

Notice of meeting and agenda

Finance and Resources Committee

10.00am, Thursday 1 December 2016

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

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

Contact

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1. Order of business

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

2. Declaration of interests

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

3. Deputations

- 3.1 Deputation Request - Deaf Action on Item 7.8 - Approval of Lot 4 British Sign Language Services on the Framework Agreement for the Provision of Interpretation, Translation and Communication support (circulated)

4. Minutes

- 4.1 Minutes of the Meeting of 3 November 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 Asset Management Strategy Transformation Programme - Update – report by the Acting Executive Director of Resources (circulated)
- 7.3 Managing Workforce Change – Workforce Dashboard – report by the Acting Executive Director of Resources (circulated)
- 7.4 Commercial and Procurement Strategy – report by the Acting Executive Director of Resources (circulated)

- 7.5 Internal Audit Co-Sourced Services – report by the Acting Executive Director of Resources (circulated)
- 7.6 The City of Edinburgh Council – 2015/16 Annual Audit Report to Members and the Controller of Audit – joint report by the Chief Executive and the Acting Executive Director of Resources (circulated)
- 7.7 Contracts Awarded under Delegated Authority (Waiver Reports) and Contract Waiver Management Update – report by the Acting Executive Director of Resources (circulated)
- 7.8 Approval of Lot 4 British Sign Language Services on the Framework Agreement for the Provision of Interpretation, Translation and Communication support – report by the Acting Executive Director of Resources (circulated)
- 7.9 Award of Contracts – Innovative Approaches to the Delivery of Care at Home Services – report by the Chief Officer, Edinburgh Health and Social Care Partnership (circulated)
- 7.10 Waiver – Mental Health Wellbeing Services – report by the Chief Officer, Edinburgh Health and Social Care Partnership (circulated)
- 7.11 Approval to Award Contracts for the Taxi Unmet Demand Full and Interim Surveys – report by the Executive Director of Place (circulated)
- 7.12 Festival Theatre – Proposed Acquisition of Solum of Former Shop at 13-17 Nicolson Street – report by the Executive Director of Place (circulated)
- 7.13 New Build Nursery and Gym Facility at Leith Primary School – Delegated Authority for Award of Contract – report by the Acting Director of Communities and Families (circulated)
- 7.14 Award of Contract for the Provision of Residential Care for Young People – report by the Acting Executive Director of Communities and Families (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 30 Year Lease at 32 Market Street, Edinburgh – report by the Acting Executive Director of Resources (circulated)

- 8.3 Proposed New 15 Year Lease of 173-175 Canongate – report by the Acting Executive Director of Resources (circulated)
- 8.4 Lease Extension – Care Home at 23-27 Gylemuir Road – report by the Acting Executive Director of Resources (circulated)
- 8.5 Proposed sale of Land at 135 Redford Road, Colinton, Edinburgh – report by the Acting Executive Director of Resources (circulated)
- 8.6 The Venchie, Niddrie Mains Terrace – New Lease – report by the Acting Executive Director of Resources (circulated)
- 8.7 Proposed Assignment and Lease Restructure – 36/39 and 45 Market 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)

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

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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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From: Rosie Rutherford

Item 3.1

Sent: 16 November 2016 16:45

To: Veronica Macmillan

Cc: Shaurna Dickson; Aidan McCorry

Subject: request a deputation on 1st of December Finance and Resources Committee

Hi Veronica,

Deaf Action respectfully request an opportunity to present a deputation to the Finance and Resources Committee, to offer further information in support of the decision making process for lot 4, Interpretation and Translation Contract (BSL).

We look forward to hearing from you,

Kind regards, Rosie

Item 4.1 - Minutes

Finance and Resources Committee

10.00am, Thursday 3 November 2016

Present

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

1(a) Deputation: Approval of Framework Agreement for the Provision of Interpretation, Translation and Communication Support

The Committee agreed to hear a deputation from the following representatives from Aiden McCorry, Chief Executive, Rosie Rutherford, Commercial Manager and Shona Dixon, Communications, Support and Training Manager from Deaf Action in relation to Item 7.11 - Approval of Framework Agreement for the Provision of Interpretation, Translation and Communication Support.

The main points raised by the deputation were:

- Deaf Action requested that the Committee deferred the approval of the framework agreement as they had concerns about the proposed appointment of two spoken language commercial companies on the framework to deliver British Sign Language (BSL), lip reading, deaf blind communication services.
- The commercial companies provided predominantly interpretation from one spoken language to another. British Sign Language (BSL) was a visual, gestural language with a distinctive grammar, using hand shapes, facial expressions, gestures and body language to convey meaning, and BSL interpreters worked differently to spoken language interpreters.
- Communication and interpretation had been run by Deaf Action for twenty years and last year they provided just under 6,000 hours of communication support including BSL interpreters for the City of Edinburgh Council and NHS Lothian who regard the service highly.
- Clients who required support were known to them, which ensured a high quality service that matched their needs. Local knowledge could prove critical as services could be provided at short notice and in emergency situations.

- BSL was often the first choice in terms of the way that deaf people communicated with others, as they learned language differently to the way that hearing people did, and was a language in its own right and different to written English.
- Concerns were raised regarding a lack of consultation with the deaf community on changes to the interpreting services.
- Deaf Action provided an anchor to support individuals and empowered them to be active citizens.
- There could be a reduced amount of choice and control for deaf people in terms of the BSL services available if the proposed providers were appointed. It could be more difficult for deaf people to complain about poor service.
- The use of large scale commercial companies who had no knowledge of or investment in the local community was a concern.
- The availability of BSL interpreters in Scotland was an issue. Deaf Action had been trying to address this issue by using their contacts to provide BSL services that met their client's requirements.
- Deaf Action employed BSL interpreters as well as having good relationships with BSL interpreters locally.
- Other services were provided by Deaf Action which were inter-linked and provided a one-stop shop for clients.
- Deaf Action requested that a further Equalities Impact Assessment (EIA) was carried out to ensure it included extensive consultation with the deaf community prior to any final decisions being made on the appointment of providers for delivery of BSL services.

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

1(b) Approval of Framework Agreement for the Provision of Interpretation, Translation and Communication Support

Approval was sought for the appointment of a framework agreement of suppliers for the provision of the overflow of interpretation and translation services not currently met directly by the Interpretation and Translation Service (ITS).

Decision

- 1) To approve the appointment of the following suppliers to the framework agreement for Lots 1-3 and 5 only:
 - Lot 1: Interpretation Face-to-Face
DA Languages Ltd
Prestige Network Ltd

Global Language Services Ltd
Elite Linguists C.I.C.
Supreme Linguistic Services Ltd

- Lot 2: Interpretation – Telephone

DA Languages Ltd
AA Global Language Service Ltd
Supreme Linguistic Services Ltd
Prestige Network Ltd
Global Language Services Ltd

- Lot 3: Translation

DA Languages Ltd
The Language Room
AA Global Language Services Ltd

- Lot 5: Braille and other formats such as audio, large print etc

DA Languages Ltd

- 2) To defer the determination of Lot 4 (British Sign Language (BSL), lip reading, deaf blind communication etc) to the next meeting of the Finance and Resources Committee to allow further consideration of the specifics of the Lot.
- 3) To note that it was intended that the framework agreement would be in place for a period of three years with an option to extend for an additional twelve month period from 1 December 2016, with a total estimated value of £1,824,000 for the full contract period including extensions.

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

Declarations of Interests

Councillor Ricky Henderson declared a financial interest in the above item as a non-Executive Board Member of NHS Lothian.

2. Deputation: Interpretation and Translation Service Transfer

The Committee agreed to hear a deputation from Jowita Kaminska, a translator and interpreter from the City of Edinburgh Council's Interpretation and Translation Service in relation to Item B1.2 – Interpretation and Translation Service Transfer.

The main points raised by the deputation were:

- Concerns were raised about the proposed new booking system that would be in operation when the NHS took over the responsibility for the service.

- Currently, bookings were taken via phone or email and recorded the client's name, telephone number, the required language, the venue, time, approximate duration and a brief description of the circumstances or reasons for requesting the service. This ensured that an appropriate staff member was allocated and any unexpected issues notified or resolved in advance.
- The new proposed service was a self service system which would provide a reference number, name, date, time and venue. This limited information would not be sufficient to enable a satisfactory service and there were concerns that this would have a negative impact on service users. The NHS proposed to manage all of the appointments using this system.
- A proportion of clients that required interpretation and translation services had complex and sensitive issues that related to social work, housing, child protection, domestic abuse, criminal justice and more recently refugee and immigration matters. It was important for translators to have background information on clients to enable them to tailor the support provided and achieve the best outcome for all parties. There were concerns that the proposed NHS system would not take cognisance of this type of information.
- Concerns were raised that the proposed new system would not be able to deal with multiple requests/bookings.
- The proposed new booking system had been trialled with some languages and some of the feedback had been negative. There were concerns that the system was not fit for purpose.

The Convener thanked the Deputation for their presentation and advised that they would not be invited to remain in attendance during consideration of the report which was to be held in private under paragraph 11 of part 1 of Schedule 7A of the Local Government Scotland Act 1973 and that they would be advised of the Committee decision.

3. Minutes

Decision

To approve the minute of the Finance and Resources Committee of 29 September 2016 as a correct record.

4. Business Bulletin

Decision

To note the Finance and Resources Committee Business Bulletin.

5. Key Decisions Forward Plan

The Finance and Resources Committee Key Decisions Forward Plan from 3 November 2016 to 1 December 2016 was submitted.

Decision

To note the Key Decisions Forward Plan from 3 November 2016 to 1 December 2016.

(Reference – Finance and Resources Committee Key Decisions Forward Plan, submitted.)

6. Rolling Actions Log

The Finance and Resources Committee Rolling Actions Log for 29 October 2015 to 29 September 2016 was submitted.

Decision

To note that Items 5 and 10 had been closed.

(Reference – Finance and Resources Committee Rolling Actions Log, submitted.)

7. Managing Workforce Change – Workforce Dashboard

Detailed were provided of indicators to monitor change through the transformation programme, including a summary of the latest available information on Council wide staffing numbers, sickness absence, agency expenditure and vacancies.

Decision

To note the progress to date.

(References – Finance and Resources Committee, 29 September 2016 (item 8); report by the Acting Executive Director of Resources, submitted)

8. Living Wage Accreditation

A report was submitted advising of that the City of Edinburgh Council had received formal accreditation from the Scottish Living Wage initiative on 28 September 2016.

Decision

To note the report.

(References – Finance and Resources Committee, 14 January 2016 (item 1(d)); report by the Acting Executive Director of Resources, submitted)

9. Capital Monitoring 2016/17 – Half Year Position

Committee considered a report which set out the overall position of the Council's capital budget at the half year position (based on 5 month data) and the projected outturn for the year.

Decision

- 1) To note the projected capital outturn positions on the General Fund and Housing Revenue Account (HRA) at month five.
- 2) To note the prudential indicators at month five.
- 3) To note the proposed prudential borrowing for Mortonhall Crematorium refurbishment investment, and remit to Council for approval on 24 November 2016.
- 4) To refer the report to Governance, Risk and Best Value Committee as part of its work plan.

