

Notice of meeting and agenda

Finance and Resources Committee

2.00pm, Thursday 18 August 2016

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

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

Contact

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1. Order of business

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

2. Declaration of interests

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

3. Deputations

- 3.1 West Granton Community Trust Board – Item 7.8 – Revenue Monitoring 2016/17 – Month Three Position (circulated)
- 3.2(a) Edinburgh World Heritage – Item 8.7 - Proposed lease and conservation burden at Tron Kirk, 122 High Street, Edinburgh (circulated)
- 3.2(b) Royal Mile Street Traders – Item 8.7 – Proposed lease and conservation burden at Tron Kirk, 122 High Street, Edinburgh (circulated)

4. Minutes

- 4.1 Minutes of the Meeting of 9 June 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 Transformation Programme: Progress Update – report by the Chief Executive (circulated)
- 7.2 Budget and Transformation Engagement Approach 2016 – report by the Chief Executive (circulated)
- 7.3 Managing Workforce Change – Workforce Dashboard – report by the Acting Executive Director of Resources (circulated)

- 7.4 Re-employment and Re-engagement of Staff – report by the Acting Executive Director of Resources (circulated)
- 7.5 Capital Monitoring 2015/16 – Outturn and Receipts – report by the Acting Executive Director of Resources (circulated)
- 7.6 Revenue Monitoring 2015/16 - Outturn Report – report by the Acting Executive Director of Resources (circulated)
- 7.7 Capital Monitoring 2016/17 – Month Three Position – report by the Acting Executive Director of Resources (circulated)
- 7.8 Revenue Monitoring 2016/17 – Month Three Position – report by the Acting Executive Director of Resources (circulated)
- 7.9 Resources Directorate – Revenue Budget Monitoring 2016/17 – month three position – report by the Acting Executive Director of Resources (circulated)
- 7.10 Chief Executive - Revenue Budget Monitoring 2016/17 – Month Three Position – report by the Chief Executive (circulated)
- 7.11 Treasury Management: Annual Report 2015/16 – report by the Acting Executive Director of Resources (circulated)
- 7.12 Finance Policies - Assurance Statement – report by the Acting Executive Director of Resources (circulated)
- 7.13 Carbon Reduction Commitment (CRC) Annual Report – report by the Acting Executive Director of Resources (circulated)
- 7.14 Common Good Annual Performance 2015/16 – report by the Acting Executive Director of Resources (circulated)
- 7.15 ICT Services, Contract with CGI: Progress Update – report by the Chief Executive (circulated)
- 7.16 Contract and Waiver Management: Update – report by the Acting Executive Director of Resources (circulated)
- 7.17 Review of Terms of Reference and Delegated Functions – Property Sub-Committee and the Elected Member ICT and Digital Sounding Board – report by the Chief Executive (circulated)
- 7.18 Homelessness Prevention – Review of Advice and Support Pilot – report by the Head of Safer and Stronger Communities (circulated)

- 7.19 Provision of a Removal and Storage of Furniture Services Framework from 2016-2021 – report by the Head of Safer and Stronger Communities (circulated)
- 7.20 Former Tenants Rent Arrears 2015/16 – report by the Executive Director of Place (circulated)
- 7.21 Property Repairs and Maintenance Contract Update – report by the Executive Director of Place (circulated)
- 7.22 Contract Award under Urgency Procedure: Edinburgh Schools - School Transport – report by the Acting Executive Director of Communities and Families (circulated)
- 7.23 Property Conservation – Programme Momentum Progress Report and Edinburgh Shared Repairs Service Update – report by the Acting Executive Director of Resources (circulated)
- 7.24 Edinburgh Shared Repairs Service – Evaluation of the Pilot – report by the Acting Executive Director of Resources (circulated)

8. Routine decisions

- 8.1 Summary Report on Property Transactions Concluded under Delegated Authority – report by the Acting Executive Director of Resources (circulated)
- 8.2 Proposed lease restructure of tourist information centre at Waverley Mall, Edinburgh – report by the Acting Executive Director of Resources (circulated)
- 8.3 Proposed sale of former public convenience at 199 St John's Road, Edinburgh – report by the Acting Executive Director of Resources (circulated)
- 8.4 Proposed 10 year lease at 86/88 Niddrie Mains Road, Edinburgh – report by the Acting Executive Director of Resources (circulated)
- 8.5 Proposed 15 year lease at Unit 1, 72/78 Niddrie Mains Road, Edinburgh – report by the Acting Executive Director of Resources (circulated)
- 8.6 Proposed 10 year lease extension at 69B Braid Road, Edinburgh – report by the Acting Executive Director of Resources (circulated)
- 8.7 Proposed lease and conservation burden at Tron Kirk, 122 High Street, Edinburgh – report by the Acting Executive Director of Resources (circulated)
- 8.8 Proposed sale of site at Ardmillan Terrace, Edinburgh – report by the Acting Executive Director of Resources (circulated)

- 8.9 Proposed Lease Extension at 125 Lauriston Place, Edinburgh – report by the Acting Executive Director of Resources (circulated)
- 8.10 Proposed New Lease to Pulsant (South Gyle) Ltd at Units 1 & 2 The Clocktower, Flassches Yard, South Gyle Industrial Estate, Edinburgh – report by the Acting Executive Director of Resources (circulated)
- 8.11 Proposed Ground Lease at Port Edgar – report by the Acting Executive Director of Resources (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 Aileen McGregor, 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 4325 or e-mail veronica.macmillan@edinburgh.gov.uk / aileen.mcgregor@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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Item 3.1

Dear Veronica

I would just like to confirm that we will be able to attend the meeting along with the Finance and Resources Committee on Thursday 18th August at 2pm. Please can you confirm if this will be at the City Chambers and to let us know the procedures for the deputations.

Many Thanks

Jacqui

on behalf of May Riordan (Chairperson)

The Prentice Centre

West Granton Community Trust

From: Adam Wilkinson
Sent: 26 July 2016 15:39
To: Veronica Macmillan
Cc: Alasdair Rankin

Item 3.2(a)

Subject: RE: Deputation Request - Finance and Resources Committee - Tron Kirk

Dear Veronica

Thank you for your email. I wish to make a deputation to the Finance and Resources Committee on the 18th August on behalf of Edinburgh World Heritage, with the aim of explaining the background to the organisation's current position with the Tron Kirk. I might submit a short briefing note as an aide-memoire for councillors which would cover EWH's activities and investment to date, and note the wider outcomes of the project.

With every good wish,

Adam

From: david coutts
Sent: 02 August 2016 11:31
To: Veronica Macmillan
Subject: Re: TRON CHURCH LEASE 01-09-2016 GOING FORWARD.

Item 3.2(b)

Veronica,

To follow on from our chat earlier.

The market traders would like to have a deputation on the 18th.
We will be represented by 4 people at the meeting.

Any further info required then please e-mail me.

Best regards,

David Coutts

Item 4.1 - Minutes

Finance and Resources Committee

10.00am, Thursday, 9 June 2016

Present

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

1(a) Deputation: Inch House Community Centre

The Committee agreed to hear a deputation from the Inch Management Committee in relation to Item 7.12 – Inch House Community Centre.

The main points raised by the deputation were:

- Approximately 20,000 people from the Inch area and beyond used the Inch Community Centre.
- The Community Centre offered many classes and clubs, including 2 youth clubs, a dance club, bowling, a lunch club and various others.
- The Management Committee had been unable to use all of the building due to some rooms being in a state of disrepair, and had pushed hard for repairs to be carried out.
- Loss of the historic building would have a detrimental impact on the local community, and a petition to save the building had been signed by 2,500 people and had the full support of the local MP, MSP and Councillor.
- The Management Committee favoured Option 1 described in the report by the Acting Executive Director of Resources.

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

Declaration of Interest

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

1(b) Inch House Community Centre

Committee considered a report that summarised the history and deterioration in the condition of Inch House Community Centre and set out the results of series of surveys regarding its condition. It was proposed that the Council explored opportunities for a

restorative purchaser to acquire the building and for a further report to be brought to Committee on the way forward.

Decision

- 1) To note that Inch House Community Centre was now in a position where major expenditure would be required if the building was to be made fit for purpose for future use.
- 2) To note that a further report would be brought to Committee once opportunities for the potential of a restorative purchaser and grant funding availability had been explored.
- 3) To provide details on the approaches taken to secure funding for historic buildings by other local authorities across Scotland in the further report to Committee.

Declaration of Interest

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

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

2. Minutes

Decision

To approve the minute of the Finance and Resources Committee of 12 May 2016 as a correct record.

3. Key Decisions Forward Plan

The Finance and Resources Committee Key Decisions Forward Plan from 9 June 2016 to 18 August 2016 was submitted.

Decision

To note the Key Decisions Forward Plan from 9 June 2016 to 18 August 2016.

(Reference – Finance and Resources Committee Key Decisions Forward Plan, 9 June 2016 to 18 August 2016, submitted.)

4. Rolling Actions Log

The Finance and Resources Committee Rolling Actions Log for 27 August 2015 to 12 May 2016 was submitted.

Decision

To note that Items 4, 5, 6 and 8 had been closed.

(Reference – Rolling Actions Log, 27 August 2015 to 12 May 2016, submitted.)

5. Governance of Major Projects: Progress Report

An update was provided on the major projects portfolio and the forthcoming assurance review schedule.

Decision

- 1) To note the current synopsis of the dashboard reports for the major projects portfolio set out in Appendix 1 of the report.
- 2) To note the updated assurance review schedule and findings of assurance review/health checks undertaken since the previous report to Committee, as described in section 3.4 – 3.13 of the report.
- 3) To note the Transformation Team under the new Strategy and Insight Division was now operational from 2 May 2016 with a number of current vacancies.
- 4) To ensure that evidence was provided in the next report to the Finance and Resources Committee that the Fleet Review was operating within budget.

(References – Finance and Resources Committee, 17 March 2016 (item 7); report by the Chief Executive, submitted.)

6. Asset Management Strategy (AMS) Transformation Programme - Update

Details were provided of the progress made on the implementation of the Asset Management Strategy (AMS) for Property and Facilities Management.

Decision

- 1) To note the continued progress in each of the key Asset Management Strategy (AMS) Transformation Programme work streams.
- 2) To note the development and content of the Management Information dashboard reports and Milestone Programme provided in Appendices A and B of the report.
- 3) To note the proposal to accelerate the building survey programme so that it was completed within twelve months.
- 4) To note the Benefits Realisation Tracker was currently being developed and populated to create a revised baseline for savings.

(References – Finance and Resources Committee, 17 March 2016 (item 1c); report by the Acting Executive Director of Resources, submitted.)

7. Managing Workforce Change – Workforce Dashboard

Committee considered a report that provided an overview of monitoring information on the number of employees that has exited the organisation through voluntary severance arrangements, the associated annualised cost savings, the number of staff that had accessed support/Career Transition Services, 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.

Decision

- 1) To note the progress made to date.
- 2) To include information in the next report to Finance and Resources Committee on the management of redeployment figures and bump redundancy.

(References – Finance and Resources Committee, 12 May 2016 (item 5); report by the Acting Executive Director of Resources, submitted.)

8. Revenue and Capital Budget Framework 2016/20: Potential Equalities and Rights Impacts of Approved Proposed

Committee considered a report on the initial findings of the assessments carried out of the potential equalities and rights impacts of the proposals in the Council's Revenue and Capital Budget Framework for 2016/20 approved by Council on 21 January 2016.

Decision

- 1) To note the report.
- 2) To note that a further update would be reported to the Committee later in the year once additional evidence of actual impacts and the effectiveness of relevant mitigating actions was available.

(References – Finance and Resources Committee, 14 January 2016 (item 9); report by the Acting Executive Director of Resources, submitted.)

9. Waiver Report for CCTV Infrastructure: BT Redcare

Approval was sought for a waiver of contract standing orders to allow the direct award of a contract to BT Redcare, a subsidiary of BT Group plc.

Decision

To approve 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 for the period from 1 July 2016 to 30 June 2017 with the option to extend for a further year to 30 June 2016.

Declaration of Interest

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

(References – Health, Social Care and Housing Committee, 26 January 2016 (item 16); report by the Head of Safer and Stronger Communities and the Chief Social Work Officer, submitted.)

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

An update was provided on the contracts awarded following a waiver of the Council's Contract Standing Orders (CSOs) and the contracts awarded with a value below the threshold that would require Committee approval between 1 January 2016 and 31 March 2016.

Decision

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

Declaration of Interest

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

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

11. Implications for Coproduction and Procurement

Details were provided of the options for coproduction and procurement of community services as a result of significant changes to legislation and a request for a report by the Finance and Resources Committee.

Decision

- 1) To note the issues raised in the report.
- 2) To note that a follow up report on the development of a 'light touch' regime for health and social care tenders would be brought to Committee in six months.

(References – Finance and Resources Committee, 17 March 2016 (item 10); report by the Acting Executive Director of Resources, submitted.)

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

Approval was sought for an extension to the existing arrangement for the supply and maintenance of temporary security alarm systems to PID Systems Limited.

Decision

- 1) To approve 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.
- 2) To approve a direct award to PID Systems Ltd if no suitable providers noted interest in the contract opportunity to be advertised on Public Contract Scotland subject to Commercial and Procurement Services advising that this was compliant with procurement legislation.

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

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

Approval was sought for the award of a contract to Lyreco for the supply of stationery to the Council from 1 August 2016 to 31 May 2020.

Decision

To approve the award of a contract to Lyreco for the supply of stationery from 1 August 2016 until 31 May 2020.

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

14. Bridgend Farmhouse and Steadings: Update

An update was provided on the progress of the transfer of Bridgend Farm and Steadings to Bridgend Inspiring Growth (BIG).

Decision

- 1) To note that the transfer of the farmhouse and steadings to Bridgend Inspiring Growth (BIG) was expected to complete in June 2016.
- 2) To note the progress made by BIG since the Finance and Resources Committee approved the transfer in September 2015.

(References – Finance and Resources Committee, 24 September 2015 (item 1b); report by the Acting Executive Director of Resources, submitted.)

15. Redhall House and Grounds, 7 Redhall House Drive, Edinburgh

Decision

To continue the report until the planning application on Redhall House and Grounds had been considered by the Development Management Sub-Committee.

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

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

Approval was sought to award a contract to Blake Bros Ltd for the supply and distribution of groceries and provisions from 1 July 2016.

Decision

- 1) To approve the award of a contract to Blake Bros Ltd for the supply and distribution of groceries and provisions from 1 July 2016 until 20 April 2020.
- 2) To agree that the contract should be managed in such a way as to maximise compliance with the Edible Edinburgh strategy, the Council's Food for Life commitments and to capture the potential sustainability benefits identified.

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

17. Property Repairs and Maintenance Contract Update

Committee considered a report advising that Internal Audit were undertaking a review of the contract management, monitoring and quality assurance within property repairs and maintenance. A further report would be brought to Committee in August 2016 detailing the outcome of the review.

Decision

To note that an update report on the Property Repairs and Maintenance contracts would be brought to the Finance and Resources Committee in August 2016.

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

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

Approval was sought for the award of a contract for consultancy services to provide a study of siltation in the Water of Leith Basin.

Decision

To approve the appointment of AECOM to undertake a study and provide a report on siltation on the Water of Leith Basin for a contract sum of £35,561.95.

(References – Transport and Environment Committee, 25 August 2015 (item 11); report by the Executive Director of Place, submitted.)

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

Approval was sought for the appointment of consultants to design cycling and walking schemes in two work packages. Work package 1 consisted of nine cycling schemes and work package 2 consisted on eight walking schemes.

Decision

- 1) To approve the contract award for the design of the cycle schemes work package 1 to AECOM for a value of £377,722 (£359,722 including the cost of £18,000) for additional options.
- 2) To approve the contract award for the design of the 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).

(References – Transport and Environment Committee, 17 March 2015 (item 10); report by the Executive Director of Place, submitted.)

20. Approval for 'Smarter Choices, Smarter Places' 2016/17 – Travel Planning Consultants

Details were provided of the 'Smarter Choices, Smarter Places' (SCSP) programme for 2016/17 and approval was sought for the award of a contract for consultancy support to deliver a city-wide travel planning programme with external organisations across Edinburgh and to continue building on the outcomes of the SCSO projects in 2015/16.

Decision

To 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 would contribute towards a key commitment in the Local Transport Strategy. The anticipated value of the contract was up to £95,000.

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

21. Adoption of Scottish Government Liquid Fuels Framework

Approval was sought to adopt and implement the National Framework Agreement for Liquid Fuels.

Decision

To approve the adoption and implementation of the Liquid Fuels Contract, procured on behalf of the Scottish Public Sector by the Scottish Government via a mini competition, for an initial period of two years with the option to extend up to 24 months.

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

22. 21st Century Homes – Procurement of a Developer for North Sighthill

Details were provided of the outcome of the tender evaluation for the procurement of a developer for the North Sighthill project and approval was sought to appoint a preferred bidder to deliver the housing development in partnership with the Council.

Decision

- 1) To approve the appointment of Keepmoat Regeneration Ltd as preferred bidder for the North Sighthill project.
- 2) To note the total budget of £19.339 million for the North Sighthill project, as detailed in the financial implications section of the report.
- 3) To note that the £12.746 million of prudential borrowing formed part of funding requirements presented within the Housing Revenue Account (HRA) five year capital programme approved by Council on 21 January 2016.
- 4) To authorise the Executive Director of Place, on behalf of the Council, to enter into the Developer Agreement and all other ancillary documents (which would comprise of the 'Contract') relative to the North Sighthill project.

(References – Finance and Resources Committee, 13 May 2015 (item 25); report by the Executive Director of Place, submitted.)

23. Refurbishment and Redevelopment at the City Observatory Calton Hill Complex – Delegated Authority for Award of Contract

Details were provided of 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, approval was sought to delegate authority to the Executive Director of Place to appoint the contractor that submitted the most economically advantageous tender.

Decision

- 1) 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 with the most economically advantageous bid to deliver the

refurbishment works and development of the City Observatory, Calton Hill Complex.

- 2) To note that tenders had been received from four short listed building contractors; that the Council had completed the quality assessment of the bids and was currently in the process of evaluating the commercial bids.

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

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

Decision

To withdraw the report.

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

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

The Education, Children and Families Committee on 24 May 2016 approved the revised strategy for the delivery of a replacement Tynecastle Nursery. Approval was sought of the terms and conditions for the delivery of a replacement Tynecastle Nursery as outlined in Paragraph 3.5 of the report.

Decision

To approve the terms and conditions for the delivery of a replacement Tynecastle Nursery as outlined in paragraph 3.5 of the report.

Declarations of Interest

Councillors Ricky Henderson and Joan Griffiths declared financial interests as season ticket holders of Hearts Football Club and contributors to the Foundation of Hearts, and Councillor Paul Edie as Chair of the Care Inspectorate, respectively.

(References – Education, Children and Families Committee, 25 May 2016 (item 2.2); report by the Acting Executive Director of Children and Families, submitted.)

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

Committee considered a report which invited them to appoint the membership of its Sub-Committees and Working Groups for 2016/17.

Decision

- 1) To appoint the membership of the Sub-Committees and Working Groups for 2016/17 as detailed in Appendix 1 of the report.
- 2) To agree that Councillor Main would replace Councillor Chapman as the elected member for the Green Group on the Joint Consultative Board.

- 3) To note that a further report would be brought to Committee in August to review the Terms of Reference and Delegated Functions for the Property Sub-Committee and the Elected Member ICT and Digital Sounding Board.

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

27. 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 status of the remaining legacy projects.
- 5) To note the update on the implementation of the Edinburgh Shared Repairs Service (ESRS).

(References – Finance and Resources Committee, 12 May 2015 (item 14); report by the Acting Executive Director of Resources, submitted.)

28. Edinburgh Shared Repairs Service – Missing Shares

Committee considered a report regarding the City of Edinburgh Council's Scheme of Assistance that promoted the principle that homeowners had the primary responsibility for maintaining and repairing their own homes.

Homeowners were sometimes unable to progress essential repairs and maintenance due to other owners being unwilling or unable to contribute to their share of the costs. In order to prevent a minority of owners delaying essential repairs, approval was sought for the Council to pilot the use of Section 50 of the Housing (Scotland) Act 2006 which allowed local authorities to pay missing shares, subject to specific criteria being met.

Decision

- 1) To approve the payment of missing shares to enable essential common repairs to proceed in accordance with Section 50 of the Housing (Scotland) Act 2006.
- 2) To agree that the Council would recover payments made in relation to missing shares including associated administrative expenses and interest.
- 3) To agree to pilot the missing share scheme over the 2016/17 financial year. This would be limited to 3 projects and cost benefit would be assessed at the year end as to its efficiency.

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

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

Committee considered a report that was continued at 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 was accepted by the purchaser.

Approval was sought to sell the land to Hotel Property Fund (Syndicate 1) Limited (HPF) at market value on the main terms outlined in the report.

Decision

To approve 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 to be agreed by the Acting Executive Director of Resources.

(References – Finance and Resources Committee, 12 May 2016 (item 17); report by the Acting Executive Director of Resources, submitted.)

30. Disposal of Land in Princes Street Gardens – National Galleries of Scotland Proposed Extension

Approval was sought for the disposal of a strip of land in East Princes Street Gardens to enable the extension of the National Gallery to National Galleries Scotland on the main terms set out in the report.

Decision

To approve the disposal of the strip of land,(shown outlined in red in the appended diagram to the report), to National Galleries Scotland (NGS) on the terms and conditions outlined in the report and on other terms to be agreed by the Acting Executive Director of Resources.

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

31. Port Edgar Marina – Proposed Lease Extension

Approval was sought to grant a lease extension to Port Edgar Holdings Ltd (PEHL) to facilitate the continued investment at Port Edgar sooner than would otherwise be the case.

Decision

To approve 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 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.)

32. Site at Newcraighall Road, Edinburgh – Proposed Disposal

Committee considered a report which sought approval to sell approximately 0.14 hectares (0.37 acre) of Council owned land at Newcraighall Road, Edinburgh to South Yorkshire Pensions Authority (SYPA).

Decision

To approve the disposal of the land at Newcraighall Road, extending to 0.14 hectares (0.37 acre) or thereby, on the terms and conditions outlined in the report and on such terms and conditions to be agreed by the Acting Executive Director of Resources.

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

33. Participatory Budgeting Process – referral report from the Communities and Neighbourhoods Committee

The Communities and Neighbourhoods Committee on 10 May 2016 considered an update report on the development and delivery of participatory budgeting in the city, supported by a multi agency Participatory Budgeting Development Group. Committee were asked to note the report.

Decision

To note the report.

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

34. 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.

35. Property Conservation – Unimplemented Statutory Notices

An update was provided on unimplemented statutory notices in Edinburgh issued by the former Property Conservation Service.

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

2.00pm, Thursday 18 August 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 Clerk Tel: 0131 529 4283</p> <p>Linda Fraser Professional Support Manager Tel: 0131 469 3928</p>

Recent news	Background
<p>In February 2013, Council approved the establishment of an investment fund to a value of up to £7.5m to help create new development opportunities, support business innovation, deliver jobs and promote economic growth in Edinburgh. The fund is “evergreen” insofar as subsequent additional income and/or savings generated are used to repay the initial investment, allowing the Fund to invest in subsequent initiatives.</p> <p>As of 31 July 2016, the fund balance was £7.438m, representing the net effect of total income of £7.5m and expenditure of £0.062m.</p> <p>Fund income of £7.5m is comprised as follows:</p> <ul style="list-style-type: none"> • a dividend received from CEC Holdings following an earlier land sale through Shawfair Land Ltd; and • an approved £4.5m allocation from the capital receipt from the sale of the Atria complex in March 2016. 	<p>For further information, please contact Hugh Dunn, Acting Executive Director of Resources</p>

Approved calls on the fund are as follows:

- In May 2015, Council [agreed to allocate £2m from the fund to support the development of industrial units in Sighthill](#). This investment will allow the Council to address the lack of existing and planned small industrial units within the city. While there is no legal commitment to proceed with the development at this stage, £0.062m has been spent on preparatory work to date; and
- In March 2016, Council considered a report on [the redevelopment of Meadowbank Stadium](#), identifying a projected funding gap at that stage of around £6m. In order to obtain greater certainty about the size of the likely funding requirement, Council approved a contribution of up to £0.7m from the Fund to allow detailed designs to be developed to the end of RIBA stage 4, thereby allowing the Council to tender for the project works and confirm the total cost and associated funding gap. The Fund would then be paid back in subsequent years.

Forthcoming activities

Item 6.1 - Key decisions forward plan

Finance and Resources Committee

[18 August – 8 September 2016]

Item	Key decisions	Expected date of decision	Wards affected	Director and lead officer	Coalition pledges and Council outcomes
1.	Consultants Costs 2015/16	8 September 2016		Hugh Dunn, Acting Executive Director of Resources Lead Officer: Iain Shaw , Principal Accountant	
2.	Business Travel	8 September 2016		Hugh Dunn, Acting Executive Director of Resources Lead Officer: John McCann , Interim Head of Customer	
3.	Property Conservation – Programme Momentum Progress Report and Edinburgh Shared Repairs Service Update.	8 September 2016		Hugh Dunn, Acting Executive Director of Resources Lead Officer: Andrew Field , Head of Edinburgh Shared Repairs	
4.	Contractor Works Framework - Award of Contract	8 September 2016		Hugh Dunn, Acting Executive Director of Resources Lead Officer: Patrick Brown , Building Programme Team Manager	

Item 6.2 - Rolling Actions Log

Finance and Resources Committee

27 August 2015 – 9 June 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		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	9 June 2016	G	Report considered by the F+R Committee on 9 June 2016 – closed.
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	August/September 2016		A	Report was continued to allow a site visit and a hearing to be arranged to consider the planning application. A report would be brought back to F+R after a decision was made on the planning application – ongoing.

4	12-05-16	Managing Workforce Change - Workforce Dashboard	<p>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.</p>	<p>Acting Executive Director of Resources</p>	<p>As soon as possible</p>		<p>A</p>	<p>Still being worked on – should be available in the next week – ongoing.</p>
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5	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.
6	09-06-16	Governance of Major Projects Progress Report	To provide an explanation to Councillor Whyte about why the Tram Extension and Leith Programme had taken so long as there was concern about the impact on local businesses.	Chief Executive	As soon as possible	13-06-16	G	Briefing note circulated to Councillor Whyte and F+R Committee members – closed.

7	09-06-16	Managing Workforce Change - Workforce Dashboard	To include information in the next update report on the management of redeployment figures and bump redundancy.	Acting Executive Director of Resources	18-08-16		A	An update will be given at the APM on 18 August 2016 and officers will ensure this request is reflected in the report/dashboard – ongoing.
8	09-06-16	Waiver Report for CCTV Infrastructure: BT Redcare	To circulate a briefing note to members on the funding arrangements for CCTV in other local authorities including input from COSLA.	Head of Safer and Stronger Communities	As soon as possible	17-06-16	G	Briefing note circulated to elected members – closed.
9	09-06-16	Implications of Co-Production and Procurement	Officers to meet with Councillor Ricky Henderson to discuss the development of a light touch regime for Procurement of Health and Social Care Tenders.	Acting Executive Director of Resources	As soon as possible	28-07-16	G	Procurement Officers meet with Cllr Henderson on 28 July to discuss – closed.

Red – Action has not been completed within timescales indicated.

Amber – Action is in Progress.

Green – Action has been completed and recommended for closure.

Finance and Resources Committee

2.00pm, Thursday, 18 August 2016

Transformation Programme: Progress Update

Item number	7.1
Report number	
Executive/routine	
Wards	

Executive summary

This report provides the Finance and Resources Committee with a single, consolidated status update on the Council Transformation Programme, aimed at delivering a lean and agile Council, centred on customers, services and communities. This report provides progress updates across the major workstreams and notes the most up to date position with VERA/VR and the delivery of organisational reviews. The report includes the most recent management information dashboards.

Links

Coalition pledges
Council outcomes
Single Outcome Agreement

Transformation Programme: Progress Update

Recommendations

- 1.1 Note the progress to date with organisational reviews and the associated savings;
- 1.2 Note the management information dashboards for the month to 15 July 2016 attached at Appendix 1.

Background

- 2.1 The Council continues to operate in a challenging environment with increases in demand for services within ongoing financial constraints. In response, the Council has developed a Transformation Programme aimed at building a lean and agile organisation, centred on customers, services and communities.
- 2.2 On 25 June 2015, Council approved a report on the Transformation Programme which set out the future operating model for the Council.
- 2.3 This report highlights the following:
 - Progress to date with the realisation of savings through organisational reviews;
 - Progress with major workstreams;
 - Updated VERA/VR figures; and
 - Management information dashboards for the month to 15 July 2016

Main report

Progress of Organisational Reviews and the Realisation of Savings

- 3.1 A significant proportion of the Transformation Programme savings are being delivered through a series of organisational reviews aligned to Head of Service areas of responsibility.
- 3.2 The first phase of organisational reviews are now successfully nearing conclusion, with new structures implemented and associated savings realised in 17 areas. A further 7 areas are in the consultation or matching and assignment phase and are on track to deliver new structures and associated savings in the coming weeks. 2 areas are on track to start consultation shortly. The table below outlines the current status of Phase 1 reviews.

Organisational Review	STATUS	Projected Savings £M	Benefits Status
Communications	IMPLEMENTED	0.463	achieved
ICT	IMPLEMENTED	0.78	achieved
Human Resources	IMPLEMENTED	0.514	achieved
Business Support: Executive Support	IMPLEMENTED	0.78	achieved
City Strategy & Economy	IMPLEMENTED	1.409	achieved
Strategy & Insight	IMPLEMENTED	1.246	achieved
Transformation and Business Change	IMPLEMENTED	0.336	achieved
Communities and Families Operations	IMPLEMENTED	0.141	achieved
Children's Services - Management	IMPLEMENTED	1.394	achieved
Customer Contact - Phase 1	IMPLEMENTED	1.507	achieved
Corporate Property - Phase 1 - Tiers 3 and 4	IMPLEMENTED	0.173	achieved
Business Support in Schools	IMPLEMENTED	0.744	achieved
Safer & Stronger Communities	IMPLEMENTED	1.962	achieved
Schools & Lifelong Learning – Early Years	IMPLEMENTED	0	achieved
Legal Services	IMPLEMENTED	0.443	achieved
Risk, Audit and Resilience	IMPLEMENTED	0.25	achieved
Transactions Phase 1	IMPLEMENTED	1.984	achieved
Transport & Planning	MATCHING & ASSIGNMENT PROCESS	3.547	on track to deliver in September 2016
Environment	MATCHING & ASSIGNMENT PROCESS	4.89	on track to deliver in September 2016
Housing and Regulatory Services	MATCHING & ASSIGNMENT PROCESS	1.835	on track to deliver in September 2016
Business Support Shared & Locality Services	MATCHING & ASSIGNMENT PROCESS	1.717	on track to deliver in October 2016
Commercial and Procurement	MATCHING & ASSIGNMENT PROCESS	0.398	on track to deliver in September 2016
Finance	MATCHING & ASSIGNMENT PROCESS	0.882	on track to deliver in September 2016
Schools and Lifelong Learning - Outdoor Centres	IN CONSULTATION	0	N/A
Corporate Property - Tier 5 and below	ON TARGET TO START CONSULTATION	0.206	on track to deliver in November 2016
Democratic Services	ON TARGET TO START CONSULTATION	0.422	on track to deliver in December 2016
TOTAL PHASE 1 SAVINGS		28.236	

3.3 Target timescales for delivery of phase 1 organisational reviews have been successfully met in most cases. Minor extensions to consultation periods were agreed with staff and unions in some areas to ensure that feedback was fully addressed, but these have generally been relatively short and have not had any significant impact on the realisation of associated savings.

3.4 The Embedding Change work continues, to ensure that necessary process, technology, asset and service changes are implemented to support the new staffing structures in these areas over the coming year. Workshops are scheduled with directors and their senior management teams in August to identify cross-directorate work required and agree priority projects for the coming 12 months.

Phase 2 Plans

- 3.5 Phase 2 of the Transformation Programme also looks to achieve significant cost savings. The phase 2 business cases are now well under development to identify how the cost savings will be achieved as well as developing the detailed project plans to demonstrate how and when.

Organisational Review	STATUS	Projected Savings £M	Benefits Status
Customer (Customer, Transactions & Business Support)	Business Case Under Development	7.852	Due for implementation by January 2017
Libraries, Schools & Life Long Learning	Business Case Under Development	8.103	Due for implementation by January 2017
Safer & Stronger Communities Advice Services/Family Solutions and CCTV	Business Case Under Development	1.555	Due for implementation by January 2017
ICT Phase 2	Business Case Under Development	0.200	Due for implementation by January 2017
Health & Social Care Phase 2	Detailed Planning Under Development	11.246	Due for implementation by January 2017
Childrens Services - Support to Special Schools	Business Case Under Development	0.440	Due for implementation by January 2017
Total Projected Phase 2 Savings		29.396	

- 3.6 A more detailed Phase 2 report will be delivered at the next Transformation update setting out how the phase 2 saving will be realised.
- 3.7 The business case for the Libraries, Schools and Lifelong Learning area has now been agreed by the Corporate Leadership Team (CLT).
- 3.8 The business case for the review of Advice Services in Safer and Stronger Communities is also under development and due for consideration by CLT in August. Work is underway to identify and validate all staff, grants and contracts that will be in scope of the review and the project team is currently meeting with finance, procurement and key service contacts to drive this forward. The

business case is due for completion by the end of July and will set out proposed savings and options for this service.

- 3.9 The business case for Phase 2 in ICT is due to be considered by CLT in September 2016. The programme team is in discussion with the Interim Head of ICT to identify the resources which are required to develop and implement the savings proposals in this area.
- 3.10 There are also a range of non-organisational review savings within Children's Services which form part of phase 2 of the Transformation Programme. Work is already underway in the service area to deliver these and the programme team is currently engaging with Children's Services to ensure full visibility of plans. The intention is to allocate a project manager from within the programme to support Children's Services with delivery.

Workstream Updates – Localities

- 3.11 Organisational reviews continue to progress, with matching and assignment in Environment, Housing and Regulatory Services, Planning and Transport, and Safer and Stronger Communities largely in place. Environment is due to complete final matching and assignment by mid-August followed by Housing Property at the end of August. Edinburgh Road Services, as part of the Transport and Planning review is expected to be concluded by the end of September. Embedding Change sessions are underway and the process of transforming service delivery will continue over the next 12 months.
- 3.12 As the organisational reviews conclude and new staffing structures are implemented, the locality operating model is being populated, with a complete picture of staff and vacancies in each Locality expected to be available by September.
- 3.13 An approach to developing, approving, delivering and evaluating Locality Improvement Plans, required as a result of the Community Empowerment Act 2015, is being progressed by the Council and Community planning partners. The proposed approach involves establishing a project team in each of the four localities, reporting to each Locality Leadership Team, to conduct two phases of engagement; (i) locality wide engagement to inform locality wide outcomes (October to December 2016), and (ii) smaller area engagement (February 2017 to May 2017) in areas of high social deprivation to develop action to address poverty and inequality. Under the proposals, plans would be ready for approval by Council committee and the Edinburgh Partnership Board between July and October 2017
- 3.14 Data Services team within Strategy and Insight have started the development of a data warehousing solution in conjunction with senior service users and CGI to deliver Insights (dashboards) for localities to ensure managers and leadership teams not only have accurate and current service data to plan service delivery but also have improved management information to support operational decision making. The data warehouse will be a single repository for all Council data,

providing a single view of data from multiple source systems and enabling the development of dynamic dashboards that are customisable, have drill down capabilities and be developed to evolve with the changing needs of the business.

- 3.15 The Localities programme plan has been refreshed, with priority areas including ongoing development of Locality Leadership Teams and Locality Management Teams; ensuring greater integration between CEC and Health and Social Care Localities and service delivery models; and implementation of the Phase 2 review in Schools and Lifelong learning into the Localities model.

Workstream Updates - Customer

- 3.16 Phase 1 continues to progress with completion of the outstanding organisational reviews. Matching and assignment and interviews for vacant posts are continuing and all reviews are on track to go operational as planned.
- 3.17 Phase 2 planning and delivery has continued. Through working with the service area and reviewing their process, procedure and customer journeys, a number of projects have been identified. These have been prioritised and categorised according to their financial benefit, non-financial benefit, complexity and speed of delivery to enable the maximum impact to be achieved in the most efficient timescale.
- 3.18 Project management and Business analyst resources have been allocated to each initiative to manage the delivery of the benefit and plan. A business case has been developed showing the estimated savings, delivery approach and timeline to achieve the benefits, as well as identifying potential risks and additional opportunities that may produce additional savings to close the current savings gap.
- 3.19 CGI and partner Agilisys have encountered difficulties in the development of the new digital platform and automated transactions for Channel Shift. The Council is working closely with CGI to support the creation of a new delivery plan. This plan will include a comprehensive business impact assessment which will detail training, communications and business change required to implement the new systems and to support channel shift with citizens and customers. Progress continues with the analysis of the transactional pipeline moving into new areas such as Licensing, Parking, Housing and Planning and Building Standards
- 3.20 Over 68,000 individuals have now signed up for online MyGovScot accounts. Proposals for improving digital participation are being developed in conjunction with SCVO and CGI, and these will be subject to wider engagement to inform a detailed implementation plan.

Workstream Updates – Health and Social Care

- 3.21 Consultation for phase 1 has now closed and the project team are currently reviewing feedback. Allocation and Assignment is scheduled to take place in August, with the management structure operational by mid September.
- 3.22 It has now been agreed that the remainder of the structure will be implemented in a single phase under Health and Social Care Phase 2 and detailed planning is underway for this. Consultation is currently scheduled to start in September and run for 45 days.
- 3.23 The project team is currently reviewing possible strategies to accelerate implementation, including how Voluntary Redundancy is applied for Phase 2.
- 3.24 The Transformation project team is working closely to ensure alignment with the wider programme of work ongoing within Health and Social Care and identify the key management risks and dependencies.

Workstream Updates - Asset Management Strategy

- 3.25 The New Property and Facilities Senior Management team (tiers 3 and 4) became operational on 30 June 2016. Some vacancies remain and these will be filled via the standard recruitment process.
- 3.26 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.
- 3.27 Phase 2, which will include non-Facilities Management staff below tier 4 is scheduled to commence in August 2016. This is slightly later than originally anticipated but will not impact on the overall savings targets.
- 3.28 Phase 3, which includes all Facilities Management staff below tier 4, was due to commence at the end of August 2016 but will now begin later in the year, probably at the end of October. The delay is a result of the engagement period for FM re-design being extended to ensure all key stakeholders are on board with the proposals. The current aim is to sign off service level agreements and delivery plans by the end of September. This extended time period for consultation will not impact on the overall savings targets.
- 3.29 Work has now commenced to develop the survey specification and detailed methodology for the Asset Condition survey programme.
- 3.30 The business cases for Lothian Chambers and 329 High Street continue to be progressed. Engagement with services in these buildings is underway and a workshop was held in July in order to further develop the brief of the receiving space at 249 High Street so that service requirements can be fully supported by any remodelling of the space.

- 3.31 A consultation strategy has been developed for the Wester Hailes place based approach. Conveners and local elected members have been briefed. A programme of proposed public engagement is planned following next Locality Leadership Team meeting in August. This will help shape the detail of the proposals to allow development of a full business case in autumn.

VERA/VR Update

- 3.32 As at 5 August 2016, 653.2 FTE have left or are confirmed to leave the organisation under VERA or VR arrangements. This will achieve recurring savings of £24.1 million. The one off cost associated with those cases is £28.6 million and the overall payback period is 14.2 months, which is in line with planning assumptions.

Transformation Management Information Dashboards

- 3.33 The management information dashboards for the month to 15 July 2016 are attached as appendix 1.

Measures of success

- 4.1 The business cases have identified significant financial and non-financial benefits associated with the Transformation Programme.
- 4.2 The PMO have developed a clear financial and non-financial benefits framework which forms the basis of bi-monthly dashboard reporting to Committee.

Financial impact

- 5.1 As approved by Council the Transformation Programme is targeting the development and delivery of cumulative savings of £77.0m as a critical element of the Council's approved budget framework.
- 5.2 VERA and VR are being used to maximise delivery of workforce savings through voluntary measures. Annualised cost savings of £24.1m have been achieved to date with associated voluntary severance costs and pension strain costs totalling £28.6m. The overall payback period of 14.2 months is in line with planning assumptions.

Risk, policy, compliance and governance impact

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

Equalities impact

- 7.1 New locality management arrangements and local community engagement arrangements take cognisance of the needs of equalities communities of interest in addition to communities of place

- 7.2 New grant and contract programmes are designed to ensure the protection of the most vulnerable communities, families and individuals to maintain equality of opportunity.
- 7.3 Face to face contact and other contact channels are maintained for individuals, families and groups that have difficulties when accessing new or IT based channels.
- 7.4 Proposals comprising the budget framework will be assessed for their corresponding potential equalities and human rights impacts. The combined and cumulative impact of the proposals across the transformation programme will be assessed and reported to Committee. The results of these assessments will then be referred to Council to ensure that members pay due regard to them in setting the Council's 2016/17 budget.

Sustainability impact

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

Consultation and engagement

- 9.1 The Council Transformation Programme has engaged with staff using a number of methods, including drop-in sessions, workshops, a dedicated email address, ORB pages, blogs, communications updates and briefings from line managers.
- 9.2 A comprehensive employee engagement plan has been developed for each organisational review, with a dedicated overarching change plan involving staff, elected members, partners and trade unions.

Background reading/external references

N/A

Andrew Kerr

Chief Executive

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

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

Links

[Report to Finance and Resources Committee, May 2016 - Transformation Programme: Progress Update](#)

[Report to Finance and Resources Committee, March 2016 - Transformation Programme: Progress Update](#)

[Report to Finance and Resources Committee, March 2016 - Asset Management Strategy Update](#)

Coalition pledges

Council outcomes

Single Outcome Agreement

Appendices

Appendix 1 – Management Information Dashboards

Transformation Programme Management Dashboard

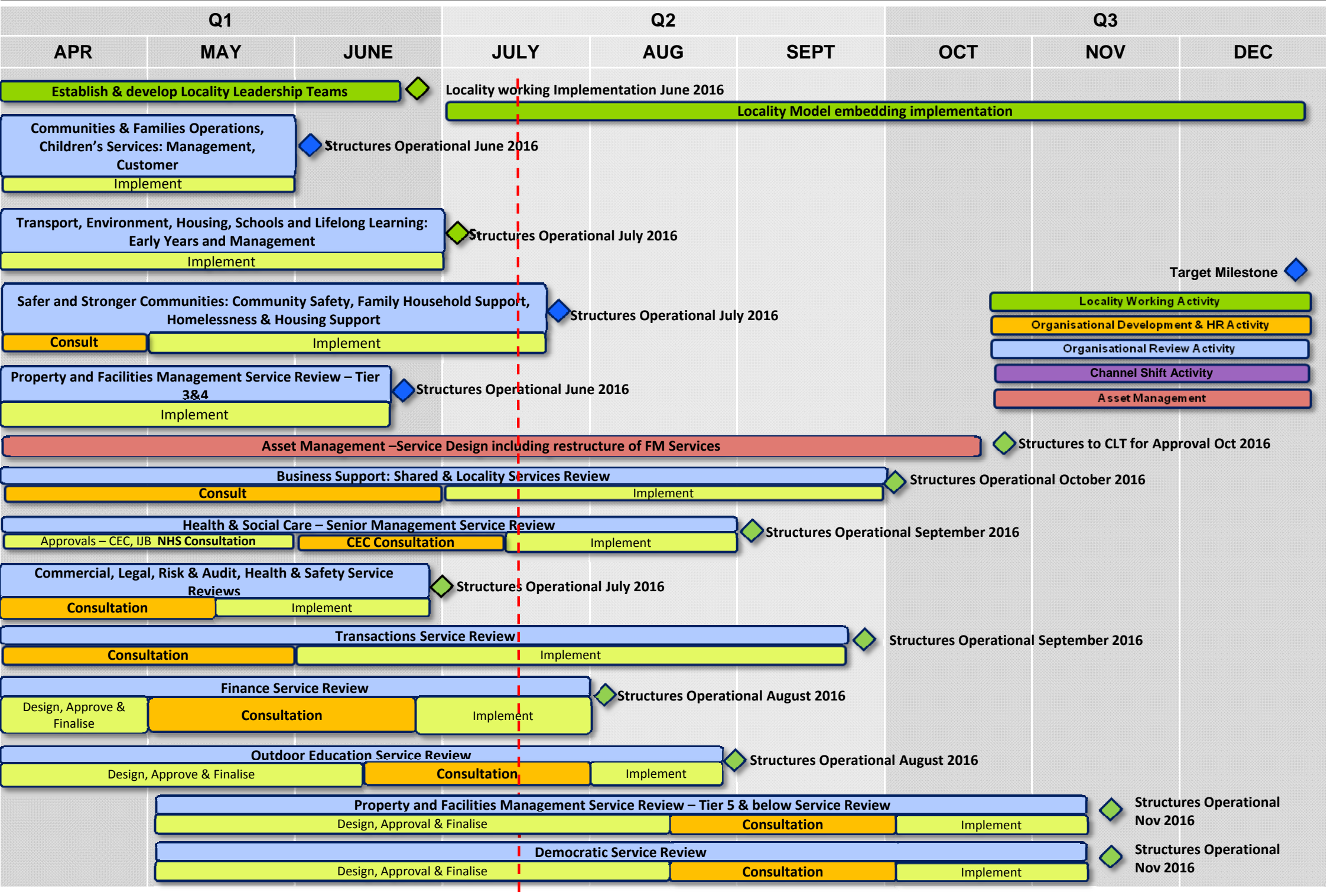
Monthly progress update - July 2016

OVERVIEW OF PROGRESS

16 Organisational reviews have now completed and a further 3 due to complete in August for Phase 1. Benefits tracking is being refined and improved to ensure that there is a clear picture of projected and actual savings and that any emerging gaps are identified to allow mitigating action to be taken. Individuals continue to exit the organisation on VERA and VR terms achieving an annualised saving of £23.7m per annum including pension and NI contributions.

PROJECT	RAG	COMMENTS	KEY PROGRAMME DECISIONS & TIMESCALES			
			July	August	September	
Customer & Business Support	→	<ul style="list-style-type: none"> Customer Contact Matching & Assignment exercise complete and structural management realignments are being finalised Ph1 Customer Reviews on track to deliver savings Ph 2 projects prioritised and estimated savings identified and overarching Business Case finalised 		Dashboards & CLT Report CLT Meeting		
Health & Social Care	→	<ul style="list-style-type: none"> Phase 1 on track. Consultation completed and feedback considered Ph 2 Costs and savings to be agreed and finalised Ph 2 structure to be signed off and published and savings to be identified and agreed by area Ph 2 plan being finalised 	Operational July Place, Communities and Families, Property and Facilities Management Tier 3 & 4 Reviews, Customer			CLT Meeting
Asset Management	→	<ul style="list-style-type: none"> Arcadis undertaking final due diligence to finalise Ph3 soft FM Tranche 1 Estate Rationalisation Business Cases developed and submitted to Property Facilities Management Board 	Embedding Transformation – Imp Plan Ph 2 Prog Plan	CLT Meeting	F&R Committee	
Localities	→	<ul style="list-style-type: none"> Embedding Change Sessions complete & plans being developed led by OD, across the Transformation Prog Consultation for Sports & Lifelong Learning expected to commence August Localities Plan refresh completed by 14th July 	Operational July Safer & Stronger : Ph1, Commercial, Legal, Risk & Audit, H&S Sve Reviews			
Resources	→	<ul style="list-style-type: none"> Matching & Assignment complete for Legal Services; Risk, IA and Health & Safety and structures implemented Matching & Assignment for Commercial extended and expected to be operational end July Finance now planned to be operational by 5/9/16 	Finance,		Operational August	
Chief Exec Dept	→	<ul style="list-style-type: none"> Strategy & Transformation implemented and vacancies being recruited internally & externally Resilience team structure is operational Governance & Democratic Svcs on track to start consultation 	Outdoor Education Centres Business Support and Transactions Services Democratic Service Review			Operational August
Place & Economy	→	<ul style="list-style-type: none"> Now in matching & assignment. Locality Management teams being assembled through this process 				
Communities & Families	→	<ul style="list-style-type: none"> Early Years and Schools management – remain in matching & assignment and vacancies advertised Consultation pack ready for Trade Union meeting for Outdoor Centres 				
RISK	DESCRIPTION	RAG	MITIGATION			
Service Failure (TPR002)	Acceleration of the Programme to realise savings more quickly causes disruption	→	Forward planning of restructuring and realignment of staff with each service is underway. CLT reviewing robustness of all Organisational Review proposals. Cross-Council working group in place to drive forward plans to embed transformation across all services.			
Engagement and Change (TPR001)	Managing change with staff and partners may be difficult due to scale and complexity of programme	→	A communications plan is in place, aligned with regular committee reporting. Regular union engagement meetings are in place. A Wider Leadership forum has been established to engage and inform senior leaders and ensure cascade of vital information. Templates have been developed to support consistent and accurate comms for organisational review and this is supported by HR business partners, Lead Officers and the programme team. A localities communications and engagement plan is under development.			

Transformation Programme Plan - Key Activities & Target Milestones to December 2016



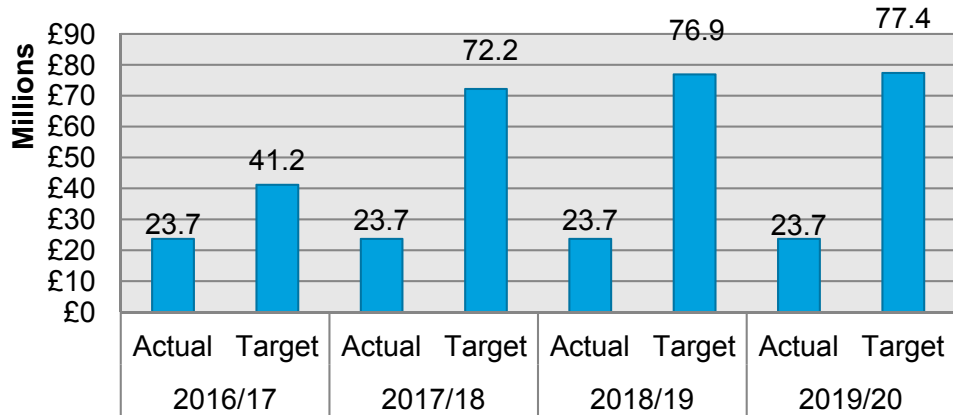
Target Milestone

- Locality Working Activity
- Organisational Development & HR Activity
- Organisational Review Activity
- Channel Shift Activity
- Asset Management

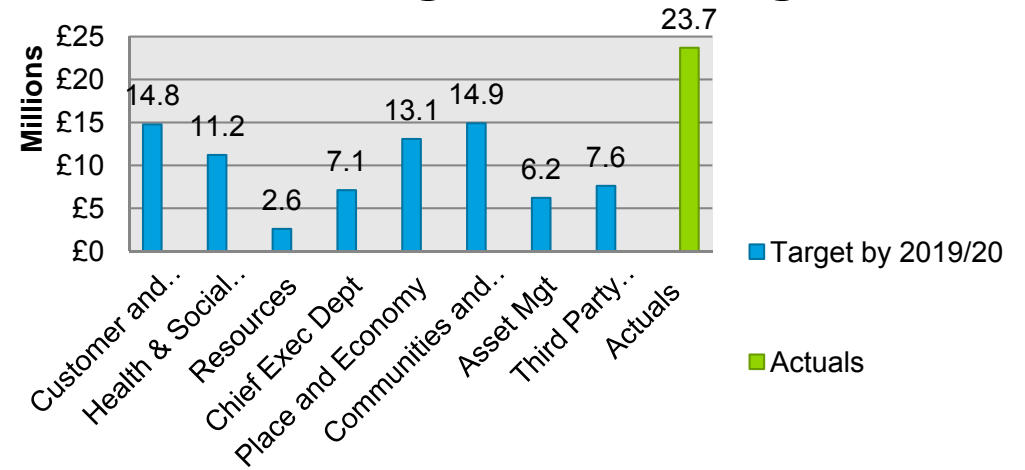


Finance & Benefits Update

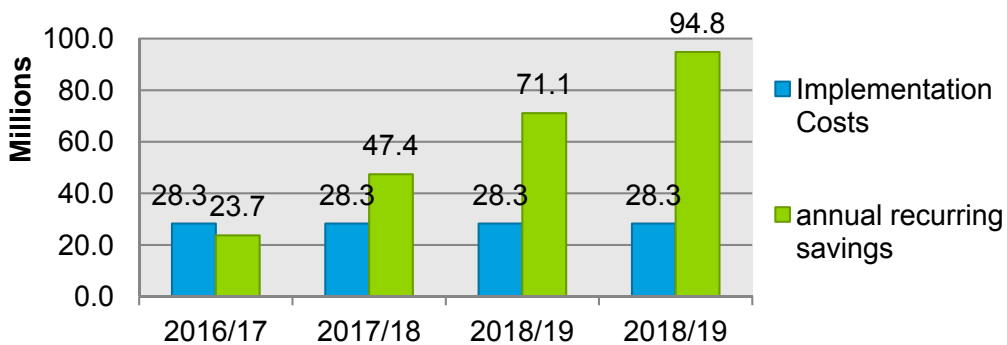
Annual Savings Targets vs Actual



Total Programme Savings



VERA COST BENEFIT ANALYSIS FOR LEAVERS TO DATE



Initiative

Activity

- Completed**
- Customer Contact matching and assignment has been finished. However, there are some structural management realignments which are being finalised
 - Matching and Assignment has continued for both Transactions and Business Support .
 - Interviews are continuing to be held working down through the structural tiers
 - All Phase 1 customer reviews are still on track to deliver the required savings
 - Phase 2 projects have been prioritised and estimated savings identified
 - Kick off meeting and PM training was completed
 - PM are meeting key stakeholders associated with their reviews
 - Overarching business case has been finalised for Customer Phase 2

- Planned**
- Continue to delivery the phase 1 organisational review including matching and assignment and implementation, the final area will be formally operational by end of September
 - In line with the project plan complete the initiation phase of the live phase 2 projects
 - Develop dependency list – in particularly those with long lead times e.g. ICT/Procurement/Policy. Work with ICT to confirm alignment with project plans and create master stakeholder list
 - Channel shift - Work is ongoing to deliver the digital solution for all Licencing and update the delivery plan in line with CGI changes
 - Continue to work with the Transformation Programme to embed the change in each area, focusing on day1 to day 365 activities

Risks & Issues

RISK ID	CHANGES TO CURRENT RISKS/NEW RISKS	MITIGATION	INHERENT RAG	RESIDUAL RAG
	Significant cultural change is required, internally and externally to embed processes, service levels could initially be impacted requiring close working with services and the real need for senior buy in for this to be successfully delivered	Close working with other services will continue and plans developed to further build on this. Working with Transformation/ HR on the embedding change sessions		
	A number of the phase 2 projects require IT enablement and are dependent on systems being available in line with delivery timeframes	Continue to work closely with CGI business partner to identify an issues or potential misalignment of delivery schedules		
	During the phase 1 transition stage the protection of income is vital to deliver the overall savings targets for the Customer Division, therefore, during implementation there must be a focus on maintaining current income levels as a minimum	The new structures have been designed to limit the impact on income generating areas. Phase 2 planning is continuing to review income generating opportunities		

ISSUE ID	CHANGES TO CURRENT ISSUES/NEW ISSUES	MITIGATION	RAG
	It is taking time to finalise the financial position for the phase 1 reviews in particular the alignment of budgets to the Trent scope lists There are leavers and vacancies from both scopes which need to be aligned to budgets	Working with Finance to understand where these numbers could be aligned	
	Team resourcing - there is resource pressure on the team delivering multiple reviews and also delivering phase 2 planning	There has been close work to identify resource requirements and the newly appointed Customer tier 4 team continue to support the project delivery team	

Key Milestones

	June				July				August			
BS Executive Support structure operational	▶											
Customer Contact consultation review completed	▶											
Customer Contact structure operational					▶							
Transaction consultation Structure Operational							▶					
BS Shared Services Structure Operational (complete end Sept)									▶			

Project Dependencies

Dependency on IT as a enabler is critical for the delivery of savings in the required timescale. The delivery is reliant on the implementation of new systems in the required timescale and requires close working with CGI and partners to implement to plan

Close working with HR to identify an deliver improvement opportunities within HRSS

Initiative



Activity

Completed

- Phase 1 Consultation completed and feedback reviewed
- Amendments being made from outcomes of consultation
- Alignment with Health and Social Care Transformation Programme for Phase 2
- Embedding Transformation session completed 1 July16

Planned

- Interviews for allocation and assignment of posts for Phase 1
- Amendments to structure for Phase 2 being finalised
- Costs and savings to be finalised and agreed for Phase 2
- Phase 2 structure to be signed off and prepared for consultation
- July 16 dataset to be obtained to review current staffing position against proposed future state
- Phase 2 consultation launch September 2016

RISK ID	CHANGES TO CURRENT RISKS/NEW RISKS	MITIGATION	INHERENT RAG	RESIDUAL RAG
	Phase 2 consultation to include all remaining staff and services will require significant resources to support the planning and consultation process	Mapping exercise planned to identify resource requirements	Yellow	Yellow
	Complexity of integrating two large organisations	Ensure clear communication strategy Clearly articulate areas of significant change, and clarify degree of other changes proposed	Yellow	Yellow
	Integration of Health and Social Care may require longer implementation time due to complexity	Induction and development plan to support managers in new integrated service	Yellow	Yellow
	Due to the holiday period there is a risk that Phase 1 interviews are delayed. This may have an impact on phase 2 planning.	Plan meetings in advance as much as possible and map out all phase 1 and phase 2 dependencies to be managed	Yellow	Yellow

ISSUE ID	CHANGES TO CURRENT ISSUES/NEW ISSUES		RAG
	Continued challenge of developing safe structures within available budget	Engagement with Health and Social Care Transformation Programme to align structures to proposed future operating models	Yellow

Risks & Issues

	June			July			August			September		
Organisational review												
Phase 1 Consultation Completed												
Phase 1 Allocation and Assignment to posts												
Phase 1 Go Live												
Phase 2 Structures Baselined												
Phase 2 Consultation (Ends 25/10/16)												

Project Dependencies

The Council's Support Services will need to be responsive and flexible to the development of the Locality model, so will require close partnership working with other work streams

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



Key Milestones

Asset Management Strategy (AMS)

Workstream Dashboard as of 08 July 2016

Previous Progress RAG	Current Progress RAG	Capability Maturity Rating

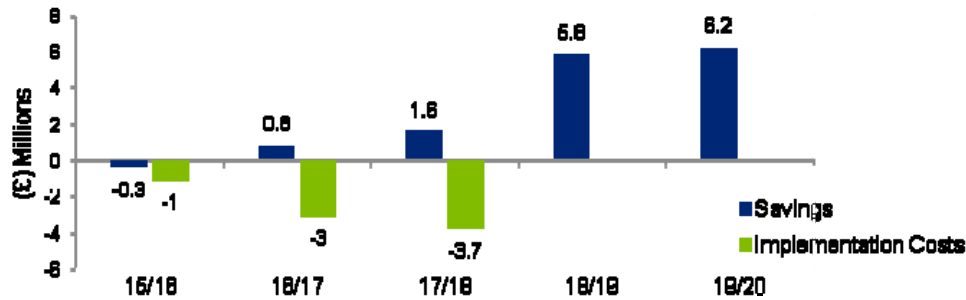
Completed

- Service Level Agreements (SLAs) - Arcadis undertaking final due diligence to finalise Phase 3 soft FM.
- Organisational Review for Phase 1 closed on 11th April with remaining vacancies going through the standard recruitment process
- Tier 5 org design is ongoing.
- First tranche of Estate Rationalisation business cases developed and submitted to Property and Facilities Management board.
- CLT approval to take forward the procurement of a delivery partner to expedite the Asset Condition survey programme.

Planned

- Organisation Review Phase 2 (August), Phase 3 (Area FM - October) and Phase 4 (ESRS - September)
- SLA comms sessions agreed with Schools Working Group
- Continue process design work across all workstreams.
- Budget transfers for transitioned services to be completed for end of July 2016.
- Review of TF Cloud CAFM system functionality.
- Commence preparation of outsourced survey specification and ITT documents
- Meeting with Housing to discuss value of land swaps for HRA portfolio

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

		July	Aug	Sept	Oct
1	Commence Phase 2 Staff Consultation		Attention		
2	Phase 3 SLA consultation		In progress	In progress	
3	Commence Phase 3 Staff Consultation				Attention
4	Complete external survey brief			In progress	
5	329 /Lothian – Report to Council				In progress
6	August F&R Committee		In progress		
7	Investments business cases				

Key: On track In progress Attention

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.	Attention
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.	Decision has been taken to outsource surveys across the entire estate this year to enable recent data to be gathered asap.	Attention
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. Re-planning of CAFM is underway, once this is complete both the schedule and resource requirements will be clearer.	Attention
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.	Attention
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.	Attention

Project Dependencies

- Communities & Families in relation to FM re-design;
- Business Support initiatives in schools
- Demand strategies from localities and service areas;
- Executive and senior management support in leading the change and helping to secure the buy in to change;
- The Council's commitment and appetite to drive out savings (political buy-in);
- CAFM project roll out including CGI and data cleansing of historic data sets to provide a single source of baseline information;

Initiative	Completed	Planned
 Activity	<ul style="list-style-type: none"> •Embedding change sessions completed and plans developed 	<ul style="list-style-type: none"> •Embedding change plans being developed across Transformation Programme, led by OD •Work continues on Sport and Lifelong Learning review with a view to consultation beginning in August •Workshops to be arranged to begin work on Locality Priorities and Improvement Plans •Localities Programme Plan refresh completed by 14th July

RISK ID	CHANGES TO CURRENT RISKS/NEW RISKS	MITIGATION	INHERENT RAG	RESIDUAL RAG
TPR000 15	People & Organisation – Continuing budget pressures, increased workload and changing priorities puts strain on the workforce, leading to lower staff morale, increased absence and stress levels.	12/07/16: A number of activities and processes are now embedded within the BAU structure council wide which address the concerns raised. Whilst these reduce the risk/impact, it is unlikely that the risk can be entirely eliminated and this risk will now therefore need to be tolerated. Paul Lawrence will need to confirm.	Red	Yellow
TPR000 25	Structure Implementation - There is a risk that Structures, if not synchronised in an effective manner across the relevant service areas, may result in operational challenges	12/07/16: The Organisational Review is complete and managers have been appointed to work with services reducing the level of this risk.	Red	Yellow


ISSUE ID	CHANGES TO CURRENT ISSUES/NEW ISSUES	MITIGATION	RAG
	No issues for escalation at this time		Yellow

Risks & Issues

Key Milestones

	July				August				September				October			
Matching and assignment of staff to services	Green	Green	Green	Green												
Service 'Embedding change' plans implemented					Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Locality structures populated	Green	Green	Green	Green	Green	Green	Green	Green								

Project Dependencies
<ul style="list-style-type: none"> •Aspects of Business and Customer Support Services consultation and implementation will overlap implementation of services and localities model •Work with Asset Management ongoing •Allocation of staff , budget and HR functions to localities

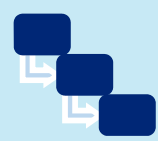
Initiative	Completed	Planned
 Activity	<ul style="list-style-type: none"> Legal Services consultations and the matching & assignment process has been completed. The structures has now been implemented Commercial matching & assignment has been extended, this is to minimise redundancies and allow staff the opportunity to apply for available roles. It is now planned that the structure will be operational by end of July The Risk, IA and Health & Safety consultations and the matching & assignment process has been completed .The structures has now been implemented The Finance review is in matching & assignment and is planned to be operational by 5/9/16 HR are working closely with Customer and are supporting the Ph 2 review . 	<ul style="list-style-type: none"> Continue to focus on the delivery of the outstanding reviews and complete the matching and assignment process Work with the Transformation Programme to embed the change in each area, focusing on day 1 to day 365 activities Continue to work with Customer to further develop the improvement opportunities for HRSS, building them into specific initiatives


RISK ID	CHANGES TO CURRENT RISKS/NEW RISKS	MITIGATION	INHERENT RAG	RESIDUAL RAG
	Saving for Legal, Risk and Internal Audit are dependent on agreement to transfer of budgets and the reduction of external spend. Without a clear governance and tracking mechanism this may not be delivered.	Part of the implementation planning includes the development of a new governance system and centralisation of Legal budgets		
	Without significant culture change the implementation of the new operating models will be less efficient and full benefits may not be delivered.	As part of the programme implementation significant change management activities are being built into the delivery plan. Embedding change session are currently being delivered		

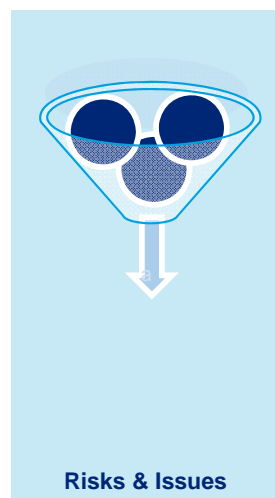
ISSUE ID	CHANGES TO CURRENT ISSUES/NEW ISSUES	MITIGATION	RAG
	Lack of staff availability is making it harder to schedule all the required interviews both during matching & assignment and to fill vacancies internally.	Teams are working to find the most flexible solution to completing interviews and are pre-planning interviews around holidays of key stakeholder.	

	Timeline												Project Dependencies
	June			July			August						
Legal structure operational													Close working with Strategy is required to allow the future Risk/IA/H&S and Resilience operating models to be successfully delivered. Close working with Customer to support the Phase 2 review of HRSS
Commercial consultation review complete													
Commercial structure operational													
Risk, IA, H&S consultation review completed													
Risk, IA, H&S structure operational													
Finance consultation review completed													
Finance consultation structure operational													

Key Milestones

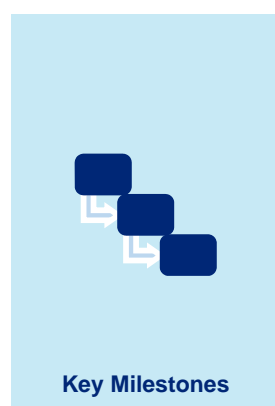


Initiative	Completed	Planned
 Activity	<ul style="list-style-type: none"> • Strategy and Transformation have been implemented and vacancies are being recruited both internally and externally • The Resilience team consultation review has closed and the matching and assignment is completed. The structures has now become operational • The Strategy team is continuing to support the Customer team through managing the development of the Customer Strategy • Democratic Services – On track to begin consultation in August 	<ul style="list-style-type: none"> • Finalise scope list for the Democratic reviews • Finalise all required documentation and activities to enter and manage the consultation process for Governance and Democratic services • Work with Services to build on previous work to confirm, enhance and rationalise insight requirements • Continue to work with the Transformation Programme to embed the change in each area, focusing on day1 to day 365 activities




RISK ID	CHANGES TO CURRENT RISKS/NEW RISKS	MITIGATION	INHERENT RAG	RESIDUAL RAG
	Without significant culture change the implementation of the new operating models will be less efficient and full benefits may not be delivered	As part of the programme implementation significant change management activities are being built into the delivery plan and Embedding change session are being held		
	Due to a number of vacant posts there is potential for the functions to be unable to deliver at full capacity in the originally planned timescales	Continue to work with HR and Finance to ensure vacant post can be recruited as quickly as possible		

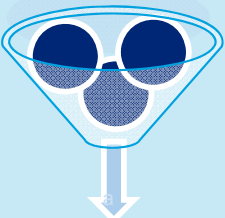
ISSUE ID	CHANGES TO CURRENT ISSUES/NEW ISSUES	MITIGATION	RAG
	Issues are being managed at this time with nothing requiring escalation		



	Timeline		
	June	July	August
Strategy and Transformation structures implemented	▶		
Resilience consultation review completed	▶		
Resilience structure operational		▶	
Democratic review commence			▶

Project Dependencies
<p>Close working with Risk, Audit, HS and Resilience is required to allow the future operating model to be successfully delivered..</p> <p>Dependency on IT for the creation and delivery of Data Services in support of Strategy & Insight</p>

Initiative	Completed	Planned
 Activity	•All reviews complete / in matching and assignment phase, Locality Management teams being assembled through this process	•Embedding transformation plans being developed for all services •Tracking of benefits ongoing •Risks and Issues identified as part of the Org Reviews are being compiled to hand over to BAU for their acknowledgement/acceptance


Risks & Issues

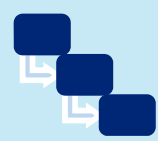
RISK ID	CHANGES TO CURRENT RISKS/NEW RISKS	MITIGATION	INHERENT RAG	RESIDUAL RAG
TPR000 15	People & Organisation – There is a risk that the embedding of the new structures and ways of working is unplanned impacting the teams and delivery of an effective structure.	12/07/16: The embedding change workstream has been formed and a number of activities and processes are now embedded within the BAU structure council wide which address the concerns raised.		
TPR000 25	Structure Implementation - There is a risk that Structures, if not synchronised in an effective manner across the relevant service areas, may result in operational challenges	12/07/16: The Organisational Review is complete and managers have been appointed to work with services reducing the level of this risk.		

