Maintenance of external pathways. (to be determined by survey)	£1,000
Works to outbuildings such as garages (to be determined by survey)	£3,000
Works to repair external walling/fencing (accurate costing to be determined by survey)	£4,000
Fire improvements including upgrading doors, signage etc.	£2,000
Total Revenue works	£226,000

Work required	Approximate cost	Priority (P1-P10)	Year
B&CE Repairs internally:			
Toilets refurbishments	£20,000	P8	2019/20
Plaster repairs prior to redecoration works	£22,000	P5	2017/18

As this is a community facility works may need to extend to fuller compliance with equalities act. Alarms, colour cont. etc. This is a suitability issue rather than repair.	£10,000	P5	2017/18
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Kitchen refurbishments. Any kitchen preparing food for public should meet all "Food Safety Act" criteria.	£12,000	P8	2017/18
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B&CE Repairs externally:

Improvements rather than repairs to underground drainage system.	£30,000	P5	2017/18
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Equalities act to construct Tech Standards compliant ramps at access/egress points to facilitate at least ground floor access. (3@ £5k per ramp). This is a suitability issue rather than repair.	£15,000	P5	2017/18
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M&E repairs:

Install ventilation system (If building is to undergo major refurbishment). This may be necessary with introduction of window restrictors to facilitate adequate ventilation and control vapour levels.	£200,000	P10	2017/18
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Remove existing and replace hot water system	£10,000	P5	2017/18
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Remove and replace all cold, hot and drainage pipework	£150,000	P5	2017/18
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Standardise light fittings in all public and practice rooms	£11,000	P5	2017/18
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Currently inadequate external street lighting for pedestrian access (design improvement affecting suitability rather than condition).	£20,000	P8	
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Underground drainage is original cast iron and will have inevitably become constricted and inefficient up as a result of corrosion. This is another aspect of the property that would require an investigative survey to quantify repair and maintenance needs over the next 5 years and beyond.

Total estimate (Capital works)	500,000		
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Finance and Resources Committee

10.00am Thursday 9 June 2016

Contract Award for the Supply and Distribution of Groceries and Provisions from 1 July 2016 until 30 April 2020

Item number	7.13
Report number	
Executive/routine	Executive
Wards	All

Executive summary

This report seeks approval to award a contract to Brake Bros Ltd for the Supply and Distribution of Groceries and Provisions from 1 July 2016. This is a direct award under the Scotland Excel framework which runs from 1 May 2016 to 30 April 2020.

The estimated contract value is £5.2million per annum.

Links

Coalition pledges	P43, P49
Council outcomes	CO1
Single Outcome Agreement	SO2 SO3

Adoption of a Scotland Excel Framework for the Supply and Distribution of Groceries and Provisions

Recommendations

- 1.1 That Committee approves the award of a contract to Brake Bros Ltd for the Supply and Distribution of Groceries and Provisions from 1 July 2016 until 30 April 2020.

Background

- 2.1 The Scotland Excel Framework for the Supply and Distribution of Groceries and Provisions has been renewed from 1 May 2016 until 30 April 2020. The renewal incorporates a number of enhancements to the current framework with the inclusion of locally sourced produce where possible, greater brand flexibility and an agreed product substitution list.
- 2.2 As part of a strategy development for this framework, Scotland Excel conducted a core product review against the current framework and three lots were agreed incorporating the updated range of products. This lotting structure recognises the current structure of the market and was designed to align more closely with Council requirements. The lotting strategy continued to maximise opportunities for Small and Medium Enterprises (SMEs).

Table 1: Lotting Structure

Lot No	Description	No of Products	Estimated % of Spend
1	Dairy and Chilled Products	47	20
2	Dried Goods and Ambient Products	224	50
3	Crisps, Confectionery, Soft Drinks and Water	87	30

Main report

- 3.1 Scotland Excel established a User Intelligence Group (UIG), consisting of representatives from participating Councils to agree the procurement strategy, review the technical aspects of the tender and participate in evaluation. There were 2 representatives from the Council on the UIG.
- 3.2 Scotland Excel published a Prior Information Notice (PIN) on 8 May 2015, which resulted in expressions of interest from 23 organisations. Meetings were held with potential bidders including both incumbent and new suppliers. During these meetings ability to service, market trends, community benefits and sustainability were discussed as well as product lists and specifications.
- 3.3 To ensure maximum competition, the UIG agreed that an open tender process should be followed to establish the framework.
- 3.4 This framework was advertised on the Official Journal of the European Union (OJEU) and the Public Contracts Scotland (PCS) portal on 22 September 2015.
- 3.5 The procurement process followed an open tendering procedure. At the first stage, tender responses were assessed against financial capability, technical/professional capability and business probity requirements. Bidders were required to pass this stage to be eligible for award. At the second stage of the process the offers were evaluated against the following criteria and weightings:-
- | | |
|---------------------|-----|
| Technical / Quality | 30% |
| Commercial / Price | 70% |
- 3.6 Within the technical section, bidders were required to evidence their knowledge and experience by responding to method statements which covered areas including: servicing the contract, dealing with complaints, added value, community benefits, sustainability and the management of non core spend. Bidders were also assessed in terms of any additional fixed pricing periods offered.
- 3.7 Within the commercial section, bidders were invited to offer, on a lot by lot basis, a net delivered price for each of the core products used by Councils. These core products account for approximately 70% of the overall spend. Bidders also had the ability to offer variant pricing for individual geographical areas, due to the varying distribution requirements of each Council.
- 3.8 A key objective for the framework was to increase the flexibility for Councils requiring locally sourced products. Lot one (dairy and chilled products) contained a secondary price list for bidders to submit bids for locally sourced products (where available). Whilst this list was not commercially evaluated, products offered will still be deemed as “core items” which will result in any core fixed pricing period being applicable to these products also. In doing so, this will both

broaden the choices available for Councils and help with budget and menu planning.

- 3.9 Bidders were also invited to offer discounts per lot for the supply of non-core items, sole supply status across all three lots and delivery to central stores.
- 3.10 There were 6 suppliers appointed to the Scotland Excel framework, 3 of whom can supply the Council, and their respective scores were:

	Lot 1	Lot 2	Lot 3	Average
Brake Bros Ltd	96.75	96.75	96.75	<u>96.75</u>
Supplier 2	92.29	80.59	95.59	89.49
Supplier 3	92.32	78.16	88.62	86.34

- 3.11 Commercial and Procurement Services carried out a benchmarking exercise, taking into account the requirements of the service areas, and concluded that the greatest savings could be achieved through purchasing from Brake Bros Ltd and appointing them as a sole supplier to provide all groceries and provisions throughout the Council. See Financial Impact below for more details.
- 3.12 This contract is used by a wide variety of service areas across the Council including - school meals (Facilities Management), nursery snacks, care homes, learning disability services, day services for older people, home economics in schools, community centres and corporate catering. Facilities Management are the main user of the contract and as such are the Contract Owner.

Measures of success

- 4.1 Scotland Excel will support delivery of the proposed initiatives throughout the lifetime of the framework. A range of community benefits were offered by bidders including:
- Work experience and apprenticeships.
 - Training and development for schools with regard to healthy eating and food origin from “Field to Fork”.
 - Constructed videos from an experienced Educational Development Chef that will be uploaded on a monthly basis to provide school caterers with recipe ideas and useful hints and tips.
 - Provide an opportunity for SMEs within Scotland to access suppliers network and customer base.
 - Educational competitions such as the creation of a Scottish product competition where pupils will be asked to create a product that can be used in schools across Scotland.

- Donating food to national food charities and local food banks.
 - Showing children the benefit of school meals via a “Dragon’s Den” themed competition that helps raise awareness of the service and involves pupils in menu development, price and marketing of the lunch service.
 - Attend career fairs for students to provide advice and guidance on careers in the food and wholesale industry.
 - Sponsorship of local community projects and local/national charities.
- 4.2 Monitoring of community benefits will be part of the Contract Management of the contract which is the responsibility of the Contract Owner.

Financial impact

- 5.1 Despite the inflation in food prices, it is a measure of the success of this procurement exercise that there is potential to save approximately £95,000 per annum (representing approximately 7.6%), although this will require a change in purchasing decisions by Facilities Management for school meals and in care homes. The saving is principally achieved through substitution of some branded products to Brake’s own brand items. Taste tests for some products have been carried out by Facilities Management staff and found to be satisfactory on the whole.
- 5.2 In addition to the above saving, Brake Bros Ltd will provide an annual retrospective rebate of 0.75% (approx £9,000) providing that their annual sales across Councils reaches £1million. Additionally, Brakes provide an annual 1.125% (approx £14,000) rebate for being the sole supplier to the Council.
- 5.3 The supplier has agreed to hold both core and non-core pricing fixed for 12 months.
- 5.4 Any requests for price increases will be considered in accordance with the defined Scotland Excel process and evaluated against a range of appropriate market analysis indices. All suppliers have agreed to price reviews being conducted annually instead of six monthly which will allow the Council to forecast food costs more accurately within a year.
- 5.5 The costs associated with procuring this contract are estimated at up to £10,000.

Risk, policy, compliance and governance impact

- 6.1 The Edible Edinburgh Food Policies have been considered as part of the Council’s procurement strategy. It will be the way in which the contract is used, and control of that use by Council staff through considered product selection, which will help to promote health and to promote health and well-being through:
- provision of locally sourced food where possible,
 - compliance with Food for Life Scotland,

- compliance with Scottish Government nutritional standards, and
- production of healthy & nutritionally balanced school meals

The products offered are also sufficient to meet the complex and diverse dietary requirements of Health & Social Care client and the requirements in the National Guidelines on Eating Well for Older People.

- 6.2 The Scotland Excel procurement strategy includes a robust and comprehensive assessment of all associated risk factors with mitigating actions.
- 6.3 In terms of contract performance management, Scotland Excel will meet with the supplier on a quarterly basis to review a set of key performance indicators. These will include monitoring environmentally sourced products, development of SMEs and recycling quotas. They will also hold annual user group meetings.
- 6.4 Any contractual issues arising at operational level will be addressed and escalated where necessary through the Facilities Management quality management system.

Equalities impact

- 7.1 The procurement process excludes any bidders where a complaint had been upheld after investigation by the Equality and Human Rights commission or its predecessors and a failure to take remedial action.
- 7.2 The equalities assessment has identified no impact on the Councils specific public sector equality duties.
- 7.3 The award of this Contract to a single supplier will result in savings. This in turn could contribute towards improvements in other areas of FM catering. It will also enhance health and sustainability by offering locally sourced produce which has facilitated Accreditation to the Food for Life Catering Mark via the Soil Association.

Sustainability impact

- 8.1 This framework included scored elements related to sustainability. The origin of products was captured through the tender process and will be tracked during the life of the framework by the supplier through quarterly management information returns.
- 8.2 Tenderers were invited to submit solutions to assist Councils in reducing their food waste which was embraced by many of the suppliers. Solutions offered include using demand planning systems and forecast accuracy models with Councils, attending menu planning sessions to advise best practice for achieving minimum waste, tasking their supply chains with reducing case sizes and packs

and collecting food waste to be passed to local farmers as animal feed ensuring that food waste is kept to a minimum.

- 8.3 Brake Bros Ltd is the Council's supplier of frozen foods. The Service Areas who purchase groceries can see benefits in having one supplier for both frozen foods and groceries. This will mean one delivery for both frozen foods and groceries, thereby reducing the Council's carbon footprint as well as providing efficiencies regarding ordering and invoicing with one supplier instead of two.
- 8.4 Further sustainability benefits are likely to be captured through the life of the framework through planned core product reviews to further increase the number of locally sourced products.

Consultation and engagement

- 9.1 Council representatives attended Scotland Excel's User Intelligence Group meetings.
- 9.2 Discussions have taken place between Commercial & Procurement Services, Facilities Management Services and the Care Home nutrition representative and it has been agreed to recommend appointment of Brake Bros Ltd and to use own brand products wherever possible and appropriate to maximise potential savings.

Background reading/external references

[Adoption of Groceries framework 2012](#)

Hugh Dunn

Acting Executive Director of Resources

Contact: Andrew Skirving, FM Budget Officer, Property and Facilities Management

E-mail: andrew.skirving@edinburgh.gov.uk | Tel: 0131 529 2763

Links

Coalition pledges	P43 - Invest in healthy living and fitness advice for those most in need. P49 - Continue to increase recycling levels across the city and reducing the proportion of waste going to landfill.
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Council outcomes	CO1 - Our children have the best start in life, are able to make and sustain relationships and are ready to succeed.
Single Outcome Agreement	SO2 – Edinburgh’s children and young people enjoy their childhood and fulfil their potential. SO3 – Invest in healthy living and fitness for those most in need.
Appendices	Appendix 1 - Tendering Process summary.

Appendix 1 - Summary of Tendering and Tender Evaluation Processes

Contract	Framework Contract for Supply & Distribution of Groceries and Provisions – let by Scotland Excel
Contract period	1 July 2016 until 30 April 2020
Estimated contract value	£5,200,000 per annum
Governing UK Regulation	Public Contracts (Scotland) Regulations 2012
EC Procedure chosen	Open
Standing Orders observed	<p>2.4 EU Principles been applied</p> <p>2.7 Commercial and Procurement Manager provided resource to undertake tendering</p> <p>3.2 Director has responsibility for all Contracts tendered and let by their Directorate</p> <p>5.1 (b) Tenders evaluated on basis of most economically advantageous criteria</p> <p>8.1 Procurement process conducted electronically via Public Contracts Scotland Tender (PCST)</p>
Tenders returned	7
Tenders fully compliant	6 (3 to serve City of Edinburgh Council)
No. of recommended suppliers	1
Primary criterion	Most Economically Advantageous offer
Secondary criteria (Set by Scotland Excel)	Price 70%
	Quality 30%
	Comprising:
	Q1 – Delivery & Service 12.5%
	Q2 – Sustainability 2%

	Q3 – Operational Requirements	9.5%
	Q4 – -Community Benefits	6%
Evaluation Team	Scotland Excel & Procurement and/or Technical Representatives from participating Councils	
Procurement Costs	<£10,000	

Finance and Resources Committee

10.00 am, Thursday, 9 June 2016

Property Repairs and Maintenance Contract Update

Item number	7.14
Report number	
Executive/routine	
Wards	

Executive Summary

The purpose of this report is to advise Committee that an update report on the Property Repairs and Maintenance contracts will be presented to the August Committee.

This will allow the outcome of the Internal Audit exercise which is currently underway to be completed.

Property Repairs and Maintenance Contract Update

1. Recommendations

- 1.1 It is recommended that Finance and Resources Committee:
- 1.1.1 Agree to receive an update report on the Property Repairs and Maintenance contracts for the August Committee meeting.

2. Background

- 2.1 Edinburgh Building Services (EBS) is the Council's in-house building maintenance service. The services it delivers includes:
- Emergency repairs to council houses and corporate property;
 - Planned maintenance and renewals;
 - Repairs requested by tenants and repairs to empty homes;
 - Cyclical inspections including gas and lifts; and
 - Stair lighting repairs and maintenance in communal stairs.
- EBS has an internal workforce, which is supplemented by external procured contractors.
- 2.2 In January 2016, EBS Non-Housing, formerly Property Care Services, returned to the Corporate Property service area and is no longer part of Housing Property service.

3. Main report

- 3.1 The purpose of this report is to advise Committee that an update report on the Property Repairs and Maintenance contracts in place will be presented to the August Finance and Resources Committee meeting.
- 3.1 Internal Audit are undertaking a review of the contract management, monitoring and quality assurance within property repairs and maintenance and the August report will include the outcome of this review.
- 3.2 Internal Audit remit:

- 3.2.1 Obtain an understanding of contract management, monitoring and quality assurance through discussion with key personnel, review of systems documentation and walkthrough tests;
- 3.2.2 Identify the key risks around contract management, monitoring and quality assurance;
- 3.2.3 Evaluate the design of the controls in place to address the key risks; and
- 3.2.4 Test the operating effectiveness of the key controls.

4. Measures of success

- 4.1 The success of the framework is measured by KPIs. This ensures that strict contract management and performance monitoring is undertaken for all repairs and maintenance works carried out on behalf of the Council.

5. Financial impact

- 5.1 There are no direct financial impacts related to this report.

6. Risk, policy, compliance and governance impact

- 6.1 Failure to follow Contract Standing Orders would result in a serious risk to the Council's reputation.

7. Equalities impact

- 7.1 There is no relationship to the public sector general equality duty to the matters described in this report and no direct equalities impact arising from this report.

8. Sustainability impact

- 8.1 Works from this framework will be allocated by area allowing contractors to travel within a smaller geographical area, reducing the amount of carbon emissions from vehicles. This will be further reviewed as the Council moves towards the four localities model.
- 8.2 The contractors procure timber from legal and well managed forests which are certified under the third party certification schemes which are in compliance with the criteria set out in the "UK Government Timber Procurement Policy: Criteria for Evaluating Category A Evidence". Schemes in compliance include

the Forestry Stewardship Council (FSC) and the Programme for Endorsement of Forest Certification scheme (PEFC).

9. Consultation and engagement

N/A.

10. Background reading/external references

N/A.

Paul Lawrence

Executive Director of Place

Contact: Alex Burns, Housing Property Manager

E-mail: alex.burns@edinburgh.gov.uk | Tel: 0131 529 5890

11. Links

Coalition Pledges

Council Priorities

**Single Outcome
Agreement**

Appendices

Finance and Resource Committee

10am, Thursday, 9 June 2016

Award of Contract for Consultancy Services to provide the Water of Leith Basin Siltation Study

Item number	7.15
Report number	
Executive/routine	
Wards	13 - Leith

Executive Summary

This report seeks the approval of the Finance and Resources Committee for the award of a contract for consultancy services to provide a study of siltation in the Water of Leith Basin.

This recommendation follows a full procurement exercise, where the preferred bidder has provided the most economically advantageous tender in terms of cost and quality for the Council.

Links

Coalition pledges	P28
Council priorities	CP12
Single Outcome Agreement	SO4

Award of Contract for Consultancy Services to provide the Water of Leith Basin Siltation Study

1. Recommendations

- 1.1 To recommend that the Finance and Resources Committee approves the appointment of AECOM to undertake a study and provide a report on siltation in the Water of Leith Basin for a contract sum of £35,561.95.

2. Background

- 2.1 Silt has built up in the Water of Leith Basin since locks were formed in 1969 to control the water levels within the docks. Prior to the locks being installed, the Water of Leith flowed directly into the Firth of Forth and was faster flowing. The river is now retained at a higher level to permit the Docks to function more efficiently, this has resulted in the water flowing slower and silt being deposited in the Water of Leith Basin. Under the Flood Risk Management (Scotland) Act 2009 the Council has a duty to assess flood risk.
- 2.2 On 28 October 2014, details were provided to the Transport and Environment Committee on the build up of siltation levels in the Water of Leith Basin. Information was also given on the various parties which had an interest in the basins and how their operations had affected siltation and flood risk. The Transport and Environment Committee agreed that further investigations be undertaken in 2016 and the level of flood risk be re-evaluated.
- 2.3 The investigations are to assess flood risk and to determine if silt requires to be removed. The investigations required are of a technical/specialist nature and the Council does not have the in-house capacity or expertise to carry out the siltation study. Consultancy services have been tendered through the Scotland Excel Engineering and Technical Consultancy Framework.
- 2.4 It is anticipated that the study will take four months to complete. Findings of the study will be subject of a future report to the Transport and Environment Committee.

3. Main report

- 3.1 Ten consultancies listed under Scotland Excel Engineering and Technical Consultancy framework Lot 5 (Drainage and Flooding) were invited to tender for the service, via Public Contracts Scotland. Seven consultancies declined to submit a tender.
- 3.2 Evaluation included an emphasis on quality, as well as price, with 60% of the overall evaluation score given to quality and 40% of the overall evaluation score given to price. Quality was included in the evaluation to ensure that those consultants tendering on this project are able to deliver the contract key tasks and produce the siltation study within programme.
- 3.3 The quality analysis was based on answers provided in response to weighted Award Criteria Questions. Responses to these questions were scored 0 to 4 as per the scoring matrix included in the Invitation tender document.
- 3.4 In order to safeguard an acceptable level of quality, the Council reserved the right to reject bids which had any individual quality scores of less than 2.
- 3.5 Following completion of the quality analysis, tenders were subject to a cost analysis. The cost analysis established the full price of tenders, considering responses to the Pricing Schedule. The lowest priced bid was allocated the 40% weighting. All other bids were scored on a pro-rated basis against the lowest bid. Scores from the quality analysis were then combined with the scores for the cost analysis to reach a combined score for each tender submission.
- 3.6 The tender returns were deemed competitive following detailed analysis against the specification and submitted prices.
- 3.7 The scores from the cost analysis are as follows:

Company	Quality Score	Price Score	Combined Score	Notional Tender Total
AECOM	45.00	40.00	85.00	£35,561.95
Tenderer 2	52.50	2.74	55.24	£68,684.39
Tenderer 3	45.00	1.55	46.55	£69,750.31

- 3.8 The outcome of the tender evaluation is that AECOM submitted the most economically advantageous tender with a notional tender total of £35,561.95 and has been identified as the preferred bidder. As this tender is much less than the other two tenders submitted, AECOM were requested to clarify their proposals and satisfactory responses were received. In particular AECOM were required to demonstrate that they would validate elevations/degree of siltation at bridges, carry out silt analyses identifying if special precautions require to be taken in disposing of silt and provide option assessments. AECOM also confirmed that the cost of various surveys and sampling were included in their price.
- 3.9 A summary of the tendering and evaluation process is included in Appendix 1.

4. Measures of success

- 4.1 The contract enables the Council to buy in specialist technical advice to support Council staff in meeting its statutory obligations under the Flood Risk Management (Scotland) Act 2009.
- 4.2 This study will carry out one of the measures identified in the Flood Risk Management Plan to be published in June 2016.
- 4.3 Success will be measured against the consultant's ability to produce the necessary deliverables on programme and within budget. This will be monitored on a monthly basis for the duration of the contract.

5. Financial impact

- 5.1 The full allocation of £44,452.44 including an additional risk allowance for this project has been made in financial year 2016/17 and is allowed for in the Maintenance - Flood Prevention Revenue Budget.
- 5.2 The contract value is £35,561.95.
- 5.3 The budget for this scheme allows for an additional risk allowance of 25% (£8,890.49 in this instance for AECOM) of the tender total for any compensation events or other issues that may occur.
- 5.4 The costs associated with procuring this contract are up to £10,000.

6. Risk, policy, compliance and governance impact

- 6.1 Failure to fulfil one of the actions on the Council detailed in the Local Flood Risk Management Plan to be published in June 2016.
- 6.2 A risk exists that if the Council fails to properly investigate the Water of Leith Basin siltation level there is a potential flood risk to local residents.

- 6.3 Risk of damage to Council reputation as interested groups are expecting flood risk assessment.

7. Equalities impact

- 7.1 There are no equalities implications as the recommendation in this report does not affect groups of people in different ways. Equality and Rights Impact Assessments will be undertaken for actions as they are developed.

8. Sustainability impact

- 8.1 There are no sustainability implications as the recommendation in this report does not affect public bodies' duties with regards to the three elements of the Climate Change (Scotland) Act 2009.

9. Consultation and engagement

- 9.1 Commercial and Procurement Services has been engaged in the procurement of this consultancy contract.
- 9.2 No other specific consultation or engagement has been considered necessary or appropriate for this contract.

10. Background reading/external references

- 10.1 Transport and Environment Committee 28 October 2014 – Water of Leith Basin.
- 10.2 Transport and Environment Committee 25 August 2015 – Flood Risk Management – Consultation and Prioritisation.

Paul Lawrence

Executive Director of Place

Contact: Tom Dougall, Maintenance Manager

E-mail: tom.dougall@edinburgh.gov.uk | Tel: 0131 469 3753

11. Links

Coalition pledges	P28 – Further strengthen our links with the business community by developing and implementing strategies to promote and protect the economic well being of the city.
Council priorities	CP12 - A built environment to match our ambition.
Single Outcome Agreement	SO4 - Edinburgh's communities are safer and have improved physical and social fabric.
Appendices	Appendix 1 – Summary of Tendering and Tender Evaluation Process.

Appendix 1 – Summary of Tendering and Tender Evaluation Processes

Contract	Water of Leith Basin Siltation Study Ref: CT0192
Contract Period	27 June 2016 - 28 October 2016 (Four Months)
Estimated Contract Value	£35,561.95
Standing Orders Observed	<p>2.4 EU Principles applied</p> <p>2.9 Commercial and Procurement Manager provided resource to advise on and arrange tendering</p> <p>3.1 Director has responsibility for selecting and appointing contractors</p> <p>3.2 Director has responsibility for all Contracts tendered and let by their Directorate</p> <p>4.1 Tender documents clearly set out the proposed method of evaluation as well as the scope, timing, quality and quantity of the services required</p> <p>5.1 Tenders were evaluated on the basis of the most economically advantageous criteria</p> <p>5.3 Tenders evaluated by a panel comprising officers having sufficient knowledge and technical ability</p> <p>8.1 Invitations to tender issued and received by electronic means</p>
Portal used to advertise	Public Contracts Scotland
EU Procedure Chosen	Mini-competition utilising Scotland Excel Framework for Engineering and Technical Consultancy Services 01-11
Invitations to Tender Issued	Ten
Tenders Returned	Three
Tenders Fully Compliant	Three
Recommended Supplier	AECOM

Primary Criteria	Most economically advantageous tender to have satisfied compliance checks and technical specification, with the following Price : Quality ratio - 40% Price 60% Quality
Evaluation Team	3 Maintenance (Flood Prevention) Staff
Procurement Advisors	1 CPS Staff

Finance and Resources Committee

10am, Thursday, 9 June 2016

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

Item number	7.16
Report number	
Executive/routine	Executive
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 design cycling and walking schemes, in two work packages. Work package 1 consists of nine cycling schemes. Work package 2 consists of eight walking schemes. There is no internal design resource currently available to undertake this work.

Each work package was conducted as a separate mini competition through the Scotland Excel Framework Agreement for Engineering and Technical Consultancy Services Lot 1.

Work package 1 received four bids and work package 2 received two bids.

This report recommends approval of the award of tender for work package 1 to AECOM at a fixed price of £377,722 (£359,722 bid price and £18,000 for options) and the award of tender for work package 2 to Grontmij at a fixed price of £120,118.66 (£92,118.66 bid price plus £28,000 for contingency).

Links

Coalition pledges	P42 , P43 , P45 and P50
Council priorities	CP1 , CP2 , CP4 , CP5 , CP7 , CP8 , CP9 , CP11 , CP12
Single Outcome Agreement	SO1 , SO2 , SO3 and SO4

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

1. Recommendations

- 1.1 It is recommended that Committee approves the following contract awards:
 - 1.1.1 Design of cycle schemes work package 1 to AECOM for a value of £377,722 (£359,722 including the cost of £18,000) for additional options; and
 - 1.1.2 Design of walking schemes work package 2 to Grontmij for a value of £120,118.66 (£92,118.66 with contingency/surveys costs of £28,000 to cover allowable expenses and additional options).

2. 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.

3. 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. These schemes have external match funding from the Scottish Government.