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

10. Revenue Monitoring 2016/17 – Half Year Position

Details were provided of the projected half-year revenue monitoring position for the Council, based on analysis of period five data.

Decision

- 1) To note the balanced position forecast for the year.
- 2) To note the on-going risks and challenges across all services areas which would require further management actions and active and regular scrutiny for the remainder of the year.
- 3) To note the balanced position projected on the Housing Revenue Account (HRA) after making a £14.2m budgeted contribution towards housing investment.
- 4) To refer the report to the Governance, Risk and Best Value Committee as part of its work programme.

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

11. Resources Directorate – Revenue Budget Monitoring 2016/17 – Month Five Position

Details were provided of the projected half year revenue monitoring position for the Resources Directorate, based on actual expenditure and income to the end of August 2016 and expenditure and income projections for the remainder of the financial year.

Decision

- 1) To note that the Resources Directorate was currently projecting expenditure within the approved revenue budget for 2016/17.
- 2) To note the risks to the achievement of a balanced revenue budget position.

(References – Finance and Resources Committee, 18 August 2016 (item 2 (b)); report by the Acting Executive Director of Resources, submitted)

12. Chief Executive – Revenue Budget Monitoring 2016/17 – Month Five Position

Committee considered a report on the projected half year revenue monitoring position for services reporting directly to the Chief Executive, based on actual expenditure and income to the end of August 2016 and expenditure and income projections for the remainder of the financial year.

Decision

- 1) To note that services reporting directly to the Chief Executive were currently projecting expenditure within the approved revenue budget for 2016/17.
- 2) To note the risks to the achievement of a balanced revenue budget position.

(References – Finance and Resources Committee, 18 August 2016 (item 14); report by the Chief Executive, submitted)

13. Treasury Management: Mid Term Report 2016/17

An update report on Treasury Management activity in 2016/17 was provided.

Decision

- 1) To note the mid-term report on Treasury Management for 2016/17.
- 2) To refer the report to the City of Edinburgh Council for approval and subsequent referral by City of Edinburgh Council to the Governance, Risk and Best Value Committee for scrutiny.

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

14. Annual Report – Debt Write-Off

A report was submitted for consideration which provided a summary of debt income streams deemed uncollectable and written-off during 2015/16.

Decision

- 1) To note the sums due to the Council that had been written off during 2015/16 and the low value (0.9%) this represents compared to the overall level of income collected.
- 2) To note the write-off value was consistent with 2015/16.
- 3) To note that whilst a debt was declared written-off for accounting purposes, cases could be re-opened at any stage to pursue payment should the debtor be traced or become solvent.

(References – Finance and Resources Committee, 8 September 2016 (item 14); report by the Acting Executive Director of Resources, submitted)

15. Motor Fleet Insurance

Details were provided of the Council's insurance programme arrangements and the terms for a change to the motor fleet all sections policy excess.

Decision

To note the report and retrospectively approve the change in the Council's motor fleet policy excess from 5,000 all sections to £25,000 all sections.

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

16. Procurement Benefits – Reporting Framework

A progress report was submitted which detailed the development of the reporting framework for procurement benefits.

Decision

- 1) To note the progress outlined in the report.
- 2) To note that an update report would be provided to the Finance and Resources Committee in six months and then annually thereafter.

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

17. Building Capacity for Transformation Leadership

Approval was sought to waive Contract Standing Orders to retain continuity with an existing partner and to appoint Steve Radcliffe Associates to build the Council's capacity for transformation leadership to ensure a successful City of Edinburgh Council transformation.

Decision

To agree to waive Contract Standing Orders to appoint Steve Radcliffe Associates for the next phase of the work to build the organisation's capacity for transformation leadership to ensure a successful City of Edinburgh Council transformation.

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

18. Award of Contract for Consultancy Services – Corstorphine Parking Survey

Approval was sought on the basis on a non competitive action, for the award of a contract for consultancy services to carry out a detailed parking survey within the Corstorphine area.

Decision

To approve on the basis of a non-competitive action, AECOM to undertake a parking survey in the Corstorphine area for a contract sum of £29,450 to commence on 14 November 2016 and 31 January 2017.

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

19. Receipt and Processing of Recyclable Materials from Kerbside and Communal Collections – Award of Contract

A report was provided which outlined the result of a competitive tender process for a contract for the receipt and processing of dry recyclable materials from kerbside and communal recycling collections. Approval was sought to award the contract from 28 November 2016 to 27 November 2018, with the option to extend for up to two, twelve month periods.

Decision

To approve the appointment of Biffa Waste Services Ltd as contractor for the Receipt and Processing of Dry Recyclable Materials (DRM) from Kerbside and Communal Collections for a period of two years with the option to extend by two x 12 month periods.

(References – Transport and Environment Committee, 27 August 2013 (item 20); report by the Executive Director of Place, submitted)

20. Fleet Replacement Programme 2016/17 – Approval of Prudential Borrowing

Committee considered a report advising that as part of the on-going Fleet Review, a number of vehicles had been identified and prioritised for replacement or renewal. Council approval was required for the use of prudential borrowing for the replacement and renewal of vehicles.

Decision

- 1) To note the report and remit to the Council for approval, the principle that the expenditure outlined in the report be funded through prudential borrowing supported by Place, should Treasury assessment deem this to be the financing method that represented best value.
- 2) To agree in principle, for these acquisitions to be made without additional reporting to the Council, however to still be controlled under the rules set out in the Council's Contract Standing Orders.

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

21. Systemic Support Services: Extension of Additional Support for Learning Contracts – referral from the Education, Children and Families Committee

On 11 October 2016 the Education, Children and Families Committee considered a report setting out proposals to waive contract standing orders (CSO) to re-align a number of smaller existing Additional Support for Learning contracts within a single strategic procurement framework. The report has been referred to the Finance and Resources Committee for approval of the proposed contract extensions.

Decision

- 1) To approve the extension of both Children 1st contracts to the value of £67,866 for continuing services to children, families and schools for a six month period from 1 October 2017 to 31 March 2018.
- 2) To approve the extension of Canongate Youth Project Contract to the value of £40,000 per annum for continuing services to children, families and schools for a 12 month period from 1 April 2017 to 31 March 2018.
- 3) To approve the extension of the My Adventure Contract to the value of £128,089 for the period 1 January 2017 to 31 March 2018 and to support the delivery of curricular activities to vulnerable learners at secondary schools in East Edinburgh.

(References – Education, Children and Families Committee, 11 October 2016 (item 14); report by the Interim Head of Strategy and Insight, submitted.)

22. Contract Awards under Urgency Procedure – Aids For Daily Living

Committee considered a report on the action taken under urgency powers as described at paragraph 4.1 of the Committee Terms of Reference and Delegated Functions to extend existing contracts for the provision of supply, servicing and repairs of Aids for Daily Living Equipment.

Decision

- 1) To note the action taken to award temporary contracts until 3 November 2016 for the provision of supply, servicing and repairs to Aids for Daily Living equipment across the City of Edinburgh Council's estate, under the urgency procedure paragraph 4.1 of the Committee Terms of Reference and Delegated Functions.
- 2) To waive Contract Standing Orders and to approve extending the award of contracts to the providers noted in paragraph 3.6 for the period of 3 November 2016 until 31 August 2017 to allow for an alternative procurement strategy to be developed and tender process to be undertaken.

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

23. Committee Decisions – July 2015 – July 2016

Details were provided of assurance work and implementation of, Finance and Resources Committee decisions covering the period July 2015 to July 2016.

Decision

- 1) To note the position on the implementation of Finance and Resources Committee decisions as detailed in the appendix to the report.
- 2) To note that the next summary report would be presented to Committee in March 2017.
- 3) To agree that the Committee Clerk would liaise with Officers to determine when a report would be brought back to Committee on item 63 in Appendix 1 to the report.

(Reference – report by the Interim Head of Strategy and Insight, submitted)

24. Inch House Community Centre – Update Report

An update report was provided detailing progress on the future of Inch House.

Decision

- 1) To note the progression of works to secure the immediate health and safety and wind and watertight issues associated with the building.
- 2) To note the intention to explore the restoring purchaser opportunities through the process set out in the Community Empowerment Act 2015.
- 3) To note that a further progress report would be brought forward once submissions on the future use of the property had been received and evaluated.

(References – Finance and Resources, 9 June 2016 (item1(b)); report by the Acting Executive Director of Resources, submitted)

25. Proposed 10 Year Lease at 86/88 Niddrie Mains Road, Edinburgh

The Finance and Resources Committee had considered a report on 18 August 2016, seeking approval for the grant of a new 10 year lease to Co-operative Funeral Services Limited at 86/88 Niddrie Mains Road, Edinburgh. The Committee continued consideration of the matter to allow community groups to be consulted on options for the lease, and for the development of a business case for a possible CCTV community hub. An update report was provided.

Decision

- 1) To note that the proposed tenant, the Co-operative Funeral Services Limited, had found an alternative accommodation within the Council estate.
- 2) To note that the property would remain under a short term let until a decision had been taken on a future CCTV community hub.

(References – Finance and Resources Committee, 18 August 2016 (item 31); report by the Acting Executive Director of Resources)

26. Portobello Toddler's Hut, 28 Beach Lane – Proposed Lease

A report had been provided advising of a request from Portobello Toddler's Hut that their lease remained on the previous terms and conditions but with the term reduced from 80 to 25 years.

Decision

- 1) To note the funding challenges which the Toddler's Hut had encountered.
- 2) To approve the reduction in terms of the proposed lease from 80 to 25 years and on other terms and conditions to be agreed by the Acting Executive Director of Resources.

(References – Finance and Resources Committee, 6 June 2013 (item 23); report by the Acting Executive Director of Resources, submitted)

27. Proposed New Leases (x3) at Peffermill Industrial Estate, Kings Haugh, Edinburgh

Approval was sought to grant three new leases to the Co-op Funeralcare Group (x2) and Laurence Mackintosh (x1) on the terms and conditions outlined in the report.

Decision

- 1) To approve a 15 year lease to Laurence Mackintosh Ltd of the industrial premises at Block 10b, Peffermill Industrial Estate, on the terms and conditions outlined in the report and on other terms and conditions to be agreed by the Acting Executive Director of Resources.

- 2) To approve a 20 year lease to Co-op Funeralcare of the industrial premises at Block 1, Peffermill Industrial Estate, on the terms outlined in the report and on other terms and conditions to be agreed by the Acting Executive Director of Resources.
- 3) To approve a 20 year lease to Co-op Funeralcare of the industrial premises at Block 9, Peffermill Industrial Estate, on the terms outlined in the report and on other terms and conditions to be agreed by the Acting Executive Director of Resources.

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

28. Proposed 25 Year Lease of Part Market Street Undercroft

Details were provided of a proposed 25 year lease of part Market Street to Network Rail for the provision of a taxi rank facility to station users.