ISSUE ID	CHANGES TO CURRENT ISSUES/NEW ISSUES	MITIGATION	RAG
	Issues are being managed at this time with nothing requiring escalation		

		Project Dependencies			
		July	August	September	October
	Phase 1 Org review complete and implemented				
	Localities Implementation				
	Embedding transformation plans				

•Aspects of Business Support Services consultation and implementation will overlap implementation of services and localities model

•Allocation of staff to localities ongoing


Key Milestones

Safer and Stronger Communities

July 2016

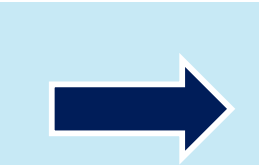
Current RAG



Initiative

Completed

Planned

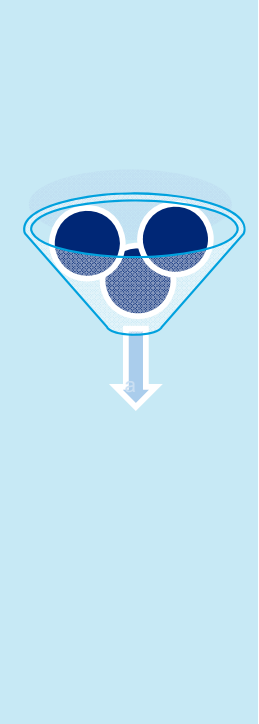


- VR offers Issued and accepted
- Matching and Assignment completed
- Interviews for family and household support now complete

- Interviews for vacant posts (Homelessness/Family and Household Support)
- Work with corporate property to identify locations for integrated teams
- Engagement session with all staff across the new integrated service

Activity

RISK ID	CHANGES TO CURRENT RISKS/NEW RISKS	MITIGATION	INHERENT RAG	RESIDUAL RAG
	Post review staff feel de-motivated and not engaged with the organisation going forward	Ongoing consultation with staff management briefings and midpoint reviews / implementation plans being drafted. Engagement sessions being set up	Yellow	Green
	Significant budget reductions. Ongoing uncertainty over the scale and potential increase in savings targets over the next 2-3 years	Finance Lead involved in Service group , Ongoing work by Finance	Red	Yellow
	Concern that experience held in new management structure insufficient to manage all services within scope	Training and development being designed, and manage assignment to posts to balance experience across all disciplines	Yellow	Yellow
	Concern from staff regarding delivery of support and enforcement functions within a single team and potential conflicts of interests	Support and information from T3 managers with experience of working within a spectrum of early intervention / prevention and enforcement	Yellow	Yellow



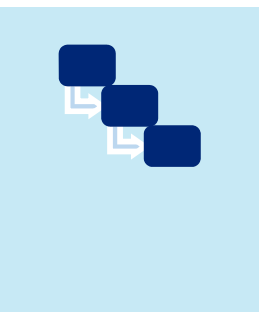
ISSUE ID	CHANGES TO CURRENT ISSUES/NEW ISSUES	MITIGATION	RAG
	Significant development / training programme. Costs associated with training staff to work at a higher level (increasing staff from grade 3 to 4 and grade 5 to 6)	Work closely with Learning and Development to identify available resource vs requirement	Yellow
	Vacant tier 3 post: Regulation and Professional Governance	Recruitment awaiting finalisation of Health and Social Care structure	Yellow

Risks & Issues

	June			July			August		
Service implementation plans				█	█	█	█	█	█
Localities implementation									

Project Dependencies

The Council's Support Services will need to be responsive and flexible to the development of the locality model, and will require close partnership working with other work streams. Timescales and approvals for VERA/VR applications from staff within the scope will have a significant impact on future savings targets and project delivery plans.




Key Milestones

Communities and Families

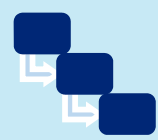
July 2016

Current RAG



Initiative	Completed	Planned
 Activity	<ul style="list-style-type: none"> • Organisational reviews – Children’s Services management– matching and assignment is complete and the new structure is operational. Embedding transformation session held. • Organisational reviews – Early Years and Schools management - new structures appointed and fully operational. • Lifelong Learning – Proposed structure developed by project team and service leads. • Edinburgh Leisure & Schools facilities –report went to Corporate Policy and Strategy Committee on 14/06/16. 	<ul style="list-style-type: none"> • Outdoor Centres – Consultation in progress • Lifelong Learning –Business case developed • Edinburgh Leisure & Schools facilities – Business case being developed and report back to Corporate Policy & Strategy in 3 cycles (late autumn).

RISK ID	CHANGES TO CURRENT RISKS/NEW RISKS	MITIGATION	INHERRENT RAG	RESIDUAL RAG
	New operating models, after efficiency savings realised, unable to support full range of current activities.	Develop strong links with locality leadership and build a comprehensive communication and engagement plan ensuring council and local priorities are addressed.		
	Changes in culture and practice necessary to support the new Children’s Services management structure are not successfully implemented or embedded, negatively impacting on service delivery and increasing risk to vulnerable children	Continue to build a learning culture across Children’s Services and within multi agency partnerships. Develop management capacity among front line Team Leaders and Assistant Team Leaders to support staff in undertaking their duties.		
	Failure to communicate and engage with the public and Councillors could lead to service user expectations being unfulfilled	Transition arrangements will form part of communication and engagement plan.		

Key Milestones		June	July	August	September	Project Dependencies
	Outdoor Centres					Asset Management – to support relocation of community based services within VCC, where appropriate, and to support the move to four localities for locally based Children’s Services (eg Children’s Social Work Practice Teams). Business Support - service design to align with emerging business support structure in localities and schools.
	Consultation and implementation					
	Lifelong Learning					
Design phase						
Review phase (including consultation)						

Finance and Resources Committee

2.00pm Thursday 18 August 2016

Budget and Transformation Engagement Approach 2016

Item number	7.2
Report number	
Executive/routine	
Wards	All

Executive summary

This report includes the approach planned to engage our citizens, people and partners with this year's Council budget and transformation programme. In the past two years, almost 8000 people have participated in the Council's Budget Challenge via different methods and a citywide communications campaign has reached over 600,000 people. It is proposed the budget messaging reaches as many people this year but participation will involve qualitative methods to provide richer data for embedding transformation. The key objectives are:

- to keep people engaged about the Council's budget position, range and cost of services, and the shape of transformation;
- to encourage and enable all sections of the population and the Council's partners to have their say, using digital and non digital engagement methods, for wide accessibility; and
- to facilitate meaningful conversations with people in a positive and collaborative way, in order to develop solutions with them for transforming services and identifying priorities within localities, based on their needs and ideas.

Links

Coalition pledges	All
Council outcomes	All
Single Outcome Agreement	All

Budget and Transformation Engagement Approach 2016

Recommendations

- 1.1 To approve the objectives and proposed methodology.

Background

Financial position

- 2.1 Over the next 20 years, Edinburgh is projected to be home to the fastest-growing population of any local authority in Scotland. By 2027 the city's population is forecast to rise to almost 566,000 people, an increase of 83,000 (17%) over the level estimated in 2012. Most of this increase will be amongst the youngest and oldest age groups – those who receive the greatest proportion of local authority services. By way of illustration, the number of primary school pupils is forecast to increase by a quarter between 2010 and 2020 and those aged 65 and above to grow by almost 65% from current levels by 2035.
 - 2.1.1 The Council faces on-going financial challenges from these increases in demographic-led demand, alongside inflationary pressures, welfare and pension reform, increased citizen expectations and reduced income from Government Grant.
 - 2.1.2 Taking all of these factors into account, to maintain expenditure in line with income, by 2019/20 the Council needs to deliver at least £148m of recurring annual savings from its 2014/15 baseline. To date, £132m of the required savings have been identified, with some £76m approved for delivery in 2016/17 alone.

Main report

Purpose of engagement

- 3.1 This report outlines methods for a meaningful conversation open to all Edinburgh people and stakeholders on the Council's budget and transformation. It is based on the strengths of previous exercises and responds to feedback from residents, Council employees and partner organisations.
- 3.2 The approach is designed to encourage as many people as possible, including partners and equalities groups to participate. However, this year a

more qualitative approach, involving a series of focus group discussions and workshops, is appropriate to involve communities and stakeholders in shaping the future of services within the savings proposals.

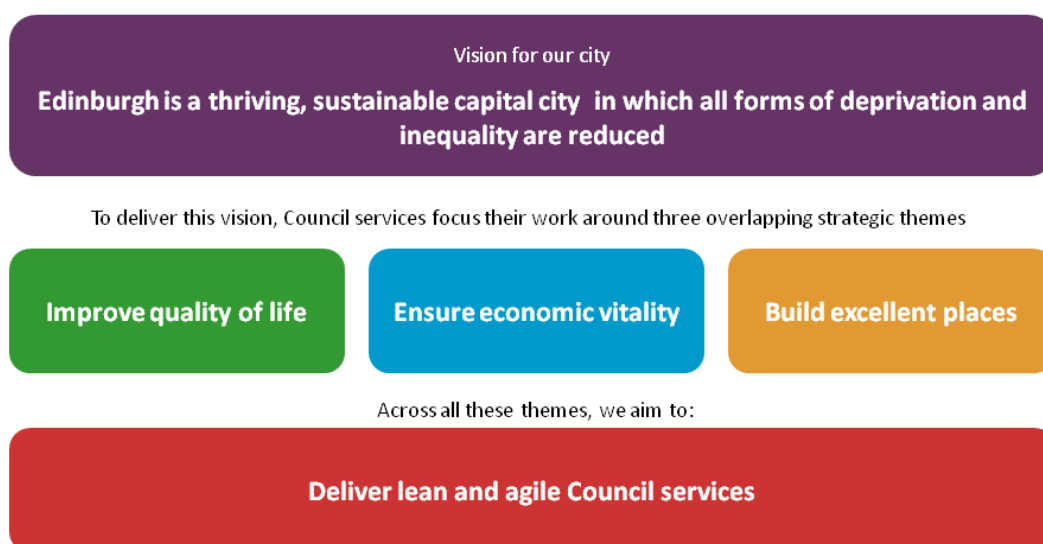
3.3 The campaign will still set out to reach as wide an audience as possible, as in previous years. Dynamic engagement tools, supported by traditional channels, so that all citizens have the opportunity to feedback even if they do not participate in the focus groups and workshops.

3.4 The principles of the approach are to:

- support creative problem solving, rather than just accepting or opposing a position that is put forward;
- ensure meaningful engagement for all amounts of time invested – it should be possible to influence the budget and submit/or submit ideas for service development in one minute on your phone as well as two hours in a workshop;
- demonstrate how positive action by people can reduce budget pressures without negative impact on service delivery;
- work with partner organisations to achieve a more collaborative approach to budgeting and service development; and to;
- be up-front about what we can't change and why.

3.5 The aim is to engage communities with reshaping services across the Council's three strategic themes (summarised below) in the [Council Business Plan](#) for 2015-18.

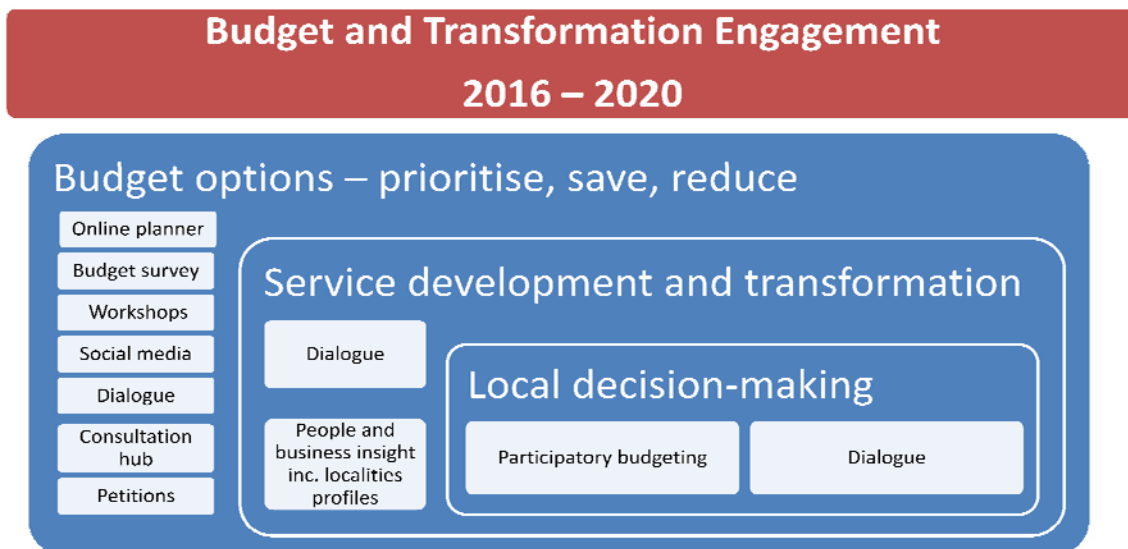
Council's strategic vision and purpose



Insight and Engagement framework

3.6 The proposed framework (see diagram below) was launched in August 2015 and promotes a continuous engagement programme over a four year period.

It includes digital and non-digital methods to ensure wide accessibility and high participation rates.



3.7 These insight and engagement methods are described below.

3.7.1 **People and business insight** - up to date data on the city's population and make up. Locality Profiles provide a baseline of up to date information which will help to forecast demand, allocate resources and develop locality improvement plans.

3.7.2 **Dialogue app** – an online ideation tool designed to encourage creative thinking and conversation around identified themes for saving the Council money or raising revenue. Participants can post their ideas and also comment and vote on other people's ideas.

3.7.3 **Offline engagement** – workshop sessions with community groups and partner organisations to explore budget themes in more depth. These sessions will aim to facilitate a collaborative approach to developing solutions for service delivery within the savings proposals for transformation.

3.7.4 **Standard engagement methods** - the Council will maintain channels for budget feedback such as an online form, paper forms in Council and non-Council venues, feedback by telephone and face-to-face engagement co-ordinated with locality engagement.

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

3.7.6 **Participatory budgeting** – is an approach that empowers communities to make decisions on the priorities and allocation of public budgets. Participatory

budgeting has been used as a method of meaningful engagement in the democratic decision making process in the city since 2010 using a variety of delivery models. This activity is set out in the Participatory Budgeting Development Plan, which is delivered by a multi-agency group comprising representatives from Council Directorates, the Edinburgh Voluntary Organisations' Council, Police Scotland and the Scottish Government. Information on current activity is contained within the Participatory Budgeting Progress report to Communities and Neighbourhoods Committee on 10 May 2016. There are significant opportunities to build on this existing successful practice and to embed participatory budgeting as an approach to involving citizens at a city and locality level. The wider budget engagement could be used to identify priorities to be explored by participatory budgeting.

3.7.7 **Petitions guidance** - the Council has received large petitions for previous budget surveys. For this year it is proposed all petitions follow the Council's petitions process for credibility.

3.8 The table below summarises participant suggestions for improvement and our response.

Participant feedback	Response to feedback
Involve partner organisations at an earlier stage in the engagement process to shape the approach and to work together in reaching more groups.	Partners will be engaged prior to the engagement launch to shape the design and to work in partnership in undertaking the engagement.
Hold more workshops with partners and community groups to develop solutions for delivering services together within the savings.	This year we are proposing a more qualitative approach to involve partner organisations and communities in workshops and meaningful conversations for generating ideas and discussion around the savings proposals and transformation of services.
Make proposals more specific and easier for the public to understand and identify with.	Data visualisation and infographics will be used to show a complete guide to local spending in an easy to use format.
Be more open and transparent about how the findings influence decisions.	Other ways of demonstrating actions and reasons behind decisions to reach a wider audience will be explored.
Increase awareness of the engagement to reach the widest audience possible.	Ways of optimising reach through communications and work with partners will be considered.

Communications strategy

3.9 The communications campaign will support the engagement and consultation strategy using a range of digital and traditional channels. It will build on the

success of the 2015/2016 budget challenge campaign which adopted a cost effective approach to reaching a wide audience with communication activities and themes being tailored to specific audience groups. The campaign will include focused short-term plans to support the budget process leading up to the Council meeting in December in addition to long term plans to support the ongoing, engagement.

- 3.10 There will once again be extensive use of social media tools to target specific audience groups and new digital tools will be developed such as the use of video shorts. Other successful digital tools previously used, such as the webcast Budget Question Time session will be also be further developed. Traditional communications such as media, printed leaflets and lamppost wraps will also once again be used.
- 3.11 All communications will be accessible and inclusive and will encourage open-two way discussion, where possible. Activities will support the focus on partner and equalities organisations and will continue to be aimed at hard to reach groups.
- 3.12 Staff groups will continue to be an important audience group and messages and activities will be aligned with other transformation programme communications.

Project governance

- 3.13 Strategy and Insight will lead the project with support from the Communications service. The project will include a cross council team with service leads to manage engagement activities within service areas. The work of the group is sponsored by the Convener and Vice-Convener of the Finance and Resources Committee who are regularly updated on progress.

Measures of success

- 4.1 The key measures of success for the budget engagement process are:
 - whether the budget changes as a result of feedback received;
 - the number of individuals reached by budget messages;
 - the number of respondents to the budget process; and
 - feedback on the engagement process itself.

Financial impact

- 5.1 The budget engagement process will again seek to achieve a cost effective approach and will use digital formats where appropriate. Approximately £25,000 from existing budgets was spent last year on communications and the online planner. Approximately 2,000 hours of staff time were spent. The dialogue app costs £5,000.

Risk, policy, compliance and governance impact

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

Equalities impact

- 7.1 The Council will take all reasonable steps to ensure wide awareness and access to the engagement process by people of all ages, abilities and backgrounds. Services and partner organisations will be consulted on the overall approach to engagement and appropriate methods for making consultation accessible to all equalities groups.

Sustainability impact

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

Consultation and engagement

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

Background reading / external references

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

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

[Participatory Budgeting Update](#)

Andrew Kerr

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Links

Coalition pledges All

Council outcomes All

Single Outcome Agreement All

Appendices

Finance and Resources Committee

2.00pm, Thursday 18 August 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 Voluntary Early Release Arrangements (VERA) and Voluntary Redundancy (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:
- Eleven organisational reviews are currently underway across the Council involving over 3661 staff.
 - People totalling 653.2fte have exited/are confirmed to exit the organisation through voluntary severance arrangements, equating to £24.1m annualised cost savings.
 - 89 people were recorded as being surplus at 5 August 2016 representing an annual salary cost of £3.89m. However, 24 of these people have been redeployed into temporary posts, 17 have a future VR leaving date leaving 48 who are currently not redeployed.

- Of the 24 in temporary posts, 9 are being re-trained as social workers, 5 are in externally funded posts as Active Schools Co-ordinators until 2019 and 10 have posts with the Council.
- The Career Transition Service has supported a total of 435 one to one meetings with individuals to discuss their needs, 581 people have now undertaken interview skills training and 589 people have taken advantage of the services provided by our out placement provider.
- 685 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 May 2016. An update will be reported to the next Finance and Resources Committee on 29 September 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 £24.1m.

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 – workforce dashboard – Report to Finance and Resources, 30 June 2016](#)

[Managing workforce change – workforce dashboard – Report to Finance and Resources, 12 May 2016](#)

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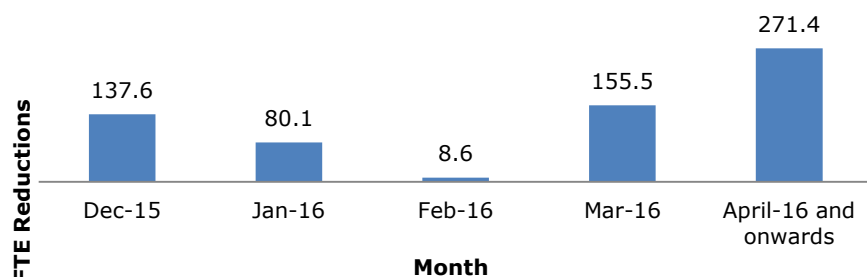
Links

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

Organisational review summary

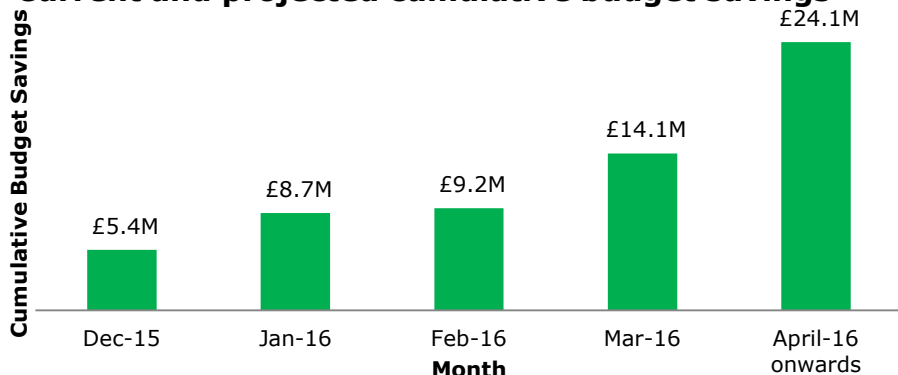
3,661 people are currently involved in ongoing organisational reviews and further voluntary redundancy cases are expected in future.

VERA/VR leaver reductions (FTE)



People accounting for a total of **653.2 FTE** 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 **653.17 FTE** reductions from VERA and VR will achieve recurring savings of **£24.1m**

The one off VR/VERA and pension strain cost for those cases is **£28.6m** and the overall payback period is **14.2 months**, which is in line with planning assumptions.

Employee support / Career Transition Service

	Mar 2016	Apr 2016	May 2016	June 2016	July 2016	August 2016
Number of people in review	4294	4406	4641	3681	3661	3661

Support	No to date
1:1's	435
Attended interview skills training	581
Attended Leading Through Change training	685
Requested access to online registration for Right Everywhere access	589

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

Redeployment – number of people and cost

	Mar 2016	Apr 2016	May 2016	June 2016	July 2016	August 2016
Number of people on register	59	48	71	63	89	89
Annual salary cost	£2.6M	£2.1M	£3.1M	£2.9M	£3.8M	£3.89M
Surplus – not currently redeployed	17	11	33	28	55	48
Temporarily redeployed into a funded post	42	37	38	35	23	24
Accepted VR with future leaving date					11	17

89 people are now recorded as being surplus, representing an annual salary cost of **£3.89m**.

Those not currently redeployed into a temporary funded position represent annual salary costs of **£2.1m**. This represents a **£0.7m decrease** since the last dashboard.

Out of the 24 in funded posts, 9 people are Social Work Trainees and 5 are in externally funded posts until 2019.

Workforce Dashboard Summary

The information presented within this paper reflects the latest available information from the monthly Workforce dashboard. Information for June 2016 will be provided in the next dashboard.

Staff Numbers

	FTE	Headcount
Apr 15	15,564	19,668
May 15	15,537	19,190
March 16	14,944	18,705
April 16	14,883	18,648
May 16	14,765	18,577

As at end May 2016, a total of 14,765 full time equivalent staff were employed by the Council.

This represents a drop of 772 FTEs in the period since May 2015.

Sickness absence

	12 month rolling average
Apr 14	4.51%
Apr 15	4.99%
May 15	5.01%
March 16	4.88%
April 16	4.93%
May 16	4.98%

A total of 4.98% of working days in the 12 months to May 2016 were lost to sickness absence.

This represents a slight drop in the period since May 2015, but remains high in comparison to previous years.

Agency expenditure

	Adecco Agency Expenditure
Apr 15	£875.4K
May 15	£1.13M
Jan 16	£928.4K
Feb 16	£997.2K
March 16	£988.1K
April 16	£816.9K
May 16	£1.04M

Agency expenditure covers the period April 2015 to May 2016.

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

A total of £1.04m of agency staff expenditure was recorded in May 2016, a decrease from May 2015 but higher than recent months. The majority of spend is with Customer and Place and a council-wide review is currently underway.

Vacancies

Number of roles	Contract Type
13	Fixed term
68	Permanent

As at 5 August 2016 we have 81 live vacancies. This increase is due to teacher recruitment and recently released vacancies at the conclusion of organisational reviews.

Finance and Resources Committee

2.00pm, Thursday 18 August 2016

Re-employment and Re-engagement of staff

Item number	7.4
Report number	
Executive/routine	
Wards	All

Executive summary

At the Finance and Resources Committee on 17 March 2016, approval was given to introduce a time bar of one year (from date of leaving) before re-engagement or re-employment of colleagues who have left employment with the City of Edinburgh Council via Voluntary Early Release Agreement (VERA) or Voluntary Redundancy (VR).

It was agreed that an update would be provided to Finance and Resource Committee in August 2016.

Links

Coalition pledges	All
Council outcomes	All
Single Outcome Agreement	All

Re-employment and Re-engagement of staff

Recommendations

- 1.1 It is recommended that the Finance and Resources Committee note this report.

Background

- 2.1 It was agreed at Committee on 17 March to introduce a time bar of one year (with an exceptions process, on a case by case consideration as required) for staff who have left under VERA and VR arrangements. It was also recognised that there may be exceptional circumstances to this approach and that any such cases would be considered by the relevant service area Executive Director to ensure this approach is not seen as a form of blanket exclusion.

Main report

- 3.1 As at 23 July, equivalent of 645 FTE colleagues are confirmed as leaving the Council under VERA and VR arrangements and this number will continue to increase over the coming months.
- 3.2 Since the introduction of this approach there have only been three cases where a request has been made to consider an exception to re-employing or re-engaging staff. This has resulted in 2 ex employee's being considered for recruitment by Council Companies, one as an employee and the other as a consultant. These appointments will be subject to normal recruitment or procurement processes. The other ex employee has asked for an exemption from the time bar but has not yet applied for a vacancy.
- 3.3 It is proposed that a further report is provided in October when further reviews will have been completed.

Measures of success

- 4.1 The Council's ability to monitor and enforce this on a consistent basis and for colleagues leaving the Council's employment to be aware of this requirement prior to agreeing to VERA or VR terms.

Financial impact

- 5.1 The salary cost of re-employing staff will be met from the approved budget of the relevant service.

Risk, policy, compliance and governance impact

- 6.1 Risk, policy, compliance and governance impact is integrated within the proposal.

Equalities impact

- 7.1 The proposal incorporates outcomes related to the Council's commitment to reducing inequality and providing employment.

Sustainability impact

- 8.1 The proposal incorporates outcomes related to the Council's commitment to develop Edinburgh as a Sustainable Capital City, particularly as a key employer.

Consultation and engagement

- 9.1 The proposal has been developed consultation with stakeholders, including the Corporate Leadership Team (CLT), Trade Unions, and will be embedded through clear communication cascade.

Background reading / external references

[Re-employment and re-engagement of staff – report to Finance and Resources Committee, 17 March 2016](#)

External benchmarking across 14 local authorities as to their practice on time bar for re-engagement and re-employment of employees following voluntary redundancy or VERA.

[Redundancy policy](#)

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Links

Coalition pledges All

Council outcomes All

Single Outcome All

Agreement

Appendices

Finance and Resources Committee

2pm, Thursday, 18 August 2016

Capital Monitoring 2015/16 – Outturn and Receipts

Item number	7.5
Report number	
Executive/routine	
Wards	

Executive summary

The final General Fund outturn (including the settlement of a planned but unbudgeted within year receipt for the sale of the Atria) shows that in 2015/16, the Council did not require borrowing to fund its Capital Programme as it was in receipt of grants and capital income net of the transfer to Capital Fund of £169.035m, a resource position higher than the capital investment funded of £154.393m. This resulted in a reduced in-year borrowing requirement of £14.642m. This position is subject to the external audit process which will be completed in September 2016.

Although the 2015/16 Outturn reflects a reduced borrowing requirement based on a combination of the timing of the settlement of Atria along with net slippage experienced in the year, the current approved Capital Investment Programme (CIP) 2016-2021 projects an approximately balanced over / under programming position over the following five year period.

Links

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

Capital Monitoring 2015/16 – Outturn and Receipts

Recommendations

- 1.1 Members of the Finance and Resources Committee are requested to:
- 1.1.1 Note the 2015/16 final unaudited capital positions on the General Fund and Housing Revenue Account (HRA);
 - 1.1.2 Approve using £1.2m earmarked for supplementing planned repairs and maintenance spend through use of the Capital Fund to fund the high risk priority revenue and maintenance items set out within this report;
 - 1.1.3 Approve the revised Capital Programme for 2016-2021; and
 - 1.1.4 Refer the report to the Governance, Risk and Best Value Committee as part of its work-plan.

Background

- 2.1 This report presents the final outturn on the Council's Capital Programme for 2015/16, including details of capital receipts and slippage / acceleration on projects within the Capital Investment Programme.

Main report

- 3.1 The outturn position is summarised in the table below, while further details can be seen in Appendix 1.

	Final Outturn Variance £000	Outturn Variance at Month Nine £000	Movement from Month Nine £000
Net (slippage) / acceleration in gross expenditure	(10,884)	(12,529)	1,645
Net (surplus) / deficit in capital receipts / grant income	(94,507)	(19)	(94,488)
Capital receipts income transferred to Capital Fund	51,889	0	51,889
Net increase / (decrease) in borrowing requirement	(53,502)	(12,548)	(40,954)

- 3.2 As presented in the table at 3.1 above, the final outturn position reports £10.884m of slippage on gross expenditure on projects, compared to an estimated £12.529m variance at month nine. Net capital receipts / grant income exceeded the budgeted level by £94.507m with the majority of this being as a result of the settlement of Atria in the last week of the financial year. Although this was a planned receipt, its exact timing was unknown and as such, in order to allow for prudent management of funding the programme, its settlement was not built into in year capital receipt budgeting, although it was built into the Council's longer term borrowing strategy.
- 3.3 Of the £107.659m capital receipts income generated from asset sales, £51.889m has been transferred to the Capital Fund. The Head of Finance has carried out a year end review and transferred a proportion of the capital receipt income to the Capital Fund based on approved uses of the Atria settlement and additional capital receipt income.
- 3.4 The net effect of the variances presented in the table in 3.1 above is a decrease of £53.502m in the amount that the Council requires to borrow corporately to support its capital programme relative to budgeted assumptions. Members should note that although the 2015/16 outturn reflects an under programmed position based on a combination of the timing of the settlement of Atria along with net slippage experienced in year, the current approved Capital Investment Programme (CIP) 2016-2021 projects an approximately balanced over / under programming position over the following five year period.
- 3.5 Explanations for significant slippage and accelerations in year are included in Appendix 2. Where applicable, variances on individual projects have been categorised and summarised in order to provide further analysis of the net slippage position.
- 3.6 The net slippage position is, in the main, a result of the procurement approach being altered on the early years' improvement project, delay in completing piling operations on the replacement Boroughmuir High School project and delay caused by the contractor falling behind on the originally agreed construction timetable on the replacement Portobello High School project. The slippage experienced on these projects is therefore due to delays or unforeseen circumstances out with the control of the Council which occurred after the revised budget had been approved in August 2015
- 3.7 The slippage on gross expenditure represents a 6.59% variance against budget, which has increased compared to a 1.05% variance on the 2014/15 outturn position. This year's variance is significantly below the 2014/15 Scotland wide average of 16%, demonstrating the continued success of the centralised capital monitoring team in tackling optimism bias within the programme along with promoting delivery.

- 3.8 Although, on a recurring basis, slippage has been reduced to more acceptable levels, members should note that the nature of capital projects means that in any given year, variance against budget will occur due to delays or unforeseen circumstances out with the control of the Council. The impact of this type of slippage has been minimised this year due to acceleration / better than originally anticipated progress elsewhere in the programme. However, the ability to minimise this slippage in future years is dependent on how 'shovel-ready' projects are to allow for acceleration in any given year.
- 3.9 The final General Fund outturn shows that in 2015/16, the Council did not require borrowing to fund its Capital Programme as it was in receipt of grants and capital income net of the transfer to Capital Fund of £169.035m, a resource position higher than the capital investment funded of £154.393m. This resulted in a reduced in-year borrowing requirement of £14.642m. This position is subject to the external audit process which will be completed in September 2016.
- 3.10 Further information detailing capital investment activity for major projects totalling £5m and over and an analysis of the source of capital funding for the five year programme including its impact on the revenue budget, is presented in Appendix 3. For major projects, this incorporates information on the cumulative spending to date / projected total spend against total capital budget and estimated completion dates.
- 3.11 This additional information has been provided in direct response to recommendations made by Audit Scotland in their 'Major capital investment in councils' follow up report published in January 2016 which was subsequently summarised in a report to Governance, Risk and Best Value Committee on 21 April 2016. The information provided aims to address specific recommendations made by Governance, Risk and Best Value Committee Members regarding developing capital monitoring to allow for appropriate scrutiny of capital investment activity. This information will be provided on an annual basis going forward as part of capital outturn reporting.

Capital receipts/grant income

- 3.12 A detailed list of capital receipts, including those ring-fenced for specific projects is shown in Appendix 4.
- 3.13 A total of £107.659m receipts income was generated from asset sales in 2015/16. Net of the unbudgeted but planned Atria receipt, income of £16.408m was realised compared to a budget of £12.852m resulting in a receipts surplus of £3.556m. This surplus reflects receipts settling in advance of projected settlement dates, along with the sale of general assets that count towards an identified £7.9m of additional income over and above that previously budgeted for over the five-year period of the 2015-2020 Capital Investment Programme.

- 3.14 Of the £107.659m capital receipts income generated from asset sales, £51.889m has been transferred to the Capital Fund. This is based on previously approved uses of the Atria settlement and additional capital receipt income. As such, the transfer earmarks resources to fund Council transformation, a top up to the Strategic Investment Fund, to redeem debt related to the Atria's construction, to supplement planned repairs and maintenance spend and to provide funding towards future Local Development Plan (LDP) infrastructure requirements. Based on these uses, the Atria receipt is now fully committed.

Additional capital receipt income identified for 2015-2020 CIP

- 3.15 A capital budget report presented to Council on 21 January 2016 noted potential additional capital receipt income of £7.9m that may be realised over the period of the 2015/16 to 2019/20 Capital Programme with approval being granted to split this equally between (i) supplementing planned repairs and maintenance spend through use of the Capital Fund and (ii) providing funding towards future LDP infrastructure requirements.
- 3.16 A small number of receipts settled this year that count towards this identified £7.9m of additional income. In total, £2.4m of receipts were settled in 2015/16 of the potential £7.9m additional income target. As such, this has been transferred to the Capital Fund to be split equally and drawn down, in either revenue or capital, at the required point in the future as set out in 3.15 above.
- 3.17 Following a review undertaken in 2015/16 by Corporate Property, a number of high-risk repairs and maintenance issues have been identified as requiring immediate investment. All are predicated on reducing the potential risk of injury or harm. Details of these, including indicative costs, are presented in Appendix 5 and amount to £1.5m. It is proposed that these high risk priority items will be part funded by the £1.2m generated through additional capital receipts, with the remaining £0.3m shortfall being funded by the existing repairs and maintenance budget.

Housing Revenue Account (HRA)

- 3.18 As can be seen in Appendix 6, the HRA outturn position reports gross expenditure of £35.626m (£38.253m forecast at month nine), grants and capital income of £18.921m (£14.949m forecast at month nine) and prudential borrowing of £16.705m (£23.304m forecast at month nine).
- 3.19 The final outturn reports £13.204m under spend on gross expenditure on projects which is an increase on that reported at month nine (£10.577m).
- 3.20 Of this total, £3.3m is due to direct savings from the kitchen and bathroom tender process and housing service transformation, as well as sites being secured for the 21st Century Homes programme through internal transfer, rather than through open market purchase. Internal transfer is subject to debt swap between General Fund and HRA rather than capital expenditure.

- 3.21 A further £3.6m is as a result of short term delays in programme delivery. This has been rephased into 2016/17 and will be delivered in the first quarter of the new financial year.
- 3.22 The remaining £6.3m is as a result of resource planning and over-programming in external fabric upgrade (£4.3m), neighbourhood environmental partnership (£1.2m) and regeneration (£0.8m).
- 3.23 In order to reduce slippage in future years the Council agreed, as part of the five year HRA Budget Strategy, that the HRA would adopt a new budget setting and monitoring process similar to the general fund capital programme. The revised HRA capital programme will now be managed over a two year rolling programme to enable spend to be accelerated where projects are performing well and re-phased where delivery has been delayed.

Revised Capital Investment Programme 2016-2021

- 3.24 The CIP 2016-2021 approved by Council in January was based on an interim budget which included net slippage / acceleration at month nine.
- 3.25 The remainder of slippage / acceleration since month nine will be carried forward in the capital programme. The revised CIP for 2016-2021, including actual net slippage from 2015/16 is shown in Appendix 7. The CIP has been presented on the basis of the most up to date Council structure as the transformation programme progresses. This may be subject to further change pending finalisation of transformation.
- 3.26 The revised CIP has been realigned and re-phased to ensure that individual project cash flows reflect the most up to date projections. The centralised capital monitoring team within Finance has worked closely with project managers to ensure that optimism bias has been avoided where possible. Project managers have been asked to consider risk issues such as adverse weather or other uncontrollable factors that can impact on delivery and to build this into budgeted cash flows.
- 3.27 Where block budgets exist, Finance has sought evidence of the programme of works behind these and clarification of the current stage they are at e.g. design, tender / procurement or construction. Project managers have then been asked to phase budgets accordingly based on the stage of individual projects within a block.

Capital Budget Framework 2016/20 update

- 3.28 Council approved the five year capital programme for the period 2016-2021 in January 2016. At a general level, the ability to commit additional investment over and above that included in the current programme remains difficult due to:
- i. reductions in the level of General Capital Grant;

- ii. the large number of capital receipts underpinning the existing capital programme or earmarked to supplement planned repairs and maintenance spend through use of the Capital Fund and providing funding towards future LDP Infrastructure requirements;
 - iii. the on-going lack of sustainable “headroom” within the revenue budget to support, on a recurring basis, the additional loans charge expenditure linked to additional borrowing.
- 3.29 As part of the 2016/21 CIP, Directors also identified their respective top three priorities, highlighting unfunded pressures totalling around £142m. Amongst these priorities are:
- South Morningside Primary School with an estimated total cost of £12.7m (note the commencement of this is dependent on the new build Dumbryden Care Home being delivered based on site transfer);
 - New build Dumbryden Care Home with an estimated funding gap of £1m / £4.3m based on whether a 60 bedded or 90 bedded option is progressed;
 - Replacement Meadowbank Sports Centre with an estimated funding gap of £5.9m, however, further work is currently being carried out to provide more cost certainty around the total cost / funding package and will conclude later this financial year;
 - Refurbishment and enhancement programme for North Bridge to address health and safety concerns which is likely to be in the cost range of between £6m to £9m.
- 3.30 The level of General Capital Grant funding in 2016/17, at £41.6m, is £7.2m below that which had been previously assumed would be received, but the Scottish Government has confirmed that £10.3m will be reinstated over the following three years.
- 3.31 As no firm allocations have been advised beyond this, an estimate of each year’s General Capital Grant settlement has been factored in to the CIP for the period 2017/18 to 2020/21 based on a prudent estimate of the possible Scotland-wide funding and adjusted for the £10.3m allocation for 2016/17 which is to be paid over the three year period 2017/18 to 2019/20 based on a prudent assumption of receiving this all in 2019/20.
- 3.32 Current indications suggest that the next Scottish Government Finance Settlement will be announced in late November / early December 2016 and that this will be a one year settlement rather than the previously envisaged three year award confirmation.

- 3.33 It is projected that the Scotland-wide quantum of capital funding for 2017/18 will likely show an increase relative to the figure for 2016/17. However, the precise distribution of this sum across sectors and on to individual councils will depend on Scottish Government priorities and as such the potential for General Capital Grant for 2017/18 to be higher than the estimate factored in to the current CIP is limited. Any confirmed increase in grant funding will be considered for allocation by Members, taking cognisance of capital priorities as part of the 2017/18 budget framework process.

Measures of success

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

Financial impact

- 5.1 The final General Fund outturn (including the settlement of a planned but unbudgeted within year receipt for the sale of the Atria) shows that in 2015/16, the Council did not require borrowing to fund its Capital Programme as it was in receipt of grants and capital income net of the transfer to Capital Fund of £169.035m, a resource position higher than the capital investment funded of £154.393m. This resulted in under programming of £14.642m.

Risk, policy, compliance and governance impact

- 6.1 Significant budget virements have complied with relevant financial rules and regulations.
- 6.2 Capital monitoring and budget setting processes adopted ensure effective stewardship of resources. The processes applied aim to ensure projects are delivered on time and budget whilst fulfilling the financial criteria of value for money.
- 6.3 Monitoring of major capital projects including risk assessment is carried out by the Council's Corporate Programmes Office (CPO) which was transferred to the Transformation Team in the newly created Strategy and Insight Division in February 2016.

Equalities impact

- 7.1 The Council's capital expenditure contributes to the delivery of the public sector equality duty to advance equality of opportunity and foster good relations e.g. enhancement works related to the Disability Discrimination Act, works on

Children and Families establishments and capital expenditure on Council housing stock.

- 7.2 There is little contribution with regard to capital expenditure and the duty to eliminate unlawful discrimination, harassment or victimisation.

Sustainability impact

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

Consultation and engagement

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

Background reading/external references

[Summary of the Account Commission's Major capital investment in councils' follow up report](#), Governance, Risk and Best Value Committee, 21 April 2016

[Capital Investment Programme/Plan 2016/17 to 2023/24 - referral report from the Finance and Resources Committee](#), The City of Edinburgh Council, 21 January 2016

[Capital Monitoring 2015/16 - Nine Month Position](#), Finance and Resources Committee, 14 January 2016

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Links

Coalition pledges	<p>P3 – Rebuild Portobello High School and continue progress on all other planned school developments, while providing adequate investment in the fabric of all schools</p> <p>P8 – Make sure the city’s people are well-housed, including encouraging developers to build residential communities, starting with brownfield sites</p> <p>P30 – Continue to maintain a sound financial position including long-term financial planning</p> <p>P31 – Maintain our City’s reputation as the cultural capital of the world by continuing to support and invest in our cultural infrastructure</p> <p>P33 – Strengthen Neighbourhood Partnerships and further involve local people in decisions on how Council resources are used</p> <p>P42 – Continue to support and invest in our sporting infrastructure</p>
Council outcomes	<p>CO1 – Our children have the best start in life, are able to make and sustain relationships and are ready to succeed</p> <p>CO16 – Edinburgh draws new investment in development and regeneration</p> <p>CO20 – Culture, sport and major events – Edinburgh continues to be a leading cultural city where culture and sport play a central part in the lives and future of citizens</p> <p>CO23 – Well-Engaged and Well-Informed – Communities and individuals are empowered and supported to improve local outcomes and foster a sense of community</p> <p>CO25 – The Council has efficient and effective services that deliver on objectives</p>
Single Outcome Agreement	<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 – Capital Monitoring 2015/16 – Final Position - General Fund2 – Slippage / Acceleration on capital projects 2015/163 – Project Delivery and Programme Funding 2015/164 – Capital Receipts Schedule 2015/165 – High Risk Repairs and Maintenance Issues6 – Capital Monitoring 2015/16 – Final Position – HRA7 – Revised Capital Investment Programme 2016-2021

Capital Monitoring 2015/16

General Fund Summary

Outturn Position-Unaudited

Expenditure	Revised	Adjusts	Total	Outturn	Variance	
	Budget	£000	Budget	15/16	£000	%
	£000	£000	£000	£000		
Children and Families	57,995	2,806	60,801	48,181	(12,620)	-20.76%
Economic Development	52	42	94	42	(52)	-55.32%
Corporate Governance	2,350	3,639	5,989	7,407	1,418	23.68%
Council Wide / Corporate Projects	-	1,418	1,418	1,418	-	0.00%
Health and Social Care	5,598	(559)	5,039	5,680	641	12.72%
Services for Communities	73,097	5,771	78,868	77,149	(1,719)	-2.18%
Services for Communities-Asset Management	13,260	(192)	13,068	14,516	1,448	11.08%
Total Gross Expenditure	152,352	12,925	165,277	154,393	(10,884)	-6.59%

Resources

<i>Capital Receipts</i>						
General Services	10,952	-	10,952	12,630	1,678	15.32%
Sale of EICC - Atria	-	-	-	91,251	91,251	n/a
Capital Receipts in lieu of prudential borrowing	-	-	-	272	272	n/a
Ringfenced Asset Sales to be provided as part of carryforward	-	-	-	1,666	1,666	n/a
Asset Sales to reduce Corporate borrowing	1,900	-	1,900	1,840	(60)	-3.16%
Less Fess Relating to Receipts	-	-	-	(300)	(300)	n/a
Less Transfer to Capital Fund	-	-	-	(51,889)	(51,889)	n/a
<i>Total Capital Receipts from Asset Sales</i>	<i>12,852</i>	<i>-</i>	<i>12,852</i>	<i>55,470</i>	<i>42,618</i>	<i>331.61%</i>
Developer and other Contributions	8,063	8,360	16,423	16,423	-	0.00%
Drawdown from Capital Fund	6,600	-	6,600	6,600	-	0.00%
Capital Grants Unapplied Account drawdown	689	-	689	689	-	0.00%
<i>Total Capital Receipts</i>	<i>28,204</i>	<i>8,360</i>	<i>36,564</i>	<i>79,182</i>	<i>42,618</i>	<i>116.56%</i>
<i>Grants</i>						
Scottish Government General Capital Grant	57,461	-	57,461	57,461	-	0.00%
Cycling, Walking and Safer Streets	729	-	729	729	-	0.00%
Management Development Funding	31,663	-	31,663	31,663	-	0.00%
<i>Total Grants</i>	<i>89,853</i>	<i>-</i>	<i>89,853</i>	<i>89,853</i>	<i>-</i>	<i>0.00%</i>
Total Resources	118,057	8,360	126,417	169,035	42,618	33.71%
Balance to be funded through borrowing	34,295	4,565	38,860	(14,642)	(53,502)	-137.68%

CAPITAL MONITORING 2015/2016 - Outturn**Slippage and Acceleration on Projects**

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

Key to variance category*Type**Explanation: Explanation*

- | | |
|---------------------------------------|---|
| 1. Slippage due to unforeseen delays | Slippage that has occurred due to unforeseen circumstances or delays that for the most part, are out with the Council's control. |
| 2. Slippage due to optimistic budget | Slippage that has occurred due to optimism bias when budget was set. Issues include projecting spend on block budgets when a programme of works has not been considered or designed, not applying a discount factor for adverse weather / risk issues, providing for too much contingency and predicting an optimistic works timetable. |
| 3. Slippage due to timing of payments | Slippage that has occurred where a project is on time and schedule but is as a result of the timing of cash flows. |
| 4. Acceleration on a project | Represents accelerated spend on a project i.e. due to better than anticipated progress. |

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




	Outturn £000	Period 9 £000	Movement between periods £000	Explanations for Significant Slippage / Acceleration	Variance Category
<u>Children and Families</u>					
Early learning and childcare estate improvements	-4,176	-4,642	466	Now being delivered through the traditional procurement route following protracted difficulties in agreeing an affordable total cost package with the originally envisaged procurement method. The time this has taken has created delays on programme delivery.	1
Duncan Place redevelopment	-732	0	-732	Based on revised cash flow projection. Project at initial design stage and cost incurred this year represents project management fees only.	2
Boroughmuir High School	-3,829	-2,776	-1,053	Due to extensive existing concrete slabs below ground level which have delayed the piling operations. School is now scheduled to be delivered in January 2017 rather than August 2016.	1
Portobello High School	-3,271	-2,043	-1,228	Contractor is 12 weeks behind original construction timetable and therefore school opening is now delayed from August 2016 to October 2016.	1
Upgrade kitchens - free school meals initiative	-760	-658	-102	Delays caused by protracted dialogue with external project manager to agree the affordability cap of individual projects.	1
St John's Primary School	-371	-400	29	Based on revised cash flow projection. Project at initial design stage and cost incurred this year represents project management fees only.	2
Net (slippage) / acceleration on various projects	539	-320	859	Better than anticipated progress.	4

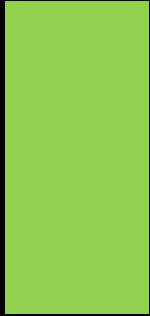
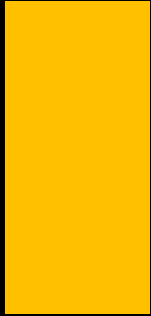
	Outturn £000	Period 9 £000	Movement between periods £000	Explanations for Significant Slippage / Acceleration	Variance Category
Heather Vale Young Person Centre	-128	-128	0	Delay in starting on site due to difficulties procuring structural frame.	1
Fees relating to the cost of sale of assets	108	56	52	Acceleration of spend to be met from future receipts.	4
Total Children and Families	-12,620	-10,911	-1,709		
<u>Economic Development</u>					
CWSS - Promenade	-52	0	-52	Due to delay in identifying external funding to drive project forward.	1
Total Economic Development	-52	0	-52		
<u>Asset Management Works</u>					
Acceleration across the Asset Management Works programme	1,448	0	1,448	This represents better than anticipated progress on projects and acceleration of future projects across the asset management works programme.	4
Asset Management Works	1,448	0	1,448		
<u>Corporate Governance</u>					
Channel Shift ICT infrastructure	1,632	0	1,632	Acceleration of spend originally programmed for 2016/17.	4
Net (slippage) / acceleration on various projects	-214	52	-266	Based on revised cash flow projection.	2
Total Corporate Governance	1,418	52	1,366		
<u>Health and Social Care</u>					
New Royston care home	829	721	108	Revised cash flow projection based on better than anticipated progress on site.	4
Telecare	-118	0	-118	Based on revised cash flow projection due to revenue funding for this project being utilised in the first instance.	2
Net (slippage) / acceleration on various projects	-109	0	-109	Based on revised cash flow projection.	2
Fees relating to the cost of sale of assets	39	9	30	Acceleration of spend to be met from future receipts.	4
Total Health and Social Care	641	730	-89		
<u>Services for Communities</u>					
Carriageway/footways enhancement	-1,022	-664	-358	Due to the loss of four members of staff within the in-house design team at short notice. Carriageway and footway works were further impacted by delays around ensuring traffic management in projects in the same local vicinity and issues around progressing works in areas where utility providers are carrying out infrastructure investment.	1
Net (slippage) / acceleration on other transport projects	-1,390	-1,046	-344	Due to the loss of four members of staff within the in-house design team at short notice.	1

	Outturn £000	Period 9 £000	Movement between periods £000	Explanations for Significant Slippage / Acceleration	Variance Category
Water of Leith - Phase 2	630	-32	662	Better than anticipated progress on site preparation including utility diversion works in advance of construction beginning on site in June 2016.	4
Mortonhall cremator replacement	-390	-365	-25	Cremator replacement now to be packaged with roof enhancement project which has made procurement process more complicated and time consuming than originally envisaged creating delay. Packaging together will allow economies of scale and ensure works can be carried out in parallel with more ease.	1
Net (slippage) / acceleration on various projects	453	-293	746	Based on revised cash flow projection.	2
Total Services for Communities	-1,719	-2,400	681		
Total for all Services	-10,884	-12,529	1,645		
Summary of Variance Category					
1. Slippage due to unforeseen delays	-15,018	-12,322	-2,696		
2. Slippage due to optimistic budget	-1,091	-641	-450		
3. Slippage due to timing of payments	0	0	0		
4. Acceleration on a project	5,225	434	4,791		
	-10,884	-12,529	1,645		

CAPITAL OUTTURN 15/16 - PROJECT DELIVERY AND PROGRAMME FUNDING SUMMARY

DELIVERY SUMMARY - FOR PROJECTS (INCLUDING BLOCK BUDGETS) TOTALLING £5M+ THAT ARE IN CURRENT PROGRESS

RAG STATUS	Time	Budget
	Delivery is significantly off original time and budget target 6 months and greater of original timescale	+ 2% or more of budget, or £0.5m, whichever is less
	Delivery is slightly off original time and budget target 3 to 5 months greater of original timescale	+ 0.5% to 2% of budget, or £0.125m, whichever is less
	Delivery is broadly on original time and budget target 0 to 2 months greater of original timescale	Within + 0.5% of budget or to be delivered under budget

	Total Budget	Total Expenditure to Date (31/03/2016)	Forecast Total Expenditure	Current Milestone	Budget Delivery Status	Time Delivery Status	Current anticipated completion date	Brief Summary of delivery progress and capital investment activity in 15/16
	£000	£000	£000					
Children and Families								
Early Learning and Childcare Estate Improvements	16,687	5,943	16,687	Phase 1 - complete. Phase 2 - procurement.			Mar-17	Phase one (which includes three new nurseries at Fox Covert PS, Duddingston PS and Wardie PS) is complete. With the exception of the new Tynecastle nursery which is being delivered through Heart of Midlothian Football Club, Phase two is now being delivered through the traditional procurement route following protracted difficulties in agreeing an affordable total cost package with the originally envisaged procurement method. The time this has taken has created delays to programme delivery.

RAG STATUS

	Delivery is significantly off original time and budget target	Time 6 months and greater of original timescale	Budget + 2% or more of budget, or £0.5m, whichever is less
	Delivery is slightly off original time and budget target	3 to 5 months greater of original timescale	+ 0.5% to 2% of budget, or £0.125m, whichever is less
	Delivery is broadly on original time and budget target	0 to 2 months greater of original timescale	Within + 0.5% of budget or to be delivered under budget

	Total Budget £000	Total Expenditure to Date (31/03/2016) £000	Forecast Total Expenditure £000	Current Milestone	Budget Delivery Status	Time Delivery Status	Current anticipated completion date	Brief Summary of delivery progress and capital investment activity in 15/16
Rising School Rolls Estate Investment	19,902	13,037	19,902	RSR1, 2 and 3 complete. RSR4 under construction.			Mar-18	The provision of accommodation solutions for August 2016 at East Craigs, Fox Covert and St Mary's RC Primary Schools (all of which are under construction) represents the fourth year of the primary school Rising Rolls programme. New accommodation was successfully delivered for August 2013 at Granton, Trinity and Wardie Primary Schools; for August 2014 at Broughton, Craigour Park, St David's RC and Victoria Primary Schools and for August 2015 at Clermiston, Flora Stevenson, James Gillespie's, Gilmerton, Pentland, Ratho and Wardie Primary Schools. The reconfiguration and refurbishment of Deanbank Resource Centre to create a new temporary P1 to P2 annexe for South Morningside Primary School was also completed for August 2015. Currently the budget available will allow completion of anticipated future required works to 2020/21 excluding any further costs to deliver the additional capacity which may be required at Stockbridge, Corstorphine and Victoria Primary Schools (the latter including any works required at the former Fort Primary School). Further funding of £2.213m (together with any further costs to deliver the additional capacity which may be required at Stockbridge, Corstorphine and Victoria Primary Schools) is required to be identified to respond to the future challenges arising from primary school rolls to 2020/21 as set out within an update report to Education, Children and Families Committee on 24 May 2016.

RAG STATUS

	Delivery is significantly off original time and budget target	Time 6 months and greater of original timescale	Budget + 2% or more of budget, or £0.5m, whichever is less
	Delivery is slightly off original time and budget target	3 to 5 months greater of original timescale	+ 0.5% to 2% of budget, or £0.125m, whichever is less
	Delivery is broadly on original time and budget target	0 to 2 months greater of original timescale	Within + 0.5% of budget or to be delivered under budget

	Total Budget	Total Expenditure to Date (31/03/2016)	Forecast Total Expenditure	Current Milestone	Budget Delivery Status	Time Delivery Status	Current anticipated completion date	Brief Summary of delivery progress and capital investment activity in 15/16
	£000	£000	£000					
Boroughmuir High School Replacement	32,031	13,268	32,031	Construction			Jan-17	Reinforced concrete frame complete. Lower ground, ground and first floor fit out complete, Sports Hall and pitch construction works progressing. Target delivery time has slipped by five months due to delayed piling operations. School opening is delayed from August 2016 to January 2017.
Portobello High School Replacement	38,040	25,215	38,040	Construction			Oct-16	Externals, Fit out and mechanical and engineering works are underway and almost complete. The swimming pool is progressing in line with programme and one of the sports pitches is complete. Contractor is 12 weeks behind original construction timetable with school opening delayed from August 2016 to October 2016.
St John's Primary School Replacement	11,601	107	11,601	Planning			Dec-17	Stage 3 Cost Plan agreed. Detailed designs now submitted for planning.
Health and Social Care								
New build Royston Care Home	8,951	4,973	8,951	Construction			Sep-16	New 60 bed Care Home is 80% complete. Building is now wind and water tight.
Services for Communities								
Development Funding Grant (15/16 block budget allocation only)	31,663	31,663	Non applicable	Completed			Complete	All grant was disbursed to Registered Social Landlords (RSLs) during the financial year. Development Funding Grant is issued by the Scottish Government for the provision of new affordable housing and transferred by the Council to RSLs to supplement the private finance they raise.
National Housing Trust Phase 2	10,367	1,498	10,367	Construction			Oct-16	Phase 1 of the Sandpiper Road development programme delivered 12 completed housing units. A further 72 units will be completed by the end of October.

RAG STATUS

	Delivery is significantly off original time and budget target	Time 6 months and greater of original timescale	Budget + 2% or more of budget, or £0.5m, whichever is less
	Delivery is slightly off original time and budget target	3 to 5 months greater of original timescale	+ 0.5% to 2% of budget, or £0.125m, whichever is less
	Delivery is broadly on original time and budget target	0 to 2 months greater of original timescale	Within + 0.5% of budget or to be delivered under budget

	Total Budget	Total Expenditure to Date (31/03/2016)	Forecast Total Expenditure	Current Milestone	Budget Delivery Status	Time Delivery Status	Current anticipated completion date	Brief Summary of delivery progress and capital investment activity in 15/16
	£000	£000	£000					
Water of Leith Flood Prevention Phase 2	25,241	2,446	25,241	Site preparation			Feb-18	Utility diversion works nearing completion at 31st March. Main flood defence construction work to start in July 2016.
Carriageway and Footway Improvements (15/16 revised block budget allocation only)	12,785	11,763	12,785	Construction			Jun-16	There were delays to some projects within the city centre area earmarked within the revised budget. Planned works had to be put on hold due to proximity issues with nearby schemes and the effect of traffic management issues. Slipped projects will progress to completion early in the 16/17 financial year. The main focus of the programme was to provide the following: - Surface enhancement to carriageway - Enhancement to footways - Improvements to setted streets - Dropped crossing and general asset replacement - Improvements to Calder Road barriers
Asset Management Works across Council estate (15/16 revised block budget allocation only)	13,068	14,516	Non applicable	Completed			Complete	Largest projects include external and internal works on Ross Bandstand including roof works, upgraded timbers, tarmac, stone works, windows, doors and lighting. Major refurbishment of Wester Hailes Education Centre including aluminium curtain walling, rewiring, renewal heating and removal of asbestos. Full refurbishment of mechanical services for the Usher Hall. Programme delivery has been accelerated and represents better than anticipated progress on projects.

* For Children and Families projects, total budget and total forecast spend excludes any monies earmarked for contingency.

SUMMARY OF CAPITAL FUNDING V EXTERNAL DEBT

Capital Funding v. External Debt	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	£000	£000	£000	£000	£000	£000
Debt b/fd	1,412,998	1,369,745	1,317,761	1,293,406	1,268,446	1,294,865
Cumulative capital expenditure b/fd	1,510,154	1,424,417	1,430,588	1,449,554	1,416,492	1,450,200
Over / under borrowed b/fd	-97,156	-54,672	-112,827	-156,148	-148,046	-155,335
GF capital financed by borrowing	-14,151	63,272	69,853	5,934	58,837	1,500
HRA capital financed by borrowing	16,705	23,030	30,929	42,477	56,491	65,226
less scheduled repayments by GF	-57,883	-60,584	-61,068	-59,553	-58,195	-61,059
less scheduled repayments by HRA	-27,156	-16,585	-18,267	-20,345	-22,908	-26,066
less scheduled repayments by Former Joint Boards	-3,252	-2,962	-2,481	-1,575	-517	-544
Underlying Need to Borrow	-85,737	6,171	18,966	-33,062	33,708	-20,943
Plus total maturing debt	43,605	51,984	54,355	54,960	53,581	55,567
Total borrowing requirement	-42,132	58,155	73,321	21,898	87,289	34,624
Planned PWLB or short borrowing for year	352	0	30,000	30,000	80,000	30,000
Debt at end of the year	1,369,745	1,317,761	1,293,406	1,268,446	1,294,865	1,269,298
Cumulative capital expenditure	1,424,417	1,430,588	1,449,554	1,416,492	1,450,200	1,429,257
Cumulative over / under borrowed	-54,672	-112,827	-156,148	-148,046	-155,335	-159,959

In producing the estimates in the table above, the following assumptions have been made:-

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

The Council's last borrowing from the PWLB was undertaken in mid-December 2012. Since then, the Council's strategy has been to reduce its temporary investment balances to fund capital expenditure in the short term.

The £0.352m of short term borrowing in 15/16 represents an interest-free loan obtained to fund street-lighting LED investment.

At the end of 2015/16, £55m of the need to borrow was being funded by reducing the Council's temporary investments.

CAPITAL MONITORING 2015/16**General Fund - Land and Property Asset Sales**

	£000	£000
General asset sales		
Lutton Court	6,298	
South Gyle Wynd - second of third stage payment	2,938	
Dewar / Torphichen Street	2,141	
43 Colinton Mains Drive	360	
17 Johnston Terrace	351	
22 Mcleod Street - first of two stage payment	199	
37-39 Montrose Terrace	135	
47 St Stephen Street - general fund element	81	
14-24 Bothwell Street	45	
Various vehicle sales	34	
Kinleith Mills	25	
Various minor land disposals	<u>23</u>	
		12,630
Sale of planned but unbudgeted within the year EICC - Atria (net)		91,251
Ring fenced asset sales to be provided as part of carryforward to 2016/17		
46 Balcarres Street	795	
Cammo Home Estate	679	
Containerisation sales	<u>192</u>	
		1,666
Asset sales to reduce corporate borrowing on previous expenditure		
Former Leith Waterworld - second and final stage payment	850	
Former Curriehill Primary School - second and final stage payment	678	
Former Oaklands Special School - third and final stage payment	<u>312</u>	
		1,840
Capital receipts in lieu of prudential borrowing		
142 Glenallan Drive	<u>272</u>	
		272
Total Land and Property Asset Sales		<u><u>107,659</u></u>

Additional High Priority Items – Repairs and Maintenance Budget 2016/17

The following, additional, high priority items have been identified to be progressed during 2016/17. All are predicated on identifying risk of injury / harm and / or disruption to Services.

No current separate budget is in place and the matters have been identified as additional commitments to the Property and Facilities Management Repairs and Maintenance (R&M) revenue budget.

Ref	Background	Action	Indicative Cost (all inclusive of surveys)
1	<p>A programme of specialist high-level rope access surveys were commenced in 2015, and are ongoing, to properties on a risk based priority basis. The purpose was to identify condition of roofs and masonry etc, not normally accessible to maintenance staff. The surveys identified Priority 1 (Health & Safety), Priority 2, (Wind and Watertight) and Priority 3, (Preventative Maintenance) items.</p> <p>Priority 1 items were and are immediately progressed as identified.</p>	<p>Planned Preventative Maintenance following Specialist High level surveys</p> <p>A programme of Priority 2 and Priority 3 items to be collated, tendered and actioned during 2016/17.</p>	£600,000
2	<p>Specialist infrastructure surveys to confirm condition, identifying any defects including progressing immediate requirements, to inform any necessary maintenance, upgrade or replacement programmes.</p>	<p>Specialist surveys to include floodlighting towers (depots and sports pitches), access road and car park lighting, large/ornate plaster ceilings (performance venues, town halls, school assembly halls/gyms etc).</p> <p>The high level tactile surveys to be expanded to</p>	£450,000

		<p>include large timber windows or similar (Victorian schools, Central Library etc) to areas normally inaccessible for external inspection.</p> <p>Carbon monoxide alarm review programme including phased installation of any additional requirements based on risk priority.</p>	
3	Lighting and associated Suspended Ceilings	To survey based on a priority basis, inspect and determine condition of existing lighting, fittings and associated suspended ceilings where applicable, to inform any necessary maintenance or replacement programmes. To include phase one of a remediation programme based on survey findings.	£300,000
4	External boundary walls/fencing to Council properties	To determine based on a priority based programme, condition and security integrity identifying any joint ownership/liability responsibilities and inform any necessary maintenance, upgrade or replacement programmes. To include allowance for remediation based on survey findings.	£150,000
		TOTAL	£1,500,000

CAPITAL MONITORING 2015/16**Housing Revenue Account Summary****Outturn Position - Unaudited**

	Revised Budget £000	Outturn £000	Variance	
			£000	%
Gross Expenditure	48,830	35,626	-13,204	-27.0%
Total Gross Expenditure	48,830	35,626	-13,204	-27.0%

Resources				
Capital Receipts	-7,298	-8,889	-1,591	21.8%
Developers and Other Contributions	-6,484	-1,873	4,611	-71.1%
Specific Capital Grant	-3,780	-8,159	-4,379	115.8%
Total Resources	-17,562	-18,921	-1,359	7.7%

Borrowing				
Borrowing	31,268	16,705	-14,563	-46.6%
Total	31,268	16,705	-14,563	-46.6%

**REVISED
CAPITAL INVESTMENT
PROGRAMME 2016-2021**
(Incorporating full-year slippage from 2015/16)

REVISED CAPITAL INVESTMENT PROGRAMME 2016-2021**SUMMARY OF EXPENDITURE AND RESOURCES - GENERAL SERVICES**

2016-2021	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	Total £000
Expenditure	160,432	130,541	53,472	115,504	41,000	500,949
Resources						
Capital receipts						
General asset sales	19,634	12,634	1,038	6,318	3,000	42,624
Less additional receipt income transferred to capital fund	-5,559	0	0	0	0	-5,559
Asset sales to reduce corporate borrowing	0	1,380	0	0	0	1,380
Ring-fenced asset sales	4,895	3,500	3,500	3,000	0	14,895
Developers and other contributions	7,468	174	0	585	0	8,227
Capital Grants Unapplied account	808	0	0	0	0	808
Total receipts	27,246	17,688	4,538	9,903	3,000	62,375
Grants						
Specific Capital Grant	29,788	0	0	0	0	29,788
General Capital Grant	41,626	44,500	44,500	48,264	38,000	216,890
Total Grants	71,414	44,500	44,500	48,264	38,000	246,678
Borrowing						
Support brought forward	42,678	0	0	0	0	42,678
Prudential framework						
- Through council tax	120	0	0	0	0	120
- Departmentally supported	36,489	47,146	12,690	52,863	0	149,188
Total borrowing	79,287	47,146	12,690	52,863	0	191,986
Over / (under)-programming	-17,515	21,207	-8,256	4,474	0	-90
Total Resources	160,432	130,541	53,472	115,504	41,000	500,949

Grant funding projections from 2017/18 onwards are based on prudent estimates.