- 3.2 Nine 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 The Council has bid for £240,000 of 'Community Links' funding. This will match-fund the Council's budget required to meet the cost of these two work packages. The announcement of whether this funding bid has been successful is now due soon following announcement of the membership of the new Scottish Government. Verbal confirmation of the funding decision will be made to the Committee.
- 3.4 This funding has a spend deadline of 31 March 2017. 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.
- 3.5 The procurement has been conducted as a mini competition through the Scotland Excel Engineering and Technical Consultancy Services Framework Contract Lot 1.

Procurement Approach

- 3.6 Under the guidance of Commercial and Procurement Services, the design schemes were divided into two work packages each conducted through its own specific mini competition. This permitted tenderers to bid for one or more work packages depending on their capacity. This approach was intended to ensure that:
 - 3.6.1 the tenderers did not try to take on more design work than was feasible; and
 - 3.6.2 The overall volume of work required to be completed within the set timescales was not considered a barrier to competition.
- 3.7 Work package 1 comprised nine cycle schemes including 8 sub-schemes. Work package 2 comprised eight walking schemes only.
- 3.8 On 16 February 2016, the Council ran the mini competition which 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.
- 3.9 Work package 1 received four bids and work package 2 received two bids, by the closing date of 17 March 2016.
- 3.10 The basis for tender evaluation had been agreed as assessment of the most economically advantageous bid, with weightings of Quality 70% and Price 30%. Due to the high risk of losing Scottish Government funding and the complexity of the specification, the Council placed quality as the overriding element within this tender exercise to mitigate against any reputational and financial impact on the Council may have in the delivery of the ATAP.

- 3.11 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.
- 3.12 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.
- 3.13 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	Bid Price	Quality Score 70%	Price Score 30%	Combined Total 100%
AECOM	£377,722	56	16.89	72.89
Bidder 2	£463,252	46.55	13.11	59.66
Bidder 3	£202,491	38.15	30	68.15
Bidder 4	Not Applicable	26.25	0	Failed

- 3.14 The outcome of the tender evaluation for work package 1 is that AECOM submitted the most advantageous tender in terms of quality and cost at £359,722 (£377,722 including £18,000 of surveys) and is the Preferred Bidder.
- 3.15 AECOM bid includes spending the £170,000 of Scottish Government, Community Links Funding before the 31 March 2017 deadline.

Walking Design Scheme Work Package 2

Bidder	Bid Price	Quality Score 70%	Price Score 30%	Combined Total 100%
Grontmij	£120,118.66	49	30	79
Bidder 2	£465,133	49.7	5.94	55.64

- 3.16 The outcome of the tender evaluation for work package 2 is that Grontmij submitted the most advantageous tender in terms of quality and cost at £92,118.66 (with a contingency of £28,000 to cover allowable expenses and the need for additional services) and is the Preferred Bidder.
- 3.17 The Grontmij bid includes spending the £70,000 of Scottish Government / Sustrans, Community Links Funding before the 31 March 2017 deadline.

Management and Staffing Arrangements

- 3.18 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 Planning and Transport Service.

4. 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'.

5. Financial impact

- 5.1 The total value of the Cycle Design Work Package 1 is £377,722 (£359,722 bid and £18,000 of options). This comprises an assumed grant funding amount of £170,000 from the Community Links grant funding (Scottish Government administered by Sustrans); this funding requires to be spent by 31 March 2017. The remaining £207,722 funding is available from the Council's cycling capital budget.
- 5.2 The total whole life cost of the Walking Design Work Package 2 is £120,118.66 (£92,118.66 bid and £28,000 allowable expenses and the need for additional services). This cost will be covered by an assumed grant funding amount of £70,000 from the Community Links grant funding (Scottish Government administered by Sustrans); this funding also requires to be spent by 31 March 2017. The remaining £50,118.66 match funding is available from the Council's cycling capital budget.
- 5.3 The report outlines total matched capital expenditure from Council resources of £270,722 based on an assumed level of grant funding totalling £240,000. It should be noted that confirmation of grant funding is expected on 9 May 2016. If the matched funding were to be funded fully by borrowing, the overall loan charges associated with this expenditure over a twenty year period would be a principal amount of £270,722 and interest of £172,404, resulting in a total cost of £443,126. Based on a loans fund interest rate of 5.0%, the annual loan charges would be £22,156.

- 5.4 It should be noted that the Council's Capital Investment Programme is funded through a combination of General Capital Grant from the Scottish Government, developers and third party contributions, capital receipts and borrowing. The borrowing required is carried out in line with the Council's approved Treasury Management Strategy and is provided for on an overall programme basis rather than for individual capital projects. Following instruction from Members, notional loan charge estimates have been provided above, which it should be noted are based on the assumption of borrowing in full for this capital project.
- 5.5 As the Council's share of capital expenditure, outlined in this report, forms part of the approved capital investment programme, provision for funding it will be met from the revenue loan charges budget, earmarked to meet overall capital investment programme borrowing costs.
- 5.6 The costs associated with procuring this contract are estimated at up to £10,000. This sum has been allocated from the Council's cycle capital budget.

6. Risk, policy, compliance and governance impact

- 6.1 Implementation of this project will provide a positive impact in delivering the Local Transport Strategy and Active Travel Action Plan.

7. 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 the design schemes detailed in this report. 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.

8. 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.

9. 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 relevant 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).

10. Background reading/external references

- 10.1 [Active Travel Action Plan](#)
- 10.2 [Community Links 2015/16 Application Guidance, November 2015](#)
- 10.3 [8% Budget Commitment to Cycling – report to 17 March 2015 Transport and Environment Committee](#)

Paul Lawrence

Executive Director of Place

Contact: Martyn Lings, Professional Officer, Active Travel Action Plan

E-mail: martyn.lings@edinburgh.gov.uk | Tel: 0131 469 3776

Links

Coalition pledges	<p>P42 - Continue to support and invest in our sporting infrastructure</p> <p>P43 - Invest in healthy living and fitness advice for those most in need.</p> <p>P45 - Spend 5% of the transport budget on provision for cyclists</p> <p>P50 - Meet greenhouse gas targets, including the national target of 42% by 2020.</p>
Council priorities	<p>CP1 - Children and young people fulfil their potential</p> <p>CP2 - Improved health and wellbeing: reduced inequalities</p> <p>CP4 - Safe and empowered communities</p> <p>CP5 - Business growth and investment</p> <p>CP7 - Access to work and learning</p> <p>CP8 - Edinburgh's economy creates and sustains job opportunities.</p> <p>CP9 - An attractive city</p> <p>CP11 - An accessible connected city</p> <p>CP12 - A built environment to match our ambition</p>
Single Outcome Agreement	<p>SO1 - Edinburgh's Economy Delivers increased investment, jobs and opportunities for all.</p> <p>SO2 - Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health.</p> <p>SO3 - Edinburgh's children and young people enjoy their childhood and fulfil their potential</p> <p>SO4 - Edinburgh's communities are safer and have improved physical and social fabric.</p>
Appendices	<ol style="list-style-type: none">1. Summary of tendering and evaluation process2. 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	<p>Work Package One - £377,722 (£359,722 bid price and £18,000 for options)</p> <p>To completion in 2016/17</p> <p>Work Package Two - £120,118.66 (£92,118.66 bid price plus £28,000 for contingency/surveys)</p> <p>To completion in 2016/17</p>
Estimated contract value	<p>Work Package One - £377,722 (£359,722 bid price and £18,000 for options)</p> <p>Work Package Two - £120,118.66 (£92,118.66 bid price plus £28,000 for contingency/surveys)</p>
Standing Orders observed	2.4
Governing UK Regulation	Public Contracts (Scotland) regulations 2012
Invitations to tender issued	<p>Work Package One - 16 February 2016</p> <p>Work Package Two - 16 February 2016</p>
Tenders returned	<p>Work Package One - 17 March 2016</p> <p>Work Package Two - 17 March 2016</p>
Tenders fully compliant	<p>Work Package One - 31 March 2016</p> <p>Work Package Two - 31 March 2016</p>
Recommended suppliers	<p>Work Package One - AECOM</p> <p>Work Package Two - Grontmij</p>
Primary criterion	<p>Most economically advantageous tender</p> <p>70% Quality</p> <p>30% Price</p>

Appendix 2

Detailed list of the schemes for design

Work Package 1, Cycling design Schemes includes:-

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.
- Upgrade of the main path through Roseburn Park to segregate cyclists and walkers.

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.

9. QuietRoute 6 Charlotte Square to Lothian Road

- Feasibility and design of a segregated cycleway and crossings.

Work Package 2, Walking design schemes includes:-

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
 - Feasibility and re-design of the junction to improve pedestrian facilities.
8. Calton Road to Leith Street
 - Design of the footways to improve pedestrian access and increase safety.

Finance and Resources Committee

10am, Thursday, 9 June 2016

Approval for 'Smarter Choices, Smarter Places' 2016/17 - Travel Planning Consultants

Item number 7.17
Report number
Executive/routine
Wards

Executive Summary

In March 2016, the draft 'Smarter Choices, Smarter Places' (SCSP) programme for 2016/17 was approved by the Transport and Environment Committee. In addition, in April 2016, Transport Scotland confirmed the City of Edinburgh Council has been successful in bidding for its indicative revenue funding allocation for SCSP activities during 2016/17. The total amount allocated from the Scottish Government is £452,663, with 50% match funding required from the Council. The funding will be applied to behaviour change methods, aimed at persuading people to consider, and reduce, the number of driver-only private car journeys that they make during 2016/17. A key aspect of the SCSP programme is undertaking travel planning at a value of up to £95,000. This is a specialised activity which requires consultancy support. The purpose of this report is to gain pre-approval for this consultancy support.

Links

Coalition Pledges [P45](#) and [P50](#)
Council Priorities [CO22](#), [CO24](#) and [CO26](#)
Single Outcome Agreement [SO2](#) and [SO4](#)

Approval for 'Smarter Choices, Smarter Places' Travel Planning Consultants

1. Recommendations

- 1.1 It is recommended that Committee pre-approve the appointment of consultants to continue building on the outcomes of the SCSP project in 2015/16, to deliver a city-wide travel planning programme with external organisations across Edinburgh, which will contribute towards a key commitment in the Local Transport Strategy. The anticipated value of the contract is up to £95,000.

2. Background

- 2.1 As part of the Council's SCSP programme in 2015/16, 38 business sites in Edinburgh participated in a workplace travel planning project. The aim was to encourage people to reduce their car use in favour of more sustainable alternatives such as walking, cycling and public transport when travelling for work purposes. Specifically, the project aimed to address single occupancy car use at sites where this is an issue.
- 2.2 The City of Edinburgh Council has already made substantial investment in improving active travel infrastructure with resulting increases in walking and cycling. The SCSP programme of behaviour change initiatives will complement this investment and maximise the potential increase in walking and cycling.
- 2.3 Travel planning is recognised as a key behaviour change tool to encourage people to undertake more journeys by active travel. This £95,000 investment in travel planning is therefore a very significant aspect of the SCSP programme.

3. Main report

- 3.1 The aim is to undertake a set of travel planning measures within large workplaces in Edinburgh during the financial year 2016/17. Similar to the workplace travel planning project in 2015/16, these will include promotional events, one-to-one personalised travel planning, workplace promotional materials, area-specific travel maps and active travel incentives. More detail regarding the content of the project is outlined in Appendix 1.

- 3.2 Some existing workplace active travel engagement programmes are already in existence in Edinburgh, through organisations like Sustrans and the Bike Station. Furthermore some business groups are actively seeking to engage in travel planning, such as Edinburgh Park. Through building on these links and establishing new ones, this programme shall engage significant numbers of employees in using more sustainable transport solutions.
- 3.3 In addition, there is a specified programme of travel planning initiatives specifically for the City of Edinburgh Council workplace sites. These include engaging cross-departmental action and policy support for active travel, travel planning initiatives for staff, and potentially financial support for active travel facilities at Council workplaces.

Management and Staffing Arrangements

- 3.4 The project will be managed using PRINCE2 methods, to ensure appropriate organisational arrangements are in place and accountability.
- 3.5 The project will be managed by a full time member of the City of Edinburgh Council staff. However, the timeframe and scale of the project to reach workplaces outside of the Council means that the procurement of expert travel planning consultants is necessary.

Procurement Approach

- 3.6 Under the guidance of Commercial and Procurement Services (CPS), the procurement of the consultant will take the form of a mini competition utilising Scotland Excel Engineering and Technical Consultancy Services Framework, lot 7 - Project Management undertaking an NEC3 Option A contract to ensure fixed costs throughout the delivery.
- 3.7 Ten suppliers who have secured a position within lot 7 will be invited to tender. It is anticipated the Council will receive a 20-50% return rate to its tender advert (2 to 5 bids).
- 3.8 In order to decrease the time to market, the Council will not alter the standard price/quality ratio set at framework inception, 60% quality and 40% price.
- 3.9 Commercial and Procurement Services anticipate that tender returns will be complete by 8 July 2016 and be in a position to award the contract week commencing 18 July 2016, subject to Finance and Resources Committee approval.

4. Measures of success

- 4.1 The SCSP-funded travel planning programme monitoring data from 2015/16 provides a base-line for measuring the impacts of further workplace engagement into 2016/17. Outputs from the project in 2015/16 project are outlined in Appendix 2. The outputs of the wider SCSP 2015/16 programme will be available in the evaluation report which will be considered by the Transport and Environment Committee on 30 August 2016.
- 4.2 Measures of success of the 2016/17 workplace travel planning project will be developed in the SCSP Project Plan, in accordance with the guidelines stipulated by the Scottish Government. These are likely to include:
- Increased awareness of active travel routes in the target area (%);
 - Increased awareness of other sustainable travel facilities in the target area (%);
 - Provision of promotional materials and maps related to the key local destinations in the target area by foot and bike (number distributed);
 - Numbers of employees: 1. engaged with the programme; 2. engaged in personalised travel planning; 3. who have increased or are considering increasing their level of active travel; and
 - Changes in attitudes toward active travel as a positive and possible way of getting around the city.
- 4.3 Following the project, longer term measurements will also be taken of:
- increases in local walking/cycling/public transport journeys, over the baseline (%); and
 - reductions in single occupancy car/van journeys, over the baseline (%).

5. Financial impact

- 5.1 The value of the contract, £95,000, plus the cost associated with procuring this contract which is estimated to be up to £10,000, have been budgeted for within the planned spending of the SCSP funding. The work covered in this report is 100% funded by the SCSP Scottish Government funding.
- 5.2 The SCSP programme requires 50% match funding by local authority and potential partners in order to claim the SCSP grant.
- 5.3 Match funding has been identified from proposed Council/Cycling, Walking, Safer Streets capital spending on cycling and walking projects. This will enable the Council to claim the grant, as per the grant conditions above. Eligible capital spend will be carefully monitored to mitigate the potential risk of mismatch in spending.

- 5.4 It should be noted that the Council's Capital Investment Programme is funded through a combination of General Capital Grant from the Scottish Government, developers and third party contributions, capital receipts and borrowing. The borrowing required is carried out in line with the Council's approved Treasury Management Strategy and is provided for on an overall programme basis rather than for individual capital projects.
- 5.5 The Council's share of match funding identified in this report forms part of the approved capital investment programme, and as such, provision for funding it will be met from the revenue loan charges budget earmarked to meet overall capital investment programme borrowing costs.

6. Risk, policy, compliance and governance impact

- 6.1 In March 2016, the Transport and Environment Committee agreed delegated powers to the Senior Manager – Roads Network, in consultation with the Convener and the Vice Convener, to further develop and deliver a plan and detailed programme for spending the SCSP funds.
- 6.2 Procurement guidelines for using consultants are being closely adhered to.
- 6.3 The SCSP programme provides a positive impact in delivering the Local Transport Strategy and allows progress to be made in delivering a key component of the Active Travel Action Plan (ATAP), to improve active travel marketing. Without the Smarter Choices, Smarter Places funding, there would be little or no progress on this important aspect of the ATAP.

7. Equalities impact

- 7.1 An Equalities and Rights Impact Assessment will continue into 2016/17.
- 7.2 There are likely to be positive impacts on enhancing the range of human rights. In particular, the project promotes an increased awareness of vulnerable road users, participation in active travel and the health and social benefits associated with active travel.

8. Sustainability impact

- 8.1 The impacts of this report in relation to the three elements of the Climate Change (Scotland) Act 2009 Public Bodies Duties have been considered, and the outcomes are summarised below. Relevant Council sustainable development policies have been taken into account and are noted at Background Reading later in this report.
- 8.2 The proposals in this report will reduce carbon emissions and help achieve a sustainable Edinburgh, as the project will help develop and contribute towards the outcomes of the Active Travel Action Plan and Sustainable Energy Action Plan.

9. Consultation and engagement

- 9.1 The Council's Active Travel Forum has been consulted on the composition of the SCSP programme for 2016-17, including travel planning initiatives. Engagement with and reporting to the Forum will continue throughout the project.

10. Background reading/external references

- 10.1 Active Travel Action Plan.
- 10.2 Smarter Choices, Smarter Places 2016/17 Application Guidance, February 2016.

Paul Lawrence

Executive Director of Place

Contact: Judith Cowie, Professional Officer (Smarter Choices, Smarter Places)

E-mail: judith.cowie@edinburgh.gov.uk | Tel: 0131 469 3694

11. Links

Coalition Pledges	P45 - Spend 5% of the transport budget on provision for cyclists P50 - Meet greenhouse gas targets, including the national target of 42% by 2020
Council Priorities	CO22 - Moving efficiently – Edinburgh has a transport system that improves connectivity and is green, healthy and accessible CO24 - The Council communicates effectively internally and externally and has an excellent reputation for customer care CO26 - The Council engages with stakeholders and works in partnership to improve services and deliver on agreed objectives
Single Outcome Agreement	SO2 - Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health SO4 - Edinburgh's communities are safer and have improved physical and social fabric
Appendices	1 - Outline of the travel planning project actions 1-14 2 - Outputs of the travel planning project in 2015/16

Appendix 1: Outline of the travel planning project actions 1-14

Distribute cycle and walking QuietRoutes network maps (online and paper)
Co-ordinate and publicise a cycle challenge between workplaces
Co-ordinate and publicise a walking challenge between workplaces
Offer Personalised Travel Planning in workplaces
Co-ordinate a range of initiatives to continue to encourage greater levels of commuting by walking, cycling and public transport
Facilitate good practice knowledge sharing between businesses
Facilitate realignment of Council travel incentives and promotion to match travel policy
Commission PTP system with plug-ins capacity to Council and external intranets
Management of feedback from businesses and users - Includes survey monkeys at the beginning and end of project. Open to businesses and the Council
Support businesses with events/training to increase active/sustainable travel
Build on outputs from 2015-16 project – eg assisting the Council to apply the strategy developed by consultants for co-ordinating travel planning
Update the Council's travel plan covering multiple sites
Assist with the creation of the BioQuarter travel plan and with initial actions
Directly support businesses to develop own travel plans based on the resources developed for the Council by consultants during 2015-16

Appendix 2: Outputs of the travel planning project in 2015/16

<p>Production of a database of travel plan co-ordinators of 35 Edinburgh workplace sites, each with over 200 employees (total estimated reach of 33,000 employees). The employers reached were a mix of large private and public sector (comprising education, health and government).</p>
<p>Organisation of a range of travel behaviour change initiatives such as cycling challenge (1,565 active participants from 119 organisations), travel roadshows (1,119 attendees), bicycle maintenance (246 bicycles serviced), personalised travel planning (220 participants), cycle friendly employer advice (33 organisations), active travel action plans (33 organisations), bicycle maintenance skills courses (4 courses), cycle leader training (3 sessions), walk leader training (1 session with 3 organisations), and corresponding feedback on how the provision of these services could be improved in future</p>
<p>The cycle challenge alone saw results of 114,981.8 miles logged in total over the three weeks, among 1,565 participants. 61% of trips were logged as 'for transport purposes', rather than leisure trips.</p>
<p>Monitoring data recording changes in levels of awareness of the 'On Foot, by Bike' campaign and the QuietRoutes between September 2015 and May 2016. Levels of awareness were higher than expected, and will be used to evaluate the success of brand awareness building projects for 'On Foot, by Bike' during 2016/17.</p>
<p>Survey results regarding current travel behaviour of the employees based at each workplace site - 1. Before the 2015/16 workplace travel planning (September 2015); 2. After the 2016/17 workplace travel planning (May 2016). Of these, new travel surveys are being undertaken at 23 locations, and 14 are organisation's own travel surveys.</p>
<p>Production of a strategy to co-ordinate travel planning to facilitate planning future workplace engagement as part of Smarter Choices Smarter Places programmes</p>

Finance and Resources Committee

10am, Thursday, 9 June 2016

Adoption of Scottish Government Liquid Fuels Framework

Item number 7.18

Report number

Executive/routine

Wards

Executive Summary

This report seeks the approval of the Finance and Resources Committee to adopt and implement the National Framework Agreement for Liquid Fuels; procured by the Scottish Government on behalf of the Scottish Public Sector, via a mini competition on the Crown Commercial Service Framework for Liquid Fuels.

The framework will be active for a period of two years, with the option to extend for a further 24 months, at 12 month intervals. Inclusive of extension, this contract may be utilised until 13 October 2019.

Over the four year period the value of the contract has been estimated at £11.2 million. This will be dependent on use and fluctuations in global oil prices.

Links

Coalition Pledges [P30](#)

Council Priorities [CP13](#)

Single Outcome Agreement

Adoption of Scottish Government Liquid Fuels Framework

1. Recommendations

- 1.1 It is recommended that Committee approves the adoption and implementation of the Liquid Fuels Contract, procured on behalf of the Scottish Public Sector, by the Scottish Government via mini competition. The contract is for an initial period of two years, with the option to extend for up to a further 24 months.

2. Background

- 2.1 The Crown Commercial Service established a national framework agreement for the bulk supply and delivery of liquid fuels.
- 2.2 This framework agreement was developed to replace the previous liquid fuels framework, which covered an annual spend in the region of £240million, served over 400 customers, with a combined total of over 6,000 sites taking liquid fuel deliveries. Development of the framework was undertaken in partnership with the Ministry of Defence and Scottish Government. Customer and supplier engagement was carried out prior to commencing procurement activity to ensure customer requirements were addressed and that innovation and savings opportunities included.
- 2.3 The Crown Commercial Service Liquid Fuels Framework Agreement for the bulk supply and delivery of liquid fuels takes the structure of four lots, with each lot further broken down and organised into regional areas. There are 16 suppliers over the four lots, offering the following:-
- 2.3.1 Lot 1: the supply of all types of heating oil for example, gas oil, kerosene, biodiesel etc
 - 2.3.2 Lot 2: the supply of automotive fuel including unleaded diesel and unleaded petrol
 - 2.3.3 Lot 3: the supply of marine oil
 - 2.3.4 Lot 4: a one stop shop where suppliers can offer all of the fuel types in lots 1 to 3 and national coverage. Aviation fuel can also be supplied under this lot.

Savings (the price paid - pence per litre for delivered fuel) are made up of:-

- 2.3.5 Commodity price of the fuel
 - 2.3.6 Duty
 - 2.3.7 Supplier margin
 - 2.3.8 Management charge
- 2.4 Under the Crown Commercial Service the commodity element of the price of fuel purchased is calculated by reference to the PLATTS Index (PLATTS is the leading independent provider of information and [benchmark prices for the commodities and energy markets](#)) which can change on a daily basis. An option is offered, within the framework, to select either daily or weekly lagged prices. A savings methodology was approved to assess the savings made by customers having access to this flexible pricing rather than having a fixed price for the commodity element of the price.
- 2.5 In order to get the most competitive price, the Scottish Government, on behalf of the Scottish Public Sector, conducted a mini competition on this national framework.
- 2.6 The City of Edinburgh Council procured its supply and delivery of liquid fuels for the previous two years through a similar agreement; a call-off contract from the Crown Commercial Service.
- 2.7 All liquid vehicular and heating fuel to the City of Edinburgh Council is provided by the Liquid Fuels Framework Agreement.

3. Main report

- 3.1 This contract encompasses the provision of liquid vehicular and heating fuel to the Council.
- 3.2 The User Intelligence Group (UIG) consulted with all member Councils and Organisations regarding the procurement strategy to be employed. As a result of the consultation, it was decided that the appropriate procurement route for the next liquid fuels contract should be another call off contract from the existing Crown Commercial Service Framework Agreement.
- 3.3 The rationale behind the UIG's decision that this tried and tested option offered the best route to market included:-
- 3.3.1 Time and resource savings would be achieved
 - 3.3.2 Local delivery efficiencies, which makes up a large proportion of fuel on-cost, could be maximised
 - 3.3.3 Competition amongst market leaders would be generated through the framework

- 3.4 In order to benefit from logistic savings, the mini competition was divided into the geographical regions outlined below:-
 - 3.4.1 Scotland North
 - 3.4.2 Scotland West
 - 3.4.3 Scotland Central
 - 3.4.4 Scotland South
- 3.5 The suppliers successful for the central region are as follows;
 - 3.5.1 Lot 1– Heating oil – Scottish Fuels
 - 3.5.2 Lot 2– Automotive Fuel – Scottish Fuels
 - 3.5.3 Lot 3– Marine Fuel – Henty Oil
 - 3.5.4 Lot 4– Aviation Fuel – Scottish Fuels
- 3.6 The Council only requires the use of Lot 1 and Lot 2.
- 3.7 Fuel prices are based on weekly PLATTS price; these are charged as an average of the daily prices in the week preceding the week of delivery. Savings are achieved by leveraging volume on supplier’s margin and delivery costs.
- 3.8 Inclusive of extension this contract can be utilised until 13 October 2019.

4. Measures of success

- 4.1 For the Council, being part of a national contract enables, through volume leverage and on-going demand, continual cost benefits against the current market costs. This allows the Council to obtain the best fuel prices at the time of ordering.

5. Financial impact

- 5.1 The estimated value of this contract is £11.2 million. However, due to fluctuations of global oil prices it is customary for this figure to vary.
- 5.2 Savings are made on delivery and supplier margins as fuel price is based on weekly PLATTS.
- 5.3 Potential savings have been calculated against figures from financial year 2014/15. The approximate volume of liquid fuel purchased in this period was 2,808,067 litres, if broken down by type, this equates to:-
 - 5.3.1 Diesel - 2,375,256 litres
 - 5.3.2 Gas Oil – 386, 953 litres
 - 5.3.3 Unleaded – 45,858 litres
- 5.4 Per annum savings are estimated at £48,939.65. Over the contract term it is anticipated that a saving of around £195,759.00 can be achieved.

- 5.5 Heating oil prices are subject to constant change, prices reflect demand, which naturally increases during the colder months. Therefore, it should be noted that, the unpredictability of seasonal weather makes it impossible to accurately calculate future usage; consequently actual savings could diverge from those outlined above.
- 5.6 Budget is in place for the initial contract term, however, if the extension is utilised there will be a requirement for consideration within the budget of financial years 2018/19 and 2019/20 for this spend.
- 5.7 The costs associated with procuring this contract are estimated at up to £10,000.

6. Risk, policy, compliance and governance impact

- 6.1 A Fleet Services will be responsible for the contract management including monitoring performance of the contract throughout the term.