Decision

To approve a 25 year lease to Network Rail of part of Market Street Undercroft site on the terms outlined in the report and on other terms and conditions to be agreed by the Acting Executive Director of Resources.

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

29. Land at former Dumbryden Primary School, Dumbryden Drive

Approval was sought for the transfer of land held on the general fund to the Housing Revenue Account (HRA).

Decision

- 1) To approve the transfer of 0.170 hectares (0.40 acres) of the former Dumbryden Primary School site to the Housing Revenue Account (HRA) by way of debt transfer.
- 2) To note that Section 203 consent would be required from Scottish Ministers to transfer the sites to HRA which would be submitted following Committee approval to transfer the site.

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

30. Resolution to Consider in Private

The Sub-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 they involved the disclosure of exempt information as defined in Paragraphs 1, 6, 8, 9 and 11, of Part 1 of Schedule 7(A) of the Act.

31. Re-employment and Re-engagement of Staff

An update was provided following a decision taken by the Finance and Resources Committee on 17 March 2016, to approve the introduction of a time bar of one year (from the date of leaving) before colleagues leaving the Council employment via a voluntary early release agreement (VERA) or voluntary redundancy (VR) could be re-engaged or re-employed.

Decision

- 1) To note the report.
- 2) To agree that regular update reports would be provided to Committee on this matter.

(References – Finance and Resources Committee, 18 August 2016 (item 9); report by the Acting Executive Director of Resources, submitted)

32. Interpretation and Translation Service Transfer

Approval in principle was sought for the transfer of the Translation and Interpretation Service (ITS) from the City of Edinburgh Council to NHS Lothian by 1 April 2017.

Decision

To approve in principle the transfer of the Interpretation and Translation Service (ITS) to NHS Lothian by 1 April 2017, subject to the necessary stakeholder agreement.

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

Declarations of Interest

Councillor Ricky Henderson declared a financial interest in the above item as a non-Executive Board Member of NHS Lothian.

33. Schools PPP1 Emergency: Cost Overview

Details of the procedure adopted to award contracts under urgency procedures in relation to the school closures between March and August 2016 were provided together with the estimated additional costs incurred as a result of the incident.

Decision

To note the report and that a further update would be provided upon completion of negotiations with Edinburgh Schools Partnership.

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

34. Award of Contract for Provision of Managed Services for Temporary Agency Resources and Recruitment of Permanent, Fixed Term Contract and Short Term Supply Resources

Decision

To note that the report was deferred to the meeting of the Finance and Resources Committee on 1 December 2016.

35. Place Directorate – Proposed Changes to Chief Officer Structure

Committee considered a report on a revised Place Directorate structure.

Decision

- 1) To note the proposed structure for the Place Directorate.
- 2) To approve the applications for Voluntary Redundancy (VR) detailed in the report.

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



Item 5.1 - Business bulletin

Finance and Resources Committee

10.00am, Thursday, 1 December 2016

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

Finance and Resources Committee

Convener:	Members:	Contact:
<p>Convener Cllr Alasdair Rankin</p>  <p>Vice – Convener Cllr Bill Cook</p> 	<ul style="list-style-type: none"> ▪ Cllr Adam McVey ▪ Cllr David Walker ▪ Cllr Denis Dixon ▪ Cllr Paul Edie ▪ Cllr Gavin Corbett ▪ Cllr Iain Whyte ▪ Cllr Joan Griffiths ▪ Cllr Ricky Henderson ▪ Cllr Paul Godzik ▪ Cllr Allan Jackson ▪ Cllr Bill Henderson ▪ Cllr Andrew Burns (ex officio) ▪ Cllr Frank Ross (ex officio) 	<p>Veronica Macmillan Committee Officer Tel: 0131 529 4283</p> <p>Joanna Hamilton-Rigg Departmental Adviser Tel: 0131 529 5219</p>

Recent news	Background
<p><u>Property Conservation - Legacy Closure Programme and Edinburgh Shared Repairs Services (ESRS)</u></p> <p><u>August to October 2016 Update</u></p> <p><u>Legacy Closure programme</u></p> <p>Progress in the closure of the former Property Conservation service over the last three months has seen a further reduction in debt outstanding from £4.3m to £3.8m.</p> <p>The total recovery rate in debt collected and secured debt has now reached £13.5m equivalent to 77%.</p> <p>Within the last three months, a data cleansing exercise has been completed resulting in a total of 11500 historic unenforced statutory notices being cancelled.</p>	<p>Contact: Andrew Field, ESRS Senior Manager, Property and Facilities Management mailto:andrew.field@edinburgh.gov.uk Tel: 0131 529 6778</p>

Ongoing issues relate predominately to debt recovery, settlement and technical queries that will be subject to handover into mainstream services in due course. It is anticipated that some of this legacy work along with the risks and challenges associated with Statutory Notice enforcement services will transfer to the newly formed Edinburgh Shared Repairs Service.

ESRS Update

The ESRS provides Customer Contact, Intervention, Emergency, Enforcement and Finance services.

By the end of October, case officers had offered advice and guidance to owners representing 183 potential tenement repair projects.

The service has been successful in closing a further 10 cases since August. Overall successful intervention has increased from 38% to 67% of all cases accepted.

The service has received one missing share application which has been approved by the Council.

The Council has approved one further project for enforcement since August where owners could not arrange works and did not object to Council intervention. Seven cases in total have been approved for enforcement whereby the Council will issues Statutory Notices and directly carry out the repairs projects.

The Emergency Repairs service continues to attend on average 50 emergency situations per month.

Forthcoming activities

Item 6.1 - Key Decisions Forward Plan

Finance and Resources Committee

[1 December 2016 – 19 January 2017]

Item	Key decisions	Expected date of decision	Wards affected	Director and lead officer	Coalition pledges and Council outcomes
1.	LDP Action Programme	19 January 2017		Paul Lawrence, Executive Director of Place Lead Officer: David Leslie , Service Manager	
2.	People Strategy	19 January 2017		Andrew Kerr, Chief Executive Lead Officer: Kirsty-Louise Campbell , Interim Head of Strategy and Insight	
3.	Customer Strategy	19 January 2017		Andrew Kerr, Chief Executive Lead Officer: Kirsty-Louise Campbell , Interim Head of Strategy and Insight	
4.	Resources Directorate – Revenue Budget Monitoring 2016/17 – month eight position	19 January 2017		Hugh Dunn, Acting Executive Director of Resources Lead Officer: Iain Shaw , Principal Accountant	
5.	Chief Executive – Revenue Budget Monitoring 2016/17 – month eight	19 January 2017		Hugh Dunn, Acting Executive Director of Resources	

Item	Key decisions	Expected date of decision	Wards affected	Director and lead officer	Coalition pledges and Council outcomes
	position			Lead Officer: Iain Shaw , Principal Accountant	
6.	St Stephen's Court Refurbishment	19 January 2017		Paul Lawrence, Executive Director of Place Lead Officer: Alex Burns , Edinburgh Building Standards Manager	
7.	Housing Property Repairs and Maintenance Award of Framework Agreement	19 January 2017		Paul Lawrence, Executive Director of Place Lead Officer: Alex Burns , Edinburgh Building Standards Manager	
8.	Transformation major projects	19 January 2017		Andrew Kerr, Chief Executive Lead Officer: Kirsty-Louise Campbell , Interim Head of Strategy and Insight	
9.	Property and Facilities Management	19 January 2017		Hugh Dunn, Acting Executive Director of Resources Lead Officer: Rob Leech , Property Manager	
10.	Proposed Lease Extension at 12 Dumbryden Road, Edinburgh	19 January 2017		Hugh Dunn, Acting Executive Director of Resources Lead Officer: Stewart Irwin , Estates Surveyor	
11.	Budget Consultation	19 January 2017		Hugh Dunn, Acting Executive Director of Resources Lead Officer: Davina Fereday , Corporate Manager	

Item 6.2 - Rolling Actions Log

Finance and Resources Committee

29 October 2015 – 3 November 2016

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	RAG Status	Comments
1	29-10-15	Redhall House and Lawn - Progress Report	To request an update report was brought to the Finance and Resources Committee at conclusion of the planning process.	Acting Executive Director of Resources	Feb 2017		<div><div>A</div></div>	An update report would be provided at the conclusion of the appeal process for the Redhall House planning application – ongoing.

2	18-08-16	Re-employment and Re-engagement of Staff	To agree that a B agenda report would be brought back to Committee in November 2016 dealing with the exceptional circumstances surrounding the re-employment of staff within less than a year of leaving the Council and the policy related to this.	Acting Executive Director of Resources	3 November 2016		G	Report considered by the Finance and Resources Committee on 3 November 2016 – closed.
3	18-08-16	Property Repairs and Maintenance Contract Update	To agree that the internal audit report would be circulated to all elected members of the Council by Committee Services.	Committee Services	As soon as possible		A	An update report will be considered by the Health, Social Care and Housing Committee in November 2016, which will be subsequently circulated to F+R Committee members – ongoing.

4	18-08-16	Contract Award Under Urgency procedure - Edinburgh Schools - Schools Transport	<p>1) To agree that the Executive Director of Resources would investigate why local bus companies were not recruited.</p> <p>2) To agree that a report would be brought back to Committee with details of all costs required to be recovered in relation to schools.</p>	Acting Executive Director of Resources/ Acting Executive Director of Communities and Families	As soon as possible	Nov 2016	G	A report was considered by the F+R Committee on 3 November 2016 – closed.
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5	18-08-16	Proposed 10 year lease at 86-88 Niddrie Mains Road, Edinburgh	To continue the report to the November Committee (or to bring back the report sooner, if possible) to allow community groups to be consulted on options for the lease of 86-88 Niddrie Mains Road and for the development of a business case for a possible CCTV community hub.	Acting Executive Director of Resources	3 November 2016 or sooner if possible	Nov 2016	G	Report was considered by the Finance and Resources Committee on 3 November 2016 – closed.
6	18-08-16	Proposed sale of site Ardmillan Terrace, Edinburgh	To continue the report to allow discussion between the Chief Executive of the Council and the Chief Executive of the NHS to resolve outstanding issues.	Chief Executive/ Acting Executive Director of Resources	Dec 2016	Dec 2016	A	Report going to the Finance and Resources Committee on 1 December 2016 – ongoing.
7	08-09-16	Managing Workforce Change - Workforce Dashboard	To agree that an extract of information on reviews from the Transformation Programme Progress report should be circulated to elected members as a briefing note.	Chief Executive/ Acting Executive Director of Resources	As soon as possible		A	Ongoing

8	08-09-16	Lease at Tron Kirk, Edinburgh (B agenda item)	<p>1) To agree that the internal audit review referred to in paragraph 3.9 be reported back to Committee as soon as it was completed.</p> <p>2) To agree that the Acting Head of Corporate Property and the Interim Head of Legal and Risk would investigate the various breaches in relation to the lease of the Tron Kirk since November 2015 and to confirm that these has been followed through.</p> <p>3) To agree that the Interim Head of Legal and Risk would discuss improving working arrangements between Corporate Property, Legal and Regulatory departments at the Corporate Leadership Team meeting.</p>	Acting Executive Director of Resources	As soon as possible	Dec 2016	A	A report would be brought to the Finance and Resources Committee on 1 December 2016 - ongoing
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9	03-11-16	Managing Workforce Change - Workforce Dashboard	The Acting Executive Director of Resources to provide an analysis of comparative figures in relation N.I. increases and the pay awards which had contributed to the lack of reduction to the pay bill.	Acting Executive Director of Resources	As soon as possible	10 Nov 2016	G	Briefing note circulated to members – closed.
10	03-11-16	Treasury Management: Mid Term Report 2016/17	The Acting Executive Director of Resources to provide a briefing note to members on the use of Bonds by other local authorities, specifically London and Aberdeen.	Acting Executive Director of Resources	As soon as possible			Ongoing
11	03-11-16	Committee Decisions July 2015 - July 2016	The Committee Clerk to liaise with the relevant officers to determine when a report would be brought back on Item 63 in Appendix 1 of the report.	Committee Services	As soon as possible	January 2017		Report would be brought back to Committee in January 2017 – ongoing.