REVISED CAPITAL INVESTMENT PROGRAMME 2016-2021**SUMMARY OF EXPENDITURE AND RESOURCES - HOUSING REVENUE ACCOUNT**

2016-2021	2016/17	2017/18	2018/19	2019/20	2020/21	Total
	£000	£000	£000	£000	£000	£000
Expenditure	44,334	65,708	76,500	84,794	85,022	356,358
Resources						
Capital Receipts						
General Asset Sales	4,183	3,371	2,500	2,500	2,500	15,054
Developers' and Other Contributions	10,400	26,670	29,177	21,943	11,922	100,112
Total Receipts	14,583	30,041	31,677	24,443	14,422	115,166
Grants						
Specific Capital Grant	6,721	4,738	2,346	3,860	5,376	23,041
Total Grants	6,721	4,738	2,346	3,860	5,376	23,041
Borrowing						
Prudential Framework						
- House rents	23,030	30,929	42,477	56,491	65,224	218,151
Total Borrowing	23,030	30,929	42,477	56,491	65,224	218,151
Total Resources	44,334	65,708	76,500	84,794	85,022	356,358

REVISED CAPITAL INVESTMENT PROGRAMME 2016-2021

<u>SUMMARY OF EXPENDITURE</u>	Revised Budget 2016/17 £000	Revised Budget 2017/18 £000	Revised Budget 2018/19 £000	Revised Budget 2019/20 £000	Revised Budget 2020/21 £000	Total Budget 2016-2021 £000
General Services						
Chief Executive	15,789	1,125	-	-	-	16,914
City Strategy and Economy	397	1,230	-	-	-	1,627
Communities and Families	45,781	23,064	12,984	6,709	165	88,703
Edinburgh Integration Joint Board Place	4,167	152	-	-	-	4,319
Resources - Asset Management Works	83,362	92,026	32,154	72,698	19,835	300,075
- Communities and Families	8,210	11,726	4,398	7,930	-	32,264
- Edinburgh Integration Joint Board	46	115	-	25	-	186
- Place	2,022	686	1,072	65	-	3,845
- City Strategy and Economy	274	105	265	165	-	809
- Resources - Corporate Property	384	312	1,494	1,596	-	3,786
- Not yet allocated to services	-	-	1,105	19,316	14,000	34,421
Unallocated - indicative 5 year plan	-	-	-	7,000	7,000	14,000
Total General Services	160,432	130,541	53,472	115,504	41,000	500,949

REVISED CAPITAL INVESTMENT PROGRAMME 2016-2021

<u>COMMUNITIES AND FAMILIES</u>	Revised Budget 2016/17	Revised Budget 2017-18	Revised Budget 2018-19	Revised Budget 2019-20	Revised Budget 2020-21	Total Budget 2016-2021
	£000	£000	£000	£000	£000	£000
Early years						
Early learning and childcare	5,145	5,200	-	-	-	10,345
Fox Covert nursery	287	4	-	-	-	291
Early years total	5,432	5,204	0	0	0	10,636
Primary schools						
Upgrade kitchens - free school meals initiative	2,521	89	-	-	-	2,610
Waterfront	-	19	-	-	-	19
Primary schools total	2,521	108	0	0	0	2,629
Secondary schools						
Liberton high school replacement gym	1,429	66	-	-	-	1,495
New high school for Craigmillar	-	618	-	-	-	618
Replacement Queensferry high school	50	50	5,674	-	-	5,774
Secondary schools total	1,479	734	5,674	0	0	7,887
Community centres						
Duncan Place improvement works	732	1,227	45	-	-	2,004
Community centres total	732	1,227	45	0	0	2,004
Children's services						
Accommodation young person centre	-	295	-	-	-	295
Heather Vale young person Centre	353	14	-	-	-	367
Children's services total	353	309	0	0	0	662
Other projects						
Buckstone primary school - development works	95	-	-	-	-	95
Cost of sale of assets	(72)	-	-	-	-	(72)
Gaelic primary school playground	25	-	-	-	-	25
Kirkliston primary school - development works	1,493	25	-	-	-	1,518
Wester Hailes Healthy Living Centre underpass	1	-	-	-	-	1
Other projects total	1,542	25	0	0	0	1,567
Capital investment new nurseries and gym						
Blackhall new gym	30	-	-	-	-	30
Duddingston nursery	45	-	-	-	-	45
Wardie nursery	33	-	-	-	-	33
Capital investment new nurseries and gym total	108	0	0	0	0	108
Rising school rolls						
Rising school rolls extension works	3,305	698	1,606	1,206	-	6,815
Rising School Rolls total	3,305	698	1,606	1,206	0	6,815

REVISED CAPITAL INVESTMENT PROGRAMME 2016-2021

<u>COMMUNITIES AND FAMILIES</u>	Revised Budget 2016/17	Revised Budget 2017-18	Revised Budget 2018-19	Revised Budget 2019-20	Revised Budget 2020-21	Total Budget 2016-2021
	£000	£000	£000	£000	£000	£000
Wave three school projects						
Boroughmuir high school replacement	18,569	400	-	-	-	18,969
Existing Portobello high school demolition	675	-	-	-	-	675
James Gillespie's campus	609	-	-	-	-	609
New park former Portobello high school	-	-	1,000	-	-	1,000
Portobello high school replacement	9,591	1,359	-	-	-	10,950
St Crispin's special school replacement	-	1,108	107	5,167	-	6,382
St John's new wave 3 School	198	10,273	1,883	171	-	12,525
Wave three inflation contingency	-	9	2,504	-	-	2,513
Wave three school projects total	29,642	13,149	5,494	5,338	0	53,623
Libraries						
Drum Brae library	5	-	-	-	-	5
George IV Bridge library-enhancement works	-	365	-	-	-	365
Peoples Network	40	-	-	-	-	40
Self service terminals	16	-	-	-	-	16
Libraries total	61	365	0	0	0	426
Sports						
Edinburgh Leisure	165	165	165	165	165	825
Hunter Hall cycle hub and pitch	42	1,080	-	-	-	1,122
National Performance Centre for Sport additional contribution	200	-	-	-	-	200
Queensferry recreation project	199	-	-	-	-	199
Sports total	606	1,245	165	165	165	2,346
Total Communities and Families	45,781	23,064	12,984	6,709	165	88,703

REVISED CAPITAL INVESTMENT PROGRAMME 2016-2021

<u>CITY STRATEGY AND ECONOMY</u>	Revised Budget 2016/17	Revised Budget 2017-18	Revised Budget 2018-19	Revised Budget 2019-20	Revised Budget 2020-21	Total Budget 2016-2021
	£000	£000	£000	£000	£000	£000
Museums and arts						
Assembly Rooms - Theatre Strategy	-	166	-	-	-	166
Calton Hill redevelopment	275	753	-	-	-	1,028
Contingency	-	65	-	-	-	65
Custom House external fabric improvements	30	80	-	-	-	110
Museums and arts total	305	1,064	0	0	0	1,369
Strategic support						
City dressing programme	40	166	-	-	-	206
CWSS - Promenade	52	-	-	-	-	52
Strategic support total	92	166	0	0	-	258
Total City Strategy and Economy	397	1,230	0	0	0	1,627

<u>EDINBURGH INTEGRATION JOINT BOARD</u>	Revised Budget 2016/17	Revised Budget 2017-18	Revised Budget 2018-19	Revised Budget 2019-20	Revised Budget 2020-21	Total Budget 2016-2021
	£000	£000	£000	£000	£000	£000
Care homes						
Royston care Home	3,876	102	-	-	-	3,978
Care homes total	3,876	102	0	0	0	3,978
Other projects						
Autism day and respite centre	70	-	-	-	-	70
Generators and Business Continuity	19	-	-	-	-	19
Oxgangs day centre	48	-	-	-	-	48
Sale Land / buildings costs	(34)	-	-	-	-	(34)
Telecare	180	-	-	-	-	180
Unallocated funding	-	50	-	-	-	50
Wester Hailes Living Centre Underpass	8	-	-	-	-	8
Other projects total	291	50	0	0	0	341
Total Edinburgh Integration Joint Board	4,167	152	0	0	0	4,319

REVISED CAPITAL INVESTMENT PROGRAMME 2016-2021

<u>CHIEF EXECUTIVE</u>	Revised Budget 2016/17	Revised Budget 2017-18	Revised Budget 2018-19	Revised Budget 2019-20	Revised Budget 2020-21	Total Budget 2016-2021
	£000	£000	£000	£000	£000	£000
Community safety						
Closed Circuit Television combine services	-	1,125	-	-	-	1,125
Community safety total	0	1,125	0	0	0	1,125
ICT function						
CATs ICT capital investment	280	-	-	-	-	280
ICT contract asset purchase	15,000	-	-	-	-	15,000
ICT transformational change investment	509	-	-	-	-	509
ICT function total	15,789	0	0	0	0	15,789
Total Chief Executive	15,789	1,125	0	0	0	16,914

REVISED CAPITAL INVESTMENT PROGRAMME 2016-2021

PLACE	Revised Budget 2016/17	Revised Budget 2017-18	Revised Budget 2018-19	Revised Budget 2019-20	Revised Budget 2020-21	Total Budget 2016-2021
	£000	£000	£000	£000	£000	£000
Environment						
<u>Waste services</u>						
Containers - household waste	81	-	-	-	-	81
Zero Waste: Millerhill - Capital contribution	-	-	-	28,000	-	28,000
<u>Parks and green spaces</u>						
Cammo estate improvements	29	650	-	-	-	679
Niddrieburn footbridge	30	88	-	-	-	118
Parks and green spaces	101	300	-	-	-	401
Saughton Park improvement works	317	1,208	-	-	-	1,525
<u>Depot Review</u>						
Bankhead depot	-	-	-	10,600	-	10,600
Russell road depot	-	-	-	1,963	-	1,963
Seafield depot - phase 1	4,447	1,355	-	-	-	5,802
Seafield depot - phase 2	-	2,437	-	763	-	3,200
<u>Cemeteries & Crematorium</u>						
Mortonhall memorialisation	98	-	-	-	-	98
Purchase of noise equipment	-	33	-	-	-	33
Environment total	5,103	6,071	0	41,326	0	52,500
Housing and Regeneration						
Commuted sums	200	159	-	-	-	359
Development Funding Grant	29,248	-	-	-	-	29,248
Home owners' adaptation grants	1,000	1,000	1,000	1,000	1,000	5,000
Kirkliston environmentals	82	-	-	-	-	82
National Housing Trust phase 2	10,326	-	-	-	-	10,326
National Housing Trust phase 3	5,007	34,665	4,084	4,366	-	48,122
Stair Lighting LED replacement	1,490	-	-	-	-	1,490
Travelling People's site	14	-	-	-	-	14
Housing and Regeneration total	47,367	35,824	5,084	5,366	1,000	94,641
Transport and Planning						
<u>Roads, Structures & Flood Prevention</u>						
Bridge strengthening	671	545	-	-	-	1,216
Water of Leith - phase 1	120	402	-	-	-	522
Water of Leith - phase 2	10,075	8,568	3,409	-	-	22,052
<u>Roads Asset Management Plan</u>						
Bus stop investment	183	-	-	-	-	183
Carriageway / footway works [block]	11,015	17,755	9,989	12,771	12,771	64,302
Right first time carriageway and footway works	428	127	-	-	-	555

REVISED CAPITAL INVESTMENT PROGRAMME 2016-2021

PLACE	Revised Budget 2016/17	Revised Budget 2017-18	Revised Budget 2018-19	Revised Budget 2019-20	Revised Budget 2020-21	Total Budget 2016-2021
	£000	£000	£000	£000	£000	£000
<u>Street Lighting & Traffic Signals</u>						
Street lighting	1,300	3,123	1,500	1,500	1,500	8,923
Street lighting - City wide LED replacement programme	50	8,689	8,606	7,171	-	24,516
Traffic signals (renewal)	330	330	-	-	-	660
<u>Roads & Network</u>						
Lower Granton Road realignment	10	-	-	-	-	10
St Andrew Square public realm	436	446	-	-	-	882
Transport asset management	-	1,000	1,000	1,000	1,000	4,000
UTMC and parking guidance	142	140	-	-	-	282
<u>Policy & planning</u>						
20mph speed limiting [block]	1,132	282	-	-	-	1,414
B924 pedestrian crossing	5	-	-	-	-	5
Bus - priority at signals SVD	51	90	-	-	-	141
Bus lane camera enforcement	1	-	-	-	-	1
Bus priority schemes / bus shelters	280	198	-	-	-	478
Bus Tram integration	92	-	-	-	-	92
Bustracker- RTI extension	16	-	-	-	-	16
Cycle projects [block]	750	302	-	-	-	1,052
Cycling, Walking and Safer Streets	310	-	-	-	-	310
Design of future projects	56	-	-	-	-	56
Developer contributions	-	207	-	-	-	207
Electric vehicles	29	-	-	-	-	29
Frederick Street - Hanover Street	84	1	-	-	-	85
Hermiston Park and Ride (land acquisition)	16	-	-	-	-	16
Local bus priority measures [Block]	1	-	-	-	-	1
Road safety	542	266	-	-	-	808
Road safety	12	-	-	-	-	12
Road safety, cycling and public transport	-	2,090	1,750	1,750	1,750	7,340
Sighthill signalised junction	178	14	-	-	-	192
St Andrew Square bus station	79	200	-	-	-	279
Walking projects [block]	100	422	-	-	-	522
<u>Transport - City Centre</u>						
Leith Walk Constitution Street	1,176	2,299	-	-	-	3,475
Rose Street - public realm	294	222	-	-	-	516
<u>South East Locality</u>						
Neighbourhood environmental partnerships	141	370	204	203	203	1,121
Roads ward allocation	89	70	-	-	-	159
<u>North East Locality</u>						
Neighbourhood environmental partnerships	148	504	204	203	203	1,262
Roads ward allocation	130	145	-	-	-	275
<u>North West Locality</u>						

REVISED CAPITAL INVESTMENT PROGRAMME 2016-2021

<u>PLACE</u>	Revised Budget 2016/17	Revised Budget 2017-18	Revised Budget 2018-19	Revised Budget 2019-20	Revised Budget 2020-21	Total Budget 2016-2021
	£000	£000	£000	£000	£000	£000
Neighbourhood environmental partnerships	181	689	272	272	271	1,685
Roads ward allocation	140	110	-	-	-	250
<u>South West Locality</u>						
Neighbourhood environmental partnerships	95	270	136	136	136	773
Roads ward allocation	4	-	-	-	-	4
<u>Transport Other</u>						
Existing Tram lifecycle replacement	-	-	-	1,000	1,000	2,000
The Causey project	-	19	-	-	-	19
Transport and Planning total	30,892	49,895	27,070	26,006	18,835	152,698
Place - contingency	-	236	-	-	-	236
Total Place	83,362	92,026	32,154	72,698	19,835	300,075

REVISED CAPITAL INVESTMENT PROGRAMME 2016-2021

RESOURCES - ASSET MANAGEMENT WORKS	Revised Budget 2016/17	Revised Budget 2017-18	Revised Budget 2018-19	Revised Budget 2019-20	Revised Budget 2020-21	Total Budget 2016-2021
	£000	£000	£000	£000	£000	£000
Communities and Families						
Boiler upgrade	199	171	158	762	-	1,290
Early Years property	20	12	-	-	-	32
Energy management	400	1,000	1,000	600	-	3,000
External fabric	1,270	574	23	-	-	1,867
Fabric enhancement	3,092	5,729	726	222	-	9,769
Fire safety	254	600	600	600	-	2,054
Mechanical and engineering upgrade	1,349	2,345	1,345	1,802	-	6,841
Roof and rainwater	449	119	21	879	-	1,468
Stonework/masonry	224	121	25	489	-	859
Water quality upgrading	101	730	412	400	-	1,643
Windows and doors	852	325	88	2,176	-	3,441
Total for Communities and Families	8,210	11,726	4,398	7,930	0	32,264
City Strategy and Economy						
External fabric	-	-	80	-	-	80
Fabric enhancement	54	10	15	-	-	79
Fire Safety	-	95	170	165	-	430
Mechanical and engineering upgrade	110	-	-	-	-	110
Roof and rainwater	100	-	-	-	-	100
Water quality upgrading	10	-	-	-	-	10
Total for City Strategy and Economy	274	105	265	165	0	809
Edinburgh Integration Joint Board						
Fabric enhancement	4	-	-	-	-	4
Lift upgrade	4	-	-	-	-	4
Mechanical and engineering upgrade	38	115	-	25	-	178
Roof and rainwater	-	-	-	-	-	-
Water quality upgrading	-	-	-	-	-	-
Total for Edinburgh Integration Joint Board	46	115	0	25	0	186
Place						
Disability Discrimination Act works	-	-	-	-	-	-
External fabric	380	47	-	-	-	427
Fabric enhancement	46	247	575	10	-	878
Fire safety	80	80	-	-	-	160
Fixtures, fittings and equipment upgrade	-	-	-	-	-	-
Internal fabric enhancement	14	-	79	55	-	148
Mechanical and engineering upgrade	24	-	341	-	-	365
Parks infrastructure	300	312	-	-	-	612
Roof and rainwater	56	-	25	-	-	81
Water quality upgrading	22	-	-	-	-	22
Windows and doors	1,100	-	52	-	-	1,152
Total for Place	2,022	686	1,072	65	0	3,845

REVISED CAPITAL INVESTMENT PROGRAMME 2016-2021

<u>RESOURCES - ASSET MANAGEMENT WORKS</u>	Revised Budget 2016/17	Revised Budget 2017-18	Revised Budget 2018-19	Revised Budget 2019-20	Revised Budget 2020-21	Total Budget 2016-2021
	£000	£000	£000	£000	£000	£000
Resources - Corporate Property						
Disability Discrimination Act works	-	-	-	-	-	-
Energy management	10	-	-	500	-	510
External fabric	-	-	119	35	-	154
Fire safety	1	85	50	75	-	211
Internal fabric enhancement	53	-	-	117	-	170
Mechanical and engineering upgrade	190	227	907	610	-	1,934
Roof and rainwater	-	-	322	203	-	525
Stonework/masonry	25	-	56	-	-	81
Water quality upgrading	5	-	-	-	-	5
Windows and doors	100	-	40	56	-	196
Total for Resources - Corporate Property	384	312	1,494	1,596	0	3,786
Funding not yet allocated to projects	-	-	1,105	19,316	14,000	34,421
Total Asset Management Works	10,936	12,944	8,334	29,097	14,000	75,311

REVISED CAPITAL INVESTMENT PROGRAMME 2016-2021

<u>HOUSING REVENUE ACCOUNT</u>	Revised Budget 2016/17	Revised Budget 2017-18	Revised Budget 2018-19	Revised Budget 2019-20	Revised Budget 2020-21	Total Budget 2016-2021
	£000	£000	£000	£000	£000	£000
Housing Investment, including SHQS work	29,056	31,000	30,000	29,000	26,500	145,556
Neighbourhood Environment Investment	2,119	2,000	2,000	2,000	2,000	10,119
Community Care	1,642	1,550	1,550	1,550	1,550	7,842
Regeneration	1,059	-	-	-	-	1,059
Other Capital Expenditure	200	2,700	2,700	2,700	2,700	11,000
21st Century Homes Investment	10,258	28,458	40,250	49,544	52,272	180,782
Total Housing Revenue Account	44,334	65,708	76,500	84,794	85,022	356,358

Finance and Resources Committee

2.00pm, Thursday, 18 August 2016

Revenue Monitoring 2015/16 – outturn report

Item number	7.6
Report number	
Executive/routine	
Wards	

Executive summary

The report sets out the provisional 2015/16 revenue outturn position for the Council based on the unaudited financial statements. The statement of accounts shows an overall underspend of £0.861m.

Links

Coalition pledges [P30](#)

Council outcomes [C025](#)

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

Finance and Resources Committee

Revenue Monitoring 2015/16 – outturn report

Recommendations

- 1.1 Members of the Finance and Resources Committee are asked to:
 - 1.1.1 note the contents of this report and the provisional revenue underspend of £0.861m for the year ended 31 March 2016 and that these monies have been set aside within the Council Priorities Fund;
 - 1.1.2 approve the use of £0.5m of the underspend to be set aside for property surveys, and refer this to Council for ratification;
 - 1.1.3 note the contributions in 2015/16 to and from the General Fund as detailed in the report and refer to Council for ratification for use of funds and Capital Fund;
 - 1.1.4 note the Housing Revenue Account was balanced after making a contribution of £2.3m to the Renewal and Repairs Fund;
 - 1.1.5 note the Common Good Annual Performance Report will be considered elsewhere on the agenda; and
 - 1.1.6 refer this report to the Governance, Risk and Best Value Committee as part of its workplan.

Background

- 2.1 The Council's statement of accounts for 2015/16 was passed to the external auditor by the statutory deadline of 30 June. This report sets out the provisional outturn position for the revenue budget as detailed within the unaudited statement.
- 2.2 The unaudited financial statements were published on the Council website by 30 June 2016 and made available for public inspection from 1 July 2016 for 15 working days, in accordance with relevant regulations.
- 2.3 The unaudited annual accounts were prepared on the pre-Transformation management structure and the provisional outturn is reported on the same basis.

Main report

- 3.1 The unaudited outturn position for 2015/16 shows an overall underspend of £0.861m, equating to 0.09% of the Council's total net expenditure. The table below outlines the constituent elements of this variance, with additional details provided in Appendices 1 and 2. Executive Committees will receive outturn reports for their areas of responsibility.

	Outturn Variance
Service Variance	£000
Children and Families	(466)
Corporate Governance	(15)
Economic Development	(140)
Health and Social Care	(3,446)
Services for Communities	(105)
Total Service Variances	(4,172)
Corporate Variances	
Council Tax Reduction Scheme	(2,366)
Net Cost of Benefits	(94)
Dividends Receivable	75
Loan Charges / Interest on Rev Bals	(1,552)
Prior-year and other adjustments	(201)
Early release costs centrally funded	9,942
Council Tax	(2,493)
Total Corporate Variances	3,311
In-year (surplus)	(861)

- 3.2 There was an underspend within service areas of £4.172m. Within this amount, four of the five main service areas returned small underspends against their approved budgets. Health and Social Care returned an underspend of £3.446m, having received additional one-off funding during the year of £9.8m, as approved by Council on 17 September 2015. This was in line with the position stated in the month eight monitoring report of the service.
- 3.3 The net underspend of £0.861m has initially been set aside within the Council Priorities Fund, for the purposes of closing the 2015/16 accounts. Members are therefore asked to refer set-aside of the underspend within the Council Priorities Fund, to Council for approval.
- 3.4 Following the incident at Oxgangs Primary School in January 2016, investigative work undertaken across properties constructed as part of the PPP1 schools programme has highlighted a need for precautionary survey work within other Council properties with similar design features. It is proposed that an initial

budget of £0.5m be provided for the surveys by means of earmarking an element of the 2015/16 in-year underspend.

- 3.5 Service variances are outlined in more detail in Appendix 2.

Other variances

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

Early Release Costs (centrally funded)

Costs relating to staff early release under the Transformation programme in 2015/16 were met, as planned, through central funding, amounting to £20.942m. The costs include those for staff leaving during the financial year and any pre-approved exits even if the leaving date is in a subsequent period, in accordance with IAS 19 and will therefore differ to costs shown in the monthly dashboards reported to this Committee. The costs were funded using the service underspends, non-service specific surplus incomes and underspends, along with drawing down on earmarked reserves in the Capital Fund.

The table below summarises voluntary severance and pension strain costs relating to the release of staff as part of the Transformation programme during the year to enable approved savings to be delivered.

Service	Voluntary Severance Costs £000	Pension Strain Costs £000	Total £000	Number of staff
Children and Families	2,020	1,341	3,361	97
Corporate Governance	2,709	2,305	5,014	82
Economic Development	337	377	714	14
Health and Social Care	2,526	1,438	3,964	114
Services for Communities	3,933	3,956	7,889	201
Total	11,525	9,417	20,942	508

Recurring savings of £17.9m will be realised as a result of these staffing reductions and an overall payback period of 14 months is in line with planning assumptions.

Council Tax Reduction Scheme

The majority of funding for this scheme is included within the Local Government Finance Settlement. The entirely demand-led nature of this scheme exposes the Council to risks, however the sums paid out in 2015/16 were £2.366m lower than the level of budgetary provision.

Loan Charges / Interest on Revenue Balances

There was an overall favourable variance of £1.552m, largely attributable to the Council's ongoing strategy not to undertake external borrowing to finance capital investment, instead financing this from available cash resources.

Council Tax

Increased property numbers and lower than budgeted levels of exemptions and discounts contributed to a favourable overall variance of £2.493m.

Approved budget savings delivery

- 3.7 The final outturn position for 2015/16 indicates that 88% of approved savings by value were delivered, with non-delivery primarily as a result of shortfalls in Corporate Property and various other functions within Services for Communities. The shortfall in delivery of savings was offset by a variety of one-off mitigating management actions throughout the year, including vacancy management, acceleration of saving proposals and controlling discretionary expenditure.

The need to identify and deliver sustainable savings in these areas is being taken forward as part of the Transformation programme and Asset Management plan.

Housing Revenue Account (HRA)

- 3.8 The HRA achieved a balanced position for 2015/16 after making a contribution of £2.256m to the Renewal and Repairs Fund, which represents sums set aside for the provision of new affordable homes through the 21st Century Homes programme and as a contingency to manage the impact of welfare reform. This contribution was achieved after a voluntary repayment of debt of £10m.

Reserves

- 3.9 Details of the opening and closing amounts in the General Fund, including earmarked balances are shown in Appendix 3. The unallocated General Fund balance remained unchanged at £13.025m, while there was a net increase in reserves held for specific purposes by £10.948m. The main elements of this movement were:

Net contributions to General Fund

Council Tax Discount Fund - £2.96m - monies set aside as a result of reducing Council Tax second home discounts. Use of the fund is prescribed by the Scottish Government and is restricted to affordable housing type projects.

Dilapidations Fund - £3.34m – additional set aside of funds to cover costs arising from termination of property leases and other related contractual commitments.

Unspent Grants - £1.33m – monies received as income in advance of expenditure that is expected to be incurred in 2016/17.

Strategic Acquisition Fund - £4.5m – additional funds allocated to this fund from part of the sale proceeds of the Atria property. Approval was given by Council on 7 February 2013 to earmark funding of up to £7.5m from the sale of capital assets not currently supporting the capital investment programme, to sit alongside private sector investment to open new opportunities for creating jobs and economic growth.

Devolved School Management – £1.75m – increase carry forward of funds for the devolved school budgets.

Contributions from General Fund

Council Priorities Fund – net reduction of £2.161m comprised a combination of (i) approved drawdown of £2.25m to support the Statutory Repair service, (ii) approved funding of £0.28m for tram feasibility works, (iii) approved £0.2m for Health and Social Care transition and (iv) a number of smaller approved drawdowns. The overall movement reflects the addition of the revenue surplus outlined at paragraph 3.3.

Balances set aside for specific investment - £1.32m – various additional contributions for specific projects received prior to 2015/16 that were drawn down in year.

Common Good

- 3.10 During 2015/16, the Council acquired Custom House in Leith for £0.672m to use the building as a museum for the benefit of Leith and the wider city. In addition the Council generated two capital receipts, namely the sale of Cathedral Lane for £0.108m and land at Granton Road sold for £0.051m, both of which were credited to the Common Good Fund. Further details are included in the report elsewhere on today's agenda.
- 3.11 The Common Good account was credited in 2014/15 with a receipt of £1.183m from the sale of East Market Street garage. The receipt, net of costs associated with the disposal, was then transferred to the Common Good fund and will be utilised to fund a planned property maintenance programme on Common Good assets, over the coming five years, as agreed at the Finance and Resources Committee on 14 January 2016.

Measures of success

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

Financial impact

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

Risk, policy, compliance and governance impact

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

Equalities impact

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

Sustainability impact

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

Consultation and engagement

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

Background reading/external references

[Capital Coalition Budget Motion](#) – Report to Council, 7 February 2013 para 2.13

[Revenue Monitoring 2015-16 - month 3 Position](#) - Report to Council, 17 September 2015

[Common Good Planned Maintenance Programme and Common Good Reporting](#) - Report to Finance and Resources Committee, 14 January 2016 -

[Unaudited Annual Accounts 2015-16](#) - Report to Council, 30 June 2016

Hugh Dunn

Acting Executive Director of Resources

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Links

Coalition pledges	P30 - Continue to maintain a sound financial position including long-term financial planning
Council outcomes	CO25 – The Council has efficient and effective services that deliver on agreed objectives
Single Outcome Agreement	SO1 – Edinburgh’s economy delivers increased investment, jobs and opportunities for all SO2 – Edinburgh’s citizens experience improved health and wellbeing, with reduced inequalities in health SO3 – Edinburgh’s children and young people enjoy their childhood and fulfil their potential SO4 – Edinburgh’s communities are safer and have improved physical and social fabric
Appendices	Appendix 1 - Unaudited outturn statement, 2015/16 Appendix 2 - Service outturn commentaries Appendix 3 - General Fund – movements in usable reserves

THE CITY OF EDINBURGH COUNCILUNAUDITED OUTTURN STATEMENT 2015-16

Service	Revised Budget £000	Outturn £000	Outturn Variance £000
Children and Families	399,469	399,003	(466)
Economic Development	11,877	11,862	(15)
Corporate Governance	79,950	79,810	(140)
Health and Social Care	210,937	207,491	(3,446)
Valuation Joint Board requisition	3,744	3,744	0
Services for Communities	134,395	134,290	(105)
General Fund Services	840,372	836,200	(4,172)
Council Tax Reduction Scheme	26,621	24,255	(2,366)
Net Cost of Benefits	(62)	(156)	(94)
Non Distributed Costs - pension lump sum	3,064	3,064	0
Dividends Receivable	(5,000)	(4,925)	75
Loans Charges / Interest on Revenue Balances	115,082	113,530	(1,552)
Prior Year and Other Adjustments	(269)	(470)	(201)
Transformation / Asset Management			
Programme costs	2,917	2,917	0
Early Release Costs (centrally funded)	11,000	20,942	9,942
Total Non-Service Specific	153,353	159,157	5,804
Total Expenditure to be Funded	993,725	995,357	1,632
Funded by -			
General Revenue Grant	(354,576)	(354,576)	0
Non Domestic Rates - Contrib from Pool	(390,862)	(390,862)	0
Council Tax	(238,113)	(240,606)	(2,493)
Contribution to Renewals and Repairs Fund	105	105	0
Contribution to Capital Fund	(8,217)	(8,217)	0
Contribution from Earmarked Funds	(2,062)	(2,062)	0
Total Funding	(993,725)	(996,218)	(2,493)
In-year Surplus	0	(861)	(861)

Children and Families

Children and Families achieved an underspend of £0.466m for 2015/16. This represents a favourable movement on the forecast balanced budget position report to the Education, Children and Families Committee on 1 March 2016.

A number of unfunded budget pressures were managed by Children and Families during 2015/16, the most significant of which included:

- out of council residential schools and secure units;
- fostering, kinship and residence placements;
- demographic pressures within schools, arising from additional pupil numbers.

Management actions to address pressures and additional savings requirements resulted in a small underspend of £0.466m. The range of measures taken included the application of controls on vacancies and discretionary spend.

Corporate Governance

Corporate Governance achieved an underspend of £0.140m for 2015/16.

There were budget pressures within Legal Services and Business Intelligence, which were managed during the year on a one-off basis, by staff vacancy control, contract underspends and favourable income streams.

Economic Development

Economic Development achieved an underspend of £0.015m for 2015/16, resulting from a number of minor variances across a range of services.

Health and Social Care

Health and Social Care returned an underspend against budget of £3.446m for 2015-16.

The service continued to face significant demand-led pressures in the year and the final outturn position was a net overspend of £6.339m relative to the original approved budget. One-off funding of £9.785m was approved by Council on 17 September 2015, allocated from other services and corporate budgets, resulting in the outturn position of a £3.446m underspend.

The service developed budget action plans which aimed to deliver expenditure reductions during 2015/16 relative to the position reported to the Finance and Resources Committee in September 2015. As a result of these controls the service returned an underspend in line with the reported forecast at period eight, which was earmarked for staff release costs across the Council.

The main gross pressures were in the following areas:

- employee costs £0.555m
- supplies and services £0.803m - computer equipment and legal fees
- spot purchasing £4.454m - across Care at Home £3.103m, Direct Payments £1.579m,

Residential Nursing £0.674m, Free Personal Care (£0.795m) and Day Care (£0.107m)

- income £0.960m under recovery - resident recoveries and other local authority contributions

The 2015/16 net revenue budget of £210.9m required delivery of £7.515m of efficiency savings, of which £6.391m was delivered, with the balance being met from under spends in other areas.

Services for Communities

Services for Communities achieved a small underspend of £0.105m in 2015/16. Significant pressures in the Environment service of £4.2m and Corporate Property of £4.0m were offset by vacancy management ahead of organisational reviews and unbudgeted income in the Planning and Transport services.

Housing Revenue Account

The HRA achieved a balanced position for 2015/16 after setting aside £12.256m for new affordable homes. Of the £12.256m contribution, £10m was in the form of voluntary debt repayment, which will reduce borrowing costs going forward and enable investment in site acquisition. The remaining £2.256m has been transferred to the Renewal and Repairs Fund, which represents sums set aside for the provision of new affordable homes through the 21st Century Homes programme.

General Fund - movement in usable reserves

Appendix 3

	Balance at 31.3.15		Balance at 31.3.16	
	£m	£m	£m	£m
Unallocated General Fund		13.025		13.025
<u>Balances set aside to manage future risks</u>				
Balances set aside for specific investment	13.889		12.565	
Council Priorities fund	3.365		1.204	
Contingency funding, workforce management	17.901		18.075	
Dilapidations fund	8.759		12.094	
Insurance fund	<u>12.557</u>		<u>13.539</u>	
		56.471		57.477
<u>Balances set aside from income received in advance</u>				
Licensing income	1.401		1.393	
Lothian Buses	6.000		5.704	
Other minor funds	0.219		0.240	
PPP monies	1.599		1.729	
Recycling monies	1.372		1.372	
National Performance Centre for sport	1.996		1.996	
Council Tax discount fund	18.636		21.596	
Unspent grants	4.482		5.814	
Strategic Acquisition Fund	<u>3.000</u>		<u>7.458</u>	
		38.705		47.302
<u>Balances set aside for investment in specific projects which will generate future savings</u>				
IT transformation	3.481		3.133	
Energy efficiency	0.800		0.847	
Spend to save	<u>3.988</u>		<u>3.884</u>	
		8.269		7.864
Devolved School Management		1.054		2.804
Total General Fund		<u><u>117.524</u></u>		<u><u>128.472</u></u>

Finance and Resources Committee

2.00pm, Thursday, 18 August 2016

Capital Monitoring 2016/17 – Month three position

Item number	7.7
Report number	
Executive/routine	
Wards	

Executive summary

The month three position shows that the Council is projecting to borrow £61.772m and will be in receipt of grants and capital income amounting to £98.660m. Together this will fund projected capital investment of £160.432m. The level of borrowing is projected to be balanced against budget.

Links

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

Capital Monitoring 2016/17 – Month three position

Recommendations

- 1.1 Members of the Finance and Resources Committee are requested to:
 - 1.1.1 Note the projected capital outturn positions on the General Fund and HRA at month three;
 - 1.1.2 Note the prudential indicators at month three; and
 - 1.1.3 Refer the report to the Governance, Risk and Best Value Committee as part of its work-plan.

Background

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

Main report

- 3.1 The month three position is based on the revised 2016-2021 Capital Investment Programme incorporating net slippage / acceleration from 2015/16 (the detail of which can be seen in Appendix 7 of the Capital Monitoring 2015/16 – Outturn and Receipts report which is included elsewhere on the agenda).
- 3.2 The position at month three can be seen in Appendix 1. An overall balanced position is projected currently reflecting up to date re-phasing and realignment of the revised capital programme 2016-2021.

Prudential Indicators

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

Housing Revenue Account (HRA)

- 3.4 The Housing Revenue Account is forecasting to balance to budget as shown in Appendix 3. At month three, the forecast is gross expenditure of £44.334m, capital receipts / grant income of £21.304m and prudential borrowing of £23.030m.

Measures of success

- 4.1 Completion of capital projects as budgeted for in the 2016/17 capital programme.
- 4.2 Identifying slippage at the earliest opportunity and accelerating projects where possible to ensure best use of available resources.

Financial impact

- 5.1 The projected 2016/17 general fund outturn outlines capital borrowing of £61.772m. The overall loan charges associated with this borrowing over a 20 year period would be a principal amount of £61.772m, interest of £41.213m, resulting in a total cost of £102.985m based on a loans fund interest rate of 5.1%. The loan charges will be interest only in the first year, at a cost of £1.585m, followed by an annual cost of £5.070m for 20 years. The borrowing required is carried out in line with the Council's approved Treasury Management Strategy.
- 5.2 The loan charge costs outlined above can be met from this year's revenue budget for loan charges.

Risk, policy, compliance and governance impact

- 6.1 Significant budget virements have complied with relevant financial rules and regulations.
- 6.2 Capital monitoring and budget setting processes adopted ensure effective stewardship of resources. The processes applied aim to ensure projects are delivered on time and budget whilst fulfilling the financial criteria of value for money.
- 6.3 Monitoring of major capital projects including risk assessment is carried out by the Council's Corporate Programmes Office (CPO) which was transferred to the Transformation Team in the newly created Strategy and Insight Division in February 2016.

Equalities impact

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

Sustainability impact

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

Relevant Council sustainable development policies have been taken into account.

- 8.2 The proposals in this report will help achieve a sustainable Edinburgh because they are ensuring funding for key strategic projects that will enhance facilities and infrastructure in the city. A carbon impact assessment shall be carried out on each new project to achieve the most sustainable outcome for the city in each case.
- 8.3 The proposals in this report will increase the city's resilience to climate change impacts because they are securing funding for flood prevention projects.

Consultation and engagement

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

Background reading/external references

None

Hugh Dunn

Acting Executive Director of Resources

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Links

Coalition pledges	<p>P3 – Rebuild Portobello High School and continue progress on all other planned school developments, while providing adequate investment in the fabric of all schools</p> <p>P8 – Make sure the city's people are well-housed, including encouraging developers to build residential communities, starting with brownfield sites</p> <p>P30 – Continue to maintain a sound financial position including long-term financial planning</p> <p>P31 – Maintain our City's reputation as the cultural capital of the world by continuing to support and invest in our cultural infrastructure</p> <p>P33 – Strengthen Neighbourhood Partnerships and further involve local people in decisions on how Council resources are used</p>
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	P42 – Continue to support and invest in our sporting infrastructure
Council outcomes	CO1 – Our children have the best start in life, are able to make and sustain relationships and are ready to succeed CO16 – Edinburgh draws new investment in development and regeneration CO20 – Culture, sport and major events – Edinburgh continues to be a leading cultural city where culture and sport play a central part in the lives and future of citizens CO23 – Well-Engaged and Well-Informed – Communities and individuals are empowered and supported to improve local outcomes and foster a sense of community CO25 – The Council has efficient and effective services that deliver on objectives
Single Outcome Agreement	SO3 - Edinburgh’s children and young people enjoy their childhood and fulfil their potential SO4 - Edinburgh’s communities are safer and have improved physical and social fabric
Appendices	1 – Capital Monitoring 2016/17 – General Fund 2 – Prudential Indicators 2016/17 3 – Capital Monitoring 2016/17 - HRA

Capital Monitoring 2016/17

General Fund Summary

Period 3

Expenditure	Revised Budget £000	Adjusts £000	Total Budget £000	Actual to Date £000	Projected Outturn £000	Projected Variance	
						£000	%
Chief Executive	15,789	-	15,789	-	15,789	-	0.00%
City Strategy and Economy	397	-	397	64	397	-	0.00%
Communities and Families	45,781	-	45,781	7,064	45,781	-	0.00%
Edinburgh Integration Joint Board Place	4,167	-	4,167	1,508	4,167	-	0.00%
Resources - Asset Management Works	83,362	-	83,362	5,638	83,362	-	0.00%
	10,936	-	10,936	1,150	10,936	-	0.00%
Total Gross Expenditure	160,432	-	160,432	15,424	160,432	-	0.00%

Resources

<i>Capital Receipts</i>							
General Services	19,634	-	19,634	576	19,634	-	0.00%
Less additional receipt income to capital fund	(5,559)	-	(5,559)	-	(5,559)	-	0.00%
Ring-fenced asset sales	4,895	-	4,895	27	4,895	-	0.00%
<i>Total Capital Receipts from Asset Sales</i>	<i>18,970</i>	<i>-</i>	<i>18,970</i>	<i>603</i>	<i>18,970</i>	<i>-</i>	<i>0.00%</i>
Developer and other Contributions	7,468	-	7,468	1,798	7,468	-	0.00%
Capital Grants Unapplied Account drawdown	808	-	808	649	808	-	0.00%
<i>Total Capital Receipts</i>	<i>27,246</i>	<i>-</i>	<i>27,246</i>	<i>3,050</i>	<i>27,246</i>	<i>-</i>	<i>0.00%</i>
<i>Grants</i>							
Scottish Government General Capital Grant	41,626	-	41,626	10,407	41,626	-	0.00%
Cycling, Walking and Safer Streets	540	-	540	-	540	-	0.00%
Management Development Funding	29,248	-	29,248	-	29,248	-	0.00%
<i>Total Grants</i>	<i>71,414</i>	<i>-</i>	<i>71,414</i>	<i>10,407</i>	<i>71,414</i>	<i>-</i>	<i>0.00%</i>
Total Resources	98,660	-	98,660	13,457	98,660	-	0.00%

Balance to be funded through borrowing	61,772	-	61,772		61,772	-	0.00%
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PRUDENTIAL INDICATORS 2016/17 - Period 3**Indicator 1 - Estimate of Capital Expenditure**

	2015/16 Estimate £000	2015/16 Actual £000	2016/17 Estimate £000	2016/17 Forecast £000	2017/18 Estimate £000	2017/18 Forecast £000	2018/19 Estimate £000	2018/19 Forecast £000	2019/20 Estimate £000	2019/20 Forecast £000	2020/21 Estimate £000	2020/21 Forecast £000
Children & Families	46,877	48,181	0	0	0	0	0	0	0	0	0	0
Corporate Governance	2,729	7,407	0	0	0	0	0	0	0	0	0	0
Economic Development	58	42	0	0	0	0	0	0	0	0	0	0
Health & Social Care	6,328	5,680	0	0	0	0	0	0	0	0	0	0
Services for Communities	76,616	77,149	0	0	0	0	0	0	0	0	0	0
SfC - Asset Management Programme	13,224	14,516	0	0	0	0	0	0	0	0	0	0
Other Capital Projects	259	3,014	0	0	0	0	0	0	0	0	0	0
Unallocated funding - indicative 5 year plan 2016/17												
2023 funding	0	0	0	0	0	0	0	0	7,000	7,000	7,000	7,000
Chief Executive	0	0	17,291	15,789	1,125	1,125	0	0	0	0	0	0
City Strategy and Economy	0	0	508	397	363	1,230	0	0	0	0	0	0
Communities and Families	0	0	50,436	45,781	7,595	23,064	10,184	12,984	14,766	6,709	558	165
Edinburgh Integration Joint Board	0	0	4,229	4,167	114	152	0	0	0	0	0	0
Place	0	0	98,896	83,362	72,101	92,026	30,719	32,154	24,201	72,698	19,834	19,835
Resources - Asset Management Works	0	0	24,044	10,936	11,035	12,944	8,436	8,334	19,173	29,097	14,000	14,000
Total General Services	146,091	155,989	195,404	160,432	92,333	130,541	49,339	53,472	65,140	115,504	41,392	41,000
Housing Revenue Account	38,253	35,626	48,508	44,334	65,708	65,708	76,500	76,500	84,794	84,794	85,022	85,022
Total	184,344	191,615	243,912	204,766	158,041	196,249	125,839	129,972	149,934	200,298	126,414	126,022

The 'estimate' figures relate to those reported in the prudential indicators as part of the budget motion in January 2016. Differences between these and the 'forecast' figures relate to further realignment and rephasing that has taken place as part of the revised budget process. Note that 2015/16 is presented in the former council structure whilst 2016/17 onwards represents the most up to date structure based on Council transformation.

Indicator 2 - Ratio of Financing Costs to Net Revenue Stream

	2015/16 Estimate %	2015/16 Actual %	2016/17 Estimate %	2016/17 Forecast %	2017/18 Estimate %	2018/19 Estimate %	2019/20 Estimate %	2020/21 Estimate %
General Services	12.03	11.51	12.00	12.00	11.94	11.66	11.55	N/A
Housing Revenue Account	35.40	37.31	36.64	35.38	39.33	40.73	42.49	44.60

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

Indicator 3 - Capital Financing Requirement

	2015/16 Estimate £000	2015/16 Actual £000	2016/17 Estimate £000	2016/17 Forecast £000	2017/18 Estimate £000	2017/18 Forecast £000	2018/19 Estimate £000	2018/19 Forecast £000	2019/20 Estimate £000	2019/20 Forecast £000	2020/21 Estimate £000	2020/21 Forecast £000
General Services (including finance leases)	1,317,584	1,275,213	1,297,933	1,267,088	1,260,004	1,265,506	1,191,945	1,202,432	1,133,225	1,194,872	1,064,001	1,126,875
Housing Revenue Account	374,029	357,602	377,947	364,047	387,821	376,709	406,950	398,841	437,419	432,424	474,861	471,584
Total	<u>1,691,613</u>	<u>1,632,815</u>	<u>1,675,880</u>	<u>1,631,135</u>	<u>1,647,825</u>	<u>1,642,215</u>	<u>1,598,895</u>	<u>1,601,273</u>	<u>1,570,644</u>	<u>1,627,296</u>	<u>1,538,862</u>	<u>1,598,459</u>

Forecasts include the capital financing requirement relating to PPP assets. Note that the difference between the estimated and actual figure in 15/16 is due to the EICC Atria receipt settling in 15/16 rather than in 16/17 as envisaged, leading to repayment of the outstanding capital advance on this and a reduction in the Capital Financing Requirement.

Indicator 4 - Authorised Limit for External Debt

	2016/17 Estimate £000	2016/17 Rev Est £000	2017/18 Estimate £000	2017/18 Rev Est £000	2018/19 Estimate £000	2018/19 Rev Est £000	2019/20 Estimate £000	2019/20 Rev Est £000	2020/21 Estimate £000	2020/21 Rev Est £000
Borrowing	1,591,015	1,591,015	1,617,379	1,617,379	1,630,954	1,630,954	1,558,749	1,558,749	1,507,508	1,507,508
Credit Arrangements	226,589	226,600	215,777	215,787	205,412	205,420	195,958	195,965	187,755	187,763
Total	<u>1,817,604</u>	<u>1,817,615</u>	<u>1,833,156</u>	<u>1,833,166</u>	<u>1,836,366</u>	<u>1,836,374</u>	<u>1,754,707</u>	<u>1,754,714</u>	<u>1,695,263</u>	<u>1,695,271</u>

Credit Arrangements includes both the short and long term liabilities relating to finance leases and PFI assets.

Indicator 5 - Operational Boundary for External Debt

	2016/17 Estimate £000	2016/17 Rev Est £000	2017/18 Estimate £000	2017/18 Rev Est £000	2018/19 Estimate £000	2018/19 Rev Est £000	2019/20 Estimate £000	2019/20 Rev Est £000	2020/21 Estimate £000	2020/21 Rev Est £000
Borrowing	1,491,015	1,491,015	1,487,329	1,487,329	1,520,904	1,520,904	1,478,699	1,478,699	1,457,458	1,457,458
Credit Arrangements	226,589	226,600	215,777	215,787	205,412	205,420	195,958	195,965	187,755	187,763
Total	<u>1,717,604</u>	<u>1,717,615</u>	<u>1,703,106</u>	<u>1,703,116</u>	<u>1,726,316</u>	<u>1,726,324</u>	<u>1,674,657</u>	<u>1,674,664</u>	<u>1,645,213</u>	<u>1,645,221</u>

Credit Arrangements includes both the short and long term liabilities relating to finance leases and PFI assets.

Indicator 6 - Impact on Council Tax and House Rents

	2016/17	2016/17	2017/18	2017/18	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21
	Estimate	Forecast	Estimate	Forecast	Estimate	Forecast	Estimate	Forecast	Estimate	Forecast
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
for the band "D" Council Tax	2.46	-2.10	9.17	-1.75	13.68	11.78	18.02	22.80	N/A	N/A
for the average weekly housing rents	-0.19	-0.19	-0.68	-0.68	-0.50	-0.50	0.55	0.55	3.50	3.50

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

The changes between the forecast and the original estimate reflect the realignment of the Capital Investment Programme reported to Finance and Resources Committee in August 2016.

CAPITAL MONITORING 2016/17**Housing Revenue Account Summary****Period 3**

	Revised Budget £000	Actual to Date £000	Projected Outturn £000	Projected Variance	
				£000	%
Gross Expenditure	44,334	6,918	44,334	0	0.0%
Total Gross Expenditure	44,334	6,918	44,334	0	0.0%

Resources					
Capital Receipts	-4,183	-77	-4,183	0	0.0%
Developers and Other Contributions	-11,847	-880	-11,847	0	0.0%
Specific Capital Grant	-5,274	-555	-5,274	0	0.0%
Total Resources	-21,304	-1,512	-21,304	0	0.0%

Borrowing					
Borrowing	23,030	5,406	23,030	0	0.0%
Total	23,030	5,406	23,030	0	0.0%

Finance and Resources Committee

2pm, Thursday, 18 August 2016

Revenue Monitoring 2016/17 – month three position

Item number	7.8
Report number	
Executive/routine	
Wards	

Executive summary

The report sets out the projected month three revenue monitoring position for the Council, based on period two data. The current full-year forecast points to a balanced overall position, albeit this is contingent upon undertaking further actions required to deliver a number of approved savings and active management of significant risks and pressures.

Links

Coalition pledges [P30](#)

Council outcomes [CO25](#)

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

Revenue Monitoring 2016/17 – month three position

Recommendations

- 1.1 Members of the Finance and Resources Committee are asked to:
 - 1.1.1 note the projected balanced position at month three;
 - 1.1.2 note the on-going risks and challenges in maintaining this position which will require further management actions and active and regular scrutiny for the remainder of the year;
 - 1.1.3 note the balanced position projected on the Housing Revenue Account (HRA) after making a £14m budgeted contribution towards housing investment;
 - 1.1.4 approve the acceleration into 2016/17 of payment of an element of the Communities and Families approved grant to the West Granton Community Trust and refer this to Council for ratification; and
 - 1.1.5 refer this report to the Governance, Risk and Best Value Committee as part of its work programme.

Background

- 2.1 This report sets out the projected overall position for the Council's revenue expenditure budget for 2016/17 as at month three, based on analysis of period two data.

Main report

- 3.1 This report represents the first of the quarterly revenue monitoring reports for 2016/17. On-going analysis of the revenue position is undertaken in line with agreed, risk-based principles, with any material changes reported in the intervening periods as required. The introduction of monthly budget review and challenge meetings has also enhanced the focus on the prompt identification of, and development of appropriate mitigating action to address, service risks and pressures.

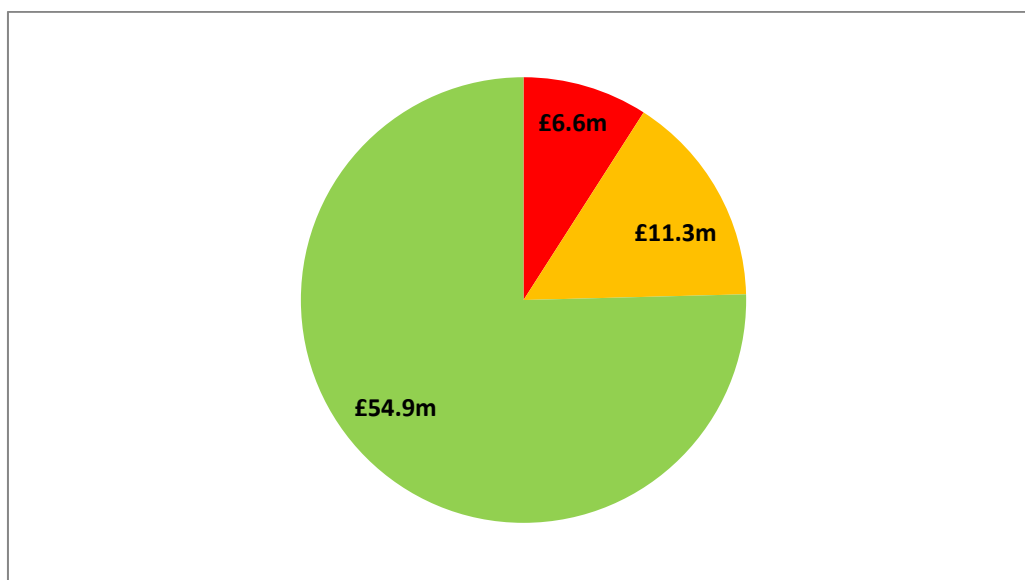
Overall position

- 3.2 As of period three, the Council is projecting a balanced position after taking account of available funding, projected delivery of approved savings and management of service risks and pressures. Services have, however, identified a number of challenges to attainment of this position and, as in previous years, delivery of a balanced outturn will require proactive management throughout the remainder of the year.

Savings delivery

- 3.3 As highlighted in a number of recent reports considered by the Committee, regular progress updates on the development and delivery of savings implementation plans for 2016/17 and subsequent years are considered and discussed by both the Council Leadership Team and Capital Coalition elected members at Budget Challenge meetings. This process began well in advance of budget approval in January and has proven effective in highlighting at an early stage potential barriers to full delivery and, where necessary, informing the subsequent development and assessment of alternative required measures.
- 3.4 Members will recall that approval of a balanced budget for 2016/17 was predicated on the delivery of around £70m of service-specific and corporate savings. As of July, the overall RAG assessment of these savings indicates that, on the basis of actions planned or already undertaken, some 91% are on target to be delivered in full as shown in the chart below.

RAG assessment of approved budget savings, 2016/17 – July 2016



- 3.5 The remaining “red” savings, covering a number of approved proposals across Communities and Families and Health and Social Care, are listed in Appendix 1. These comprise a combination of those where there are not, as yet, robust delivery plans or, in a small number of cases, where the level of approved saving is not now deliverable in the current year and a substitute consequently required.

Progress against these savings will continue to be closely monitored and regular updates shared with elected members. The net effect of any risk of shortfall is reflected in the overall position as assessed by service areas in the following sections. An analysis of the most material risks and pressures, alongside any identified mitigating actions, is also included as Appendix 2. These risks include a potential claim in respect of land contamination linked to previous tram-related construction at the Ingliston Park and Ride site.

- 3.6 Given the extent of change affecting the Council through the Transformation Programme, Finance staff have co-ordinated a comprehensive project to allow, once the transition is complete, full reporting of budgeted and actual expenditure based on these new structures. While the complexity and unprecedented scale of the changes means that some of the detail is still being refined, Phase 1, involving full re-alignment of budgets and associated procurement authorisation hierarchies to reflect the Council's new operating structure, has now been completed. Although the commentaries below are presented from the perspective of this new structure, it is anticipated that full details of the respective service budgets, and actual expenditure to date, will be provided in the half-year report considered by the Committee in October. Arrangements for onward, more detailed financial reporting to Executive Committees, aligned to the new structure, will also be considered at that time.

Service-specific budgets - Communities and Families

- 3.7 At month two, Communities and Families is experiencing significant levels of budget pressure in many areas of the service, including a number of challenges relating to the delivery of approved savings. Areas of significant budget pressure include secure care, out-of-council residential care and fostering.
- 3.8 At this stage in the year, the gross unfunded service pressures are approximately £8m, with around £3m of further mitigation action remaining to be identified. Many of the management actions which have already been identified are one-off in nature, meaning that, although they assist greatly in addressing the immediate challenge in 2016/17, a permanent sustainable solution still needs to be identified.
- 3.9 Communities and Families is, however, projecting a balanced budget position for 2016/17 and is committed to identifying further mitigating management actions to address the residual forecast net pressures. Actions taken forward include application of controls on vacancies and discretionary spend, application of Scottish Government monies, including additional funding to maintain pupil:teacher ratios, and utilisation of service reserves.

Health and Social Care

- 3.10 The Health and Social Care net budget of £184.4m requires the achievement of savings of £15.0m, with further incremental savings of £6.9m to be achieved in

2017/18. The budget also includes £7.0m of additional funding in 2016/17 approved by Council to address underlying budget pressures.

- 3.11 At its meeting on 13 May 2016, the Edinburgh Integration Joint Board (EIJB) agreed a co-ordinated programme of action across the Council and NHS Lothian to deliver the combined required level of savings in 2016/17. Of the £15.018m total, the largest single element of £5.8m is planned for delivery through a service-wide organisational review, with a further £5.4m to be delivered in 2017/18. The management phase of this organisational review commenced on 31st May. The detailed plan for subsequent phases of the review remains in development and, as such, there is a significant risk that the planned phasing of savings in 2016/17 will not be achieved.
- 3.12 A further £4.1m of the overall savings requirement in 2016/17 is planned to be addressed through the service's transformation programme, including more targeted use of re-ablement, telecare and demand management, with a further £4.9m to be delivered through the programme in 2017/18. Work is progressing on developing detailed business cases and implementation plans for these savings. There is a significant risk, however, that the assumed phasing will not be achieved.
- 3.13 A £3.5m non-recurring funding contribution from the Social Care Fund has been agreed by the EIJB to mitigate, in part, the delay to delivery of savings in 2016/17. This re-emphasises the need for additional robust plans to be developed going forward to maintain the service on a sustainable footing. Some aspects of the conditions of use of the Social Care Fund also remain to be resolved.

Place

- 3.14 At period two, subject to the subsequent identification of agreed mitigating actions, a balanced overall position is forecast. The directorate is delivering over £7m of staff savings through the transformation programme, whilst also mitigating pressures associated with the waste service and with required maintenance of North Bridge through the use of service reserves.
- 3.15 The service has not, however, as yet identified mitigations to cover a potential loss of income during the refurbishment of the crematorium. Going forward, there may also be a knock-on impact of current economic uncertainty on aspects of the service's fee income. The Executive Director is currently reviewing all budgets with a view to containing these pressures.

Resources

- 3.16 The Resources Directorate comprises the areas of Finance, Human Resources, Legal and Risk, Customer and Property and Facilities Management. As of period two, while further actions are required to deliver the approved level of savings associated with some elements of the Transformation Programme, a balanced overall position is forecast.

City Strategy and Economy

- 3.17 As of period two, a balanced overall position is forecast for the service.

Chief Executive

- 3.18 The Executive function comprises the areas of ICT, Strategy and Insight and Communications. As of period two, a balanced overall position is forecast.

Safer and Stronger Communities

- 3.19 Pressures have been identified with regard to full delivery of approved savings associated with CCTV rationalisation and homelessness and housing support services. Vacancy management and acceleration of approved savings in other areas of the service should, however, allow a balanced overall position to be achieved in 2016/17, albeit with a need to identify sustainable solutions in some areas over the longer term.

Corporate budgets

- 3.20 Building on the significant level of savings delivered to support frontline services in recent years, the approved budget assumes a continuing increase in Council Tax collection rates, as well as growth in the overall number of properties. Proactive treasury management and use of available cash balances in lieu of undertaking external borrowing also continues to generate savings to increase investment in priority service areas. As was the case in 2015/16, additional analysis will therefore be undertaken in advance of the mid-year report to determine whether potential exists in this area to fund further staff release costs or manage other known or emerging pressures.

PPP1 School Emergency

- 3.21 Following the temporary closure of Oxfangs Primary School in February 2016, further inspection of all schools delivered through the PPP1 schools programme revealed wider concerns over the standard of construction applied.
- 3.22 Significant costs have been incurred whilst pupils from the affected schools have been decanted to alternative locations, as well as in ensuring that all inspections, modifications and repairs carried out prior to re-occupancy by pupils and staff are completed to an appropriate standard. It is anticipated that there will be no overall cost to the Council arising from this incident.

Housing Revenue Account

- 3.23 The Housing Revenue Account is forecasting a break-even position after making a budgeted £14m contribution towards housing investment.

Education Grant Programme, 2016/17 to 2018/19

- 3.24 On 11 February 2016, the Education, Children and Families Committee approved grant funding awards for the three years from 2016/17 to 2018/19 totalling some £8.75m. Included amongst these awards was an annual grant of £44,000 (i.e. £132,000 over the three years) to the West Granton Community Trust to support the Prentice Centre's playgroup and Supporting Young People at Risk project. Following the ending of the Centre's youth work contract on 31 March 2016, the grant award going forward represents around 50% of the previous annual contract amount.
- 3.25 Representatives of the Centre approached the Council in April asking that phasing of this funding be reconsidered, thereby smoothing the transition to the reduced level of funding with a view to allowing the Centre to remain open. Following discussion, the balance of the Centre's 2016/17 funding award (£22,000) was paid, along with the second quarter's payment, in July.
- 3.26 The Centre has further requested that an element of the approved awards for 2017/18 and 2018/19 be accelerated, with £28,000 of the £88,000 paid in October 2016. The balance of £60,000 would then be paid, by means of quarterly instalments, in 2017/18 and 2018/19. In overall terms, the proposed changes will therefore affect the timing, but not the overall level, of payment over this period.
- 3.27 The Acting Director of Communities and Families will endeavour to manage the resulting pressure within the context of the service's overall budget. Subject to the Committee's approval, the decision to accelerate payment (and, as such, a change to the approved budget) will then be referred to Council for ratification on 25 August.

Measures of success

- 4.1 Achieving a balanced overall budget outturn position for 2016/17 and successful delivery of approved savings and key service performance indicators.

Financial impact

- 5.1 The report's contents point to the delivery of a balanced budget for the year, albeit this is subject to active monitoring and management of a range of risks and pressures.

Risk, policy, compliance and governance impact

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

Equalities impact

- 7.1 While there is no direct additional impact of the report's contents, all budget proposals are now subject to an initial relevance and proportionality assessment and, where appropriate, a formal Equalities and Rights Impact Assessment is then undertaken. The equalities and rights impacts of any substitute measures identified to address savings shortfalls are similarly assessed.

Sustainability impact

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

Consultation and engagement

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

Background reading/external references

Service monitoring statements for period two

Hugh Dunn

Acting Executive Director of Resources

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Links

Coalition pledges	P30 – Continue to maintain a sound financial position including long term financial planning
Council outcomes	CO25 – The Council has efficient and effective services that deliver on objectives
Single Outcome Agreement	SO1 – Edinburgh’s economy delivers increased investment, jobs and opportunities for all SO2 – Edinburgh’s citizens experience improved health and wellbeing, with reduced inequalities in health SO3 – Edinburgh’s children and young people enjoy their childhood and fulfil their potential SO4 – Edinburgh’s communities are safer and have improved physical and social fabric
Appendices	Appendix 1 – 2016/17 budget savings RAG assessment – savings assessed as red in part or in full Appendix 2 – Service risks and pressures

Savings description	Service area	Approved level of saving, 2016/17 (£000)	RAG Status			Approved further level of saving, 2017/18 to 2019/20 (£000)	RAG Status			Categorisation	Basis of current status	Planned actions and associated timescales for delivery of savings
			Red	Amber	Green		Red	Amber	Green			
Inc1 – Integrate Sports Services	Communities and Families	500	500	0	0	0	0	0	0	Schools and Lifelong Learning	Due diligence arrangements are being considered for the business case submitted by Edinburgh Leisure (EL). However, the business model submitted indicates that the saving will not be delivered in full in 2016/17.	The due diligence process will assess any further costs and savings emerging from this proposal. A full assessment will not be possible until this is complete. However, alternative savings proposals to be identified in 2016/17.
Schools & Lifelong Learning Organisational Review	Communities and Families	2,826	1,883	0	943	209	0	209	0	Schools and Lifelong Learning	The organisational review, which is currently in planning stage, will address management savings targets and a range of approved community services savings. Savings assessed as deliverable to date total £0.943m, with further savings anticipated, largely through staff release prior to consultation. Pending the development and consideration of firm proposals to address the remaining requirement, the balance is assessed as "red" at present.	The design and consultation development process is active. The redesign of library services will also integrate with this new operational model as community and library services are brought together. The integrated structure will be designed to meet savings targets in full by 2017/18.
8.3 Early Years Partner Provider Funding	Communities and Families	382	382	0	0	191	191	0	0	Schools and Lifelong Learning	There is an increasing risk that all neighbouring authorities do not sign up to this new strategy which puts at risk the delivery of the associated saving.	The position will be closely monitored and appropriate management action taken to identify potential alternative savings.
Total, Communities and Families		3,708	2,765	0	943	400	191	209	0			
Transformation: Organisational Review	Health and Social Care	5,818	428	3,851	1,539	5,437	0	5,437	0	Health and Social Care	The Organisational Review consultation process for the first tranche of staff, 15 in number, started on 31st May. The timetable for the review has slipped by six weeks and these factors have led to a review of the deliverability of the savings attached to the programme. A prudent assessment is that 10% of the amber savings still requiring to be identified are therefore now red. The savings identified as green have been achieved through the release of staff from the organisation under VERA and VR.	The structure which has been developed for consultation with CEC and NHSL management teams, EIJB and Leadership Group delivers the targeted financial savings. The detailed phased plan, covering the majority of staff in-scope is currently being drawn up.

Savings description	Service area	Approved level of saving, 2016/17 (£000)	Red	Amber	Green	Approved further level of saving, 2017/18 to 2019/20 (£000)	Red	Amber	Green	Categorisation	Basis of current status	Planned actions and associated timescales for delivery of savings
Transformation: Re-ablement; Demand Management; Telecare	Health and Social Care	4,137	3,376	761	0	4,969	0	4,969	0	Health and Social Care	These savings proposals are being revisited through the H&SC Transformation Programme. Business cases have been submitted for approval and enabling work has begun to implement the required changes. A prudent approach has been taken when assessing in-year delivery and this is reflected in only £0.761m being assessed at amber at this time. A significant (c£4m) step-up in 2017/18 is forecast. In 2016/17 any unachieved saving will be offset against additional funding from the Social Care Fund of £3.5m as agreed by the IJB 13th May 2016.	The next stage is to agree the business cases and develop implementation plans which take account of the preliminary work undertaken.
Total Health and Social Care		9,955	3,804	4,612	1,539	10,406	0	10,406	0			
Total all areas			6,569	4,612								

NB While the analysis above captures, by value, all savings assigned a red status in 2016/17, there are a number of other savings where an element is assessed as amber, hence the total shown is lower than in the equivalent figure in Paragraph 3.4.

SERVICE RISKS AND PRESSURES

Appendix 2

Risk or pressure description	Service area	Estimated financial impact, 2016/17 (£000)	Residual risk after taking account of mitigating actions, 2016/17	Residual risk status, 2016/17	Explanatory notes, including description of any recurring pressures and mitigating measures implemented or proposed to date. This analysis should include consideration of the Council's key risks as they affect the service area's activities.
Waste Service Pressure	Place	1,500	1,500		Following analysis of 2015/16 position and the roll-out of recent service changes (recycling redesign, ceasing commercial waste at CRC sites, etc.) it is estimated that the pressure in waste services for 2016/17 will be around £1.5m, without any further savings measures. The market for recyclate continues to be volatile and there is a risk that the cost of disposing recyclable waste could increase this overspend.
Mortonhall - loss of income due to closure of facility for refurbishment	Place	450	450		The crematorium will be closed for a prolonged period and while some income is anticipated from use of the Chapel, no cremations will take place until the works are complete. It may be possible to offset some of this pressure from savings elsewhere in the Environment budget, particularly the fleet service and work is ongoing to determine the potential for savings in this area.
North Bridge Maintenance	Place	950	0		Significant structural work is required for improvements to North Bridge. Prior to capital funding being made available (c£6m is required), we will incur revenue expenditure of around £0.95m. A funding source has now been identified for the revenue element, however, and, given its anticipated non-recurring nature, the pressure is considered to have been addressed.
Winter Weather	Place	Risk	Risk remains, but level reduced		The roads budget for gritting and snow-clearing is based on an average winter. A harsh winter (such as those experienced in 2010 and 2011) could create a substantial pressure. The reserve created to mitigate this pressure was initially used in 2015/16 to address the overspend in Health and Social Care but was able to be reinstated as part of year-end accounts closure and, as such, provides an element of contingency against a severe winter.

SERVICE RISKS AND PRESSURES

Appendix 2

Risk or pressure description	Service area	Estimated financial impact, 2016/17 (£000)	Residual risk after taking account of mitigating actions, 2016/17	Residual risk status, 2016/17	Explanatory notes, including description of any recurring pressures and mitigating measures implemented or proposed to date. This analysis should include consideration of the Council's key risks as they affect the service area's activities.
Uncertainty over current economic conditions and impact on income, in particular from planning applications and building warrants	Place	Risk	Risk remains		More work is required to understand any potential implications of the UK's departure from the European Union and an initial report will be brought to the Corporate Policy and Strategy Committee in the autumn.
Place total		2,900	1,950		
Out of Council Residential Care (Pressure)	Communities and Families	1,170	1,170		As at 31 March there were 40 Out-of-Council placements (32 in residential schools and 8 in day schools). Senior managers are conducting face-to-face case reviews with allocated social workers and team leaders in an attempt to devise alternative care plans for some of the high-cost young people. This work is ongoing, there are identified exit plans for some young people but these will need the agreement of Children's Hearings to change the young person's place of residence.
Fostering (Pressure)	Communities and Families	600	600		Work is ongoing to improve the position and also identifying one-off savings to cover shortfall. 19 carers currently working for independent providers are being transferred to City of Edinburgh.
Secure Care (Risk)	Communities and Families	1,375	1,375		The budget for secure places is 8. Average usage for 2015/16 was 13 and in March 2016 this number was 16. If the average usage of 13 continues then the pressure will be £1.375m. Changing this pattern of secure risk requires culture change and practice changes across a range of children's services. Further to the recent transformation process for children's services, front line manager engagement on this issue is in place starting 8 June. In the meantime, all cases escalating to secure are scrutinised by Service Managers in order to consider alternative approaches.
Other Pressures	Communities and Families	425	425		Management action is being developed for a number of smaller pressures relating to kinship care services, translation services, support for families with no access to benefits.
Communities and Families total		3,570	3,570		

SERVICE RISKS AND PRESSURES

Appendix 2

Risk or pressure description	Service area	Estimated financial impact, 2016/17 (£000)	Residual risk after taking account of mitigating actions, 2016/17	Residual risk status, 2016/17	Explanatory notes, including description of any recurring pressures and mitigating measures implemented or proposed to date. This analysis should include consideration of the Council's key risks as they affect the service area's activities.
Total all areas		6,470	5,520		

Finance and Resources Committee

2.00pm, Thursday 18 August 2016

Resources Directorate - Revenue Budget Monitoring 2016/17 - month three position

Item number	7.9
Report number	
Executive/routine	
Wards	All

Executive summary

This report provides information on the Resources Directorate revenue budget performance for 2016/17, based on actual expenditure and income to the end of May 2016 and expenditure and income projections for the remainder of the financial year.

The report advises of a balanced year-end projection for the Resources Directorate revenue budget for 2016/17. The attainment of this position is subject to undertaking ongoing action to deliver a number of approved savings and active management of significant risks and pressures.

Links

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

Resources Directorate - Revenue Budget Monitoring 2016/17 - month three position

Recommendations

- 1.1 It is recommended that the Finance and Resources Committee notes:
 - 1.1.1 Resources Directorate is currently projecting expenditure within the approved revenue budget for 2016/17; and
 - 1.1.2 the risks to the achievement of a balanced revenue budget projection.

Background

- 2.1 The Council's Financial Regulations require submission of quarterly monitoring reports on Resources Directorate financial performance to the Finance and Resources Committee.
- 2.2 This report advises on the projected outturn for the Resources Directorate revenue budget for 2016/17 after three months of the financial year.

Main report

Month Three Position

- 3.1 Resources Directorate revenue budget for 2016/17 is £83.624 million. The budget is stated after inclusion of approved savings of £8.541 million.
- 3.2 The period three projection reflects expenditure within approved budget. Forecast savings include achievement of Transformation Programme employee cost savings from phase one of Transformation Programme Organisational reviews.
- 3.3 A service pressure from a forecast reduction in internal recharges by Legal Services is being managed by offsetting savings in Human Resources service, arising through posts currently held vacant.
- 3.4 An analysis of the projection by service area is provided in Appendix 1.

Savings Implementation Plans

- 3.5 The revenue budget approved by Council on 21 January 2016 requires Resources Directorate to achieve incremental savings of £8.541 million in 2016/17. These are detailed in Appendix 2.

- 3.6 Savings implementation plans have been developed and revenue budget monitoring reports are considered by Resources Management Team on a regular basis.
- 3.7 With the exception of Asset Management Strategy savings, all other savings are forecast to be fully achieved in 2016/17 and are therefore classified as 'green'.
- 3.8 The Asset Management Strategy programme is developing savings plans from organisational redesign, estate rationalisation and rental income. Alternative measures, including management of vacant posts, have been implemented to achieve the net savings target of £0.8m in 2016/17, pending realisation of Asset Management Strategy savings in 2017/18.

Risks

- 3.9 There remain a number of risks in the Resources Directorate revenue budget. Key risks are:
- Demand for payment of Discretionary Housing Payment (DHP) exceeding available resources. At this stage in the financial year, there is sufficient evidence to indicate this risk is minimised. To mitigate this risk, payment thresholds will continue to be monitored and will be reviewed, if required;
 - Risk of under-recovery of Council Tax and Non-Domestic Rates intervention income. Income will continue to be monitored for the remainder of the year. It should be noted that the level of income achievable is not fully known with certainty until the year end;
 - Risk of savings not being fully achieved. Progress towards the achievement of all savings targets will continue to be tracked and reported to service management teams. Alternative savings measures will be developed, where a risk emerges as to the achievement of existing savings proposals.

Contingency Planning

- 3.10 A service contingency of £0.160 million has been created within the Resources Directorate revenue budget to mitigate service financial risks in 2016/17.

Measures of success

- 4.1 Resources Directorate final outturn for 2016/17 is within budgeted levels and the service meets performance targets.