7. Equalities impact

- 7.1 There is no relationship to the public sector general equality duty to the matters described in this report and no direct equalities impact arising from this report.

8. Sustainability impact

- 8.1 By procuring fuel as part of national contract, group rates are achieved, ensuring best price and reducing vehicle and property running costs.
- 8.2 It should be recognised that with the Council's continual efforts to move towards more environmentally friendly methods of transport (for example electric vehicles and more efficient fleet) fuel consumption should see a reduction, whilst realising increased environmental sustainability.

9. Consultation and engagement

- 9.1 Scottish Government held cross Public Sector User Intelligence Groups of which the Council was represented by an officer from Fleet Services.

10. Background reading/external references

- 10.1 N/A

Paul Lawrence

Executive Director of Place

Contact: Chris Laing, Admin & Finance Controller, Fleet Services

E-mail: chris.laing@edinburgh.gov.uk | Tel: 0131 347 1912

11. Links

Coalition Pledges	P30 - Continue to maintain a sound financial position including long-term financial planning
Council Priorities	CP13 - Transformation, Workforce, Citizen & partner engagement, Budget
Single Outcome Agreement	N/A
Appendices	N/A

Finance and Resources Committee

10.00am, Thursday, 9 June 2016

21st Century Homes - Procurement of a Developer for North Sighthill

Item number	7.19
Report number	
Executive/routine	Executive
Wards	Sighthill / Gorgie

Executive Summary

This report details the outcome of the tender evaluation for the procurement of a developer for the North Sighthill project and seeks approval to appoint a preferred bidder to deliver the housing development in partnership with the Council.

It is anticipated that works will start on site in spring 2017. The project will deliver a total of 316 homes within four and a half years of contract award.

Links

Coalition Pledges	P8, P9, P11,P29
Council Priorities	CP10, CP12
Single Outcome Agreement	SO4

21st Century Homes - Procurement of a Developer for North Sighthill

Recommendations

It is recommended that Finance and Resources Committee:

- 1.1 Approves the appointment of Keepmoat Regeneration Ltd as Preferred Bidder for the North Sighthill project.
- 1.2 Notes the total budget of £19.339m for the North Sighthill project, as detailed in the Financial Implications section of this report.
- 1.3 Notes that the £12.746m of prudential borrowing forms part of funding requirements presented within the Housing Revenue Account (HRA) five year capital programme approved by Council on 21 January 2016.
- 1.4 Authorises the Executive Director of Place, on behalf of the Council, to enter into the Development Agreement and all other ancillary documents (which will comprise the 'Contract') relative to the North Sighthill project.

Background

- 2.1 Development of the North Sighthill site was included in the 21st Century Homes business case approved by Health, Social Care and Housing Committee on 3 March 2009.
- 2.2 Between November 2006 and March 2013, a total of 451 households at North Sighthill were re-housed and a community centre and library re-provisioned to create a site for a new build housing development. There has been significant public consultation leading to the development of a master plan and a housing and public realm Design Guide. Consultation included the North Sighthill Development Group, the local Community Council, ward Councillors and Edinburgh College.
- 2.3 Approval of Matters Specified in Conditions for the affordable housing element of the project was granted by Planning on 21 October 2015. Design proposals include 184 affordable housing units for the Council, a 250sqm ground floor commercial shell and approximately 132 housing units for private sale. A location plan is included at Appendix 1 and the approved site layout plan is included at Appendix 2.

- 2.4 On 21 April 2015 the Health, Social Care and Housing Committee agreed to declare part of the site surplus to the operational requirements of the Housing Revenue Account (HRA) and available for disposal as private housing.
- 2.5 On 13 May 2015, Finance and Resources Committee agreed to invite tenders for the development of Council homes and private housing. This report advises committee of the outcome of the tendering process.

Main report

- 3.1 The North Sighthill project aims to deliver regeneration through the delivery of well designed housing, high quality public realm, a mix of housing tenures, 250sqm of commercial / retail space, support for jobs and wider community benefits.
- 3.2 As agreed by Committee on 13 May 2015, a fabric first approach will be taken to the construction of Council homes, including high levels of thermal insulation and air tightness. This will minimise the demand for heating and help tenants to keep their energy costs low.
- 3.3 The procurement approach adopted for this project was a restricted tender process. On 30 March 2015 a contract notice was published in the Official Journal of the European Union (OJEU) inviting expressions of interest from suitable developer applicants to deliver the project.
- 3.4 Interested parties responding to the OJEU notice were provided with a Pre-Qualification Questionnaire (PQQ). The Council evaluated PQQ responses and on 24 November 2015 issued an Invitation to Tender (ITT) to five bidders. One bidder subsequently withdrew interest.
- 3.5 Four tenders were received by the Council on 11 March 2016.

Tender Evaluation

- 3.6 The evaluation criteria formed part of the ITT. Tenders were evaluated on the basis of both quality and financial and commercial criteria, with the overall weighting applied 40% to quality and 60% to commercial. The 40% weighting applied to the quality criteria reflects the Council's commitment to ensure a high quality in workmanship, materials, project delivery and health and safety will be delivered by the successful developer, while securing best value for money in the construction price. A summary of the tender evaluation process is included at Appendix 3.
- 3.7 Tenders were scored in isolation by Evaluation Panel members in relation to quality (including contract delivery and community benefits) and financial and commercial aspects. The panel was comprised of Legal, Procurement, Construction and Financial professional staff and consultants. Consensus meetings took place following scoring of the quality and commercial elements and a final consensus meeting for the combined scoring took place on 18 April 2016. Edinburgh Tenants Federation attended a presentation by the bidders on their design proposals for the site.

- 3.8 The evaluation of the financial and commercial submissions was undertaken on the basis of affordability, including the cost of the construction of the affordable housing and the residual land value and overage offerings, financial robustness and risk and approach to appointing a factor and life cycle cost analysis. Bidders were required to submit fixed price bids for the delivery of the Council homes and commercial unit and guaranteed capital receipts in respect of the land for the private homes. Unsuccessful bidders submitted either a higher price or a bid that was caveated and transferred financial risk to the Council.
- 3.9 As part of the comprehensive tender evaluation process a number of value-for-money tests were undertaken. The results of these tests are as follows:
- The two lowest tender costs for the delivery of the Council homes were within the Quantity Surveyor's Cost Plan estimates provided in June 2015.
 - An independent cost consultant reported that the tender prices submitted compare favourably with similar projects, when reviewed on a cost per internal square metre basis.
 - Three of the four offerings in respect of capital receipts for the land for private sale homes compared extremely favourably with an earlier land valuation completed for the site.
- 3.10 The outcome of the tender evaluation is that Keepmoat Regeneration Ltd achieved the best overall score and has been identified as the Preferred Bidder.
- 3.11 The tender from Keepmoat Regeneration Ltd was assessed as delivering the highest quality of the four bids and it also scored the highest in relation to the commercial proposal. Final tender scores are included in Appendix 4.
- 3.12 Keepmoat Regeneration Ltd is an existing regeneration company with a presence in Scotland, England and Wales. The company will deliver the Council homes, commercial unit and the private sale homes.
- 3.13 Following award of the Contract the preferred bidder will develop designs and seek statutory consents, including detailed planning consent for the private sale properties. It is anticipated that works will commence on site in the spring of 2017.
- 3.14 The programme for developing the private housing at North Sighthill is dependent on the housing market and homes will be marketed by the developer for outright sale. The company aims to sell between three and four homes per month and this is considered a reasonable target in the current market.
- 3.15 The developer may also offer shared-equity homes and the Development Agreement incorporates intervention and acceleration rights to enable the developer and Council to consider alternative models to hasten sales, if required.
- 3.16 The Council will grant the developer a licence to occupy the site for the purpose of constructing housing for private market sale. Sale of the land will be to the individual purchaser as they conclude the purchase of their home.

Measures of success

- 4.1 A total of 316 tenure blind affordable and private homes to be delivered within a target date of spring 2021. All homes will be constructed to maximise energy efficiency, reducing the demand for heating and helping to keep energy costs low for occupants.
- 4.2 A total of 184 Council homes for rent (96 social rent and 88 mid-market rent) and 250sqm commercial shell for the sum of £17,804,805, to be delivered within two and a half years from award of contract.
- 4.3 A commitment to develop 132 units of private housing for sale concurrently with the Council housing to ensure maximum regeneration benefit.
- 4.4 Homes will be of bespoke design, energy efficient, tenure blind across the development in terms of materials and appearance, address carbon impact by the inclusion of renewable energy in the form of solar Photo Voltaic (PV) panels. All homes will be accessible and 10% of Council homes will be suitable for wheelchair users. The full development will achieve Secure by Design accreditation.
- 4.5 A capital receipt of £3,712,437 to be delivered in three instalments: at contract sign up, 12 months thereafter and 24 months following contract sign up.
- 4.6 Delivery of community benefits including 7 new apprenticeships and 24 employability programme candidates (a proportion of whom will be taken forward as apprentices), business insight and career support programmes, engagement with third sector organisations in supply chain, £200,000 in grant funding and 100 hours of staff voluntary support, investment in and support of community environment, arts and network projects.
- 4.7 A commitment to community engagement and development of community enterprise.
- 4.8 High quality public realm, including amenity ground and shared open space for use by residents.
- 4.9 A 250sq m retail shell that may be suitable for community or local business uses as a single, large unit or could be sub-divided into a maximum of three smaller units.

Financial impact

- 5.1 The preferred bidder has submitted a fixed price tender of £17,804,805 for the design and build of the Council housing and commercial unit and a payment of £3,712,437 for the land for private sale units. The capital receipt is forecast to be secured between 2016 and 2018.
- 5.2 The total funding requirement for the North Sighthill project is estimated at £19.339million. This figure includes the fixed contract price for the design and build of the Council homes, commercial shell unit and associated public realm and costs to the Council of managing the contract, including all professional fees.

- 5.3 Grant funding of £2.880 million has been secured by the project and, with the developer receipt of £3.712 million, will be utilised to fund the development. The preferred approach to meet the outstanding requirement is from prudential borrowing.
- 5.4 The North Sighthill project will be funded as follows:
- | | | |
|---|----------------------------------|-----------------|
| - | Agreed Scottish Government grant | £2.880 million |
| - | Developer Receipts | £3.712 million |
| - | HRA Prudential Borrowing | £12.746 million |
| - | Total required funding | £19.339 million |
- 5.5 In the period to March 2016 £0.439 million costs were incurred on the North Sighthill project. The remaining £18.900 million will be incurred between April 2016 and the end of 2019.
- 5.6 The report outlines total capital expenditure plans net of third party funding of £12.746m. If this expenditure were to be funded fully by borrowing, the overall loan charges associated with this expenditure over a 30 year period would be a principal amount of £12.746m and interest of £12.874m, resulting in a total cost of £25.62m based on a loans fund interest rate of 5.1%. The annual loan charges would be £0.854m.
- 5.7 It should be noted that the Council's Capital Investment Programme is funded through a combination of General Capital Grant from the Scottish Government, developers and third party contributions, capital receipts and borrowing. The borrowing required is carried out in line with the Council's approved Treasury Management Strategy and is provided for on an overall programme basis rather than for individual capital projects. Following instruction from Members, notional loan charge estimates have been provided above, which it should be noted are based on the assumption of borrowing in full for this capital project.
- 5.8 As the capital expenditure outlined in this report forms part of the approved HRA capital investment programme, provision for funding it will be met from the revenue loan charges budget earmarked to meet overall capital investment programme borrowing costs.
- 5.9 It is anticipated that from 2020/21 the project will begin making a return to the HRA. It is anticipated to deliver a return of around £11.9 million over a 30 year period (net of the borrowing cost).
- 5.10 A fixed price has been secured for the delivery of the Council homes and commercial shell unit. This significantly mitigates the financial risk to the Council. Active contract management will be required to ensure that any additional costs arising during the construction period are minimised and handled appropriately through the change control mechanism set within the Development Agreement.
- 5.11 A suitably qualified and experienced Senior Construction Project Manager will manage the contract on behalf of the Council. The construction works will be monitored by an experienced Clerk of Works.

- 5.12 The costs associated with procuring this contract are estimated at up to £35,000.

Risk, policy, compliance and governance impact

- 6.1 The tender process has been undertaken in compliance with the Public Contracts (Scotland) Regulations 2012.
- 6.2 The Council and its legal and commercial advisors assessed the risks to the Council of entering into a Development Agreement with Keepmoat Regeneration Ltd. The company is financially sound and will provide a parent company guarantee.
- 6.3 A Programme Board is in place for the 21st Century Homes programme, with representation from Housing and Regulatory Services, Legal, Finance, Procurement, Planning and Localities.
- 6.4 The developer's performance will be measured against Key Performance Indicators contained within the Development Agreement. Progress in delivering the project will be reported to the 21st Century Homes Programme Board.
- 6.5 The developer receipts payable in terms of the land value are guaranteed and will be paid in three tranches between 2016 and 2018.
- 6.6 Consent from Scottish ministers to dispose of HRA land under Section 12 of the Housing (Scotland) Act 1987 will be sought, in accordance with standard procedure.
- 6.7 Following appointment of the preferred bidder, procurement rules allow the Council to clarify aspects of the tender and confirm commitment, provided that this does not risk distorting competition or causing discrimination. There can be no material change to the developer proposal or to the price. It is, therefore, proposed that Committee grants delegated authority to the Executive Director, Place to award the contract.

Equalities impact

- 7.1 The Equality and Rights Impact Assessment for this project was reviewed in April 2016 and the following positive outcomes against the three Public Sector Equality Duties will be delivered by the North Sighthill project:
- 7.2 A mix of house types will be developed at North Sighthill to meet a range of housing needs. All Council housing will be accessible and built to Housing for Varying Needs standards, with 10% of new social rented homes suitable for wheelchair users.
- 7.3 Highly insulated, energy efficient homes with low heat demand will reduce cost in use for tenants and help address fuel poverty.
- 7.4 Building of new affordable housing has a positive impact on poverty and inequality targets by increasing access to housing for people with low incomes.

- 7.5 A Lettings Plan will be developed for the new housing for approval by Health, Social Care and Housing Committee. The Lettings Plan will be consistent with the Council's broader housing allocations policy which is reviewed periodically to ensure that it complies with current equality legislation.
- 7.6 Community benefits in terms of jobs, education and training will be secured through the North Sighthill contract.

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.
- 8.2 The proposals in this report will reduce carbon emissions because a fabric first approach will be taken to maximise the energy efficiency of the building envelope and minimise the requirement for heating. In addition, a renewable energy source in the form of solar PV panels will be installed to offset the carbon emissions resulting from the new construction.
- 8.3 The proposals in this report will increase the city's resilience to climate change impacts because a brownfield site will be regenerated, reducing pressure of the city's green belt. Sustainable Urban Drainage Systems (SUDS) will be utilised to flood-proof the development; and areas of public realm green space will be created.
- 8.4 The proposals in this report will help achieve a sustainable Edinburgh because the development will help address the demand for affordable housing for rent in the city; the development will provide opportunities for job creation and training; and the development will comply with current building regulations and use materials chosen on the basis of appropriate lifespan and low maintenance requirements, minimising environmental impact

Consultation and engagement

- 9.1 There was a high level of community engagement in the development of the master plan for the site and the Design Guide for the Council homes. These were developed in consultation with the North Sighthill Development Group (which includes representatives from the North Sighthill Residents Association, the Community Council, Napier University, Edinburgh College, Edinburgh Tenants Federation, the Sighthill medical centre, fire station and Parks).
- 9.2 The North Sighthill Development Group and the Community Council have been consulted regarding the proposals for the site prior to submission for Planning approvals. Ward councillors have also been consulted regarding the proposals for the site.
- 9.3 The local community and ward councillors will be kept informed in relation to the development of the housing proposals and the timetable for developing the site.

- 9.4 The developer has undertaken to engage fully with the local community in the assessment of detailed community benefits requirements and will appoint a community engagement specialist to lead this process.
- 9.5 There will be opportunities for new residents to be involved in the management of the new homes and the area through participation in a residents association. Local community groups and residents will also be given the opportunity to influence the design of public realm areas and the public arts projects on the site.

Background reading/external references

- 10.1 [21st Century Homes - Development of Site at North Sighthill - referral report to Finance and Resources Committee, 13 May 2015](#)

Paul Lawrence

Executive Director, Place

Contact: Colette McKenna, Senior Project Manager (Construction)

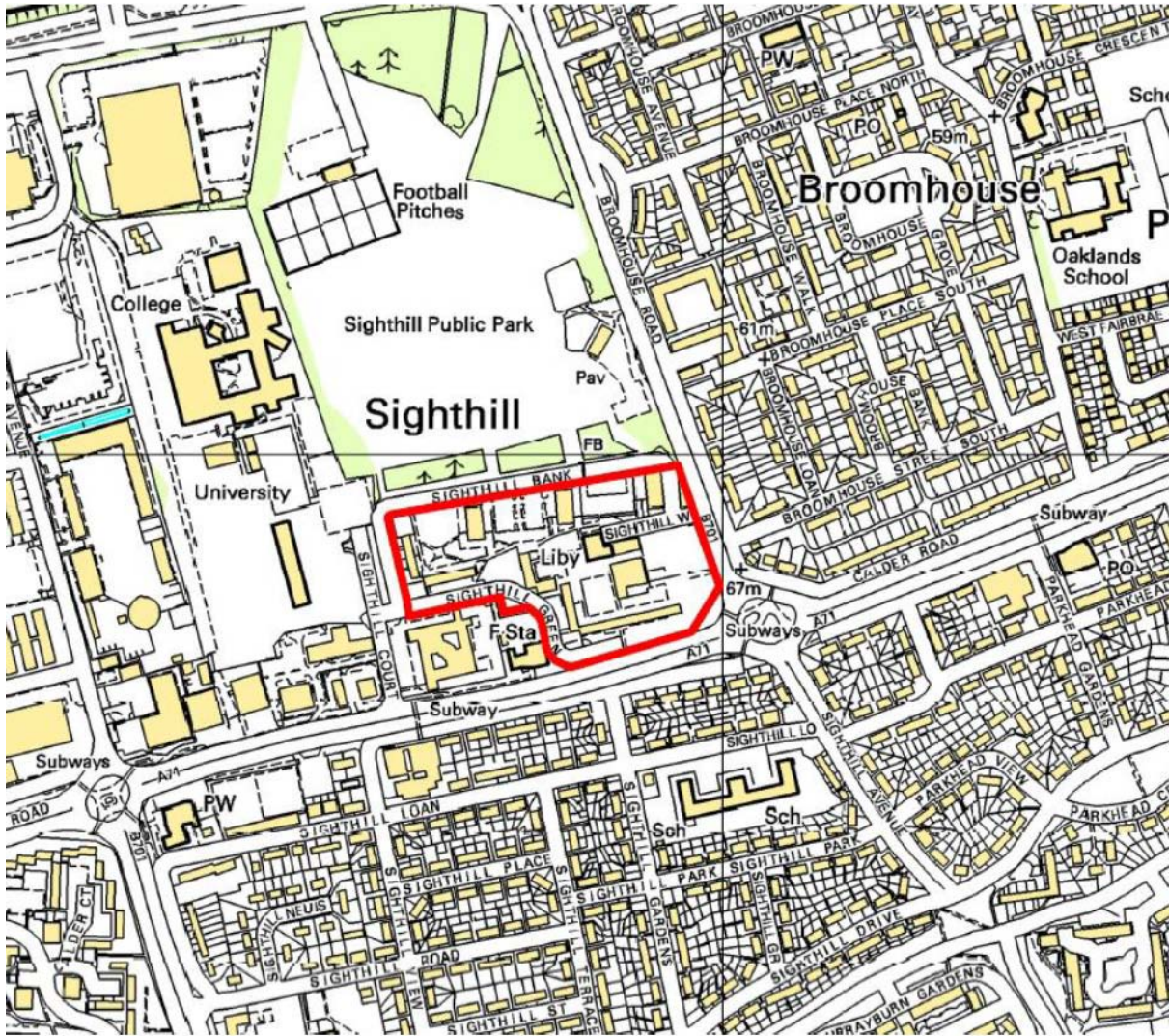
E-mail: colette.mckenna@edinburgh.gov.uk | Tel: 0131 529 7429

Links

Coalition Pledges	P8 - Make sure the city's people are well housed, including encouraging developers to build residential communities, starting with brownfield sites
	P9 - Work in partnership with Scottish Government to release more funds for Council homes for rent
	P11 - Encourage the development of co-operative housing arrangements
	P29 - Ensure the Council continues to take on apprentices and steps up efforts to prepare young people for work
Council Priorities	CP10 - A range of quality housing options
	CP12 - a built environment to match our ambitions
Single Outcome Agreement	SO4 - Edinburgh's communities are safer and have improved physical and social fabric
Appendices	Appendix 1 - North Sighthill Site Location Plan
	Appendix 2 - North Sighthill Site Layout Plan
	Appendix 3 - Summary of Tendering and Evaluation Processes
	Appendix 4 - North Sighthill tender scores

Appendix 1:

North Sighthill Location Plan



Appendix 2:
North Sighthill Site Layout Plan



NORTH SIGHTHILL DEVELOPMENT



- - - Area Within Red Line CEC
- - - Area Within Blue Line Developer
- - - Area Within Green Line Shared Cost of Roads

PROPOSED SITE PLAN
10/06/2015 1:1000 @A3

Appendix 3:

Summary of Tendering and Tender Evaluation Processes

Contract	Procurement of a Developer for North Sighthill
Contract period	4.5 years
Estimated contract value	£17.805 million
Standing Orders observed	yes
Portal used to advertise	yes
EU Procedure chosen	Restricted
Governing UK Regulation	Public Contracts (Scotland) regulations 2012
Invitations to tender issued	5
Tenders returned	4
Tenders fully compliant	yes
Recommended suppliers	Keepmoat Regeneration Ltd
Primary criterion	Most economically advantageous tender to have met the qualitative and technical specification of the client department

Appendix 3(continued):

Evaluation Weightings – Quality (weighting 40%)

Category	Sub-Criteria	Sub-Criteria %
Written Submission: Delivery, Design, Quality, H&S, Sustainability, Contract terms	Project delivery team & structure; Roles & responsibilities; Relevant skills & experience	10%
	Project Programme; Sequencing and delivery at key milestones	10%
	Methodology; Delivery strategy; Site issues	5%
	Design quality and compliance with Design Guide ; Approach to delivering master plan; Understanding of required architectural & public realm design quality	10%
	Project specific quality control proposals; Design, construction and procedural quality control	10%
	Approach to Community Benefit; Engagement; Wider Regeneration Initiatives	5%
	Approach to sustainability; waste reduction; innovation	5%
	Project specific approach to management of health & safety	5%
	Contract and Contractual Relationships	15%
	Total	75%
Bidder Presentation	Design quality and approach to overall development of site	15%
	Innovation, value engineering and added value	5%
	Community Engagement	5%
	Total	25%

Appendix 3(continued):

Evaluation Weightings – Financial & Commercial (weighting 60%)

Category	Sub-Criteria	Sub-Criteria %
Financial and Commercial	Affordability – construction cost for affordable housing (Risk adjusted NPV)	60%
	Affordability - Residual Land Value Receipt (Risk adjusted NPV)	15%
	Affordability – Council element of overage payments	3%
	Financial Risk & Robustness: Risk register; payment structures; Financial cost template; Financial model; Contract sum analysis; Funding solution; Delivery solution for private house sales	17%
	Post construction Management & Maintenance: Proposals for appointing factor; Life cycle cost analysis	5%
	Total	100%

Appendix 4:

North Sighthill Final Tender Scores

Criteria	Keepmoat	Bidder 2	Bidder 3	Bidder 4
Quality (40%)	33.4	26.8	32.4	29.2
Commercial & Financial (60%)	53.16	52.32	43.26	37.32
Total weighted score (100%)	86.56	79.12	75.66	66.52

Submitted costs for the construction of the Council housing ranged from £17,385,471 (lowest) to £21,714,615 (highest).

Residual land values offered for the private sale land ranged from £3,712,437 (highest) to £1,375,251 (lowest). To ensure a fair comparison, bids were evaluated on the basis of Net Present Value, to take account of the timings of payments and receipts.

Finance and Resources Committee

10.00 a.m. Thursday, 9 June 2016

Refurbishment and Re-development at the City Observatory, Calton Hill Complex

Delegated Authority for Award of Contract

Item number	7.20
Report number	
Executive/routine	Executive
Wards	A11 - City Centre

Executive Summary

City of Edinburgh Council and the Collective Gallery are working in partnership to secure grant funding for the refurbishment and re-development of the City Observatory and associated buildings within the Playfair designed walled grounds of Calton Hill.

In order to accelerate delivery to meet an opening time for the 2017 Festival, this report seeks Committee approval to delegate authority to the Executive Director of Place, in consultation with the Convener and Vice Convener of the Finance and Resources Committee, to appoint the Contractor that submits the most economically advantageous tender.

Links

Coalition Pledges	P03
Council Priorities	C01 and C02
Single Outcome Agreement	S03

Refurbishment and Re-development at the City Observatory, Calton Hill Complex

Delegated Authority for Award of Contract

1. Recommendations

- 1.1 It is recommended that Committee:
- 1.1.1 Delegates authority to the Executive Director of Place, in consultation with the Convener and Vice Convener of the Finance and Resources Committee, to appoint the contractor with the most economically advantageous bid to deliver the refurbishment works & redevelopment of the City Observatory, Calton Hill Complex.
 - 1.1.2 Note that tenders have been received from four short listed building contractors. The Council has completed the quality assessment of the bids and is currently in the process of evaluating the commercial bids.

2. Background

- 2.1 The scope of this project is to conserve and redevelop the Calton Hill City Observatory site and create additional accommodation including a gallery space and café/restaurant to facilitate an economically sustainable future for Collective Gallery on the site.
- 2.2 The main objectives of the project include:
- 2.2.1 the development of a permanent home for Collective on the Calton Hill site to support them in their aim to 'Create new synergies and opportunities for collaboration around art, science, innovation, research, architecture, astronomy and time'; and
 - 2.2.2 Identify and implement a programme of repair works to allow the buildings to operate effectively for public use.
- 2.3 To date, £3.9m of project funding has been secured. It is anticipated that the total construction works, including development and professional fees will be £3.77m.
- 2.4 The key sources of funding secured to date are:
- 2.4.1 City of Edinburgh Council - £1.1m
 - 2.4.2 Creative Scotland - £905,000
 - 2.4.3 Heritage Lottery Funding - £1.3m

2.4.4 Edinburgh World Heritage - £327,000

- 2.5 The works are currently programmed, providing Delegated Authority to the Executive Director of Place is secured, for completion for the Festival in 2017, maximising income opportunities for the Council and the Collective.