12	03-11-16	Land at Former Dumbryden Primary School, Dumbryden Drive	The Acting Head of Corporate Property would advise Councillor Dixon of any risks to the allotments at the boundary.	Acting Executive Director of Resources	As soon as possible	04-11-16	G	The Acting Head of Corporate Property advised that although the proposed development had not been designed yet it was highly unlikely this would have any material impact on the allotments – closed.
13	03-11-16	Re-employment and Re-engagement of Staff (B agenda)	<p>1) The Head of HR to provide a briefing note to members on the analysis of the impact on staff in respect of the timebar for those who might take VERA/VR.</p> <p>2) To agree that monthly update reports would be provided to Committee on the numbers of staff who had left CEC and applied to return within the one year time bar.</p>	Acting Executive Director of Resources	As soon as possible		A	Ongoing

14	03-11-16	Interpretation and Translation Service Transfer (B agenda)	To agree that a briefing note would be circulated to members when issues/concerns related to the pilot usage of the NHS system had been resolved.	Acting Executive Director of Resources	As soon as possible		A	Ongoing
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Red – Action has not been completed within timescales indicated.

Amber – Action is in Progress.

Green – Action has been completed and recommended for closure.

Finance and Resources Committee

10.00am, Thursday, 1 December 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.

The report highlights progress with organisational reviews and provides updates on the key programme workstreams, the implementation of the localities model and the development of the Council's internal transformation team capability and capacity.

Links

Coalition pledges
Council outcomes
Single Outcome Agreement

Transformation Programme: Progress Update

Recommendations

- 1.1 Note the progress to date with organisational reviews as set out in paragraphs 3.1 – 3.4;
- 1.2 Note the workstream updates outlined in this report;
- 1.3 Note the progress to date with development of the localities model;
- 1.4 Note the progress with development of the internal Transformation team; and
- 1.5 Note the management information dashboards 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. The Transformation Programme was then tasked with delivering £77 million in annual recurring savings through the implementation of this new model.
- 2.3 This report highlights the following:
 - Progress with remaining organisational reviews;
 - Key workstream updates;
 - Progress with the development of the localities model;
 - Update on the development of the internal transformation team; and
 - The management information dashboards for the month to 15 November 2016.

Main report

Progress with Remaining Organisational Reviews

- 3.1 Good progress continues to be made with the remaining organisational reviews, with the vast majority of the initial reviews now complete or in their final stages.

- 3.2 Consultation is underway in the Schools and Lifelong Learning review and is due to close on 25 November 2016. Matching and assignment will commence thereafter, with the new structure expected to be operational by February 2017.
- 3.3 Consultation has closed and matching and assignment is either underway or due to commence shortly for the following reviews:
- Property and Facilities Management (non FM)
 - Health and Social Care
 - Governance and Democratic Services
- 3.4 Phase 3 of the Property and Facilities Management review, dealing with facilities management staff, is due to commence consultation in late November.

Schools and Lifelong Learning

- 3.5 The organisational review is due for implementation by February 2017, to allow time for financial savings to be fully implemented before the year end.
- 3.6 The review is currently in the staff consultation period, which is due to end on 25 November 2016. Weekly engagement with the Trade Unions is taking place and feedback from staff on the proposed structure and job descriptions is being considered and responded to through the dedicated Lifelong Learning mailbox.
- 3.7 As part of this review, a proposed structure and associated job descriptions have been designed to support further integration of services and more flexible working.

Health and Social Care

- 3.8 Phase 1 of the Health and Social Care review is now complete with appointments made to Phase 1 manager posts. Five of the thirty posts remain unfilled from this process and further recruitment arrangements are progressing.
- 3.9 Consultation for Phase 2 of the Health and Social Care review was extended by one week to 7 November 2016, to ensure all staff, including those in harder to reach areas, had an opportunity to consider the proposals and provide feedback. The Chief Officer held a series of consultation briefings and has met with hundreds of staff over the past few weeks. Queries received have been monitored throughout consultation with responses being provided to individuals, Trades Unions and staff representatives, and through Frequently Asked Questions. All feedback is currently being reviewed and any consequent amendments will be made to the structure.
- 3.10 Significant interest was expressed in Voluntary Redundancy and HR are reviewing all requests received against the proposed staffing reductions required.

Customer and Business Support

- 3.11 The Customer programme is targeting recurring savings of £6 million through a range of projects and initiatives. These have recently been realigned into 8 key

workstreams. Associated plans have been updated and projects continue to progress. There is ongoing refinement of the scope of these workstreams as new opportunities arise. The team continues to align risk, issues and dependencies which are tracked through the Programme Management Office. Overarching business cases for each of the 8 workstreams are being developed and will be considered by CLT in December.

3.12 Key areas of progress include:

- The Council Tax Single Occupancy Discount tender has been published and will close to applications on 2 December. Savings of £1 million are being targeted through this workstream;
- The Business Support workstream has identified 24 initiatives to deliver efficiencies and improved ways of working. These are currently being prioritised for delivery;
- Work is underway with CGI to identify and deliver supporting ICT which will enable more efficient delivery of customer services and business support, such as a workforce management tool; and
- Improvements have been identified within the HR and Payroll Service Centre. The team are currently working closely with both HR and the Customer business team to develop an implementation plan.

3.13 As part of the Channel Shift project, work is continuing with CGI and across the organisation to deliver the first release of the new digital platform in late November.

3.14 This includes a simplification of technical architecture and a revised version of the transaction types that are currently available online and additional functionality. This functionality includes the ability for a citizen to upload a photograph of the issue being reported, to provide more information for service areas to be able to effectively and efficiently complete the request. The citizen will also be able to see (on the map) if there is a previously reported issue. Within Customer Services, webchat will be available as a tool to provide information and assistance to citizens quickly and within the digital channel.

Safer and Stronger Communities

3.15 The initial organisational reviews within Safer and Stronger Communities have been completed with a reduction of 92 posts and have achieved their required savings. The remaining savings target for the service includes £510,000 from CCTV and a further savings target of £1,045,000 allocated to Safer and Stronger Communities.

3.16 Proposals are currently being developed to deliver the remaining savings target and progress on this will be considered through the budget process.

Asset Management Strategy

3.17 There is a separate report on this agenda detailing progress with the Asset Management Strategy.

Development of the Localities Model

- 3.18 The localities and asset management teams have been working to deliver a vision and set objectives around the asset model required to support locality working. An exercise is underway to map assets against service requirements within localities and proposals will be brought forward for consultation as early as possible. This proposal will clearly state the inputs required from all partners.
- 3.19 The initial set of organisational reviews are now complete with remaining vacancies currently being filled. Organisational reviews are underway for Schools and Lifelong Learning and for Health and Social Care and these are currently on schedule. A new approach to delivering place based services, known as 'Team around the Place', is being designed and tested. This model will be shared with Committee and Locality Leadership Teams in January 2017, and then with Neighbourhood Partnerships.
- 3.20 Locality Improvement Planning is underway with the first phase of consultations taking place. Engagement for this phase will continue through to December. Outputs will be analysed and further work will be carried out to identify local priorities and opportunities in a second phase of consultation scheduled to run from February to April 2017.

Transformation Savings Shortfall

- 3.21 The programme has identified a £4.4 million savings gap and work is underway to develop alternative proposals to close this gap.
- 3.22 Shortfalls of £1.2m relating to Business Support in Schools, and £1.7m in respect of Instrumental Music Tuition, will in the first instance, be examined against corporately-held budgets. A further update will be provided in due course.
- 3.23 The remaining shortfall of £1.5m relates to Children's Services and Safer and Stronger Communities. Proposals are under development by the respective Heads of Service and Executive Directors to address these gaps which will be considered through the budget process.

Development of the Council's Transformation Team

- 3.24 The Transformation Team was created to support the Council through the change lifecycle as we transform to deliver strategic outcomes. The Transformation Team will use a holistic, consistent approach to change management that includes Business Change, Portfolio & Governance and Process Improvement.
- 3.25 The team is currently developing plans which set out how change will be prioritised and managed across the Council moving forward to ensure effective and efficient outcomes. These plans are due to be considered by the Corporate Leadership Team in the coming weeks and further detail of this will be provided in the next Transformation update report to this Committee.

Transformation Management Information Dashboards

- 3.26 The management information dashboards for the month to 15 November 2016 are attached as appendix 1.
- 3.27 The dashboard pack has been amended to reflect the current stage of delivery, with reporting now focused around the remainder of the Transformation delivery plan. Slides for Place & Economy, the Chief Executive's Department and Resources (other than Customer, which retains a separate slide) have therefore been removed from the pack as organisational reviews in these departments are now largely complete with firm plans in place to realise the savings.

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.