Financial impact

- 5.1 The report projects Resources Directorate expenditure and income will be within approved budget. Attainment of this position is subject to active management of financial risks and, where appropriate, the taking of timely remedial action.

Risk, policy, compliance and governance impact

- 6.1 The delivery of expenditure within the approved revenue budget for 2016/17 is the key target. The risk of budget pressures arising throughout the course of the financial year will continue to be regularly monitored and reviewed and management action taken as appropriate.

Equalities impact

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

Sustainability impact

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

Consultation and engagement

- 9.1 There is no direct relevance to the report's contents. The Council undertook a budget engagement exercise when developing the 2016/17 revenue budget.

Background reading/external references

There are no background papers.

Hugh Dunn

Acting Executive Director of Resources

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Links

Coalition pledges	P30 – Continue to maintain a sound financial position including long term financial planning
Council outcomes	CO25 – The Council has efficient and effective services that deliver on objectives
Single Outcome Agreement	SO1 – Edinburgh's economy delivers increased investment, jobs and opportunities for all SO2 – Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health

Appendices

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

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

Appendix 1 – Resources Directorate Revenue Budget Monitoring 2016/17 - Month Three position

Appendix 2 - Resources Directorate - Approved Revenue Budget Savings 2016/17.

Resources Directorate

Revenue Budget Monitoring 2016/17 - Month Three position

Forecast Revenue Outturn by Service Area

	Revised Budget	Projected Outturn	Projected Variance	Adverse / Favourable
	£'000	£'000	£'000	£'000
Customer	26,021	26,021	0	-
Finance	6,535	6,535	0	-
Human Resources	3,506	3,256	(250)	Fav
Legal and Risk	1,385	1,635	250	Adv
Property	44,129	44,129	0	-
Directorate and service-wide costs	1,888	1,888	0	-
Service contingency	160	160	0	-
Total Net Expenditure	83,624	83,624	0	-

Resources Directorate: Approved Revenue Budget Savings 2016/17

Service	Saving Description	2016/17 £'000	Red/Amber/Green assessment
Customer	Transformation : Organisational Review	4,577	
Customer	Priority Based Planning : Revenues and Benefits, Contact Centre, HR and Payroll Service Centre	484	
Customer	Budget Framework 2014-18 : Increase Council Tax Collection	311	
Customer	Budget Framework 2014-18 : Workforce saving	114	
Customer	Transformation: agency staff	276	
Customer	Transformation : reduce overtime	48	
Finance	Transformation : Organisational Review	340	
Finance	Priority Based Planning : Rationalise service accounting teams	350	
Finance	Budget Framework 2014-18 : Workforce saving	26	
Finance	Transformation : agency staff	38	
Human Resources	Transformation : Organisational Review	301	
Human Resources	Transformation : agency staff	2	
Human Resources	Transformation : reduce overtime	4	
Human Resources	Budget Framework 2014-18 : Workforce saving	26	
Legal and Risk	Transformation : Organisational Review	322	
Legal and Risk	Budget Framework 2014-18 : Workforce saving	11	
Property	Asset Management Strategy (net saving)	800	
Property	Property Conservation Service	500	
Service-wide	Increase in discretionary income	11	
	TOTAL	8,541	

Finance and Resources Committee

2.00pm, Thursday 18 August 2016

Chief Executive - Revenue Budget Monitoring 2016/17 - month three position

Item number	7.10
Report number	
Executive/routine	
Wards	All

Executive summary

This report provides information on revenue budget performance for 2016/17 for services reporting directly to the Chief Executive. Financial information is based on actual expenditure and income to the end of May 2016 and expenditure and income projections for the remainder of the financial year.

The report advises of a balanced year-end projection for the revenue budget for 2016/17 for services reporting directly to the Chief Executive. The attainment of this position is subject to undertaking ongoing action to deliver approved savings and active management of significant risks and pressures.

Links

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

Chief Executive services - Revenue Budget Monitoring 2016/17 - month three position

Recommendations

- 1.1 It is recommended that the Finance and Resources Committee notes services reporting directly to the Chief Executive are currently projecting expenditure within the approved revenue budget for 2016/17.

Background

- 2.1 The Council's Financial Regulations require submission of quarterly monitoring reports to the Finance and Resources Committee on the financial performance of services.
- 2.2 This report advises of the projected outturn for the revenue budget for 2016/17 for services reporting directly to the Chief Executive, after three months of the financial year.

Main report

Month Three Position

- 3.1 The revenue budget for 2016/17 for services reporting directly to the Chief Executive is £65.177 million. The budget is stated after inclusion of approved savings of £9.517 million.
- 3.2 The period three projection reflects expenditure within approved budget. Forecast savings include achievement of Transformation Programme employee cost savings from organisational reviews and ICT contract procurement savings arising through award of the ICT contract in August 2015. An analysis of the projection by service area is provided in Appendix 1.
- 3.3 A service pressure is forecast in Safer and Stronger Communities, arising through a rationalisation savings target from CCTV provision and homelessness and housing support services. Vacancy management and acceleration of approved savings in other areas of the service enables forecast of a balanced position for 2016/17. Identification of sustainable solutions is being progressed for future years.

Savings Implementation Plans

- 3.4 The revenue budget approved by Council on 21 January 2016 requires achievement of incremental savings of £9.517 million in 2016/17 for services reporting directly to the Chief Executive. These are detailed in Appendix 2.
- 3.5 Savings implementation plans have been developed and revenue budget monitoring reports are considered by service management teams on a regular basis.
- 3.6 Savings are forecast to be fully achieved in 2016/17 and are therefore classified as 'green'.

Risks

- 3.7 The key risk is of savings targets not being fully achieved. Progress towards the achievement of all savings targets will continue to be tracked and reported to service management teams. Alternative savings measures will be developed, where a risk emerges as to the achievement of existing savings proposals.

Measures of success

- 4.1 Service final outturn for 2016/17 is within budgeted levels and the service meets performance targets.

Financial impact

- 5.1 The report projects expenditure and income will be within approved budget. Attainment of this position is subject to active management of financial risks and, where appropriate, the taking of timely remedial action.

Risk, policy, compliance and governance impact

- 6.1 The delivery of expenditure within the approved revenue budget for 2016/17 is the key target. The risk of budget pressures arising throughout the course of the financial year will continue to be regularly monitored and reviewed and management action taken, as appropriate.

Equalities impact

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

Sustainability impact

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

Consultation and engagement

9.1 There is no direct relevance to the report's contents. The Council undertook a budget engagement exercise when developing the 2016/17 revenue budget.

Background reading/external references

There are no background papers.

Andrew Kerr

Chief Executive

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Links

Coalition pledges	P30 – Continue to maintain a sound financial position including long term financial planning
Council outcomes	CO25 – The Council has efficient and effective services that deliver on objectives
Single Outcome Agreement	SO1 – Edinburgh's economy delivers increased investment, jobs and opportunities for all SO2 – Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health SO3 – Edinburgh's children and young people enjoy their childhood and fulfil their potential SO4 – Edinburgh's communities are safer and have improved physical and social fabric
Appendices	Appendix 1 – Chief Executive : Revenue Budget Monitoring 2016/17 - Month Three position Appendix 2 - Chief Executive: Approved Revenue Budget Savings 2016/17.

Chief Executive

Revenue Budget Monitoring 2016/17 - Month Three position

Forecast Revenue Outturn by Service Area

	Revised Budget	Projected Outturn	Projected Variance	Adverse / Favourable
	£'000	£'000	£'000	£'000
Chief Executive	231	231	0	-
Communications	1,046	1,046	0	-
ICT	29,700	29,700	0	-
Safer and Stronger Communities	25,544	25,544	0	-
Strategy and Insight	8,656	8,656	0	-
Total Net Expenditure	65,177	65,177	0	-

Chief Executive: Approved Revenue Budget Savings 2016/17

Service	Saving Description	2016/17 £'000	Red/Amber/Green assessment
Communications	Transformation : Organisational Review	432	
Communications	Transformation: agency staff	4	
Communications	Budget Framework 2014-18 : Workforce saving	10	
Communications	Budget Framework 2014-18 : Contract Reviews - News Management/Media Monitoring	3	
ICT	Contract savings	5,530	
ICT	Transformation : Organisational Review	348	
ICT	Transformation : agency staff	55	
ICT	Transformation : reduce overtime	1	
Safer and Stronger Communities	Young People's Service Review	230	
Safer and Stronger Communities	Redesign in-house Housing Support Service	500	
Safer and Stronger Communities	Redesign of Advice Services	60	
Safer and Stronger Communities	Redesign of Safer and Stronger Communities	422	
Safer and Stronger Communities	Redesign of Homelessness Service	356	
Strategy and Insight	Transformation : Organisational Review	1,541	
Strategy and Insight	Transformation : agency staff	13	
Strategy and Insight	Budget Framework 2014-18 : Workforce saving	12	
	TOTAL	9,517	

Finance and Resources Committee

2.00pm, Thursday, 18 August 2016

Treasury Management: Annual Report 2015/16

Item number	7.11
Report number	
Executive/routine	
Wards	

Executive summary

The purpose of this report is to give an update on Treasury Management activity in 2015/16.

In the Strategy set in March 2015 the Council stated there would be no borrowing completed during the financial year and capital expenditure would be funded temporarily from investments. The only borrowing completed was £0.352m interest free funding from Salix in relation to street lighting. This overall approach generated significant short-term savings in Loans Charges for the Council and forms part of a successful and sustainable long term borrowing strategy.

The investment return for 2015/16 continued to show out-performance against the Fund's benchmark, although low in absolute terms, while maintaining the security of the investments.

Treasury Management: Annual Report 2015/16

Recommendations

- 1.1 It is recommended that the Committee:
- 1.1.1 notes the Annual Report on Treasury Management for 2015/16; and
 - 1.1.2 refers the report to Council for approval and subsequent referral by Council to the Governance Risk and Best Value Committee for their scrutiny.

Background

- 2.1 The Council has adopted the CIPFA Code of Practice on Treasury Management in the Public Sector, and under the code, an Annual Report on Treasury Management has to be submitted to the Council after the end of each financial year. A separate mid-term report will also be produced during the financial year.

Main report

3.1 Key Points

- 3.1.1 The key points in this report are that:
- the Council's capital repayments were greater than its new capital expenditure funded by borrowing, so the Council's need to borrow reduced by £82.5m during the year;
 - £40.84m of PWLB and £4m Market debt naturally matured during the year and was not replaced, reducing overall borrowing costs to the Council;
 - the Council continued its successful long-term strategy of funding capital expenditure from a reduction in temporary investments and was £54.7m under-borrowed at the year end;
 - the Council has not borrowed PWLB or market debt since December 2012; and
 - the average interest rate on the Cash Fund for the year was 0.48%, which continued to outperform the benchmark, which was 0.36% for the year.

3.2 Prudential Indicators

(a) Prudential Indicator 1 - Estimate of Capital Expenditure

This gives a breakdown of the actual capital expenditure incurred during 2015/16.

	2014/15 Actual £'000	2015/16 Original £'000	2015/16 Revised £'000	2015/16 Actual £'000
Children & Families	16,903	68,556	57,995	48,181
Corporate Governance	7,582	3,895	2,350	7,407
Economic Development	0	0	52	42
Health & Social Care	4,616	7,171	5,598	5,680
Services for Communities	85,260	79,371	73,097	77,149
SfC Asset Management Programme	18,657	22,545	13,260	14,516
Other Capital Projects	1,049	5,819	0	3,014
Trams	5,246	0	0	0
Unallocated funding	0	7,500	0	0
Fleet Replacement Programme	0	2,987	0	0
Total General Services	139,313	197,844	152,352	155,989
Housing Revenue Account	37,308	49,830	48,830	35,626
Total	176,621	247,674	201,182	191,615

Table 1 – Capital Expenditure 2015/16

The capital programme is re-phased annually once the unaudited out-turn of the previous year is known. The original estimates above reflect the budget position as at January 2015, with the revised figures representing the revised programme reported to the Finance and Resources Committee in August 2015 following the re-phasing of the programme.

Further detail on the capital expenditure is included in the Finance & Resources Committee report 'Capital Monitoring 2015/16 – Out-turn and receipts'.

The following table shows how the £191.6m of capital expenditure incurred in 2015/16 was funded

	Gen Services £'000	HRA £'000	CEC Total £'000	Police £'000	Fire £'000	Total £'000
Net Cap Adv (01/04/15)	1,120,647	368,053	1,488,700	18,262	3,192	1,510,154
Gross Cap Ex	155,989	35,626	191,615	0	0	191,615
Cap Income	170,140	18,921	189,061	0	0	189,061
Net Cap Ex	-14,151	16,705	2,554	0	0	2,554
Debt transfer	-173	173	0	0	0	0
Capital Repaid	-57,710	-27,329	-85,039	-2,111	-1,140	-88,291
Net Cap Adv (01/04/16)	1,048,613	357,602	1,406,215	16,151	2,052	1,424,417

Table 2 – Source of Funding for Capital Expenditure 2015/16

The CEC Total column shows £189.1m being funded by capital grants and capital receipts, leaving £2.6m to be funded by borrowing. However, the Council repaid principal of £85.0m for previous capital advances, giving a net reduction in the need to borrow of £82.5m. In addition, previous capital advances of £3.3m were repaid on behalf of the former Police and Fire joint boards, giving a total reduction in the need to borrow of £85.8m.

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

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

	2014/15 Actual %	2015/16 Estimate %	2015/16 Actual %
General Services	11.63	12.56	11.51
Housing Revenue Account	33.97	39.63	37.31

Table 3 – Ratio of Financing Costs to Net Revenue Stream

The reduction in the General Services ratio is mainly due to the sale of Atria One in March 2016. The reduction in the HRA ratio is due to voluntary contributions made towards outstanding capital advances during the same period.

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

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

	2014/15 Actual £'000	2015/16 Estimate £'000	2015/16 Actual £'000
General Services (including finance leases)	1,357,972	1,326,294	1,275,213
Housing Revenue Account	368,053	390,495	357,602
Total	1,726,025	1,716,789	1,632,815

Table 4 – Capital Financing Requirement

The reduction in the General Services out-turn is in part due to the capital receipt in relation to the sale of Atria One which was planned in the overall long-term strategy but not budgeted for in 2015/16 given uncertainty as to when the receipt would be realised. The reduction in the HRA CFR is due to a combination of slippage and a voluntary repayment of capital advances. Future measures regarding slippage in the HRA programme are included in the Capital Monitoring 2015/16 – Outturn and Receipts report.

In preparing Tables 4 and 5, all finance lease liabilities have been included for both current and prior year figures as required by the new Borrowing Regulations in Scotland, rather than other long term liabilities as defined by CIPFA's Prudential Code.

	2014/15 Actual £'000	2015/16 Actual £'000
General Services Capital Advances	1,120,647	1,048,613
HRA Capital Advances	368,053	357,602
Total CEC Borrowing CFR	1,488,700	1,406,215
Other Finance Lease Liabilities	237,325	226,600
Total CEC Debt CFR	1,726,025	1,632,815

Table 5 – Split of Capital Financing Requirement

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

3.3 Borrowing Overview

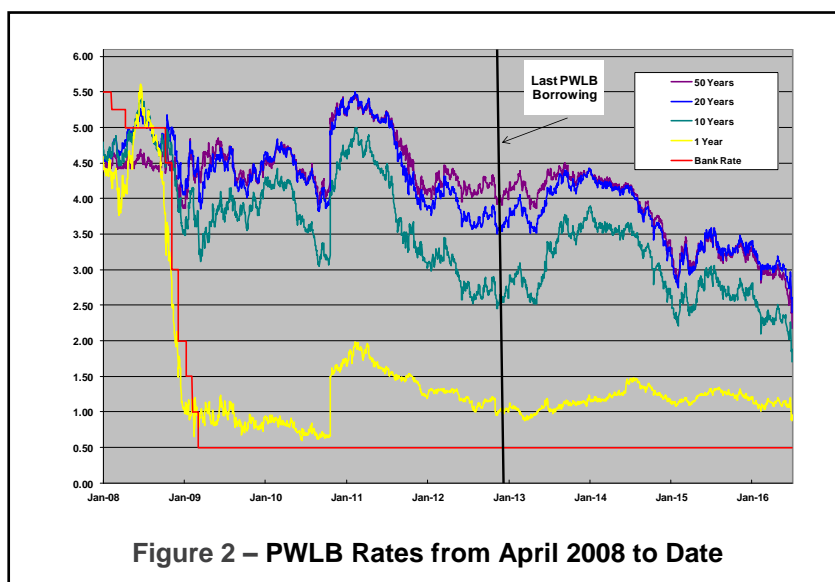
3.3.1 From their lows at the start of April 2015, sovereign bond yields rallied strongly for most of Quarter 2 as expectations of global growth increased. Thereafter, yields fell back to finish the financial back where they started, and during Q2 2016 have fallen further following the result of the UK referendum. Figure 1 below shows the yield on the 10 year German Bund.



Figure 1 - German 10 Year Bund Yield (2011 to date)

3.3.2 Although the UK economy continued to outperform Eurozone countries, the economy slowed slightly in 2015, with GDP falling to 2.3% from 3.0% the year before. Inflation (CPI) continued to hover around 0% turning negative in April, September and October, mainly due to the continued fall in the oil price and relatively weak wage growth. There were further concerns over the growth with the Chinese economy slowing.

3.3.3 Figure 2 shows PWLB borrowing rates since 2008.



3.3.4 This shows the rise in rates in Quarter 2 2015, followed by a reversal over the remainder of the financial year. It also shows that borrowing rates are substantially lower than they have been, set against drop in interest rates for borrowing last year, particularly for the longer maturities

3.3.5 The strategy for 2015/16 approved in March 2015 was to continue to fund capital expenditure in the short term by reducing the level of temporary investments. Although a significant number of authorities took PWLB Borrowing in advance of the referendum, the Council maintained its strategy of funding any requirement from investments. However, as detailed in Table 2, the total underlying need to borrow actually fell by £85.8m during the year. Table 6 below summarises the outstanding debt portfolio during the year.

Type of Loan	Balance	Borrowing	Borrowing	Balance
	01.04.2015	Raised	Repaid	31.03.2016
	£m	£m	£m	£m
PWLB - fixed	1,113.687	0.000	-40.841	1,072.846
PWLB - variable	0.000	0.000	0.000	0.000
Salix Finance Ltd	1.956	0.352	-0.170	2.138
Market	280.900	0.000	-4.000	276.900
Temp	16.455	4.596	-3.191	17.86
	<u>1,412.998</u>	<u>4.948</u>	<u>-48.202</u>	<u>1,369.744</u>
Capital Advances	<u>1,510.154</u>			<u>1,424.418</u>
Under-borrowed	<u>97.156</u>		Under-borrowed	<u>54.674</u>

Table 6 – Outstanding Debt Portfolio 2015/16

- 3.3.6 £40.84m of PWLB and £4m of Market debt naturally matured during the year, and this was not replaced. The only external borrowing undertaken during the year was £352k in interest free loans from Salix in relation to street lighting replacement projects. The Council’s borrowing therefore fell by £43.2m over the year.
- 3.3.7 The net capital advances fell by £85.8m, including a £49.8m repayment for the outstanding capital advances for Atria One. The Council’s under-borrowed position therefore reduced from £97m to £55m. Figure 3 below shows how much the Council has been over or under borrowed at financial year end since 2006/07.

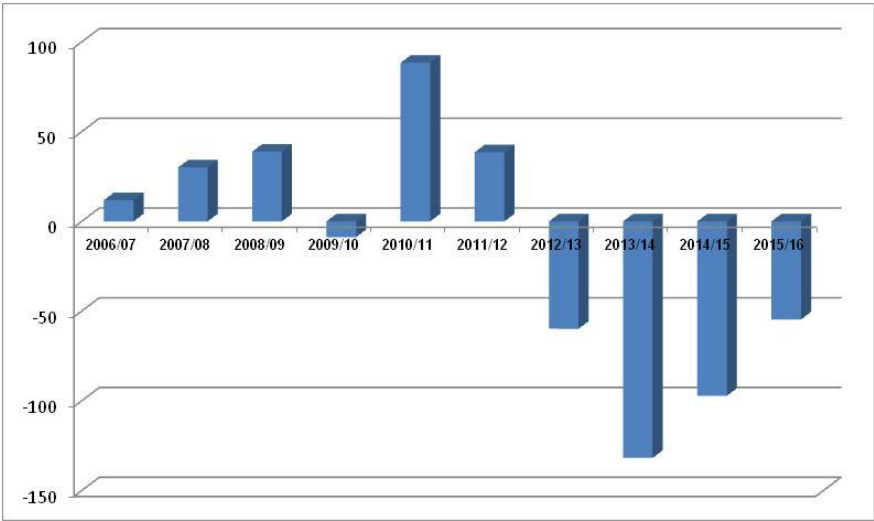


Figure 3 - Over / Under Borrowed position at year end

- 3.3.8 In the last two years repayment of previous capital advances was greater than new capital advances, giving a significant reduction in the Council’s underborrowed position, despite £72m of PWLB and market debt maturing during the period and not being replaced. Figure 4 below shows the Council’s total borrowing and cost of the borrowing.

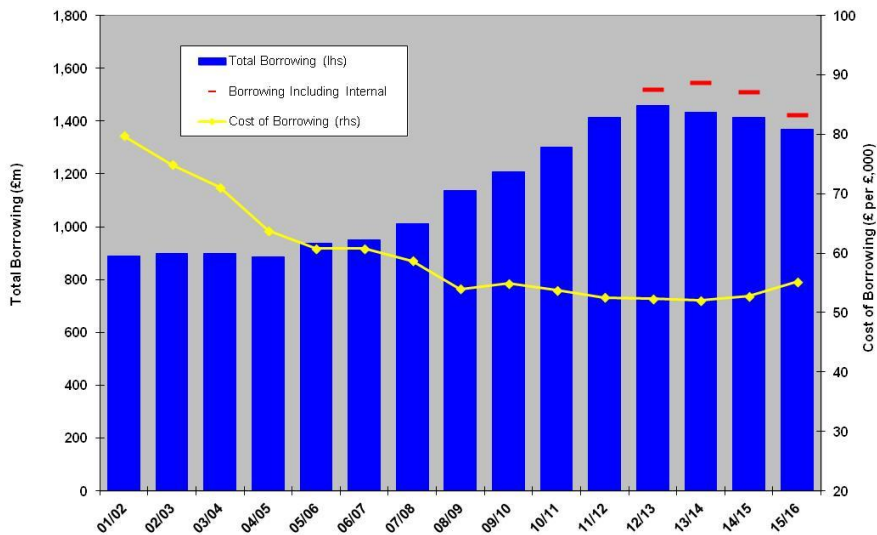


Figure 4 - Value and Unit Cost of the Council's Borrowing

3.3.9 Although the total interest cost in servicing the Council's debt fell by £1m from £79.6m to £78.6m, the unit cost of the debt increased slightly due to the proportionately greater fall in the underlying need to borrow shown in Table 2.

3.4 Investment Out-turn 2015/16

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

3.4.2 Figure 5 below shows the investment performance during the financial year.

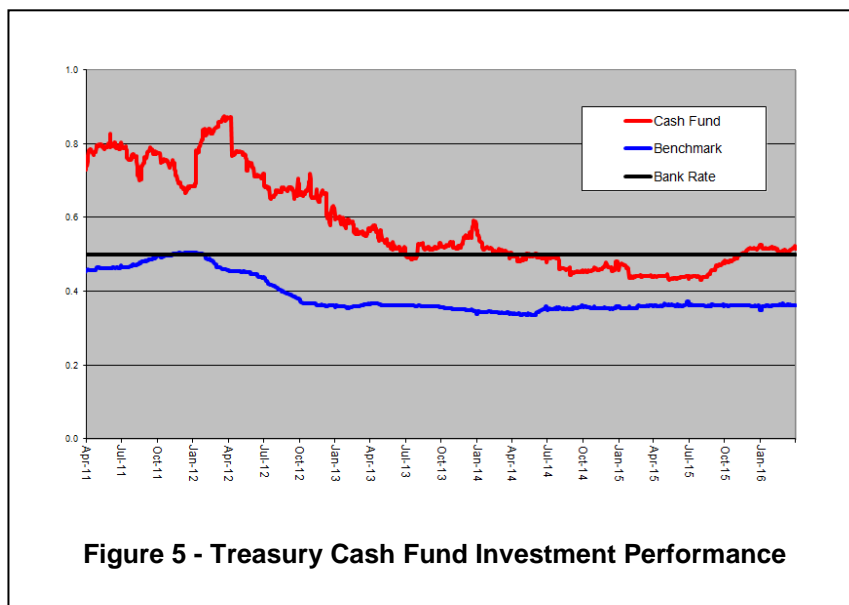
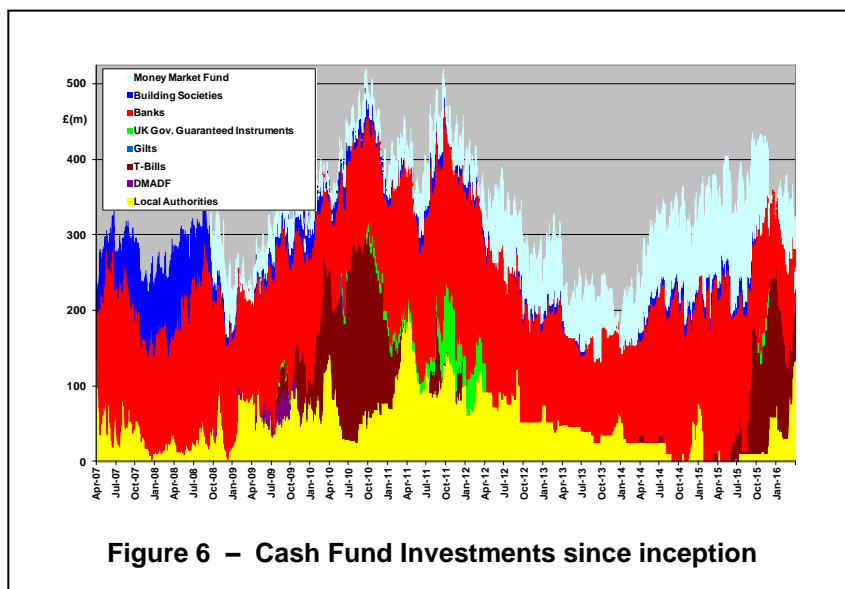


Figure 5 - Treasury Cash Fund Investment Performance

- 3.4.3 The average interest rate on the Fund for the year was 0.478%, which continued to outperform the benchmark which was 0.363% for the year. The Fund generated income of just over £482k for the financial year to CEC.
- 3.4.4 The emphasis remained on security during the financial year with the return of the principal sum being the main concern. With the Strategy being around the security of the investments, Cash Fund money invested with banking institutions was held mostly on call or on short term fixed deposit. Figure 6 below shows the distribution of the Cash Fund investments since April 2007
- 3.4.5 The rates on offer on Treasury Bills increased during the year and the opportunity to get a slightly higher yield while maintaining sovereign counterparty was taken, with over £200m invested in them during the year. Rates being achieved with Local Authority deposits have remained low during the year. However there were seasonal opportunities in December and at the end of the financial year which the Council was able to take advantage of, albeit the investments were only relatively short duration.



- 3.4.6 The Cash Fund's Investment Strategy continued to be based around the security of the investments. Figure 7 below shows the weighted average life (WAL) of the Cash Fund since inception.

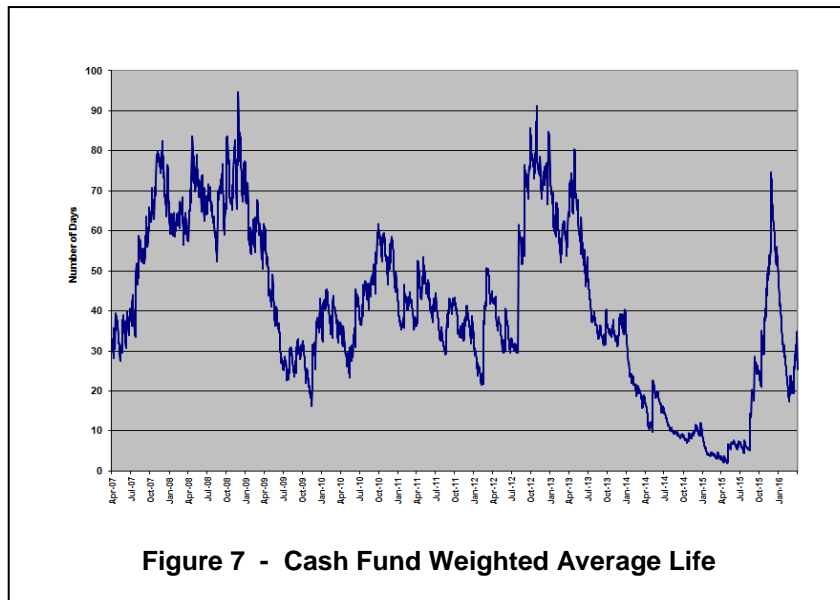


Figure 7 - Cash Fund Weighted Average Life

3.4.7 The Fund’s weighted average life – i.e. the average time to maturity of the Cash Fund investments – was 25 days at the end of the financial year. The reduction from 70 days in November, its peak in the financial year, was due to maturing Treasury Bills being mostly reinvested in Bank call accounts or into short term Local Authority deposits. During March the Council obtained some 6 month Local Authority fixed deposits at an attractive rate and a large reduction in cash held on call increased the weighted average life to 31 days, although it dropped back to 25 days with significant monies returned near year end.

3.5 Conclusions

3.5.1 As part of the Strategy set in March 2015, the Council stated there would be no borrowing completed during the financial year and capital expenditure would be funded temporarily from investments rather than borrowing. The only borrowing completed was £352k in interest free funding and this approach continues to generate significant short term savings for the Council.

3.5.2 The investment return for 2015/16 continued to show out-performance against the Fund’s benchmark, although low in absolute terms, while maintaining the security of the investments.

Measures of success

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

Financial impact

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

Risk, policy, compliance and governance impact

- 6.1 The Council complies with the relevant CIPFA code of practice whilst undertaking Treasury Management activities. The significant financial risks associated with Treasury Management activities have been successfully managed during 2015/16.

Equalities impact

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

Sustainability impact

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

Consultation and engagement

- 9.1 None.

Background reading / external references

None.

Hugh Dunn

Acting Executive Director of Resources

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Links

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

Appendix 1 – PWLB, MARKET, SALIX DEBT PORTFOLIO

PWLB

Loan Reference	Loan Type	Fixed / Variable	Start Date	Loan Term	Maturity Date	Principal Outstanding	Interest Rate
496093	M	F	13/10/2009	6.5	13/04/2016	5,000,000	2.95
495471	M	F	23/04/2009	7	23/04/2016	5,000,000	2.96
469013	M	F	17/01/1991	25.5	15/05/2016	15,000,000	11.25
495565	M	F	09/06/2009	7	09/06/2016	5,000,000	3.37
470061	M	F	27/09/1991	25	25/09/2016	2,736,307	10.5
469898	M	F	15/08/1991	25.5	15/11/2016	10,000,000	10.875
495143	M	F	10/12/2008	8	10/12/2016	5,000,000	3.61
499194	M	F	02/12/2011	5.5	02/06/2017	5,000,000	2.28
471030	M	F	27/03/1992	25.5	25/09/2017	10,000,000	10.625
494911	M	F	09/10/2008	9	09/10/2017	5,000,000	4.39
471179	M	F	03/04/1992	26	25/03/2018	30,000,000	10.875
495472	M	F	23/04/2009	9	23/04/2018	15,000,000	3.24
471710	M	F	17/09/1992	26	15/05/2018	8,496,500	9.75
495566	M	F	09/06/2009	9	09/06/2018	5,000,000	3.75
473528	M	F	17/09/1993	25.5	15/11/2018	5,000,000	7.875
474273	M	F	23/03/1994	25	15/11/2018	5,000,000	8
474226	M	F	14/03/1994	25	11/03/2019	2,997,451	7.625
473697	M	F	18/10/1993	25.5	25/03/2019	5,000,000	7.875
495414	M	F	30/03/2009	10	30/03/2019	5,000,000	3.46
495457	M	F	21/04/2009	10	21/04/2019	10,000,000	3.4
495473	M	F	23/04/2009	10	23/04/2019	5,000,000	3.38
495030	A	F	12/11/2008	11	12/11/2019	2,071,695	3.96
474274	M	F	23/03/1994	26	15/11/2019	5,000,000	8
474935	M	F	07/12/1994	25	15/11/2019	10,000,000	8.625
495086	A	F	01/12/2008	11	01/12/2019	2,051,805	3.65
496260	M	F	01/12/2009	10	01/12/2019	5,000,000	3.77
496354	M	F	14/12/2009	10	14/12/2019	10,000,000	3.91
475161	M	F	15/02/1995	25.5	25/03/2020	5,000,000	8.625
495458	M	F	21/04/2009	11	21/04/2020	10,000,000	3.54
495501	M	F	12/05/2009	11	12/05/2020	10,000,000	3.96
474801	M	F	21/10/1994	26	15/05/2020	5,000,000	8.625
474936	M	F	07/12/1994	25.5	15/05/2020	5,000,000	8.625
499159	M	F	21/11/2011	8.5	21/05/2020	15,000,000	2.94
476237	M	F	16/08/1995	25	03/08/2020	2,997,451	8.375
474958	M	F	09/12/1994	26	15/11/2020	5,000,000	8.625
497203	A	F	10/05/2010	11	10/05/2021	2,710,315	3.09
474802	M	F	21/10/1994	27	15/05/2021	10,000,000	8.625
475259	M	F	10/03/1995	26.5	15/05/2021	11,900,000	8.75
476031	M	F	12/06/1995	26	15/05/2021	10,000,000	8
497378	M	F	02/06/2010	11	02/06/2021	5,000,000	3.89
474661	M	F	16/08/1994	27	03/08/2021	2,997,451	8.5

474418	M	F	28/04/1994	27.5	25/09/2021	5,000,000	8.125
495474	M	F	23/04/2009	13	23/04/2022	5,000,000	3.76
476030	M	F	12/06/1995	27	15/05/2022	10,200,000	8
497425	M	F	14/06/2010	12	14/06/2022	10,000,000	3.95
475781	M	F	31/03/1995	27.5	25/09/2022	6,206,000	8.625
475176	M	F	16/02/1995	28	03/02/2023	2,997,451	8.625
475822	M	F	24/04/1995	28	25/03/2023	10,000,000	8.5
476731	M	F	05/12/1995	27.5	15/05/2023	5,200,000	8
473573	M	F	20/09/1993	30	14/09/2023	2,997,451	7.875
473574	M	F	20/09/1993	30	14/09/2023	584,503	7.875
477656	M	F	08/05/1996	27.5	25/09/2023	10,000,000	8.375
496094	M	F	13/10/2009	14	13/10/2023	5,000,000	3.87
476732	M	F	05/12/1995	28	15/11/2023	10,000,000	8
497197	M	F	10/05/2010	14	10/05/2024	10,000,000	4.32
476350	M	F	28/09/1995	29	28/09/2024	2,895,506	8.25
501250	M	F	14/05/2012	12.5	14/11/2024	10,000,000	3.36
496355	A	F	14/12/2009	15	14/12/2024	6,637,269	3.66
1478311	M	F	17/10/1996	28.5	25/03/2025	10,000,000	7.875
497199	M	F	10/05/2010	15	10/05/2025	5,000,000	4.37
501723	M	F	16/11/2012	12.5	16/05/2025	20,000,000	2.88
1478760	M	F	13/02/1997	28.5	18/05/2025	10,000,000	7.375
1478830	M	F	20/02/1997	29	15/11/2025	20,000,000	7.375
496261	A	F	01/12/2009	16	01/12/2025	10,358,828	3.64
476771	M	F	21/12/1995	30	21/12/2025	2,397,961	7.875
1479368	M	F	21/05/1997	29	15/05/2026	10,000,000	7.125
1479530	M	F	28/05/1997	29	15/05/2026	10,000,000	7.25
479851	M	F	29/08/1997	29.5	15/11/2026	5,000,000	7
1479594	M	F	24/06/1997	29.5	15/11/2026	5,328,077	7.125
1479783	M	F	07/08/1997	29.5	15/11/2026	15,000,000	6.875
1480039	M	F	13/10/1997	29.5	25/03/2027	10,000,000	6.375
1480175	M	F	22/10/1997	29.5	25/03/2027	5,000,000	6.5
1480241	M	F	13/11/1997	29.5	15/05/2027	3,649,966	6.5
1480257	M	F	17/11/1997	29.5	15/05/2027	5,000,000	6.5
501797	M	F	13/12/2012	14.5	13/06/2027	20,000,000	3.18
1480580	M	F	12/03/1998	30	15/11/2027	8,677,693	5.875
497854	M	F	06/09/2010	18	06/09/2028	10,000,000	3.85
498768	M	F	14/07/2011	18	14/07/2029	10,000,000	4.9
368245	E	F	14/07/1950	80	03/03/2030	3,539	3
498769	M	F	14/07/2011	19	14/07/2030	10,000,000	4.93
80101	E	F	15/06/1951	80	15/05/2031	3,633	3
497855	M	F	06/09/2010	21	06/09/2031	20,000,000	3.95
499252	M	F	15/12/2011	20.5	15/06/2032	10,000,000	3.98
498994	M	F	15/09/2011	25	15/09/2036	10,000,000	4.47
499019	M	F	22/09/2011	25	22/09/2036	10,000,000	4.49
494139	M	F	10/12/2007	30	10/12/2037	10,000,000	4.49
498974	M	F	08/09/2011	27	08/09/2038	10,000,000	4.67
498995	M	F	15/09/2011	28	15/09/2039	10,000,000	4.52

499052	M	F	06/10/2011	32	06/10/2043	20,000,000	4.35
498851	M	F	09/08/2011	34.5	09/02/2046	20,000,000	4.8
491119	M	F	23/01/2006	40.5	23/07/2046	10,000,000	3.7
491226	M	F	23/01/2006	40.5	23/07/2046	10,000,000	3.7
491628	M	F	19/05/2006	40.5	19/11/2046	10,000,000	4.25
494202	M	F	07/01/2008	40	07/01/2048	5,000,000	4.4
491258	M	F	27/01/2006	45.5	27/07/2051	1,250,000	3.7
492718	M	F	16/01/2007	45.5	16/07/2052	40,000,000	4.25
492853	M	F	30/01/2007	45.5	30/07/2052	10,000,000	4.35
492908	M	F	13/02/2007	45.5	13/08/2052	20,000,000	4.35
492937	M	F	20/02/2007	45.5	20/08/2052	70,000,000	4.35
492960	M	F	22/02/2007	45.5	22/08/2052	50,000,000	4.35
493036	M	F	08/03/2007	45.5	08/09/2052	5,000,000	4.25
493334	M	F	30/05/2007	45.5	30/11/2052	10,000,000	4.6
493377	M	F	11/06/2007	45.5	11/12/2052	15,000,000	4.7
493383	M	F	12/06/2007	45.5	12/12/2052	25,000,000	4.75
493428	M	F	05/07/2007	45.5	05/01/2053	12,000,000	4.8
493516	M	F	25/07/2007	45.5	25/01/2053	5,000,000	4.65
493701	M	F	10/08/2007	45.5	10/02/2053	5,000,000	4.55
493872	M	F	24/08/2007	45.5	24/02/2053	7,500,000	4.5
493920	M	F	13/09/2007	45.5	13/03/2053	5,000,000	4.5
493979	M	F	12/10/2007	45.5	12/04/2053	5,000,000	4.6
494045	M	F	05/11/2007	49.5	05/05/2057	5,000,000	4.6
494725	M	F	15/08/2008	49.5	15/02/2058	5,000,000	4.39
499195	M	F	02/12/2011	50	02/12/2061	5,000,000	3.98
Total						<u>1,072,846,853</u>	

Market

Loan Reference	Lender	Start Date	Maturity Date	Principal Outstanding	Interest Rate
6000017	BAYERISCHE LANDESBANKGIROZENTRALE	30/03/1992	30/03/2017	1,000,000	10.25
6000019	DRESDNER BANK AG	21/08/1992	21/08/2017	500,000	9.75
6000020	DRESDNER BANK AG	21/08/1992	21/08/2017	500,000	9.75
6000091	DEUTSCHE PFANDBRIEFBANK AG	12/11/1998	13/11/2028	3,000,000	4.75
6000102	FMS WERTMANAGEMENT AoR	15/12/2003	15/12/2053	10,000,000	5.25
6000105	DEXIA CREDIT LOCAL	18/02/2004	18/02/2054	10,000,000	4.54
6000109	FMS WERTMANAGEMENT AoR	28/04/2005	28/04/2055	12,900,000	4.75
6000133	Royal Bank of Scotland plc	25/02/2011	25/02/2060	15,000,000	7.589
6000134	Royal Bank of Scotland plc	25/02/2011	25/02/2060	10,000,000	7.589
6000131	Royal Bank of Scotland plc	26/02/2010	26/02/2060	5,000,000	7.597
6000132	Royal Bank of Scotland plc	26/02/2010	26/02/2060	10,000,000	7.597
6000111	BARCLAYS BANKGLOBAL SERVICES	30/06/2005	30/06/2065	5,000,000	4.4
6000110	DEXIA CREDIT LOCAL	01/07/2005	01/07/2065	10,000,000	3.86
6000112	BARCLAYS BANKGLOBAL SERVICES	07/07/2005	07/07/2065	5,000,000	4.4
6000113	DEXIA CREDIT LOCAL	24/08/2005	24/08/2065	5,000,000	4.4
6000114	EEPKA IN LUXEMBURG S.A.	07/09/2005	07/09/2065	10,000,000	4.99
6000115	EEPKA IN LUXEMBURG S.A.	13/09/2005	14/09/2065	5,000,000	3.95
6000116	KA FINANZ AG	03/10/2005	05/10/2065	5,000,000	4.375
6000117	BARCLAYS BANKGLOBAL SERVICES	21/12/2005	21/12/2065	5,000,000	4.99
6000119	FMS WERTMANAGEMENT AoR	23/12/2005	23/12/2065	10,000,000	4.75
6000118	BARCLAYS BANKGLOBAL SERVICES	28/12/2005	24/12/2065	12,500,000	4.99
6000124	DANSKE BANK LONDON	06/03/2006	04/03/2066	5,000,000	4.625
6000125	BARCLAYS BANKGLOBAL SERVICES	14/03/2006	15/03/2066	15,000,000	5
6000127	DEXIA CREDIT LOCAL	17/03/2006	17/03/2066	10,000,000	5.25
6000120	DEXIA CREDIT LOCAL	03/04/2006	01/04/2066	10,000,000	4.875
6000121	DEXIA CREDIT LOCAL	03/04/2006	01/04/2066	10,000,000	4.875
6000122	DEXIA CREDIT LOCAL	03/04/2006	01/04/2066	10,000,000	4.875
6000123	EEPKA IN LUXEMBURG S.A.	07/04/2006	07/04/2066	10,000,000	4.75
6000128	DEXIA CREDIT LOCAL	05/06/2006	07/06/2066	20,000,000	5.25
6000129	DEXIA CREDIT LOCAL	05/06/2006	07/06/2066	16,500,000	5.25
6000126	BARCLAYS BANKGLOBAL SERVICES	18/08/2006	18/08/2066	10,000,000	5.25
6000130	BARCLAYS BANKGLOBAL SERVICES	01/02/2008	01/02/2078	10,000,000	3.95
Total				276,900,000	

Other

Loan Reference	Loan Type	Fixed / Variable	Start Date	Loan Term	Maturity Date	Principal Outstanding	Interest Rate
8000029	E	F	07/01/2015	7	01/09/2021	434,264	0
8000030	E	F	31/03/2015	8	01/04/2023	1,352,173	0
8000031	E	F	22/09/2015	8	01/10/2023	351,680	0
	Total					<u><u>2,138,117</u></u>	

Finance and Resources Committee

2.00pm, Thursday, 18 August 2016

Finance Policies – Assurance Statement

Item number	7.12
Report number	
Executive/routine	
Wards	

Executive summary

Council policies are key governance tools. They help realise the Council's vision, values, pledges and outcomes and are critical to its operations, ensuring that statutory and regulatory obligations are met in an efficient and accountable manner.

To strengthen arrangements in this area, a corporate policy framework was approved in September 2013 to ensure that all current policies are easily accessible and created, revised and renewed in a consistent manner and to an agreed standard.

In order that Council policies remain current and relevant, all directorates and Heads of Service are required to review those falling within their respective remits on an annual basis. This report sets out the main results of this review for policies falling within the remit of the Head of Finance.

Links

Coalition pledges	
Council outcomes	CO25
Single Outcome Agreement	

Finance Policies – Assurance Statement

Recommendations

- 1.1 To note that the Finance policies detailed in this report have been reviewed and are considered to remain current, relevant and fit for purpose.

Background

- 2.1 Council policies are key governance tools. They help realise the Council's vision, values, pledges and outcomes and are critical to its operations, ensuring that statutory and regulatory obligations are met in an efficient and accountable manner.
- 2.2 To strengthen arrangements in this area, a corporate policy framework was approved by the Corporate Policy and Strategy Committee on 3 September 2013 to ensure that all current Council policies are easily accessible and created, revised and renewed in a consistent manner and to an agreed standard. These arrangements include the development of a comprehensive register of Council policies and introduction of a policy template to provide the Council with a standardised format in terms of content and style.

Main report

- 3.1 A critical element of the policy framework is to ensure that all Council policies remain fit for purpose. This requires each directorate and Head of Service to review, on an annual basis, all policies within their respective remits and to provide the necessary level of assurance that these remain current and relevant.
- 3.2 Six distinct policies fall within the remit of the Head of Finance. A short update on review activity on each is set out below, with a summary provided in the appendix.

Financial Regulations

- 3.3 The City of Edinburgh Council operates under a set of documents that governs and guides the decisions made by the Council and its officers and ensures that robust, clear and accountable organisational frameworks are in place. The Council's Financial Regulations form an integral part of these key documents and are reviewed on an at-least six-monthly basis.

- 3.4 The [Regulations](#) outline, at a summarised level, the arrangements the Council has put in place to discharge its responsibilities under section 95 of the Local Government (Scotland) Act 1973. Section 95 states that every local authority shall make arrangements for the proper administration of its financial affairs and shall secure that the proper officer of the authority (termed the Section 95 Officer) has responsibility for the administration of those affairs. The Council has designated the Head of Finance as section 95 officer. Under current interim arrangements, this role continues to be discharged by the Acting Executive Director of Resources.
- 3.5 A number of amendments to the Regulations' content, primarily reflecting slight changes in organisational and decision-making structures and reinforcing the responsibilities of Directors and Heads of Service in respect of financial management, were approved by Council on 25 June 2015. These changes formed part of [the wider annual review of the Council's Operational Governance Framework](#) which encompassed revisions to a number of related documents including the Procedural Standing Orders for Council and Committee Meetings, Committee Terms of Reference and Delegated Functions and Scheme of Delegation to Officers.
- 3.6 The Regulations' content has been further reviewed and a number of changes (summarised in Appendix 1) will be presented to Council for approval as part of this year's annual update on 25 August.
- 3.7 The Financial Regulations are supplemented by a more detailed set of Finance Rules outlining the procedures to be adopted across a wide range of finance-related activity including budget monitoring, income collection, supplier payment, treasury management and insurance. Having previously been fully updated in April 2015, a further parallel review has been undertaken and, upon Council approval of the changes contained within the Regulations, the amended version will be published on the Council's intranet.

Contract Standing Orders and Guidance on the Appointment of Consultants

- 3.8 As with the Financial Regulations above, the Council's [Contract Standing Orders](#) (CSOs) and [Guidance on the Appointment of Consultants](#) form part of the Council's core set of governance-related documents. The contents are subject to regular scrutiny and review, with briefing sessions held for both staff and elected members.
- 3.9 The CSOs apply (with certain exceptions) to all contracts made by or on behalf of the Council for the procurement of the execution of works, the supply of goods and materials to the Council, and/or for the provision of services. The overarching aim of both the Standing Orders and Appointment of Consultants guidance is to improve purchasing controls such that Best Value is delivered and the Council's statutory obligations are observed.

- 3.10 Since the CSOs were previously reviewed in February 2015, the Procurement Reform (Scotland) Act 2014 has come into force, alongside the Public Contracts (Scotland) Regulations 2015 and the Procurement (Scotland) Regulations 2016. The revisions approved by Council on 2 June therefore ensure continuing compliance with legislative requirements, with the opportunity also taken to provide greater clarity on the appropriate use of waivers and improved guidance on the role of co-production in the purchasing and delivery of community services.

Anti Money-Laundering Policy

- 3.11 While less formal arrangements were already in place, the Corporate Policy and Strategy Committee approved the Council's [Anti-Money Laundering Policy](#) on 13 May 2014. The policy sets out procedures for mitigating the risk of money-laundering's affecting the Council's activities and monitoring their effectiveness. Where relevant activity is suspected, however, the policy also clarifies reporting routes and the resulting investigative action that will be undertaken.
- 3.12 The contents of the policy have previously been communicated to staff in those areas most susceptible to money-laundering activity. Subsequent review of its content in July 2016 has confirmed its continuing relevance and that, other than re-alignment of roles to revised organisational structures, no substantive changes are required at this time.

Fraud Prevention Policy

- 3.13 The Council's [Policy on Fraud Prevention](#) was approved by the Finance and Resources Committee on 31 October 2013. This policy is supplemented on an annual basis by a review of external fraud prevention and detection activity.
- 3.14 The Fraud Prevention policy forms part of the core set of employee policies and, as such, was included in the mandatory policy refresh in July 2015, whereby all staff were required to confirm that they had read and understood its contents. This exercise is being repeated in 2016, with staff requested to confirm compliance by the end of September.
- 3.15 Awareness of the policy, in addition, forms part of staff induction procedures, with a corresponding e-learning module also available. As with the anti-money laundering policy, its contents primarily comprise guiding principles and reporting procedures and, as such, following review and updating for revised organisational structures, these remain relevant to all staff and no substantive changes are required.
- 3.16 The Council has, however, recently formed a Counter Fraud Group with the aim of better bringing together both internal and external (i.e. customer-facing) fraud prevention, detection and monitoring activity. Recognising their complementary nature, an early action will be bringing together the currently-separate Fraud Prevention and Anti-Bribery and Corruption Policies into a consolidated document, with the intention that this be considered by the Committee by the end of the year.

Corporate Debt Policy

- 3.17 The Council's [Corporate Debt Policy](#) was approved by the Corporate Policy and Strategy Committee on 3 September 2013. The policy covers the principal income streams of Council Tax, Non-Domestic Rates, house rents and sundry (miscellaneous) debt and outlines how the Council will seek to strike an appropriate balance between the financial needs of the Council and the social needs of its customers. A number of changes in respect of statutory notice-related debt were subsequently approved by the Corporate Policy and Strategy Committee on 2 December 2014.
- 3.18 The policy's content was then the subject of in-depth elected member consideration as part of a cross-party member-officer working group, with [the principal recommendations of the group approved by elected members](#) on 9 June 2015. This review resulted in a number of primarily stylistic changes to the policy's contents, with the underlying principles having been assessed to remain sound.
- 3.19 On 23 February 2016, the Corporate Policy and Strategy Committee considered [the second annual report on the policy](#). The report's approved recommendations included alignment of sundry debt write-off provisions to those for other debt types, whilst pointing to more significant anticipated structural and IT-related changes around debt recovery once the Council's transformation programme has been fully implemented.

Corporate Charging Policy

- 3.20 In recognising the need for greater consistency and transparency in the setting of charges for Council services, the Council's [Corporate Charging Policy Framework](#) was approved by the Finance and Resources Committee on 5 June 2014. One change effected by approval of the policy was the application of an inflation-linked uplift to charges for all services unless prevented by the existence of pre-existing plans, legal requirements or other compelling service considerations. This change was again reflected in the January 2016 budget motion and a comprehensive [register of fees and charges](#) levied by the Council has subsequently been published on the Council's website.
- 3.21 In common with most of the other policies falling within the Finance remit, the Corporate Charging Policy primarily sets out principles and these remain valid, with no substantive changes required at this time.

Annual Treasury Strategy and review of risks and reserves as part of budget process

- 3.22 While not considered policies in the sense of the others included within this document, the [Annual Treasury Strategy](#) was approved by Council on 10 March 2016 and the [Council's risks and reserves strategy](#) approved as part of setting the Council's 2016/17 budget on 21 January. Review of the existing policies was implicit in these reports.

Measures of success

- 4.1 Access to up-to-date and relevant Council policies, for internal and external stakeholders, which are quality-assured and reviewed on an annual basis.

Financial impact

- 5.1 There are no direct financial impacts as a result of this report, although maintenance and active promotion of policies contributes to effective financial management.

Risk, policy, compliance and governance impact

- 6.1 Maintaining and publicising relevant policies promotes increased accountability, transparency and efficiencies concerning Council actions and operations.

Equalities impact

- 7.1 There are no direct equalities impacts as a result of this report, although a number of relevant policies emphasise the importance of equalities-related considerations.

Sustainability impact

- 8.1 There are no direct carbon, climate change adaptation or sustainable development impacts as a result of this report, although a number of relevant policies emphasise the importance of sustainability-related considerations.

Consultation and engagement

- 9.1 Consultation was undertaken with directorates and service areas as part of the development of a policy framework for the Council.

Background reading/external references

[Corporate Policy and Strategy Committee Report 3 September 2013 – Review of Council Policy](#)

Relevant links to Finance policies are included within the main report.

Hugh Dunn

Acting Executive Director of Resources

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Links

Coalition pledges

Council outcomes CO25 the council has efficient and effective services that deliver on objectives.

Single Outcome Agreement

Appendices Appendix 1 - Assured Policies

Appendix 1 – Assured Policies

Policy title:	Financial Regulations
Approval date:	<i>25 October 2012 (date of original approval)</i>
Approval body:	<i>Council</i>
Review process:	<i>Content fully reviewed by Head of Finance, liaising as appropriate with section contacts as part of parallel updating of Finance Rules</i>
Change details:	<p><i>The proposed changes reflect further changes in organisational structures and job roles, clarify the Regulations' applicability to the Edinburgh Integrated Joint Board, set out Directors' responsibilities in ensuring compliance with the requirements of the Insurance Act 2015 and update officer delegation with regard to the approval of hospitality in accordance with the decision of the Finance and Resources Committee on 29 October 2015.</i></p> <p><i>These revisions will be presented to Council for approval on 25 August.</i></p>

Policy title:	Contract Standing Orders and Guidance on the Appointment of Consultants
Approval date:	<i>25 October 2012 (date of original approval)</i>
Approval body:	<i>Council</i>
Review process:	<i>Content reviewed by Acting Commercial and Procurement Manager, liaising as appropriate with senior service contacts and the Acting Head of Legal and Risk</i>
Change details:	<p><i>Range of amendments incorporated to ensure continuing compliance with legislative requirements; revisions also included to provide greater clarity on the appropriate use of waivers and improved guidance on the role of co-production in the purchasing and delivery of community services.</i></p> <p><i>Changes approved by Council on 2 June 2016</i></p>

Policy title:	Anti Money-Laundering Policy
Approval date:	<i>13 May 2014</i>
Approval body:	<i>Corporate Policy and Strategy Committee</i>
Review process:	<i>Content reviewed by policy authors, liaising as appropriate with affected service areas and Human Resources</i>
Change details:	<i>No substantive changes at this time</i>

Policy title:	Fraud Prevention Policy
Approval date:	<i>31 October 2013</i>
Approval body:	<i>Finance and Resources Committee</i>
Review process:	<i>Content reviewed by policy authors, liaising as appropriate with affected service areas and Human Resources</i>
Change details:	<i>No substantive changes at this time</i>

Policy title:	Corporate Debt Policy
Approval date:	<i>3 September 2013</i>
Approval body:	<i>Corporate Policy and Strategy Committee</i>
Review process:	<i>Content reviewed by policy authors, supplemented by work of member-officer working group</i>
Change details:	<i>Minor changes (following recommendations of member-officer working group) approved by Corporate Policy and Strategy Committee, 4 June 2015; alignment of sundry debt write-off provisions approved by Corporate Policy and Strategy Committee 23 February 2016</i>

Policy title:	Corporate Charging Policy Framework
Approval date:	<i>5 June 2014</i>
Approval body:	<i>Finance and Resources Committee</i>
Review process:	<i>Content fully reviewed in light of Council policy, legislative requirements and wider policy environment</i>
Change details:	<i>n/a</i>

Finance and Resources Committee

2.00pm, Thursday 18 August 2016

Carbon Reduction Commitment (CRC) Annual Report

Item number	7.13
Report number	
Executive/routine	
Wards	

Executive Summary

This report asks the Committee to note the Council's Carbon Reduction Commitment footprint for the financial year 2015/16 and the submission of the data to the Environment Agency in compliance with legislation.

Links

Coalition Pledges	P50
Council Priorities	
Single Outcome Agreement	S04

Carbon Reduction Commitment (CRC) Annual Report

1. Recommendations

The Committee:

- 1.1 Notes the Council's carbon footprint for the financial year 2015/16; and
- 1.2 Notes the annual report was submitted to the Environment Agency by the statutory deadline of the end of July.

2. Background

- 2.1 The Carbon Reduction Commitment (CRC) is a mandatory reporting scheme to improve energy efficiency in large public and private organisations. The Council has required to comply with CRC since the legislation came into force in 2010.
- 2.2 Organisations that participate are required to monitor their energy use and report their energy supplies annually. An annual report must be submitted by the end of July based on the energy consumed in the previous period from 1 April to 31 March.
- 2.3 To comply with a recommendation from an internal audit of the Council's CRC processes, the Corporate Leadership Team (CLT) approved the content of the annual report on 27 July, prior to its on-line submission.

3. Main report

- 3.1 There are three main energy (gas and electricity) supply categories that the Council must report on under the CRC Scheme. These are:
 - Gas and electricity consumption for Council buildings;
 - Gas and electricity consumption by the Council's property pension portfolio (that qualifies under the rules of the CRC scheme); and
 - Electricity consumption by street lighting, stair lighting and traffic signals.

- 3.2 The following information was included in the annual report submission to the Environment Agency:

Council Building Energy Consumption

Supply	Consumption (kWh)	Emissions (tCO ₂)	Allowances @ £15.60	% of Total Emissions
Electricity	54,292,431	27,567	£430,045	40.18%
Gas	133,580,431	24,740	£385,944	36.06%
TOTAL	187,872,862	52,307	£815,989	76.24%

- 3.3 The 2015/16 reportable CRC emissions for the Council buildings (excluding unmetered supplies and Lothian Pension Fund) were calculated to be 52,307 tCO₂, or 76.24% of total reportable emissions.

Pension Property Portfolio

- 3.4 The Council is currently responsible for reporting the emissions associated with the pension property portfolio (Lothian Pension Fund). The energy consumption data has been validated by Lothian Pensions Fund (Standard Life Investments) and complies with the set validation rules.

Supply	Consumption (kWh)	Emissions (tCO ₂)	Allowances @ £15.60	% of Total Emissions
Electricity	940,204	467	£7,285	0.68%
Gas	359,169	66	£1,030	0.10%
TOTAL	1,299,373	533	£8,315	0.78%

- 3.5 Lothian Pension Fund accounted for 1,299,373kWh of energy which equated to 533tCO₂ or 0.78% of total reportable emissions.

Unmetered Supplies

- 3.6 The CRC scheme moved from Phase 1 to Phase 2 in 2014/15. Under the new phase, all unmetered supplies have to be reported, including street lighting, traffic signals and domestic lighting (stair lighting). It can be difficult to validate unmetered supplies due to there being no physical meter to read. Instead, consumption is based on a schedule which details number of lamps (or traffic units) and burn hours. The information presented in the schedules allows the Distribution Network Operator (DNO) to work out an estimated energy consumption (EAC) and issue an Unmetered Supply Certificate (USC). The Council's electricity supplier uses the USC for invoicing purposes. The certificates are updated each year to reflect any changes in the schedule.

Supply	Consumption (kWh)	Carbon (tCO _{2e})	Allowances @£15.60	% of Total Emissions
Street Lighting	28,144,021	13,970	£217,932	20.36%
Traffic Signals	2,339,860	739	£11,528	1.08%
Festival Lighting	15,384	8	£125	0.01%
Domestic (Lighting and door entry)	2,115,526	1,050	£16,380	1.53%
TOTAL	32,614,791	15,767	£245,965	22.98%

- 3.7 Unmetered supply consumptions account for 15,767 tCO₂, or 22.98% of total reportable carbon emissions. Street Lighting is the largest contributor of unmetered consumption, with street lighting representing 20% of total reportable emissions.

Total Energy Consumption

Source	Consumption (kWh)	Emissions (tCO ₂)	Allowances @ £15.60	%of Total Emissions
Electricity	87,847,426	43,801	£683,295	64%
Gas	133,939,600	24,806	£386,974	36%
TOTAL	221,787,026	68,607	£1,070,269	-

- 3.8 The 2015/16 reportable CRC emissions for the Council are calculated to be 68,607 tCO₂, with 64% of emissions being associated with electricity and 36% associated with gas. The total cost of allowances for 2015/16 is £1,070,269 based on a purchase price of £15.60 per tCO₂.
- 3.9 As noted above, the Council's 2015/16 CRC emissions were 68,607 tCO₂, compared to 73,452 tCO₂ in 2014/15. This equates to a reduction of 4,845 tCO₂ (6.5%). Emissions for electricity have decreased by 6.8%, while gas emissions have decreased by 0.2%. The decrease in carbon emissions is the result of both a reduction in portfolio size (in terms of energy consumption) and a change in carbon emission factors. The carbon emission factors for both electricity and gas can vary between CRC reporting years, depending on where grid energy has been sourced (renewables, nuclear).

- 3.10 All energy data is validated, by confirming meter readings, and comparing the consumption with both the previous year's consumption and with the supplier statement.
- 3.11 Organisations have two windows in which allowances¹ can be purchased, these being April (forecast sale) with payment due in June, or in September (buy to comply sale). Allowances purchased in April attracted a saving of £1.30 per allowance. Council practice has been to purchase allowances in April, thus generating a saving on the costs of CRC. The table below summarise the reduction in emissions and the costs for 2015/16. Unused allowances can be carried forward to the 2016/17 financial year.

	tCO ₂
Emissions 2014-15	73,452
Emissions 2015-16	68,607
Emissions Reduction	4,845

Number of allowances purchased in April 2015	75,592
Allocated as follows:	
Applied to 2015/16 carbon footprint	68,607
Carried forward to 2016/17 carbon footprint	6,985

Cost of allowances at September 2016 prices (@£16.90 per allowance)	£1,159,462
Cost of allowances purchased in April 2015 and applied to 2015/16 carbon footprint	£1,070,269
Saving through take up of allowances in the forecast sale	£89,193

¹ One allowance is equivalent to one tCO₂

Reducing Carbon Emissions

- 3.12 Work is underway on a number of key projects to reduce the Council's carbon emissions across the Council's operational property portfolio and contribute to the delivery of pledge 50. The two projects that will have the biggest impact on carbon emissions are the Council's Building Energy Management Systems upgrade programme and the RE:FIT project.
- 3.13 The Council is in the first year of a four-year programme to upgrade Building Energy Management Systems. The upgrade programme is supported by a new BEMS Strategy that sets specific standards for installations including energy performance, with targeted carbon savings of 3,000 tonnes.
- 3.14 The Council is also the first public body in Scotland to adopt the London RE:FIT model. Under the scheme the Council will carry out energy conservation measures in nine key Council properties to deliver carbon savings in excess of 1,500 tonnes.

4. Measures of success

- 4.1 The submission of the Council's annual CRC report in accordance with CRC timescales.

5. Financial impact

- 5.1 The Council's CRC compliance cost for 2014/15 was £1,145,851 (based on £15.60 per tonne of carbon). The Council's CRC compliance cost for 2015/16 is £1,070,269 (based on £15.60 per tonne of carbon). Purchasing allowances as part of the forecast sale has resulted in an £89,193 saving for the Council in the financial year 2015/16 as outlined in the table in paragraph 3.11 above.

6. Risk, policy, compliance and governance impact

- 6.1 Governance in relation to compliance with the CRC scheme across the organisation is enhanced in line with the CRC Handbook (approved by Finance and Resources Committee 17 March 2016).
- 6.2 Reduced risk of financial penalties for late annual report submission.

7. Equalities impact

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

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. Effective monitoring of energy consumption should lead to informed decision making to reduce the Council's carbon emission footprint.

9. Consultation and engagement

- 9.1 Consultation has taken place with officers in Finance, Corporate Property and Place through the CRC working group which has been established to oversee the Council's compliance with CRC legislation.

10. Background reading/external references

Environment Protection Agency [CRC Phase 2 guidance \(2015\)](#)

CRC Handbook (2016)

Hugh Dunn

Acting Executive Director of Resources

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11. Links

Coalition Pledges	P50 Meet greenhouse gas targets, including the national target of 42% by 2020
Council Priorities	
Single Outcome Agreement	SO4 Edinburgh's communities are safer and have improved physical and social fabric
Appendices	

Finance and Resources Committee

2.00pm, Thursday, 18 August 2016

Common Good Annual Performance 2015-16

Item number	7.14
Report number	
Executive/routine	
Wards	

Executive summary

The report presents the outturn position for the Common Good Fund and the performance of its cash investments for 2015/2016.

The report includes an update on the Common Good Planned Property Maintenance Fund and the plans for the 2016/17 financial year.

The report also includes an update on current issues affecting the Common Good in Edinburgh.

Links

Coalition pledges	P30, P31
Council outcomes	C19
Single Outcome Agreement	SO2

Common Good Annual Performance 2015-16

Recommendations

- 1.1 Members are asked to note the contents of this report.
- 1.2 Members are asked to delegate authority for spend on Common Good Planned Property Maintenance to the Acting Head of Property and Facilities Management as set out in this report.

Background

- 2.1 The City of Edinburgh Council has a statutory obligation under the Local Government etc. (Scotland) Act 1994, Section 15(4) (b) in administering property held as part of the common good to have regard to the interests of all of the inhabitants of the city. In effect the Council holds the Common Good Fund for the benefit of the city as a whole.

Main report

Financial Outturn

- 3.1 All income and expenditure relating to Common Good property, including that which is incurred from within main Council budgets, will be included in the Revenue Account for the Common Good Fund. A recharge equal to the net cost funded from Council budgets is shown as being made against the Council for the use of the assets.
- 3.2 The unaudited accounts for the Common Good Fund for 2015/16 show a deficit in year of £0.539m, compared to a surplus of £1.185m in 2014/15.
- 3.3 During 2015/16, the Council acquired Custom House, 69 Commercial Street, Leith for £0.671m to use the building as a museum for the benefit of Leith and the wider city. In addition to the acquisition of Custom House, the Council generated two capital receipts for the Common Good. Land at Cathedral Lane was sold with a receipt of £0.108m and land at Granton Road was sold with a receipt of £0.051m, both of which were credited to the Common Good Fund.
- 3.4 The sale of East Market Street garage as part of package of properties was completed in 2014/15. The Common Good account was credited with a receipt of £1.183m. The receipt, net of costs associated with the disposal, was transferred to the Common Good fund and will be utilised to fund a maintenance programme on Common Good assets as agreed at the 14 January 2016

Finance and Resources Committee. The resulting balance of the Common Good Fund is £2.297m as at 31 March 2016. (£1.654m 2014/15).

- 3.5 The following table summarises the income and expenditure for the Common Good Fund for the year.

2014-15		2015-16		Total
		Direct	From Council Budgets	
£m		£m	£m	£m
4.027	Property Costs	0.691	2.888	3.579
0.013	Other Expenditure	0.019	0.000	0.019
4.040		0.710	2.888	3.598
(1.273)	Rents, Fees and Charges	0.000	(1.481)	(1.481)
(1.218)	Sale of Fixed Assets	(0.160)	0.000	(0.160)
(2.723)	Recharges	0.000	(1.407)	(1.407)
(0.011)	Investment Income	(0.011)	0.000	(0.011)
(1.185)	(Surplus) / Deficit	0.539	0.000	0.539

The detailed statement of accounts is shown in Appendix 1 attached.

- 3.6 HM Treasury announced in December 2014 its intention to redeem at face value its pre War stock bonds. The Common Good Fund held £1,400 in 3 ½% War Stock bonds and £340 in 3 ½% Conversion Stock bonds. The War Stock bonds were redeemed in 2014/15 and the Conversion bonds were redeemed in 2015/16 with the receipt credited to the Common Good Revenue Account.
- 3.7 The Council funded net expenditure of £1.407m (£2.723m 2014/15) on Common Good properties of which £0.651m (£1.060m 2014/15) was funded from revenue and £0.756m (£1.663m 2014/15) from capital budgets.
- 3.8 The majority of the cash resources of the Common Good are invested with the Council's cash fund with a balance held within the Council's loans fund to manage day to day cash flow. The interest earned on the investment amounted to £0.011m (£0.011m in 2014/15). The interest was re-invested with the cash fund throughout the year. A balance of £2.094m was held within the Treasury's cash fund at 31 March 2016 (£2.756m 2014/15).
- 3.9 The Council's cash fund investments annual rate of return to March 2016 was 0.48% (0.47% 2014/15). This performance has been benchmarked against the

7 day London Inter Bank rate. The Council's cash fund outperformed the benchmark rate of 0.36% by 0.12% (0.12% in 2014/15) during the year.