3. Main report

- 3.1 An Investment Steering Group was established in April 2014 to progress the project, which is being designed, procured and delivered by a combination of internal and external professionals lead by the Corporate Property Building Programme Team (BPT) and Commercial and Procurement Services (CPS)
- 3.2 The scope of construction works includes a new restaurant and coffee bar, refurbishment of the City observatory, Transit House and City Dome. There will be a new Subterranean Gallery and repairs to the Playfair Monument. All Planning and Listed Building Consent applications have been granted and the main Building Warrant has been issued.
- 3.3 Commercial and Procurement Services, in conjunction with the Building Programmes Team, undertook a full tender exercise by placing a contract notice on the Public Contracts Scotland Portal as a two stage procedure on 30 July 2015.
- 3.4 Twenty four organisations noted their interest in the contract and were able to download the Pre Qualification Questionnaire (PQQ) documentation which was attached to the notice. Thirteen organisations submitted PQQs by the closing date of 27 August 2015.
- 3.5 The aim of the PQQ evaluation process was to allow the Council to identify suitably qualified and experienced bidders to be invited to tender by considering their financial stability, technical capability, capacity, experience and organisational processes and procedures evidenced by previous project examples. As a result of the PQQ process six bidders were selected to be invited to tender.
- 3.6 In the invitation to tender it was stated that the contract would be awarded on the basis of the Most Economically Advantageous Tender with 30% of the overall score being given to quality and 70% given to price. This ratio was determined as an emphasis on price was required to the requirement to secure any shortfall in the fee bid through further funding arrangements therefore a very competitive bid was important. The quality of community benefits and the appointment of a contractor with value engineering experience and strong processes and procedures will be crucial to the success of the refurbishment which is why this was allocated 30% weighting.
- 3.7 The six bidders were selected at the PQQ stage to be invited to tender on 29 March with a return date of 9 May 2016. Two bidders withdrew from the process after the tender documentation had been issued to them citing other project commitments and limited capacity to undertake these works.

- 3.8 The four tender submissions received were evaluated individually by the six members of the evaluation team to determine a score for quality. In accordance with the agreed ratio the weighted maximum score for quality was 30. Seven evaluation criteria areas were identified, each having different weightings and being scored between 0 and 10 in accordance with the Evaluation Criteria Scoring Definitions included in the tender instructions issued to the bidders. Four award criteria areas were assessed from the bidders' written tender submission and the bidders also attended an interview which sought responses to the remaining three award criteria areas. Further details of the procurement process, including the members of the evaluation team and the seven quality evaluation criteria and their respective weightings, are provided in Appendix 1.
- 3.9 On completion of the individual evaluation process a consensus meeting was held attended by the members of the evaluation team and the contract administrator from Commercial and Procurement Services. Individual evaluation criteria scores were reviewed and debated and a consensus score reached for each bidder. The appropriate weighting was then applied to each of the individual evaluation criteria to arrive at a final quality score.
- 3.10 A threshold of 50% of the total available marks for quality was set to ensure that any bidder failing to provide a satisfactory response to the published evaluation criteria requested within the tender documentation would not be considered further and would not have their pricing bid opened.
- 3.11 Following completion of the quality analysis as all bidders had achieved the minimum threshold score of 50% for quality their pricing bids were opened and subject to a cost analysis.
- 3.12 Due to the complexity and nature of the works, the cost analysis is not expected to be complete until week commencing 13 June 2016 therefore, under the Scheme of Delegation, the Project Team is seeking Delegated Authority to the Executive Director of Place to award the contract providing the cost analysis demonstrates a positive outcome in terms of value for money and is within the budget allocation.

4. Measures of success

- 4.1 Delivery of the refurbishment and redevelopment of the City Observatory Calton Hill Complex on time, within budget and to a design specification which meets all related requirements.

5. Financial impact

- 5.1 The costs associated with procuring this contract are estimated at £20,001 - £35,000.
- 5.2 The report outlines total capital expenditure plans of £3.9m of which £1.1m will be funded by the Council and the remainder through third party resources. If the Council's element of the expenditure were to be funded fully by borrowing, the overall loan charges associated with this expenditure over a 20 year period would be a principal amount of £1.1m and interest of £0.720m, resulting in a total cost of £1.820m based on a loans fund interest rate of 5.1%. The annual loan charges would be £0.091m.
- 5.3 It should be noted that the Council's Capital Investment Programme is funded through a combination of General Capital Grant from the Scottish Government, developers and third party contributions, capital receipts and borrowing. The borrowing required is carried out in line with the Council's approved Treasury Management Strategy and is provided for on an overall programme basis rather than for individual capital projects. Following instruction from Members, notional loan charge estimates have been provided above, which it should be noted are based on the assumption of borrowing in full for this capital project.
- 5.4 As the capital expenditure outlined in this report forms part of the approved capital investment programme, provision for funding it will be met from the revenue loan charges budget earmarked to meet overall capital investment programme borrowing costs.
- 5.5 Other sources of funding has been secured from: Creative Scotland (£905,000), Heritage Lottery Fund (£1.3m) and Edinburgh World Heritage (£327,000).

6. Risk, policy, compliance and governance impact

- 6.1 There are no negative risk, policy, compliance and governance impacts arising from this report.

7. Equalities impact

- 7.1 An equality and Rights Impact Assessment for the Calton Hill Collective Project has been carried out and the following positive impacts are noted:
- 7.1.1 creation of a public access to the existing Observatory complex in full, for the first time in over 200 years;
 - 7.1.2 the whole site will be fully accessible to people with limited mobility for the first time ever;
 - 7.1.3 engagement and consultation with stakeholders and the public has been carried out over several years, and this project is widely supported;

- 7.1.4 development for the city's cultural infrastructure, and for its residents and visitors;
- 7.1.5 range of fully accessible visitor facilities, including toilets, will be provided for the first time ever on Calton Hill; and
- 7.1.6 access to the historic complex and to the new art gallery will be free to all members of the general public.

8. Sustainability impact

- 8.1 There are no negative sustainability impacts arising from this report. The refurbishment of the building will provide for its sustainable future.

9. Consultation and engagement

- 9.1 Throughout the feasibility and design stages of the project, over and above the conventional Planning consultations, stakeholders and public have been invited to participate in workshop sessions and launch events. These stakeholders included Built Environment Forum/Architectural Heritage Society of Scotland, Edinburgh World heritage Trust, Cockburn Association, Friends of Hillside and Calton Area and Calton Residents Association

10. Background reading/external references

- 10.1 Not required.

Paul Lawrence

Executive Director of Place

Contact: Frank Little, Culture Service Manager

E-mail: frank.little@edinburgh.gov.uk | Tel: 0131 529 3994

11. Links

Coalition pledges	P03
Council outcomes	C01 and C02
Single Outcome Agreement	S03

Appendix 1 - Summary of Tendering and Tender Evaluation Processes

Contract	Principal contractor for the refurbishment of Calton Hill
Contract period	Period of construction
Contract value	Not known at present
Standing Orders observed	2.4 Requirement to advertise 5.1.b Selection of the most economically advantageous tender
Portal used to advertise	www.publiccontractsscotland.co.uk
EU Procedure chosen	Restricted
Invitations to tender issued	Six
Tenders returned	Four
Tenders fully compliant	Not known at present

Recommended supplier	Not known at present
Primary criterion	Most economically advantageous tender to have met the qualitative and technical specification of the client department
Evaluation criteria and weightings	<p>Written responses were provided for the following award criteria areas:</p> <p>Delivery Team – 15%</p> <p>Approach – 20%</p> <p>Logistics Strategy – 15%</p> <p>Risk Assessment – 10%</p> <p>Bidders were invited to attend to present responses to the following award criteria areas at interview:</p> <p>Programme Key Milestones and Critical Path – 15%</p> <p>Value Engineering – 15%</p> <p>Community Benefits – 10%</p>
Evaluation Team	<p>Project Officer, Building Programme Team, Resources, CEC</p> <p>Design Team Manager, Building Programme Team, Resources, CEC</p> <p>Architect, Collective Architecture</p>

Finance and Resources Committee

10am, Thursday, 9 June 2016

Award of Contracts – Innovative Approaches to the Delivery of Care at Home Services

Item number	7.21
Report number	
Executive/routine	
Wards	

Executive summary

This report seeks the approval of the Finance and Resources Committee to award contracts to seven providers for the provision of 10% of Care at Home Services in eleven neighbourhood areas in innovative ways. The contract duration will be for three years. The total estimated value of the contracts is £6.9m (£2.3m per annum).

Taking account of the new responsibilities of the Integrated Joint Board, Committee are asked to note the Board confirmed funding and agreed to issue directions in respect of the recommendations in this report at its meeting on 13 May 2016.

Links

Coalition pledges
Council outcomes
Single Outcome Agreement

Award of Contracts – Innovative Approaches to the Delivery of Care at Home Services

Recommendations

- 1.1 It is recommended that the Finance and Resources Committee approves award of contracts, subject to final negotiation of contract terms and conditions, for the provision of 10% of Care at Home Services in individual neighbourhoods in innovative ways as undernoted for a period of three years from 1 October 2016, on the basis EIJB have confirmed funding and issued relevant directions to the Council.

Neighbourhood	Provider
1. Almond	3 rd Sector Collaborative
2. Craigentinny/Duddingston	Social Care Alba
3. Forth	Blackwood Housing Association
4. Inverleith	Blackwood Housing Association Trust Housing Association
5. Leith	3 rd Sector Collaborative Support for Ordinary Living
6. Liberton/Gilmerton	McSence
7. Pentlands	Blackwood Housing Association
8. Portobello/Craigmillar	3 rd Sector Collaborative Trust Housing Association
9. South Central	3 rd Sector Collaborative Viewpoint Housing Association Castle Rock/Edinvar Housing Association
10. South West	3 rd Sector Collaborative

Background

- 2.1 On 12 May 2016 Finance and Resources Committee appointed a number of providers to meet 90% of demand for Care at Home Services in eleven neighbourhood areas.
- 2.2 On 5 January 2016 the Council, acting on behalf of the EIJB prior to its formal inception, published a Prior Information Notice (PIN) on the Public Contracts Scotland portal. The PIN invited offers from providers to deliver the balance of 10% of services in the eleven neighbourhood areas in ways which have the potential to provide efficiencies in operational delivery and/or enhance capacity through the increased use of Technology Enabled Care (TEC) systems; the delivery of services which were more 'joined up' with other existing support services or, which had a particular focus on the prevention of unnecessary hospital admissions and the speedy discharge of those for whom hospital admission had been necessary.
- 2.3 These offers were sought as a means of helping the EIJB test alternative service delivery models as a means of facilitating its future management of growing demand for care at home against a backdrop of local labour shortages and budget reductions.
- 2.4 The published PIN noted the Council reserved the right to either enter into direct negotiations or seek formal tender applications without further advertising based on the volume of responses received. On the basis the innovative nature of the bids sought made a 'like for like' comparison approach impractical, the direct negotiation approach was agreed. Subject to report recommendations being approved, contracts will be directly awarded to the providers listed at 1.1.

Main report

- 3.1 Expressions of interest in providing Care at Home Services in new and/or innovative ways were received from 18 organisations by the deadline date of 29 January 2016. Following initial evaluation of all proposals, five were rejected on the basis they did not set out details of new and/or innovative ways of delivering care at home or, did so less well than others. The remaining thirteen organisations were invited to enter into dialogue with Council Officers. Dialogue sessions offered an opportunity to expand on written submission made by providers, for the Council to seek clarifications or to ask questions about these, and for bidders to ask questions of the Council.

3.2 Following dialogue, three organisations voluntarily withdrew from the process and bids from two others were rejected on the basis their ideas were not as well developed as others. The remaining seven bidders listed at 1.1 are recommended for award of contracts.

3.3 Of these:

- three are Housing Associations who aim to 'join up' the delivery of Housing Support and Care at Home Services in sheltered housing settings. This is intended to improve productivity by reducing the travel time and cost associated with current service delivery arrangements by creating dedicated care worker support teams in each sheltered housing complex. In this way they plan to offer a more integrated service model which is better able to anticipate and manage variations in service user health with a view to reducing unnecessary hospital admissions and facilitating the prompt discharge of Housing Association tenants from hospital where this has been necessary. The award of a number of joint contracts to Housing Associations is recommended on the basis of the distribution and ownership of sheltered housing sites;
- one is a collaborative of 3rd Sector organisations who have come together as a means of developing common management tools and sharing back office costs. The 'Collaborative' aims to demonstrate the 3rd Sector can achieve the scale and cost base necessary to sustain and make a significant contribution to the delivery of care at home. It also aims to add value to the Service by connecting service users to other 3rd Sector services as a means of reducing social isolation and supporting people to maintain or recover their sense of health and wellbeing;
- one joint award of a contract to the Collaborative and to Support for Ordinary Living (SOL) in the Leith neighbourhood is recommended on the basis SOL have a proven track record of innovation in the use of remote technology but need a local partner to deliver essential personal care. We believe the resulting partnership will facilitate learning and improved understanding of how best to combine technology solutions with the delivery of personal care services;
- one, McSence, is a social enterprise who have demonstrated a particular ability to recruit and retain staff in a way which delivers the continuity of care many service users tell us they need and want. By enabling its staff to develop meaningful, longer term relationships with service users, trusting relationships are also developed with local primary care providers, such as GP's and District Nurses. As a result variations in health can be successfully managed at home (rather than hospital), more often than where care arrangements are discontinuous;

- one, Social Care Alba, is a private sector provider who has demonstrated a particular commitment to the development of wearable technology designed to facilitate prompt health and social care interventions where there is a significant departure from a service user's normal 'vital sign and mobility' pattern. The use of this 'early warning' system is intended to prevent the escalation of health and wellbeing problems to the point where hospital admission becomes necessary.

Measures of success

- 4.1 Evaluation of the success or otherwise of the new and/or innovative ways of delivering Care at Home Services proposed by the providers listed at 1.1 contributes to the development of the evidence base required by the EIJB to inform the development of its commissioning strategy.

Financial impact

- 5.1 The award of 10% of business in each of eleven neighbourhoods equates to delivery of 2,764 hours per week at an annual cost of £2.3m.
- 5.2 The £2.3m contract value is included within the baseline budgets for the period 2016/17.
- 5.3 The costs associated with procuring the recommended contracts are estimated at £20,001 - £35,000.

Risk, policy, compliance and governance impact

- 6.1 Appendix 1 sets out the scoring methodology applied to the dialogue process.
- 6.2 The recommended direct award of contracts is compliant with Council Standing Orders and those applicable to the EIJB.

Equalities impact

- 7.1 The recommended award of contracts will have a positive equalities impact to the extent it allows the Council, together with service users and providers, to explore the benefits and/or disadvantages of alternative service delivery models for care at home as a means of ensuring the future sustainability of the service.

Sustainability impact

- 8.1 The recommended contract awards are designed to lead to reductions in staff travel time and the carbon footprint associated with the service.

Consultation and engagement

9.1 Private and 3rd Sector providers, NHS Lothian, the Health and Social Care Partnership and the EIJB Executive Team have all been involved in the contract design process. Consultation with service users is ongoing and will continue throughout contract implementation.

Background reading / external references

Appendix 1 – Innovation Bids Scoring Methodology

Care at Home – Contract Ref: CT0477, Finance and Resources Committee, 12 May 2016

Retender of Care at Home Contracts, Finance and Resources Committee, 29 October 2015.

Rob McCulloch-Graham

Chief Officer, Edinburgh Health and Social Care Partnership

Contact: Chris Whelan, Contracts Manager

E-mail: chris.whelan@edinburgh.gov.uk | Tel: 0131 553 8362

Links

Coalition pledges	CP2, CP3
Council outcomes	
Single Outcome Agreement	SO2
Appendices	

Appendix One

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

Finance and Resources Committee

10am, Thursday, 9 June 2016

Tynecastle Nursery – referral from the Education, Children and Families Committee

Item number	7.22
Report number	
Executive/routine	
Wards	

Executive summary

The Education, Children and Families Committee on 24 May 2016 considered a report outlining a revised proposal for the delivery of a replacement Tynecastle Nursery. The Committee approved the revised strategy for the delivery of a new nursery and referred the report to the Finance and Resources Committee for approval of the terms and conditions.

Links

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

Terms of Referral

Tynecastle Nursery

Terms of referral

- 1.1 The Education, Children and Families Committee on 19 May 2015 had approved a proposal to replace the existing Tynecastle nursery school with a new expanded facility. A feasibility study concluded that the new nursery facility could be delivered within the existing Tynecastle Nursery site while the current nursery remained operational.
- 1.2 On 24 May 2016, the Education, Children and Families Committee considered a joint report by the Acting Executive Directors of Communities and Families and Resources advising that the Council had been approached by Heart of Midlothian Football Club (HMFC) who required the nursery site as part of their proposed redevelopment of the main stand at Tynecastle stadium. HMFC were proposing to provide a new permanent nursery facility (to the same specification as the previously approved proposal) as part of their stadium redevelopment which, in turn, would be leased to the Council at a peppercorn rent.
- 1.3 HMFC would lease land to the Council to accommodate a new temporary nursery until the permanent nursery had been completed.
- 1.4 The Committee also heard a deputation from the parents of Tynecastle Nursery who raised concerns regarding the orientation and size of available outdoor space.

Motion

- 1.5 To note the proposals by Heart of Midlothian Football Club to redevelop their main stand and the impact on the Council's current proposal to replace Tynecastle Nursery.
- 1.6 To approve the revised strategy for the delivery of a new Tynecastle Nursery as detailed in the joint report by the Acting Executive Directors of Communities and Families and Resources.

- 1.7 To refer the joint report to the Finance and Resources Committee for final approval of the terms and conditions as detailed in paragraph 3.5 of the report.
- 1.8 To note that discussions with staff and parents would continue before the plans were finally agreed.
- 1.9 To agree that a Working Group be established, including staff, parents and the project architect, to bring forward the plans and to specifically look at concerns over the outdoor play/garden area.

- Moved by Councillor Godzik, seconded by Councillor Fullerton.

Amendment

- 1.10 To note the proposals by Heart of Midlothian Football Club to redevelop their main stand and the impact on the Council's current proposal to replace Tynecastle Nursery.
- 1.11 To approve the revised strategy for the delivery of a new Tynecastle Nursery as detailed in the joint report by the Acting Executive Directors of Communities and Families and Resources.
- 1.12 To refer the joint report to the Finance and Resources Committee for final approval of the terms and conditions as detailed in paragraph 3.5 of the report.
- 1.13 To recognise the very high value attached by the nursery community to the scale and quality of the outdoor play space and therefore to seek to ensure that there is at least the equivalent size of outdoor play space in the new nursery.

- Moved by Councillor Corbett, seconded by Councillor Main.

Voting

- 1.14 For the motion 18 votes
- 1.15 For the amendment 6 votes

Decision

- 1.16 To approve the motion by Councillor Godzik.

For Decision/Action

- 2.1 The Finance and Resources Committee is asked to approve the terms and conditions for the delivery of a new Tynecastle Nursery as outlined in Paragraph 3.5 of the attached joint report by the Acting Executive Directors of Communities and Families and Resources.

Background reading / external references

[Minute of the Education, Children and Families Committee - 19 May 2015](#)

Kirsty-Louise Campbell

Interim Head of Strategy and Insight

Contact: Ross Murray, Acting Committee Clerk

E-mail: Ross.Murray@edinburgh.gov.uk | Tel: 0131 469 3870

Links

Coalition pledges

Council outcomes

Single Outcome Agreement

Appendices

Tynecastle Nursery – joint report by the Acting Executive Director of Communities and Families and the Acting Executive Director of Resources

Education, Children and Families Committee

10am, Tuesday 24 May 2016

Tynecastle Nursery

Item number	7.22
Report number	
Executive/routine	Executive
Wards	7 – Sighthill/Gorgie

Executive summary

On 19 May 2015, the Education, Children and Families Committee approved the replacement of the existing Tynecastle nursery school with a new and expanded facility. A feasibility study concluded that the new facility would be delivered within the existing Tynecastle Nursery site while the current nursery remained operational.

The Council has now been approached by Heart of Midlothian FC who require the nursery site as part of the proposed redevelopment of Tynecastle Stadium. Consequently, this report seeks authority to enter into revised redevelopment proposals for the delivery of a new nursery for the Tynecastle area.

Links

Coalition pledges	P4
Council outcomes	CO1 and CO2
Single Outcome Agreement	SO3

Report

Recommendations

- 1.1 That Committee:-
- 1.2 Notes the proposals by Heart of Midlothian FC to redevelop their main stand and the impact on the Council's current proposal to replace Tynecastle Nursery;
- 1.3 Approves the revised strategy for the delivery of a new Tynecastle Nursery as detailed in this report; and
- 1.4 Refers this report to the Finance and Resources Committee for final approval of the terms and conditions, as detailed in paragraph 3.5.

Background

- 2.1 The Children and Young People (Scotland) Act 2014 sets out a requirement to expand free nursery provision from 475 hours to 600 hours a year for all three and four year olds, and for certain two year olds. In line with this requirement the Scottish Government has provided capital funding to the Council to assist with the delivery of additional early years capacity across the estate. The Education, Children and Families Committee has previously approved the use of this funding to provide replacement and/or expanded early years facilities at ten locations across Edinburgh.
- 2.2 On 19 May 2015, a [report](#) to the Education, Children and Families Committee included a proposal to replace the existing Tynecastle nursery school with a new and expanded facility. The current nursery facility operates near to its 40:40 capacity however, the building is in very poor condition and is at the end of its natural life cycle, which poses concerns regarding the ongoing continuity of provision of the service. The anticipated number of eligible two year olds also necessitates additional accommodation being provided to cater for that age group in this area. Committee therefore approved that the current nursery would be replaced with a 40:40 facility for three and four year olds with additional provision to cater for 15 two year olds.
- 2.3 An initial assessment concluded that the new facility could be delivered within the existing Tynecastle Nursery site while the current nursery remained operational (i.e. no decant would be required) although the amount of external play space available would be significantly reduced during the period of construction. The accommodation brief for this size of facility to comply with all necessary requirements, including the School Premises Regulations and the Care Commission, identifies a requirement for internal space of 370m² and a maximum area of external space of 512m². A budgetary estimate of £1.221m

was identified by applying an assumed all-in rate of £3,300/m² to the internal space requirement.

- 2.4 Following Committee approval, a design team was commissioned to progress with the delivery of the new Tynecastle Nursery and five of the other new nurseries. Shortly after the appointment of the design team, the Council was approached by Heart of Midlothian Football Club (HoM) about their proposals to replace the main stand at Tynecastle football stadium. The plans for the new stand would require the use of the land on which the current Tynecastle Nursery is located and HoM were enquiring about the possibility of gaining access to this land to allow their development proposals to proceed.
- 2.5 Part of the initial approach by HoM was a willingness to discuss the provision of a temporary nursery facility on another location within their land ownership and the provision of a permanent nursery facility within their new stand development as part of an overall development agreement with the Council. Due to this approach, the work on the new Tynecastle Nursery by the design team appointed by the Council was put on hold to allow negotiations with HoM to proceed.
- 2.6 The main stand redevelopment proposals also affect a further property owned by the Council. The former Adult Training Centre, adjacent to the existing nursery, has been leased to HoM for several years on a short term tenancy at a passing rent of £30k per annum.
- 2.7 The negotiations with HoM have now reached a stage where the proposed development agreement requires approval by the Education, Children and Families and Finance and Resources Committees. The main terms of the proposed agreement are therefore provided in the following section of this report for consideration by Committee.

Main report

- 3.1 In recent years, Heart of Midlothian Football Club has confirmed it intends to remain at Tynecastle Stadium in the long term. At least 18 competitive games are hosted at Tynecastle Stadium in a typical year. While three stands of the stadium were rebuilt in the 1990s, the Main (east) Stand dates back to 1914. HoM proposes to redevelop the Main Stand to increase the stadium's capacity from 17,420 to over 20,000. The redevelopment would raise the stadium to UEFA standards, enabling it to host European games, and deliver an improved experience for spectators and players. HoM aims to deliver the redevelopment in time for the 2018/19 football season, with games continuing to be played at Tynecastle throughout the redevelopment.
- 3.2 Originally, HoM had approached the Council to acquire the former Adult Training Centre, which is currently leased to them. The reason for this was that the building is in poor condition and requires considerable capital investment to maintain its future use. Whilst agreement was not reached on a market value,

the Council is of the opinion that the asset is worth £260k and this is now incorporated into the wider redevelopment proposals described below.

3.3 The assets that form part of this redevelopment proposal are shown on the plan at Appendix 1. These are:

- The existing Tynecastle Stadium owned by HoM;
- The existing Nursery site extending to an area of 0.137 hectares (0.34 acs);
- The former Adult Training Centre currently used by HoM as a ticket office extending to an area of 0.227 hectares (0.227 acs); and
- Gerrard's Yard comprising an area of hard standing to the south west of Tynecastle Stadium owned by HoM.

3.4 The proposals will see HoM provide a new permanent nursery facility, to the Council's specification (which would be the same as would have applied under the previous proposal), as part of their stadium redevelopment which, in turn, will be leased to the Council at a peppercorn rent. The proposals are complicated by the timing requirements to vacate the existing nursery site to allow for its demolition, which will necessitate the need for a temporary nursery accommodation solution during the construction period.

3.5 The provisionally agreed terms and conditions are as follows:-

- The contract for the sale of the existing ATC and Nursery and all other obligations in that contract and any related development agreement are suspensively conditional upon the grant of a planning permission for the redevelopment of the main stand.
- If planning permission is secured, the Council will grant a development licence over its assets to HoM to allow the construction of the stand. Once the new nursery reaches practical completion, title will transfer and the lease for the Council to occupy the nursery will commence on the same date. The grant of planning consent and commencement of the development licence is targeted to be 1 October 2016.
- HoM will construct a new upgraded 'turn-key' nursery to an agreed specification - this will include the building of the 'shell' and agreed 'fixed' fit-out. The facility will be leased to the Council for a period of 35 years at £1 pa following which HoM will retain ownership.
- The Council will make a contribution of £0.5m directly towards the new nursery facility. This will be paid into an Escrow account on the granting of the development licence. The funds will be released on commencement of construction of the new stand.