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

[Transformation Progress Update Report to Finance and Resources Committee - 29 September 2016](#)

[Asset Management Strategy Update Report to Finance and Resources Committee - 29 September 2016](#)

Coalition pledges

Council outcomes

Single Outcome Agreement









Appendices

Appendix 1 – Management Information Dashboards

Management Dashboard

Monthly Progress Update: November 2016

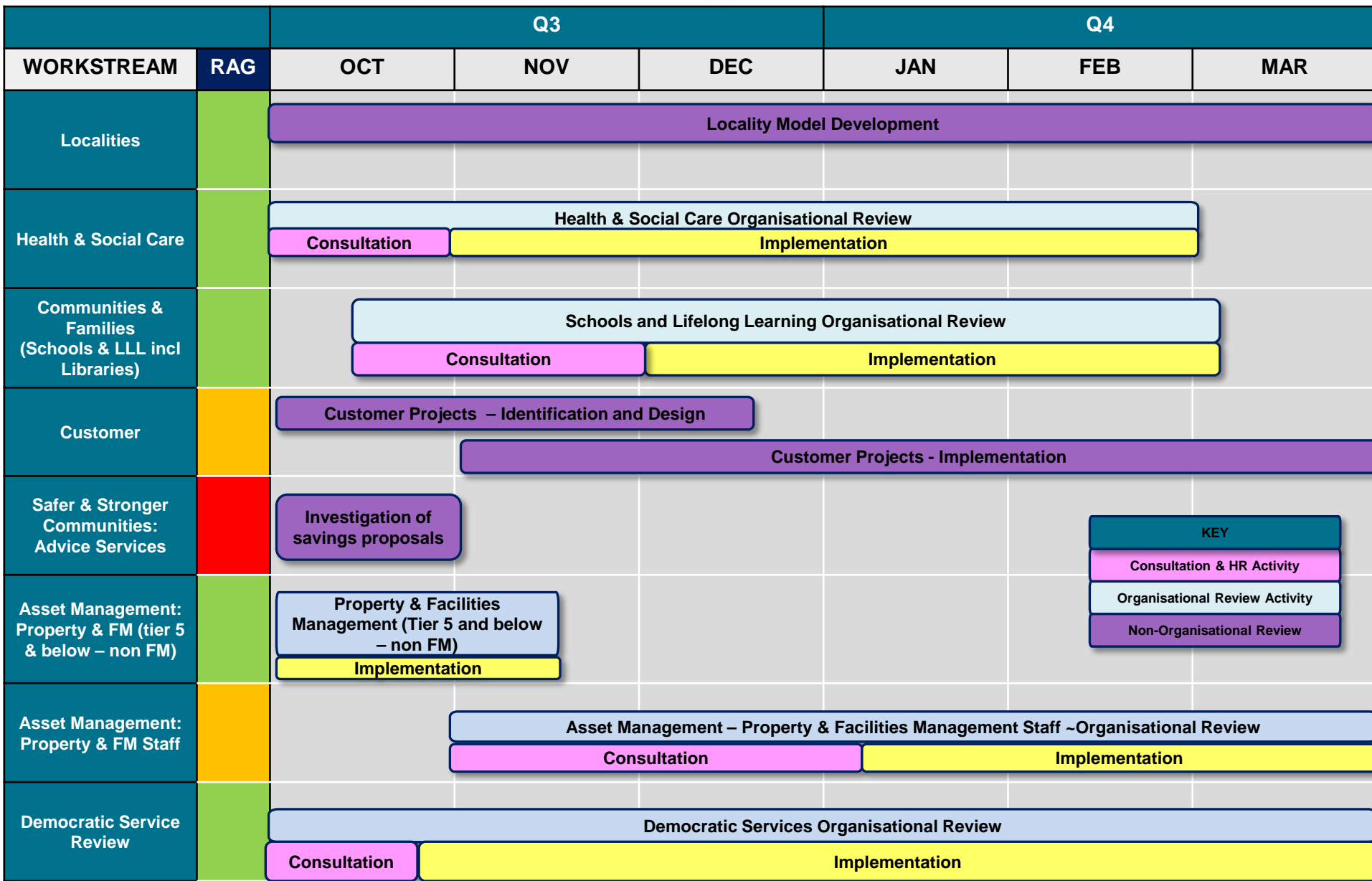
TRANSFORMATION PROGRAMME

Workstream	RAG	OVERVIEW SUMMARY	
Customer & Business Support		The Customer programme has completed re-planning and has developed mini business cases for each underlying initiative with the aim of presenting updated project business cases to CLT in December. Whilst the project has continued to progress there is potential for delays due to GGI/ICT dependencies but these are being worked through with the relevant teams. Following a data analysis exercise, the Benefits workstream has identified 28 Initiatives currently going through a prioritisation process, which will be formalised over the next two weeks and which would close a potential savings gap. Other key areas of progress include the Single Occupancy Discount (SOD) Review which has been released for tender and the team are continuing to work with parking to meet the 16 th December implementation date for East Lothian council.	
Health & Social Care		Phase 1 of the Health & Social Care review is now complete with appointments made to Phase 1 manager posts. 5 of the 30 posts remain unfilled from this process and further recruitment arrangements are progressing. Consultation for Phase 2 of the Health & Social Care Review was extended to 7 th November to ensure everyone, including those harder to reach, had opportunity to consider the proposals and provide feedback. The Chief Officer held a series of consultation briefings and met with hundreds of staff over the past few weeks. Queries received have been monitored throughout consultation with responses to individuals, Trade Unions and staff representatives, and through Frequently Asked Questions. All feedback is currently being reviewed over the following 2-3 weeks and any consequent amendments will be made to the structure. Significant interest was expressed in Voluntary Redundancy and HR are reviewing all requests against the reductions required	
Asset Management		CLT have approved the FM business case to implement the new operating model, detailed development is now underway to programme, finalise scoping lists and produce an engagement and communication strategy which supports the implementation and transition period. Political and Trade Union engagement will happen before the launch of consultation at the end of November and building users will be updated on the progress of implementation to maintain their buy-in. Estate Rationalisation is progressing well on the detailed report to Economy Committee on the proposals for Lothian Chambers and 329 High Street. The office reorganisation programme is underway with the team completing a "straw man" for discussion with Locality Teams in December.	
Localities		Work is ongoing with the delivery of locality improvement plans and engagement continues with locality managers to ensure a fully informed position is maintained and to secure buy-in from the appropriate Stakeholders. A revised programme plan has been signed off by the locality management board and an updated localities blueprint is under development and due to be completed in early December.	
Safer and Stronger		There is a savings shortfall within this area and work continues to develop proposals to meet the gap. Proposals will be considered by CLT in late November and Committee will be updated thereafter.	
Communities & Families		The Schools and Lifelong Learning review consultation is due to close on 25 November. There have been a series of positive, ongoing meetings with Trade Unions, with weekly feedback being updated. The feedback from staff to the generic mailbox continues to be addressed and weekly comms are being sent to all staff on updates..	
RISK /ISSUE	RAG	DESCRIPTION	MITIGATION
Project delays (TPR00159)		Completion of current org reviews and other projects are delayed leading to shortfalls in savings achieved	<ul style="list-style-type: none"> Project managers assigned to each org review or project have completed detailed plans and are working with project teams and stakeholders to ensure key milestones are achieved. Process in place for the management of risks and issues, with escalation to the steering group and CLT where necessary.
Engagement and Change (TPR0001)		Managing change with staff and partners may be difficult due to scale and complexity of programme	<ul style="list-style-type: none"> Communications plan complete, aligned with regular committee reporting, regular union engagement meetings and the Wider Leadership forum, which been established to engage and inform senior leaders and ensure cascade of vital information. Templates supported by HR business partners, Lead Officers and the Programme Team have been created to support consistent and accurate comms for organisational review. The large majority of Phase 1 reviews are now complete with only a small number being worked through. Relationship management with staff and partners has been sensitively handled and there have been no major concerns raised. This is seen as an improving picture but remains open for monitoring

Transformation Programme: Timeline Plan

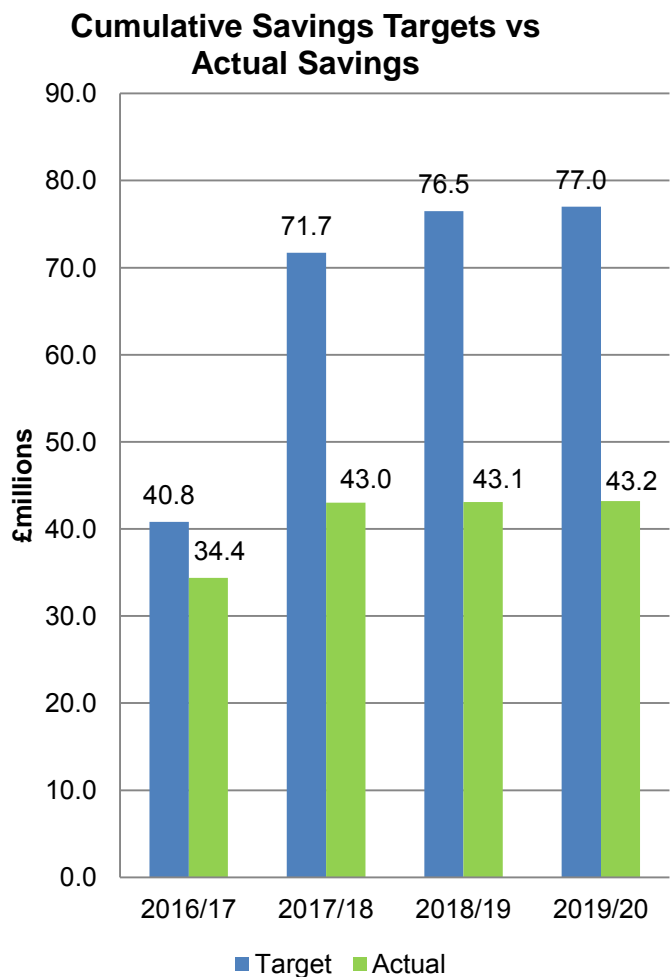
TRANSFORMATION PROGRAMME

Key Activities & Target Milestones to March 2016 (Financial Year End)



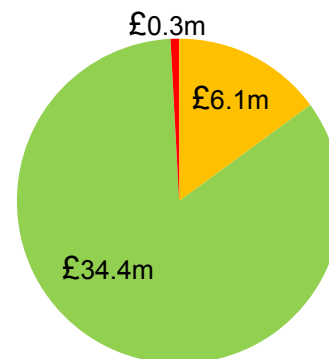
TRANSFORMATION PROGRAMME

Finance & Benefits Update November 2016

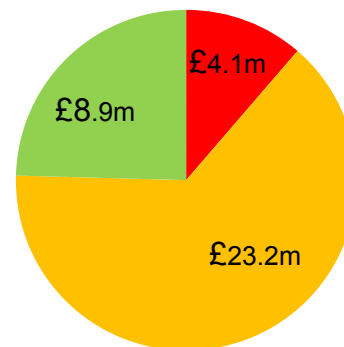


Council Transformation Programme Approved Savings

2016/17 - £40.8m



2017/18 & Later Years - £36.2m



* Includes £0.4m of savings which are phased in 2019/20

Ref	Milestone Title/Description	November				December				January				Project Dependencies
	Council Tax rolling review tender commences closes and evaluation begins					◆								<ul style="list-style-type: none"> • ICT dependencies – from both the planned upgrade/delivery of systems in line with the CGI contract and ability to deliver newly identified requirements in line with project timelines • Contract and Procurement – Delivery of required tenders in line with project timelines • Asset management/Localities – as these projects develop their operating model Business Support will need to work closely to ensure the correct level of support is made available
	Parking start date for commencing parking activities for East Lothian Council							◆						
	ITS Project paper review at F&R committee			◆										
	IVR system for Waste / Roads / Business Rates goes live				◆									

TRANSFORMATION PROGRAMME

Health & Social Care Overview: November 2016

Current Month
Trend

Previous Month
Trend

Monthly Executive Summary Status Report

Phase 1 of the Health & Social Care review is now complete with appointments made to Phase 1 manager posts. 5 of the 30 posts remain unfilled from this process and further recruitment arrangements are progressing. Consultation for Phase 2 of the Health & Social Care Review was extended to 7th November to ensure everyone, including those harder to reach, had opportunity to consider the proposals and provide feedback. The Chief Officer held a series of consultation briefings and met with hundreds of staff over the past few weeks. Queries received have been monitored throughout consultation with responses to individuals, Trade Unions and staff representatives, and through Frequently Asked Questions. All feedback is currently being reviewed over the following 2-3 weeks and any consequent amendments will be made to the structure. Significant interest was expressed in Voluntary Redundancy and HR are reviewing all requests against the reductions required. Status is amber due to tight target timescales for implementation.