Common Good Properties

- 3.10 The list of properties included in the financial accounts as assets of the Common Good fund is listed in Appendix 2.
- 3.11 Custom House is the only further property added to that Asset Register in 2015/16.
- 3.12 No properties have been conclusively identified as Common Good during the 2015/16 financial year.
- 3.13 The report by the Acting Director of Service for Communities to Corporate Policy and Strategy Committee on 4 August 2015 advised that there is a likelihood that some properties are not identified as Common Good and are not included on the Council's asset register for the Common Good. A team has now been established, per the Community Empowerment (Scotland) Bill, which will be responsible for compiling the Common Good Asset Register, as reported to Council on 2 June 2016, with an initial focus of examining those assets historically thought to be Common Good.
- 3.14 The value of Common Good assets is determined in accordance with Code of Practice on Local Authority Accounting in the United Kingdom 2015/16. The property holdings of the Common Good are mainly held at historic cost as Community or Heritage Assets and, as such, are not subject to revaluation. Only those parts which may have the capacity to be used to generate income are subject to revaluation.
- 3.15 As noted above, Custom House was purchased during 2015-16 for £0.650m before other fees. Following its acquisition, the Finance and Resources Committee on 13 May 2015 approved the lease of Custom House to the Scottish Historic Building Trust (SHBT). The SHBT assumes responsibility for internal repairs with the Council retaining responsibility for external repairs. The value on the Asset Register is a nominal £1,000, reflecting the 100 year long lease at £1 per annum.
- 3.16 The net value of the Common Good property holdings was increased by £0.135m due to net upward revaluations (£0.132m 2014/15).
- 3.17 The properties held by the Council on behalf of the Common Good are managed as part of the overall Council estate. The report on the Corporate Asset Strategy 2015-19 to Corporate Policy and Strategy Committee on 12 May 2015 advised that performance indicators are to be established to measure improvement on the condition of the property portfolio. Properties will be surveyed at least every 5 years and the indicators updated.
- 3.18 As Common Good properties are used operationally by Council services, any development of and capital investment in Common Good properties forms part of the Council's capital investment programme. During 2015-16 capital

investment was undertaken on Common Good assets, the most significant of which was a number of improvements at the Ross Theatre (£0.390m) for external fabric enhancements and roof works and at the City Chambers (£0.221m) complex, including stonework fabric enhancements to extend life of building, an upgrade of the heating system and an upgrade of electrical wiring.

Current Issues Affecting the Common Good in Edinburgh

Community Empowerment (Scotland) Bill

- 3.19 The report to Corporate Policy and Strategy Committee on 4 August 2015 by the Acting Director of Services for Communities advised members of the obligations which will be placed on the local authorities by the Bill, which was passed by the Scottish Parliament on 19 June 2015 and received Royal Assent on 24 July 2015. It places a statutory duty on the Council to publish a list of properties that it proposes should be included on the Register prior to establishing the Register itself.
- 3.20 The Capital Coalition budget motion, approved by the Council at its meeting of 21 January 2016 included, inter alia, an instruction to the Chief Executive to allocate £100,000 for 2016/17, rising to £250,000 in 2017/18 with this continuing into 2018/19, to develop and maintain a Common Good Asset Register, and delivered a report to the Council in June 2016 detailing progress. A team of Council staff comprising a solicitor, surveyor and property research officer has now been established to take the project forward. The initial focus being on those properties historically considered by the Council to be common good.
- 3.21 Furthermore, in accordance with Corporate Policy and Strategy Committee instructions in December 2015, officers will also explore innovative ways of involving higher education establishments, historical societies and other community groups in completing the task. An organisation or group's involvement in the exercise will only be considered where appropriate, depending upon legal complexities and sensitivities and will be considered on a property by property basis as the project progresses.
- 3.22 The Council will make the list publically available through the Council's website on an ongoing basis and regularly update it as properties are assessed and their status determined. Updates will be provided to the Finance and Resources Committee on a bi-annual basis.

Princes Street Gardens – National Galleries of Scotland Proposed Extension

- 3.23 The Acting Director of Services for Communities' report to Finance and Resources Committee on 3 February 2015 advised Members of a request by the National Galleries of Scotland (NGS) to purchase a strip of land which forms part of Princes Street Gardens for an extension of the National Gallery.
- 3.24 The report advised that since the land is inalienable Common Good and also protected by the City of Edinburgh District Council Order Confirmation Act 1991,

that a disposal to build the extension would require a variation to the Act and would (ordinarily) also require a separate application to the Court of Session.

- 3.25 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 (i) the City of Edinburgh District Council Order Confirmation Act 1991 and (ii) the common good status. The restrictions are removed solely for the purpose of the gallery extension.
- 3.26 Finance and Resources Committee approved the disposal of the strip of land to NGS on 9 June 2016. NGS will acquire the land at no cost, in return for agreed improvements in Princes Street Gardens. A restriction will be placed on the title limiting the use of the land to the gallery extension with NGS meeting the Council's costs, including legal and property costs.

West Princes Street Gardens and the Ross Bandstand

- 3.27 The Ross Bandstand situated in West Princes Street Gardens is no longer fit for purpose and requires to be replaced. The report by Executive Director of Place on 30 June 2016 advised a potential benefactor, Mr Norman Springford, has formed a steering group and offered to support the Council to undertake a substantial programme of work.
- 3.28 This work is taking place on the basis that the funds for the project would be generated by donations to a Scottish Charitable Incorporated Organisation (SCIO) which will be set up.
- 3.29 The building of an associated visitor centre could be considered a change in use of the common good land. In order to ensure that the change in use is permitted, the Council will be required to seek court consent for appropriation of the function of the relevant land under the Land Reform (Scotland) Act 2016, the relevant provision of which came into effect on 28 June 2016.
- 3.30 Similarly, the City of Edinburgh District Council Order Confirmation Act 1991 sets certain restrictions on building in some of the city's parks and any visitor centre would require a private bill before the Scottish Parliament to make the appropriate amendments to the 1991 Act.

Common Good Planned Property Maintenance

- 3.31 On 19 October 2015, the Governance Risk and Best Value Committee requested that the Head of Finance explore ways to use the Common Good Fund to pro-actively maintain and refurbish Common Good property.
- 3.32 On 14 January 2016, the Finance and Resources Committee approved the use of the Common Good Fund for the purpose of planned maintenance of the Common Good assets. In the 2015/16 financial year, the total amount spent was £6,931 on Scott Monument lighting. It is anticipated that there will be approximately £101,000 of further cost in early 2016/17 and a final £2,710 in 2017/18 for Scott Monument lighting. When this work was being undertaken, the opportunity was taken to carry out a detailed masonry inspection while the property was closed to the public. Items were identified and rectified at this time;

the total cost for this work was £31,717. This will be funded by the Common Good Planned Property Maintenance Fund in 2016/17.

- 3.33 In addition to the proposed works programme, in Appendix 3, and the Scott Monument work above, Property has outlined the following as activities to be approved for funding in 2016/17.

Although the Scott Monument appears in the proposed works in Appendix 3, Property have commissioned a conservation architect to draw up options for enhanced barrier protection to address concerns, costing around £6,000, including consultation with stakeholders. Assuming that an agreement on an enhancement can be agreed, construction costs would be added in due course.

Similarly for Nelson Monument, the time ball has been damaged by high winds. Despite being made safe meantime, it needs to be repaired and requires specialist input and contractors. This is also the 200th anniversary year for the opening of the monument and there is a desire to have it operational for celebrations. It is recommended that the repair works, including investigations and approvals, should be added to the Planned Property Maintenance schedule. While investigations are to be concluded, it is estimated that costs will be in the region of £10,000.

- 3.34 The following has only recently become an issue which falls within the remit of the Common Good, therefore, confirmation of work required, cost and timescales is still to be determined whether it should be funded from the Common Good Planned Property Maintenance Fund. After further review, the outcome of the current discussions will be included in a future report.

It has been confirmed that the Portobello Municipal Clock formerly situated at the Baptist Church on 183-185 Portobello High Street, is part of the Council's Common Good Asset Register on 22 June 2016. The clock was removed in 2003 due to concerns over public safety. Agreement with owners to remount the clock on the building is still required as well as ensuring it is functional and safe.

Following agreement with the owners, the work will be reviewed to determine whether it should be funded by the Common Good Planned Property Maintenance fund.

- 3.35 To ensure funding is approved in a timely manner, it is recommended that the Committee delegate authority for spend on Common Good Planned Property Maintenance to the Head of Property and Facilities Management. Spend will only be approved on the proposed works above and those in Appendix 3; such as high level surveys, sustainability surveys, planned preventative maintenance and sustainability works.

Measures of success

- 4.1 Through the Council's Financial Statements, the Common Good account receives an unqualified audit certificate from the External Auditor by 30 September 2016.

Financial impact

- 5.1 The deficit in the Common Good Revenue Account resulted from the acquisition cost of Custom House. The underlying outturn was a deficit of £0.0077m as the cost of managing the fund exceeds the interest earned on its investments.

Risk, policy, compliance and governance impact

- 6.1 There is a risk that some properties are not identified as Common Good and are incorrectly included on the Council's asset register. The Common Good asset register could therefore be incomplete and the balance sheet value of fixed assets understated. This would not comply with accounting standards. Audit Scotland is aware of the Council's approach and the work being undertaken by Property.
- 6.2 The risk that Common Good property could be unlawfully disposed of or appropriated is managed within the review processes currently in place. This process will be further improved with Council staff comprising a solicitor, surveyor and property research officer being established to develop and maintain a Common Good Asset Register.

Equalities impact

- 7.1 There is no direct relevance of the report's contents to equalities related issues. However, the statutory obligation placed on the Council for the management of Common Good property is for the benefit of all of the City's inhabitants.

Sustainability impact

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

Consultation and engagement

- 9.1 The Council's unaudited annual accounts, including the Common Good, were published on the Council's website from 30 June 2016 and made available for public inspection for a period of 15 working days in accordance with the

provisions of the Local Government (Scotland) Act 1973 and the Local Authority Accounts (Scotland) Regulations 2014.

Background reading/external references

"Revenue Monitoring 2015-16 - Outturn report" - report to the Finance and Resources Committee 18 August 2016 – on the agenda today.

["Common Good Assets Register" - report to Corporate Policy and Strategy Committee 4 August 2015](#)

["Proposed Lease of Custom House Commercial Street Leith" - report to Finance and Resources Committee 13 May 2015](#)

["Corporate Asset Strategy 2015-19" - report to Corporate Policy and Strategy Committee 12 May 2015](#)

["Common Good Asset Register" – report to Corporate Policy and Strategy Committee 1 December 2015](#)

["Princes Street Gardens - National Galleries of Scotland Proposed Extension" - report to Finance and Resources Committee 3 February 2015](#)

["Disposal of Land at Princes Street - National Galleries of Scotland Proposed Extension" - report to Finance and Resources Committee 9 June 2016](#)

["Common Good Planned Maintenance Programme and Common Good Reporting" – report to Finance and Resources Committee 14 January 2016](#)

["Common Good Asset Register" – report to Council 2 June 2016](#)

["Common Good Asset Register" – report to Council 30 June 2016](#)

["West Princes Street Gardens and the Ross Bandstand – update" – report to Council 30 June 2016](#)

[Governance, Risk and Best Value Committee Minutes 19 October 2015](#) Please see item 5, "Revenue Monitoring 2014/15 – Outturn Report" and decision 2) for details.

Hugh Dunn

Acting Executive Director of Resources

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Links

Coalition pledges	P30 – Continue to maintain a sound financial position including long-term financial planning
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	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 and the delivery of high standards and maintenance of infrastructure and public realm
Single Outcome Agreement	S02 – Edinburgh’s citizens experience improved health and wellbeing, with reduced inequalities in health
Appendices	<ol style="list-style-type: none"> 1. Unaudited Common Good Fund Annual Accounts 2015/16 2. List of Common Good Assets as at 31 March 2016 3. Common Good Planned Property Maintenance - Proposed Works and Estimated Cost

COMMON GOOD FUND

Appendix 1

2014/15	REVENUE ACCOUNT	2015/16
£	Expenditure	£
80,471	<i>Property Costs</i>	
45,477	Bruntsfield Links	78,605
38,063	Calton Hill / Calton Road	42,308
2,725,893	Canongate Tolbooth	39,227
203,901	City Chambers	1,383,470
29,315	City Observatory	95,757
54	Custom House	674,278
52,630	East Market Street Garage	78
30,269	Inch Park	59,357
251,154	Lady Stairs House	80,070
11,892	Meadows	127,593
12,946	Nelsons Monument	6,581
30,695	Portobello Park	12,527
514,164	Roseburn Park	45,999
14	Princes Street Gardens (including Ross Theatre and Scott Monument)	932,497
4,026,938	Other Incidentals	374
		<hr/>
		3,578,721
	<i>Other</i>	
0	Cash Fund Fees	630
12,773	Central Support Costs	18,109
4,039,711		<hr/>
		3,597,461
	Income	
	1,273,060 Rents	1,480,816
	1,217,951 Proceeds from sale of Fixed Assets	159,480
	1,400 Proceeds from redemption of Investment Bonds	340
	9,701 Investment Income	11,011
	2,502,112	<hr/>
		1,651,647
	2,723,062 Recharge to City of Edinburgh Council for Use of Assets	1,406,945
	0 Transferred from Fit for Future Earmarked Reserve	0
5,225,174	0 Transfer from Disabled Access Grants Reserve	0
(1,185,463)	(Surplus) / Deficit for Year	<hr/>
		3,058,592
		<hr/>
		538,869

£	STATEMENT OF MOVEMENT ON THE COMMON GOOD FUND	£
(1,185,463)	Deficit / (Surplus) for the Year on the Common Good Income and Expenditure Account	538,869
0	Net Additional Amount required by Statute on Non-Statutory Proper Practices to be credited to the Common Good Balance for the Year	0
(1,185,463)		<hr/>
		538,869
	<i>Whereof:</i>	
3,880	Added to (Transferred from) Common Good Fund	(538,869)
1,181,583	Transferred to Fit for Future Earmarked Reserve	0
1,185,463		<hr/>
		(538,869)
		<hr/>

COMMON GOOD FUND

Appendix 1

31st March 2015	BALANCE SHEET	31st March 2016
	Operational Assets	
0	Other Land and Buildings	0
21,757,296	<u>21,757,296</u> Community Assets	<u>21,892,047</u> 21,892,047
	Non-Operational Assets	
0	Surplus Assets Held for Disposal	0
<u>0</u>	Deferred Charges	<u>0</u>
21,757,296		21,892,047
102,960	Heritage Assets	102,960
	Investments (at cost)	0
340	Current Assets	
	Debtors	0
1,993	Short Term Investments	141,540
2,756,061	Provision for Bad Debts	0
0	Balance with Loans Fund	180,712
57,829	Cash and Cash Equivalents	<u>1,952,769</u>
<u>0</u>		2,275,021
2,815,883	Less: Current Liabilities	
	Creditors	0
2,813,890		<u>2,275,021</u>
(1,993)	NET ASSETS	<u>24,270,028</u>
<u>24,674,486</u>		
	Represented by :	
21,860,256	Revaluation Reserve	21,995,007
(21,710)	Capital Adjustment Account	(22,050)
<u>0</u>	Disposals/Revaluations	<u>0</u>
21,838,547		21,972,957
	Common Good Fund	
	1,650,477 Fund at start of year	1,654,357
	0 Transferred from Fit for Future Earmarked Fund	1,181,583
1,654,357	<u>3,880</u> Surplus for year / (Deficit)	<u>(538,869)</u> 2,297,071
	Unrealised Gains on Investments	0
0		
	Fit for Future Earmarked Fund	
	0 Balance at start of year	0
1,181,583	1,181,583 Surplus for year /Deficit	0
<u>0</u>	0 Transferred to Revenue Account	<u>0</u>
1,181,583		0
<u>24,674,486</u>		<u>24,270,028</u>

COMMON GOOD FUND

Appendix 1

	Community Assets £	Land and Buildings £	Surplus Assets Held for Disposal £	Total £	Heritage Assets £
Balance as at 1 April 2015	21,757,296	0	0	21,757,296	102,960
Restated	0	0	0	0	0
Revaluations increases/ (decreases) recognised in the Revaluation Reserve	134,751	0	0	134,751	0
Revaluation decreases recognised in the deficit on the Provision of Services	0	0	0	0	0
Depreciation in Year	0	0	0	0	0
Depreciation w/o to the deficit on the Provision of Services	0	0	0	0	0
Derecognition - disposals	0	0	0	0	0
Balance as at 31 March 2016	<u>21,892,047</u>	<u>0</u>	<u>0</u>	<u>21,892,047</u>	<u>102,960</u>

(B) Information on Assets Held:-

The Fixed Assets owned by the Common Good Fund include the following approximate numbers as at 31st March 2016

Community Assets - Monuments and Other Activities	20
Parks and Open Spaces	31
Non Operational Assets Shops, Industrial Units and other commercial lettings	18

(C) Revaluation Reserve

Balance brought forward as at 1 April 2015	(21,860,256)
Restated - Capital Adjustment Account to Revaluation Reserve	0
Revaluation of Assets Upward revaluation of assets	(134,751)
Downward revaluation of assets	<u>(134,751)</u>
Derecognition - disposals	0
Balance as at 31 March 2016	<u><u>(21,995,007)</u></u>

(D) Capital Adjustment Account

Balance brought forward as at 1 April 2015	21,710
Restated - Accumulated Depreciation	
Restated - Capital Adjustment Account to Revaluation Reserve	
Net written out of cost non-current assets consumed in year	<u>21,710</u>
Revaluation Losses on Property, Plant and Equipment	
Adjusting Amounts w/o of Revaluation Reserve	
Other Movements	340
Balance as at 31 March 2016	<u><u>22,050</u></u>

COMMON GOOD**REGISTER OF ASSETS (for Accounting Purposes)****Asset Name**

Bruntsfield Links
 Calton Hill
 City Chambers Complex
 City Observatory
 Custom House
 Grassmarket - MARTYR'S CROSS MONUMENT
 Inch Park
 Lady Stair's House
 Meadows
 Meadows - NELSON PILLARS
 Meadows - SUNDIAL WEST
 Memorials - High Street
 Peoples Story Museum
 Portobello Park
 Princes St Gardens (East)
 Princes St Gardens (West)
 PSG - WALTER SCOTT MONUMENT -HISTORIC BUILDING
 PSG - ADAM BLACK STATUE
 PSG - ALLAN RAMSAY STATUE
 PSG - BURNS MONUMENT
 PSG - DAVID LIVINGSTON STATUE
 PSG - DEAN RAMSAY MEMORIAL CROSS
 PSG - FLORAL CLOCK
 PSG - GENIUS OF ARCHITECTURE STATUE
 PSG - ROBERT LOUIS STEVENSON MEMORIAL GROVE
 PSG - Ross Bandstand
 PSG - ROSS FOUNTAIN
 PSG - ROYAL SCOTS GREYS MONUMENT
 PSG - ROYAL SCOTS MONUMENT
 PSG - SCOTTISH AMERICAN WAR MEMORIAL
 PSG - SIR JAMES Y SIMPSON STATUE
 PSG (W) - MEMORIAL STONE
 PSG -NORWEGIAN MEMORIAL STONE
 PSG -ST MARGARET'S WELL
 PSG -THOMAS GUTHRIE STATUE
 Roseburn Park
 South Queensferry Harbour
 Scotland Street Lane
 Scott Monument
 Session House, Dalmeny
 Session Lands, Dalmeny
 St James Place

Note - PSG is used as an abbreviation for Princes Street Gardens

Appendix 3

Proposed Works	Potential Activities	Potential Sites	Estimated Cost	Additional Notes on Activities
High Level Surveys	Survey and Video, gutter cleaning, replacement of slipped slates, lightning protection and man-safe checks. Minor repairs	<ul style="list-style-type: none"> • Calton Hill (Nelson Monument and James Craig House) • City Chambers complex • City Observatory • Lady Stairs House • Meadows Pillars • People Story Museum • Scott Monument 	£0.015m	Costs for any necessary larger repairs identified, particularly if scaffold or barriers/ street closures involved, are additional.
Sustainability Surveys	Lighting surveys, controls, heating and general energy efficiency surveys.	<ul style="list-style-type: none"> • Calton Hill (Nelson Monument and James Craig House) • City Chambers complex • City Observatory • Lady Stairs House • People Story Museum • Scott Monument 	£0.005m	Initial surveys to determine condition and options. Confirmation and monitoring surveys thereafter.
Planned Preventative Maintenance	Decoration; flooring, blinds/curtains. Window-cleaning. Window restrictors.	<ul style="list-style-type: none"> • City Chambers complex • City Observatory • Lady Stairs House • People Story Museum • Scott Monument • Calton Hill Buildings 	£0.150m	Particular emphasis on common and service area in first instance. Room/area upgrades thereafter.
Sustainability Works	Lighting; LEDs, external lighting. Heating adjustments and upgrades. Draught exclusion; checks, repairs and installation.	<ul style="list-style-type: none"> • City Chambers complex • City Observatory • Lady Stairs House • People Story Museum • Scott Monument • Calton Hill Buildings • External lighting to various monuments 	£0.020m	Work based on feedback from Sustainability Surveys above.
Estimated Cost			£0.190m	

Finance and Resources Committee

2.00pm, Thursday 18 August 2016

ICT Services, Contract with CGI: Progress Update

Item number	7.15
Report number	
Executive/routine	
Wards	All

Executive summary

This report provides the Finance and Resources Committee with a comprehensive update on the contractual and physical transition of ICT services to CGI between April and July 2016, and an overview on how the relationship with CGI is developing, including:

- a summary of the data centre migration
- progress on the installation of the high speed Wide Area Network
- ICT transformation project updates
- partnership governance and relationship management
- SME engagement and community benefits

Links

Coalition pledges	All
Council outcomes	All
Single Outcome Agreement	All

ICT Services, Contract with CGI: Progress Update

Recommendations

- 1.1 It is recommended that the Finance and Resources Committee:
 - 1.1.1 Notes the successful transition of ICT services from BT to CGI on 01 April 2016, followed by the physical move of servers and network infrastructure over two weekends in April and June 2016 to the CGI data centres;
 - 1.1.2 notes the introduction on 01 April 2016 of a new 24 x 7 ICT Service Desk;
 - 1.1.3 notes that the rollout of the first phase of the CGI / Commsworld Wide Area Network successfully completed on 30 June 2016 providing up to 100 times greater bandwidth for schools and Council offices;
 - 1.1.4 notes progress on ICT Transformation projects with certain projects such as Bulk Printing, Secure Cheque Printing and BACS Services already completed, with a further twelve projects underway;
 - 1.1.5 notes that engagement has commenced in all community benefits areas and the programme is currently on track to meet all commitments including the creation of jobs and the inclusion of SME's;
 - 1.1.6 notes that an assurance review of the ERP workstream by the Corporate Programme Office is planned over August 2016.

Background

- 2.1 The new contract with CGI will deliver an ICT solution that best meets both the current and future needs of the Council in the digital age within an overall finite resource level. The sum involved is £185.7m over seven years, resulting in a minimum saving of £45m against the current budget. Additionally, CGI has committed to a range of Community Benefits including the provision of 221 new jobs and 60 modern apprenticeships in Edinburgh.
- 2.2 Following contract signature on 21 August 2015 the project entered into the service transition phase; where CGI began undertaking activities to plan the move from the incumbent ICT supplier BT. The first stage was "Service Cutover" on 01 April 2016, whereby CGI took on responsibility for all ICT Services previously undertaken by BT. The second stage was the physical

move of servers and network infrastructure over two weekends in April and June 2016 to the CGI data centres.

- 2.3 Progress against the Transition Plan, is reported to the Finance and Resources Committee - the previous report was presented on 17 March 2016. This report mainly provides details of the transition from BT to CGI which is now complete.

Main report

Service Desk Transition

- 3.1 Work successfully completed on 01 April 2016 to deliver a new 24 x 7 ICT Service Desk (previous service hours were 8 a.m. to 6 p.m. Monday to Friday).

Data Centre Migration Preparation

- 3.2 The Council's backup and disaster recovery data centre was moved in a straightforward manner from the Sighthill facility to CGI's Waterton data centre on 09 April 2016. The Council's primary data centre was moved from BT's Capital Exchange (CapEx) Data Centre Facility to CGI's data rooms in the Celtic Technology Centre and Pulsant Data Centre on the weekend of 24 to 26 June 2016.
- 3.3 In the lead up to the data centre migrations, extensive preparatory activity was undertaken in order to validate the estate, identify and schedule the running order for tasks over the weekends, ensure all support teams and personnel were available and ready for the migration activities and communicate to the Council stakeholders the plans and processes being followed.
- 3.4 The migration plan also involved periods of rehearsal, testing and user proving over February to June to ensure that all work packages, projects, and teams had arrived at an acceptable level of readiness prior to cutover. The plan was supported by robust governance arrangements to ensure the appropriate levels of rigour, business engagement and control were applied.
- 3.5 Further planning and consultations took place with business resilience and the Council leadership teams, with the date of the CapEx data centre move finalised for the weekend of the Friday 24 to Sunday-26 June 2016

CapEx Data Migration

- 3.6 Over the migration weekend work progressed at 5pm on the Friday evening to transfer hosted systems, services, applications, external gateways and Internet access from CapEx into the CGI data centre locations including Celtic Technology Centre (CTC), Waterton and Pulsant. This involved more than 120 systems which were packaged and transported to the new data centres and made operational for initial testing. This was a major logistical exercise supported by 200 CGI personnel and closely monitored by the joint management teams.

- 3.7 Internal testing with ICT Solutions began on Saturday night and application proving began on schedule on Sunday morning. This involved more than 100 Council staff called in from each business area to test access key and areas of functionality.
- 3.8 At 10pm on Sunday a post migration report was received from CGI to indicate that the core migration had concluded successfully and major business applications were available for Monday morning including:
- Oracle e-Finance
 - PPSL
 - iWorld
 - Corporate email
 - AS400
 - iTrent
 - Swift
 - Telephony
- 3.9 In summary, applications which operate directly from the CGI data centres were transitioned in a highly successful manner but applications which rely on a dedicated external gateway (such as Wi-Fi) were not transitioned as successfully on 24 – 26 June.
- 3.10 In the 3 weeks following the CapEx migration, CGI set up a dedicated task force to work through the successful transition of all applications impacted by slow performance and the gateway issues in the inherited network such as: - Internet and Wi-Fi, card payments, NHS integration and SEEMIS.

Wide Area Network (WAN) Update

- 3.11 The rollout of the first phase of the CGI / Commsworld Wide Area Network successfully completed on the 30 June 2016. This involved installation of network connections to 317 new sites supported by a new 150 kilometre city-wide gigabit fibre network. The network, which has been delivered by the local SME, Commsworld in conjunction with CityFibre offers up to 100 times greater bandwidth for schools and Council offices.
- 3.12 The final sections of the CityFibre network will be installed over Summer and Autumn 2016 and all sites where an interim non-fibre circuit was installed for 30 June will have that replaced by a fibre circuit.

Service Desk Update

- 3.13 The final element of the CGI transition programme is the new online portal providing a single entry point for all customer ICT requests, ensuring that Council users have a much better view of service status and performance which forms the basis for service improvements. This is expected to go live in September 2016.

Transformation Programme Updates

- 3.14 ICT Transformation projects commenced in October 2015 with certain projects such as Bulk Printing, Secure Cheque Printing and BACS Service already completed. There are twelve remaining ICT Transformation projects which are to be delivered through the CGI contract, listed in the table below.

Business Intelligence	End user computing transformation – device refresh
Enterprise Content Management	Enterprise Integration Transformation (Channel Shift)
ERP (Enterprise Resource Planning) – replacement for Finance, Procurement, HR and Payroll	Housing Repairs
Libraries	Networking - LAN, telephony and Contact Centre
Revenues & Benefits EDRMS	Room Booking
Web – Internet (Website)	Web – Intranet (ORB)

- 3.15 Through these ICT Transformation projects CGI will deliver new / improved replacement solutions during 2016 and 2017. For example, end user computing will enable the first of two tranches of device refresh included in the contract, and the transformation of ERP will replace PPSL, Oracle e-Business Suite, Frontier and iTrent, and all associated interfaces with a single, completely integrated system, Business World.

In addition, there are a further 30 “added value services” identified in the contract to be taken forward as business cases by the relationship management team.

- 3.16 Each of the ICT Transformation projects above is controlled through its own workstream with joint governance between the Council and CGI and its supply chain partners. Most of the projects are already well under way but progress is slower than planned. Unforeseen technical and resource challenges are impacting the intended speed of project delivery. ICT Solutions is working hard with CGI senior management to bring projects such as Enterprise Integration back on track.

Partnership Governance and Relationship Management

- 3.17 Since the completion of the Transition phase, new governance for contract delivery is in place. A “Joint Management Board” governs business-as-usual service from CGI. This is predicated on the Service Reporting agreed in the contract.
- 3.18 Further recruitment has taken place to the Joint Council and CGI ICT Solutions relationship management team; a dedicated relationship manager is allocated to each department across the Council.

- 3.19 Over the reporting period the team has been closely involved in 'Embedding Transformation' workshops, identifying tangible actions and ICT opportunities to progress the ideas surfaced in the workshops and to understand ways to support departments in further transformation activities. These include:
- Developing final proposal for city-wide online school payments system to enable parents to pay online for a range of school services such as meals, trips and milk
 - Working closely with Edinburgh Leisure to identify opportunities to extend the benefits of the Council's city-wide fibre network and best support Edinburgh Leisure's management of secondary school sports facilities
 - Utilising CGI community benefits investments to develop a digital strategy for Edinburgh's Museums and Galleries, due for delivery in the Autumn

Community Benefits and SME Engagement

- 3.20 Work has commenced in all of the contracted Community Benefits areas and the programme is on track to deliver planned commitments and investments. Highlights over the reporting period include:

- Employment Target ahead of target, with 89 permanent jobs created
 - 11 Modern Apprentices now hired
 - Further Community Benefits investments including
 - Economic Development – Seed funding for start ups via First Port and Creative Exchange
 - Social Value Lab to develop socio-economic impact assessments of CGI's Community Benefits programme
 - Planned CGI's volunteering Initiative to be rolled out across the localities
 - 3 sponsored degrees for Looked After Children
- 3.21 A second SME Networking event was held on June 30th 2016, with a further 'meet the buyer' event planned for October which will with focus on opening up the CGI UK Supply Chain. Planning is currently underway to further define how CGI will meet the SME engagement target of 25% of CEC contract spend by December 2018.

Measures of success

- 4.1 The success of the new service will be measured against the objectives developed to support the ICT strategy and the future delivery of services. The outcomes with respect to each of the objectives set out above, and others, are set out in the A agenda report relating to this procurement presented to the Finance and Resources Committee on 03 August 2015.
- 4.2 The success of this programme will be measured on delivery against the transition and transformation plans.

Financial impact

- 5.1 There will be an average of £6.4m saving per annum, post March 2016. This supports an important assumption of a £6m pa saving included within the Council's Long Term Financial Plan.
- 5.2 The essential improvements and enhancements included within the ICT contract are critical to the Council future operation and would have cost the Council an estimated £46m over seven years delivering significant value in addition to the substantial cashable savings noted above.

Risk, policy, compliance and governance impact

- 6.1 Below is a summary of the potential impacts of the proposed programme and the anticipated mechanisms to mitigate them. These impacts are potential unintended consequences which will require managing.

Theme	Potential impact	Comments / mitigating action
Citizens & service users	Positive	The new service will provide an enhanced experience for citizens and service users.
Small & Medium-Sized Business	Positive	SMEs will be used as part of the overall supply chain.
Council staff	Positive	It is fully expected that there will be an improvement in the service quality and functionality of the ICT service.
The environment	Positive	CGI is committed to reducing and preventing pollution through energy, waste and resource management best practices and seeks to minimise travel by promoting tele-working, or alternative commuting options, where possible to reduce energy consumption. From a technology perspective, CGI is recognised as an industry leader in power usage effectiveness.

- 6.2 With respect to risk management, the Council's Corporate Programme Office (CPO) conducted an Assurance Review of the Transition Stage and reported an Amber-Green outcome on 23 March 2016 with 6 recommendation areas. These areas were all acted upon.
- 6.3 CGI continues to maintain the Risk Register, using its RiskIT tool, for the ICT Transformation projects and the reporting of risk, workstream by workstream, is an integral component of regular governance meetings. Highlight reports containing the latest risks and issues are compiled on a weekly basis by CGI for all workstreams.

- 6.4 The CPO is conducting an Assurance Review of the ERP workstream during August 2016. The go live date of this important workstream, which is used by thousands of Council users, has been changed twice to a later date. This separate risk assessment is regarded as a prudent activity by the Project Board.

Equalities impact

- 7.1 CGI has a strong and well-established policy for Equality and Diversity. The presence and application of these policies was an important aspect of the Pre-Qualification Questionnaire stage of the process. The Corporate Policy and Strategy Manager has conducted dialogue with CGI.
- 7.2 CGI supports the principle of equality in all its employment practices, policies and procedures and fully complies with The Equality Act 2010. CGI regards diversity as a priceless resource and is committed to achieving and maintaining a workforce which broadly reflects the relevant local or national catchment area within which it operates.

Sustainability impact

- 8.1 CGI has strong and well-established corporate social responsibility policies in key sustainability areas such as travel, waste and procurement. The CGI policy of sustainable procurement extends to its partners and suppliers and takes into account the environmental impact of the products and services procured. It selects only partners/suppliers that comply with internationally recognised human rights standards and applicable legislation; it selects local suppliers where possible, leveraging its SME Accelerate programme which assesses and promotes the use of SMEs in its supply chain.

Consultation and engagement

- 9.1 To ensure the success of the transition programme a partnership business change manager has been appointed to lead service area engagement and communication activities. Additionally local change champions have been nominated from each directorate and service area representatives appointed to key workstream project boards.

Background reading/external references

Relevant internal references include:

[ICT Strategy Development, Corporate Policy and Strategy Committee, 4 December 2012](#)

[ICT Update, The City of Edinburgh Council, 13 December 2012](#)

[ICT & Digital Transformation Programme Update, Finance and Budget Committee, 19 September 2013](#)

[Review of Contract Procedures relating to the Council ICT Procurement process, report to Finance and Resources, 30 October 2014](#)

[Review of contract procedures relating to the Council ICT procurement process, report to Finance and Resources Committee, 15 January 2015](#)

[Review of Contract Procedures relating to the Council ICT Procurement process, report to Finance and Resources 13 May 2015](#)

ICT Procurement Project – Capital Funding (B agenda item), Finance and Resources Committee, 4 June 2015

ICT Services and Transformation Procurement – Final Stage Report – Confidential Commercial Information, 3 August 2015

[ICT Services Procurement: Transition Progress Update, Finance and Resources Committee, 16 November 2015](#)

[ICT Services Procurement: Transition Progress Update, Finance and Resources Committee, 17 March 2016](#)

Claudette Jones

Chief Information Officer

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Links

Coalition pledges	P7 - Further develop the Edinburgh Guarantee to improve work prospects for school leavers P15 - Work with public organisations, the private sector and social enterprise to promote Edinburgh to investors P16 - Examine ways to source new funding to support small businesses P28 - Further strengthen our links with the business community by developing and implementing strategies to promote and protect the economic well being of the city
Council outcomes	CO8 - Edinburgh's economy creates and sustains job opportunities CO25 - The Council has efficient and effective services that deliver on objectives
Single Outcome Agreement	SO1 - Edinburgh's Economy Delivers increased investment, jobs and opportunities for all SO3 - Edinburgh's children and young people enjoy their childhood and fulfil their potential

Finance and Resources Committee

2.00pm, Thursday 18 August 2016

Contract and Waiver Management: Update

Item number	7.16
Report number	
Executive	
Wards	All

Executive summary

This report has been developed by Commercial and Procurement Services (“CPS”) in consultation with all service areas and outlines:

- That the onus is on each service area to undertake timely planning on requirements for new contracts including waivers and extensions to existing contracts working in partnership with CPS;
- At Appendix 1 areas where further action by services is required to ensure suitable contracts are put in place for continuity of provision and/or compliance with the Council’s Contract Standing Orders. In some instances these plans may require further detailed reporting to Executive Committees and approval of subsequent waivers or contracts by Finance and Resources Committee.

There will be a continuing need to use the waiver process to allow for those exemptions that procurement law recognises, and also to provide some flexibility which will be required during this period of transformational change.

Commercial and Procurement Services will continue to promote compliant routes to the market both through stakeholder engagement, encouraging services to take a proactive approach to planning their existing and future contract needs. Regular updates will be provided to Council Leadership Team on this work programme and further reports on contract and waiver management and planning will be incorporated into the quarterly Delegated Authority report to committee.

Contract and Waiver Management: Update

Recommendations

The Finance and Resources Committee is asked to:

- 1.1 note that the onus is on each service area to undertake timely planning on requirements for new contracts, and waivers and extensions to existing contracts, working in partnership with CPS;
- 1.2 note Appendix 1 identifies areas where further action by services is required to ensure suitable contracts are put in place for continuity of provision and/or compliance with the Council's Contract Standing Orders;
- 1.3 Note the additional reporting to Executive Committees proposed as detailed at paragraph 3.8;
- 1.4 note the continuing need to use the waiver process to allow for those exemptions that procurement law recognises, and to provide the flexibility required during this period of transformational change;
- 1.5 note that Commercial and Procurement Services has a duty to report instances of non-compliance with the Contract Standing Orders, and will continue to promote compliant routes to the market through stakeholder engagement; and
- 1.6 note that further updates will be incorporated into the quarterly Delegated Authority report to committee.

Background

Management Information

- 2.1 Commercial and Procurement Services are responsible for
 - Supporting service areas in procuring goods, works and services (with a focus on contracts of a value of at least £25,000); and
 - Providing governance, process and oversight for contracting and purchasing (including the Contract Standing Orders)
- 2.2 This includes working with services in relation to:
 - Overall £532.5m of third party spend across the Council during 2015/16;
 - 2,426 live contracts on the Contracts Register;

- 11,427 suppliers, 1267 requisitioners and 761 approvers on the Oracle system; and
- Moving to a new procurement system within the Council's new IT infrastructure.

2.3 Services are responsible for ensuring that their contract information is regularly updated on the Council's Contract Register (accessible through the Orb and publicly). Commercial and Procurement Services also regularly provides a list of expiring contracts and waivers to services for their review in order to assist Directors in fulfilling their responsibilities for all contracts tendered and let by their Directorates. Commercial Partners also work alongside the service management teams and procurement delivery teams as business partners to assist with relationship management and support services with their contract planning.

Waiver and contract reporting

2.4 The Council's Contract Standing Orders (CSOs) outline approval thresholds for contracts for goods, works and services. Above certain financial values these require approval by the Finance and Resources Committee. These contracts are approved by the Committee on a case by case basis.

2.5 CPS also reports quarterly to the Finance and Resources Committee on contracts awarded under Delegated Authority or through a waiver of the CSOs. In addition to these regular reports, in May 2015 a Contract Planning update report was approved by the Committee, with a further report in January 2016 focussing on waivers over a value of £100,000 (October 2014 to September 2015). This report also outlined the management process for dealing with contracts in more detail.

2.6 The Committee has expressed concerns about the number of contracts being awarded through a waiver of CSOs, and CPS have been asked to report in further detail on practical plans to reduce the number of waivers.

2.7 A waiver of CSOs to allow a contract to be awarded or extended without some form of competitive tendering may be required in certain circumstances. Each waiver is looked at on its own merits and is only approved if fully justifiable, as these circumstances need to be tightly controlled and scrutinised. The revised CSOs now require a waiver when it is considered to be in the best interests of the Council (those contracts that are legislatively exempt from the rules no longer require a waiver approval). This will ensure further scrutiny and transparency of those waivers arising as a result of poor planning.

2.8 There will be a continuing need to use the waiver process to provide interim arrangements and flexibility if absolutely required to ensure continued service delivery for the city of Edinburgh.

Non-contracted Spend

- 2.9 Interrogation of the Council's financial records, cross-referenced with the Contract Register, identifies spend against a number of "non-contracted" suppliers. There are instances where a supplier may have been used historically without a contract in place, or following contract expiration. Data cleansing is ongoing, and it is possible that a live contract is in place but not added to the Contract Register (particularly for lower value contracts). Some payments may constitute a grant, lease or payment to another public body.
- 2.10 Significant aggregate spend with non-contracted suppliers presents the risk of breaching procurement legislation, potential legal challenge, and in the absence of competitive procurement, may mean that Best Value is not demonstrable or achieved. CPS uses available management information regarding payments to these suppliers, to consult with services and encourage compliance with the Contract Standing Orders and legislation where possible.

Main report

Service Review

- 3.1 For the purposes of this report, during June 2016 a list of all expiring waivers and contracts and payments to "non-contracted" suppliers was sent to service areas (following internal review by procurement delivery staff). Using feedback received, the listing at Appendix 1 outlines areas where further action is required by services to ensure suitable contracts are put in place for continuity of provision and/or compliance with the Council's Contract Standing Orders.
- 3.2 The appendix excludes contracts that are subject to current procurement process or are already live.
- 3.3 There will continue to be instances where waivers are required and cannot be anticipated, for example when there are new or revised service delivery requirements or the need to deliver a contract in urgent circumstances.

Procurement Strategy

- 3.4 There are a number of areas where CPS will continue to focus support regarding procurement strategy. These include Health and Social Care and Communities and Families, where decisions made may impact on provision of services for the vulnerable and those with complex needs. CPS will work with services to promote coproduction with service users and providers in developing service requirements, although it should be recognised that this requires extra time and resource to achieve.
- 3.5 Due to the introduction of the new 'Light Touch' procurement regime for Health and Social Care contracts, some direct awards to deliver these services may not require the approval of a waiver and CPS encourages services to make early contact in order to explore suitable procurement options. The overall governance

and purchasing process will be kept under review to ensure it continues to meet the needs of Council and the Health and Social Care Partnership with the NHS.

- 3.6 Where assets or ICT systems are being procured, CPS will encourage services to consult with ICT colleagues first and to take into account whole life costs and ensure that that future contract terms and financial value do not limit future opportunities for competitive procurement (for example, for maintenance).
- 3.7 In other areas, there may be merit in aggregating requirements and spend to create contracts that offer better value. Robust procurement strategies can assist in realising significant financial savings and through the Commercial Excellence Programme CPS will continue to support services in realising commercial savings to alleviate resource pressures where possible.

Next Steps

- 3.8 To ensure appropriate levels of scrutiny, as indicated in Appendix 1 in some cases it is suggested that a detailed contract planning report is first sent to the relevant Executive Committee (or where appropriate, the Integrated Joint Board). This report should include action taken to date, current activities and proposed next steps, plus information on consultation with CPS and relevant stakeholders. It should also outline any waiver or contract extension requirements, for referral to the Finance and Resources Committee seeking approval. This will particularly apply in instances:
- where there is a direct award, contract extension or waiver of significant financial value under consideration; and
 - where the Finance and Resources Committee has previously approved a waiver, but following its expiration the need for a further waiver is anticipated.
- 3.9 Commercial and Procurement Services has recently completed an organisational review to include senior post holders who will be heavily involved in stakeholder engagement. It is expected that this operating model will assist in supporting services in their contract scheduling and help services mitigate the requirement for waivers as a result of poor planning.
- 3.10 Information on expiring contracts and waivers will continue to be issued to Directors on a monthly basis, and it is hoped that with improved oversight, there will be less requirement for waivers. CPS also encourages services to set up dedicated boards and/or management meetings to consider procurement and contracts, promote compliance and ensure management information is accurate. This has been endorsed by CLT.
- 3.11 CPS will continue to analyse non-contracted spend and report significant instances to services and if necessary CLT. The introduction of the Council's new Enterprise Resource Planning System in replacement of Oracle will also provide a more detailed picture of the Council's spend with contracted suppliers.
- 3.12 CPS will continue to monitor waiver trends and report to committee. Through the revised Contract Standing Orders and a more proactive approach, it is

anticipated that in the longer term these will reduce in volume. It should be noted that the next report to the Finance and Resources Committee in September regarding contracts and waivers awarded under Delegated Authority will be retrospective, and so there is unlikely to be any change in trend in the short term.

- 3.13 CPS will continue to promote compliant routes to the market through stakeholder engagement. Regular updates will be provided to services on this work programme, and further reports on Contract and Waiver Management and Planning will be incorporated into the quarterly Delegated Authority report to committee.

Measures of success

- 4.1 Council contracts let are compliant with Contract Standing Orders and procurement legislation.
- 4.2 The number of waivers of Contract Standing Orders required as a result of poor planning is reduced.
- 4.3 The Council's Contract Register is kept updated by services and management information is comprehensive and accurate.
- 4.4 Best Value is both demonstrable and achieved

Financial impact

- 5.1 Through robust procurement strategy and proactive management of contract cycles, and aggregating spend and carrying out competitive procurement where appropriate, this should help minimise financial waste and achieve Best Value for Council contracts.

Risk, policy, compliance and governance impact

- 6.1 The Council is going through a significant period of change due to the current Transformation Programme. This has presented some risks with regards contract management and procurement planning, as contract owners have left the Council and directorates take on new service responsibilities and their associated contracts. This has presented some difficulties for CPS in determining revised contract management roles, but it is anticipated that this will settle in the longer term. This will be mitigated by intensifying engagement with stakeholders and supporting services with relevant management information to help with planning.
- 6.2 Due to the significant volumes of activity and numbers of stakeholders involved in purchasing and procuring goods, services and works (see paragraph 2.2), CPS relies on services to provide accurate information through their Contract

Register entries and request for procurement assistance. To mitigate against any risks in this area, data is reviewed for accuracy and reliability in consultation with services.

- 6.3 A waiver denotes a departure from the CSOs. There may be an increased risk if the Council has departed from EU requirements. However, each waiver is scrutinised on its own merits in this context, and is only approved if justifiable given the circumstances or permitted in accordance with EU obligations.
- 6.4 Co-production resource and timescales will need to be factored in to overall timescales for services to re-procure contracts.

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 Service areas have been consulted on their expiring contracts, waivers and suppliers in the collation of this report. On an ongoing basis, the CSOs outline the appropriate measures of consultation and approval that must be sought from officers or committee for each waiver, dependent on the expected value.

Background reading / external references

[http://www.edinburgh.gov.uk/download/meetings/id/46991/item_712 -
_council contracts - planning update](http://www.edinburgh.gov.uk/download/meetings/id/46991/item_712_-_council_contracts_-_planning_update)

[http://www.edinburgh.gov.uk/download/meetings/id/49409/item_719 -
_council contracts planning update - review of waivers over 100000](http://www.edinburgh.gov.uk/download/meetings/id/49409/item_719_-_council_contracts_planning_update_-_review_of_waivers_over_100000)

Hugh Dunn

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Links

Coalition pledges	P30: Continue to maintain a sound financial position including long term financial planning
Council priorities	CO25: The Council has efficient and effective services that deliver objectives
Single Outcome Agreement	
Appendices	Appendix 1 – Waivers for approval

Appendix 1 – Waivers for Approval – as at 14 July 2016

Service Area	Contract Name	Description	Supplier	Contract End Date	Contract Value	Background	Reporting Requirements
Strategy & Insight (Chief Executive's Office)	Various	Support for (Scottish Parliament election and European Referendum) including logistics, catering, ICT and AV, power supply, signage and site management	Various	30/06/2016	Various (between approx £4,000 to £40,000)	The service has contacted CPS to develop a procurement strategy for forthcoming elections that will mitigate the requirement for individual waivers where possible. In the interim further waivers may be required should an election or referendum be called before procurement process is completed.	
City Strategy and Economy	Mini Competition for Consultancy Support for the Edinburgh and South East Scotland City Deal	Mini Competition for Consultancy Support for the Edinburgh and South East Scotland City Deal Utilising Consultancy One Corporate Financial and Financial Strategy (Lot 4.1) Framework Agreement	Ernst and Young LLP	31/07/2016	£712,500	This contract to support development of the Edinburgh and South East Scotland City Deal was previously competitively tendered as a Pre-Approved Project, and extended by Director approval. Costs are borne across participating local authorities. Consultancy support for this phase is expected to conclude by the end of August. The service will be required to work with CPS to specify any requirements for future phases and appropriate procurement strategy. Should continuation with the existing supplier be deemed in the Council's best interests, a waiver will be required to put in place any revised contractual arrangements.	
Communities and Families	Complex Needs Contract	Support for children and young people with complex disabilities, social, emotional and behavioural needs	Various	Ongoing	Approx £1,000,000 per annum	Community and Families work with some children and young people with complex disabilities, social, emotional and behavioural needs and additional support needs that sometimes cannot be resourced within currently contracted services. Often specialist services and placements need to	It is proposed that the service presents a report regarding the Complex Needs contract to the relevant Executive Committee (see paragraph 3.8). This report shall then

Service Area	Contract Name	Description	Supplier	Contract End Date	Contract Value	Background	Reporting Requirements
						be made at short notice due to a crisis at home or in their care placement. . The service areas are currently working with procurement to develop a Complex Needs contract to ensure there is a specification in place to cover this need estimated to be £1M per annum.	be referred to the Finance and Resources Committee for approval of any waiver requirements as appropriate.
Communities and Families	My Adventure	Support Service for vulnerable children attending City of Edinburgh educational establishments.	My Adventure	31 March 2016	£82,959	<p>There is a need for a Systemic Support Service for vulnerable children attending City of Edinburgh educational establishments. Currently these services are provided by four third sector providers, Children 1st, Barnardo's, Canongate Youth Project and My Adventure (£82,959).</p> <p>Extensions were agreed to the first three contracts at Committee in March 2016. Procurement planning has begun to develop a single specification for all current and future service needs. My Adventure provides a range of educational programmes and qualifications for young people at risk of school exclusion and poor attendance. In order to enable the best value outcome, it is proposed to include all of the above within a single programme, allowing a comprehensive review, consultation with all stakeholders and service specification development to be undertaken. To enable this, it would be necessary to extend the contract with My Adventure to cover period of 1 April 2016</p>	It is proposed that the service presents a report regarding Systemic Support Services to the relevant Executive Committee (see paragraph 3.8). This report shall then be referred to the Finance and Resources Committee for approval of any waiver requirements as appropriate.

Service Area	Contract Name	Description	Supplier	Contract End Date	Contract Value	Background	Reporting Requirements
						to 31 March 2018 at a value of £165,918 which would harmonise the extension end dates to 31st March 2018 for these contracts.	
Communities and Families	Children 1st	Support Service for vulnerable children attending City of Edinburgh educational establishments.	Children 1st	30 September 2017	£203,600	See summary for My Adventure above. Previously extended at F&R Committee in March 2016 for an 18 month period from 1 April 2016 to 30 September 2017. This contract would require an extension of £67,866.67 until 31 March 2018 should a waiver be deemed in the Council's best interests.	As above.
Communities and Families	Barnardo's	Support Service for vulnerable children attending City of Edinburgh educational establishments.	Barnardo's	31 March 2018	£808,932	See summary for My Adventure above. Already extended at F&R Committee in March 2016 from 1 April 2016 to 31 March 2018.	
Communities and Families	Canongate Youth Project	Waiver 687 - Support Service for vulnerable children attending City of Edinburgh educational establishments.	Canongate Youth Project	31 March 2017	£40,000	See summary for My Adventure above. Previously extended by waiver approved under delegated authority from 23 February 2016 to 31 March 2017. This contract would require an extension of £40,000 until 31 March 2018 should a waiver be deemed in the Council's best interests.	As above.
Communities and Families	Barnardo's Intensive Behaviour Support Service (BIBSS)	Support to Children and Young People: Disability; intensive early intervention support	Barnardo's Intensive Behaviour Support Service (BIBSS)	31 October 2016	£44,750	Currently six month contract by Direct Award approved by waiver under Delegated Authority for 1 April – 31 October 2016. This was previously delivered through a pilot, and a review of the service and procurement strategy is currently underway. Due to current resourcing pressures a waiver of a value of	Waiver form to be completed for consideration.

Service Area	Contract Name	Description	Supplier	Contract End Date	Contract Value	Background	Reporting Requirements
						£44,750 until 31 March 2017 would allow further time for detailed consideration and review.	
Communities and Families	Independent Care Placement, Residential and Day School Contracts	Direct Award of Independent Care Placement, Residential and Day School Contracts	Various	Ongoing	Approx £1,000,000 per annum	In addition to the Direct Award of independent care placements, residential and day school contracts approved at F&R in March 2016, there continues to be a requirement to use a number of other Scottish and English providers for placements, often at short notice and/or due to the need to match individuals into specialist care. An extension is required to a value of £1,500,000 to cover this spend and align with the existing waiver approved by Committee to March 2018. The service will require to work with CPS to develop procurement strategy, aggregating spend and putting in place contracts through competitive procedure where possible.	It is proposed that the service presents a report regarding additional Placement contracts to the relevant Executive Committee (see paragraph 3.8). This report shall then be referred to the Finance and Resources Committee for approval of any waiver requirements as appropriate.
Health and Social Care Partnership	Waverley Care - Milestone House Respite Service	Short Break (Care Home - Blood Borne Virus)	Waverley Care	31/10/2016	£932,816	A review is underway which is likely to alter the service specification. This work is expected to identify a preferred way forward in 2017. An extension of £1,111,954 until 31 October 2018 is currently under consideration, with the contract requiring to be let for one year with an option to extend for a further year.	It is proposed that the service presents a report regarding the Respite Service to the relevant Executive Committee (see paragraph 3.8). This report shall then be referred to the Finance and Resources Committee for approval of any waiver requirements as

Service Area	Contract Name	Description	Supplier	Contract End Date	Contract Value	Background	Reporting Requirements
							appropriate.
Health and Social Care Partnership	Partners in Advocacy - OP&PD (Older People and Physical Disabilities) Partners in Advocacy - LD (Learning Disabilities) Advocard - MH (Mental Health)		Partners in Advocacy - OP&PD Partners in Advocacy - LD Advocard	30/11/2016	£766,102 £574,461 £2,807,550	Procurement has commenced, but an extension is required until 30 June 2017 to allow for extended coproduction with providers and service users, and subsequent completion of procurement process. The NHS has committed £191,922 in addition to the Council contribution of £278,252.	It is proposed that the service presents a report regarding Advocacy Services to the relevant Executive Committee (see paragraph 3.8). This report shall then be referred to the Finance and Resources Committee for approval of any waiver requirements as appropriate.
Health and Social Care Partnership	Mental Health Services	F&R 26 November 2015 7.11 extension approved for Mental Health and Wellbeing contracts	Various	31/03/2017	£1,945,543	Co-production for the Mental Health services redesign is in progress and an extension may be required of a value of £908,848 until 31 October 2017, to allow for this process to be completed. Models for procurement are currently being explored by service in consultation with the IJB and CPS. A report outlining recommendations will be considered by the IJB.	It is proposed that the service presents a report regarding Mental Health Services to the relevant Executive Committee (see paragraph 3.8). This report shall then be referred to the Finance and Resources Committee for approval of any waiver requirements as appropriate.
Planning and Transport (Place)	Roseburn to Union Canal Cycleway	Consultant for the Roseburn to Union Canal Cycleway	WSP UK Ltd	31/12/2015	£499,723	CPS understands that there has been an increase in cost and timescale on this project (to 31/12/2018). Any requirements for reprocurement or a waiver needs to be identified by the	It is proposed that the service presents a report regarding this consultancy to the relevant Executive

Service Area	Contract Name	Description	Supplier	Contract End Date	Contract Value	Background	Reporting Requirements
						service.	Committee (see paragraph 3.8). This report shall then be referred to the Finance and Resources Committee for approval of any waiver requirements as appropriate.
Customer (Resources)	Printing	Printing of resources	Taskforce Finishing and Handling Ltd		£62,402.19	The Service and CPS are currently undertaking a strategic review of print requirements. In the mean time an extension is may be required to cover continued use of this supplier at a value of £60,000 until 31/03/2017. Any waiver requirement could be approved under Delegated Authority.	Waiver form to be completed for consideration.
Human Resources (Resources)	Various courses to enable CEC staff to manage (1) conflict and aggression from service users/members of the public in the course of their employment and (2) manual handling training requirements	1. Conflict resolution with Positive Outcomes	Maybo Ltd	30/09/2016	£35,700	The learning and development function within the Council has now been integrated into a council-wide Learning and Development team within Human Resources. Learning and Development is a mix of internal and external provision. The Learning and Development Manager has committed to developing a new Training Framework and this will avoid the need for quick quotes and waivers in the financial year 2017/18. In the meantime, an extension may be required for the external requirements listed, at a value of £234,050 until 31 May 2017.	Waiver form to be completed for consideration.
		2. Managing Violence and Aggression Training	Calm Training	31/10/2016	£33,350		
		3. CALM theory and Physical Intervention Skills	Calm Training	30/11/2015	£40,000		
		4. Manual handling training	Physicare	29/12/2016	£247,250		

Service Area	Contract Name	Description	Supplier	Contract End Date	Contract Value	Background	Reporting Requirements
Resources (various service area)	Specialist Recruitment Services	10 current waivers	Various recruitment agencies	Various dates up to 31/01/2017	£451,165	The Council's current agency supplier has had difficulty in sourcing candidates for specialist roles. The agency contract is currently being retendered with an anticipated award date in early 2017, and a waiver may be required for up to £250,000 until 31/01/2017 to meet operational needs. This is to provide for any further specialist posts that the Council's current agency supplier is unable to fill.	Waiver form to be completed for consideration.

Finance and Resources Committee

2.00pm, Thursday 18 August 2016

Review of Terms of Reference and Delegated Functions – Property Sub-Committee and the Elected Member ICT and Digital Sounding Board

Item number	7.17
Report number	
Executive/routine	
Wards	

Executive Summary

Committee is asked to approve the revisions to the Terms of Reference and Delegated Functions of the Property Sub-Committee and the Elected Member ICT and Digital Sounding Board.

Links

Coalition Pledges
Council Priorities
Single Outcome Agreement

Review of Terms of Reference and Delegated Functions – Property Sub-Committee and Elected Member ICT and Digital Sounding Board

1. Recommendations

- 1.1 Committee is asked to approve:
- 1.1.1 The revised remit and reduced membership of the Elected Member ICT and Digital Sounding Board.
 - 1.1.2 The revised membership of the Elected Member ICT and Digital Sounding Board.
 - 1.1.3 The revised remit of the Property Sub-Committee, subject to specific Council approval.

2. Background

- 2.1 The current remit of the Elected Member ICT and Digital Sounding Board is to consider review and guide:
- The direction of ICT and Digital developments in line with the ICT and Digital Strategy;
 - The success and importance of ICT and Digital in achieving the Council's Capital Coalition commitments and strategic objectives;
 - The development and attainment of critical success factors;
 - The cost/value of ICT and Digital to the Council;
 - The Council's need to demonstrate best value;
 - An overview of the change management programme; and
 - An assurance that ICT and Digital is meeting the needs of the Council's stakeholders, including citizens.
- 2.2 It is important that effective scrutiny is undertaken of the new CGI contract, which commenced in April 2016. Committee are therefore being asked to approve the amended terms of reference and delegated functions of the Board to ensure that the CGI contract is effectively scrutinised.

- 2.3 The current remit and powers delegated to the Property Sub-Committee is as follows:
- To oversee the work programme arising from the Council and Police investigations into the Council's Property Service including the Property Conservation and Property Care Services
 - To take decisions in relation to the Council's Property Service that fall within the remit of the Finance and Resources Committee in the following:
 - (a) Progress in resolving financial risks;
 - (b) Progress in dealing with complaints from owners and the associated legal and insurance risks;
 - (c) Action relating to contractors, and
 - (d) New service re-redesign issues.
- 2.4 As the work has almost concluded on Property Conservation and Property Care Services, Committee is asked to recommend a revised remit of the Property Sub-Committee to focus on monitoring the new Edinburgh Shared Repairs Service.

3. Main report

- 3.1 The Elected Member ICT and Digital Sounding Board is designed to oversee and scrutinise the Council's ICT and Digital developments. A revised remit is proposed to effectively scrutinise the Council's new CGI contract which was implemented in April 2016.
- 3.2 The proposed revised remit of the Elected Member ICT and Digital Sounding Board is to support the Finance and Resources Committee in overseeing and scrutinising the delivery of the Council's ICT and Digital Services contract, with a specific focus on:
- The risks associated with the delivery of the ICT and Digital Services contract
 - The financial resources required
 - The cost/value of the ICT and Digital Services contract to the Council
 - The Council's need to demonstrate best value
 - An assurance that the ICT and Digital Services contract is meeting the needs of the Council's stakeholders, including citizens.
- 3.2 There are currently 8 elected members on the Board (4 SNP, 2 Lab, 1 Green, and 1 Con). In order to redress the political imbalance, it is proposed to alter this to 7 (2 SNP, 2 Lab, 1 Green, 1 SLD and 1 Con). It is also proposed that the Board should meet 4 times a year and that the first meeting will be held before the mid-term review.

- 3.3 It is proposed that the Board will have the power to refer reports and/or request that reports are brought to the Finance and Resources Committee, and if further scrutiny is required it will be recommended that reports be referred to the Governance, Risk and Best Value Committee for further scrutiny.
- 3.4 The Property Sub-Committee was established to oversee the investigations into the Council's Property Service including the Property Conservation and Property Care Services. Although this work has almost concluded, it is proposed that the Property Sub-Committee has oversight of the closure of the Property Conservation Programme Momentum Project, with a specific focus on scrutinising the new Edinburgh Shared Repairs Service.
- 3.5 The proposed revised remit of the Property Sub Committee is as follows:
Power is delegated to the Property Sub-Committee to:
- oversee the work of the Edinburgh Shared Repairs Service;
 - take decisions in relation to the Edinburgh Shared Repairs Service that falls within the remit of the Finance and Resources Committee in relation to financial and legal risks
 - consider any outstanding issues that require detailed scrutiny in relation to the closure of the Property Conservation Programme Momentum project.
- 3.7 It is proposed that the Property Sub-Committee meets 3 times a year.

4. Measures of success

- 4.1 The effective delivery of the Council's CGI contract and Edinburgh Shared Repairs Service.
- 4.2 The identification and solution of issues that arise in relation to the Council's CGI contract and Edinburgh Shared Repairs Service.

5. Financial impact

- 5.1 Achieving best value for the Council, its stakeholders and citizens in relation to the CGI contract and the Edinburgh Shared Repairs Service is key and the likelihood of best value being achieved will be increased through elected member oversight.

6. Risk, policy, compliance and governance impact

- 6.1 Successful scrutiny and effective decision-making in relation to the Council's ICT and Digital Services contract and the Edinburgh Shared Repairs Service will be achieved by amending the terms of reference and delegated functions of the Elected Member ICT and Digital Sounding Board.

7. Equalities impact

7.1 None.

8. Sustainability impact

8.1 None

9. Consultation and engagement

9.1 None

10. Background reading/external references

10.1

Andrew Kerr

Chief Executive

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11. Links

Coalition Pledges

Council Priorities

Single Outcome

Agreement

Appendices

Finance and Resources Committee

14.00, Thursday, 18 August 2016

Homelessness Prevention – Review of Advice and Support Pilot

Item number	7.18
Report number	
Executive/routine	Executive
Wards	All

Executive Summary

This report provides an update on the review of the Advice and Support services pilot, which commenced on 13 October 2014. The report also makes recommendations on the timetable and future procurement options for services to prevent homelessness.

The report highlights:

- the success of the approach piloted for the provision of advice and support
- recommended direction for the procurement of support and advice services
- proposals for the continued purchase of housing support for individuals out with the pilot.

Links

Coalition pledges	P11. P13. P14. P33. P36
Council outcomes	CP2. CP3. CP10
Single Outcome Agreement	S02. S04

Homelessness Prevention – Review of Advice and Support Pilot

1. Recommendations

It is recommended that Finance and Resources Committee:

- 1.1 notes the findings of the review of the first year of the Advice and Support pilot
- 1.2 agrees to the co-production of specifications for the delivery of homeless prevention services with current providers and other interested stakeholders
- 1.3 agrees to a funding extension to 30 June 2017 to allow time for further revisions to the service specifications following lessons learned
- 1.4 notes that approval has been sought using powers of urgency through the Scheme of Delegation to extend spot contracts to March 2018 to facilitate transfer of service users of a closing service to a new provider by 31 August 2016.

2. Background

- 2.1 The Homelessness Prevention Commissioning Plan, approved by the Policy and Strategy Committee on 6 September 2011, sets out the need to prevent homelessness wherever possible and the key outcomes for Edinburgh. The Homelessness Prevention Commissioning Plan is part of the Council's wider City Housing Strategy 2012-2017.
- 2.2 On 30 September 2014, the Finance and Resources Committee agreed to the award of contracts to a range of providers for the pilot of reshaped Advice and Support services.
- 2.3 There are three contracts for housing support (provided on a consortia basis, which originally encompassed 13 partner organisations - now reduced to 12 as one partner provider has withdrawn from the pilot), one contract for a city-wide advice service, one contract for a city-wide mediation service and one contract for a city-wide home management and food preparation service. A full list of the participating providers and the value of the contracts for 2016/17 is set out at Appendix 1.
- 2.4 The pilot was co-produced with existing voluntary sector providers and contracts were awarded for an 18 month period, commencing 13 October 2014 until 31 March 2016, with an option to extend for a further six months. On 2 February 2016, the Finance and Resources Committee agreed to extend the contract for the pilot for a maximum of nine months to the 31 December 2016. This included the

extension of additional contracts for the purchase of housing support on a longer term individual basis to run parallel to the pilot, i.e. to 31 December 2016.

- 2.5 The first 12 months was treated as a transition year with contracts paid on a block basis before moving to payment by outcomes for the remainder of the pilot.
- 2.6 The main purpose of the reshaped services is to provide short-term interventions to resolve housing crises and to prevent people becoming homeless. This moved away from the Supporting People model to focus support on the achievement of outcomes.

3. Main report

- 3.1 A review has been undertaken of the first year of the pilot, which focused on consortia working, service access and provision, the achievement of outcomes and the payments system to be based on outcomes. Locality working and the future direction for service procurement were also discussed with providers as part of the review. The review found that stakeholders were generally positive regarding the progress made to date and the services being piloted were working well. A summary of the findings of the review is provided at Appendix 2.
- 3.2 The benefit in piloting the different approach has been evident in terms of both the focus on prevention and payment by outcomes. The continuation of block contract funding for the transition year was intended to help providers manage the changes, including the move to payment by outcomes. However, the continuation of block contract payments may not have given a sufficient sense of urgency in preparing the consortium partners for the reality of payment by outcomes.
- 3.3 Lessons have been learned from the experience and these will help inform the development of the other work streams (for Young People, Crisis and Complex and Domestic Abuse), which commenced more recently. For example, it quickly became clear that referral routes and publicity needs to be in place prior to the start of service and clear communication plans should be in place to promote the new service.
- 3.4 The pilot has been successful in managing the transition to new working and contractual arrangements, with a greater focus on the achievement of outcomes. This has been largely due to the good working relationships between the providers and the Council to promote a collaborative approach.
- 3.5 This process will continue and will address the issues raised in the course of the transition year, including better integration of advice and support services to meet the needs of people in complex situations and the provision of low level preventative services.
- 3.6 It should be noted, however, that contract payments genuinely based on the achievement of outcomes have not been fully tested, and it will only be possible to assess this effectively over the remainder of the contract extensions. Further detail of this is detailed in Appendix 2, under Achievement of Outcomes section.

- 3.7 Due to partnership agencies requiring more time to feed in to the coproduction process, it is unlikely that the coproduction of the service specification and the procurement process will be completed by December 2016. Therefore a further extension is requested until June 2017.
- 3.8 It is proposed to co-produce revised specifications to ensure an effective integration with the Council's four localities. The co-production exercise will include other interested providers who do not currently hold contracts with the Council. A Prior Information Notice (PIN) was published on 15 January 2016 to test the market and determine the level of interest in future provision of services.
- 3.9 This resulted in 39 notes of interests, including all current providers. .
- 3.10 Contracts for new services are due to commence by 1 April 2017 and will likely to be for two years, with an option to extend for a further two years.
- 3.11 It is a legal requirement to advertise contract opportunities due to the new procurement regulations. Future support services must be procured by means of an appropriate process under light touch regime, ensuring transparency, fairness and equal treatment. In advance of this, the coproduction exercise will include the measurement of outcomes, revisions to specifications as required, and will consider the changes needed to facilitate the move to four localities from the current contracts, which cover three neighbourhoods. The preference is to have four contracts, i.e. one for each locality. Separate contracts for the Home Management and Food Preparation and the Mediation service may be awarded, but this will be considered as part of the coproduction exercise.

Additional contract (spot purchase) arrangements

- 3.12 Longer term housing support has been provided under contract with four providers in parallel to the pilot. This was necessary to allow continuity of support for people, mainly with mental health issues, for whom the move to short-term homeless prevention services was not considered appropriate.
- 3.13 Of the 133 people receiving support in October 2014, 31 support packages have ended as people have moved on from the services. The majority of the remaining 102 people have been in receipt of support for several years, including many from the Supporting People programme. A full list of the participating providers, together with the contract values and reductions is set out at Appendix 3.
- 3.14 It is not intended that these support services form part of the proposed procurement exercise due to the particular nature of these services.
- 3.15 One of the current four providers for spot contracts, Health in Mind has chosen to withdraw from contract. They currently provide housing support to 45 people under this contract. They have a separate contract for care and support to 17 people under a contract with Health and Social Care, from which they are also looking to withdraw. Work is underway to transfer these two contracts to another provider to maintain the service to the 62 people. This is proving difficult; alternative providers have indicated they do not view the service as financially viable due to the short

length of the current contract. A longer extension is required to allow support to continue before looking at procurement options.

- 3.16 In addition, it is important to review the person's needs to ensure they are receiving all appropriate support before proceeding to procurement. This will be done by the housing support panel, which scrutinises and confirms packages and is attended by senior officers from housing and social work.
- 3.17 The current provider, Health in Mind has chosen to end the contact on the 31 August 2016. This left very little time to process a transfer to a new provider. To ensure the safe transfer, urgent approval has been given under the Scheme of Delegation to extend all contracts to 31 March 2018.

4. Measures of success

- 4.1 The first year of the pilot should demonstrate the success of reshaping services to work on a more focused short-term basis to prevent homelessness, and the findings of the review should support the approach and provide a sound basis for the future procurement of services.
- 4.2 The co-production of revised specifications with a wide range of providers will further improve the quality of service to be procured to help prevent people becoming homeless. Further detail of this is outlined in Appendix 2.
- 4.3 Vulnerable people with support provided under individual (spot purchase) arrangements continue to receive services as required and that this is managed through an appropriate procurement methodology.