- HoM will lease to CEC at £1 pa the site known as Gerrard's Yard which will be used to accommodate a new temporary nursery until the new permanent nursery has been completed.
- CEC will procure and build/fit out the new temporary nursery for its exclusive use, with a target decant completion date of no later than 1 October 2016. If for any reason the decant cannot be completed by this date there will be no penalty to the Council and every endeavour will be made to complete the decant as soon as possible.
- Should HoM not proceed with the stadium redevelopment within 18 months of the granting of the development licence, a sum of £0.26m will be paid to CEC and HoM will obtain the Title to the former ATC site. CEC will be able to continue the lease for the temporary nursery at Gerrard's Yard on the same terms for a period to allow a permanent nursery to be constructed by CEC on the original nursery site

3.6 Visuals of the temporary and permanent nursery are shown on Appendix 2 and 3 respectively.

3.7 The following table provides a financial comparison between the Council's original proposals and the new proposals :-

Original Proposal	Income/(Cost)	New Proposal	Income/(Cost)
Scottish Government capital grant	£1.221m	Scottish Government capital grant	£1.221m
New Nursery cost	(£1.221m)	Temporary decant	(£0.3m)
Sale of ATC	£0.26m		<u>Nil</u>
		New nursery contribution	(£0.5m)
CEC direct costs relating to the new nursery			(£0.07m)
Net funding position within overall Council Programme	Reduction in overall borrowing of £0.26m from capital receipt		£0.351m remaining capital funding from original £1.221m plus investment

	realised		in a TU that can be redeployed (value approx. £0.2m)
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- 3.8 In real terms the current proposals will leave the Council with an estimated £0.351m in the Communities and Families capital investment programme together with a new temporary unit (value £0.2m) that can be redeployed to meet the rising demand for nursery accommodation elsewhere in the City.
- 3.9 The capital funding of £0.351m which would be released as a result of this proposal will be initially retained as contingency in the event of any potential issues with the funding which has been assigned for the other five new nurseries which are currently being progressed. For the first four of these projects a budget was set based on a very indicative rate of £3,000/m². The rate used to set the budgets for the more recent approvals (including Tynecastle) of £3,300/m² which was based on latest cost data and is considered to be more reflective of the cost required to deliver these facilities.
- 3.10 The redevelopment as proposed would also have a number of further benefits for the city. An economic impact assessment of HoM carried out in 2015 found that the club supported the equivalent of 197 full-time equivalent jobs and £7.33 million of gross value added per annum. A number of public realm improvements would be delivered on McLeod Street. The expanded visitor offer could be expected to support an additional 13 part-time hospitality jobs, while expenditure by the expanded number of day visitors to Edinburgh could support a further 6 jobs. The redevelopment would bring Tynecastle Stadium to UEFA standards, rendering it eligible to bid to host games associated with major European and international football contests. While there is considerable competition to host these contests, the economic impact of hosting one were HoM to mount a successful bid would be substantial.

Measures of success

- 4.1 Measures of success will be:
- 4.2 Successful delivery of the temporary nursery solution in line with the timescales required in the agreement with HoM.
- 4.3 Successful delivery of the permanent nursery solution within the HoM development to the specifications and within the timescales included in the agreement with HoM.
- 4.4 Delivery of both the temporary and permanent nursery solutions within the financial parameters outlined in sections 3 and 5 of this report.

Financial impact

- 5.1 The financial impact is explained in paragraph 3.7.

- 5.2 The proposals set out within the paper require capital expenditure of £0.87m, compared to £1.221m under the original considered solution. In real terms the suggested proposals will leave the Council with £0.351m in the Communities and Families capital investment programme. This funding will be initially retained as contingency in the event of any potential issues with the funding which has been assigned for the other five new nurseries which are currently being progressed.
- 5.3 The Council's Capital Investment Programme is funded through a combination of General Capital Grant from the Scottish Government, developers and third party contributions, capital receipts and borrowing. The borrowing required is carried out in line with the Council's approved Treasury Management Strategy and is provided for on an overall programme basis rather than for individual capital projects.
- 5.4 However, the capital expenditure identified above of £0.87m will be funded fully from additional capital funding which has been provided by the Scottish Government for this purpose and therefore this expenditure will entail no borrowing requirement or associated loan charges.

Risk, policy, compliance and governance impact

- 6.1 All Communities and Families capital projects are delivered in line with the Council's Risk Management Policy and Framework. Ensuring sufficient accommodation to meet the requirements for early years provision created by The Children and Young People (Scotland) Act 2014 is the key objective of the Early Years programme and there would be a significant reputational risk to the Council if this is not achieved.
- 6.2 The Early Years programme is overseen by an Investment Steering Group which operates based on the project management principles of Prince 2 following the same governance structure as all other Council major projects including the delivery of new schools. The consideration and management of risk is undertaken through this group.
- 6.3 There is a risk that HoM decide not to proceed. This risk is mitigated by an obligation on them to acquire the ATC site, which would be used to top up the Capital Investment Programme. In the event of this eventuality occurring the Council would revert to the original proposal and still have the TU for redeployment.

Equalities impact

- 7.1 There are no negative equality or human rights impacts arising from this report.
- 7.2 By offering additional early years facilities the Council is responding to parental choice and endeavouring to offer all eligible children from all equalities groups the opportunity to quality pre-school learning. The Council will continue to ensure that the needs of children who have a disability are met by the

accommodation available at the new early years facilities being provided. The provision of facilities offered to users with learning and behavioural support needs will be unaffected. Accordingly, these proposals have no significant impact on any equalities groups and provide greater opportunities for children to attend early years facilities in their local area.

Sustainability impact

- 8.1 This project protects existing and creates additional early years accommodation in the local area and accordingly it should ensure that changes to travel patterns are minimised and established social cohesion within the community is maintained. The project will also meet the latest energy efficiency requirements through the statutory building warrant process as a minimum. The project also allows a major Edinburgh institution, HoM, to implement its growth strategy and contributes to the economic stability of the club.

Consultation and engagement

- 9.1 A working group involving the nursery school staff and parent representatives will be established to ensure full engagement during the delivery of this project.
- 9.2 Whilst the proposal would involve Tynecastle Nursery moving to a different site, this will be an entirely temporary arrangements therefore no statutory consultation would be required under the provisions of the Schools (Consultation) (Scotland) Act 2010 as amended by the Children and Young People (Scotland) Act 2014.

Background reading/external references

[Early Years Capital Investment](#), Report to Education, Children and Families Committee 19 May 2015.

Hugh Dunn

Acting Executive Director of Resources

Alistair Gaw

Acting Executive Director of Communities and Families

Contact:

Peter Watton, Acting Head of Corporate Property

E-mail: peter.watton@edinburgh.gov.uk | Tel: 0131 529 5962

Crawford McGhie, School Estate Planning Manager

E-mail: crawford.mcghie@edinburgh.gov.uk | Tel: 0131 469 3469

Links

Coalition pledges	P04 - Draw up a long-term strategic plan to tackle both over-crowding and under use in schools
Council outcomes	C01 - Our children have the best start in life, are able to make and sustain relationships and are ready to succeed. C02 - Our children and young people are successful learners, confident individuals and responsible citizens making a positive contribution to their communities.
Single Outcome Agreement	S03 - Edinburgh's children and young people enjoy their childhood and fulfil their potential
Appendices	1 – Tynecastle Nursery proposed location 2 – Indicative layout of temporary nursery in Gerrard's Yard 3 – Indicative visuals of replacement nursery

Appendix 1 – Tynecastle Nursery proposed location



Appendix 2 – Indicative layout of temporary nursery in Gerrard's Yard



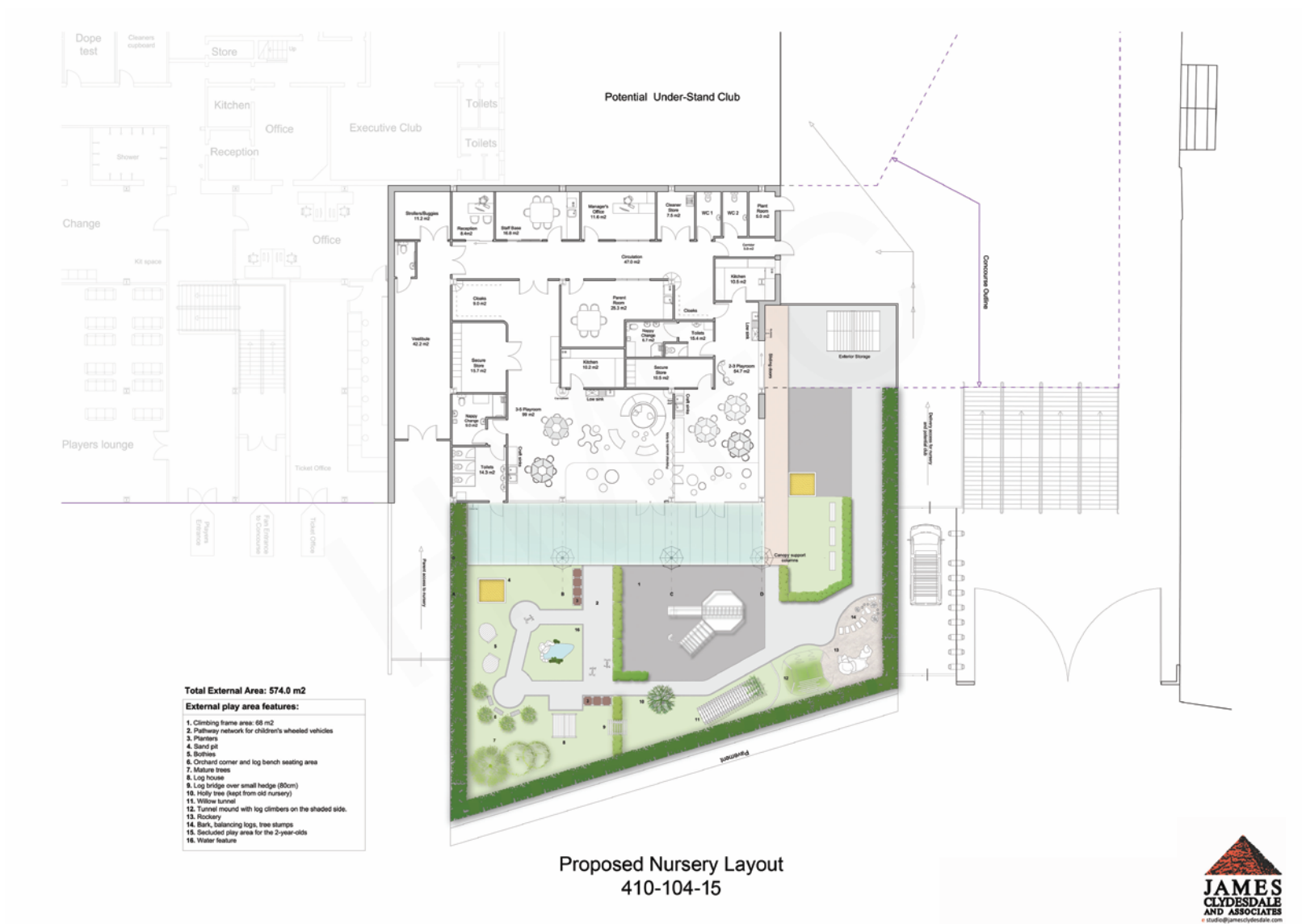
Appendix 3 – Indicative visuals of replacement nursery



The existing nursery with Tynecastle Stadium to the rear, looking west from McLeod Street



The proposed redeveloped Main Stand of Tynecastle Stadium, looking west from McLeod Street, with the nursery visible on the far right



The proposed layout of the replacement nursery within the redeveloped Main Stand



Proposed Nursery Exterior Space Layout
410-104-17



The proposed external play area of the replacement nursery

Education, Children and Families Committee – 24 May 2016

Finance and Resources Committee

10.00am, Thursday 9 June 2016

Appointments to Sub-Committees and Working Groups – 2016/17

Item number	7.23
Report number	
Wards	All

[Executive summary](#)

The Finance and Resources Committee is required to annually re-appoint the membership of its Sub-Committees and Working Groups for 2016/17. The current membership is detailed in Appendix 1 to this report.

[Links](#)

[Coalition pledges](#)

[Council outcomes](#)

[Single Outcome Agreement](#)

[Appendices](#)

Appointments to Sub-Committees and Working Groups – 2016/17

Recommendations

- 1.1 To appoint the membership of the Sub-Committees and Working Groups for 2016/17 as detailed in Appendix 1 to the report.

Main report

- 2.1 The Finance and Resources Committee on 4 June 2015 had appointed membership to its Sub-Committees and Working Groups for 2015/16.
- 2.2 The Committee is requested to reappoint the membership of its Sub-Committees and Working Groups for 2016/17.

Measure of Success

- 3.1 Not applicable.

Financial impact

- 4.1 Not applicable.

Risk, policy, compliance and governance impact

- 5.1 The Sub-Committee will be unable to take decisions unless a membership is appointed by the Committee in line with the Committee Terms of Reference and Delegated Functions.

Equalities Impact

- 6.1 Not applicable.

Sustainability Impact

- 7.1 Not applicable.

Consultation and Engagement

- 8.1 Not applicable.

Background reading/external references

Andrew Kerr

Chief Executive

Contact: Veronica MacMillan, Committee Clerk

E-mail: veronica.macmillan@edinburgh.gov.uk | Tel: 0131 529 4283

Links

Coalition pledges

Council outcomes

**Single Outcome
Agreement**

Appendices

Joint Consultative Group (JCG) – 6 members – Convener and Vice – Convener of the Finance and Resources Committee, 1 Labour, 1 SNP , 1 Conservative and 1 Green member.	
Councillor Rankin (Convener)	Councillor Bill Cook
Councillor Burns	Councillor Dixon
Green Vacancy	Councillor Whyte
Elected Member ICT and Digital Sounding Board – 8 members – Convener and Vice-Convener of the Finance and Resources Committee, 2 Labour, 3 SNP, 1 Conservative and 1 Green.	
Councillor Rankin	Councillor Gardner
Councillor Booth	Councillor Lunn
Councillor Bill Cook	Councillor Ross
Councillor Dixon	Councillor Whyte
Corporate Health, Safety and Well-Being Group – Vice-Convener of the Finance and Resources Committee.	
Councillor Bill Cook	6 Directorate Health and Safety Champions
8 Trade Union Representatives	
Property Sub-Committee – 10 members – Convener and Vice-Convener of the Finance and Resources Committee, 2 Labour, 2 SNP, 2 Conservative, 1 Green and 1 SLD.	
Councillor Rankin	Councillor Griffiths
Councillor Bill Cook	Councillor Jackson
Councillor Corbett	Councillor McVey
Councillor Dixon	Councillor Mowat
Councillor Edie	Councillor Walker

Finance and Resources Committee

10.00am, Thursday 9 June 2016

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

Item number	7.24
Report number	
Executive/routine	
Wards	

Executive summary

This report provides 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 implementation of ESRS

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 April 2016.

Main report

Management information

- 3.1 Management Information as at 25 April 2016 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 April 2016 a total of £11.6m has been approved for write-off against the provision comprising irrecoverable sums of £6.9m, aged debt of £0.5m and a total value of £4.2m for settlements to date.
- 3.4 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

- 3.5 Billing on Deloitte reviewed projects is now complete at a total of £17.6m.

- 3.6 To 25 April 2016, £11.4m has been received in payment from individual owners. A further £1.4m has been secured in payment plans and inhibitions. Total recovery rate in debt collected and secured debt is £12.8m (73%). The current level of Deloitte Project Joule debt written off but secured through inhibitions is £0.2m (1%).
- 3.7 The balance of debt of £4.6m (26%) is being actively pursued, predominantly through Morton Fraser, and is at various stages of recovery.

Debt Recovery – Morton Fraser

- 3.8 Under the extended contracted arrangements, instructions continue to be sent to Morton Fraser for statutory notice debt recovery. Since 1 April 2015, 660 instructions have been issued to Morton Fraser with a total value of £6.7m for debt collection.
- 3.9 From April 2015 to 25 April 2016 the overall sums recovered or in payment plans secured by Morton Fraser total £2.2m (33%) over 267 customers (40.5%).
- 3.10 The costs of Morton Fraser to date in return for the £2.2m recovery is £128k. As at 25 April 2016 the percentage solicitor's fees against sums recovered is 5.7%. The solicitor's fee to debt recovery ratio is £17 recovered for every £1 spent. These figures will vary from month to month.
- 3.11 Monthly review meetings are now established between the Council and Morton Fraser with performance measures, standards and reporting in place.
- 3.12 All Project Joule Statutory Notice debt related instructions are now with Morton Fraser to progress recovery action.

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 April 2016 the suspended debt has reduced from £6.4m to £0.8m.
- 3.15 Of the remaining £0.8m suspended debt, 2 projects carry a combined value of £0.5m debt outstanding (63%). The settlement of both projects is currently being progressed.
- 3.16 The remaining suspended debt of £0.3m (37%) relates primarily to old legacy invoices which are at various stages of investigation and recovery.

Complaint Resolution & Settlements

- 3.17 All 407 customers who raised specific concerns relating to 155 Statutory Notice projects and had their cases reviewed by Deloitte have been issued with settlement letters. 1,731 additional owners were identified as being affected by the 155 projects. All of these owners have also been issued with settlement

letters which brings this part of the settlement process to an end. The work remaining in this area relates to back end administrative activity.

Police Scotland

- 3.18 A meeting was held with Police Scotland to discuss their review of project files in respect of their 2011 investigation into the then Property Conservation Service. The police confirmed at this meeting that following their review of project files they had sufficient information for submission of a report to the Procurator Fiscal.

Projects – Legacy

- 3.19 The Thomson Bethune contract completed in December 2015. The remaining projects have been handed over to ESRS for completion. The schedule for this is as follows:-

- 3 projects are due to be re-programmed for completion during spring/summer 2016.
- There are 15 projects still in the defect period to be signed off by ESRS.
- 1 project is currently requiring intervention as leaks are still present after defects works have been completed.

- 3.20 1 consultant run defect project handed over to CEC late in 2015 is still to be completed.

New Service Update - Implementation Progress

Customer Contact: 2 new cases

- 3.21 Customer contact staff are currently offering advice and guidance on two potential cases at present. One case is likely to be progressed by owners privately.

Facilitation: 3 cases

- 3.22 This area of the service is used when 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 other Council departments to help progress matters.

- 3.23 There are three cases in facilitation at present.

The Intervention Service: 6 cases

- 3.24 The intervention service is made up of the activity undertaken following the identification of an essential repair and prior to taking a decision to enforce the repair, where the objective is to support owners to take responsibility for progressing the repair privately. Included in this area of work is diagnosis of the defect reported, tailored communication to owners, site visit and in some cases a stair meeting.

- 3.25 Case officers currently have six cases with correspondence on-going with the lead owner and other owners engaging at each of these properties.
Successful Intervention: 3 cases
- 3.26 The phased Implementation service has successfully intervened in an additional case this month and closed the case. A follow up will be undertaken to check work has been undertaken privately after three months has passed.
Panel Cases Rejected for enforcement: 1 case
- 3.27 The ESRS Panel has rejected one case after it was considered that the financial and reputational risk was too high for the Council to accept.
The Enforcement Service: 5 projects
- 3.28 The Enforcement service is activated when all intervention services have failed to provide a platform for owners to procure the works privately. Upon internal 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.
- 3.29 Five projects have been approved by the ESRS Panel to progress to the enforcement process. Two additional cases have been approved for enforcement this month. Three are at survey stage, one is at notice stage where the S24 has been issued and one is on site.

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 service

Financial impact

- 5.1 The associated revenue cost in resolution of the legacy closure programme from April 2013 forecast to March 2016 totals £7.4m. A current assessed need of £1m has been budgeted 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 £11.6m has been approved as at 25 April 2016.

- 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 Edinburgh Shared Repairs Service is £3.8m. The current first year forecast expenditure, subject to final account, is £3.2m.
- 5.5 A budget of £1.6m has been set for the ESRS for 2016/17.

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

Contact: Andrew Field, Head of Edinburgh Shared Repairs Service

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

Links

Coalition pledges	<p>P40 – Work with Edinburgh World Heritage Trust and other stakeholders to conserve the city’s built heritage</p> <p>P41 – Take firm action to resolve issues surrounding the Council’s Property Services</p>
Council outcomes	<p>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</p>
Single Outcome Agreement	<p>SO4 – Edinburgh’s communities are safer and have improved physical and social fabric</p>
Appendices	<p>Appendix 1: Management Information Dashboards</p>

Edinburgh Shared Repairs Service Dashboard

April 2016

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



LEGACY PROGRAMME			NEW SERVICE		
A number of legacy workstreams continue to draw to a close with the billing and the settlements processes now complete and historic projects on site reaching completion. Significant volumes of work remain in customer service and debt recovery.			The Phased Implementation of the new service will take place in 2016/17. A Soft Launch of the new service has begun.		
TOP RISKS	MITIGATION	RAG	TOP RISKS	MITIGATION	RAG
1. Debt Recovery	Morton Fraser are leading on Debt Recovery.	Yellow	1. No. of Phased Implementation Cases	Communications to be increased with customers to identify additional cases for Implementation Phase, linked to soft-launch after 1st April. Business plan identifies £3.5m workload of enforcement cases in 16/17 which is unlikely to be achieved. Review this figure six months after launch.	Yellow
2. Bad Debt Provision	The provision will continue to be monitored and reported monthly.	Yellow	2. Tender returns at ITT stage	Twelve PQQs were returned. These will be reviewed with ITT to be issued in May 2016.	Yellow
3. Settlement Process	All Settlement letters have been issued, however there remains a substantial volume of customer queries and returned declarations to be processed.	Green	3. People	All staff that are permanent to the Council will be undergoing review. Following review the Business Plan will be implemented.	Yellow
4. Loss of legacy staff through service reviews	Discussion with relevant Directors to ensure service is maintained.	Yellow	4. Staffing Structure not established for New Service	Senior Management Team in place for Phased Implementation of the New Service. Ongoing review of Business Plan.	Yellow
OVERALL STATUS	COMMENTS	RAG	OVERALL STATUS	COMMENTS	RAG
Case Reviews and Settlements	All complainants and other affected owners have been issued with settlement with an acceptance rate of 58%.	Green	Governance	The Edinburgh Shared Repairs Service and Legacy Programme will be managed overall within the Corporate Property Service in the new Council structure.	Green
Debt Recovery	Debt outstanding is currently £10.4m. Of this debt £7.8m 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.	Yellow	Processes	Draft procedure are being tested during Pilot phase. Proposed changes are being tracked, procedures will be updated internally and reissued by the end of June 2016. An internal audit is was carried out by PWC in February 2016.	Yellow
Projects	From the TB projects handed over to ESRS from 1 January : <ul style="list-style-type: none"> • 1 project has construction related issues which has delayed completion • 3 projects due to be re-programmed for completion in spring • 15 projects are in the defect period to be signed off by ESRS 	Yellow	IT	A revised project plan is currently being developed for 2016/17, split into two workstreams, operational and strategic. The operational workstream is responsible for delivering the data cleansing, uniform system redesign, new system functionality and governance / training elements. The strategic workstream involves CGI, and is reliant on CGI delivering new core systems within the council that Shared Repairs will utilise. This includes Customer Relationship Management, new Finance system integration and the decommissioning of the old legacy systems.	Yellow
Customer services	Customer contact across the legacy service shows a steady decline.	Yellow	Procurement	ITT document being prepared. Contractors framework is programmed to be in place by July 2016.	Green
			People	13 Applications were received for the Building Surveyor post following advertisement on My Job Scotland. Two suitable candidates identified. One applicant was interviewed for the vacancy but was not suitable for the post. Recruitment of suitable technical resource will continue to be reviewed.	Red
KEY PLANNED ACTIVITIES			INFORMATION / DECISIONS		
Continuation of debt recovery programme. Continuation of legacy projects. Records Manger started on 4 April 2016 Management of closure programme timeline			Continuation of ESRS pilot activity. underway Recruitment of a surveyor in for ESRS		
			Service review to be undertaken 2016/17 closure programme staffing under continual review		



Settlements & Customer Service

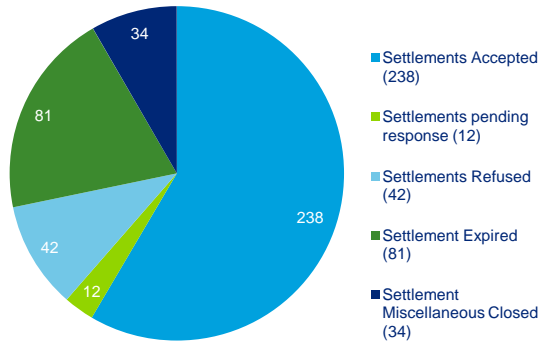
Programme dashboard as at 25 April 2016



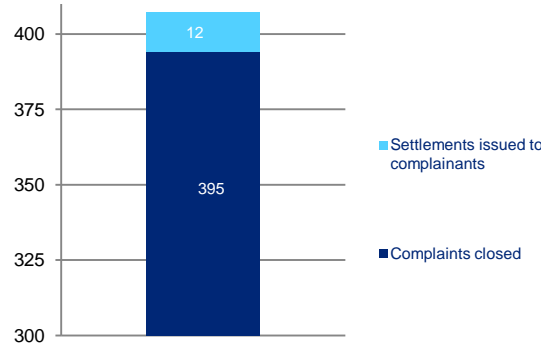
PROGRESS

Settlement letters have now been issued to all complainants and other affected owners. Acceptance rates from complainants are at 58%. A number of queries continue to be received from customers. A project is underway to contact owners who have failed to respond during the original process. The finance team is continuing to process returned declarations.

Complainant Closure Status



Settlements Issued to Complainants



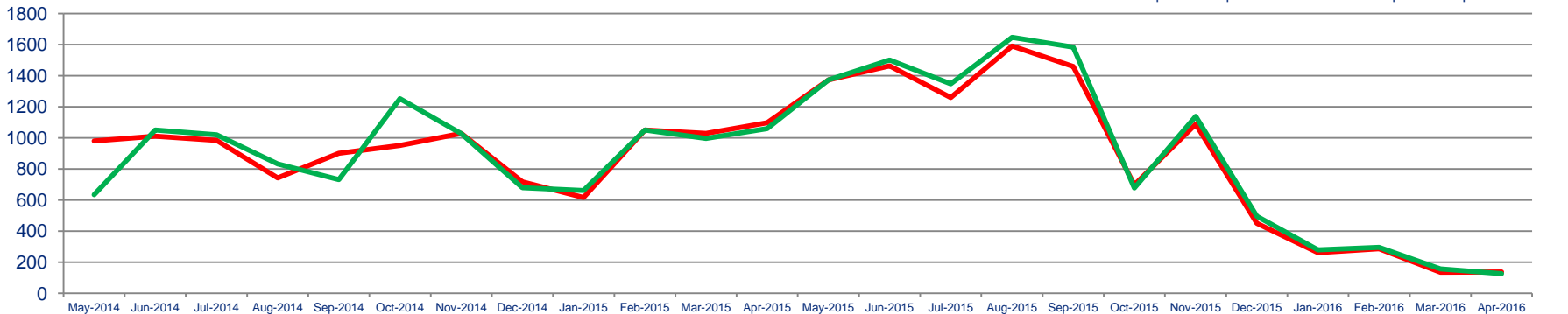
Settlement Value

Total Value of projects reviewed	£12.9m
Total settlements approved under delegated authority	£4.2m
Settlements paid/credited to date	£4.1m

PROGRESS

Customer Services continues to see a downward trend in enquiries, complaints and FOI requests. Response rate for enquiries / complaints achieving 94% closed on time.

Property Conservation Enquiries complaints Raised / Closed





Finance and Debt Recovery Overview

Programme dashboard as at 25 April 2016

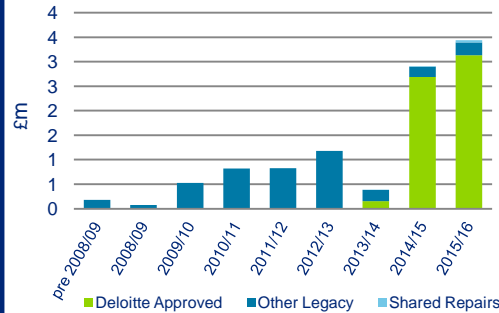


PROGRESS

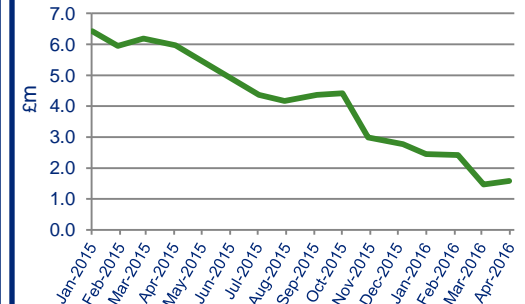
The current level of debt outstanding is £10.2m of which £6m is Deloitte (Project Joule) reviewed debt and £4.2m of Legacy and Shared Repairs debt. A total of £7.8m is being pursued through active billing. Debt of £2.4m is either being prepared for legal action or is suspended debt. Since Jan 2015 suspended debt has reduced from £6.4m to £0.8m as disputes are resolved and settlements processed.