Key Completed Activities This Month		Key Planned Activities This Month:	
1	Consultation closed 07/11/16	1	Any minor changes from feedback received made
2	Mailbox queries answered by managers and HR	2	All figures processed for VR
3	Regular comms sent out throughout consultation to update all staff and TU's	3	VR Matrix completed
4	FAQs updated on orb	4	Profile forms sent and returned
5	VR interest closed and now being reviewed by HR	5	Interviews arranged for new roles
6	All interest in VR recorded (closing date 07/10/16 to express interest)	6	Allocation & assignment discussed
7	Weekly meetings with TUs (on-going)	7	

Key Non-Green Risks, Issues for Escalation (if no escalation is required please advise that all open risks/issues are being managed and require no escalation)





Ref	Description	Open Mitigating Actions	Update on Mitigating Actions	Inherent RAG	Residual RAG
	No risks requiring escalation at this time.				

	November				December				January							
Organisational review																
Phase 2 Consultation End																
VR Matrix Completed																
Phase 2 Allocation & Assignment																
Phase 2 Go Live																

Project Dependencies

To ensure agreed savings are made, phase 2 will have to go live by 04/01/17.

Previous Month
Trend

Ref	Milestone Title/Description	November				December				January				Project Dependencies
	FM Business Case approved and SLA's agreed in principle (w/c 07/11)													Close working relationships developed with C&F and Business Support to assist through engagement process. ICT/CGI deliver on CAFM roll out.(D0077) Head Teachers and Trade Unions in relation to FM re-design. Community Centres and Libraries in relation to estates rationalisation and FM re-design.
	Phase 3a Organisational Review – Launching (w/c 28/11)													
	Begin pilot phase of Asset Condition survives (w/c 12/12)													
	Lothian Chambers and 329 High Street Proposals ready for CLT/APM (24/01)													

Key Non-Green Risks, Issues for Escalation (if no escalation is required please advise that all open risks/issues are being managed and require no escalation)

Monthly Executive Summary Status Report

There is a savings shortfall within this area and work continues to develop proposals to meet the gap. Proposals will be considered by CLT in late November and Committee will be updated thereafter.

Key Completed Activities This Month

Key Planned Activities This Month:

1	Development of alternative savings proposals. underway	1	Proposals to be presented at CLT in late November
2		2	
3		3	
4		4	

Key Non-Green Risks, Issues for Escalation (if no escalation is required please advise that all open risks/issues are being managed and require no escalation)

Ref	Description	Open Mitigating Actions	Update on Mitigating Actions	Inherent RAG	Residual RAG
TPR 144	There is a risk that the required savings will not be delivered through the Advice Services Review and to reduce any shortfall, alternative proposals will need to be considered	The organisational review of Advice Services will only achieve a proportion of savings attributed to Safer and Stronger Communities. To reduce the budget shortfall, alternative budget proposals have been drafted for consideration by CLT.	Update 14/11/2016: 3) Alternative budget proposals are being developed and a presentation to CLT is now planned for late November.		

Ref	Milestone Title/Description	October				November				December				Project Dependencies
	Consultation begins for the staff organisational review for advice services													Close working with Risk, Audit, HS and Resilience is required to allow the future operating model to be successfully delivered
	Alternative budget proposals agreed and engagement with key stakeholders begin													

Finance and Resources Committee

10.00am, Thursday, 1 December 2016

Asset Management Strategy Transformation Programme - Update

Item number	7.2
Report number	
Executive/routine	
Wards	

Executive summary

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

Links

Coalition pledges
Council outcomes
Single Outcome Agreement

Asset Management Strategy Transformation Programme - Update

1. Recommendations

- 1.1 That the Committee:-
 - 1.1.1 Notes the continued progress in each of the key AMS Transformation Programme work streams; and
 - 1.1.2 Notes the development and content of the Management Information dashboard reports provided in Appendix 1.

2. Background

- 2.1 The AMS is a work stream within the wider Council Transformation Programme, aimed at achieving cost savings and delivering an improved service through a new operating model.
- 2.2 The AMS programme aims to create a credible, focused and sustainable delivery plan for property and facilities management; provide a fit-for-purpose, right-sized and safe estate; provide an appropriate level of service at an acceptable and efficient cost; and act in a commercial manner in pursuit of maximising value.
- 2.3 The Finance and Resources Committee considered the Property and AMS on 24 September 2015. Committee approved the adoption of an in-house delivery model which included a significant investment in technical support over the next few years. In November 2015, Committee further approved that this should be delivered directly by the Council rather than through a Council subsidiary.
- 2.4 This paper provides an overview of the status of the programme and the work completed over the last period.

3. Main report

- 3.1 Good progress has been made since September across the AMS work streams. A summary of progress is provided below and the Management Information dashboards containing further information and KPI's are provided in Appendix 1.

Transition and Facilities Management (FM)

- 3.2 The Head of Property and Facilities Management and the Facilities Management Senior Manager appointments were made in the period.
- 3.3 The organisational review for non-FM staff below tier four closed consultation following the 45 day period and matching and assignment is now nearing completion. The next stage of reviews was scheduled to begin in November 2016.
- 3.4 There has been detailed consultation with key stakeholders in relation to the FM Service Level Agreements (SLAs) during the period. This consultation has raised some issues requiring further consideration and these are currently being addressed. Issues include detailed queries raised in relation to a move to more mobile working practices and working through specific workforce matters.
- 3.5 A decision has therefore been taken to split the next stage of review into two tranches. This approach will impact on the aim to deliver the completed operational structure by April 2017 although it is anticipated that the new service will be operational by early summer next year.
- 3.6 The FM team has completed the design of the service delivery models for soft FM services and the Business Case for the organisational review has been considered by the Corporate Leadership Team.
- 3.7 FM processes continue to be developed alongside the design of the future organisation structure to document and improve ways of working, including a complete re-design of the Helpdesk service within the Customer Contact Centre to enable the service to work more efficiently and effectively going forward.

Estates Rationalisation

- 3.8 Work has continued on the concepts of the public facing services at 249 High Street, which will support the relocation of services from other buildings such as 329 High Street, Lothian Chambers and 1A Parliament Square. The customer journey has been developed jointly between Customer, Property and ICT and it is anticipated that some of the generic principles established for the High Street are also likely to be adopted in the localities' offices. Stakeholder engagement in the Wester Hailes place based approach is continuing based on a series of discussions with the local community about the optimum location of services. It is anticipated that there will be a further report on the outcome of this early in the New Year.
- 3.9 Proposals for a potential Leith Partnership Centre, combining Council, Police, NHS and Third Sector agencies, are being reviewed given the funding gap associated with this proposal. It is currently proving very difficult however to make any business case for the centre financially viable. Further work is ongoing and will form the basis of a report early in the New Year.
- 3.10 Council wide engagement has commenced on the optimum location of teams to support the locality operating model and Council wide functions. It is anticipated that this will result in a Council wide reorganisation of office accommodation to

bring together new teams and locate the teams in the right places. The co-location with partner agencies also features in this work, and will be developed through the Locality Leadership Teams. It is anticipated that the phased relocation of all teams will take around a year to complete.

- 3.11 With regard to the Communities and Families estate, work has commenced on the lifecycle costing for required new infrastructure to serve the rising rolls and Local Development Plan requirements.

Investment Portfolio

- 3.12 A draft paper outlining the recommended strategy for concessionary lets within the portfolio has been presented to the Corporate Leadership Team. The recommended position is that there are no new concessionary lets moving forward. In addition, existing concessionary lets will be reviewed at expiry of lease. In some instances, service areas may propose to subsidise rental levels from their own budget due to the nature of the services provided from the property. However, each case will be reported to the Finance and Resources Committee to be considered on its own merits. The intention is to eventually phase out concessionary lets, unless specifically approved by Committee, and replace the approach with the Council's legal requirements under community asset transfer.
- 3.13 The strategy on the future of Lothian Chambers and 329 High Street will be considered at the meeting of the Economy Committee in February 2017.
- 3.14 As reported previously the need for an appropriate IT system to implement the investment strategy continues to be a major priority with work proceeding to ready the existing data for transfer when a suitable system, to meet the identified requirements, is obtained.
- 3.15 Business as usual continues to function with the portfolio rental income projected to increase in excess of the 2% per annum target for financial year 2016/17.
- 3.16 Opportunities for financial savings continue to be identified which will be recorded in the savings tracker for the workstream. Future major events in the portfolio, such as lease expiry dates for the major income producing assets have been identified with work being undertaken now to protect against any temporary loss of income while the future of such assets are determined.

Asset Condition

- 3.17 It was clear that the Council's current approach and budget provisions relating to asset condition and maintenance is not sufficient to address the backlog maintenance requirements, estimated to be circa £20m per annum over the next five years. In response to this, the Asset Condition working group, has completed a forward strategy relating to asset condition and maintenance which was approved by the Corporate Leadership Team in March 2016.
- 3.18 Work is ongoing to procure a delivery partner to assist with the full asset condition survey programme. A tender was issued via the City of Edinburgh

Council Building Surveying Framework and bids are currently being evaluated with a view to awarding a contract and commencing survey work in December.

- 3.19 Enabling information is being collated to support the survey programme comprising asset lists, building plans, site contact details and historic survey and health and safety information.
- 3.20 Further live testing of the CAFM functionality is ongoing to identify any issues in preparation for the main survey roll-out. All activities and milestones are on programme to complete the survey exercise by summer 2017.

Next Steps

- 3.21 The following are the key activities planned until the end of the year:
 - 3.21.1 Commence the roll out of the next stage of transformation in relation to facilities management;
 - 3.21.2 Continue the roll out of the CAFM system to ensure the system meets the requirements and functionality of the new service going forward;
 - 3.21.3 Continue to deliver the detailed engagement for each of the business cases approved by the Corporate Leadership Team in relation to estates rationalisation;
 - 3.21.4 Continue to define accommodation demand strategies at a high level, working closely with Locality Managers;
 - 3.21.5 Further development of the Investment Portfolio strategy including completion of the strategy and report on the recommended policy for dealing with concessionary lets; and
 - 3.21.6 Award the contract and commence work on the required asset condition surveys.