5. Financial impact

- 5.1 The total annual value of the five support contracts and advice contracts is £2,576,604.
- 5.2 The total annual value of the five support contracts is expected to be £2,283,873. The actual values will depend on the application of any savings, as required, and which may be achieved in the course of an appropriate procurement process under light touch regime, ensuring transparency, fairness and equal treatment.
- 5.3 The total annual value of the advice contract is expected to be £292,731. The actual values will depend on the application of any savings as required.
- 5.4 The value for the four individual (spot purchase) arrangements will be up to £291,220. A list of the four service providers, the volumes and values of the contracts is set out at Appendix 3.

6. Risk, policy, compliance and governance impact

- 6.1 The pilot of reshaped support services is a key element in the implementation of the Homelessness Prevention Commissioning Plan, which was approved by the Policy and Strategy Committee on 6 September 2011.
- 6.2 The risk of a procurement challenge for not advertising the individual support packages for the spot purchase arrangements has been assessed as low due to a limited market and a review of need, which may result in fewer service users and the risk is outweighed by the need for continuity to service users.

7. Equalities impact

- 7.1 An Equalities and Rights Impact Assessment was completed for the Homelessness Prevention Commissioning Plan and the assessment has been updated as the pilot has progressed. It will be updated should the recommendation to proceed with a tender for support services be agreed.
- 7.2 The re-commissioning of housing support services for people who are homeless or threatened with homelessness will have a positive impact in that they will receive help to find and retain a home, overcome poverty and access specialist health services. This will support the Council's duty to eliminate harassment of people who are homeless, especially people with a disability, addictions or from a minority ethnic background.
- 7.3 The majority of people receiving housing support under the additional (spot purchase) contract arrangements have mental health problems and the loss of these services would impact negatively on their rights and their ability to live independently in the community. While people could be considered for an assessment of their needs following a referral to Social Care Direct, it is possible that not everyone would meet the criteria. Should the outcome of an assessment result in the loss of their service, this would be detrimental to their mental health, possibly increase the risk of hospital admission or the loss of their tenancy.

8. Sustainability impact

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

9. Consultation and engagement

- 9.1 In 2013, the proposals for Advice and Support work stream were developed through collaborative consultation with current providers, potential providers, service users and stakeholders to develop the model. This was set out in a report to the Health, Social Care and Housing Committee on 12 November 2013.
- 9.2 A further collaborative exercise will be undertaken with a wide range of stakeholders, including providers who are not currently involved in the pilot, to

coproduce service specifications. All current contracted providers have expressed interest in coproduction and 14 additional third sector providers have also expressed interest.

- 9.3 Throughout this process there has been ongoing consultation with Commercial and Procurement Services.

10. Background reading/external references

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

[Homelessness Prevention Commissioning Plan Update and Proposals for Advice and Support – referral from the Health, Social Care and Housing Committee, Finance and Resources, 28 November 2013](#)

[Contract Award for Homelessness Prevention - Advice and Support Services Pilot, Finance and Resources Committee 30 September 2014](#)

[Homeless Prevention - Advice and Support Additional Contracts, Finance and Resources Committee 24 August 2015](#)

[Review of the Implementation of the Homelessness Prevention Commissioning Plan and Extension of Contracts – Finance and Resources Committee 2 February 2016](#)

Michelle Miller

Head of Service, Safer and Stronger Communities

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11. Links

Coalition Pledges	<p>P11. Encourage the development of co-operative housing arrangements</p> <p>P13. Enforce tenancy agreements (council and private landlord) with a view to ensuring tenants and landlords fulfil their good conduct responsibilities</p> <p>P14. Strengthen Council housing allocation policy to give recognition to good tenants and to encourage responsible tenant behaviour and responsibilities</p> <p>P33. Strengthen Neighbourhood Partnerships and further involve local people in decisions on how Council resources are</p>
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used

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

Council Priorities

CP2. Improved health and wellbeing: reduced inequalities

CP3. Right care, right place, right time

CP10. 10. A range of quality housing options

Single Outcome Agreement

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

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

Appendices

[1. Contracted Services and 2016/17 Annual Contract Values](#)

[2. Summary of the Review of the Advice and Support Pilot](#)

[3. Spot Purchase Contact Volumes and Values](#)

Appendix 1

Advice and Support Pilot: Contracted Services and 2016/17 Annual Contract Values

Citywide Advice Service Edinburgh Housing Advice Partnership (EHAP)	£292,731
Community Help and Advice Initiative (CHAI) – Consortia Lead	
Granton Information Centre	
Move On	
Changeworks	
Foursquare	

Neighbourhood Consortia - North and City Centre Gateway Visiting	£719,730
Bethany Christian Trust – Consortia Lead	
Blackwood Care (Service has withdrawn from the consortia)	
Edinburgh Cyrenian Trust	
Penumbra	
Move On	
Rock Trust	
Salvation Army	

Neighbourhood Consortia - South West and West West Integrated Services for Homelessness (WISH)	£717,599
Foursquare – Consortia Lead	
Blackwood Care (Service has withdrawn from the consortia)	
Community Help and Advice Initiative	
Home Scotland	
Link Living	

Penumbra

Neighbourhood Consortia - East and South Homelessness Prevention Service	£712,383
Edinburgh Cyrenian Trust – Consortia Lead	
Community Help and Advice Initiative	
Crossreach	
Health in Mind	
Penumbra	

Citywide Mediation Service	£77,900
Edinburgh Cyrenian Trust	

Citywide Home Management and Food Preparation Service	£56,261
Edinburgh Cyrenian Trust	

Total Advice and Support Contracts	£2,576,604
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Appendix 2

Summary of the Review of the Advice and Support Pilot

The review was conducted using face to face meetings/interviews with contract leads, a survey of key stakeholder views, service user feedback and an analysis of quarterly and annual monitoring reports. The findings of the review as regards the four service areas are detailed below, as are the lessons learned from the first year of the pilot.

A total of 4,806 people received a service under the new arrangements, though it should be noted that this does not represent unique individuals as a small number of people accessed more than one service.

Neighbourhood Housing Support

The housing support and advice services are managed as consortia for each of three neighbourhoods. For many this represented a significant change in their working relationships with each other and with the Council. Consortium agreements are in place to manage the internal relationships, referrals, monitoring and other working arrangements. All partners reported these arrangements as working satisfactorily.

A total of 1,197 individuals received a visiting support service in the first year of the pilot. A number of people used more than one service; with access to Advice and the Home Management and Food Preparation being the most beneficial other services.

Over the first three months of the pilot, the rate of referrals for new service users was lower than expected across all three neighbourhoods. This was in spite of publicity and promotion undertaken by the consortia, but it is likely referral agents were not clear about the transition between existing services and the new arrangements for delivery. Referral rates subsequently increased city-wide, most noticeably in the North and City Centre Leith neighbourhood.

At the start of the pilot there were 493 existing service users, that is, people who had been in receipt of housing support on a long term basis. All three consortia have been very successful in moving these people on to other more appropriate services or ending the support packages with the agreement of recipients. At the end of the first year, there were just 21 people (4%) continuing in services with the majority waiting to be assessed by Social Care Direct to meet their longer term care and support needs.

Two consortia have reported a lower than expected level of referrals, which has persisted throughout the transition year. In their view there was demand for the service but this was not manifesting itself in referrals. Considerable work to promote the services, working collaboratively with the Council has been undertaken to seek to increase referrals and fulfil contract capacities.

Access to the services is by eligibility criteria to ensure resources are prioritised for those most at risk of becoming homeless. All consortia were of the view that the criteria were appropriate and helped inform their decision making. The consortia have, however, reported a higher than expected level of need among the referrals received. This could be expected in the early days of the pilot, but mechanisms have since been developed to ensure people can be referred on to more appropriate services.

The average case duration in the transition year was five months and the consortia have generally been successful in moving on people to independent living or other more appropriate services. This has allowed them to free up capacity to take on more people in need of a service.

Low level preventative service was a new concept for the pilot and providers had the freedom to provide this flexibly as light touch housing support, group-work, befriending, etc., for up to a year. Of the pre-existing service users (i.e. people who were already in receipt of support prior to the start of the pilot), 263 moved over to a low level preventative service. A further 60 people took up these services directly.

The service specifications for the pilot were deliberately non-prescriptive as to the form low level preventative services should take. This was to encourage innovative solutions to meet the needs of people for whom standard housing support was not required. There has often been a lack of understanding of what is meant by low level preventative service among referral agents and take up of these services was very low in the early stages of the pilot.

Providers have identified a shortage of support services to work with people in the longer term, particularly for people with mental health problems whose needs may not meet the criteria for support following an assessment by Social Care Direct. However, the provision of low level preventative service on a longer term basis should meet the needs of most people to help ensure they do not become homeless. It may be necessary to specify more closely these services for future procurement, although there are advantages to providers in supporting people flexibly to most meet their needs effectively. This will be addressed in the course of the coproduction of service specifications.

Advice

The EHAP consortium providing advice largely pre-dated the pilot, having been established when the service was tendered in 2009. The partnership includes specialist provision for outreach to schools (Move On) and energy advice (Changeworks).

EHAP has reported continuing high levels of demand for its service and operates a triage system to ensure emergency situations are prioritised. Non-urgent cases typically will be given an appointment two weeks from initial contact. A total of 3,100 people received an advice service in the first year.

It had been expected that most advice work to prevent homelessness would be resolved at the first or subsequent meeting, with signposting to other services as necessary. In reality, EHAP reports a higher proportion of people requiring a casework approach to resolve complex benefits and tenancy issues. Also, many people make repeat presentations, with new or different issues over time. In addition, EHAP has continued to provide Court representation for people, mainly Council tenants, to contest actions to repossess properties.

Although EHAP works well with the providers of support services, there may be a need for closer and more formal integration of these services to ensure that people receive the support they need. In negotiation with CHAI as lead provider, an in-pilot restructuring of the contract has been agreed to reflect more accurately the complexity and categories of work undertaken and the resource commitment required to meet need. This operated for

the period to 31 March 2016 and will be closely monitored to inform the final period of the pilot to December 2016.

The specification for EHAP was not substantially changed from the previous contract. There was also a mismatch between the expectations of the Council and the focus of the service the provider actually intended to deliver. The future procurement of advice should be more closely specified and there should be an opportunity to test this over the remaining months of the pilot.

Mediation

Although this was a new service, it developed from existing mediation services, which Cyrenians had experience of providing. The service is key to preventing homelessness, particularly for young people following family breakdown. The service also works with landlords to resolve issues that threaten the tenancy.

64 people benefitted from mediation and this intervention helped to prevent them becoming homeless.

Home Management and Food Preparation

This was a new service to pilot a group-work approach to help people with these issues. This work had previously been done by housing support workers on a one-to-one basis, but this was expensive and inefficient. Many of the service users are supported to attend the courses as part of their package of housing support provided by the neighbourhood services.

108 people have signed up for classes in food preparation, budgeting skills and menu planning and 94 (87%) people completed the courses successfully.

Service User Feedback

Feedback from service users has generally shown high levels of satisfaction, although this has not been gathered independently of the providers. In the main, providers reported that people saw little difference in the support they received, but were clearer on the short-term nature and the purpose of the support provision. The coproduction of service specifications for future procurement will involve the participation of service users.

Achievement of Outcomes

Outcome achievement is a key feature of the approach being piloted and the intention to base contract payments (after the transition year) on these outcomes represents a distinct change in the relationship between the Council and the providers of commissioned services. Three outcomes to be piloted were coproduced with providers, with the aim of determining the extent to which service provision prevented people becoming homeless. Two outcomes are concerned with homeless presentations and tenancy sustainability and can most effectively be measured over time. It was acknowledged that assessing whether people made a homeless presentation over a 12 month period was not really possible within the scope of a short 18 month pilot. A workaround had to be devised to ensure there was no shortfall in income for providers. This measure will, however, be more appropriate and practical in the context of a longer term contract, which will result from a procurement exercise.

The third outcome concerns the lifeskills thought necessary for people to live independently. The acquisition of a range of basic skills to help people manage their tenancies and live independently was agreed as valuable, though providers reported that some staff found the lifeskills matrix difficult to use. A joint review of the matrix has since been undertaken and revisions have been agreed with providers. This has been implemented, with improved guidance for staff, and will be used for the remainder of the pilot.

Appendix 3

Spot purchase contact volumes and values

	Number of service users		Reduction in number of service users	% reduction
	2014	2016		
Blackwood Care	19	11	8	- 42.1%
Health in Mind	58	47	11	- 19.0%
Link Living	11	8	3	- 27.3%
Penumbra	45	36	9	- 20.0%
Totals	133	102	-31	- 23.3%

Annual Contract value		Reduction	%Reduction
2014	2016		
£63,924	£30,949	£32,975	- 51.6%
£162,413	£98,568	£63,845	- 39.3%
£50,699	£35,973	£14,726	- 29.0%
£205,452	£125,730	£79,722	- 38.8%
£482,488.11	£291,220.10	-£191,268.01	- 39.6%

Note: the percentage reduction between the service users and contract value differs due to agreed individual support packages per person.

Note: the reductions are due to change in circumstances for individuals.

14.00, Thursday, 18 August 2016

Provision of a Removal and Storage of Furniture Services Framework from 2016-2021

Item number	7.19
Report number	
Executive/routine	
Wards	All

Executive summary

This report outlines the result of a competitive tender process for the provision of a Removal and Storage of Furniture Services Framework, and recommends the appointment of a number of service providers.

It is proposed that the new Contract commences on 1 September 2016 for a period of three years, with the option to extend for a further two years. Based on previous years' usage, the overall value over five years is estimated at £3,123,965.

Links

Coalition pledges	P25 , P28
Council outcomes	CO25
Single Outcome Agreement	SO4

Provision of a Removal and Storage of Furniture Services Framework from 2016-2021

Recommendations

1. It recommended that the Committee:
 - 1.1 approves the appointment of a two lot multi-supplier Framework Agreement for furniture removals and storage for a period of up to five years; and
 - 1.2 confirms whether the Living Wage Foundation Rate option should be adopted.

Background

2. The Council has two distinct services using the current removals contract, Accommodation Planning Team, under the Head of Property and Facilities Management, and Temporary Accommodation Service, under the Head of Safer and Stronger Communities.
 - 2.1 Lot 1 will deliver the Council's requirement for conventional office relocations, delivering relocated furniture and equipment between properties occupied by the Council and its partners. This Lot will be managed and administered by the Accommodation Planning Team.
 - 2.2 Lot 2 will deliver the Council's requirement for specialist removal, packing and storage of household furniture, and assist in the delivery of its statutory obligation to remove and store belongings for those people who are homeless. The Council also has a statutory duty towards protection and storage of belongings from tenancies that are suspected of being abandoned. This Lot will be managed and administered by the Temporary Accommodation Service, which provides accommodation and support for around 3,000 homeless people per annum. Around 650 people benefit from the storage and removal services each year.
 - 2.3 Commercial and Procurement Services (CPS) undertook a full tendering exercise by utilising the Public Contracts Scotland advertising portal and the Official Journal of the European Union (OJEU). A two stage evaluation process was undertaken and the following cost quality ratios were applied:
 - Lot 1: 60% cost and 40% quality
 - Lot 2: 40% cost and 60% quality
 - 2.4 The Lot 2 service being procured is for the benefit of Council service users, often provided at difficult and stressful times in their lives. As such, the quality of delivery is considered to require more emphasis than that of Lot 1.
 - 2.5 Further details of the tender processes are set out at Appendix 1.

3. The current Framework for Removal and Storage of Furniture Services has been in place with a number of service providers since 1 September 2012 and expires on 31 August 2016. It cannot be extended under the terms of the contract.

3.1 The current suppliers and Lots are as follows:

Lot 1 – PROJECT BASED WORK

Doree Bonner International - Preferred Supplier
Harrow Green Group - Second Supplier
Bishops Move - Third Supplier

Lot 2 - DAILY REMOVALS AND STORAGE

Doree Bonner International - Preferred Supplier
Kerrs Removals - Second Supplier
Richard Healey Removals Ltd - Third Supplier

3.2 Safer and Stronger Communities and Corporate Property have jointly requested a replacement contract for a period of 3 years with a further 2 option periods of 12 months each.

3.3 The existing specification and evaluation criteria have been reviewed and developed to consider the unique service area requirements. This will allow the Council to build in improvements in the current service levels, but will bring in a range of new requirements, which will enable the Council to implement full life-cycle contract management, bring in additional savings and encourage innovation from suppliers through supplier relationship management.

3.4 Whilst the law does not currently allow public bodies to insist that suppliers pay the Living Wage Foundation Rate, they are permitted to encourage it, and in this case, the preferred bidder submitted both a Living Wage Foundation Rate and a National Living Wage based tender.

3.5 In both cases, this bidder was the most economically advantageous tender, which offers the Council the opportunity to place a Living Wage-compliant contract should it opt to do so.

3.6 Although the Living Wage Foundation Rate of £8.25 is approximately 14.5% more than the National Living Wage of £7.20, the preferred bidder has only increased its bid by 9.6% for Lot 1, and 4.5% for Lot 2, to allow it to comply with the Living Wage Foundation Rate, and is cheaper than the other three bidders' prices for the National Living Wage rate.

3.7 Accepting a Living Wage Foundation Rate bid will cost the Council more, but will fulfil the Council's commitment as a Living Wage employer.

3.8 The Quality/Cost scoring, proposed suppliers and Lots are as follows, full marks for the cost score element are allocated to the bidder submitting the lowest cost:

	Lot	Ranked	Quality NLWF	Quality Living Wage Foundation Rate	Cost NLWF	Cost Living Wage Foundation Rate
Doree Bonner	1	Preferred	37		60	
Doree Bonner	1	Second Supplier		37		60
Corporate Moves	1	Third Supplier	30		51	
Harrow Green	1	Fourth Supplier		27.5		50.7
Harrow Green	1	Fifth Supplier	27.5		49	
Clockwork Removals	1	Sixth Supplier		28		38
Clockwork Removals	1	Seventh Supplier	28		35	
Doree Bonner	2	Preferred	51		40	
Doree Bonner	2	Second Supplier		51		40
Clockwork Removals	2	Third Supplier	35		26	

Measures of success

4.1 A departure from the current arrangements is that for Lot 1 of the Framework, for any project expected to cost more than £3,000, the service area will have the option for it to be tendered between the three suppliers on the Framework. This will eliminate any complacency, and will further ensure best value.

Financial Impact

- 5.1 Budget provision for these services is held within the Corporate Property and Safer and Stronger Communities services.
- 5.2 Based on previous years' usage, the overall value is estimated at £3,123,965, however, this may fluctuate depending upon demand, such as office moves and changes in the number of those presenting as homeless. The Council is exploring the potential to reduce spend on this contract by looking at recycling initiatives, WARP It and other alternative measures.
- 5.3 The costs of procurement are estimated at less than £10,000.

Risk, policy, compliance and governance impact

- 6.1 The following risks have been identified as potential issues to the Council with regard to the successful delivery of the contract:

Risk	Mitigating Action
The successful bidder's business fails	<ul style="list-style-type: none"> ○ The next ranked bidder is invited to take over the contract and the staff
Provider cannot meet requirements within the terms of the contract	<ul style="list-style-type: none"> ○ Utilise the next ranked bidder

Equalities impact

- 7.1 There is no relationship between the matters described in this report and the public sector general equality duty, and there is no direct equalities impact arising from this report.
- 7.2 There will be no infringement of existing rights for those with protected characteristics.

Sustainability impact

- 8.1 This framework contract includes elements related to sustainability and this was evaluated and scored.
- 8.2 Tenderers were invited to advise and evidence any initiatives they were operating to improve their sustainability, such as reducing energy consumption, emissions and waste.
- 8.3 A major element of this service delivery model is the disposal of surplus furniture and the preferred bidder has declared its commitment to working closely with the Council to provide a superior recycling solution to the surplus furniture in the Council estate. As the surplus furniture has little or no value, it is a more efficient solution to re-distribute to other Council users (supplying free) and recycling the unwanted remainder. The key to a successful recycling process is deciding at an early stage to remove furniture to another Council service or a charity. If this is not an immediate option, it is more efficient to dispose immediately by dividing furniture into component parts and send for recycling, rather than attempt to hold in storage and sell to the used

market. This ensures the furniture moves from site, makes buildings available for new construction works and avoids unnecessary storage costs.

- 8.4 The preferred bidder was able to demonstrate that they would be using fuel efficient and low emission (minimum Euro 5 standard diesel engines), vehicles and ensure that their vehicle engines are switched off when they are stationary, minimising noise and particulate pollution.

Consultation and engagement

- 9.1 Members of key staff in the Accommodation Planning Team and the Temporary Accommodation Service have engaged with Commercial and Procurement Services throughout this procurement exercise.

Background reading/external references

- 10.1 None required.

Michelle Miller

Head of Safer and Stronger Communities and Chief Social Work Officer

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Links

Coalition pledges	<p>P25 - Introduce a “living wage” for Council employees, encourage its adoption by Council subsidiaries and contractors and its wider development.</p> <p>P28 - Further strengthen our links with the business community by developing and implementing strategies to promote and protect the economic well-being of the city.</p>
Council outcomes	<p>CO25 - The Council has efficient and effective services that deliver on objectives.</p>
Appendices	<p>Appendix 1 – Summary of Tendering and Tender Evaluation Process.</p> <p>Appendix 2 - Summary of Pricing (Per Annum)</p>

Appendix 1 – Summary of Tendering and Tender Evaluation Processes

Contract	Provision of a Removal and Storage of Furniture Services Framework from 2016-2021 Ref: CT0184						
Contract Period	1 September 2016 – 31 August 2021 (60 months)						
Estimated Value	£2,977,885 - £3,123,965						
Estimated Savings	N/A						
Standing Orders Observed	<p>2.4 EU Principles applied</p> <p>2.7 Commercial and Procurement Manager provided resource to undertake 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>5.1 Tenders were evaluated on the basis of most economically advantageous criteria</p> <p>5.3 Tenders evaluated by a panel with the appropriate technical knowledge and expertise</p> <p>6.1 Standstill period will be observed</p>						
EU Procedure Chosen	Open Route						
Invitations to Tender Issued	0 (Open Route open to all)						
Tenders Returned	4						
Preferred Supplier	1						
Primary Criteria	<p>Most economically advantageous tender to have met the qualitative and technical specification of the service area.</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Lot 1</th> <th style="text-align: center;">Lot 2</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">• 60% Price</td> <td style="text-align: center;">40% Price</td> </tr> <tr> <td style="text-align: center;">• 40% Quality</td> <td style="text-align: center;">60% Quality</td> </tr> </tbody> </table>	Lot 1	Lot 2	• 60% Price	40% Price	• 40% Quality	60% Quality
Lot 1	Lot 2						
• 60% Price	40% Price						
• 40% Quality	60% Quality						
Evaluation Team	<ul style="list-style-type: none"> • 2 Corporate Property Staff • 1 Safer and Stronger Communities Staff 						
Procurement Advisors	<ul style="list-style-type: none"> • 2 CPS Staff 						

Appendix 2 – Summary of Pricing (Per Annum)

Contract	Provision of a Removal and Storage of Furniture Services Framework from 2016-2021 Ref: CT0184	
<u>Lot 1</u>	<u>Non Living Wage Foundation Rate</u>	<u>Living Wage Foundation Rate</u>
Doree Bonner	£76,834.18	£84,213
Bidder 2	£90,238	No Bid
Bidder 3	£93,229	£99,633
Bidder 4	£130,164	£132,790
<u>Lot 2</u>	<u>Non Living Wage Foundation Rate</u>	<u>Living Wage Foundation Rate</u>
Doree Bonner	£502,346	£525,160
Bidder 2	No Bid	No Bid
Bidder 3	No Bid	No Bid
Bidder 4	£771,136	No Bid

The above prices are used for evaluation purposes based on hourly rates for drivers, vehicles and storage costs against historic usage, and will fluctuate depending upon demand.

Finance and Resources Committee

2.00pm, Thursday, 18 August 2016

Former Tenants Rent Arrears 2015/16

Item number	7.20
Report number	
Executive/routine	Executive
Wards	All

Executive Summary

The purpose of this report is to seek the annual Committee approval to write-off £661,096 of rent arrears from the Housing Revenue Account (HRA) for 229 former tenants with more than £1,000 rent arrears due.

A further 472 rent accounts of former tenants with arrears of less than £1,000 totalling £134,743 were written off under the delegated authority of the Executive Director of Place.

Accounting practice is to write-off rent arrears of former tenants, where there is little likelihood of the debt being recovered. This is carried out in accordance with the principles of the Corporate Debt Policy at the end of each financial year. Provision is made for this within the HRA budget.

Where arrears for former tenancies are written off the Council does continue to pursue the recovery of these debts.

Links

Coalition Pledges	P13 , P14 and P30
Council Priorities	CP10
Single Outcome Agreement	SO4

Former Tenants Rent Arrears 2015/16

1. Recommendations

- 1.1 The Finance and Resources Committee is requested to:
- 1.1.1 approve the write-off of £661,096 rent arrears of 229 former Council tenants who have a balance greater than £1,000 outstanding in 2015/16;
 - 1.1.2 note that the total number of former tenants' arrears cases written off has reduced by 7.8%, from 794 in 2014/15, to 701 in 2015/16; and
 - 1.1.3 note that debt written off, excluding where the debtor is deceased, will continue to be pursued by the Council.

2. Background

- 2.1 The Council is required to write-off, from the HRA, the rent arrears of former tenants. This is standard accounting practice adhered to by local authorities and provision is made for this annually within the HRA budget. The write-off relates to any accounts with outstanding arrears where all attempts to trace the tenant and collect the outstanding debt have been unsuccessful.
- 2.2 Write-off for arrears under £1,000 is carried out under the delegated authority of the Executive Director of Place. Arrears of £1,000 and over require Committee approval.
- 2.3 Tenants' rent payment obligations, under their tenancy agreement, are actively enforced. All tenancies that end with arrears are investigated and full repayment will be sought on any outstanding rent and tenancy related charges. Collection of former tenancy debt is challenging. It is affected by difficulties in tracing tenants once they have left their Council home, the level of rent and wider debt owed and the potential for financial hardship.
- 2.4 In accordance with legislation, former and current tenants seeking to move would normally be suspended from receiving an offer of housing if they have outstanding arrears of more than a twelfth of the gross annual rental charge. This would not however apply where they have maintained a repayment plan for at least three months or where the Council has a statutory obligation to provide permanent accommodation to a homeless household. A repayment arrangement would however be sought for any outstanding former tenancy debt.

3. Main report

- 3.1 During 2015/16 there were 651 current tenancy arrears cases lodged in court under formal debt recovery procedures and 103 tenants were evicted from their homes.
- 3.2 The cash value of accounts written off increased to £801,364 in 2015/16 from £708,638 in 2014/15. This is an increase of £92,726. However the number of accounts written off reduced to 701 in 2015/16 from 794 accounts in 2014/15.
- 3.3 There are 229 former tenants with arrears of over £1,000 for write-off in 2015/16, totalling £661,096. A further 472 former tenant accounts with arrears of less than £1,000 have already been written off under delegated authority. The value of these arrears was £134,743. A breakdown of the tenancy termination reasons for former tenancy cases to be written off and the balances on the date they were identified for write-off is contained in Appendix 1.
- 3.4 Outstanding debt for arrears that are written off continues to be pursued where the tenants' whereabouts can be traced or if they apply for Council housing in the future. Income collected during 2015/16 for former tenancy accounts written off in previous financial years was £28,053.
- 3.5 The debt recovery function for current and former tenancy arrears is being consolidated into an income management specialism as part of the Council Transformation Programme. This is expected to deliver efficiencies through reduced duplication of administration of formal debt recovery processes and more effective management of individuals with multiple debts owing to the Council.

4. Measures of success

- 4.1 The amount of rent arrears owed by former Council tenants is minimised.
- 4.2 Reasonable arrangements are provided to debtors, allowing them to meet their obligation to reduce and then clear debts.
- 4.3 Improved performance against the annual statutory Scottish Social Housing Charter indicators.

5. Financial impact

- 5.1 Where a debt is irrecoverable, it is subject to a write-off process that is consistent with recognised accounting practices. This action ensures that debt recovery projections are realistic and that write-offs are provided for within the HRA's annual projected outturn.

- 5.2 Based on the final ledger figure, the total value of former tenancy arrears written off in 2014/15 would be £801,364.41. The variation of £5,525.12 between this final ledger figure and the breakdown of the accounts included in Appendix 1 is due to adjustments such as Housing Benefit overpayments being applied to accounts after the write-off analysis was completed.
- 5.3 The total write-off for 2015/16 was £121,364 above the planned HRA budget provision for former tenancy arrears debt of £680,000. The provision for former tenancy arrears debt in the HRA budget for 2016/17 was increased to £850,000 as planning for an expected increase in the cash value of write-off.
- 5.4 The value of arrears which have been written off represents 0.82% of the overall value of HRA rental income due to be collected in 2015/16 for current and former tenancies. Scottish Government benchmarking figures for HRA income and expenditure indicate this is just above the Scottish Local Authority average write-off level of 0.71% (2014/15).

6. Risk, policy, compliance and governance impact

- 6.1 Rent arrears are written off in accordance with the Council's Financial Regulations and are reported to Finance and Resources Committee on an annual basis.
- 6.2 The determination of cases for write-off is completed in line with the principles of the Council's Corporate Debt Policy. Corporate Policy and Strategy Committee approved the current version of the policy on 23 February 2016.

7. Equalities impact

- 7.1 There are no negative equality or human rights impacts arising from this report. A range of services are available to all tenants to support them to meet their rent payment responsibilities during their tenancy. Reasonable repayment arrangements, that take account of individual household circumstances, are made available to enable former tenants to repay outstanding debt.
- 7.2 The collection of rental income supports the delivery of housing services to a wide range of households, including low income and vulnerable households.

8. Sustainability impact

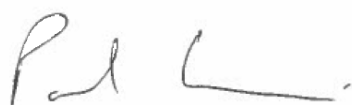
- 8.1 The collection of rental income supports investment in existing Council homes that will increase energy efficiency and reduce carbon emissions. It also supports the construction of new affordable energy efficient homes through the Council's 21st Century Homes programme.

9. Consultation and engagement

- 9.1 The Council Corporate Debt Policy is subject to consultation and engagement with elected members, equalities and anti-poverty groups. This was subject to review during 2014/15 and the current policy was approved by Corporate Policy & Strategy Committee in June 2015.
- 9.2 The Council consults with tenants, Edinburgh Tenants Federation and Registered Tenants Organisations as part of the annual HRA budget development process. The consultation on the 2016/17 budget identified that tenant investment priorities were for building more homes and reducing tenants' energy costs. It also identified support for investment in other services that could further help reduce tenants living costs.

10. Background reading/external references

- 10.1 None.



Paul Lawrence

Executive Director of Place

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11. Links

Coalition Pledges	P13: Enforce tenancy agreements (council and private landlord) with a view to ensuring tenants and landlords fulfil their good conduct responsibilities. P14: Strengthen Council housing allocation policy to give recognition to good tenants and to encourage responsible tenant behaviour and responsibilities P30: Continue to maintain a sound financial position including long-term financial planning
Council Priorities	CP10: A range of quality housing options
Single Outcome Agreement	SO4: Edinburgh's communities are safer and have improved physical and social fabric
Appendices	Appendix 1 - Summary of rent arrears written off in 2015/16

Appendix 1: Summary of Rent Arrears written off in 2015/16

The data below represents the accounts identified for write-off.

Balances over £1,000

Balance	Accounts Written Off	Termination Reason
£172,662.05	68	Abandoned
£43,704.12	18	Deceased
£4,852.66	2	Eviction - Anti Social Behaviour
£262,247.91	61	Eviction - Rent Arrears
£9,102.33	5	Institutional Care
£158,078.17	69	Normal*
£5,496.93	4	Rehabilitation
£1,652.75	1	Succession- Transfer on Death
£3,299.22	1	Succession- Transfer for Family Reasons
£661,096.14	229	

Balances under £1,000

Balance	Accounts Written Off	Termination Reason
£12,523.59	29	Abandoned
£50,298.72	182	Deceased
£601.67	3	Eviction- Anti-Social Behaviour
£1,147.28	3	Eviction - Rent Arrears
£5,201.00	17	Institutional Care
£489.17	12	Mutual Exchange
£53,302.75	184	Normal*
£10,739.91	40	Re-housed
£439.06	2	Succession - Transfer for Family Reasons
£134,743.15	472	

**Normal terminations will include cases where no notice was given by the tenant of their intention to end their tenancy, but the 28-day statutory notice period required under their tenancy agreement was applied.*

Finance and Resources Committee

2pm, Thursday, 18 August 2016

Property Repairs and Maintenance Contract Update

Item number	7.21
Report number	
Executive/routine	
Wards	

Executive Summary

On 9 June 2016, a report was submitted to Committee setting out the contract arrangements in place with regard to the Repairs and Maintenance Contract Framework. Committee requested that an updated report be brought back to Committee in August 2016.

This report sets out the current Repairs and Maintenance framework in place and sets out the reasoning behind the timescales for the new procurement work stream.

Housing Property is a newly formed, joined up delivery model, combining the responsive repairs and capital programme services. The benefits of this service to our customers are set out within this report.

Links

Coalition Pledges	P41
Council Priorities	CO16
Single Outcome Agreement	SO4

Property Repairs and Maintenance Contract Update

1. Recommendations

- 1.1 Finance and Resources Committee is asked to:
 - 1.1.1 note the contents of this report and that the results of the internal audit will be reported to Governance, Risk and Best Value Committee; and
 - 1.1.2 agree that this report discharges the remit requested by Committee in June 2016.

2. Background

- 1.2 In June 2016, Committee requested that:
 - 2.1.1 an update report on the Property Repairs and Maintenance contracts would be brought to the Finance and Resources Committee in August 2016.
- 2.2 This report discharges this remit.

3. Main report

Background

- 3.1 Edinburgh Building Services (EBS) is the Council's in-house building repairs and maintenance service. The services delivered include:
 - 3.1.1 Emergency repairs to Council houses;
 - 3.1.2 Planned maintenance and renewals;
 - 3.1.3 Repairs requested by tenants and repairs to empty homes;
 - 3.1.4 Cyclical inspections including gas and lifts; and
 - 3.1.5 Stair lighting repairs and maintenance in communal stairs.
- 3.2 EBS has an internal workforce which is supplemented by procured external contractors.

Current Contracts

- 3.3 In 2013, Commercial and Procurement Services (CPS) took forward a compliant procurement process to secure suitable qualified and experienced contractors to carry out repairs and maintenance works to council owned domestic properties.

- 3.4 The contracts were approved in compliance with the Council's Contract Standing Orders (CSO) and Scheme of Delegation in place in 2013 and were therefore approved by the previous Director of Services for Communities and signed formally by the previous Head of Service. Due to the value of the roofing and rainwater contract, this was approved by the Finance and Resources Committee.
- 3.5 The contracts were set up to operate for a period of two years, with the option to extend annually for a maximum of two further years, subject to a review focused on compliance with service specification, performance standards and a best value assessment undertaken by CPS with input from EBS.
- 3.6 Corporate Procurement Service (CPS) and Legal Services agreed the option to extend the current contracts to March 2017. Again, this was carried out in line with CSOs.
- 3.7 The decision to extend the framework contracts was identified by all parties to be the best approach as EBS were going through the Transformation Review which would not be fully complete by the time the tenders were initially due to be returned June 2016.

2016/17 Procurement

- 3.8 Following the decision to extend the existing framework a timetable has been set out by Corporate Procurement Services for the procurement of a new framework for repairs and maintenance contracts for Council homes.
- 3.9 The timetable for the procurement of all 13 lots is set out below:
 - 3.9.1 ITTs published 2 March 2016;
 - 3.9.2 Returned 31 May 2016;
 - 3.9.3 Consensus meetings 6 June to 4 July 2016;
 - 3.9.4 Award approved by Finance and Resources Committee 3 November 2016;
and
 - 3.9.5 Contact start 1 April 2017.

New Service – Housing Property

- 1.3 The Housing service is undergoing a full transformation, via the Transformation Programme, and the way that housing services are delivered to our customers has been reviewed and improved.
- 3.10 Edinburgh Building Services and Housing Asset Management, the Council's capital programme service for housing, have merged to form Housing Property.
- 3.11 Working as one stream lined service, Housing Property will deliver all the responsive repairs and capital works to Council homes in Edinburgh. This will enable officers leading the procurement work streams to have a clear view of current spend across housing works for each contractor.
- 3.12 This joined up working will also enable a clear view of repairs issues and trends across the city which will inform the programming of capital works in future years.

Joined up working will also provide a flexible and dynamic workforce working strategically to improve Council housing across the city.

- 3.13 Strong links are being forged between Locality Housing Operations Managers and Housing Property Operations Managers to work together, ensuring that their teams, both operatives and Housing Officers, deliver a linked up service to our customers.
- 3.14 With such a joined up approach, and strong communication channels, vulnerable tenants requiring specific assistance, will be visible to operational areas as well as Locality staff. This will allow managers whose teams are undertaking a repair or improvement works within homes to be aware and accommodate tenants' needs appropriately.
- 3.15 Posts within Housing Property have been reviewed with the customer at the forefront of considerations. Posts such as Tenant Liaison Officer have been created. These post holders will be the key contact in the run up to capital programmes, consulting and informing tenants and owners of upcoming works, working with Locality Housing Officers, to ensure specific tenant needs are taken into consideration.
- 3.16 The Tenant Workshops that take place quarterly for tenants who have had cause to complain about a repair, will be expanded to include tenants who have had capital works carried out. All with a view of pin pointing common issues and putting in place solutions or improvements.

Internal Audit

- 3.17 Internal Audit has undertaken a review of the contract management; monitoring and quality assurance within property repairs and the findings of this audit are still being collated. This audit will be reported back to Governance, Risk and Best Value Committee.
- 3.18 This audit has given the newly formed Housing Property an opportunity to review in detail all quality control and assurance processes in place, take stock of duplicated procedures in both the responsive repairs and capital works and put in combined, robust systems across Housing Property.
- 3.19 As a result, an improvement plan has been drafted and will be finalised in line with the final audit findings.

4. Measures of success

- 4.1 The success of the repairs and maintenance contracts is measured by Key Performance Indicators to ensure 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

9.1 N/A.

10. Background reading/external references

10.1 [Property Repairs and Maintenance Contract Update, F&R Committee, 9 June 2016.](#)



Paul Lawrence

Executive Director of Place

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11. Links

Coalition Pledges	P41 - Take firm action to resolve issues surrounding the Council's property services.
Council Priorities	CO16 – Well-housed – People live in a good quality home that is affordable and meets their needs in a well managed Neighbourhood.
Single Outcome Agreement	SO4 – Edinburgh’s communities are safer and have improved physical and social fabric.
Appendices	None

Finance and Resources Committee

2.00pm, Thursday 18 August 2016

Contract Award under Urgency Procedure – Edinburgh Schools - School Transport

Item number	7.22
Report number	
Executive/routine	
Wards	City Centre

Executive summary

Following the recent temporary closure of the 17 affected PPP schools, alternative transportation arrangements for children at those schools was required to be put in place urgently.

This report is to advise Committee of the action taken to award temporary contracts to a number of transport operators for the provision of emergency school transport to alternative premises under urgency powers.

Links

Coalition pledges	P8, P48
Council outcomes	CO19
Single Outcome Agreement	S04

Contract Award under Urgency Procedure – Edinburgh Schools - School Transport

Recommendations

- 1.1 It is recommended that Committee notes the action taken to award temporary contracts for the provision of emergency school transport for children as a result of the closure of the affected PPP1 schools under the Urgency Procedure paragraph 4.1 of the Committee Terms of Reference and Delegated Functions.

Background

- 2.1 As a result of a wall collapse at Oxfords Primary in January 2016, structural issues were identified at schools built under the Public Private Partnership programme (“PPP1”) in Edinburgh between 2002 and 2005. The structural defects relating to wall header ties (ties which connect the top of walls to roof structures) which were identified across PPP1 schools led to the schools being closed from 8 April, with approximately 7,600 primary and secondary and 740 nursery pupils affected.
- 2.2 All schools are scheduled to be re-opened for the start of the Autumn term.

Main report

- 3.1 The temporary closure of the 17 affected schools required arrangements to be urgently put into place to provide alternative accommodation and transportation. It was a major logistical exercise for the Council requiring the use of over 70 buses for pupils, 61 alternative schools (including nurseries and Early Years Centres) and relocation of 655 teachers.
- 3.2 The Council’s current contracts for transportation were unable to meet the urgent additional requirements in addition to existing provision. This meant that alternative providers were required. The table in 3.4 below sets out the details of the providers not on the Council’s current transportation framework who were able to provide additional transportation at short notice.
- 3.3 Council Director’s may approve spend on the provision of services up to a value of £1million. Committee approval is required for spend in excess of £1million. In anticipation of transportation costs exceeding £1million, urgency powers to authorise this expenditure were sought and granted by the Convenor and Vice Convenor of this Committee on Wednesday 22 June. The urgency procedure under 4.1 of the Committee Terms of Reference and Delegated Functions states that: ‘If a decision which would normally be made by a Committee requires to be

made urgently between meetings of the Committee, the Chief Executive or appropriate Director, in consultation with the Convener or Vice-Convener, may take action, subject to the matter being reported to the next Committee.

- 3.4 Details of estimated transport costs arising from the closure of the schools are as follows:

Contract Start Date	Contract End Date (excluding extensions)	Actual Contract Value	Providers
17/03/2016	31/08/2016	£95,310	AAA Coaches
17/03/2016	31/08/2016	£295,840	Parks of Hamilton
17/03/2016	31/08/2016	£73,625	Mearns Exclusive Travel
17/03/2016	31/08/2016	£38,650	Grangeburn Ltd
17/03/2016	31/08/2016	£103,200	Ace Travel
17/03/2016	31/08/2016	£209,327	City Circle UK
17/03/2016	31/08/2016	£22,000	Abbot Travel
17/03/2016	31/08/2016	£6,270	Edinburgh Coach Lines Ltd
17/03/2016	31/08/2016	£13,440	Ladywell Travel
17/03/2016	31/08/2016	£18,336	Central Taxis
17/03/2016	31/08/2016	£26,220	LA Travel
17/03/2016	31/08/2016	£3,240	McKendry Coach Hire
17/03/2016	31/08/2016	£12,195	E&M Horsburgh Ltd
17/03/2016	31/08/2016	£37,760	Charlie Irons Coaches Ltd
17/03/2016	31/08/2016	£156,060	SPT
17/03/2016	31/08/2016	£19,950	Sams Travel
17/03/2016	31/08/2016	£10,730	Hobson Coaches
17/03/2016	31/08/2016	£15,775	H & M Ferguson
17/03/2016	31/08/2016	£740	G T Travel
17/03/2016	31/08/2016	£1,497	Prentice Westwood Coaches

£1,160,165

- 3.5 The above table provides the anticipated spend for the provision of emergency transport services for the required period. In some cases figures are estimated as final invoices have yet to be received.
- 3.6 The transportation costs will be offset by the reduction in monthly payments made under the Unitary charge to the schools PPP partnership.

Measures of success

- 4.1 The Council successfully procures transport to relocate all decanted pupils and staff with minimal interruption.

Financial impact

- 5.1 The estimated costs for transportation arising from the school decant is £1,160,165. The transportation costs will be offset by the reduction in monthly payments made under the Unitary Charge to the schools PPP partnership.
- 5.2 There were no procurement costs associated with procuring these temporary contracts.

Risk, policy, compliance and governance impact

- 6.1 The risks of disruption to education particularly for those about to sit exams and the disruption to parents were mitigated as quickly as possible and those risks have now been addressed.

Equalities impact

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

Sustainability impact

- 8.1 The increase in air pollution due to increased transportation by coach or taxi was kept to a minimum for the duration of the required decant.

Consultation and engagement

- 9.1 Parents, Elected Members, the Scottish Government and various other interested parties have been kept apprised of all developments throughout.

Background reading/external references

None.

Alistair Gaw

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Links

Coalition pledges

Council outcomes

Single Outcome Agreement

Finance and Resources Committee

2.00pm, Thursday 18 August 2016

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

Item number	7.23
Report number	
Executive/routine	
Wards	

Executive summary

This report provides the Programme Board 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 That Committee:
 - 1.1.1 Notes the management information dashboard reports in Appendix 1;
 - 1.1.2 Notes the progress of debt recovery work;
 - 1.1.3 Notes the progress of the settlement process; and
 - 1.1.4 Notes 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 provides details of progress to the end of June 2016.

Main report

Management information

- 3.1 Management Information, as at 25 June 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 June 2016, a total of £13.9m has been approved for write-off against the provision comprising irrecoverable sums of £7.3m, aged debt of £2.4m and a total value of £4.2m for settlements to date.
- 3.4 The provision remains subject to regular review by the Edinburgh Shared Repairs Senior Manager and the Acting Executive Director of Resources. Based on the existing information the balance of £4m on the provision remains adequate.

Billing and Recovery Update

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

- 3.6 To 25 June 2016, £11.9m has been received in payment from individual owners. A further £1.2m has been secured in payment plans and inhibitions. Total recovery rate in debt collected and secured debt is £13.1m (74%).
- 3.7 The balance of debt of £4.5m (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, 669 instructions have been issued to Morton Fraser with a total value of £6.9m for debt collection.
- 3.9 From April 2015 to 25 June 2016, the overall sums recovered or in payment plans secured by Morton Fraser total £2.6m (37%) over 315 customers (47%).
- 3.10 The costs of Morton Fraser to date in return for the £2.6m recovery is £130k. As at 25 June 2016, the percentage solicitor's fees against sums recovered is 5%. The solicitor's fee to debt recovery ratio is £20 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 have raised a dispute leading to the invoice being put on hold.
- 3.14 Between January 2015 and June 2016, the suspended debt has reduced from £6.4m to £0.3m.
- 3.15 The remaining suspended debt of £0.3m relates primarily to old legacy invoices. The sum includes debt to a value of £0.2m that is subject to ongoing investigation and a value of £0.1m defined as prescribed debt being greater than 5 years old. The prescribed debt under suspension relates to 19 debtors. Each prescribed debt is being separately investigated regarding recovery action.

Complaint Resolution & Settlements

- 3.16 All 407 customers who raised specific concerns relating to 155 Statutory Notice projects, had their cases reviewed by Deloitte and 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.

Complaints and Enquiries

- 3.17 The legacy service has continued to see a downward trend in the volume of complaints and enquiries as detail in Appendix 1.

Unimplemented Statutory Notices Cancellation

- 3.18 The Finance and Resources Committee, at its meeting on 9 June 2016, approved the lifting of historic unimplemented Statutory Notices.
- 3.19 As planned the first batch, 126 letters were sent to the registered owners of properties on 20 June 2016. 2 enquiries have been received by the service in respect of these. These 126 notices will be cancelled and removed from the systems on 4 July 2016.
- 3.20 The second batch of 500 letters have been sent out on Monday 4 July 2016. The service will continue to monitor the calls received and alter the project plan as necessary. At this stage, the programme for this work seeks to have all unimplemented statutory notices lifted by the end of August 2016.

New Service Update

Implementation of ESRS

- 3.21 The service is moving into a phased implementation for the financial year 2016-17.

Implementation Progress

Advice and information

- 3.22 This area of the service is where customers initially make contact to request advice and information. The service will offer advice on how the customer can progress repairs through the process outlined in the Tenement (Scotland) Act 2004 using the Tenement Management Scheme (TMS). The case officer will then offer to send the customer an Owners Evidence pack. This pack contains detailed information on the process, which is available to owners, and also contains useful templates for letters, meeting minutes and voting forms. In June, 18 packs have been requested by customers.

Customer Contact: 4 cases

- 3.23 This area of the service is where a customer will contact the service to request assistance. The customer contact team will gather information on the reported defect to determine, at a high level, whether the defect is within the scope of the service. If the reported defect does appear to be within scope, the team will then ask the customer to evidence what efforts have been made by the property owner/s to engage with their fellow neighbours. This evidence is requested to be sent to the service for further review and may contain the documents required by the Tenement (Scotland) Act 2004 before the case is passed to the Intervention part of the service.
- 3.24 Customer contact officers are currently reviewing four cases.

Facilitation: 3 cases

- 3.25 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.
- 3.26 There are three cases in facilitation at present.

The Intervention Service: 2 cases

- 3.27 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.

Case officers currently have two cases where negotiations are on-going with the lead owner and other owners.

Successful Intervention: 8 cases

- 3.28 The phased Implementation service has successfully intervened in eight cases in total. A follow up will be undertaken to check if work has been undertaken privately after three months has passed.
- 3.29 With ESRS involvement, the owners in these cases have now achieved 100% of owners agreement to deposit funds into a maintenance account. The service will follow up on owners progress after three months with a view to closing the case.

Panel Cases Rejected for enforcement: 1 case

- 3.30 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: 6 projects

- 3.31 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.
- 3.32 Six projects have been approved by the ESRS Panel to progress to the enforcement process. One project has been delayed at survey stage due to issues with the provision of a mobile access platform to allow a detailed survey to take place. These issues are currently being resolved. Two projects are at first

cost estimate stage. Two projects are within the 84 day S24 notice stage. One project is on site at Gorgie Road and is progressing well.

Emergency Service Update

- 3.33 This part of ESRS has been in operation for three years prior to the new service pilot commencing and intervenes when public health & safety is at risk due to unsafe buildings. The service attends and carry out works to make safe dangerous and emergency situations. The majority of service requests are for drainage related works in private property, where Scottish Water have no responsibility.
- 3.34 Occasionally, a service request results in re-visit to the property where the issue requires further investigation or a wider scope of works in order to clear the blockage causing the issue arising.

Measures of success

- 4.1 Key measures of success are:
- (a) Conclusion of reviewing statutory notice projects;
 - (b) Collection of outstanding debt;
 - (c) Resolution of complaints; and
 - (d) 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 requirement of **£1.1m** 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 £13.9m has been approved, as at 25 June 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 A budget of **£1.3m** has been set for the ESRS for 2016/17. The overall 2016/17 budget available for both legacy and ESRS is £2.4m.

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 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

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Links

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

Edinburgh Shared Repairs Service & Legacy Dashboard

June 2016

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

EDINBURGH SHARED REPAIRS SERVICE		
The Phased Implementation of the new full service will take place in 2016/17. A Soft Launch of the new service began on 1 st June 2016.		
TOP RISKS	MITIGATION	
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 June.	
2. Tender returns at ITT stage	ITT to be issued in July 2016.	
3. People	All staff that are permanent to the Council will be undergoing review. This is scheduled to take place at the end of September 2016. Following review the Business Plan will be implemented.	
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.	
OVERALL STATUS	COMMENTS	
Governance	The Edinburgh Shared Repairs Service and Legacy Programme will be managed overall within the Corporate Property Service in the new Council structure.	
Processes	Draft procedure are being tested during Pilot and implementation phase. Proposed changes are being tracked. Procedures will be updated internally and reissued by the end of August 2016. An internal audit was carried out by PWC in February 2016.	
IT	Work is underway to implement the operational workstream deliverables. The main focus at present is to establish the baseline for system redesign for each of the business processes. The implementation of a task based management system is underway.	
Finance	Finance processes and procedures in place for financial management of ESRS. Operating budget for 2016/17 sits at £1.3m.	
Procurement	ITT document being prepared. Contractors framework is programmed to be in place by November 2016.	
People	Following board approval the recruitment process is underway for a graduate Building Surveyor. Recruitment of suitable technical resource will continue to be reviewed.	
KEY PLANNED ACTIVITIES		
The service is moving into a phased implementation for the financial year 2016-17. The service will be promoted through Newsbeat on the Orb and other avenue. A new visual identity for ESRS is being prepared for use on site signboards used on scaffolding on projects and other materials used by the service.		

LEGACY PROGRAMME		
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.		
TOP RISKS	MITIGATION	RAG
1. Debt Recovery	Morton Fraser are leading on Debt Recovery.	
2. Bad Debt Provision	The provision will continue to be monitored and reported monthly.	
3. Settlement Process	All Settlement letters have been issued.	
4. Loss of legacy staff through service reviews	Discussion with relevant Directors to ensure service is maintained.	
OVERALL STATUS	COMMENTS	RAG
Case Reviews and Settlements	All complainants and other affected owners have been issued with settlement.	
Debt Recovery	Debt outstanding is currently £9.2m. Of this debt £7.5m is being pursued through active billing, Morton Fraser recovery or other legal action. The remaining debt is either being pursued for legal action or is suspended debt.	
Projects	From the TB projects handed over to ESRS from 1 January : <ul style="list-style-type: none"> • 2 projects due to be re-programmed for completion in late summer • 12 projects are in the defect period to be signed off by ESRS 	
Customer services	Customer contact across the legacy service shows a steady decline.	
KEY PLANNED ACTIVITIES		INFORMATION / DECISIONS
Continuation of debt recovery programme. Continuation of legacy projects. Management of closure programme timeline		Service review to be undertaken 2016/17 closure programme staffing under continual review



ESRS Phased Implementation Dashboard

Programme dashboard as at 25 June 2016

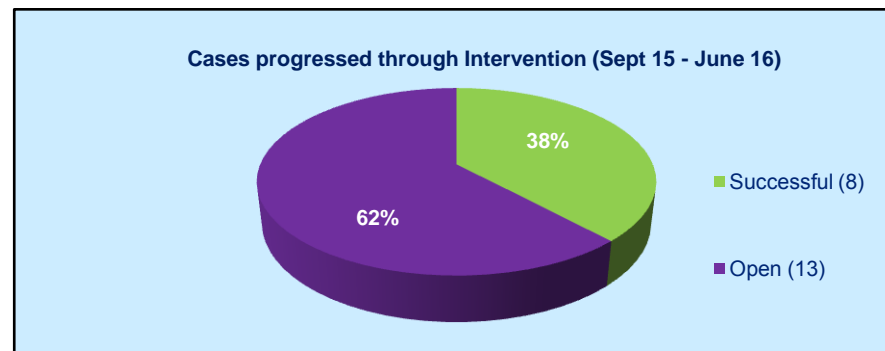


OVERVIEW OF PROGRESS

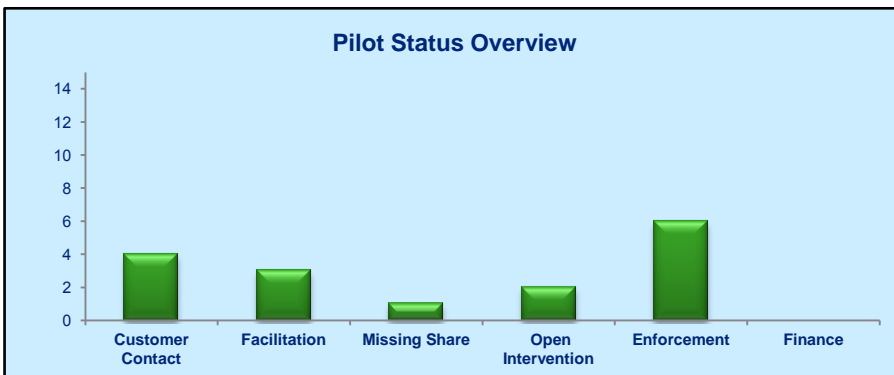
We have now launched the new service in its implementation phase. A soft launch of the new service began on 1 June 2016. Increases in requests for service will be reported to the Board on a monthly basis. The customer contact area of the service has adopted a change in script to customers calling for assistance with repairs to their properties.

The Pilot Phase currently consists of 13 open cases with successful intervention achieved on 8 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:	• Collating Information from Lead Owner	4
Facilitation:	• Advice and Information	3
Missing Share:	• Case Open	1
	• Case Open	2
Intervention:	• Panel Cases Rejected for Enforcement	1
	• Successful Intervention	8
Enforcement:	• Site Survey / S24 Notice / S26 Notice	5
	• Procurement	
	• Projects on site	1
Finance:	• Final Account issued	
	• Invoices issued to owners	
Total Number of Cases		25



PROJECTS WORKLOAD	MAJOR	MINOR	ESTIMATED VALUE
1. Under £10,000		3	£14k
2. Under £50,000		5	£150k
3. Under £250,00	3		£366k
4. Over £250,000	2		£664k
TOTAL	5	8	£1.194m



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	1	£2.1m

ICT UPDATE

The management and tracking of the pilot projects continue to be handled successfully within the interim database.

Uniform improvements are being implemented over the summer to allow the migration off this interim system.



Emergency Service Dashboard

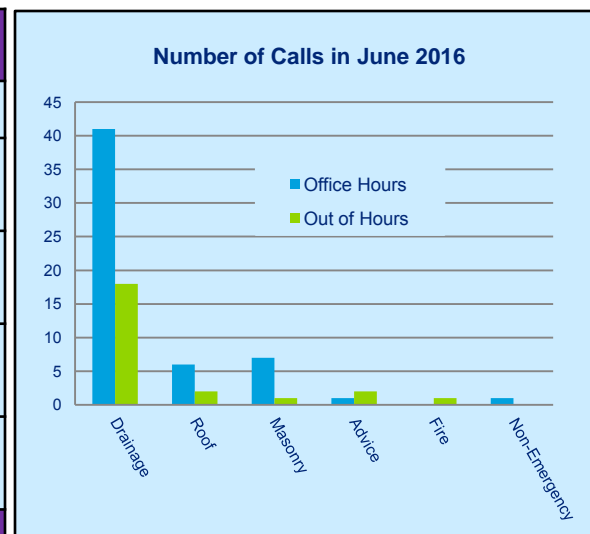
Programme dashboard as at 25 June 2016



OVERVIEW OF PROGRESS

Requests for the service to attend to emergency issues during June have remained consistent with the previous two months. 70% of the defects related to drainage issues, 11% were reports of masonry defects, 9% roof defects and the remainder resulted in advice being provided by the attending officer. 28 (35%) of the requests for service were defects being reported by owners and members of the public outwith normal office hours.

EMERGENCY SERVICE WORKLOAD	Jan 16	Feb 16	Mar 16	Apr 16	May 16	Jun 16
No. of service requests (Site Visits)	78	104	90	81	86	80
No of emergency repair inspections resulting in statutory notices issued	57	64	61	60	56	47
No. of Emergency service requests where information / advice was provided	21	40	29	21	30	33
Value of invoices issued to owners for emergency repairs	£15,398	£21,884	£46,527	£22,055	£13,636	£34,477
Value of income received from owners for emergency repairs	£7,671	£21,958	£24,456	£20,983	£24,981	£20,237

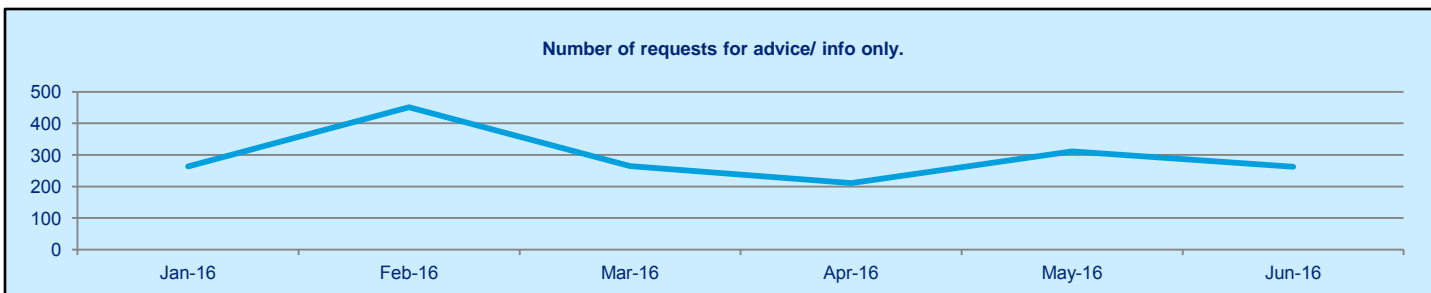


Customer Services



OVERVIEW

Through June 262 requests for advice and information were handled by the service. During this month there were 3916 website visits. The service also dealt with 637 solicitors enquires in this period.



SOLICITOR ENQUIRES RECEIVED

637

ESRS WEBSITE VISITS

3916



Finance and Debt Recovery Overview

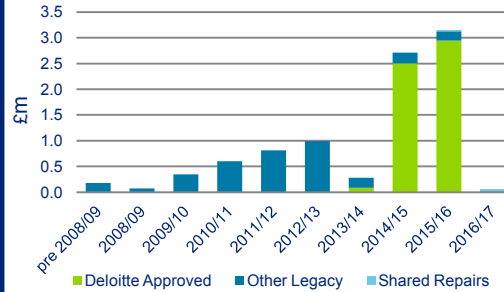
Programme dashboard as at 25 June 2016

PROGRESS

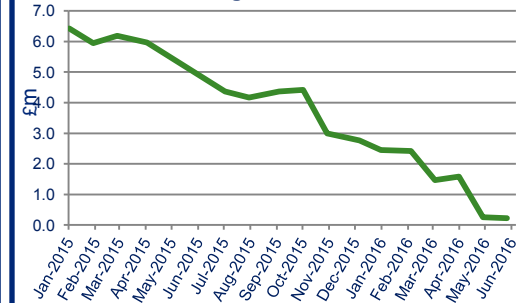
The current level of debt outstanding is £9.2m of which £5.6m is Deloitte (Project Joule) reviewed debt and £3.6m of Legacy and Shared Repairs debt. A total of £7.5m is being pursued through active billing. Debt of £1.7m is either being prepared for legal action or is suspended debt. Since Jan 2015 suspended debt has reduced from £6.4m to £0.3m as disputes are resolved and settlements processed.

Debt Status	Deloitte Project Joule (Reviewed)	Legacy And Shared Repairs	Total
Total debt being pursued	£5.5m	£2.0m	£7.5m
Total debt scheduled for action	£0.1m	£1.6m	£1.7m
Total Debt	£5.6m	£3.6m	£9.2m
Payment plans and inhibitions agreed within debt total	£1.2m	£0.3m	£1.5m

Aged Debt As At 25th June 2016



Suspended Invoice Balance Outstanding As At 25 June 2016

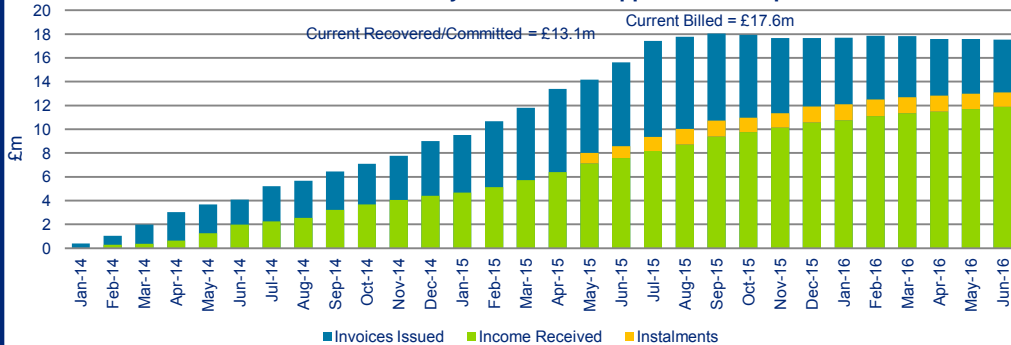


Project Joule Billing and Recovery Progress

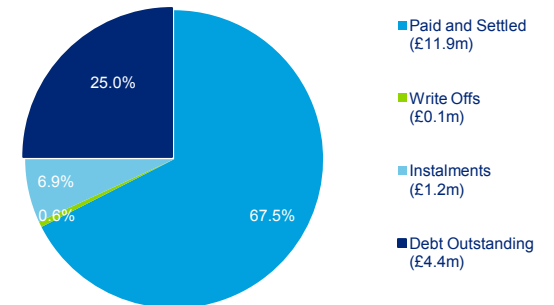
PROGRESS

Billing on Deloitte reviewed (Project Joule) cases is complete and totals £17.6m. £11.9m has been received in settlement and a further £1.2m of secured debt in payment plans and inhibitions giving a total of settled and secured debt of £13.1m. This represents a current collection rate of 74%. The balance of debt, including write off, is £4.5m.

Cumulative Analysis of Deloitte approved stat repair debt



Deloitte Project Joule Debt from January 2014 to June 2016

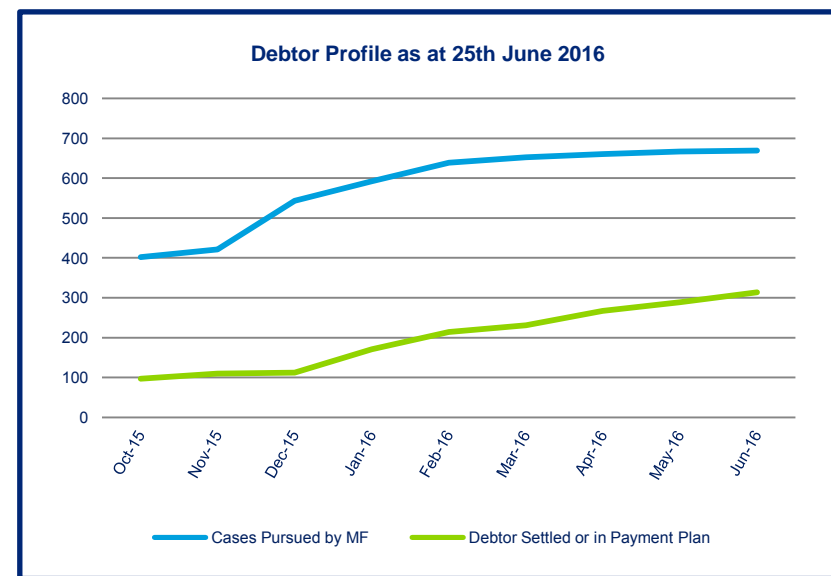
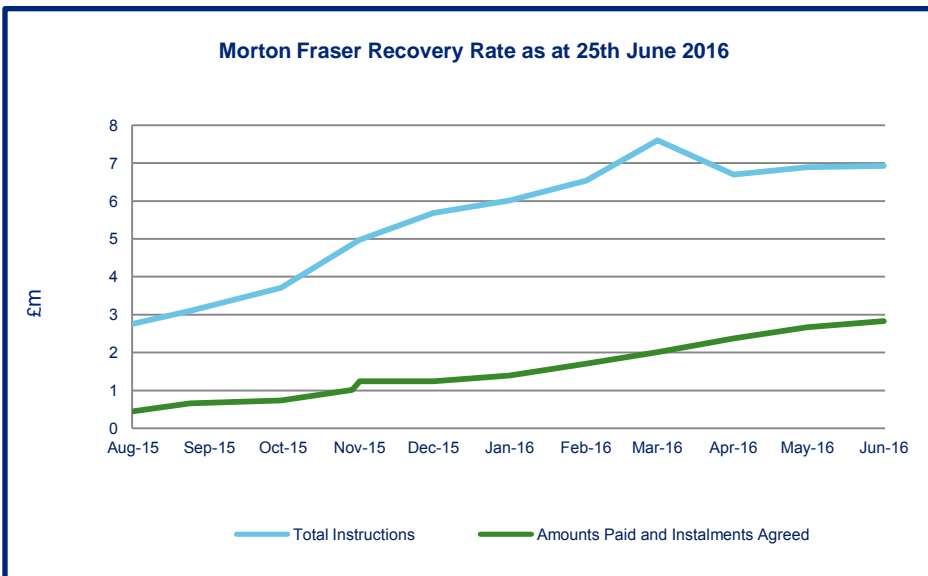
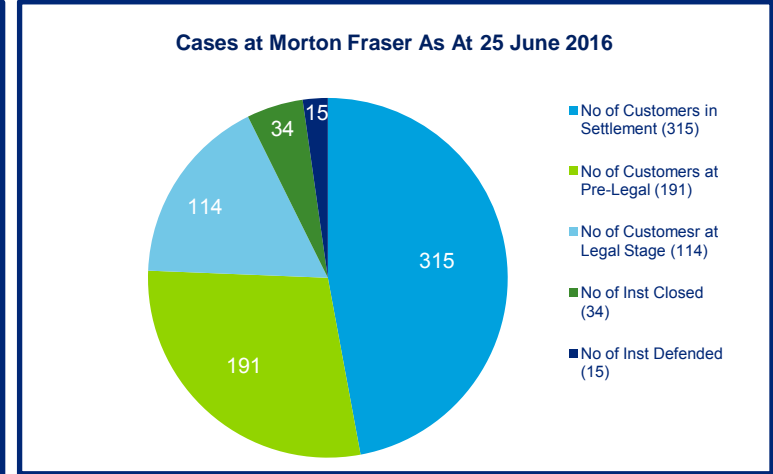




PROGRESS

Under the extended contracted arrangements, Morton Fraser took on responsibility for statutory notice debt recovery in April 2015. To date, 669 instructions have been issued to Morton Fraser with a total value of £6.9m for debt collection. Over the 15 month period from April 2015 to date the overall sums settled or in payment plans total £2.6m over 315 customers, 191 cases are at pre legal stage, 114 at legal stage with 34 cases closed and 15 being defended.

Morton Fraser Debt Recovery Cases pursued by the Council	Mar-16	Apr-16	May-16	Jun-16
Total debt recovery cases pursued by Morton Fraser	652	660	667	669
Total value of instructions issued	£7.6m	£6.7m	£6.9m	£6.9m
Total debtors settled or in payment plan	231	267	289	315
Total sum recovered or in payment plan	£1.9m	£2.2m	£2.4m	£2.6m
Total sum recovered in payment plan as % of debt recovery	24%	33%	35%	37%





Provision for Impairment and Settlements

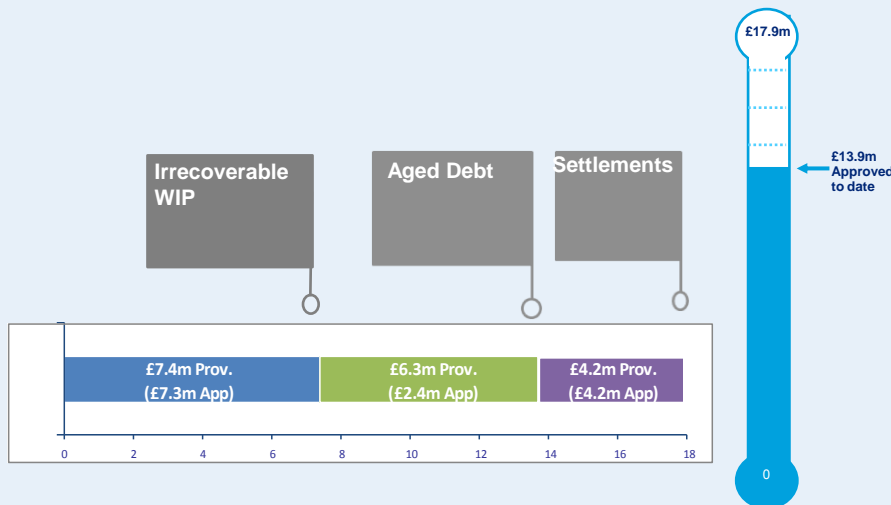
Programme dashboard as at 25 June 2016

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 48% is required to ensure adequacy of provision. Current recovery rate is 68%.
- **Settlements (£4.2m)** –Work on settlements is nearing completion with an expected write off sum of £4.2m.