Debt Status	Deloitte Project Joule (Reviewed)	Legacy And Shared Repairs	Total
Total debt being pursued	£5.9m	£1.9m	£7.8m
Total debt scheduled for action	£0.1m	£2.3m	£2.4m
Total Debt	£6.0m	£4.2m	£10.2m
Payment plans and inhibitions agreed within debt total	£1.4m	£0.4m	£1.8m

Aged Debt As At 25 April 2016 By Year



Suspended Invoice Balance Outstanding As At 25th April 2016

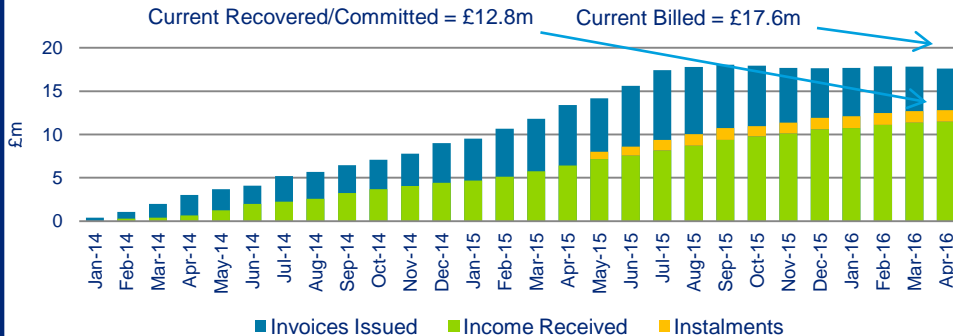


Project Joule Billing and Recovery Progress

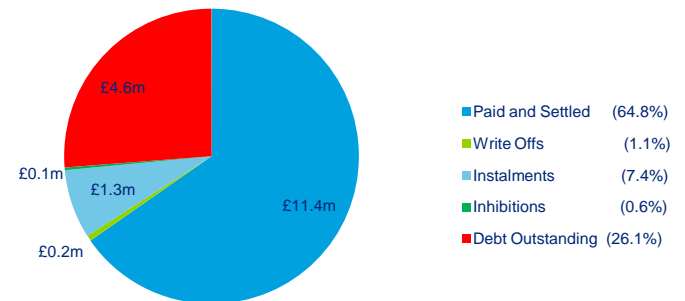
PROGRESS

Billing on Deloitte reviewed (Project Joule) cases is complete and totals £17.6m. £11.4m has been received in settlement and a further £1.4m of secured debt in payment plans and inhibitions giving a total of settled and secured debt of £12.8m. This represents a current collection rate of 73%. The balance of debt of £4.6m is at various stages of recovery.

Cumulative Analysis of Deloitte approved stat repair debt



Deloitte Project Joule Debt from January 2014 to April 2016





Morton Fraser Progress

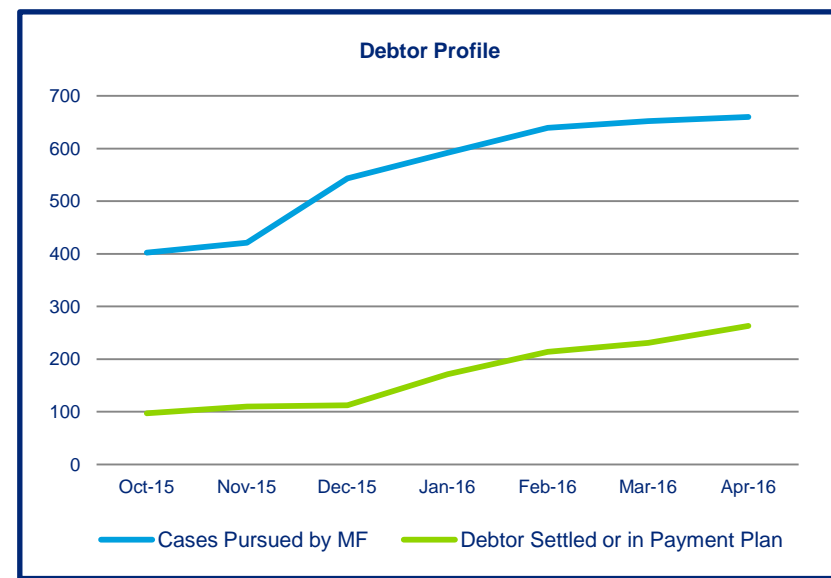
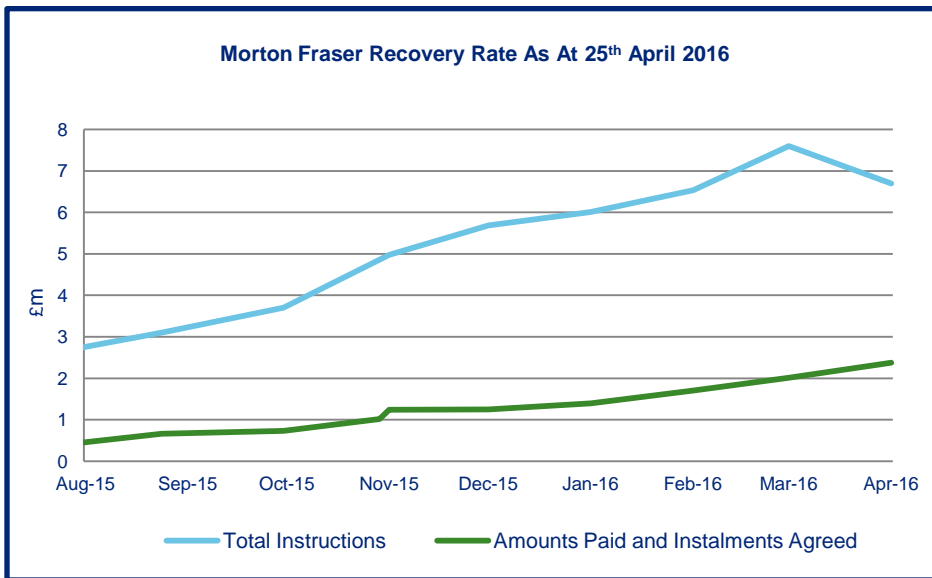
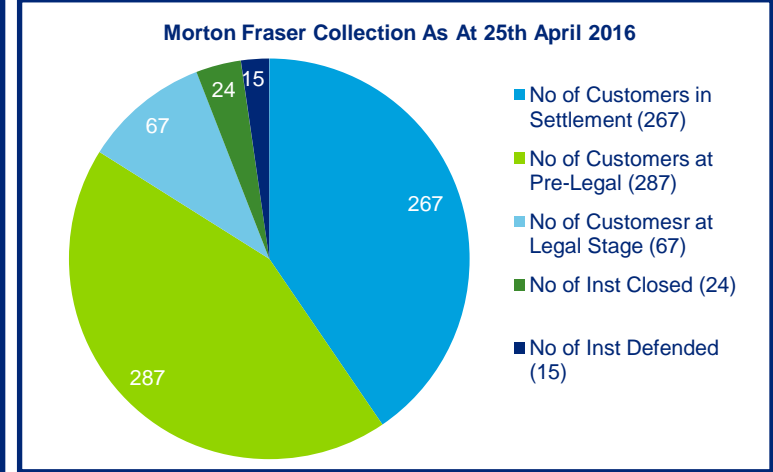
Programme dashboard as at 25 April 2016



PROGRESS

Under the extended contracted arrangements, Morton Fraser took on responsibility for statutory notice debt recovery in April 2015. To date, 660 instructions have been issued to Morton Fraser with a total value of £6.7m for debt collection. Over the 10 month period from April 2015 to date the overall sums settled or in payment plans total £2.2m over 267 customers. 287 cases are at pre legal stage, 67 at legal stage with 24 cases closed and 15 being defended.

Morton Fraser Debt Recovery Cases pursued by the Council	January	February	March	April
Total debt recovery cases pursued by Morton Fraser	592	639	651	660
Total value of instructions issued	£6.0m	£6.5m	£6.7m	£6.7m
Total debtors settled or in payment plan	171	214	231	267
Total sum recovered or in payment plan	£1.4m	£1.7m	£1.9m	£2.2m
Total sum recovered in payment plan as % of debt recovery	23%	26%	28%	33%





Provision for Impairment and Settlements

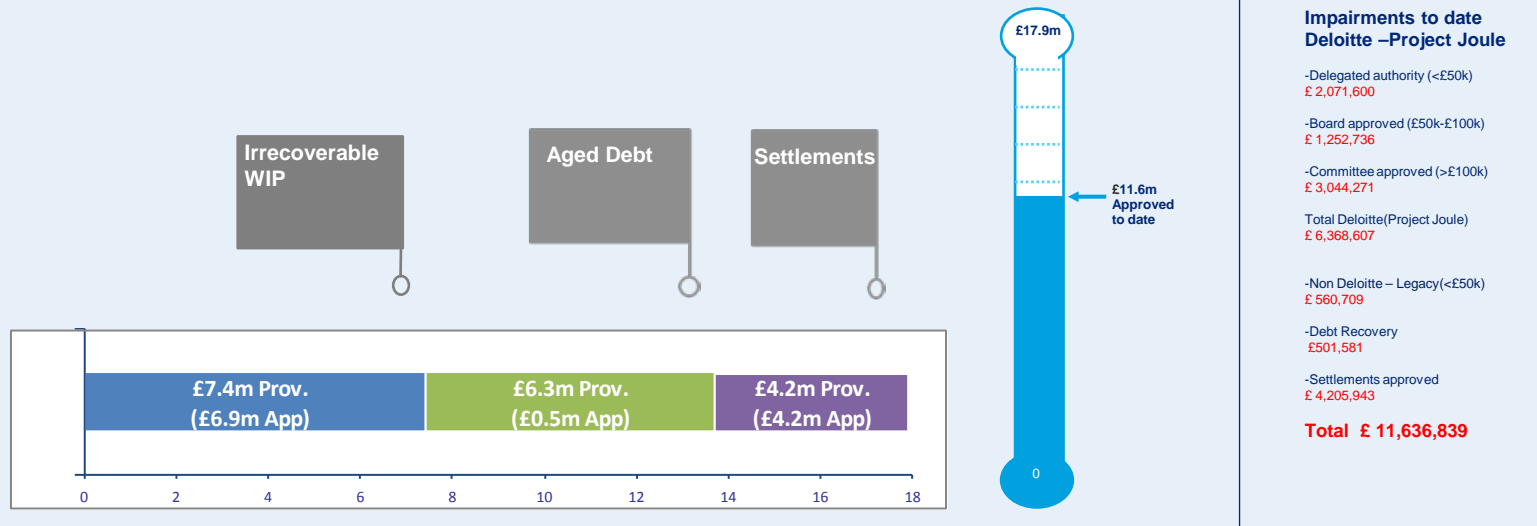
Programme dashboard as at 25 April 2016

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 £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 44% is required to ensure adequacy of provision. Current recovery rate is 65%.
- **Settlements (£4.2m)** – Work on settlements is nearing completion with an expected write off sum of £4.2m.

Provision for Impairment and Settlements





ESRS Pilot Phase and Emergency Service Dashboard

Programme dashboard as at 25 April 2016

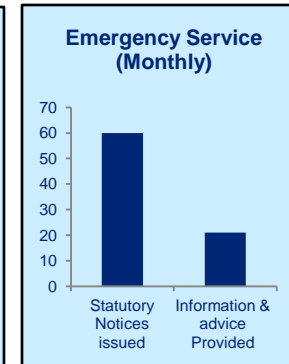
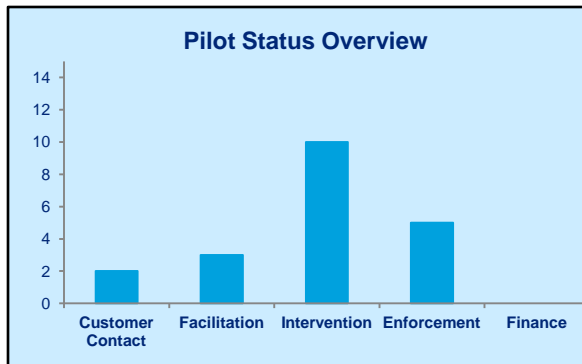


OVERVIEW OF PROGRESS

We have now launched the new service in its implementation phase. A soft launch of the new service began on 1 April 2016. We expect an increase in requests for service as a result of this and will update the Board monthly on progress. The customer contact area of the service has adopted a change in script to customers calling for assistance with repairs to their properties.

The Pilot Phase currently consists of fifteen open cases with successful intervention achieved on four projects. The ESRS Panel has rejected one case after it was considered that the financial and reputational risk was too high for the Council to accept.

CASE WORKLOAD PROGRESS		NO.
Customer Contact:	• Customer Services Enquiry	
	• Collating Information from Lead Owner	2
Facilitation:	• Advice and Information	3
	• Council Correspondence	
Intervention:	• Case Officer	
	• Communication 1 issued	
	• Communication 2 issued	3
	• Panel Report pending	2
	• Panel Cases Rejected for Enforcement	1
	• Closed with successful intervention	4
Enforcement:	• Site Survey / S24 Notice / S26 Notice	4
	• Procurement	
	• Projects on site	1
Finance:	• Final Account issued	
	• Invoices issued to owners	



EMERGENCY SERVICE

ESRS Property Officers have responded to 81 requests for service in this period. The majority of requests were drainage and sewage issues. Eighteen of the requests reported dangerous building defects however only five of these resulted in make safe actions being taken. The number of requests this month is slightly less than the same period received last year.

PROJECTS WORKLOAD	MAJOR	MINOR	ESTIMATED VALUE
1. Major Stonework / Roof (Procurement)	1		£364k (CEC)
2. Roof Works		1	Under £30k (Owner Quote)
3. Roof Works		1	Under £40k (Owner Quote)
TOTAL	1	2	£434K

FACILITATION WORKLOAD (TYPE OF PROJECT)	MAJOR	MINOR	ESTIMATED VALUE
1. Major Stonework / Roof	1		£1m
2. Railway Wall	1		£1m
3. Mural		1	< £100k
TOTAL	2	-	£2.1m

EMERGENCY SERVICE	Feb 16	Mar 16	Apr 16	Trend
No of requests for advice/ info only.	451	265	211	↓
No. of service requests	104	90	81	↓
No of emergency repair inspections resulting in statutory notices issued	64	61	60	↓
No. of Emergency service requests where information/ advice was provided	40	29	21	↓
Value of invoices issued to owners for emergency repairs (cumulative)	£800,732	£847,259	£869,314	↑
Value of income received from owners for emergency repairs (cumulative)	£707,736	£732,192	£753,175	↑
No of visits to SRS webpage (Google Analytics)	5322	3920	4274	↑
Solicitors Enquiries Received	653	648	600	↓
Solicitors Enquiries Completed	653	558	540	↓

Finance and Resources Committee

10.00am, Thursday 9 June 2016

Edinburgh Shared Repairs Service – Missing Share

Item number	7.25
Report number	
Executive/routine	
Wards	

Executive summary

This report seeks approval of the Finance and Resources Committee to pilot the scheme suggested for use of the missing share power under section 50 of the Housing (Scotland) Act 2006.

Links

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

Edinburgh Shared Repairs Service – Missing Share

Recommendations

- 1.1 The Committee is asked to:
 - 1.1.1 Approve the payment of missing shares to enable essential common repairs to proceed in accordance with Section 50 of the Housing (Scotland) Act 2006.
 - 1.1.2 Agree that the Council will recover the payments made in relation to missing shares including associated administrative expenses and interest.
 - 1.1.3 Agree to pilot the missing share scheme over the 2016/17 financial year. This will be limited to 3 projects and cost benefit will be assessed at the year end as to its efficiency.

Background

- 2.1 City of Edinburgh Council's Scheme of Assistance promotes the principle that homeowners have the primary responsibility for maintaining and repairing their own homes.
- 2.2 However, responsible homeowners with shared responsibility for common repairs are often unable to progress essential repairs and maintenance due to other owners being unwilling or unable to contribute their share of the costs. This often leads to lengthy delays to repair works being undertaken resulting in further deterioration of the property.
- 2.3 If essential repairs are not carried out then the Council can, should it wish, issue a statutory notice to enforce repair works under the City of Edinburgh District Council Confirmation Act 1991.
- 2.4 In order to prevent a minority of owners delaying essential repairs and maintenance work, Section 50 of the Housing (Scotland) Act 2006 allows local authorities to pay missing shares when it is satisfied that:
 - 2.4.1 the maintenance proposed, having regard to the state of repair of the premises, is reasonable.
 - 2.4.2 the share of the estimated cost is correct, in terms of the title deeds.
 - 2.4.3 the owner who has not complied with the requirement is unable to do so.
 - 2.4.4 the majority of owners have agreed to carry out the work.
 - 2.4.5 the owners have set up a maintenance account as defined within the Scottish Government guidance.

- 2.5 The payment of missing shares is proposed as a further enhancement to the ESRS intervention service. The intervention part of the service has been successful in a number of cases in actively encouraging owners to organise repairs themselves without having to progress to the enforcement part of the service. The provision of the missing share option should contribute to the intervention part of the service.
- 2.6 The current staffing resource identified in the ESRS business plan will be sufficient to manage this work.
- 2.7 The provision of funds is subject to available funds within the current ESRS budget and therefore a minimum and maximum level of share should be considered in any application from owners.
- 2.8 The maximum financial commitment per missing share is recommended to be 10-15% of the project cost. Given the administrative tasks involved in the process, the minimum share value would be £500.
- 2.9 The administrative costs for tasks to be undertaken to process the application and undertake the accounting tasks should be charged to missing owners. We would propose an additional charge of 10% be added to the share cost. Interest will be applicable in the course of debt recovery in accordance with the Council's sundry debt policy.

Main report

- 3.1 A comprehensive procedure has been developed to add to the draft procedures currently being used in the implementation of ESRS. A copy of this is included in Appendix 1.
- 3.2 Should an owner wish an application to be considered, they can submit an application. This should include:-
 - 3.2.1 Evidence that the repair is critical or essential.
 - 3.2.2 Evidence that the property is owner occupied.
 - 3.2.3 Evidence of the maintenance account open.
 - 3.2.4 Evidence that the owner who is unable to pay their share and is in the minority.
 - 3.2.5 The split of the costs has been carried out in accordance with the title deeds.
 - 3.2.6 Further information including the last date for owners to pay their share and the start and completion dates programmed for the works.
- 3.3 The application will be considered at the ESRS Project Panel. The Panel will consider payment of a missing share for an owner who is: -
 - 3.3.1 Unable to pay into the funds; or
 - 3.3.2 It is unreasonable to ask them to do so; or
 - 3.3.3 The owner cannot be identified or found, by reasonable inquiry.

3.3.4 Or an owner is unwilling to pay.

- 3.4 The ESRS Project Panel's decision will be final and there shall be no right of appeal.
- 3.5 If the Council reject an application for a missing share the owners may still progress with the works by covering the missing share between them and recovering their contribution from the owner through the process under the Tenements (Scotland) Act 2004.

Recovery of Costs by the Council

- 3.6 The power to pay the missing share under S50 of the Housing (Scotland) Act 2006 is matched by the power to recover the sum from the owner of the house concerned (S59), together with administration charges and interest.
- 3.7 The local authority may also issue a repayment charge against the property to recover these expenses.
- 3.8 The recovery of costs incurred by the Council from an owner of a successful missing share application should be in accordance with the Council's sundry debt policy.

Measures of success

- 4.1 The degree to which the number of projects reaching the enforcement stage of the process in ESRS is reduced.
- 4.2 The use of this power in other local authorities in Scotland is noted by them to have benefited the local economy and facilitated the improvement of their areas private sector housing stock.

Financial impact

- 5.1 The resulting costs are to be met from the existing ESRS budget.

Risk, policy, compliance and governance impact

- 6.1 This area of work represents a measured financial risk for the Council, the alternative to provision of missing shares for repair works is to enforce works under the Confirmation Act. This alternative action poses a far greater financial risk to the Council as the burden of debt recovery for the whole project lies with the Council when works are enforced.
- 6.2 The Scheme of Assisitance statement shall be updated to reflect the Board and subsequent Committee approvals where appropriate.

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

10.1 Housing (Scotland) Act 2006, Section 50.

Hugh Dunn

Acting Executive Director of Resources

Contact: Andrew Field

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

Links

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

Finance and Resources Committee

10.00am, Thursday 9 June 2016

Proposed Disposal of 0.22 Ha at Edinburgh Capital Hotel, 187 Clermiston Road

Item number	8.1
Report number	
Executive/routine	Routine
Wards	3 – Drum Brae/Gyle

Executive summary

Hotel Property Fund (Syndicate 1) Limited (HPF) owns and operates the Edinburgh Capital Hotel, 187 Clermiston Road, Edinburgh.

The Hotel's car park is partly owned by the Hotel with a section held on the Housing Revenue Account (HRA), and leased to the Hotel via a 99 year ground lease.

The owner has approached the Council seeking to acquire the leased section of the car park, in order to consolidate its ownership of the hotel grounds.

The report was continued from the Finance and Resources Committee meeting on 12 May 2016, to allow time to establish if the purchaser would accept the provision of a right of way through the subjects of disposal. This has now been accepted by the purchaser.

This report seeks authority to sell the land to HPF at market value on the main terms outlined in the report.

Links

Coalition pledges	P17
Council outcomes	CO7 , CO8
Single Outcome Agreement	SO1 , SO4

Proposed Disposal of 0.22 Ha at Edinburgh Capital Hotel, 187 Clermiston Road

Recommendations

That Committee:

- 1.1 Approves the disposal of the HRA land at 187 Clermiston Road, extending to 0.22 Ha (0.54 acres) or thereby, to the adjacent proprietor, Hotel Property Fund (Syndicate 1) Limited, trading as Edinburgh Capital Hotel, on the terms and conditions outlined in this report, and on such terms and conditions to be agreed by the Acting Executive Director of Resources.

Background

- 2.1 The Edinburgh Capital Hotel is shown edged red on the attached plan with the car park section to be sold, shown hatched red, extending to 0.22 Ha (0.54 acres) or thereby. The land is currently leased to HPF on a 99 year lease expiring in May 2074. The rent is £1pa, with the hotel operator having paid a capital payment of £145,000 to the Council when it assigned the lease from the previous ground tenant, Capital International Hotels Ltd, in 2004.
- 2.2 Hotel Property Fund (HPF) has approached the Council to purchase the land, currently held by HPF, as ground tenant under a ground lease, to consolidate its ownership of the hotel grounds.
- 2.3 The report was continued from the Finance and Resources Committee meeting on 12 May 2016, to allow time to establish if the purchaser would accept the provision of a right of way through the subjects of disposal. This has now been accepted by the purchaser.

Main report

- 3.1 Negotiations have taken place with the Hotel and provisional agreement has been reached with the land being sold subject to the following main terms and conditions:
 - Purchaser: Hotel Property Fund (Syndicate 1) Limited;
 - Subjects: 0.22 Ha (0.54 acres) or thereby of land at 187

Clermiston Road;

- Purchase price: £180,000 (market value);
- Use: Open space/car park;

- Title condition: The sale will include a formal public right of access across the land.
- Clawback: 50% of net uplift on future sale; and
- Council Fees: The purchaser will meet the Council's reasonably incurred legal fees and surveyors fees.

3.2 The purchase price reflects the existing use as open space & car parking for the hotel, and the fact it is leased until May 2074 at £1 per annum. Should the land be sold a Clawback Agreement will protect the Council's position, if a higher price is subsequently realised.

Measures of success

- 4.1 A piece of ground that is unlikely to have any future economic or alternative use for the Council will be sold for a capital receipt.
- 4.2 The sale of the area of land will realise Best Value for an HRA asset with no operational value.

Financial impact

- 5.1 A net capital receipt of £180,000 will be received in the financial year 2016/17.
- 5.2 The disposal will remove a potential future maintenance liability.

Risk, policy, compliance and governance impact

- 6.1 There is a risk that the sale does not complete. This is the same for any offer of purchase.

Equalities impact

- 7.1 The proposed sale will facilitate clean title for the hotel and thereby enhance the right to Legal Security.
- 7.2 Post acquisition, this will allow re-design of the car park and open space enhancing the rights to standard of living and individual, family and social life.

- 7.3 The sale of the area of land will lead to improved landscaping in the area. This will enhance the rights to health and physical security by improving the area for nearby residents.

Sustainability impact

- 8.1 There are no sustainability issues arising from the recommendations of this report.

Consultation and engagement

- 9.1 Consultation took place with surrounding residents receiving hand delivered letters with elected members and Drumbrae Community Council receiving email notification.
- 9.2 The West Neighbourhood Management Team supports the application.
- 9.3 No objections have been received regarding this proposed land transaction.