4. Measures of success

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

1. Direct cashable savings e.g. reduced operating costs from closure of a building;
 2. Non-cashable efficiencies e.g. the reduction in required revenue maintenance spend as a result of the building closure (which is then redeployed); and
 3. Qualitative benefits e.g. improved customer satisfaction in relocating a service to a property that is more fit for purpose.
- 4.4 The benefits tracker has been populated based on emerging findings to date. Further work is currently underway to refine initiatives in all work streams and, once respective milestones have been reached across these work streams, the benefits tracker will be fully populated and act as a baseline from which the benefits can be measured.
- 4.5 The Management Information dashboards provided in Appendix 1 have been developed to track key KPI's across the AMS work streams.

5. Financial impact

- 5.1 The total budget for AMS implementation is £7.7m, of which £3.4m has been allocated for external support. Other cost heads include the Estates Rationalisation (office restack), Condition Surveys, FM Training, equipment, vehicles and ICT (CAFM). These sums can be contained within the remaining budget for AMS implementation.
- 5.2 The savings tracker profile has been updated to reflect the delivery work currently underway. The tracker still shows an overall saving of £6.2m by 2019/20.

Re-Profiled Figures	2016/17	2017/18	2018/19	2019/20
	£m	£m	£m	£m
Service Redesign	0.400	0.700	1.900	1.900
Estates Rationalisation	0.200	0.600	2.000	2.200
Investment Estate	0.200	0.300	1.900	2.100
	0.800	1.600	5.800	6.200

- 5.3 While the savings forecasts are broadly in line with the original targets, there are a number of assumptions underpinning the projections. These include broad support by users of the Council estate for the new facilities management operating model; political and management support to deliver the estates rationalisation strategy; and support to reinvest capital from asset disposal to

realise the objectives of the investments work stream together with an ability to increase some concessionary rents over the period.

6. Risk, policy, compliance and governance impact

- 6.1 Key delivery risks are provided in the Management Information dashboards provided in Appendix 1.
- 6.2 The top delivery risks currently include:
- There is a risk that a lack of stakeholder and political support for the Property and Facilities Management transformation proposals leads to a failure to deliver the agreed cost savings;
 - There is a risk that a lack of capital funding, due to budget constraints, leads to the Councils inability to reduce the backlog maintenance across the estate;
 - There is a risk that a delay to the implementation of CAFM impacts on the delivery of the Blueprint and cost savings profile; and
 - There is a risk that resistance by other Council services to new property strategies and service standards leads to a failure to deliver the required cost savings.

7. Equalities impact

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

8. Sustainability impact

- 8.1 The contents and proposals contained in this report have been assessed with respect to the Climate Change (Scotland) Act 2009. In this regard, a sustainability, adaptation and mitigation impact assessment has been initiated, and initial findings have indicated:
- 8.1.1 A need to further improve energy efficiency within council buildings in order to tackle greenhouse gas emissions, and to save money on energy costs and carbon taxes;
 - 8.1.2 A need to further improve internal waste reduction measures within council buildings, linked to the council's wider waste minimisation strategy. Such improvements will lead to savings being released from landfill taxes and carbon taxes, and will militate against greenhouse gas emission which emanate from landfill;
 - 8.1.3 Opportunities to minimise staff travel through smarter working and co-location across the council's estate should save the council money on transport costs, carbon taxes and will militate against greenhouse gas emissions; and
 - 8.1.4 Any future facility management service delivery models would need to take cognisance of the 'Food for Life' and 'Soil Association' accreditation projects to ensure the food provided in council premises was sustainable, sourced locally and seasonal.

9. Consultation and engagement

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

10. Background reading/external references

- 10.1 Please refer to [September 2015](#), [November 2015](#) and [January 2016/March 2016](#) Finance and Resources Committee 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	<p>SO1 - Edinburgh's Economy Delivers increased investment, jobs and opportunities for all</p> <p>SO2 - Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health</p> <p>SO3 - Edinburgh's children and young people enjoy their childhood and fulfil their potential</p> <p>SO4 - Edinburgh's communities are safer and have improved physical and social fabric</p>
Appendices	Appendix 1 – Management Information Dashboard

TRANSFORMATION PROGRAMME

Asset Management Strategy Overview: November 2016

Current Month
Trend

Previous Month
Trend

Monthly Executive Summary Status Report

For more detailed update please see body of main report.

Detailed development is now underway to programme, finalise scoping lists and produce an engagement and communication strategy for facilities management which supports the implementation and transition period before launch of the service in Summer 2017. Key stakeholder engagement will continue throughout the process and building users will be updated on the progress of implementation to maintain their buy-in. Estate Rationalisation and Investments is progressing well on the detailed report to Economy Committee on the proposals for Lothian Chambers and 329 High Street. The office reorganisation programme is underway with the team completing a "straw man" for discussion with Locality Teams in December.

Key Completed Activities This Month

1	Procurement for the Asset Condition surveys is complete and a preferred bidder has been established.
2	Engagement with Buildings Users on the redesign and Service Level Agreements is complete with agreement in principle for the SLA's, group will reconvene in February to discuss and include Hard FM.
3	FM Business Case and 2 phased approached was agreed at CLT on 09/11, this means the next stage of staff reviews will begin at the end of November with a further phase to follow in the New Year.
4	Good progress on Lothian Chambers and 329 High Street in the period.

Key Planned Activities This Month:

1	Continue the roll out of the CAFM system to ensure the system meets the requirements and functionality of the new Property and Facilities Management service going forward.
2	Commence first phase of FM engagement and work underway to gather the detailed information required for the second phase of staff consultation and the engagement strategy required to communicate with c. 1700 staff.
3	Pilot of the Asset Condition surveys will begin in December before the full programme begins in January 2017.
4	Estate Rationalisation and Investments developing report for proposals for Lothian Chambers and 329 High Street.

Key Non-Green Risks, Issues for Escalation (if no escalation is required please advise that all open risks/issues are being managed and require no escalation)

Ref	Description	Open Mitigating Actions	Update on Mitigating Actions	Inherent RAG	Residual RAG
TPR00182	CAFM Requirement for Hand Held Devices There is a risk that CGI/ICT will be unable to deliver the requirement of hand held devices as part of the CAFM project delivery. This has been raised as a result of the delivery timescale of Summer 2017 being communicated to IT and would affect the delivery of the cost savings profile.	1. Requirements gathering. 2. CGI Change Request to be raised urgently. 3. Discuss at higher ICT management level.	1. Underway and will be complete by 11/11/2016. 2. Underway and will be submitted to CGI w/c14/11. 3. To be arranged for w/c 14/11.		
TPR00039	Stakeholder / political support There is a risk of failing to secure stakeholder / political support for property transformation proposals resulting in a delay or failure to deliver the anticipated savings.	1. 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.	1. FM Business Case approved by CLT, Political engagement scheduled for w/c14/11 with Trade Union Engagement to follow. Political engagement on Lothian Chambers and 329 High Street proposals underway.		
TPR00040	Backlog Maintenance Capital There is a risk that lack of funding for maintenance of the Council estate will lead to a significant backlog of works/repairs. Savings made in hard FM would need to be re-invested to meet Health & Safety requirements.	4. Decision has been taken to outsource surveys across the entire estate this year to enable recent data to be gathered asap	4. Procurement exercise underway to resource the 9 month survey programme to begin in January 2017. Programme currently in development.		

Ref	Milestone Title/Description	November			December			January			Project Dependencies
	FM Business Case approved and SLA's agreed in principle (w/c 07/11)	◆									Close working relationships developed with C&F and Business Support to assist through engagement process. ICT/CGI deliver on CAFM roll out. Head Teachers and Trade Unions in relation to FM re-design. Community Centres and Libraries in relation to estates rationalisation and FM re-design.
	Phase 3a Organisational Review – Launching (w/c 28/11)			◆							
	Begin pilot phase of Asset Condition survives (w/c 12/12)				◆						
	Lothian Chambers and 329 High Street Proposals ready for CLT/APM (24/01)							◆			



KPI Tracking

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

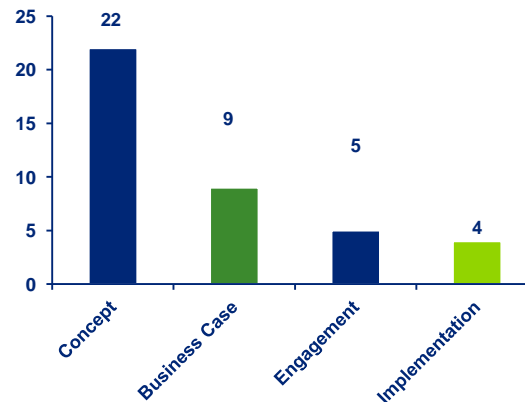
Information Required / Dependencies

1. Articulation of new localities model required, crucially, which teams, including partner agencies, should be located together.
2. Post headcount reduction picture required, with detailed breakdowns of team size from the Locality workstream and Health and Social Care.
3. Dependant on resources being employed to plan and run the office reorganisation in line with the Locality Operating Model.

Key Planned Activities

1. Finalise design for 249 High Street to allow for 329 High Street and Lothian Chambers to relocate in 2017.
2. Development of detail for relocation of first phase shared services opportunities.
3. Develop office reorganisation “straw man” for feedback from Locality Managers and Central Services.
4. Continue stakeholder consultation and community engagement at Wester Hailes

Project Status Tracking



Key Risks

Risk	RAG
01 Risk of failing to secure stakeholder / political support for Estates Rationalisation proposals	■
02 Risk of Service Areas not buying in to proposals	■
03 Delay to locality plans and no clear demand strategies from other parts of the Council	■



KPI Tracking

KPI	RAG	COMMENTS
Reduce number of concessionary lets to increase revenue by £775k by year 4.	Red	This requires considerable resource to put in place formal leases and political support in the case of third party organisations.
Review of property voids on quarterly basis to benchmark against Investment Property Databank (IPD) level of 7% based on total income.	Red	The majority of current voids are shown as development land or social assets with limited or no income prospects. Current true voids sit around 4%.
Benchmark income growth and maximisation against IPD levels quarterly which will provide a view on performance of the Investment Portfolio relative to the market. A comparison should be made quarterly, annually, 3 yearly and 5 yearly.	Yellow	This depends on a software system producing a standard reporting format on these KPI's Requirement to identify the current level of return to set base. This also depends on an Estates software module (CAFM) that can report on this KPI and interface with Finance to monitor rent and service charge arrears going forward.
To provide the Council with a quality secure income with a target of 2% pa growth rate.	Yellow	Identify targets and business case to retain, develop or dispose of assets to have a well balanced conservatively managed investment portfolio.

Information Required/Dependencies

1. Accurate information on concessionary lets and information on grant funding or demonstration of evidence for concessionary let. Identify the difference in concessionary rents and ERV's to highlight the financial implications.
2. Identify potential for reducing voids where possible and budget implications
3. Information on Estimated rental values
4. Identify resources to undertake feasibility studies.