Provision for Impairment and Settlements



Impairments to date Deloitte –Project Joule

-Delegated authority (<£50k)
£ 2,071,600

-Board approved (£50k-£100k)
£ 1,323,881

-Committee approved (>£100k)
£ 3,044,272

Total Deloitte(Project Joule)
£ 6,439,753

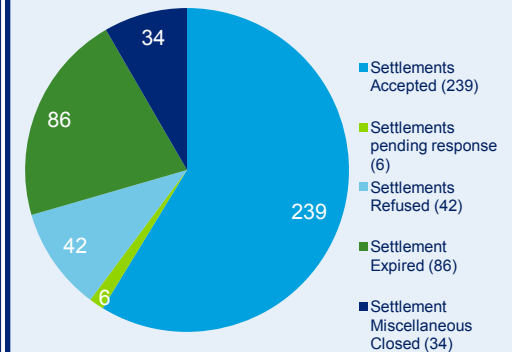
-Non Deloitte – Legacy(<£50k)
£868,065

-Debt Recovery
£2,387,831

-Settlements approved
£ 4,205,943

Total £ 13,901,592

Complainant Closure Status



Finance and Resource Committee

2.00pm, Thursday 18 August 2016

Edinburgh Shared Repairs Service – Evaluation of the Pilot

Item number	7.24
Report number	
Executive/routine	
Wards	

Executive summary

This report provides the Finance and Resources Committee with an evaluation of the pilot of the Edinburgh Shared Repairs Service (ESRS).

Links

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

Edinburgh Shared Repairs Service – Evaluation of the Pilot

Recommendations

- 1.1 The Committee:
 - 1.1.1 Notes the evaluation of the Edinburgh Shared Repairs Service (ESRS) pilot which ran between September 2015 and April 2016;
 - 1.1.2 Notes the inherent risks in the provision of an enforcement service in Edinburgh;
 - 1.1.3 Notes the ongoing subsidy requirement for the ESRS as presently established; and
 - 1.1.4 Notes the Risk Analysis in Appendix 1.

Background

- 2.1 The implementation of an enforcement service was approved with a budget of £1.6m for the financial year 2016-17 at the Council meeting of February 2016, which has been reduced to £1.3m following centralisation of IT costs.

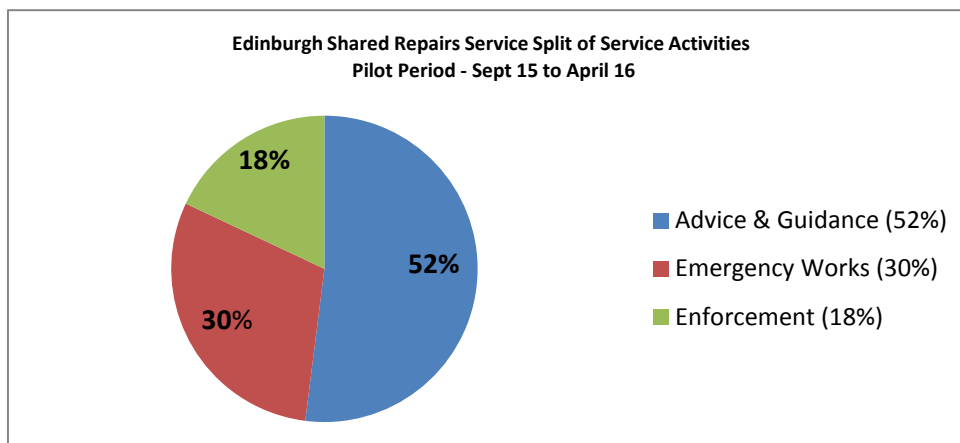
Main report

- 3.1 This report evaluates the pilot phase of ESRS, which ran from September 2015 to April 2016. The pilot considered 20 cases.
- 3.2 The ESRS was established to further the remit of the Shared Repairs Service (SRS), which was primarily concerned with the carrying out of emergency repairs on privately owned property across Edinburgh.
- 3.3 In addition to the continuing provision of an emergency response team, the ESRS has been established to offer private home owners additional help and assistance to organise repairs.
- 3.4 The service is made up of 3 main parts: -
 - i. Advice & Guidance, Facilitation & Intervention;
 - ii. Emergency Works; and
 - iii. Enforcement
- 3.5 These services range from facilitation and intervention, where the Council are trying to work with owners to help them control and carry out their own repairs. This can ultimately extend to enforcement, where the Council will use the 1991

Confirmation Act as a last resort to issue statutory notices, carry out the works and invoice owners thereafter.

- 3.6 The proportion of time staff have spent on respective areas of the service is shown in Table 1.

Table 1 Split of Service Activities



Main Issues Arising From the Pilot

Advice & Guidance, Facilitation and Intervention

- 3.7 The ESRS has consciously been shaped to have a much stronger emphasis on the customer side of the business than its predecessor. This means that there is a significant amount of work with individual owners, geared towards helping them to have their repairs works carried out by themselves with a Statutory Notice only being issued as a last resort.
- 3.8 If advice and guidance is required by the customer, on how to progress the repair, then the service will offer to send out an 'evidence pack' to the owner. This includes advice on checking of title deeds and the use of the Tenements (Scotland) Act 2004. The customer is also guided towards the ESRS website to assist them in their efforts to progress the repair privately.
- 3.9 If the owner requests that the Council assist them to progress the repair, they must provide evidence to show that they have failed to progress the repair privately. Exceptions will be considered by the ESRS Panel, where there are equality issues including vulnerability, prior to agreement to alter the internal processes.
- 3.10 When the service is satisfied that the owner has tried to have the works done themselves, but has failed, the case will then be allocated to a case officer in the intervention section of the service.
- 3.11 In the intervention service, case officers take an active role in assisting owners to control and carry out their own repair works, without enforcement by the Council.

- 3.12 To date, the service has been successful in closing 44% of cases which have reached the intervention stage. This is due to the owners committing to undertake the works privately after intervention by case officers. The service will follow up after 3 months has passed, to check that owners have progressed the works before closing the case.

The key issues in the Customer Contact, Intervention and Facilitation areas of the service area are cost, process and time.

a) The costs for activities undertaken by officers during this time are at risk of non recovery by the Council unless the project is enforced.

b) For the customer, while they are getting dedicated officer attention, it does mean that they are having to work through and satisfy service procedures which, by their nature, are bureaucratic.

c) The time taken for a case to progress from Customer contact and through intervention depends on the lead owner and the speed with which they can meet service requirements.

Enforcement

- 3.13 During the pilot, the service had 6 projects progress to the enforcement stage. There are several stages within the enforcement part of the service. 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.
- 3.14 Controlling the extent of works, which could reasonably be carried out on a building, has been strengthened due to the extent of dialogue with owners, prior to works starting on site, and the introduction of detailed surveying prior to tendering and the stronger management of contractors.
- 3.15 The current business plan, approved by the Programme Board and the Finance and Resources Committee in October 2015 allowed for an enforced projects workload of £5m per annum, based on contractors cost incurred. Therefore, the procurement of the contractors framework is based on this level of workload. Limitation is necessary to mitigate the financial risks to the Council. The risk analysis is identified in Appendix 1.
- 3.16 The recovery of costs incurred following the enforcement of projects, includes the project management fee of 26%. This fee includes a proportion for the costs incurred during intervention of the project prior to enforcement.
- 3.17 As part of the mitigation of financial risk, the service will pilot the use of payment of 'Missing Share' through 2016/17. The missing share is detailed in the Housing Scotland Act 2006 and allows local authorities to help owners carry out their own repair works through the payment of a 'missing share' which can then

be recovered. The Council will only be responsible for paying the 'Missing Share' cost. The recovery of costs for project works is not pursued until the works are completed, and a Final Account has been agreed with the contractor.

The key issues in the Enforcement part of the service area are contractor management and customer interface.

a) The contractual relationship is between the Council and the contractor carrying out the works. Individual owners have no contractual relationship with the contractor or the Council, and the Council's relationship with the owner is a statutory one only. While this is made clear, a number of owners do believe, and act, as if they have a contractual relationship with the Council. This manifests itself in a number of different ways, such as owners expecting to be able to make decisions regarding the scope of works. This expectation of owners requires to be managed through meetings and ongoing correspondence during the project.

b) The contractual relationships in the service are between the Council and the allocated contractor. The owner has no contractual relationship with either. Therefore, the related responsibilities and accountability always lie with the Council and not the owner. The Council has responsibilities to maintain years after projects are complete, which may result in financial burdens/risk.

c) As well as having the role as contract administrator, the Council have to act as a conduit between contractor and owner should any issues arise during the works. Project issues brought up by the owners are dealt with within the timescales set out by the Council's customer care policy.

Emergency Service

3.18 Emergency services provided by ESRS include: -

- I. Attendance to emergency calls within a 2 hour period and contractor attendance within 4 hours if make safe works are required;
- II. Out of hour's attendance to emergency calls, including weekends.

3.19 Building defects include falling masonry, dangerous loose slates, dangerous chimneys and unsafe structures being reported and attended to.

3.20 The main concern reported to the service from members of the public, and private homeowners, is blocked drainage systems. The remit of the service is to locate and clear the blockages. No further investigation or repair is undertaken.

3.21 In the emergency service, 88% of works carried out by the Council are in relation to drainage issues where the issue presents a public health issue. The costs of the attendance by officers, and the contractor costs, are recoverable from

owners under the 1991 Confirmation Act. The Council currently subsidises this service.

3.22 The service is also one of the main out of hours emergency providers.

The key issues in the Emergency service area are financial, process and organisational.
a) The historic administration fee of 15% does not adequately cover staff costs carrying out work. Costs of re-visits are not recoverable under existing procedures.
b) Where a drainage block occurs over three times, and the service has continually revisited the site, the current processes do not allow minor new repairs to be carried out.
c) The Emergency Services, Police or the Fire Service, called ESRS on 34 occasions to report various emergencies, including falling masonry, slates, dangerous buildings and five incidents relating to vehicles crashing into structures. In the majority of cases, the cost of attendance to this type of emergency is not recoverable as these incidents do not always relate to properties in shared ownership.

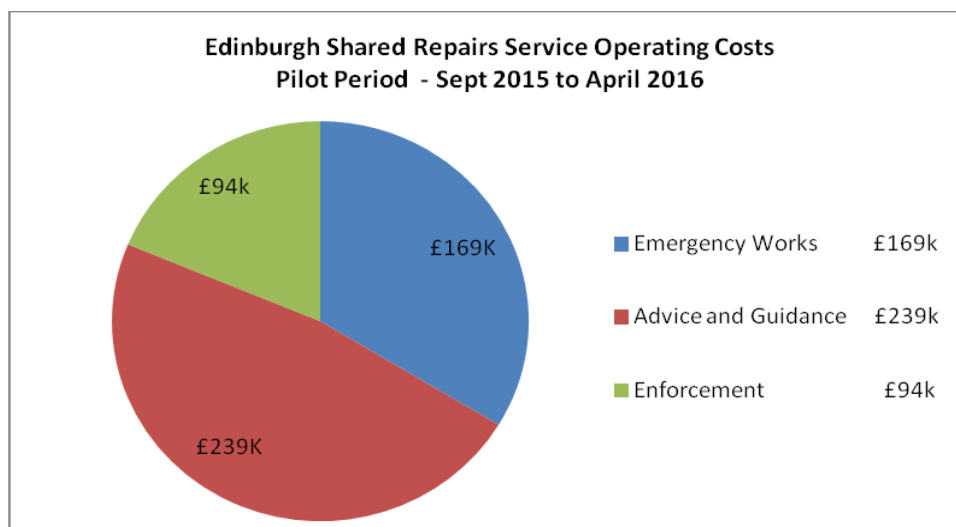
Finance

Operating Costs

3.23 The total operating costs of the ESRS from the pilot launch in September 2015 to end April 2016, amounts to £502K. This sum represents a spend on 15.7 FTE officers at a total salary costs (incl. employers costs) of £452k. Transport, systems costs and other supplies and services total £37k and a spend of £13k for the use of consultants on contractor procurement support.

3.24 A breakdown of costs across pilot activity over the 8 month period is shown in Table 2. These costs are activity based and reflect staff time and costs spent on the areas of work covered by the service.

Table 2: Operating Costs



Fee Income

- 3.25 In establishing the Edinburgh Shared Repairs Service the opportunity is being taken to review the scale of administration charges, for both the Emergency and Enforcement Services to ensure that the charges being levied are, strengthened, transparent, accountable and represent the activity costs associated with the project.

Emergency Works - Administration Charge

- 3.26 The Council is obliged to recover costs for all contractor's costs carried out in default of the joint owners. As well as the contractor's costs, the Council recovers a 15% Administration Charge. The Administration Charge for repairs carried out under Statutory Notice has been historically set at 15% of the cost of the contracted works on both enforcement and emergency works. For emergency works a scale of charges has been set for a minimum charge of £25 +15% where each owners share is less than £25 per share. A call out charge of £108 (daytime) and £150 (evenings and weekends) is levied where the customer's call has not resulted in work being carried out. These rates are now being reviewed to reflect the reckonable costs of the Emergency Services.

Project Management Fees

- 3.27 The project management fee has been set at 26% of recoverable costs. This level of fee, and based on a workload demand of £5m once the service is fully operational, will generate an income of £1.3m per annum. At this rate, the Council will be able to recover the service overheads in full but, due to time lags in completion of projects, the fee income generated may not be received in the

year in which the costs were incurred. However, it should be noted that enforcement is only undertaken once all other options have been considered and found not to be suitable.

- 3.28 It is forecast that the charging policy will allow the Council to recover the costs associated with the completion of emergency works and essential repairs enforced by the Council.

Net Expenditure

- 3.29 Whilst the charging proposals will be based on recovering overheads incurred fully on emergency works and essential repairs, the Council will continue to incur a non recoverable cost on facilitation and intervention work that requires to be funded. In addition, as a consequence of time-lags and income phasing, it is recognised that there will be a requirement for the Council to approve an ESRS recurring budgetary provision, which has for 2016/17 been set at £1.3m.

Conclusions

- 3.30 Demand - The ESRS pilot workload has shown that there is demand for the service. The number of service requests has been an average 84 cases per month. Controlling the number of projects in enforcement is important particularly in relation to ensuring that the work in progress (WIP) expenditure is controlled.
- 3.31 Risk - The service operates in an environment which is high risk for the Council. There are inherent risks in the delivery of construction projects and in the nature of enforcement of works onto private home owners. Both these factors present reputational and financial risks. See Appendix 1.
- 3.32 Works Scope - It is the case that scope creep is an ever present possibility, mainly because the wider condition of historic properties the service are working on is poor. Edinburgh has no historic history of factoring as defined in deeds of condition which are common in other parts of Scotland.
- 3.33 Service Viability - The only parts of the service which receive income are the emergency provision and the enforcement team.
- 3.34 Legislation – Through its experience with historic Property Conservation issues and the current service development, the Council are well placed to contribute to the development of wider national legislation in Scotland in relation to the responsibilities placed on home owners to repair and maintain their properties.

Measures of success

- 4.1 Provide owners with a service which results in the majority of owners taking works on privately.
- 4.2 Only enforce repair projects as a last resort.
- 4.3 Provide the option of Missing Shares to encourage owners to arrange works privately.

Financial impact

5.1 A budget of £1.3m 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 City of Edinburgh Council, 12 February 2015, Shared Repairs Services - Development of a New Service.](#)

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

Hugh Dunn

Acting Executive Director of Resources













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Links

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

Appendix 1 Risk Analysis:

Title	Risk	Mitigation	Impact	Likelihood
Reputational Risk	The very nature of the service means that the Council will find itself enforcing works on owners who are already in dispute which may lead to further reputational damage	Emphasis on working with owners to enable them to take over repairs works. Correspondence during the intervention process sets out the benefits of working together		
Financial Risks	There will be ongoing requirement of the new service to be subsidised and the potential deficit could be larger than estimated due to other inherent risks	Controlling supply through gradualised growth.		
Bad debt Risks	The nature of the service is that works are completed and contractors paid before owners are billed. Some customers will not be in a position to pay, resulting in the possibility of high levels of bad debt.	Early identification of potential payee risks and early information on payment options. The ESRS panel consider financial risk prior to decision to enforce. The ESRS panel control the number of projects on-site. Past experiences shows that debt recovery never reaches 100%.		
Construction Industry scope Risk	The service will always be exposed to the risk of challenge over the scope and costs of works. Construction work, particularly in the repairs of historic and older buildings is difficult to estimate in advance and often results in costs estimates exceeding expectations and can lead to litigious events	Establishment of KPIs and relationship management with contractors. The in-depth survey procedure will present a clearer picture of overall repair needs. Risk register keeps track of possible unforeseen repairs.		
ICT Risk	The improvements to be generated by the agreed IT deliverables cannot be fully affected due to issues with IT systems	Dedicated IT officer working on operational improvements. The uniform system to provide task bases system including financial information.		
Capability Risk	The improvement outlined in service design cannot be affected due to the lack of capability within the service	A service review will begin in September 2016. This will include an assessment of approach to recruitment, predominantly in the technical resource.		

Finance and Resources Committee

2.00pm, Thursday, 18 August 2016

Summary Report on Property Transactions concluded under Delegated Authority

Item number	8.1
Report number	
Executive/routine	Routine
Wards	City-wide

Executive summary

To advise the Committee of all lease agreements, etc. concluded in terms of the Council's 'Scheme of Delegation to Officers'.

This delegated authority currently extends to the conclusion of all new leases of up to five years in length where the rental is no greater than £50,000 per annum and rent reviews where the rental is no greater than £50,000 per annum. The authority also includes the sale of property which has been declared surplus to the requirements of the Council and sold on the open market to the highest bidder. Any transactions outwith these parameters are reported separately to Committee.

Links

Coalition pledges	P30
Council outcomes	CO7
Single Outcome Agreement	SO1

Summary Report on Property Transactions concluded under Delegated Authority

Recommendations

1.1 That Committee:-

- 1.1.1 Notes the 46 transactions detailed in the attached Appendix have been concluded in terms of the Council's 'Scheme of Delegation to Officers'.

Background

- 2.1 Under the Council's Scheme of Delegation to Officers it is the responsibility of the Chief Executive or relevant Director to keep the elected members appropriately informed about activity arising within the scope of the delegated authority under the Scheme. Reporting on a quarterly basis is considered the appropriate manner and frequency of keeping members advised.

Main report

- 3.1 Appendix 1 provides details of 46 transactions completed under delegated authority since the last quarterly report.
- 3.2 These transactions include 5 new leases, 24 new event leases, 14 rent reviews, 1 lease renewal/extension and 2 wayleaves. These transactions will result in rental income of £277,000 per annum.

Measures of success

- 4.1 n/a.

Financial impact

- 5.1 There are no financial implications as a result of this report.

Risk, policy, compliance and governance impact

6.1 There are no risk, policy, compliance or governance impacts as a result of this report.

Equalities impact

7.1 Equalities and Rights Impact Assessments have been carried out on all of the enclosed transactions.

Sustainability impact

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

Consultation and engagement

9.1 n/a.

Background reading/external references

n/a.

Hugh Dunn

Acting Executive Director of Resources

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Links

Coalition pledges	P30 - Continue to maintain a sound financial position including long-term financial planning
Council pledge	None identified
Single Outcome Agreement	SO1 - Edinburgh's economy delivers increased investment, jobs, and opportunities for all.
Appendices	Appendix 1

APPENDIX 1

NEW LEASES

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
1. 8369/20 JAS	7 - Sighthill / Gorgie	Services for Communities (Bowling)	167 Balgreen Road, Edin, EH11 3AT	Balgreen Croquet Club	Use of 2 no. bowling greens as croquet lawns	Old Rent: £0.00 New Rent: £200.00 per annum per lawn (£400.00 per annum total) Lease Period: 1 April 2016 to 31 March 2017 and annually thereafter Payable: Annually, in advance

 ERIA received?**REMARKS:***Lawns previously unlet. Rental increase of £400.00 per annum.*

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
2. EST/21124 SI	4 – Forth	General Property	Rooms 11/12 Lighthouse, 20/22 West Harbour Road, Edinburgh 2,194 sq ft/ 203.8 sq m	William Edward Kirkpatrick	Warehouse	Old Rent: £0.00 (Vacant) New Rent: £7,300 per annum Lease Period: 2 May 2016 to 1 May 2017 and month to month thereafter Payable: Monthly, in advance

 ERIA received?**REMARKS:***Previous tenants lease terminated on expiry. Unit marketed and new lease agreed at £7,300 per annum.*

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS (including area in sq ft)	TENANT	USE	TERMS
3. 8872 SI	13 – Leith	Housing	65 The Shore, Edinburgh 1,080 sq ft/ 100.5 sq m	Mr Zak Hanif & Mr Aytac Gul	Retail / Café	Old Rent: £ 13,400 per annum New Rent: £ 18,600 per annum Lease Period: 1 Jun 2016 to 31 May 2021 and month to month thereafter Payable: Quarterly, in advance
<input checked="" type="checkbox"/> ERIA received? REMARKS: <i>Previous lease brought to an end due to poor payment of rent and tenant going into administration. Unit marketed and new lease agreed with a 39% increase in annual rental income.</i>						

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS (including area in sq ft)	TENANT	USE	TERMS
4. 16953/9 SI	7 – Sighthill/ Gorgie	General Property	12A Dumbryden Road 767 sq ft/71.25 sq m	All Cleaned Up (Scotland)	Office / Store	Old Rent: £ 0.00 (Vacant) New Rent: £ 7,200 per annum Lease Period: 15Jun 2016 to 14 Jun 2020 Payable: Quarterly, in advance
<input checked="" type="checkbox"/> ERIA received? REMARKS: <i>Property previously held on a ground lease until 22/2/16. Unit marketed and a new lease agreed with an annual rental income of £7,200.</i>						

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS (including area in sq ft)	TENANT	USE	TERMS
5. 21097 SI	4 – Forth	General Property	Unit 7 West Shore Business Centre 2,593 sq ft/ 240.9 sq m	Doricmor Limited	Office / Workshop	Old Rent: £ 0.00 (Vacant) New Rent: £16,200 per annum Lease Period: 1 Jun 2016 to 31 May 2021 and month to month thereafter Payable: Monthly, in advance
<input checked="" type="checkbox"/> ERIA received? REMARKS: <i>Previous lease terminated on expiry. Unit marketed and terms agreed with Doricmor Limited.</i>						

NEW LEASES - EVENTS

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
6. 20420 CL	1 – Almond	Services for Communities City Development General	Hawes Car Park, South Queensferry	RNLI	Lifeboat Fundraising Day	Old Rent: £1 Rent: £1 Lease Period: 19 Jun 2016 Payable: If asked

<input checked="" type="checkbox"/> ERIA received?	REMARKS: One day charity fundraising event
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ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
7. 1/H263/I/CL	1 - Almond	Services for Communities City Development General	Hawes Car Park, South Queensferry	John Robertson	Funfair	Rent: £900 for the period Lease Period: 0600hrs on 8 Aug to 0900 on 15 Aug 2015 Payable: in advance

<input checked="" type="checkbox"/> ERIA received?	REMARKS: <i>This annual funfair is held in conjunction with the long running Ferry Fair. The rent was increased for 2015 and remains at the same level for 2016.</i>
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ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
8. FM	1 – Almond	Places (Parks and Greenspace)	Cammo Estate East Lodge (Visitor's Centre), 33 Cammo Road	Edinburgh Southern Orienteering Club	Orienteering event	Old Rent: n/a New Rent: £50 Surveyor's Fee: £0 Parks Mgt Fee: £0 Lease Period: 16 Jan 2016

<input checked="" type="checkbox"/> ERIA received?	REMARKS:
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ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
9. FM	15 – Southside/ Newington	Places (Parks and Greenspace)	The Meadows	Edinburgh University Orienteering Club	Big Weekend orienteering event	Old Rent: n/a New Rent: £340 Surveyor's Fee: £50 Parks Mgt Fee: £34 Lease Period: 23 Jan 2016
<input checked="" type="checkbox"/> ERIA received? REMARKS:						

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
10. FM	15 – Southside/ Newington	Places (Parks and Greenspace)	The Meadows	Edinburgh Students' Charities Appeal	Meadows Marathon 2016	Old Rent: n/a New Rent: £0 Surveyor's Fee: £50 Parks Mgt Fee: £0 Lease Period: 6 Mar 2016
<input checked="" type="checkbox"/> ERIA received? REMARKS:						

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
11. FM	1 - Almond	Places (Parks and Greenspace)	Cramond Foreshore	Stroke Association	Resolution Run 2016	Old Rent: n/a New Rent: £0 Surveyor's Fee: £50 Parks Mgt Fee: £0 Lease Period: 6 Mar 2016
<input checked="" type="checkbox"/> ERIA received? REMARKS:						

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
12. FM	11 – City Centre	Places (Parks and Greenspace)	Princes Street Gardens	Sports Relief, per City of Edinburgh Council	Sport Relief Mile	Old Rent: n/a New Rent: £680 Surveyor's Fee: £150 Parks Mgt Fee: £68 Lease Period: 20 Mar 2016

ERIA received? REMARKS:

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
13. FM	17 – Portobello/ Craigmillar	Places (Parks and Greenspace)	Straiton Park Play Area	Albert Reid	Inflatable Play Area	Old Rent: n/a New Rent: £1,200 Surveyor's Fee: £150 Parks Mgt Fee: £120 Lease Period: 23 Mar – 1 May 2016

ERIA received? REMARKS:

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
14. FM	11 – City Centre	Places (Parks and Greenspace)	Princes Street Gardens	Red Bull Company Ltd	Red Bull Can you Make It? event	Old Rent: n/a New Rent: £680 Surveyor's Fee: £150 Parks Mgt Fee: £68 Lease Period: 12 Apr 2016

ERIA received? REMARKS:

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
15. FM	1 – Almond	Places (Parks and Greenspace)	Cammo Estate East Lodge (Visitor's Centre) and Grounds, 33 Cammo Road	Edinburgh Southern Orienteering Club	Scottish Agricultural Corporate Event	Old Rent: n/a New Rent: £50 Surveyor's Fee: £0 Parks Mgt Fee: £0 Lease Period: 15 April 2016
<input checked="" type="checkbox"/> ERIA received? REMARKS:						

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
16. FM	11 – City Centre	Places (Parks and Greenspace)	Calton Hill	Cantab Explore Ltd	Race the World (reality tv gameshow)	Old Rent: n/a New Rent: £354 Surveyor's Fee: £100 Parks Mgt Fee: £34.50 Lease Period: 15 Apr 2016
<input checked="" type="checkbox"/> ERIA received? REMARKS:						

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
17. FM	15 – Southside/ Newington	Places (Parks and Greenspace)	The Meadows	Cantab Explore Ltd	Race the World (reality tv gameshow)	Old Rent: n/a New Rent: £710 Surveyor's Fee: £250 Parks Mgt Fee: £71 Lease Period: 15 – 16 Apr 2016
<input checked="" type="checkbox"/> ERIA received? REMARKS:						

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
18. FM	11 – City Centre	Places (Parks and Greenspace)	Calton Hill	Beltane Fire Society	Beltane Fire Festival	Old Rent: n/a New Rent: £990 Surveyor's Fee: £250 Parks Mgt Fee: £99 Lease Period: 29 April – 1 May 2016

ERIA received? REMARKS:

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
19. FM	15 – Southside/ Newington	Places (Parks and Greenspace)	The Meadows	Scottish and North Irish Yeomanry (SNIY)	Army in the Park event	Old Rent: n/a New Rent: £1,020 Surveyor's Fee: £250 Parks Mgt Fee: £102 Lease Period: 19 – 21 May 2016

ERIA received? REMARKS:

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
20. FM	11 – City Centre	Places (Parks and Greenspace)	Princes Street Gardens	Church of Scotland	Heart and Soul event 2016	Old Rent: n/a New Rent: £1,420 Surveyor's Fee: £200 Parks Mgt Fee: £142 Lease Period: 20 – 23 May 2016

ERIA received? REMARKS:

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
21. FM	3 – Drum Brae/Gyle	Places (Parks and Greenspace)	Drumbrae Park	Eric Jackson	Clermiston & Drumbrae Children's Gala	Old Rent: n/a New Rent: £1, if asked, for the period Surveyor's Fee: £50 Parks Mgt Fee: £0 Lease Period: 27 – 29 May 2016

ERIA received? REMARKS:

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
22. FM	15 – Southside/Newington	Places (Parks and Greenspace)	The Meadows (west)	WK Taylor	Meadows Annual Festival Funfair	Old Rent: n/a New Rent: £3,605 Surveyor's Fee: £150 Parks Mgt Fee: £360 Lease Period: 31 May – 5 Jun 2016

ERIA received? REMARKS:

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
23. FM	15 – Southside/Newington	Places (Parks and Greenspace)	The Meadows	Callum Ross	Meadows Festival	Old Rent: n/a New Rent: £0 Surveyor's Fee: £50 Parks Mgt Fee: £0 Lease Period: 2 – 6 Jun 2016

ERIA received? REMARKS:

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
24. FM	6 – Corstorphine /Murrayfield	Places (Parks and Greenspace)	St Margaret's Park, Corstorphine	Corstorphine Fair Committee	Corstorphine Fair	Old Rent: n/a New Rent: £0 Surveyor's Fee: £50 Parks Mgt Fee: £0 Lease Period: 3 – 4 Jun 2016
REMARKS:						

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
25. FM	5 – Inverleith	Places (Parks and Greenspace)	Ravelston Park	Roland Reid	Blackhall Children's Sports Day 2016	Old Rent: n/a New Rent: £0 Surveyor's Fee: £50 Parks Mgt Fee: £0 Lease Period: 4 Jun 2016
<input checked="" type="checkbox"/> ERIA received? REMARKS:						

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
26. FM	13 – Leith	Places (Parks and Greenspace)	Leith Links	WK Taylor	Meadows Annual Festival Funfair	Old Rent: n/a New Rent: £1,740 Surveyor's Fee: £150 Parks Mgt Fee: £174 Lease Period: 6 - 12 Jun 2016
<input checked="" type="checkbox"/> ERIA received? REMARKS:						

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
27. FM	15 – Southside/ Newington	Places (Parks and Greenspace)	The Meadows	Brown Bread (UK) Ltd	Gung Ho 2016 event	Old Rent: n/a New Rent: £2,037.50 Surveyor's Fee: £250 Parks Mgt Fee: £207.35 Lease Period: 9 – 12 June 2016

ERIA received? REMARKS:

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
28. FM	13 – Leith	Places (Parks and Greenspace)	Leith Links	Leith Festival Association	Leith Festival Gala Day 2016	Old Rent: n/a New Rent: £0 Surveyor's Fee: £50 Parks Mgt Fee: £0 Lease Period: 11 Jun 2016

ERIA received? REMARKS:

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
29. FM	1 - Almond	Places (Parks and Greenspace)	Lauriston Castle – North (Left) Paddock	Davidson's Mains Children's Gala Association	Davidson's Mains Children's Gala Day 2016	Old Rent: n/a New Rent: £0 Surveyor's Fee: £50 Parks Mgt Fee: £0 Lease Period: 17 - 18 Jun 2016

ERIA received? REMARKS:

RENT REVIEWS

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
30. 6332 IL	11 – City Centre	General Property	98 Canongate, Edinburgh, EH8 8DD	B & GS Landa Limited	Retail Shop (Class 1) Scottish woollens and gift shop.	Old Rent: £24,500 per annum New Rent: £27,400 per annum From: 1 Apr 2016 to 30 Apr 2021 Payable: Quarterly, in advance
<input checked="" type="checkbox"/> ERIA received? REMARKS: ITZA = 94.75m2 (1,020sq ft)						

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
31. 16274/7 IL	11 – City Centre	General Property	379/381 High Street Edinburgh, EH1 1PW	The Dormant Distillery Company Limited t/a Royal Mile Whiskies	Retail Shop (Class 1) Specialist Whisky shop	Old Rent: £28,250 per annum New Rent: £45,750 per annum From: 1 Apr 2015 to 30 Apr 2020 Payable: Quarterly, in advance
<input checked="" type="checkbox"/> ERIA received? REMARKS: ITZA = 49.79m2 (536sq ft)						

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
32. 16274/4 IL	11 – City Centre	General Property	361 High Street Edinburgh, EH1 1PW	The Dormant Distillery Company Limited t/a The Cigar Box	Retail Shop (Class 1) Cigar shop	Old Rent: £10,500 per annum New Rent: £15,250 per annum From: 1 Apr 2015 to 30 Apr 2020 Payable: Quarterly, in advance
<input checked="" type="checkbox"/> ERIA received? REMARKS: ITZA = 16.44m2 (177sq ft)						

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
33. 14126 IL	1 – Almond	General Property	49/50 High Street, South Queensferry, EH30 9HN	Joyce Paton	Retail Shop (Class 1) Fashion retailer	Old Rent: £6,750 per annum New Rent: £9,495 per annum From: 1 Apr 2016 to 31 Mar 2021 Payable: Quarterly, in advance
<input checked="" type="checkbox"/> ERIA received? REMARKS: ITZA = 45.61m2 (491sq ft)						

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
34. 12558/5 IL	10 – Meadows / Morningside	Housing Revenue Account	133 Lauriston Place, Edinburgh, EH3 9JN	Local Area Co- ordination Team	Office (Class 2) Local office for Council department	Old Rent: £9,875 per annum New Rent: £13,400 per annum From: 1 Feb 2016 to 31 Jan 2021 Payable: Quarterly, in advance
<input checked="" type="checkbox"/> ERIA received? REMARKS: ITZA = 77.75m2 (837sq ft)						

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
35. NID01-U03 IL	17 – Portobello / Craigmillar	General Property	92 Niddrie Mains Road, Edinburgh, EH16 4DT	William Purves (Funeral Directors) Ltd	Retail Shop (Class 1) Funeral Director	Old Rent: £6,500 per annum New Rent: £9,800 per annum From: 14 Apr 2016 to 13 Apr 2021 Payable: Quarterly, in advance
<input checked="" type="checkbox"/> ERIA received? REMARKS: ITZA = 61.12m2 (658sq ft)						

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
36. 6220 IL	11 – City Centre	Housing Revenue Account	69 Canongate, Edinburgh, EH8 8BS	Clarinda's Tearoom Ltd	Cafe (Class 3)	Old Rent: £8,995 per annum New Rent: £11,000 per annum From: 1 Apr 2016 to 31 Mar 2021 Payable: Quarterly, in advance
<input checked="" type="checkbox"/> ERIA received? REMARKS: ITZA = 35.85m2 (386sq ft)						

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
37. 6421 IL	11 – City Centre	General Property	248 Canongate, Edinburgh, EH8 8AA	Tribal Body Art Ltd	Tattoo & Body Piercing (Class 1)	Old Rent: £16,500 per annum New Rent: £21,200 per annum From: 1 Apr 2016 to 30 Apr 2021 Payable: Quarterly, in advance
<input checked="" type="checkbox"/> ERIA received? REMARKS: ITZA = 35.85m2 (386sq ft)						

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
38. ES791/11 IL	13 – Leith	General Property	Ground at 3 Carron Place, Edinburgh, EH6 7RE	Edinburgh Leisure	Ground Lease (Class 4/6 – Edinburgh Leisure has its own building constructed on the ground)	Old Rent: £6,000 per annum New Rent: £10,300 per annum From: 28 Nov 2015 – 27 Nov 2020 Payable: Monthly, in advance
<input checked="" type="checkbox"/> ERIA received? REMARKS: Area = 0.16 Hectare (0.39 Acre)						

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
39. 7180 IL	9 – Fountainbridge / Craiglockhart	General Property	54 Grove Street, Edinburgh, EH3 8AT	Benedetto Vettese	Retail (Class 1) Hairdresser	Old Rent: £5,250 per annum New Rent: £7,300 per annum From: 1 Apr 2016 to 31 Mar 2021 Payable: Quarterly, in advance
<input type="checkbox"/> ERIA received? REMARKS: ITZA = 42.27m2 (455sq ft)						

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
40. 35/W380N/1 IL	9 – Fountainbridge / Craiglockhart	General Property	Unit 1 West Gorgie Park, Edinburgh, EH14 1UT	Brian Michael Corrigan t/a Scotia Clean Teck Ltd	Office & Storage (Class 4/6) Cleaning Company	Old Rent: £6,200 per annum New Rent: £6,400 per annum From: 1 May 2016 – 30 Apr 2021 Payable: Monthly, in advance
<input checked="" type="checkbox"/> ERIA received? REMARKS: GIA = 71.99m2 (775sq ft)						

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
41. 35/W380N/7 IL	9 – Fountainbridge / Craiglockhart	General Property	Unit 7 West Gorgie Park, Edinburgh, EH14 1UT	Melville Property Limited	Office & Storage (Class 4/6) Property Company	Old Rent: £6,200 per annum New Rent: £6,400 per annum From: 18 Mar 2016 – 17 Mar 2021 Payable: Monthly, in advance
<input checked="" type="checkbox"/> ERIA received? REMARKS: GIA = 71.99m2 (775sq ft)						

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
42. 35/W380N/11 IL	9 – Fountainbridge / Craigmillar	General Property	Unit 11 West Gorgie Park, Edinburgh, EH14 1UT	Smart Design & Print Ltd	Office & Printing Workshop (Class 4/6) Design & Print Company	Old Rent: £6,200 per annum New Rent: £6,400 per annum From: 1 Apr 2016 – 30 Apr 2021 Payable: Monthly, in advance
<input checked="" type="checkbox"/> ERIA received?						
REMARKS: GIA = 71.99m2 (775sq ft)						

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
43. PEF01- U16 IL	17 – Portobello / Craigmillar	General Property	Block 7, Unit 3, Peffermill Industrial Estate	City Hardware Ltd	Trade Counter (Class 4) Ironmongers	Old Rent: £9,795 per annum New Rent: £12,000 per annum From: 15 May 2016 to 14 May 2021 Payable: Quarterly, in advance
<input checked="" type="checkbox"/> ERIA received?						
REMARKS: GIA = 177.16m2 (1,907sq ft)						

LEASE RENEWALS/EXTENSIONS

ITEM & REF NO.	WARD	OWNING DEPT/ ACCOUNT	SUBJECTS	TENANT	USE	TERMS
44. 19127 CL	1 – Almond	Resources, General Property	Berthing rights at Hawes Pier, South Queensferry	Forth Boat Tours	Berthing of the Forth Belle passenger boat	Old Rent: £8,000 for the period New Rent: £9,000 for the period Payable: Monthly Period: 1 Apr – 31 Oct 2016
<input checked="" type="checkbox"/> ERIA received? REMARKS: <i>Seasonal berthing of an established passenger boat.</i>						

WAYLEAVES

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
45. EST AF	17 – Portobello /Craigmillar	Housing	Ground at Bingham Broadway	Commhoist Ltd	Access to carry out Telecoms upgrade works to	Grassum: £225 Period: 11 Mar16

ERIA received?

REMARKS:

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
46. EST AF	11 – City Centre 13 – Leith	Parks and Greenspace Common Good	Ground at Pilrig Park/Silverfields footpath	Persimmon Homes	Erection of scaffolding during adjacent development. Various park and path upgrades including better accessibility for public.	Rent: £1, if asked Works: Developer has agreed to re route and re grade path along with other works agreed with Parks and Greenspace. Period: 18 Jan 2016 then month-to- month thereafter Admin Fee: £750

ERIA received?

REMARKS:

Finance and Resources Committee

2.00p.m, Thursday, 18 August 2016

Proposed lease restructure of Tourist Information Centre at Waverley Mall, Edinburgh

Item number	8.2
Report number	
Executive/routine	Routine
Wards	11 – City Centre

Executive summary

On 4 June 2015, Finance and Resources Committee approved a report detailing a new sub-letting of the Tourist Information Centre to VisitScotland Limited. This report seeks to inform committee of the next phase of the lease restructure.

The Council is landlord of a ground lease to Ritchie Investments Lux S.a.r.l. (RILS) of Waverley Mall (rebranded from Princes Mall) Shopping Centre. RILS subleases back to the Council the Tourist Information Centre on the plaza level of the mall. The Council then sub-under leases the Tourist Information Centre to VisitScotland Limited.

The current demise leased to VisitScotland is no longer fit for purpose and is too large for the Tourist Information Centre, and discussions have taken place with the RILS and VisitScotland to create a new Tourist Information Centre which will better meet the requirements of VisitScotland. The existing property will be subdivided to provide the Tourist Information Centre and a new restaurant. These works will be carried out by RILS which will also meet all capital costs.

The lease restructure greatly increases the rental payable to the Council which will rise from £49,000 to minimum of £88,396 to a potential £109,396 per annum.

This report seeks Committee approval to enter into and agree the lease restructure.

Links

Coalition pledges	P15 , P17
Council priorities	CP5 , CP8 , CP9 , CP12
Single Outcome Agreement	SO1

Proposed lease restructure of Tourist Information Centre at Waverley Mall, Edinburgh

Recommendations

That Committee:

- 1.1 Approves a lease restructure between the Council, RILS and VisitScotland Limited on the terms outlined in the report, and on the other terms and conditions to be agreed by the Acting Executive Director of Resources.

Background

- 2.1 The Council retains ownership of Waverley Mall Shopping Centre. Ritchie Investments Lux S.a.r.l. (RILS) has the head tenant interest under a ground lease, expiring in March 2188, at a peppercorn rent.
- 2.2 RILS subleases back to the Council the Tourist Information Centre and other offices (as shown outlined red on the attached plan), on the roof plaza of the Shopping Centre. This lease also expires in March 2188, and the rental is £1.00 per annum (if asked).
- 2.3 The Council then sub-under leases the Tourist Information Centre to VisitScotland Limited at an annual base rent of £24,000 per annum, plus a turnover top up of approximately £25,000 per annum, providing a total annual rental payable of £49,000 per annum. The current sub-under lease, between the Council and VisitScotland, was due to expire on 31 May 2016 (holding over to 2017).
- 2.4 The existing Tourist Information Centre is too large for VisitScotland needs. It is therefore proposed that a new unit (known as Unit A) will be created to provide them with a more prominent unit, which more closely meets their requirements.
- 2.5 The physical works required to create the new separate units will be undertaken and paid for by RILS. These works will be subject to RILS obtaining all necessary statutory consents, including planning permission and building warrants.
- 2.6 Provisional agreement has been reached between the Council, VisitScotland Limited and RILS for RILS to take over control of the Tourist Information Centre by receipt of a sub under lease from the Council until 28 March 2188 (equating

to the other leasehold interests of the Centre), and to subdivide the property into two individual units known as Unit A (Tourist Information Centre) and Unit B.

- 2.7 The Council will retain a level of control over Unit A for the purpose of intended and continued occupation for Edinburgh and Scotland tourism purposes and the initial letting will be to VisitScotland Limited as per a report approved by Finance and Resources Committee on 4 June 2015. The initial term will be 15 years at £90,700 per annum.

Main report

- 3.1 A new rental mechanism will be entered into within the new sub under leases whereby the gross income generated from the sub under leases will be split as follows – Council 28% and RILS 72%.
- 3.2 The rent of the Tourist Information Centre is agreed with RILS at £90,700. The rent of the newly created restaurant unit is expected to be between £225,000 and £300,000 per annum providing a rent to the Council of between £88,396 and £109,396 per annum for that unit.
- 3.3 The existing sub-under lease between the Council and VisitScotland Limited will continue beyond the expiry date of 31 May 2016, until the new unit is ready and all legal documentation is agreed. VisitScotland Limited will be afforded continuity of trade through the period and the Council will continue to receive the full rental income for the existing Tourist Information Centre during the restructure and redevelopment.

Measures of success

- 4.1 A more prominent unit will be created for VisitScotland Limited allowing it to provide a better service through the Tourist Information Centre. The greater prominence and better accessibility of the unit will allow a higher number of tourist, and other users, to access the VisitScotland service. The proposal greatly increases the income payable to the Council.

Financial impact

- 5.1 The combined impact of the creation of two units will result in an increase in the rental income payable to the General Property Account of between £39,396 and £60,396 per annum.
- 5.2 The financial impact with the ground lease and sublease is neutral with both existing arrangements of a peppercorn rent to continue.

Risk, policy, compliance and governance impact

- 6.1 It can be demonstrated that best value is being obtained and it is considered that there is little or no impact of Risk, Policy, Compliance or Governance issues.

Equalities impact

- 7.1 This new lease will allow VisitScotland Limited to provide a more prominent, better configured, and more accessible Tourist Information Centre, resulting in a higher standard of service to visitors to the city. This will enhance the rights of productive and valued activities
- 7.2 The new lease is being agreed as a result of direct negotiations between the stakeholders. This could lead to claims by individual or parties who were not given the opportunity to be considered, however, given the nature of the service provided by the Tourist Information Centre, the benefits that brings to the city, and the long standing nature of their presence in this location, it is considered that any potential impact is proportional and justifiable.

Sustainability impact

- 8.1 There are no sustainability issues arising from this report.

Consultation and engagement

- 9.1 The works required to create the new units will require planning permission. The surrounding owners and occupiers together with the general public will be able to comment on the proposal during the planning application process.

Background reading/external references

N/A.

Hugh Dunn

Acting Executive Director of Resources

Contact: Mark Bulloch, Senior Estates Surveyor

E-mail: mark.bulloch@edinburgh.gov.uk | Tel: 0131 529 5991

Links

Coalition pledges	P15 – Work with public organisations, the private sector and social enterprise to promote Edinburgh. P17 – Continue efforts to develop the city’s gap sites and encourage regeneration.
Council priorities	CP5 – Business growth and investment CP8 – A vibrant, sustainable local economy CP9 – An attractive city CP12 – A built environment to match our ambition
Single Outcome Agreement	SO1 - Edinburgh’s Economy Delivers increased investment, jobs and opportunities for all.
Appendices	Location Plan.



NORTH
General Register House
2

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

TOURIST INFORMATION CENTRE AT
PRINCES MALL
PRINCES STREET
EDINBURGH

DATE	29/4/15
SURVEYED BY	
DRAWN BY	Mark Ballantyne
SCALE	N.T.S.
NEG. NO.	A3/1591

LOCATION PLAN

PHOTOGRAPHICALLY REDUCED NOT TO SCALE

SITE PLAN

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

2.00p.m, Thursday, 18 August 2016

Proposed sale of former public convenience at 199 St John's Road, Edinburgh

Item number	8.3
Report number	
Executive/routine	Routine
Wards	6 – Corstorphine/Murrayfield

Executive summary

Lanark Road Property Ltd is seeking to purchase the former Corstorphine public convenience, St John's Road. Lanark Road Property Ltd is the owner of the adjoining property at 14 Featherhall Place situated to the South of the property.

This report seeks authority to dispose of the property to Lanark Road Property Ltd on the terms outlined in the report.

Links

Coalition pledges	P17
Council priorities	CP5
Single Outcome Agreement	SO1

Proposed sale of former public convenience at 199 St John's Road, Edinburgh

Recommendations

- 1.1 That Committee:
 - 1.1.1 Approves the disposal of the former public convenience at 199 St John's Road, to Lanark Road Property Ltd, on the terms set out in this report and on such other terms and conditions to be agreed by the Acting Executive Director of Resources.

Background

- 2.1 The Council has declared a number of public conveniences surplus to requirements, including the one located at 199 St John's Road, as shown outlined red on the attached plan. The property extends to 42.76 sq m (140 sq ft) or thereby, with a site area of 0.13 hectare (0.32 acre) or thereby.

Main report

- 3.1 The Council received an approach from Lanark Road Property Ltd, which owns the adjacent 14 Featherhall Place, with a formal offer to purchase the subjects to facilitate an extension to its office premises.
- 3.2 Provisionally agreed terms for the disposal of the property are as follows:

Purchaser:	Lanark Road Property Ltd, adjoining property owner at 14 Featherhall Place.
Price:	£40,000
Conditionality:	The offer is unconditional.
Fees:	The purchaser is to meet the Council's reasonable legal and surveyor's costs.
Clawback:	A clawback agreement will be included in the contract to protect the Council should there be an onward sale of the property.
- 3.3 The purchase price reflects the special purchaser status of Lanark Road Property Ltd as adjoining landowner. In isolation, the land has little development potential.

Measures of success

- 4.1 The disposal will remove a vacant former public convenience from Council ownership and the associated liability of holding costs and repairs. The site will be brought back into beneficial economic use.

Financial impact

- 5.1 A capital receipt of £40,000 will be received in financial year 2016/17.
- 5.2 Lanark Road Property Ltd will meet the Council's costs associated with the transaction.

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 to purchase. If the sale does not complete the property will be advertised for sale on the open market.

Equalities impact

- 7.1 The removal of the toilet from public use may have an adverse effect on the rights to health, however, this has been mitigated through agreements with local proprietors to make their toilets available to the public.
- 7.2 The sale will provide a capital receipt for the Council and development of the site will enhance the rights to health and physical security by improving the site, and the area for nearby residents.
- 7.3 As the sale is an off market transaction, there is a potential infringement of the rights of other interested parties. Given the size of the site and the adjacent owner interest this has potentially increased the overall developability area of the site. In any event, any potential impact is considered to be proportionate and justifiable.

Sustainability impact

- 8.1 There are no sustainability issues arising from the recommendations of this report.

Consultation and engagement

- 9.1 Consultation undertaken at the budget meeting
<http://www.edinburgh.gov.uk/toilets>

Background reading/external references

N/A.

Hugh Dunn

Acting Executive Director of Resources

Contact: Debbie Scott, Estates Surveyor

E-mail: debbie.scott@edinburgh.gov.uk | Tel: 0131 529 5928

Links

Coalition pledges	P17 – Continue efforts to develop the city’s gap sites and encourage regeneration.
Council priorities	CP5 – Business growth and investment.
Single Outcome Agreement	SO1 – Edinburgh’s economy delivers increased investment, jobs and opportunities for all.
Appendices	Appendix 1 - Location Plan



LOCATION PLAN

SCALE 1:1250



SITE PLAN

SCALE 1:200

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

PUBLIC CONVENIENCE AT 199/1 ST JOHN'S ROAD EDINBURGH	
DATE	19/10/15
SURVEYED BY	MB,NR
DRAWN BY	Mark Ballantyne
SCALE	1:200 @ A3 SIZE
NEG. NO.	A3/1618 ST JOHN'S ROAD

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Finance and Resources Committee

2.00p.m, Thursday, 18 August 2016

Proposed 10 year lease at 86/88 Niddrie Mains Road, Edinburgh

Item number	8.4
Report number	
Executive/routine	Routine
Wards	17 – Portobello/Craigmillar

Executive summary

The former east neighbourhood office at 86/88 Niddrie Mains Road has been vacant since Council staff relocated to the new neighbourhood office.

The property has been fully and openly marketed for lease since May 2013 with very little interest. The property currently costs the Council approximately £25,000 per annum in void property expenses (vacant rates and utilities).

This report seeks approval to the grant of a new 10 year lease to Co-operative Funeral Services Limited on the terms and conditions outlined in the report.

Links

Coalition pledges	P15 , P28
Council priorities	CP5 , CP8 , CP9 , CP12
Single Outcome Agreement	SO1

Proposed 10 year lease at 86/88 Niddrie Mains Road, Edinburgh

Recommendations

1.1 That Committee:

- 1.1.1 Approves a new 10 year lease to Co-operative Funeral Services Limited of the former east neighbourhood office at 86/88 Niddrie Mains Road, Edinburgh, on the terms outlined in this report and on other terms and conditions to be agreed by the Acting Executive Director of Resources.

Background

- 2.1 The premises at 86/88 Niddrie Mains Road extends to 660.63 sqm (7,111sqft) or thereby and is shown outlined in red on the attached plan.
- 2.2 Following construction of the new east neighbourhood office and library hub the property became vacant and was placed on the open market for lease in May 2013. There has been very little genuine interest in the building due to its large size and location.

Main report

- 3.1 Interest has been shown by Co-operative Funeral Services Limited for use as a funeral parlour and ancillary accommodation. Following negotiations, the following terms have been provisionally agreed:
 - Subjects: 86/88 Niddrie Mains Road, Edinburgh;
 - Lease term: 10 years from date of entry with tenant break option on fifth anniversary on six months notice;
 - Rent: £45,000 per annum;
 - Rent Reviews: Reviewed on fifth anniversary of the term to open market value;
 - Use: Funeral parlour and uses ancillary thereto including chapel of rest;
 - Repairs: Full repairing and maintaining obligation; and
 - Other terms: As contained in a standard commercial lease.

Measures of success

- 4.1 Granting a new 10 year lease of the premises will bring a longstanding vacant unit back into commercial use thus reducing the Council's vacant property costs and generating a rental income.

Financial impact

- 5.1 Removal of approximately £25,000 per annum ongoing financial liability to Council on vacant property costs, plus £45,000 per annum rental income to the General Property Account.

Risk, policy, compliance and governance impact

- 6.1 This is new 10 year lease on a property which has been vacant and fully marketed for over three years. It is considered there is little or no impact on Risk, Policy, Compliance or Governance issues.

Equalities impact

- 7.1 An Equality and Rights Impact Assessment has been carried out.
- 7.2 It considered that the main enhancement of rights is through physical security with a vacant unit that could be seen as a target for vandalism and anti social behaviour being leased out and occupied. Furthermore, the letting of the property would bring a vacant unit back into commercial use, providing a service to the local community and enhancing the right of productive and valued activities.
- 7.3 In a commercial property letting the main infringement of rights can often be claims by parties who were not given the opportunity to lease or make an offer for the property. It is not considered to be the case in this instance. The property was fully and openly marketed for more than three years, providing the best possible opportunity for every interested party to submit and offer.

Sustainability impact

- 8.1 There are no sustainability issues arising from this report.

Consultation and engagement

- 9.1 N/A.

Background reading/external references

N/A.

Hugh Dunn

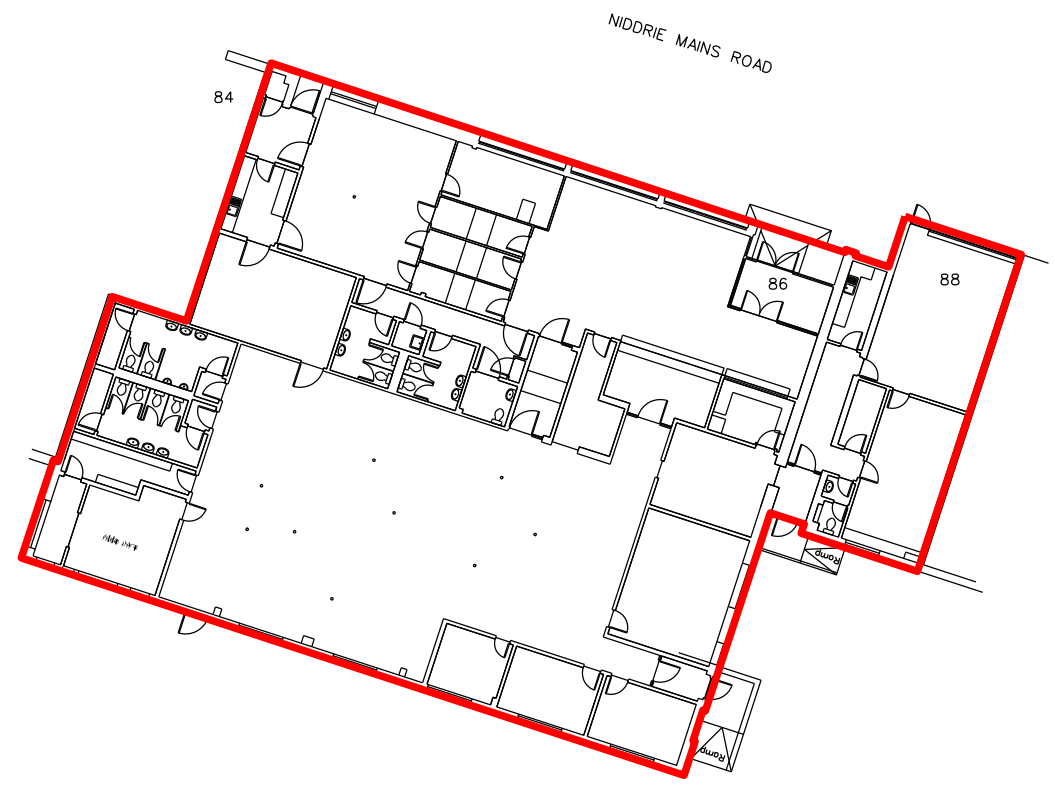
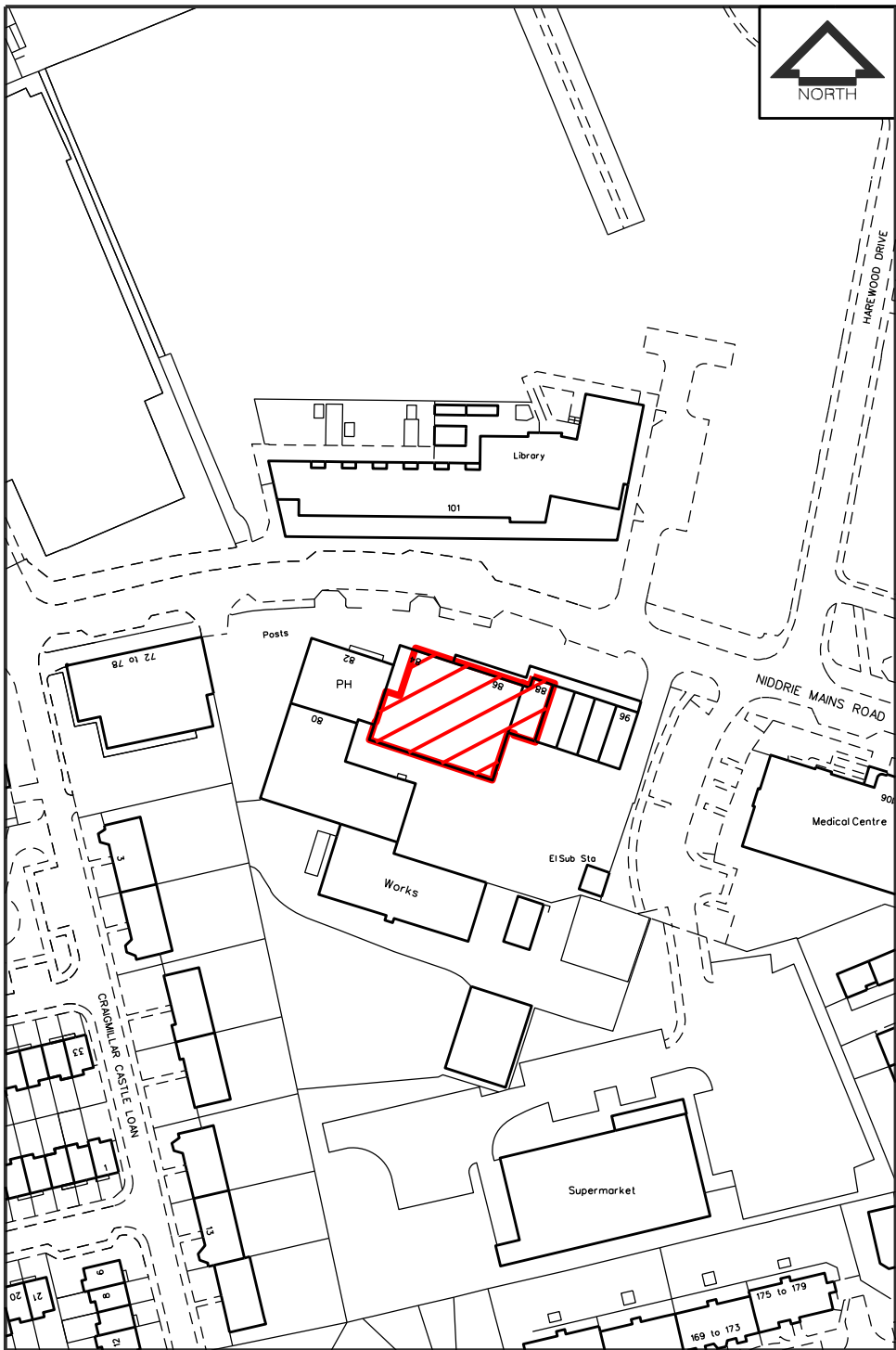
Acting Executive Director of Resources

Contact: Mark Bulloch, Senior Estates Surveyor

E-mail: mark.bulloch@edinburgh.gov.uk | Tel: 0131 529 5991

Links

Coalition pledges	P15 – Work with public organisations, the private sector and social enterprise to promote Edinburgh to investors. P28 – Further strengthen our links with the business community by developing and implementing strategies to promote and protect the economic well being of the city.
Council priorities	CP5 – Business growth and investment. CP8 – A vibrant, sustainable local economy. CP9 – An attractive city. CP12 – A built environment to match our ambition.
Single Outcome Agreement	SO1 – Edinburgh’s Economy delivers increased investment, jobs and opportunities for all.
Appendices	Appendix 1 - Location Plan



• EDINBURGH • THE CITY OF EDINBURGH COUNCIL	
SERVICES FOR COMMUNITIES EDINBURGH	
86 to 88 NIDDRIE MAINS ROAD EDINBURGH	
DATE	17/6/15
SURVEYED BY	MB
DRAWN BY	Mark Ballantyne
SCALE	N.T.S.
NEG. NO.	A3/1367

LOCATION PLAN

PHOTOGRAPHICALLY REDUCED NOT TO SCALE

SITE PLAN

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Finance and Resources Committee

2.00p.m, Thursday, 18 August 2016

Proposed 15 year lease at Unit 1, 72/78 Niddrie Mains Road, Edinburgh

Item number	8.5
Report number	
Executive/routine	Routine
Wards	17 – Portobello/Craigmillar

Executive summary

The retail unit at 72/78 Niddrie Mains Road is currently occupied on a rolling annual tenancy basis and the existing occupier has provisionally agreed to sell the business.

The proposed purchaser is seeking a new lease, with a longer term. The property is in need of refurbishment and the proposed new tenant requires additional security prior to investing in the property.

This report seeks approval to the grant of a new 15 year lease to Ms Raheela Mohammed on the terms and conditions outlined in the report.

Links

Coalition pledges	P15 , P28
Council priorities	CP5 , CP8 , CP9 , CP12
Single Outcome Agreement	SO1

Proposed 15 year lease at Unit 1, 72/78 Niddrie Mains Road, Edinburgh

Recommendations

- 1.1 That Committee:
 - 1.1.1 Approves a new 15 year lease to Ms Raheela Mohammed of the retail premises at Unit 1, 72/78 Niddrie Mains Road, Edinburgh, on the terms outlined in this report and on other terms and conditions to be agreed by the Acting Executive Director of Resources.

Background

- 2.1 The premises at Unit 1, 72/78 Niddrie Mains Road extend to 451 sq. m (4,852 sq. ft) or thereby and are shown outlined in red on the attached plan.
- 2.2 The property is let to Mr Barrie Dear & Mrs Leslie Dear, trading as Londis Convenience Store, which incorporates both a local pharmacy and Post Office. The lease has continued on an annual basis since May 2011 and could be terminated by the occupier in May 2017 (on serving 3 months written notice). The current rental is £28,000 per annum.
- 2.3 The current occupiers have been actively marketing the sale of their business and have provisionally agreed the sale to Ms Raheela Mohammed. This is subject to the Council agreeing to the grant of a new lease, with a longer term. The property is in need of refurbishment and the proposed tenant requires additional security prior to investing in the property.
- 2.4 This new lease will result in a Post Office service being retained in the local area. The pharmacy service will not continue, although this is already well provided for in the area.

Main report

- 3.1 The following terms have been provisionally agreed:
 - Subjects: Unit 1, 72/78 Niddrie Mains Road, Edinburgh;
 - Lease term: 15 years from date of entry with tenant break option on seventh anniversary on six months notice;
 - Rent: £33,000 per annum (current market rental value);

- Rent Reviews: Reviewed on fifth and tenth anniversary of the term to open market value;
- Use: Convenience Store and Post Office (as existing);
- Repairs: Full repairing and maintaining obligation; and
- Other terms: As contained in a standard commercial lease.

Measures of success

- 4.1 Granting a new 15 year lease of the premises will retain local services including the Post Office, generate an increased rental income and avoid vacant property costs.

Financial impact

- 5.1 Increased rental income of £5,000 per annum payable to the General Property Account. If the property was to fall vacant, the Council would be liable for vacant property costs of approximately £13,000 per annum, together with lost rental income.

Risk, policy, compliance and governance impact

- 6.1 This is a new 15 year lease of a property which is currently occupied on a year to year basis. It is considered there is little or no impact on Risk, Policy, Compliance or Governance issues.
- 6.2 The business/property has been fully marketed by the existing tenant for approximately two years. A comparable vacant property in the area has been openly marketed by the Council for a similar period and has demonstrated difficulties in re-letting properties of this size in the local area.

Equalities impact

- 7.1 An Equality and Rights Impact Assessment has been carried out.
- 7.2 It considered that the main enhancement of rights is through physical security with a vacant unit that could be seen as a target for vandalism and anti social behaviour being leased out and occupied. Furthermore, the new lease at this property would continue to provide a service to the local community and enhancing the right of productive and valued activities.
- 7.3 In a commercial property letting the main infringement of rights can often be claimed by parties who were not given the opportunity to lease or make an offer for the property. It is not considered to be the case in this instance as it forms part of a business sale, with the purchaser seeking to secure an increased lease term, prior to investing in the refurbishment of the property.

Sustainability impact

8.1 There are no sustainability issues arising from this report.

Consultation and engagement

9.1 N/A.

Background reading/external references

N/A.

Hugh Dunn

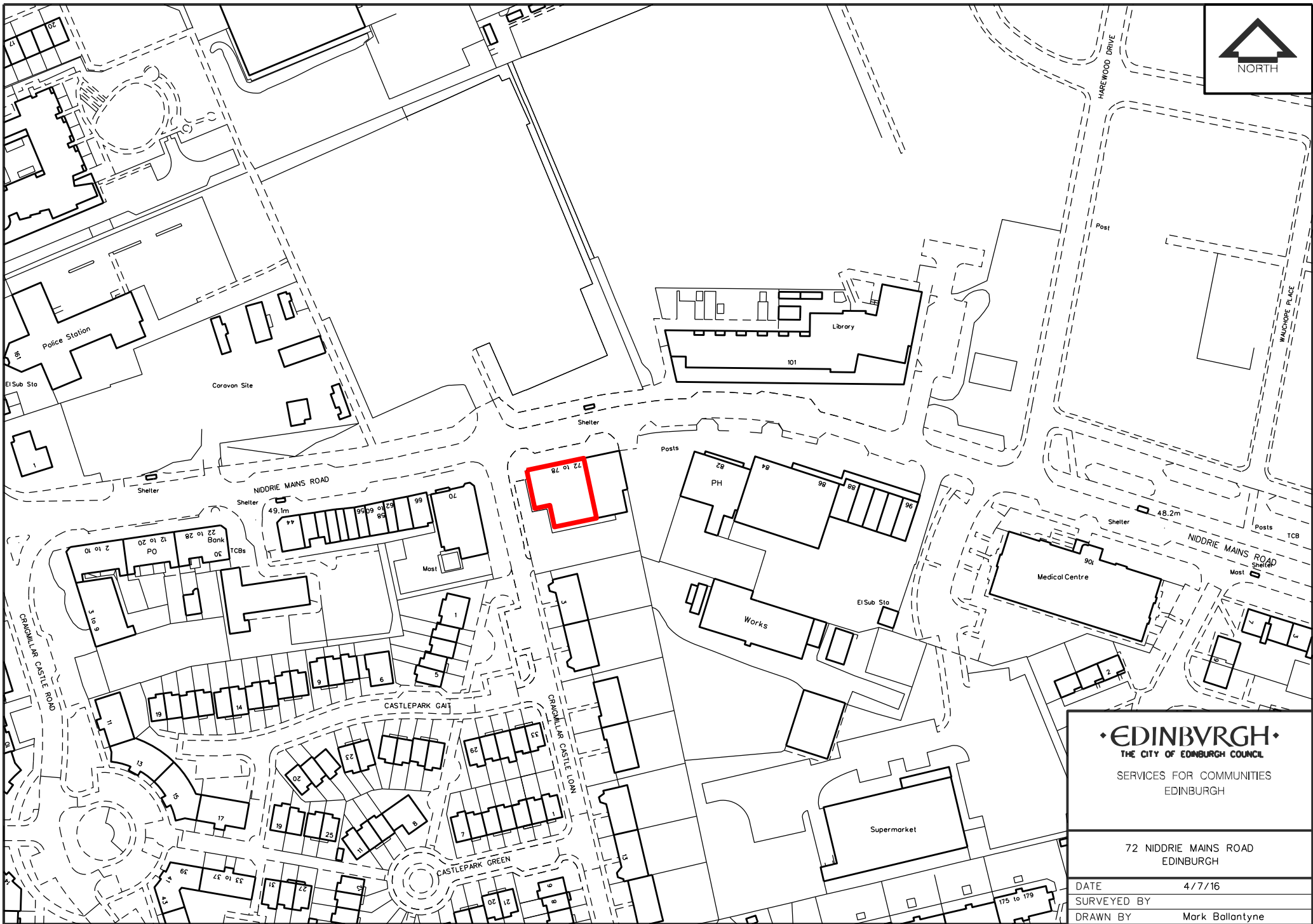
Acting Executive Director of Resources

Contact: Andrew S. McCurrach, Estates Surveyor

E-mail: andrew.mccurrach@edinburgh.gov.uk | Tel: 0131 529 4682

Links

Coalition pledges	P15 – Work with public organisations, the private sector and social enterprise to promote Edinburgh to investors. P28 – Further strengthen our links with the business community by developing and implementing strategies to promote and protect the economic well being of the city.
Council outcomes	CP5 – Business growth and investment. CP8 – A vibrant, sustainable local economy. CP9 – An attractive city. CP12 – A built environment to match our ambition.
Single Outcome Agreement	SO1 – Edinburgh’s Economy delivers increased investment, jobs and opportunities for all.
Appendices	Appendix 1 - Location Plan



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72 NIDDRIE MAINS ROAD
 EDINBURGH

DATE	4/7/16
SURVEYED BY	
DRAWN BY	Mark Ballantyne
SCALE	N.T.S.
NEG. NO.	A3/1684

SITE PLAN

PHOTOGRAPHICALLY REDUCED NOT TO SCALE

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Finance and Resources Committee

2.00p.m, Thursday, 18 August 2016

Proposed 10 year lease extension at 69B Braid Road, Edinburgh

Item number	8.6
Report number	
Executive/routine	Routine
Wards	10 – Meadows/Morningside

Executive summary

The former lodge house at Hermitage of Braid, 69B Braid Road is let to Michael Mansell who operates a small tea room/coffee shop from the premises.