Background reading/external references

N/A

Hugh Dunn

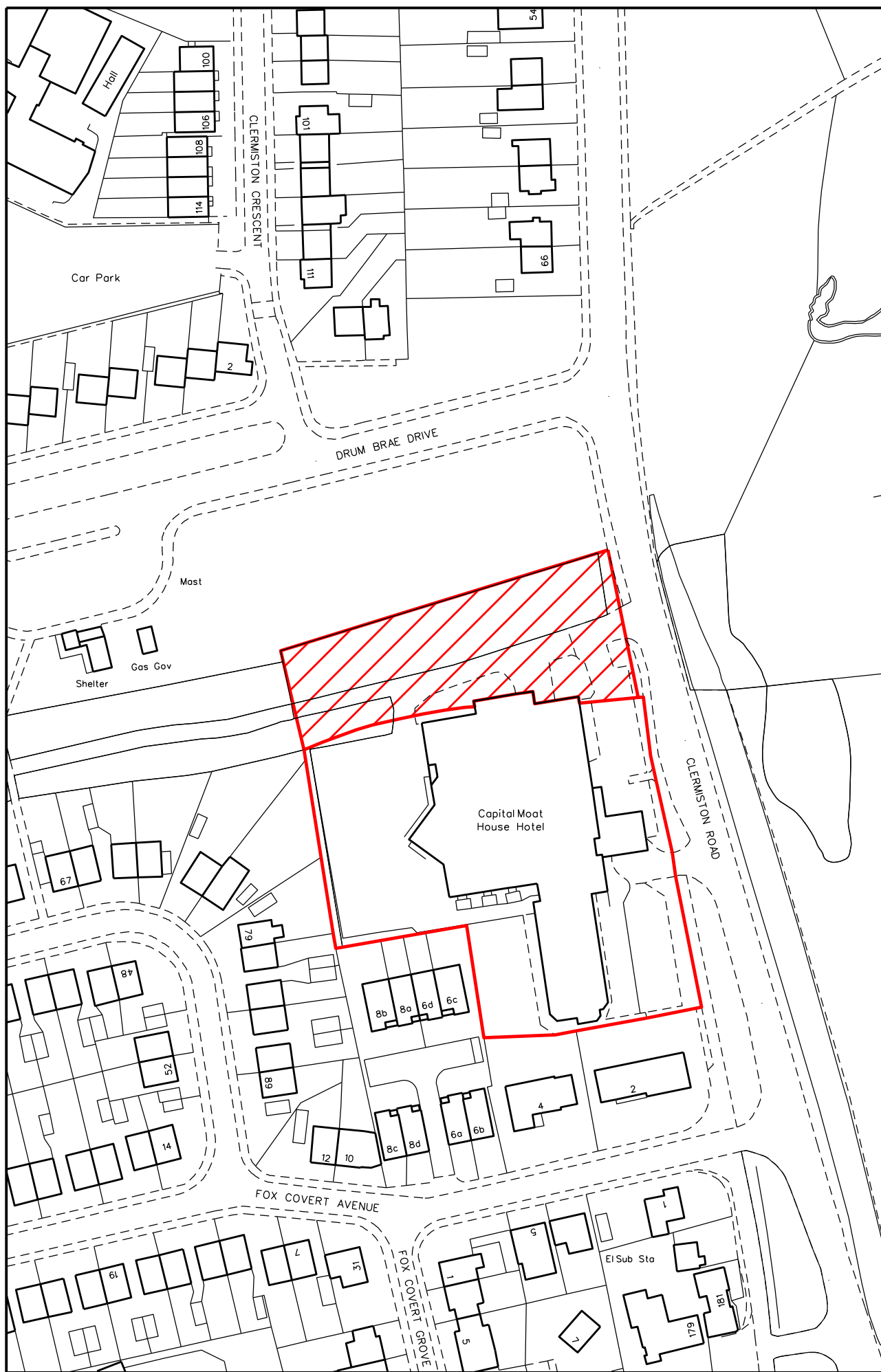
Acting Executive Director of Resources

Contact: Robbie O'Donnell, Senior Estates Surveyor

E-mail: robbie.o'donnell@edinburgh.gov.uk | Tel: 0131 529 6560

Links

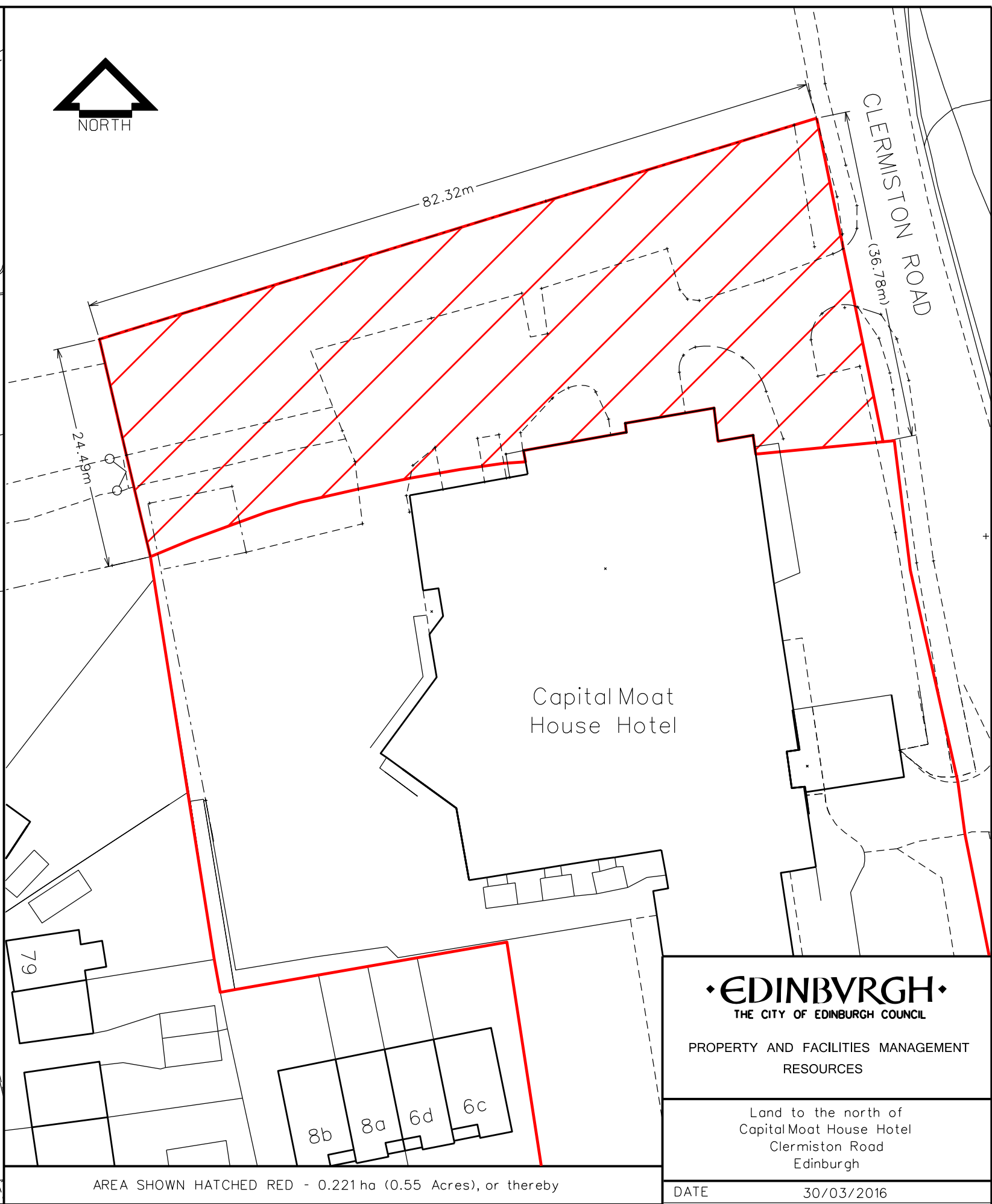
Coalition pledges	P17 – Continue efforts to develop the city's gap sites and encourage regeneration.
Council outcomes	CO7 – Edinburgh draws new investment in development and regeneration. CO8 – Edinburgh's economy creates and sustains job opportunities.
Single Outcome Agreement	SO1 – Edinburgh's Economy Delivers increased investment, jobs and opportunities for all. SO4 – Edinburgh's communities are safer and have improved physical and social fabric.
Appendices	Location plan showing ground lease area.



EXISTING HOTEL BOUNDARY SHOWN DELINEATED RED

LOCATION PLAN

SCALE 1:1250



AREA SHOWN HATCHED RED - 0.221 ha (0.55 Acres), or thereby

DIMENSIONS IN BRACKETS ARE BASED ON THE ORIGINAL TITLE PLAN

SITE PLAN

SCALE 1:500

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PROPERTY AND FACILITIES MANAGEMENT
RESOURCES

Land to the north of
Capital Moat House Hotel
Clermiston Road
Edinburgh

DATE 30/03/2016

SURVEYED BY MB/AP

DRAWN BY MB

FILE NO.

NEG. NO. NT2074/A3/706 A

Finance and Resources Committee

10.00am, Thursday 9 June 2016

Disposal of land in Princes Street Gardens – National Galleries of Scotland Proposed Extension

Item number	8.2
Report number	
Executive/routine	Routine
Wards	11 – City Centre

Executive summary

On 3 February 2015, the Committee authorised negotiations with the National Galleries of Scotland (NGS) regarding the disposal of a strip of land in East Princes Street Gardens to enable the extension of the National Gallery.

This report seeks authority to dispoise the land to NGS on the main terms set out in the report.

Links

Coalition pledges	P31
Council outcomes	CO19 , CO20
Single Outcome Agreement	SO1

Disposal of land in Princes Street Gardens – National Galleries of Scotland Proposed Extension

Recommendations

That Committee:

- 1.1 Authorises the disposal of the strip of land, shown outlined in red on the attached plan, to NGS, on the terms and conditions outlined in this report and on other terms to be agreed by the Acting Executive Director of Resources.

Background

- 2.1 At its meeting on 3 February 2015, Finance and Resources Committee resolved:
 - 2.1.1 To note proposals by the National Galleries of Scotland (NGS) to extend the National Gallery;
 - 2.1.2 To authorise the Acting Director of Services for Communities to enter into negotiations with NGS for the sale of a strip of land at Princes Street Gardens;
 - 2.1.3 To note that the submission of a private bill to the Scottish Parliament will be made to enable the release of the land for sale and, if required, an application to the Court of Session; and
 - 2.1.4 To note that provisionally agreed terms for the proposed sale to NGS would be reported back to Finance and Resources Committee for approval.
- 2.2 NGS has submitted planning and listed building applications (ref: 15/05795/FUL and 15/05791/LBC) for its proposal to expand into Princes Street Gardens to enable it to create an additional 500 square metres of gallery space, which will be used to exhibit Scottish art.
- 2.3 The proposals also include new landscaping works to Princes Street Gardens to improve the connectivity and accessibility of the gallery and the gardens.
- 2.4 The current proposals are designed to enhance the previous similar extension in 2004, which was known as the Playfair Project, and which also included a small section of Princes Street Gardens.
- 2.5 The land which NGS requires for its proposals is shown outlined in red on the attached plan and extends to approximately 708m². This includes an area underneath the Playfair Steps which NGS currently occupies as a plant room

without legal title to the area. For the avoidance of doubt, the Playfair Steps themselves are not included in either the transfer of the land or the proposed works.

Main report

- 3.1 The National Galleries of Scotland Act 2016 received Royal Assent on 23 February 2016. This Act has the effect of removing the restrictions on development imposed on the strip of land by both the City of Edinburgh District Council Order Confirmation Act 1991 and its common good status. The restrictions are removed solely for the purpose of the gallery extension.
- 3.2 The Council has obtained an external valuation of the land which acknowledges that, while the land has only a nominal value in the absence of the gallery's proposals, its value to NGS, as a special purchaser, is estimated at £200,000 (restricted development value).
- 3.3 As part of its proposal, NGS intends to carry out extensive improvement works in Princes Street Gardens. These include a wider public precinct at the upper level, new, improved staircases to both the north and south of the extension, a new accessible path linking the upper and lower levels of the gardens and a new landscaping feature linking the two levels.
- 3.4 At the time the planning application was submitted, the estimated cost of the improvement works was in excess of £1.6m of which more than £1m is purely construction cost. This is in the context of a total project cost estimated at circa £18m. The proposals are currently subject to change through the planning process and the consultation with the Parks Service. The final detail of the works, including the cost, will not be known until the planning process is complete.
- 3.5 NGS' vision is that "Scottish Art is proudly presented to the widest possible public in a gallery of world standing with first class facilities and access". In order to support that vision for an expanded and improved National Gallery, and in return for the substantial improvements to Princes Street Gardens, it is proposed that the disposal to NGS is at nil value. The final cost of the works to the garden is anticipated to be far in excess of the valuation of the land, as outlined above.
- 3.6 Provisionally agreed terms for the disposal of the land are as follows:

Subjects:	Land in East Princes Street Gardens, shown outlined in red on the attached plan;
Purchaser:	The National Galleries of Scotland;
Price:	Nil in return for agreed improvements in Princes Street Gardens;

- Use: A restriction will be placed on the title limiting the use of the land to the gallery extension; and
- Costs: NGS will meet the Council's costs including legal and property costs.

Measures of success

- 4.1 Allowing the disposal of this small strip of land will enable the extension of the National Gallery with a particular focus on Scottish art, enhancing the facility for both Edinburgh residents and visitors to the city.
- 4.2 The works to Princes Street Gardens will enhance their accessibility and provide a much improved public space.

Financial impact

- 5.1 The financial benefit to the Council, in the form of improvement works to Princes Street Gardens is anticipated to be greatly in excess of the value of the land to be disposed.
- 5.2 NGS will meet all the Council's costs associated with the transaction.

Risk, policy, compliance and governance impact

- 6.1 The proposed extension will have a minimal impact on the open space provision within the gardens and will enhance the environment and accessibility of the gardens.
- 6.2 As with any complex project, there is a risk that NGS' proposals will not proceed. There will be safeguards in the legal documentation to ensure the land remains with or returns to the Council in that event.

Equalities impact

- 7.1 By improving the public space in Princes Street Gardens, the proposals will have a beneficial effect on the rights to health and individual, family and social life.
- 7.2 The sale will enable the proposed extension to the national gallery which in turn will enhance the rights to education and learning and individual, family and social life.
- 7.3 The land has not been offered on the open market which could potentially be an infringement of the rights of other interested parties. The land is incapable of development in isolation, however, and has been released from restrictions on its use by a private bill for the gallery. In these circumstances, it is believed the

potential for infringement is very low and is justified by the wider benefits of the proposal.

- 7.4 The proposals intend to increase accessibility to both the gallery and the gardens. One of the main features of the design is a new footpath from the upper to the lower levels of the gardens which will be at an easier gradient than the existing paths.
- 7.5 The proposals at present involve the demolition of a stand alone radar access toilet for people with disabilities. Approval for the demolition of this toilet has still to be obtained and a separate ERIA will be necessary as part of this process. Depending on the terms that are negotiated with NGS, it is possible that the removal of this toilet will be mitigated by access to the existing toilets within the gallery, by means of the new footpath. These toilets are open to all and are not restricted to those with access to the existing radar operated toilet.

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.
- 8.2 The proposals in this report will be carbon neutral because any temporary increase in carbon emissions during construction will be offset against the improved energy and fuel efficiencies in the new building. The landscaping will also be carbon neutral as there are new trees included in the planting scheme.
- The need to build resilience to climate change impacts is not relevant to the proposals in this report because it will have a neutral impact on the Greenspace available.
 - The proposals in this report will help achieve a sustainable Edinburgh because improving the gallery and surrounding Greenspace will promote personal wellbeing by exposure to art and green space.
 - The proposals in this report will help achieve a sustainable Edinburgh because it should encourage greater footfall into the gallery and the gardens, which should in turn create a positive impact on local businesses.
 - The proposals in this report will help achieve a sustainable Edinburgh because the extension will be built to modern standards and landscaping will include tree planting.

Consultation and engagement

- 9.1 Consultation has been carried out on the gallery's proposals, both as part of the planning application and the private bill procedure.

Background reading/external references

[Report to Finance and Resources Committee 3 February 2015: Princes Street Gardens – National Galleries of Scotland Proposed Extension](#)

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	P31 – Maintain our City’s reputation as the cultural capital of the world by continuing to support and invest in our cultural infrastructure.
Council outcomes	CO19 – Attractive Places and Well Maintained – Edinburgh remains an attractive city through the development of high quality buildings and places the delivery of high standards and maintenance of infrastructure and public realm. CO20 – Culture, sport and major events – Edinburgh continues to be a leading cultural city where culture and sport play a central part in the lives and futures of citizens.
Single Outcome Agreement	SO1 – Edinburgh’s Economy Delivers increased investment, jobs and opportunities for all.
Appendices	Appendix 1 - Location Plan



LOCATION PLAN

PHOTOGRAPHICALLY REDUCED NOT TO SCALE

SITE PLAN

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SERVICES FOR COMMUNITIES
EDINBURGH

LAND AT
PRINCES STREET GARDENS
EDINBURGH

DATE 24/12/14

SURVEYED BY

DRAWN BY Mark Ballantyne

SCALE N.T.S.

NEG. NO. A3/1529

Finance and Resources Committee

10.00am, Thursday 9 June 2015

Port Edgar Marina – Proposed Lease Extension

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

Executive summary

Port Edgar Holdings Ltd (PEHL) entered into a long lease at Port Edgar Marina in April 2014 on condition of making substantial investment in the facilities over the first five years of the lease.

During the first 18 months of the lease PEHL has exceeded this obligation. Based on the initial success of its occupation it has attracted the interest of a major restaurant and leisure operator for a proposed new hub building. However, for both PEHL and its potential sub-tenant to secure funding for the construction and fit-out of this building, the operator requires the security of a 35 year lease. The initial term of PEHL's lease is until April 2044 with an option, which, under the terms of the lease, becomes available in 2024, to extend by 10 years.

Following a formal request by PEHL, this report seeks committee approval to grant this extension to facilitate the continued investment at Port Edgar sooner than would otherwise be the case.

Links

Coalition pledges	P17 , P42
Council outcomes	CO7
Single Outcome Agreement	SO1

Port Edgar Marina – Proposed Lease Extension

Recommendations

That Committee:

- 1.1 Approves the grant of a 10 year extension of Port Edgar Marina, from April 2044 until April 2054, and the grant of irritancy protection on the terms and conditions set out in this report, and on terms and conditions to be agreed by the Acting Executive Director of Resources.

Background

- 2.1 Port Edgar Marina comprises the area shown outlined in red on the attached plan. Following previous efforts to dispose of Port Edgar and the withdrawal of Edinburgh Leisure from the management of the facility, the opportunity to take over the operation of the property on a long lease was advertised. The successful bidder, Port Edgar Holdings Ltd, entered in a lease in April 2014.
- 2.2 The terms of the lease were approved by the Finance and Resources Committee on 19 September 2013 with the aim of securing the future of the marina and to ensure future investment. The lease is for an initial period of 30 years subject to an initial investment of approximately £600,000 to be expended within the first five years of the lease, and to the agreement by the tenant to undertake a subsequent period of investment to be completed by 2029.
- 2.3 At 2029 and on completion of its investment obligations, the tenant can, opt to extend the lease until 2054 and would from then on have the option, every 10 years, to extend the lease by a further ten years but not beyond 2084.
- 2.4 The initial rent is £30,000 p.a. rising to £90,000 p.a. after three years and thereafter is subject to an index linked review every five years. In addition, once the rent from occupational leases exceeds £90,000 p.a. the Council will receive 10% of any excess.
- 2.5 Since taking possession in 2014, PEHL has expended over £1m, which is well in excess of the £600,000 agreed with the Council, on dredging the harbour, demolition and upgrade works, the creation of a new car park and new open slipway, creating a new temporary Sailing Centre together with significant expenditure on landscape works.

- 2.6 The improvement works have led to seven tenants, previously on month to month tenancies, signing up to longer leases including a sailing school operator which ensures the continuation of this service following the withdrawal of Edinburgh Leisure from the marina.
- 2.7 PEHL's investment has also resulted in the marina being visited by both the Scottish Government's Minister of Tourism and Economic Development and the Chair of the Maritime Tourism Group, the latter associated with the Government's Awakening the Giant report on Scottish Maritime Tourism published in March 2015.

Main report

- 3.1 PEHL's master plan for the development of the site included, as part the second tranche of investment, the construction of a hub building to provide restaurant and other support facilities for the site. Following the success of this investment in reinvigorating the marina, PEHL has agreed provisional terms with a major Scottish restaurant and leisure operator to be based in the proposed hub.
- 3.2 The operator was established in 1990 and currently has a turnover of £8m per annum from its existing operations including other marina locations in the West and South West of Scotland. Due to this interest, PEHL now proposes to bring forward the construction of the hub building at an estimated construction cost of £1m with a similar amount being expended on fit-out by the operator.
- 3.3 In order to fund this proposed development, two key requirements have been raised:
 - 3.3.1 In order to fund its lease and fit-out costs the operator's funders require a sub-lease of a minimum 35 year duration. Due to the terms of its lease, PEHL is not in a position to grant such a term and, for it to do so, it would need to trigger the first extension to its lease from 2044 until 2054. Under the terms of the lease this option will not become available until 2029 and so requires a variation to the lease to allow it to take advantage of this opportunity.
 - 3.3.2 The prospective occupier and its funders has also made it clear that, due to the level of investment, it is essential that it has irritancy protection in place to cover the eventuality (however unlikely) of the head lease being terminated. Funding of the operators fit-out can only be secured if the funder is assured that the operator will be able to continue to trade regardless of what happens with PEHL.
- 3.4 PEHL has now formally requested Council consent to variations to the lease which would allow it to bring forward the first 10 year extension of the lease, from

2029, and for the Council to grant irritancy protection to the prospective operator of the proposed hub building.

- 3.5 Should PEHL secure the necessary consent it would bring forward further investment of approximately £3m over the next two years not only on the construction of the hub but also in further refurbishment of existing buildings and in utilities infrastructure.
- 3.6 If the proposals are approved the current rental arrangements would continue, however, following a period of rental incentive for the operator, the substantial increase in occupational rents including from additional lettable space created in the hub, would mean the opportunity for the Council to benefit from the rental top up provisions earlier than anticipated.

Measures of success

- 4.1 Agreement to the proposals would bring forward substantial investment at Port Edgar Marina sooner than had previously been anticipated and so help to secure the long term future of the facility in fulfilment of the Council's objectives.

Financial impact

- 5.1 Agreement to the proposals will have no financial impact on the Council as the project will be funded and managed by the tenants. The present income stream will be maintained and the opportunity for the Council to benefit from rental top up provisions will be improved. PEHL will meet the Council's costs incurred in completing the lease extension.

Risk, policy, compliance and governance impact

- 6.1 The proposals do not seek to change any policy currently in place. There is minimal risk to the Council as the project will be developed, funded and managed by PEHL and the prospective hub operator.

Equalities impact

- 7.1 Approving the requested lease variation will have a positive impact on the rights to health, education and learning, productive and valued activities and individual, family and social life.

Sustainability impact

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

- The proposals in this report will have a limited impact on carbon emissions as the increase related to new construction will be limited by the use of current building standards and off-set by the refurbishment of existing buildings to modern standards using modern materials.
- The proposals in this report will increase the city's resilience to climate change impacts by redeveloping on previously developed land.
- The proposals in this report will help achieve a sustainable Edinburgh by promoting personal well being and meeting diverse needs of current and future communities.
- The proposals in this report will help achieve a sustainable Edinburgh by creating an improved environment for the local and wider communities.
- The proposals in this report will help achieve a sustainable Edinburgh because apart from new development on a brownfield site it will also reuse existing buildings.

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 The Council and PEHL have consulted with key stakeholders in the Marina including Port Edgar Yacht Club, the Berth Holders Association, existing tenants, the Royal Naval Sailing Association and the local Community Council, all of whom have been supportive of the proposed development.

Background reading/external references

[Report to Finance and Resources Committee, Tuesday 19 September 2013, Item 8.1.11 – Port Edgar Marina – Proposed lease](#)

Hugh Dunn

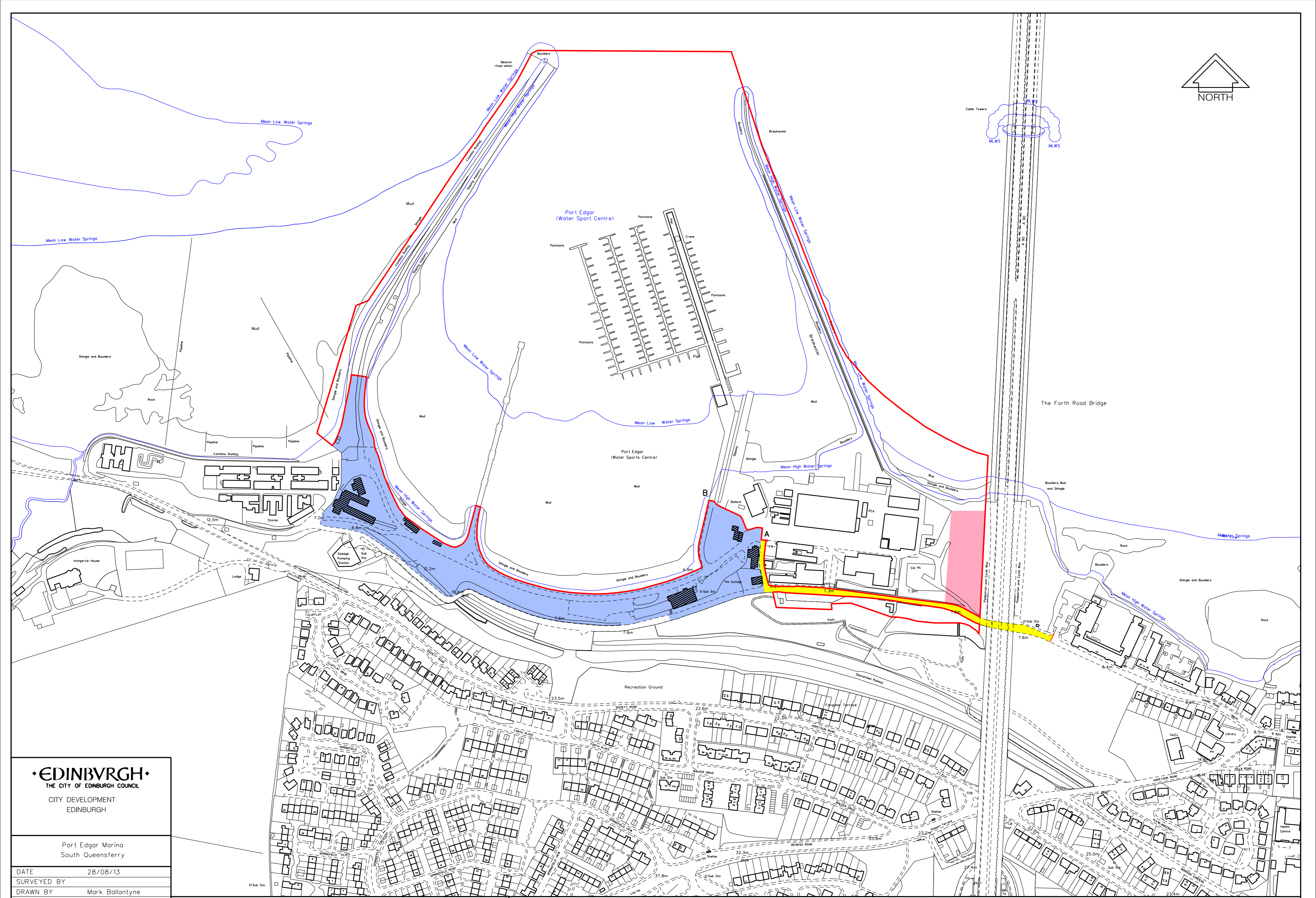
Acting Executive Director of Resources

Contact: Roger McGaffin, Estates Surveyor

E-mail: roger.mcgaffin@edinburgh.gov.uk | Tel: 0131 529 4154

Links

Coalition pledges	P17 - Continue efforts to develop the city's gap sites and encourage regeneration. P42 – Continue to support and invest in our sporting Infrastructure.
Council outcomes	CO7 – Edinburgh draws new investment in development and Regeneration.
Single Outcome Agreement	SO1 – Edinburgh's Economy delivers increased investment, jobs and opportunities for all.
Appendices	Appendix 1 - Location Plan.