The lease is due to expire on 30 May 2020 and the tenant has requested a 10 year lease extension.

This report seeks approval to the grant of a 10 year lease extension to Michael Mansell on the terms and conditions outlined in the report.

Links

Coalition pledges	P15 , P28
Council priorities	CP5 , CP8 , CP9 , CP12
Single Outcome Agreement	SO1

Proposed 10 year lease extension at 69B Braid Road, Edinburgh

Recommendations

- 1.1 That Committee approves a 10 year lease extension to Michael Mansell of the former lodge house at Hermitage of Braid, 69B Braid Road, Edinburgh, on the terms outlined in this report and on other terms and conditions to be agreed by the Acting Executive Director of Resources.

Background

- 2.1 The premises at 69B Braid Road extend to 38.66m² (416sq ft) or thereby as shown outlined in red on the attached plan.
- 2.2 The property became vacant, and was placed on the open market for lease, at the end of 2014. Following a closing date, the Council agreed a lease with Michael Mansell from 1 June 2015 to 31 May 2020. Mr Mansell operates a small tea room/coffee shop from the premises. The current rent is £5,500pa excl VAT.

Main report

- 3.1 The existing lease expires on 31 May 2020 and the tenant has requested a 10 year lease extension with a new expiry date of 31 May 2030. Although there are still more than three years unexpired on the existing lease, the tenant requires the security of a longer term in order to invest in the property.
- 3.2 The tenant has fulfilled all his legal and financial obligations in terms of the existing lease.
- 3.3 The following terms have been provisionally agreed:

Subjects:	69B Braid Road, Edinburgh;
Lease term:	10 years from 1 June 2020 until 31 May 2030;
Rent:	£5,500 per annum (current market rental value);
Rent Reviews:	Reviewed on each fifth anniversary of the term to open market value (1/6/2020 and 01/06/2025);
Use:	Small tea room/coffee shop;
Repairs:	Full repairing and maintaining obligation;
Other terms:	As contained in a standard commercial lease; and

Costs: The tenant shall meet the Council's costs incurred in completing the transaction.

Measures of success

- 4.1 Granting a 10 year lease extension will provide greater security of tenure allowing the tenant to invest in the property and continue his long term financial planning of the business and, in turn, sustain employment for his workers.

Financial impact

- 5.1 Continued receipt £5,500 per annum to the General Property Account until next rent review at 1 June 2020.

Risk, policy, compliance and governance impact

- 6.1 This is 10 year lease extension to the existing tenant. The existing tenant has been trading from the property since May 2015 having secured a lease following a full marketing campaign and closing date. It is considered there is little or no impact on Risk, Policy, Compliance or Governance issues.

Equalities impact

- 7.1 An Equality and Rights Impact Assessment has been carried out.
- 7.2 An enhancement of rights has been identified as through a lease extension, it will ensure that the tenant can continue to plan both financially and in terms of developing their business. This will allow them to continue to provide a high level of service and experience to their employees and customers. This directly links to an enhancement of the following rights namely (i) Legal Security, (ii) Education and Learning and (iii) Productive and Valued Activities.
- 7.3 A possible infringement has been identified in that by offering a lease extension to the current tenant rather than placing the premises on the open market in 2020, there is the potential impact on others who may want to lease the premises. However, given the tenants business will have been established for five years at the current expiry date (2020) and the possible effect on it if a new lease is not granted, the impact is considered to be proportionate and justifiable.

Sustainability impact

- 8.1 There are no sustainability issues arising from this report.

Consultation and engagement

9.1 N/A

Background reading/external references

N/A

Hugh Dunn

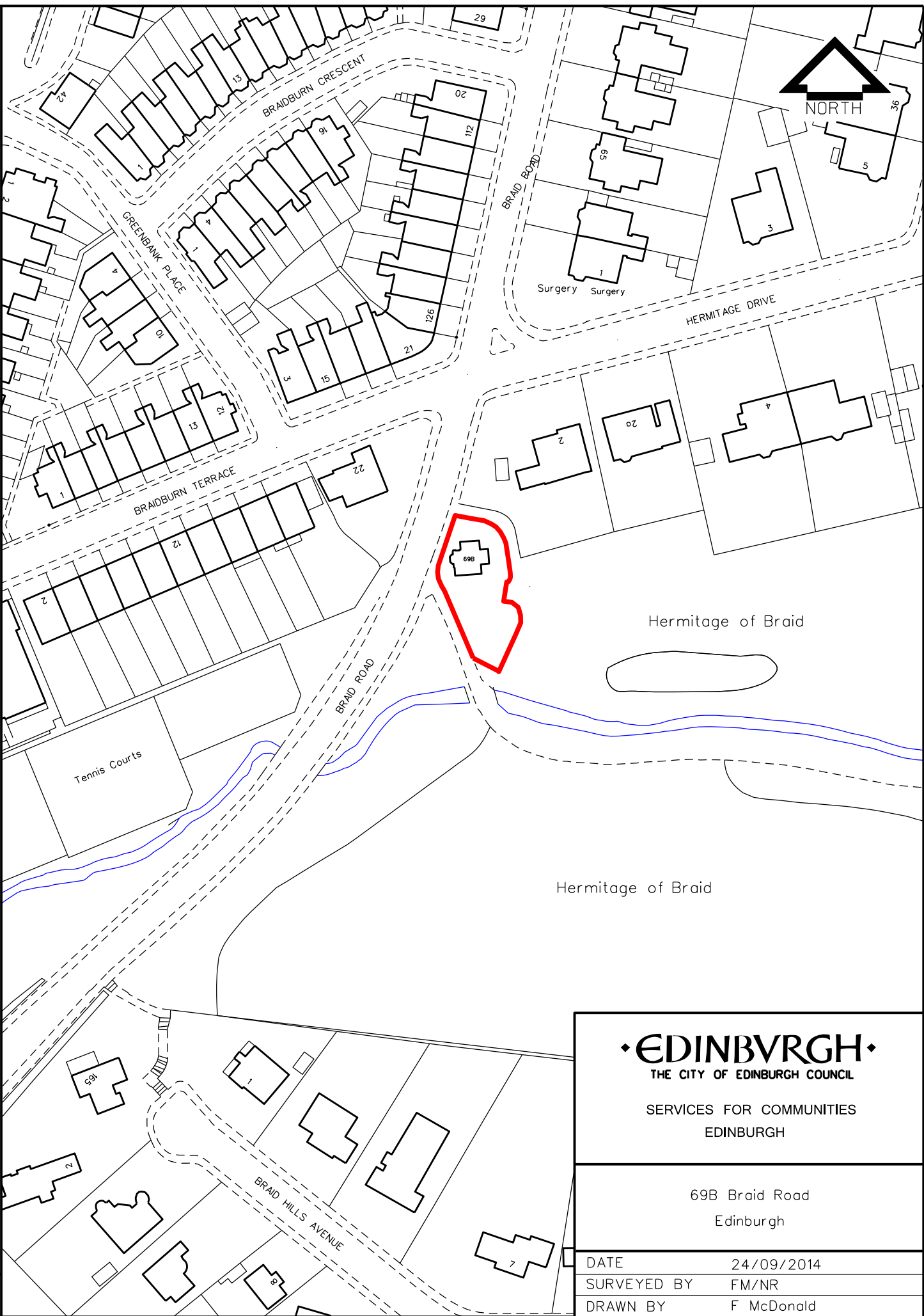
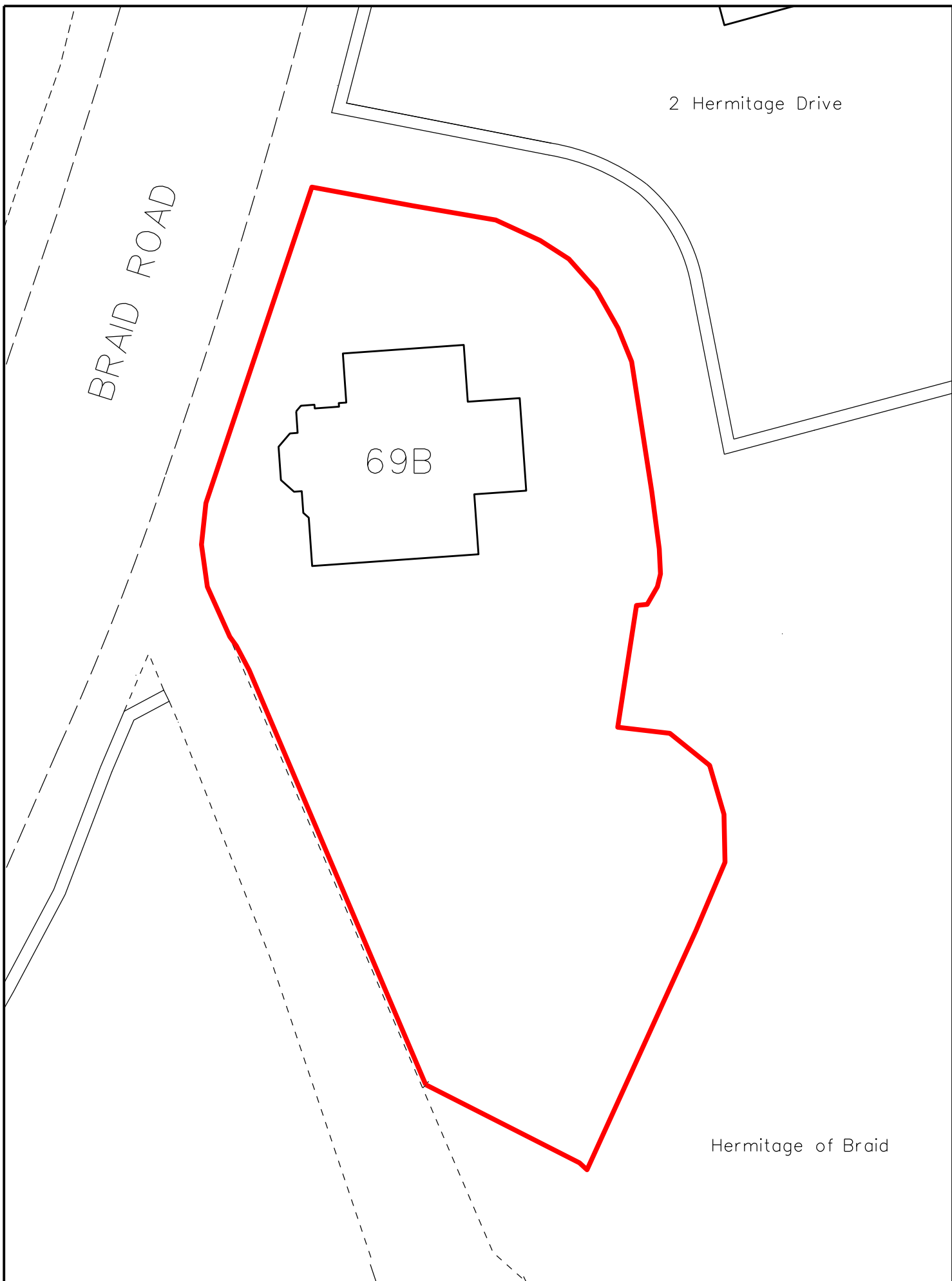
Acting Executive Director of Resources

Contact: Mark Bulloch, Senior Estates Surveyor

E-mail: mark.bulloch@edinburgh.gov.uk | Tel: 0131 529 5991

Links

Coalition pledges	P15 – Work with public organisations, the private sector and social enterprise to promote Edinburgh to investors. P28 – Further strengthen our links with the business community by developing and implementing strategies to promote and protect the economic well being of the city.
Council priorities	CP5 – Business growth and investment. CP8 – A vibrant, sustainable local economy. CP9 – An attractive city. CP12 – A built environment to match our ambition.
Single Outcome Agreement	SO1 – Edinburgh’s Economy delivers increased investment, jobs and opportunities for all.
Appendices	Appendix 1 - Location Plan



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69B Braid Road Edinburgh	
DATE	24/09/2014
SURVEYED BY	FM/NR
DRAWN BY	F McDonald
FILE NO.	
NEG. NO.	NT2470/A3/1505

SITE PLAN

LOCATION PLAN

PHOTOGRAPHICALLY REDUCED NOT TO SCALE

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Finance and Resources Committee

2.00 p.m, Thursday, 18 August 2016

Proposed lease and conservation burden at Tron Kirk, 122 High Street, Edinburgh

Item number	8.7
Report number	
Executive/routine	Routine
Wards	11 – City Centre

Executive summary

This report seeks authority to extend the period for Edinburgh World Heritage Trust (EWHT) to secure funding for the redevelopment of the Tron Kirk and approval to place conservation burdens on the Council's title for the Tron Kirk and Hunter Square Toilets on terms to be agreed with the Heritage Lottery Fund.

In addition, instruction is sought over the short term lease of the property.

Links

Coalition pledges	P17
Council priorities	CP5 , CP8 , CP9 , CP12
Single Outcome Agreement	SO1

Proposed lease and conservation burden at Tron Kirk, 122 High Street, Edinburgh

Recommendations

That Committee:

- 1.1 Approves the revised timescale for securing funding by EWHT and authorises conservation burdens to be placed on the Council's title for the Tron Kirk and Hunter Square toilets on terms to be agreed by the Acting Executive Director of Resources; and
- 1.2 Instructs the short term leasing strategy to be implemented by the Acting Executive Director of Resources.

Background

- 2.1 The Tron Kirk extends to 278.71sqm (3,000sqft) or thereby and is shown outlined red on the attached plan.
- 2.2 On 6 June 2013, the Finance and Resources Committee authorised the principle of leasing the Tron Kirk to Edinburgh World Heritage Trust (EWHT). Subsequently, the Economy Committee, on 24 June 2014, authorised the terms and conditions for the grant of a 99 year development lease to EWHT. This decision was ratified by the Finance and Resources Committee on 30 July 2014.
- 2.3 The development lease is to include the Tron Kirk building and, potentially, Hunter Square public toilets. EWHT would pay £1 per annum on condition that they restored the property to an agreed specification. EWHT would use the Tron as a visitor centre with ancillary office, retail, restaurant and cafe bar.
- 2.4 The EWHT lease is conditional on Heritage Lottery and other funding, which was to be sourced in a two year timeframe.
- 2.5 The above proposals presented an opportunity for the short term use of the building. On 17 September 2013, a report on short term leasing options was considered by the Economy Committee. This was referred to the Finance and Resources Committee on 19 September 2013, who referred it to the Corporate Policy and Strategy Committee on 1 October 2013 who, in turn, referred to Council on 24 October 2013. A motion passed by the Council authorised the short term lease of the building, for the summer festivals in 2014 and 2015 and the Christmas and New Year festivals in 2013 and 2014, until 30 September

2015. The property was to be marketed for let at other times until EWHT were ready to take possession for the longer term redevelopment.

- 2.6 The property was marketed for let and subsequently leased to Mr David Coutts t/a Edinburgh 2014 for £36,400 per annum. The building was to be used as a Victorian style retail market. On 27 August 2015, the Finance and Resources Committee noted that EWHT were not ready to take possession and therefore approved a lease extension, from 1 September 2015 to 31 August 2016, at a rent of £45,000 per annum.

Main report

Current Position – redevelopment proposals

- 3.1 EWHT has submitted an application to the Heritage Lottery Fund for stage one funding and is expected to hear back on whether it is successful later this year. In the event that it is not secured, both parties will have the option to withdraw from the agreement. All legal documentation is in agreed draft form but not signed by the parties. Both the 2013 and 2014 reports on this proposal referred to a period of two years to secure funding. The timescales within the draft legal documentation allow for a long stop date of 31 October 2019 to secure 95% of the funding. Committee approval is therefore being sought to agree the revised timescale.
- 3.2 In addition, the Heritage Lottery Fund, and possibly other funders, will require a conservation burden to be placed on the Council's title of the Tron Kirk (and Hunters Square Toilets if they are included in the scheme). Grant funders often seek to protect their investment by requiring a burden on the title of a property, particularly in relation to repair and maintenance. Such burdens are usually for a limited period of time, say 15 or 20 years.
- 3.3 Under the terms of the draft lease to EWHT, responsibility for repair and maintenance will pass to the tenant. This means that, in practice, the Council will only be liable to comply with our duties under the conservation burden if EWHT cease to be tenant or default on their responsibilities. While the primary element of a burden will be in relation to repairs and maintenance, there may be ancillary issues such as rights to inspect, etc. Consequently, Committee is asked to authorise the Acting Executive Director of Resources to enter into such conservation burdens as are reasonable and necessary in order for EWHT to secure funding.

Current Position – short term let

- 3.4 Clearly there will be a delay in EWHT taking possession of the property. This is expected to be, at least, a further 12 months or, on a worst case scenario, October 2019. Consequently, the existing tenant has expressed an interest in

extending the lease terms and provisional terms have been reached for a new 12 month agreement and running month to month thereafter.

3.5 The provisionally agreed terms are:

- Subjects: The Tron Kirk, 122 High Street, Edinburgh;
- Term: 12 months from 1 Sept 2016 and month to month thereafter;
- Rent: £56,000 per annum (up from £45,000 per annum);
- Use: Retail use to continue with Victorian market concept;
Archaeology: The tenant will be required to remove the temporary floor if instructed to do so by the Council under the supervision of an Archaeological expert; and
- Other terms: As contained in a standard commercial lease.

3.6 The temporary lease of this property has historically been contentious due to its location and use, i.e., the Council decision, in October 2013, made it clear that its use was to be restricted and this would continue on any further temporary lease. It is for this reason that Committee is requested to instruct how the short term let will proceed.

3.7 Other parties have expressed an interest in using the property. Therefore, there are two options moving forward: (a) the heads of terms provisionally agreed with the existing tenants as set out in 3.5 are approved and the new lease is put in place or (b) the existing lease is terminated on 31 August 2016 and the Tron Kirk is placed on the open market inviting offers for a short term lease

Measures of success

- 4.1 The proposed short term lease will generate additional income for the Council and will allow the Tron Kirk to continue to be used in a manner which is complimentary to the retail offer on the Royal Mile.
- 4.2 By agreeing to appropriate conservation burdens, the Council will assist EWHT in securing the necessary funding for the restoration of the Tron Kirk.

Financial impact

- 5.1 Temporary rental income of £56,000 per annum payable to the General Property Account.

Risk, policy, compliance and governance impact

- 6.1 The short term lease of the property will continue to be put to beneficial use.

- 6.2 While the impact of the conservation burdens on the Council is mitigated by the proposed lease to EWHT, the Council will be held responsible under the terms of the burdens if EWHT cease to be tenant or defaults on its responsibilities.

Equalities impact

- 7.1 A possible infringement has been identified in that, by extending the current lease rather than placing the property on the open market, there is a potential impact on others who may wish to lease the Tron. However, given both the short term nature of the extension and the established nature of the tenants business with the possible effect on it if the lease is not extended, the impact on others is considered to be proportionate and justifiable.

Sustainability impact

- 8.1 There are no sustainability issues arising from this report.

Consultation and engagement

- 9.1 N/A

Background reading/external references

N/A

Hugh Dunn

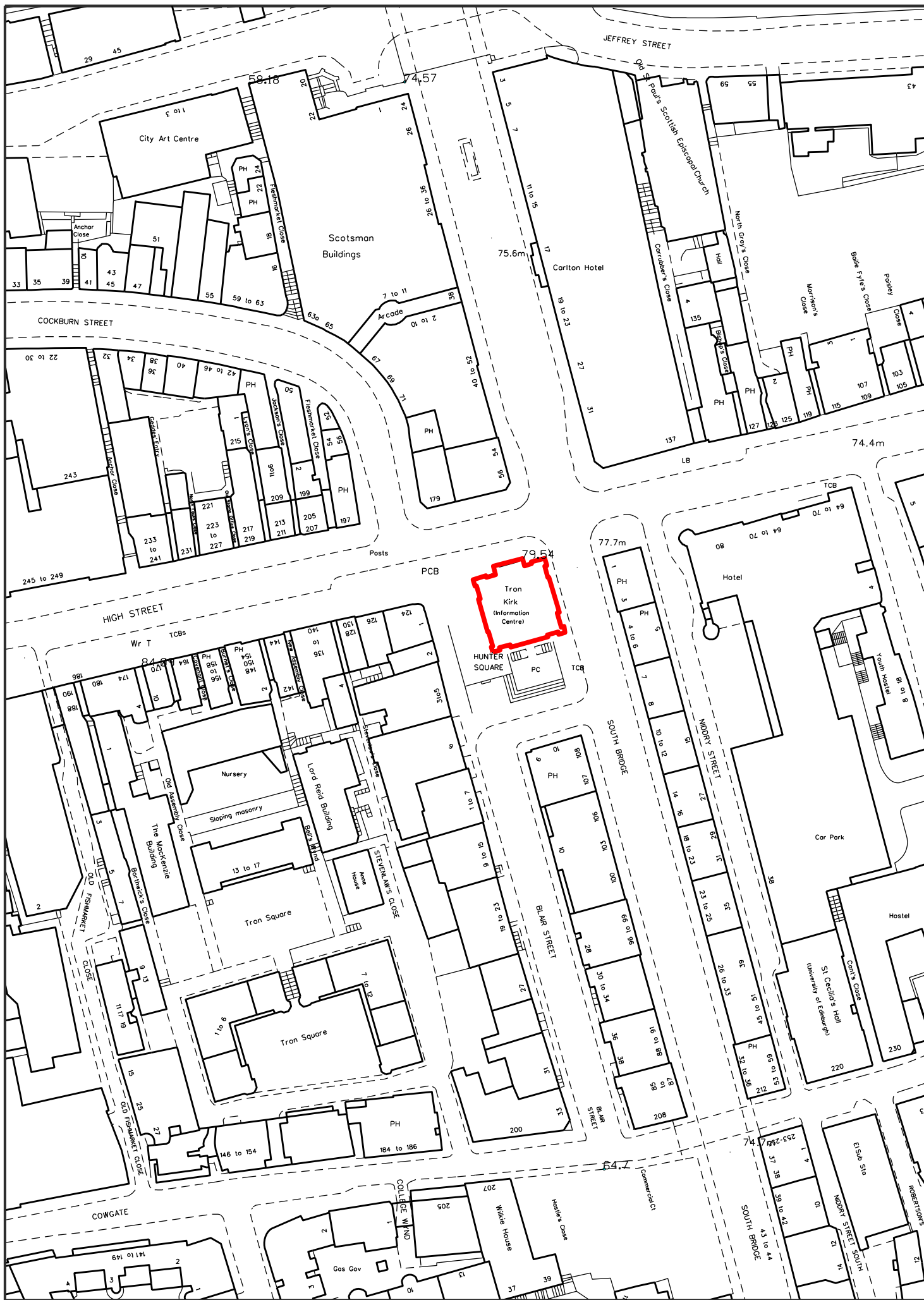
Acting Executive Director of Resources

Contact: Mark Bulloch, Senior Estates Surveyor

E-mail: mark.bulloch@edinburgh.gov.uk | Tel: 0131 529 5991

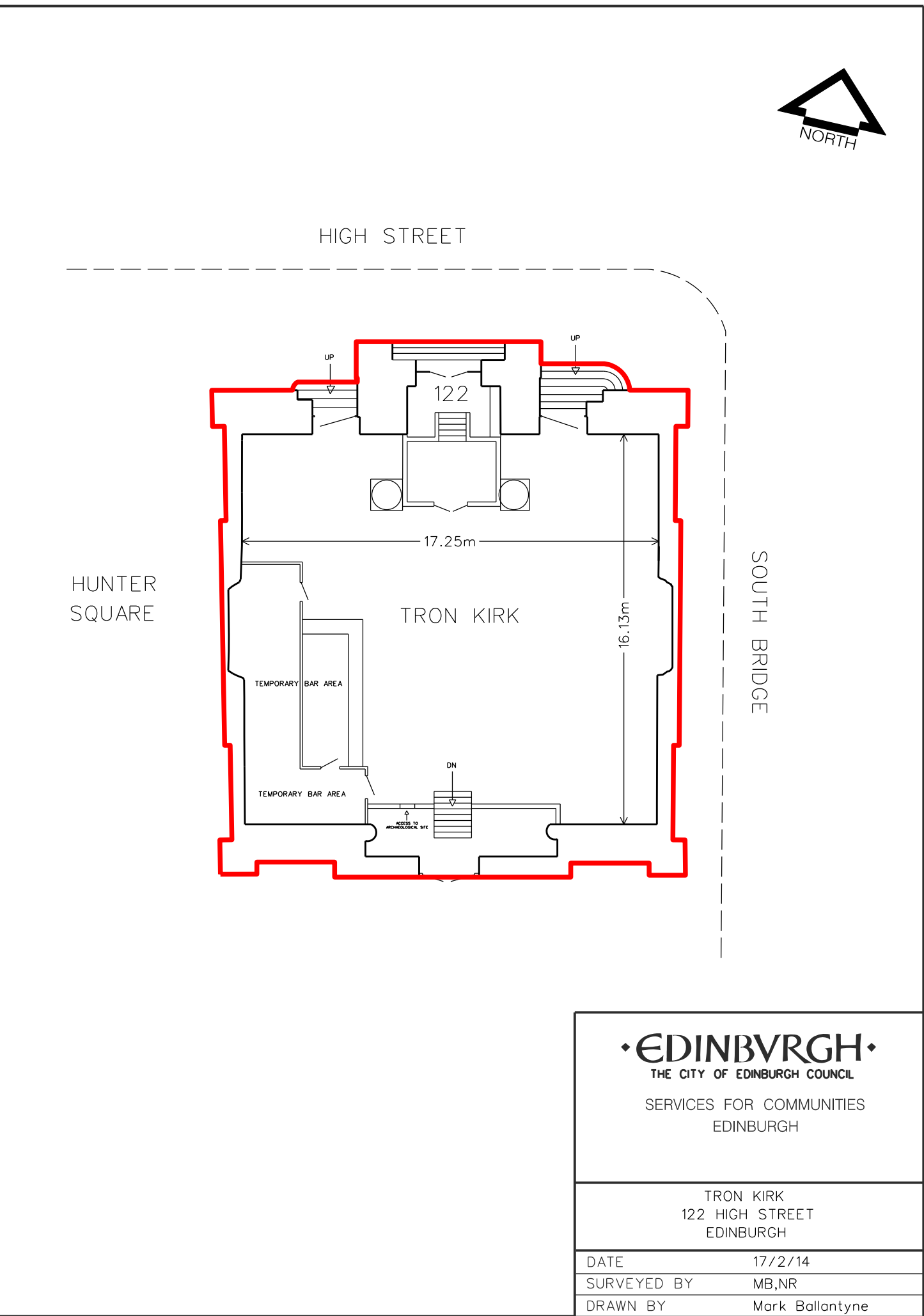
Links

Coalition pledges	P17 – Continue efforts to develop the city’s gap sites and encourage regeneration.
Council priorities	CP5 – Business growth and investment. CP8 – A vibrant, sustainable local economy. CP9 – An attractive city. CP12 – A built environment to match our ambition.
Single Outcome Agreement	SO1 – Edinburgh’s Economy delivers increased investment, jobs and opportunities for all.
Appendices	Location Plan



LOCATION PLAN

SCALE 1:1250



SITE PLAN

SCALE 1:200

• EDINBURGH • THE CITY OF EDINBURGH COUNCIL SERVICES FOR COMMUNITIES EDINBURGH	
TRON KIRK 122 HIGH STREET EDINBURGH	
DATE	17/2/14
SURVEYED BY	MB,NR
DRAWN BY	Mark Ballantyne
SCALE	1:200 @ A3 SIZE
NEG. NO.	A4/136a.dgn

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Finance and Resources Committee

2.00pm, Thursday, 18 August 2016

Proposed sale of site at Ardmillan Terrace, Edinburgh

Item number	8.8
Report number	
Executive/routine	Routine
Wards	7 - Sighthill/Gorgie

Executive summary

The Council and NHS Lothian (NHSL) are undertaking a joint disposal of Springwell House. Due to complex title issues associated with the site of the neighbouring Breast Screening Clinic, there has been a delay in completion of the sale. Provisional agreement has been reached for the sale of the Breast Screening Clinic site to the NHSL which will allow the sale of Springwell House to complete.

This report seeks authority to dispose of the Breast Screening Clinic site to NHSL on the main terms set out in the report.

Links

Coalition pledges	P41
Council priorities	CP2 , CP3
Single Outcome Agreement	SO2

Proposed sale of a site at Ardmillan Terrace, Edinburgh

Recommendations

- 1.1 That Committee:
 - 1.1.1 Approves the disposal of the Breast Screening Clinic site, Ardmillan Terrace, to NHSL on the main terms outlined in the report and on other terms to be agreed by the Acting Executive Director of Resources.

Background

- 2.1 Springwell House, shown coloured pink on the attached plan, is jointly owned by the Council and NHSL and in mid-2013 it was marketed for sale. The Council undertook the marketing on behalf of the joint owners and the property is under offer for conversion to residential at a purchase price of £2.027m split 60/40 in the Council's favour.
- 2.2 The original extent of the Council's title to Springwell House site is shown edged red on the attached plan.
- 2.3 In the early 1990s, a rationalisation of the site was undertaken to reflect different uses across the site and in September 1993 the Property Sub-Committee of the Policy and Resources Committee approved the disposal, by the then Lothian Regional Council, of a site for a Breast Screening Clinic, the medical centre and a number of car parking spaces to the Lothian Health Board, predecessor to NHSL. The aggregate sale price was £45,000.
- 2.4 The site now comprises four elements; Springwell House itself, the medical centre, owned and occupied by a GP surgery (shown coloured yellow on the attached plan), public toilets, owned by the Council and currently vacant (shown coloured blue on the attached plan) and the site of the Breast Screening Clinic, owned by the Council but occupied by NHSL (shown coloured green on the plan).
- 2.5 During the negotiation of the legal documentation for the sale of Springwell House it was discovered that the sale of the site of the Breast Screening Clinic was never completed, although title of the medical centre and car parking areas did transfer. It is not known why the sale of the Breast Screening Clinic site did not settle and there is no record of the £45,000 purchase price having been paid to the former Lothian Regional Council or its successor.

- 2.6 NHSL has not been willing to progress the sale of Springwell House until the issue of the Breast Screening Clinic site has been resolved. NHSL has requested that the transfer now be undertaken but has insisted that the original price, agreed in 1993, of £45,000 be the transfer value.
- 2.7 Neither NHSL nor the Council can find details of how the £45,000 was arrived at but there is some evidence to indicate that it was based on residential development value as at 1993.
- 2.8 An independent valuation of the Breast Screening Clinic site as at September 2015, is £525,000. This is based on current development value of the site.
- 2.9 The Council's position has been predicated on achieving best value and accordingly the Council proposed that an up-to-date market value be the basis of transfer rather than 1993 values. Given the material difference in approach negotiations became protracted.
- 2.10 During this time no further progress with the sale of Springwell House has been possible and its condition is deteriorating.

Main report

- 3.1 NHSL are not prepared to accept the sale of Breast Screening Clinic site based on current valuation and the disposal of Springwell House is now at risk. Consequently, in an attempt to unlock the impasse, it is proposed that the original price of £45,000 be subject to an indexation uplift and that the development value due to the Council be protected through a clawback agreement.
- 3.2 Accordingly, provisional agreement has been reached with NHSL on a sale of the site subject to the following main terms:

Purchaser:	NHS Lothian.
Price:	£45,000 increased in line with RPI index from 13 September 1993 to the date of sale. This figure is likely to be in excess of £82,000.
Clawback Agreement:	A clawback agreement would be entered into for a period of 10 years from December 2015. This agreement would entitle the Council to 100% of any uplift in value on a sale by NHS Lothian within the clawback period.
Timescale:	The sale would take place at the same time as the joint sale of Springwell House.
Council Costs:	Each party to meet their own legal fees and costs. NHS Lothian to pay the Council's Corporate Property Cost (CPC) capped at £2,000.
Springwell House:	It is an essential condition of the sale that NHS Lothian progress with the disposal of Springwell House.

Measures of success

- 4.1 The joint disposal of Springwell House would be achieved upon the disposal of the Breast Screening Clinic site to NHS Lothian.
- 4.2 This agreement would remove the liability for a deteriorating vacant building.

Financial impact

- 5.1 A capital receipt of £45,000 increased in line with RPI on the date of sale, linked to the Wester Hailes Healthy Living Centre development, to be secured in 2016/17.
- 5.2 The sale will also enable the sale of Springwell House to be completed. The receipt from Springwell House is also linked to the Wester Hailes Healthy Living project.

Risk, policy, compliance and governance impact

- 6.1 The proposed disposal will formalise the title position. There is a risk, as in any disposal, that the sale does not complete, leaving Springwell House vacant and deteriorating. NHS Lothian has indicated that it will not complete the sale of Springwell House without an agreement on the transfer of title of the Breast Screening Clinic site.

Equalities impact

- 7.1 By selling this land to NHS Lothian, the right to legal security will be enhanced by the transfer of the legal title to the current occupiers of the site.
- 7.2 As the sale is an off market transaction, there is a potential infringement of the rights of interested parties. Given the complications in title, it is unlikely that another purchaser would be interested. In any event, any potential impact is considered to be proportionate and justifiable given the much greater impact on the potential loss of the Clinic facility if the land was sold to another.
- 7.3 The sale would result in the development of a vacant deteriorating listed building. Redevelopment would supply a beneficial use providing homes in the local area. This will enhance the right to physical security
- 7.4 Conversion to residential is the likely use for Springwell House – this enhances the right to participation, influence and voice.

Sustainability impact

- 8.1 The disposal of this land will have no impact on sustainability because the sale will formalise the existing position.

Consultation and engagement

- 9.1 The title issues show unclear ownership. NHS Lothian as the affected other party has been fully involved throughout the negotiations.

Background reading/external references

[1993 Committee Report](#)

Hugh Dunn

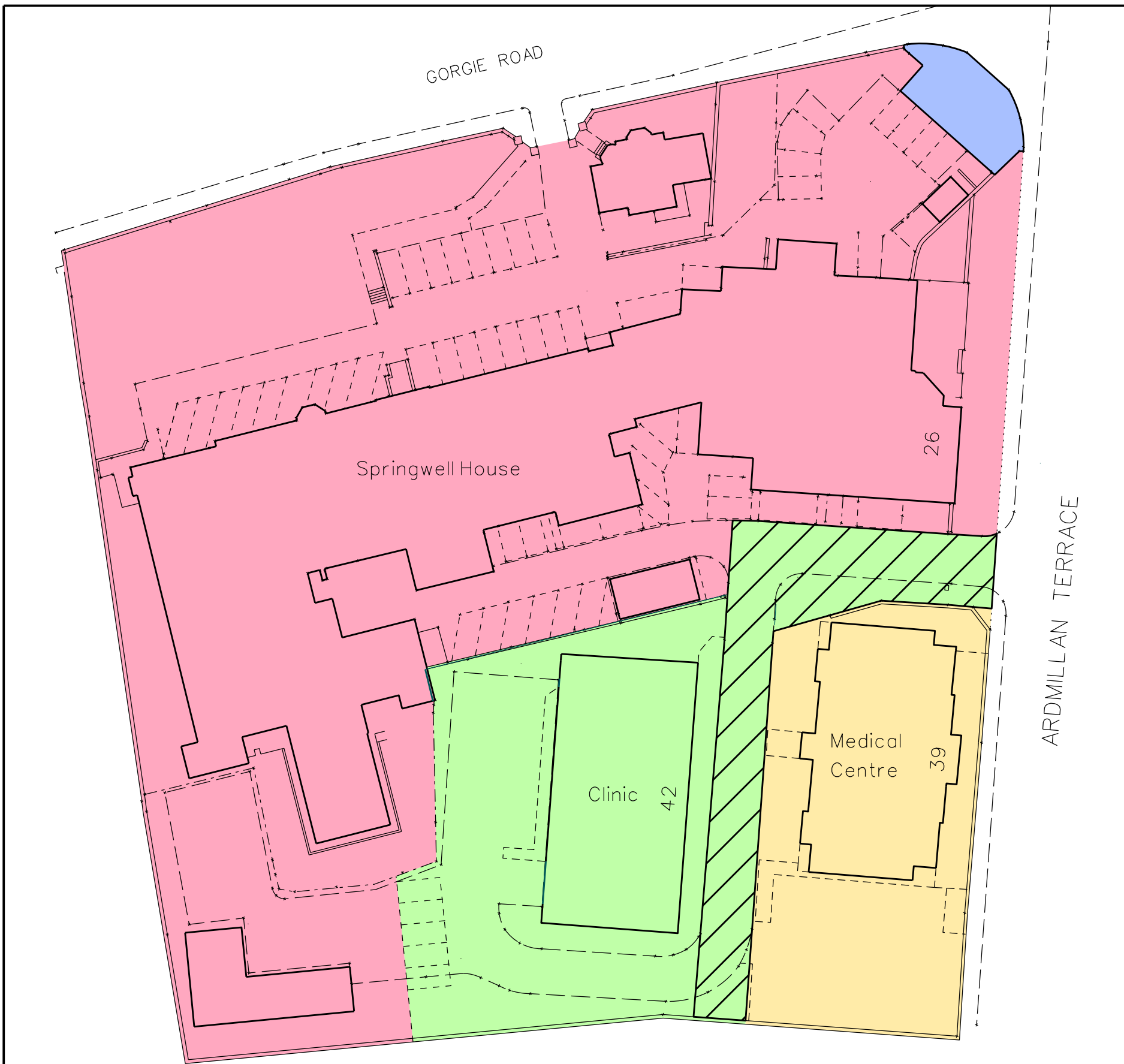
Acting Executive Director of Resources

Contact: Debbie Scott, Estates Surveyor

E-mail: debbie.scott@edinburgh.gov.uk | Tel: 0131 529 5928

Links

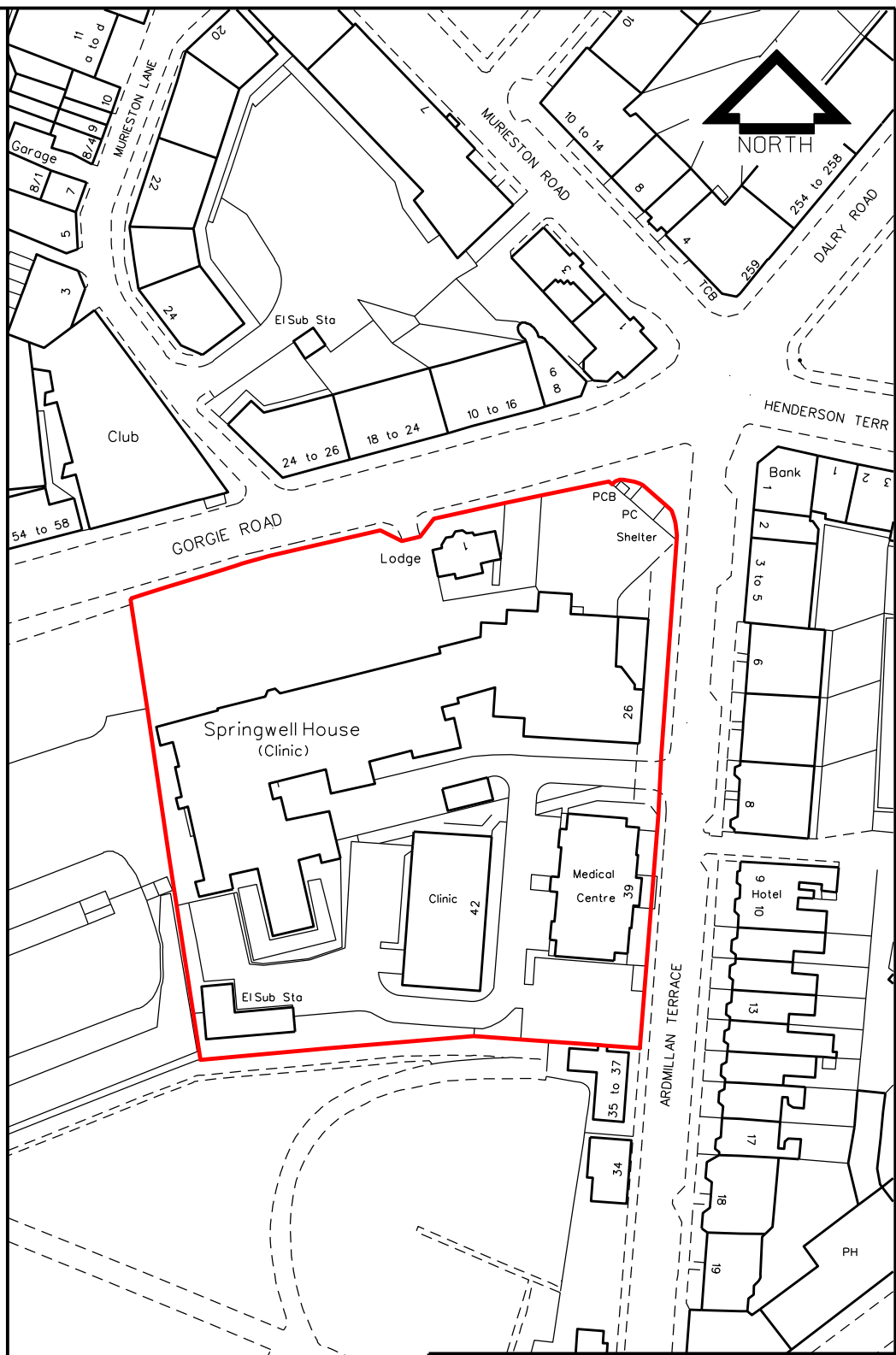
Coalition pledges	P41 - Take firm action to resolve issues surrounding the Council's property services.
Council priorities	CP2 - Improved health and wellbeing: reduced inequalities. CP3 - Right care, right place, right time.
Single Outcome Agreement	SO2 – Edinburgh's communities are safer and have improved health and well being, with reduced inequalities in health.
Appendices	Appendix 1 - Location Plan



SPRINGWELL HOUSE SHOWN COLOURED PINK	PUBLIC TOILETS SHOWN COLOURED BLUE
BREAST CLINIC SHOWN COLOURED GREEN	MEDICAL CENTRE SHOWN COLOURED YELLOW

RIGHT OF ACCESS SHOWN HATCHED BLACK

SITE PLAN SCALE 1:500



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THE CITY OF EDINBURGH COUNCIL

PROPERTY AND FACILITIES MANAGEMENT
RESOURCES

Ownerships 26 Ardmillan Terrace Edinburgh	
DATE	28/06/2016
SURVEYED BY	FM/NR
DRAWN BY	F McDonald
FILE NO.	
NEG. NO.	NT 2372/A3/1317 D

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Finance and Resources Committee

2.00p.m, Thursday, 18 August 2016

Proposed Lease Extension at 125 Lauriston Place, Edinburgh

Item number	8.9
Report number	
Executive/routine	Routine
Wards	10 – Meadows/Morningside

Executive summary

The retail unit at 125 Lauriston Place is let to Edinburgh Trading Limited, and trades as The Oriental Supermarket.

The lease is due to expire on 30 September 2022 and the tenant has requested a 15 year lease extension effective from that date. As part of this process, the 1 October 2016 rent review will be agreed at £14,500 per annum and the rent review pattern will be amended, from the existing three year term, to the market norm of five years.

This report seeks approval to the grant of a 15 year lease extension on the terms and conditions outlined in the report.

Links

Coalition pledges	P15 , P28
Council outcomes	CP5 , CP8
Single Outcome Agreement	SO1

Proposed Lease Extension at 125 Lauriston Place, Edinburgh

Recommendations

- 1.1 That Committee:
 - 1.1.1 Approves a 15 year lease extension, to Edinburgh Trading Limited of retail premises at 125 Lauriston Place, Edinburgh, on the terms outlined in this report and on other terms and conditions to be agreed by the Acting Executive Director of Resources.

Background

- 2.1 The shop premises at 125 Lauriston Place extends to 140.5m² (1512sq ft) or thereby and is shown outlined in red on the attached plan.
- 2.2 Since November 2007, Edinburgh Trading Limited has been the tenant at the property operating an Oriental Supermarket. The current rent is £13,500pa excluding VAT increasing to £14,500pa as from the 1 October 2016 rent review.

Main report

- 3.1 The existing lease expires on 30 September 2022 and Edinburgh Trading Limited has requested that the Council grants a 15 year lease extension from 1 October 2022.
- 3.2 The tenant has fulfilled all its legal and financial obligations in terms of the existing lease.
- 3.3 The following terms have been provisionally agreed:
 - Subjects: Retail shop at 125 Lauriston Place, Edinburgh;
 - Lease Extension: 15 years from 1 October 2022 until 30 Sept 2037;
 - 2016 Rent Review: 1 October 2016 rent review agreed at £14,500 per annum;
 - Rent Reviews: Review to take place on each fifth anniversary of the term to open market value;
 - Use: Oriental Supermarket; and
 - Other terms: As contained in the existing lease.

Measures of success

- 4.1 Granting a 15 year lease extension will allow Edinburgh Trading Limited to continue its long term financial planning of the business and, in turn, sustain employment for its workers and also help maintain the vibrant mix of retailers found on Lauriston Place and the Tollcross area.

Financial impact

- 5.1 An increase in rent of £1,000 per annum to the Housing Revenue Account.

Risk, policy, compliance and governance impact

- 6.1 This is a 15 year lease extension to the existing tenant who has been trading from the property since November 2007. It is considered there is little or no impact on Risk, Policy, Compliance or Governance issues.

Equalities impact

- 7.1 An Equality and Rights Impact Assessment has been carried out.
- 7.2 An enhancement of rights has been identified as through a lease extension, it will ensure that Edinburgh Trading Limited can continue to plan both financially and in terms of developing their business. This will allow the tenant to continue to provide a high level of service and experience to their employees and customers. This directly links to an enhancement of the following rights namely (i) Legal Security, (ii) Education and Learning and (iii) Productive and Valued Activities.
- 7.3 A possible infringement has been identified in that by offering a lease extension to the current tenant rather than placing the retail premises on the open market at lease expiry, there is the potential impact on others who may want to lease the shop. However, given the established nature of the tenants business and the possible effect on it if a lease extension is not granted, the impact is considered to be proportionate and justifiable.

Sustainability impact

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

Consultation and engagement

9.1 N/A.

Background reading/external references

N/A.

Hugh Dunn

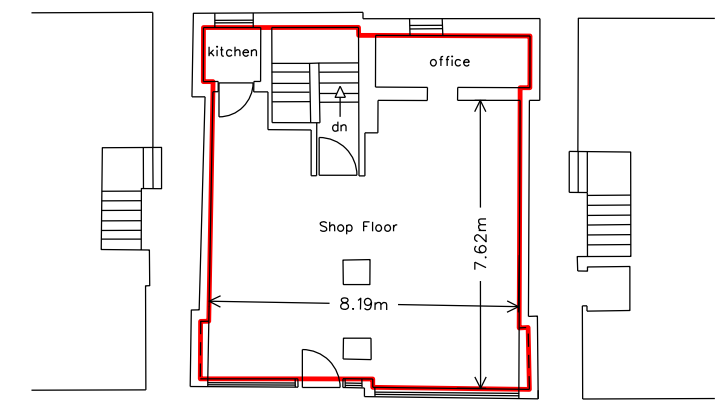
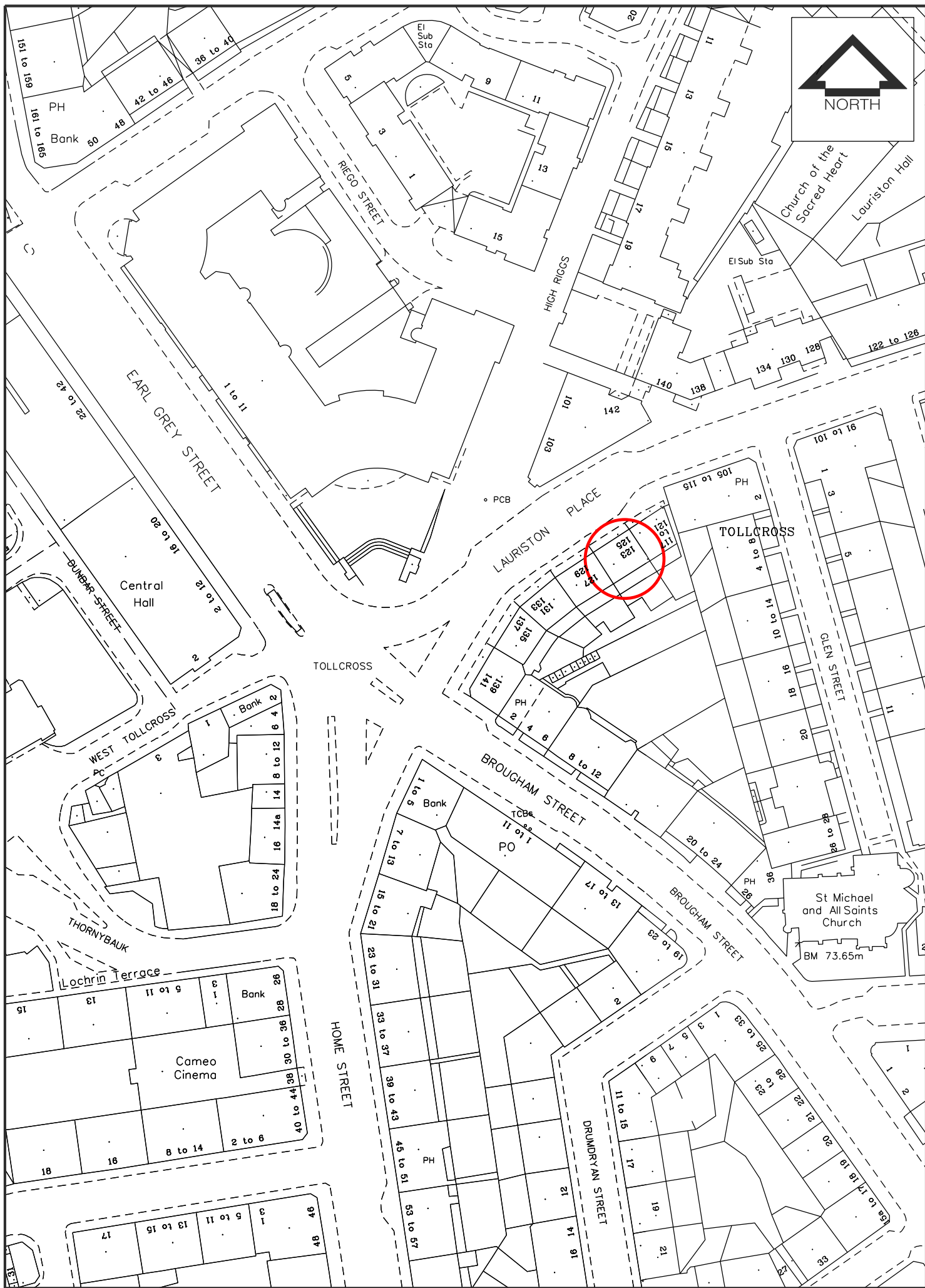
Acting Executive Director of Resources

Contact: Stewart Irwin, Estates Surveyor

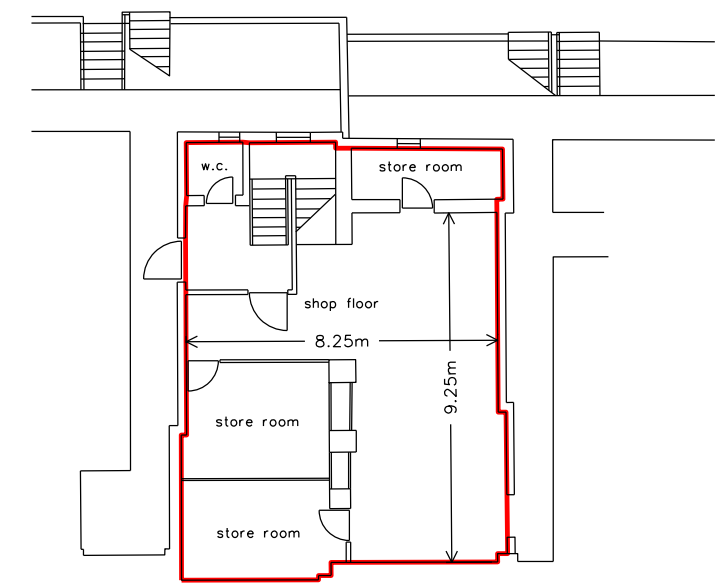
E-mail: stewart.irwin@edinburgh.gov.uk | Tel: 0131 529 5951

Links

Coalition pledges	P15 – Work with public organisations, the private sector and social enterprise to promote Edinburgh to investors. P28 – Further strengthen our links with the business community by developing and implementing strategies to promote and protect the economic well being of the city.
Council outcomes	CP5 – Business growth and investment. CP8 – A vibrant and sustainable local economy.
Single Outcome Agreement	SO1 – Edinburgh’s Economy delivers increased investment, jobs and opportunities for all.
Appendices	Appendix 1 - Location Plan



GROUND FLOOR



BASEMENT

• EDINBURGH • THE CITY OF EDINBURGH COUNCIL	
CITY DEVELOPMENT EDINBURGH	
SHOP AT 125 LAURISTON PLACE EDINBURGH	
DATE	14/06/2016
SURVEYED BY	MB,FM
DRAWN BY	Mark Ballantyne
FILE NO.	
NEG. NO.	A3/900 - 125

LOCATION PLAN

SCALE 1:1250

SITE PLAN

SCALE 1:200

Finance and Resources Committee

2.00p.m, Thursday, 18 August 2016

Proposed new lease to Pulsant (South Gyle) Ltd at Units 1 & 2 The Clocktower, Flassches Yard, South Gyle Industrial Estate, Edinburgh

Item number	8.10
Report number	
Executive/routine	Routine
Wards	3 - Drumbrae/Gyle

Executive summary

Units 1 & 2 Clocktower, Flassches Yard, South Gyle Industrial Estate are currently let to MCL Create Ltd and Freedom4 Access Ltd respectively. Both tenants will be vacating their respective properties by September 2016.

This report seeks authority to grant a fresh lease of Units 1 & 2 Clocktower to Pulsant (South Gyle) Ltd on the provisional agreed terms detailed in this report.

Links

Coalition pledges	P15 , P28
Council priorities	CP5 , CP8
Single Outcome Agreement	SO1

Proposed new lease to Pulsant (South Gyle) Ltd at Units 1 & 2 The Clocktower, Flassches Yard, South Gyle Industrial Estate, Edinburgh

Recommendations

- 1.1 That Committee:
 - 1.1.1 Approves the grant of a new lease to Pulsant (South Gyle) Ltd of Units 1 and 2 The Clocktower, on the terms outlined in this report and on other terms and conditions to be agreed by the Acting Executive Director of Resources.

Background

- 2.1 Unit 1 Clocktower extends to approximately 651 sq m (7,011 sq ft) or thereby shown edged red on the attached plan and is leased to MCL Create Ltd from 13 June 2006 to 31 July 2016. The current passing rent is £54,000 per annum excluding VAT. The tenant has not sought to renew the lease.
- 2.2 Unit 2 Clocktower extends to approximately 467sqm (5,031 sq ft) or thereby, shown edged red on the attached plan and is leased to Freedom4 Access Ltd from 28 March 2002 to 31 December 2021. The tenant is in breach of its lease terms, possession of the unit will be acquired by the council on 31 August 2016. The current rent is £40,248 per annum excluding VAT.
- 2.3 Pulsant (South Gyle) Ltd is a long standing existing tenant of the Council, which currently occupies Unit 6 and 11-20 at The Clocktower Estate. The company is currently operating at maximum capacity and requires urgent additional space to facility client demand.
- 2.4 Pulsant is one of the UK's largest providers of datacentres, managed cloud and hosting services and managed networks. The company designs, deploys and optimises technology solutions that deliver business-focused outcomes to a fast growing customer base of over 2,500 organisations active in the private and public sector.
- 2.5 Pulsant is one of only two companies globally to hold the BSI CSA Star accreditation for cloud security. In 2013, Pulsant was awarded the Royal Warrant as a provider of hosted IT and datacentre services to the Royal household.

Main report

- 3.1 In order to expand its business and to support its infrastructure investment, Pulsant has requested 20 year lease.
- 3.2 The following main terms have been provisionally agreed:
- Subjects: Industrial units 1 & 2 The Clocktower, Flassches Yard, South Gyle Industrial Estate, Edinburgh, EH12 9LB.
 - Lease: 1 September 2016 until 31 August 2036.
 - Rent: £97,000 per annum excluding VAT (current market rental value).
 - Review: Upwards only rent review on 01 September 2021 and every five years thereafter.
 - Use: Datacentre.
 - Repairs: Full repairing and insuring basis.
 - Costs: Pulsant (South Gyle) Ltd will meet the council's reasonable property and legal fees.
- 3.3 Pulsant has fulfilled all its legal and financial obligations in terms of its existing leases at Unit 6 and Units 11 – 20 The Clocktower.

Measures of success

- 4.1 The grant of a 20 year lease is required to provide security of tenure for Pulsant's £10m infrastructure investment. This additional space will support its business demand, sustain employment for its workers and provide the wider economy with cloud data storage solutions.

Financial impact

- 5.1 An increase in rental income of £2,752 per annum exclusive of VAT payable to the General Property Account.
- 5.2 This proposal would remove any rental void term and associated rates liability costs.

Risk, policy, compliance and governance impact

- 6.1 The proposals will ensure both units will remain in economic use beyond September 2016.

Equalities impact

- 7.1 An Equality and Rights Impact Assessment has been carried out. By approving the proposed lease to Pulsant (South Gyle) Ltd and providing a lease commitment to 2036, this could potentially have an impact on other businesses who may wish to rent these particular properties. However, given they are an existing client operating in an expanding market the level of investment and job creation the impact on others is considered to be proportionate and justifiable.

Sustainability impact

- 8.1 There are no sustainability issues arising from this report.

Consultation and engagement

- 9.1 Local ward Councillors have been made aware of this letting to Pulsant (South Gyle) Ltd.

Background reading/external references

N/A

Hugh Dunn

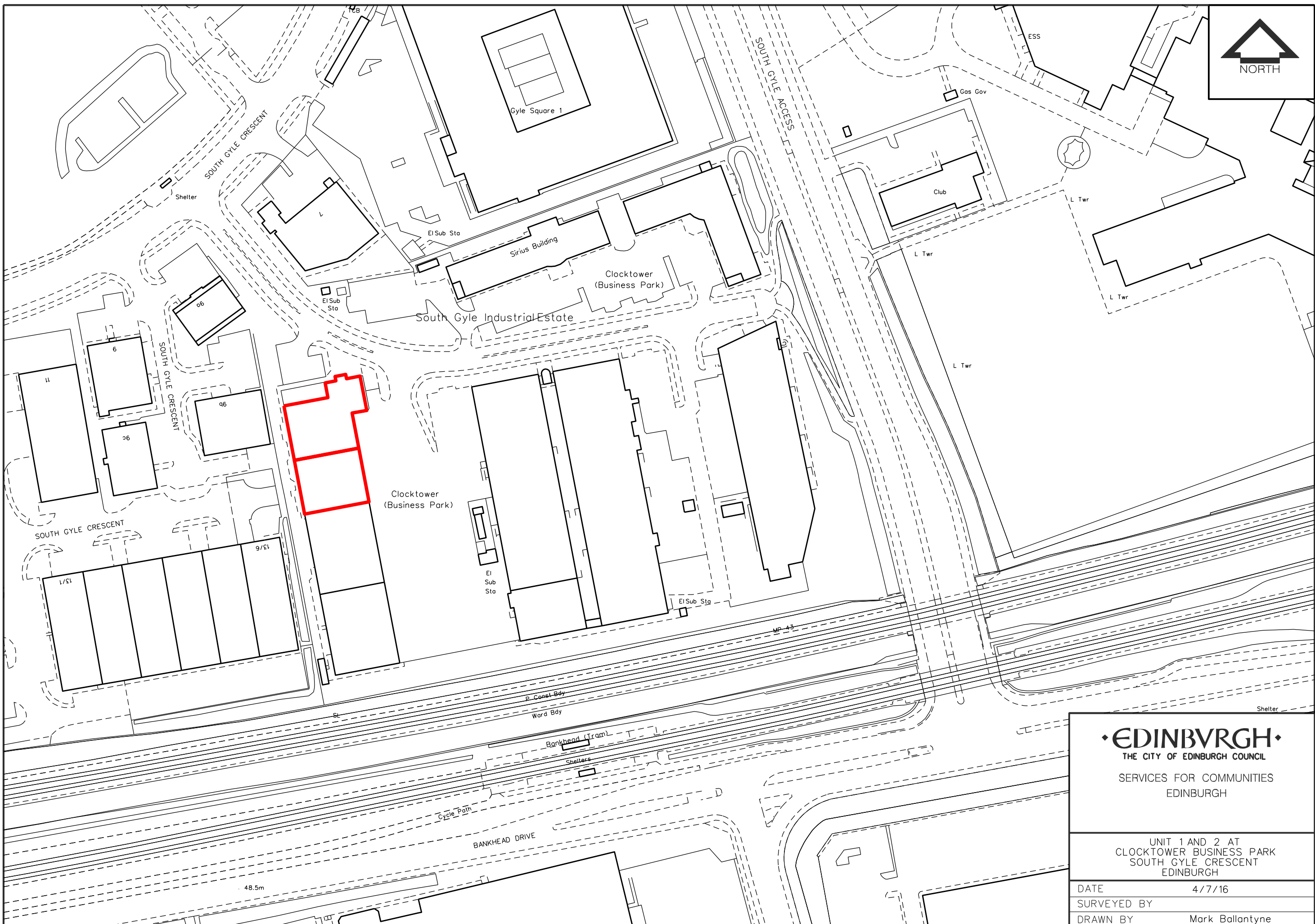
Acting Executive Director of Resources

Contact: Craig Dalgliesh, Estates Surveyor

E-mail: craig.dalgliesh@edinburgh.gov.uk | Tel: 0131 529 3173

Links

Coalition pledges	P15 – Work with public organisations, the private sector and social enterprise to promote Edinburgh to investors. P28 – Further strengthen our links with the business community by developing and implementing strategies to promote and protect the economic well being of the city.
Council priorities	CP5 - Business growth and investment. CP8 - A vibrant, sustainable local economy.
Single Outcome Agreement	SO1 – Edinburgh’s economy delivers increased investment, jobs and opportunities for all.
Appendices	Appendix 1 - Location Plan



SITE PLAN

PHOTOGRAPHICALLY REDUCED NOT TO SCALE

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 SERVICES FOR COMMUNITIES
 EDINBURGH

UNIT 1 AND 2 AT
 CLOCKTOWER BUSINESS PARK
 SOUTH GYLE CRESCENT
 EDINBURGH

DATE	4/7/16
SURVEYED BY	
DRAWN BY	Mark Ballantyne
SCALE	N.T.S.
NEG. NO.	A3/1685

Finance and Resources Committee

2.00p.m, Thursday, 18 August 2016

Proposed Ground Lease at Port Edgar

Item number	8.11
Report number	
Executive/routine	Routine
Wards	1 – Almond

Executive summary

The Marine Society and Sea Cadets (MSSC) is a charity whose main supporter is the Royal Navy and whose aim is to be the leading maritime charity for youth development and lifelong learning.

Through various reorganisations the MSSC has had a presence and occupied various premises at Port Edgar since before WW2 and has now approached the Council to lease land at Port Edgar on which to develop a purpose built facility to continue and extend its work into the future.

This report seeks authority to grant an 84 year ground lease to the Marine Society and Sea Cadets on the terms set out in the report.

Links

Coalition pledges	P15 , P17 , P42
Council priorities	CP5 , CP7 , CP8
Single Outcome Agreement	SO1

Proposed Ground Lease at Port Edgar

Recommendations

- 1.1 That Committee:
 - 1.1.1 Approves the lease of land, extending to 0.295 ha (0.73 acre) or thereby, to the Marine Society and Sea Cadets in accordance with the terms set out in this report and on such other terms and conditions to be agreed by the Acting Executive Director of Resources.

Background

- 2.1 Sea Cadet training has been provided at Port Edgar for many years. The MSSC continues this work with significant support from the Royal Navy following the amalgamation of the Marine Society and The Sea Cadet Association in 2004.
- 2.2 The MSSC currently occupies premises at Port Edgar, shown shaded pink on the attached plan, leased from the Council on a three year lease due to terminate in March 2018. The current rent is £3,000 per annum.
- 2.3 The organisation has been developing plans to provide a new purpose built boat station on the site of its existing premises from which to develop and extend its services into the future.

Main report

- 3.1 MSSC has prepared initial studies for the provision of a purpose built boat station at Port Edgar. The initial phase would provide an accommodation and administration block with associated boat storage at an estimated cost in excess of £500,000. However until the MSSC has secured the longer term occupation of the site it is reluctant to undertake further site investigation.
- 3.2 MSSC has approached the Council to lease the site which it currently occupies together with additional areas of land, shown shaded blue on the attached plan, on a long term basis. This would enable it to fund this significant investment and allow it to continue to provide and expand training and learning opportunities for cadets from across the country into the future. The current lease would be terminated.

3.3 Consultation has been undertaken with the main stakeholders in Port Edgar including tenants, other occupiers and the community council, all of whom are supportive of the proposal.

3.4 Following negotiation between MSSC and the Council, Heads of Terms have been provisionally agreed which are as follows:-

- Subjects: Two areas of ground totalling 0.295ha (0.73 acres) or thereby;
- Tenant: The Marine Society and Sea Cadets;
- Method of Disposal: 84 year ground lease subject to development obligations;
- Rent: £7,500 p.a. subject to five yearly reviews based on CPI increase;
- Site Use: To be used for the construction of a Boat Station and associated boat storage;
- Conditionality: The lease will be subject to the tenant obtaining planning and all other necessary consents;
- Tenant Break Option: The tenant will have the right to terminate the lease subject to the issue of 12 months notice; and
- Fees: The tenant will pay the Council's reasonably incurred legal and surveyor's fees.

Measures of success

4.1 Existing buildings in poor condition will be replaced with new purpose built premises compliant with current standards, the use of which will bring social, health and welfare benefits.

4.2 The proposed investment would contribute to the ongoing revitalisation of Port Edgar.

Financial impact

5.1 Increased rental income of £4,500 per annum which will rise in line with Consumer Price Index (CPI) at each five yearly rent review for the duration of the lease.

5.2 There are no revenue or capital impacts to the Council arising from the proposed lease.

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 entirely funded managed and undertaken by the tenant.

Equalities impact

- 7.1 Approving the requested lease will have a positive impact on the rights to health, education and learning, productive and valued 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 the outcomes summarised below.
- The proposal has limited impact on carbon emission as existing inefficient buildings will be replaced with new premises constructed to current standards.
 - The proposal will increase the city's resilience to climate change impacts by redeveloping on previously developed land.
 - The proposal will help achieve a sustainable Edinburgh by promoting personal wellbeing and meeting diverse needs of current and future communities.

Consultation and engagement

- 9.1 The Council and MSSC have consulted with key stakeholders in Port Edgar Marina including the major lease holder Port Edgar Holdings Limited, Port Edgar Yacht Club, other lease holders and the local community council all of whom are supportive of the proposed development.

Background reading/external references

N/A

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	<p>P15 - Work with public organisations, the private sector and social enterprise to promote Edinburgh to investors.</p> <p>P17 – Continue efforts to develop the city’s gap sites and encourage regeneration.</p> <p>P42 – Continue to support and invest in our sporting infrastructure.</p>
Council priorities	<p>CP 5 - Business growth and investment.</p> <p>CP 7 - Access to work and learning.</p> <p>CP 8 - A vibrant, sustainable local economy.</p>
Single Outcome Agreement	<p>SO1 – Edinburgh’s Economy delivers increased investment, jobs and opportunities for all.</p>
Appendices	<p>Appendix 1 - Location Plan</p>



Mean Low Water Springs

Port Edgar
(Water Sports Centre)

Slipway

Shingle

Mean High Water Springs

Boulders

Mud
Shingle and Boulders

Mud

Mud

Bollard

PCs

AREA = 0.127Ha
(or thereby)

5.2m

FS

Car Pk

Shingle and Boulders

AREA = 0.117Ha
(or thereby)

The Cottage

8.2m

7.3m

7.9m

El Sub Sta

7.6m

7.6m

Path

7.6m

Recreation Ground

Dismantled Railway

23.5m

63
64

53
54

Farouhar Terrace

22.6m

SITE PLAN

SCALE 1:1250

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SERVICES FOR COMMUNITIES
EDINBURGH

LAND AT PORT EDGAR MARINA
SHORE ROAD, SOUTH QUEENSFERRY

DATE	30/3/16
SURVEYED BY	
DRAWN BY	Mark Ballantyne
SCALE	1:1250 @ A3 SIZE
NEG. NO.	A3/1564