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CITY DEVELOPMENT
EDINBURGH

Port Edger Marina
South Queensferry

DATE	28/08/13
SURVEYED BY	
DRAWN BY	Mark Ballantyne
FILE NO.	1:2500 @ A2
NEG. NO.	NT1177/A2/87 A

LAND AND HARBOUR TO BE LEASED SHOWN DELINEATED RED

ADDITIONAL LAND AVAILABLE FOR USE BY THE MARINA ON A SHORT TERM BASIS PENDING FUTURE POTENTIAL DEVELOPMENT SHOWN COLOURED BLUE

Finance and Resources Committee

10.00am, Thursday 9 June 2016

Site at Newcraighall Road, Edinburgh – Proposed Disposal

Item number	8.4
Report number	
Executive/routine	Routine
Wards	17 - Portobello / Craigmillar

Executive summary

South Yorkshire Pensions Authority (SYPA) is seeking to purchase approximately 0.14 hectares (0.37 acre) of Council owned land at Newcraighall Road, Edinburgh.

The land is an area of unmade ground situated next to SYPA's current ownership, on which a car showroom development is to be constructed. The sale will allow the proposed adjoining development to be extended to an optimum size and layout.

This report seeks authority to sell the land to SYPA on the terms outlined in the report.

Links

Coalition pledges	P17
Council outcomes	CO7 , CO8
Single Outcome Agreement	SO1

Site at Newcraighall Road, Edinburgh – Proposed Disposal

Recommendations

That Committee:

- 1.1 Approves the disposal of the land at Newcraighall Road, extending to 0.14 hectare (0.37 acre) or thereby, on the terms and conditions outlined in this report and on such terms and conditions to be agreed by the Acting Executive Director of Resources.

Background

- 2.1 South Yorkshire Pension Fund (SYPA) is about to complete a lease of its land at Newcraighall Road as shown shaded blue on the attached plan, to a car showroom operator. The size requirement of the car showroom operator is larger than the extent of SYPA's land ownership and it therefore wishes to purchase the Council's site, as shown hatched red on attached plan, in order to facilitate the optimum layout for its prospective tenant.
- 2.2 SYPA initially approached the Council on 29 January 2016 stating its wish to purchase the site. After a period of negotiation, draft terms have now been provisionally agreed.

Main report

- 3.1 The main terms and conditions provisionally agreed with SYPA are as follows:

Purchaser:	South Yorkshire Pensions Authority;
Subjects:	0.14 hectare (0.37 acre) or thereby as shown hatched red on attached plan;
Price:	£175,000 exclusive (current market value);
Use:	Car showroom;
Conditions:	The sale is conditional on (a) SYPA Board approval, (b) satisfactory site investigation, (c) satisfactory title and (d) planning consent for a car showroom; and

Fees: The purchaser will meet the Council's reasonably incurred legal and property fees.

- 3.2 The purchase price reflects the proposed use and special purchaser status of SYPA as adjoining landowner. In isolation, the land has little development potential and its separation from the larger Council owned site to the east will have no detrimental effect on the value and marketability of the remaining Council owned land, which will be marketed for sale later this year.

Measures of success

- 4.1 An unused piece of ground will be sold for a capital receipt and an economically beneficial use.

Financial impact

- 5.1 A capital receipt of £175,000 will be received in the financial year 2016/17.

Risk, policy, compliance and governance impact

- 6.1 There is a risk that the sale does not complete. This is the same for any conditional offer of purchase.

Equalities impact

- 7.1 The use of the site will facilitate the construction of a car show room, creating jobs and economic output in the city, and enhancing the right to productive and valued activity.
- 7.2 By generating substantial capital receipt for the Council, a variety of rights may be enhanced depending on where the money is utilised.

Sustainability impact

- 8.1 There are no sustainability issues arising from the recommendations of this report.

Consultation and engagement

- 9.1 N/A

Background reading/external references

N/A

Hugh Dunn

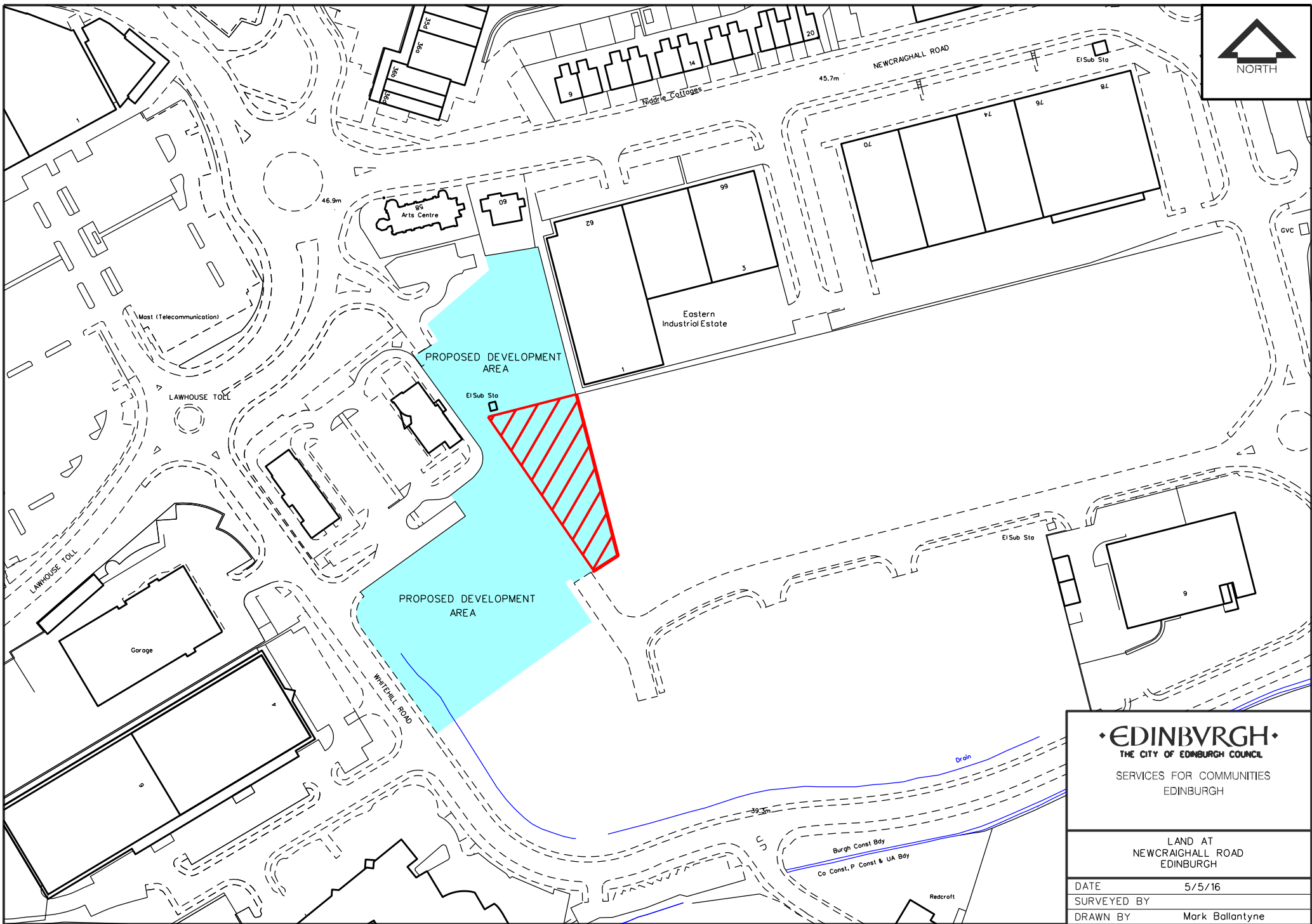
Acting Executive Director of Resources

Contact: Chris Jayne, Estates Surveyor

E-mail: chris.jayne@edinburgh.gov.uk | Tel: 0131 529 6528

Links

Coalition pledges	P17 - Continue efforts to develop the city's gap sites and encourage regeneration.
Council outcomes	CO7 – Edinburgh draws new investment in development and regeneration. CO8 – Edinburgh's economy creates and sustains job opportunities.
Single Outcome Agreement	SO1 – Edinburgh's Economy Delivers increased investment, jobs and opportunities for all.
Appendices	Location Plan



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 SERVICES FOR COMMUNITIES
 EDINBURGH

LAND AT
 NEWCRAIGHALL ROAD
 EDINBURGH

DATE	5/5/16
SURVEYED BY	
DRAWN BY	Mark Ballantyne
SCALE	N.T.S.
NEG. NO.	A3/1670

SITE PLAN

PHOTOGRAPHICALLY REDUCED NOT TO SCALE

THIS MAP IS REPRODUCED FROM ORDNANCE SURVEY MATERIAL WITH PERMISSION OF ORDNANCE SURVEY ON BEHALF OF THE CONTROLLER OF HER MAJESTY'S STATIONARY OFFICE CROWN COPYRIGHT. UNAUTHORISED REPRODUCTION INFRINGES CROWN COPYRIGHT LICENCE NUMBER 100023420. CITY OF EDINBURGH 2013 AND MAY LEAD TO PROSECUTION OR CIVIL PROCEEDINGS.

Finance and Resources Committee

10.00am, Thursday, 9 June 2016

Participatory Budgeting Process– referral from the Communities and Neighbourhoods Committee

Item number	8.5
Report number	
Executive/routine	
Wards	All

Executive summary

The Communities and Neighbourhoods Committee on 10 May 2016, considered an update report on the development and delivery of a participatory budgeting in the city, supported by a multi agency Participatory Budgeting Development Group.

The report has been referred to the Finance and Resources Committee for information.

Links

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

Terms of Referral

Participatory Budgeting Update

Terms of referral

- 1.1 On 10 May 2016, the Communities and Neighbourhoods Committee considered an update report on the development and implementation of Participatory Budgeting (PB) across Edinburgh.
- 1.2 PB has been successfully delivered across the city since 2010 and involves citizens directly in decision-making of spending priorities for public funds.
- 1.3 The report by the Acting Executive Director of Communities and Families detailed the activities underway to develop both new and existing approaches to PB. Work was also ongoing to create a standardised evaluation framework to allow the measure of success of PB across the city.
- 1.4 The Communities and Neighbourhoods Committee agreed:
 - 1.4.1 To note this report
 - 1.4.2 To refer the report to the Finance and Resources Committee for information.
 - 1.4.3 To agree to receive a further report on progress on participatory budgeting initiatives and development activity at a future meeting.

For Decision/Action

- 2.1 The Finance and Resources Committee is asked to note the report.

Background reading / external references

See attached report.

Kirsty-Louise Campbell

Interim Head of Strategy and Insight

Contact: Laura Millar, Assistant Committee Clerk

E-mail: laura.millar2@edinburgh.gov.uk | Tel: 0131 529 4319

Links

Coalition pledges	See attached report
Council outcomes	See attached report
Single Outcome Agreement	See attached report
Appendices	Participatory Budgeting Update – report by the Acting Executive Director of Communities and Families

Communities and Neighbourhoods Committee

10am, Tuesday, 10 May 2016

Participatory Budgeting Progress

Item number	7.5
Report number	
Executive/routine	
Wards	All

Executive Summary

Participatory budgeting directly involves citizens in making decisions on the priorities and spending of public funds. It is not merely a consultative exercise but an expression of direct, deliberative democracy. The approach has been successfully implemented by Neighbourhood Partnerships and city-wide since 2010.

This report provides an update on the development and delivery of participatory budgeting in the city, with this work being supported by a multi-agency Participatory Budgeting Development Group.

Links

Coalition Pledges	P33
Council Priorities	CP4 , CP13
Single Outcome Agreement	SO1 , SO2 , SO3 , SO4

Participatory Budgeting Update

1. Recommendations

- 1.1 It is recommended that the Communities and Neighbourhoods Committee:
 - 1.1.1 notes this report;
 - 1.1.2 refers the report to the Finance and Resources Committee for information; and
 - 1.1.3 agrees to receive a further report on progress on participatory budgeting initiatives and development activity at a future meeting.

2. Background

- 2.1 The use of participatory budgeting (PB), originally developed in Latin America in the 1980s, has grown dramatically across the world. The increased adoption by a wide range of public bodies in the UK and further afield, acknowledges the benefits of the approach in increasing levels of citizen participation, delivery of more responsive and effective services and greater community cohesion.
- 2.2 In Edinburgh, PB has been successfully implemented since 2010. The PB activity is diverse, involving a wide range of partners and targeted on increasing the participation of both communities of place and interest. The main programme of work to date has been delivered through the Neighbourhood Partnerships (NPs) using a small grants model to allocate devolved funding streams, strengthening their established role of involving communities in the identification of local priorities, mobilising local knowledge to shape service solutions and deciding on the allocation of resources to address local needs. There is evidence of a growing interest in, and understanding of, the benefits of the approach, and consequently a number of new activities are now planned and/or being explored at a strategic level by partners in relation to employability, community safety and health and social care.
- 2.3 This focus on co-operative engagement and partnership working is core to the Council's and community planning partners' approach for delivering better outcomes for Edinburgh's citizens. Within this, PB offers a significant opportunity to deliver the city's aspirations for co-operative service delivery and the approach to increasing citizen involvement in democratic processes.

- 2.4 At a national level, the Scottish Government recognises and supports the approach, the benefits of which find expression in the recently published Community Empowerment (Scotland) Act. As part of this, the Scottish Government is providing a range of support to local authorities to promote and encourage its adoption.
- 2.5 Support for the approach in the city is provided by a Development Group comprising a range of partners and experienced practitioners from across the Local Community Planning network. The group is responsible for a programme of work for development and delivery collectively by partners aimed at building on the existing good practice of citizen participation locally and city-wide.

3. Main report

- 3.1 The current work programme in the city aims to build on established practice by developing both existing and new approaches to PB, together with raising awareness and understanding of the value of the approach in supporting community empowerment and delivering better outcomes for communities. Key activity delivered in relation to each of these themes is set out below.

Development of existing PB approaches

- 3.2 A key strand of work for the Development Group is to support the ongoing development of established initiatives, building on the findings from evaluation processes, with a view to improving effectiveness and identifying measures to achieve increased levels of participation, particularly from wider sections of the community.
- 3.3 A range of initiatives have taken place across the NPs since the last report to Communities and Neighbourhoods Committee on PB in September 2014. This includes youth themed initiatives in [Almond](#) and [Western](#) Edinburgh NPs and further initiatives in Leith and Liberton & Gilmerton.
- 3.4 The latest [Leith Decides](#) initiative ran from October 2015 to February 2016 with 50% of the Community Grants Fund budget (£22,092) being allocated through the approach. As in previous years, the initiative has proven successful with 1,365 local people voting on 37 projects, with 24 securing funding. The evaluation shows that six of the applicants had not received funding from Leith Decides or the Community Grants Fund in the previous two years. Feedback from participants showed the majority of respondents (89%) rated PB as an excellent or good way of allocating funds and continued to value the event as a way of voting over other methods (56% and 32% respectively). Equalities monitoring identified under-representation from the Asian community based on census data and this, together with the absence of applications from BME groups, has been identified as an area of development. This activity will be supported through the programme funding secured from the Scottish Government identified later in this report.
- 3.5 The second ['Youth Talk Lead the Change'](#) initiative in Liberton & Gilmerton NP provided young people aged 12 to 25 years old the opportunity to decide on how to

allocate £10,000 of Community Grants Fund budget. The initiative was part of the ongoing development of the successful Youth Talk model of engagement which is designed to involve young people in shaping and deciding on services in the area. The initiative ran from November 2015 to February 2016 and involved young people from the local high schools, youth organisations and libraries in generating and voting on ideas for new services and projects. Young people were able to submit ideas at local community centres, libraries and schools, as well as online using the Dialogue App. Bids were then invited to deliver the priorities with young people scoring the submissions during a voting period lasting two weeks in January 2016. The evaluation showed PB to be a meaningful way of exploring and meeting the needs and aspirations of young people in the community. Feedback from the young people and partners involved was positive, with comments including “exciting for the local area”, “helped to generate discussion about the local area” and a “great idea”.

Development of new PB approaches

- 3.6 Over the last year there have been a number of new PB initiatives delivered across the NPs, including 'You Decide' in Portobello & Craigmillar, a Neighbourhood Environment Programme focused initiative in [Liberton & Gilmerton](#), 'Grant a Grand' in South West and South Central NP 'South Centra£ Decides - Voice Your Choice'.
- 3.7 ['You Decide'](#) in Portobello & Craigmillar in May 2015 allocated the total Community Grants Fund budget for the area of £21,737 through PB. The initiative was widely promoted with information published in the Portobello Reporter and Party-online, sent across partner email distribution lists, posted on the NP website, displayed in libraries, community centres and Council offices and circulated using social media. A mix of voting opportunities was provided, resulting in a total of 494 votes cast. Of the 29 project applications submitted, 17 were successful in securing funding, including 8 new applicants. Analysis of the voter registration showed participation across all age groups, with those aged 26-45 years being the single largest group at 38.5%. Most participants had heard about the event through word of mouth (44%). Feedback from the initiative was positive with a few respondents identifying potential areas for improvement.
- 3.8 The initiative in [Liberton & Gilmerton NP](#) was the first example of using PB to allocate a proportion of the Neighbourhood Environment Programme budget. The new process aimed to increase participation in selecting projects from a published portfolio developed through the NP ongoing dialogue with the community. This included placing voting sheets in local libraries and the local Neighbourhood office, together with making them available online via the NP website. The voting process culminated in a voting evening event. This initial pilot resulted in over 50 people participating and provided the foundation for a further initiative this year.
- 3.9 The South West NP initiative ['Grant a Grand'](#) enabled young people aged between 10 and 19 years old to develop ideas and vote on projects designed to improve youth activity in the area. The NP set aside £10,000 from the Community Grants Fund to support the initiative, offering grants of £1,000 for each project. In total

over 600 votes were cast over a three week period in February 2016, with young people able to vote when checking out a book at local libraries, at community centres when attending a youth club and online through their school email account. The outcome of the process was announced at an event in Carrickvale Community Centre, which included staff from local community groups, live music and sports tasters. The ten projects awarded funding covered a range of activities including sports, environment, cookery, music and capacity building. Whilst the evaluation report is still to be produced, initial feedback shows that participants particularly valued the community spirit generated through the initiative and the opportunity to make decisions.

- 3.10 The South Central NP, building on earlier experience through the 'Students in the Community' initiative, used PB to allocate over £200,000 of Community Grants and Neighbourhood Environment Programme funding. The 'South Central Decides - Voice Your Choice' initiative on 30 April 2016 is the first example of different funding streams being decided on at a market stall event and is the largest amount of funding allocated using this approach to date.
- 3.11 In addition to this NP activity, initiatives are planned and/or being explored in relation to employability, community safety and health and social care.
- 3.12 Since 2010 the Council has been radically evolving the way it approaches Employability Services with a greater focus on prevention (Edinburgh Guarantee), co-production (Supported Employment contract and Project Search), and collaboration (NPs and Joined Up for Jobs) to deliver better and more sustained positive outcomes for citizens, businesses and communities. To build on this approach of identifying new ideas and approaches to accelerate the reduction of worklessness and poverty in the city, the Economic Development Service is leading on the delivery of a PB pilot focused on activity agreements. Activity agreements are for young people at risk of leaving school without a positive destination. It is an agreement with the young person to undertake a programme of learning and development aimed at improving their skills in preparation for entry into employment, training, education and/or volunteering. The pilot will enable young people to work with providers to develop ideas for the programme and then to choose the activities they want to see funded.
- 3.13 Police Scotland, in response to an increase in the frequency of hate crime incidents targeted on Muslim women and children in the city and growing fears in this community particularly of venturing out after dark and/or on their own, initiated a meeting of partners to consider how best collectively to address the issue. From this a tactical plan was developed which is being taken forward by a strategic Community Improvement Partnership, governed by the Edinburgh Community Safety Partnership. Actions are being progressed under the priorities of community engagement and reassurance, prevention, and intervention and enforcement. As part of this programme, a PB initiative is being developed, with £5,000 already committed by Police Scotland and a further bid of £8,000 is to be submitted to the Edinburgh Partnership Community Planning Partnership Enabling Fund.

3.14 Health and Social Care integration provides the opportunity for all stakeholders, including communities of interests and place, to influence the planning and delivery of social care services. With a focus on a collaborative approach, the potential for adopting PB approaches as part of the commissioning process has been identified and will be explored as part of the development and implementation of the Strategic Plan.

Promoting awareness and developing co-operative working

- 3.15 An important workstream is to promote awareness and increase understanding across community planning partners at local and strategic levels, including community and third sector, of the benefits of PB with the aim of encouraging increased adoption of the approach as part of future service design and delivery processes. There is also a need to develop evaluation approaches to enable the cumulative impact of the city's approach on delivering improved outcomes for communities and citizens to be effectively measured.
- 3.16 To support this activity and the delivery of the other thematic priorities, funding has been secured from the Scottish Government. The funding comprises two discrete but complementary packages, a ten day programme of PB expert support and, most recently, a programme designed to provide additional support to develop and pilot PB processes. This includes match funding for budgets identified for allocation through PB initiatives and costs related to awareness raising, running PB initiatives and expert support to enable members of the community to engage with PB.
- 3.17 The use of the 10 day package of support reflects the range and type of support required to enable current plans for PB to be progressed and the approach to be embedded in the city, within the Council and the community planning framework. To date, the support has been used to deliver 7 workshop sessions designed to promote the approach to partners and to develop key areas of work.
- 3.18 Three awareness raising sessions were held covering the third sector, community planning partners and elected members. The third sector workshop, led by Edinburgh Voluntary Organisations' Council, used a case study approach to raise awareness and promote discussion amongst participants of the value of PB to their sector. This complements existing activity, with PB regularly promoted across the sector by the Compact Partnership through the website and e-newsletters. Recognising the potential of PB as a vehicle to enhance community planning working across the city, a session was held targeting support officers and members of the Strategic Partnerships and Edinburgh Partnership. Following on from guidance provided to elected members on PB from the Improvement Service, a session was held to introduce and promote the approach to members, recognising that not all NPs are currently using the approach.
- 3.19 Of the development sessions, two were targeted on supporting specific initiatives. The employability workshop brought together providers that would potentially be involved in the planned PB pilot with a view to promoting and developing a shared understanding of the aims and objectives underpinning the approach. A dedicated

session was held for Leith Decides Steering Group members providing them with an opportunity to discuss the learning from previous events to inform future approaches. Recommendations from the session, together with an evaluation of the approach covering 2010 to 2016, formed the basis of a report considered by Leith NP in March 2016.

- 3.20 The two final sessions were held for Development Group members to support the work programme by focusing on approaches to evaluation and communication. The evaluation session, using examples from across the UK and further afield, focused on the development of a framework covering individual and city-wide processes. Whilst work on this is progressing, a complementary programme of work at a national level is being taken forward by Glasgow Caledonian University on behalf of the Scottish Government. The potential to link the two workstreams has been identified and joint working opportunities with the University are currently being explored.
- 3.21 The communications session focused on the development of approaches and measures of success. The session informed the production of an action plan which identifies key workstreams to be progressed over the coming year, including the development of a PB brand, production of a PB toolkit, development of a city-wide communications plan and production of a PB promotional video. As detailed later in the report, funding secured from the Scottish Government will support the delivery of key areas of work.
- 3.22 Levels of participation in each of the sessions has varied from 6 to 19 individuals and has involved all stakeholders, elected members, officers from the Council, NHS Lothian, Police Scotland and Fire and Rescue Service, third sector organisations and community representatives. The remaining support available will be used to provide sessions for the Health and Social Care Partnership and members of the Integrated Joint Board as part of the exploration of approaches to future commissioning, Police Scotland to support the design of the Hate Crime initiative and, recognising the significant level of activity already having taken place, a session to explore the scope for developing and expanding youth themed approaches.
- 3.23 The second package of support comprises £77,500 to match fund planned PB activity and programme development. The match funding component will be used in relation to the Employability initiative (£20,000), Liberton & Gilmerton NP (£10,000), South Central NP (£12,000) and Inverleith NP Youth Talk (£3,000). The remaining funds are being used to support marketing and promotion, development of a PB video to showcase the work in the city, brand development being taken forward by the Development Group with the support of the Council Communications Service and specialist support to encourage participation from communities of interest.
- 3.24 A total of £15,000 has been set aside for the equalities workstream, recognising the needs and challenges of engaging with people with protected characteristics and the potential role PB can have in opening up communication channels with the most

excluded individuals and groups in the community. The funding will be used to support direct engagement in planned PB initiatives, such as Employability and Hate Crime, as well as work to develop new ideas and tools for ensuring socially excluded members of the community are supported and encouraged to participate.

- 3.25 As part of the joint working with the Scottish Government, the Development Group participated in the research carried out by the [Democratic Society](#) on the use of digital tools to support PB. The findings from this project have now been published and offer a number of recommendations in progressing e-engagement, recognising that whilst digital engagement is an important support for and complement to PB processes, it cannot replace offline engagement. To date e-engagement has been used by one initiative in the city and this is an area for further development. On this basis, work is underway to explore the potential for further support as part of a package available to local authorities.
- 3.26 Against a context of needing to use limited budgets more effectively, PB offers significant benefits in allowing communities to have a direct voice in the priority and decision-making processes. The approaches in the city and work of the Development Group provide a strong foundation for developing approaches more widely and real potential in informing future service design and the allocation of resources through the localities setting.

4. Measures of success

- 4.1 Each participatory budgeting initiative has defined measures to determine the success of the approach. Work is currently being progressed to develop a standardised evaluation framework which will allow aggregate measures of success to be established at a city-wide level.
- 4.2 All PB initiatives aim to increase citizen participation in governance and democratic decision making; increase community cohesion; and improve the quality of life. These objectives are core to the NP approach, and across the city these are measured based on key indicators drawn from the Edinburgh People's Survey of people feeling they are able to have a say on things happening or how services are run in their local area; satisfaction that people from different backgrounds can get on well together; and improved satisfaction with neighbourhoods as a place to live.

5. Financial impact

- 5.1 The costs associated with this report are contained within existing budgets or met through external funding.

6. Risk, policy, compliance and governance impact

- 6.1 There are no adverse risks or policy impacts associated with this report.

7. Equalities impact

- 7.1 Local community planning activity and the work of the NPs contributes to the delivery of the Equality Act 2010 general duties of advancing equality of opportunity and fostering good relations. The PB initiatives are designed to promote community cohesion.

8. Sustainability impact

- 8.1 There are no adverse environmental impacts associated with this report.

9. Consultation and engagement

- 9.1 PB as an approach enables citizens to be actively engaged in decisions about their community and local area. A collaborative approach is taken to the design and delivery of initiatives, with agencies and the community working together at all stages of the process.

10. Background reading/external references

- 10.1 Hyperlinked throughout the report.

Alistair Gaw

Acting Director of Communities and Families

Contact: Michele Mulvaney, Community Engagement and Partnership Development Manager

E-mail: michele.mulvaney@edinburgh.gov.uk | Tel: 0131 469 3541

11. Links

Coalition Pledges	P33 - Strengthen Neighbourhood Partnerships and further involve local people in decisions on how Council resources are used
Council Priorities	CP4 - Safe and empowered communities CP13 - Citizen and Partner engagement, Budget

Single Outcome Agreement	<p>SO1 - Edinburgh's economy delivers increased investment, jobs and opportunities for all</p> <p>SO2 - Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health</p> <p>SO3 - Edinburgh's children and young people enjoy their childhood and fulfil their potential</p> <p>SO4 - Edinburgh's communities are safer and have improved physical and social fabric</p>
Appendices	None