Key Risks

Risk	RAG
01 Lack of political engagement, resources ,support and approval on concessionary rents and rental increases.	Red
02 There is a risk that the outcomes from the wider Transformation Programme work streams could have a significant impact on Corporate Property initiatives such as the Investment Portfolio.	Yellow
03 Negative feedback from third party organisations and other Council services relating to communications over concessionary rents.	Yellow
04 Negative effect on investment market caused by uncertainty over Scotland's political future/EU Referendum.	Yellow

Key Planned Activities

1. Develop Concessionary Let Strategy following paper to CLT.
2. Agree land values for site/rental portfolio transfer to/from HRA.
3. Develop Business case for disposals/ acquisitions.
4. Undertake feasibility studies to maximise income/return from key assets.
5. Secure optimal disposal strategy for Lothian Chambers/ 329 High Street.

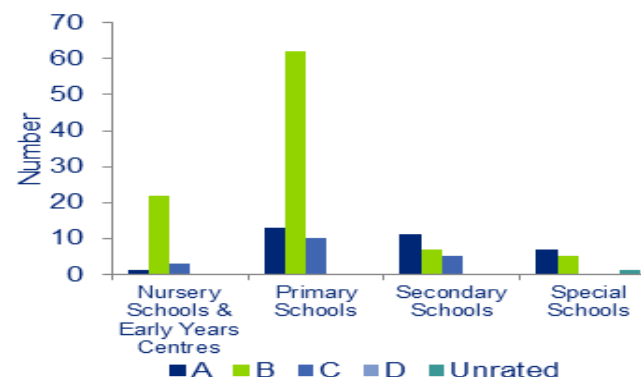


KPI Tracking

Progress Against Core Objectives

	Survey programme for FY16/17 forecast to achieve 20% total assets (not incl PPP and monuments). High level surveys on plan to achieve 30% total assets. Extrapolated condition ratings from historic data on the C&F estate shown in fig 1.0 opposite. Tender evaluation for external survey delivery partner in progress.
	CAFM functionality continues to be reviewed and tested to ensure the system will meet the future vision for hard FM and asset condition processes. Asset Condition workstream now given Priority 1 status given imminent roll out programme.
	The delivery models for Hard FM, Capital Works Delivery and the Survey programme are under review. New processes have been identified and will be developed as part of the asset condition work stream activities through to December 2016.
	Ongoing investigations into PPP estate following the collapse of a gable wall at Oxfangs primary school. Intrusive surveys to be commissioned. Once commercial aspects of the survey programme tender returns have been reviewed, additional scope items (such as measured surveys) may be instructed into the contract.

**FIG 1.0 – Existing Condition Ratings
Children and Families Estate**



Key Planned Activities

1. Complete ITT evaluation and identify preferred supplier
2. Complete Contract Award
3. Commence survey mobilisation activities
4. Complete survey team training workshop
5. Continue collation of enabling information
6. Complete CAFM system readiness checks
7. Commence development of level 3 asset condition processes

Info Required/ Dependencies

1. Input into tender evaluation and award process
2. Implementation of CAFM system to enable condition data to be uploaded
3. Continued provision of site historic information
4. Cohesive development of level 3 processes alongside other Corporate Property & Facilities Management service areas

Key Risks

Risk No		RAG
01	Budget constraints restricts ability to reduce backlog	■
02	Health and Safety risks in relation to asset condition	■
03	Service disruption in relation to asset condition	■
04	CAFM functionality does not meet expectations	■



KPI Tracking

KPI	RAG	COMMENTS
No. FTE's delivering corporate property services	■	Second stage org review complete. Remaining FTE reductions will be from FM review.
Budget consolidation from service areas	■	Budget transfers nearing completion – monitoring underway
Progress of Departmental FTE's transferring into Corporate Property.	■	First stage transfers complete 31/12/15. Scope of transfers from H&SC established but no transfer to happen.
Number of people in post in new structure	■	Second Stage of Org Review complete as of w/c 21/11, recruitment required.

Information Required / Dependencies

1. Executive and senior management support in leading the change and helping to secure the buy in to change;
2. Demand strategies from localities and service areas;
3. CAFM project roll out including CGI and data cleansing of historic data sets to provide a single source of baseline information;
4. Management team delivery of inputs for formal consultations

Key Planned Activities

1. Complete Phase 2 review by finishing formal matching and assignment process and launching service on 21/11/16.
2. Complete high level Communications Strategy.
3. Development of detailed plan for Phase 3a Organisational review and documents to launch consultation.
4. Prepare the level of detail required to articulate the level of change to each member of staff.
5. Develop the operational detail to allow for the launch of Phase 3b after the close of Phase 3a.
6. Continue delivery against CAFM project and aligning resource plans and timescales for delivery.

Key Risks

Risk No		RAG
01	Inadequately skilled CEC management resource and early exit of PMO leads to failure to deliver culture change and operational changes needed to deliver savings	■
02	Gaps in structure following internal recruitment result in a detriment to service provision	■
03	Lack of interim budget management arrangements of budgets transferring into Corporate Property leads to significant overspend	■
04	Risk of increased absence and attrition due to change in management (and remote management) and job insecurity impacting on service delivery skills loss.	■



KPI Tracking

KPI	RAG	COMMENTS
New SLA's developed	■	New SLA's agreed in principle. Further stakeholder engagement with Cross Council Working in Feb 2017.
Optimised organisation structure and service delivery models	■	Arcadis qualifications and assumptions to be reviewed before agreeing final workforce sizing
Budget vs chargeable costs determined	■	Mechanism for recharging to be developed. Charging for Edinburgh Leisure to be agreed

Key Planned Activities

1. Develop template and collate current state data for the FM workforce through the Area FM's before the launch of Phase 3a consultation.
2. Validate analysis and complete cluster model including staff allocation to each.
3. Develop Operational plans for each area, starting with the Management plan.
4. Plan hard services delivery model procurement once data gathering is complete.
5. Ongoing CAFM design and implementation to launch service with hand held devices.

Information Required / Dependencies

1. Final building/budget data validation
2. Feedback from key stakeholders on outline service delivery proposals
3. CAFM system transition
4. Current state mapping developed to map change on an individual level

Key Risks

Risk	RAG
01 New service delivery plans are rejected by the key stakeholders	■
02 Data errors impact accuracy of workforce sizing calculations	■
03 Delayed implementation of CAFM/helpdesk systems and migration of data impacts service transition	■
06 Changes to FM service SLAs lead to industrial unrest or action in service areas, due to disagreement over changes.	■

Finance and Resources Committee

10.00am, Thursday 1 December 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.

This information is based on the Workforce Dashboard dated 11 November 2016

Links

Coalition pledges	P25, P26, P27, P29 & P30
Council outcomes	CO24, CO25, CO26 & CO27
Single Outcome Agreement	

Managing Workforce Change – Workforce Dashboard

1. Recommendations

- 1.1 To note progress made to date.

2. Background

- 2.1 The Council faces unprecedented financial challenges over the next over the next few years. 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).

3. Main report

- 3.1 The attached dashboard (Appendix 1) provides indicators to monitor change through the Council Transformation programme. As at 11 November 2016 four organisational reviews were currently underway across the Council involving 2838 staff.
- 3.2 In summary the findings detail:
- People totalling 790.1fte have exited/are confirmed to exit the organisation through voluntary severance arrangements, equating to £29.7m annualised cost savings.
 - 80 people were recorded as being surplus at 11 November 2016 representing an annual salary cost of £3.20m. However, 25 of these people have been redeployed into temporary posts, 18 have a future VR leaving date leaving 37 who are currently not redeployed into a funded post.

- Of the 25 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 11 have posts with the Council.
 - The Career Transition Service has supported a total of 1132 staff. This includes 563 one to one meetings with individuals to discuss their needs, 735 who have undertaken interview skills training and 630 people who have taken advantage of the services provided by our out placement provider.
- 3.3 The latest available information on Council wide staffing numbers, sickness absence and agency expenditure is as reported at September 2016.

4. Measures of success

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

5. Financial impact

- 5.1 The confirmed reductions from voluntary severance arrangements will achieve recurring annualised cost savings (including national insurance and pensions) of £29.7m

6. 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.

7. Equalities impact

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

8. Sustainability impact

- 8.1 There is no sustainability impact of this report.

9. Consultation and engagement

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

10. Background reading/external references

10.1 None.

Hugh Dunn

Acting Executive Director of Resources

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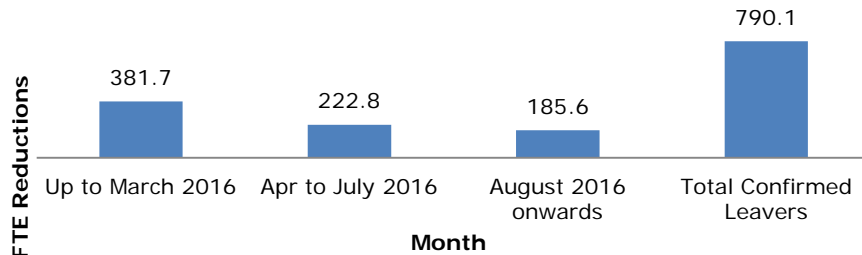
Links

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

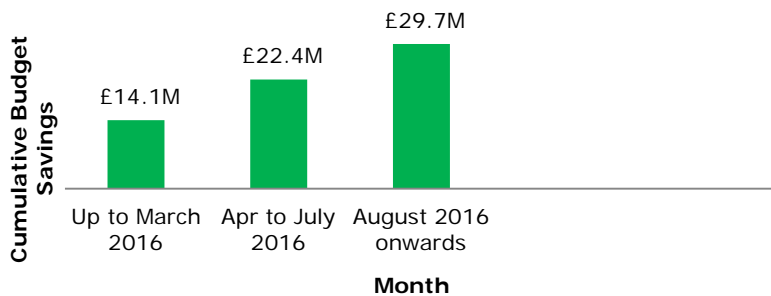
2838 people are currently involved in ongoing organisational reviews and further voluntary redundancy cases are expected in future.

VERA/VR leaver reductions (FTE)



People accounting for a total of **790.1 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 **790.1 FTE** reductions from VERA and VR will achieve recurring savings of **£29.7M**.

The one off VR/VERA and pension strain cost for those cases is £34.1m and the overall payback period is 13.8 months, which is in line with planning assumptions.

Employee support / Career Transition Service

	June 2016	July 2016	August 2016	Sept 2016	Oct 2016	Nov 2016
Number of people in review	3681	3661	3661	2288	2838	2838

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

Support	No to date
No of staff accessed CTS	1132
1:1's	563
Attended interview skills training	735
Requested access to online registration for Right Everywhere access	630

We continue to encourage all staff on redeployment to engage with CTS for support.

Redeployment – number of people and cost

	June 2016	July 2016	August 2016	September 2016	Oct 2016	Nov 2016
Number of people on register	63	89	100	111	102	80
Annual salary cost	£2.9M	£3.8M	£3.97m	£4.45m	£3.95m	£3.20m
Monthly Salary Cost					£329,427	£266,776
Monthly Salary Cost (excluding those in funded posts)					£254,112	£191,461
Monthly Salary Cost for those on register for over 3 months (not currently redeployed)					£92,538	£131,015
Surplus – not currently redeployed	33	28	55	55	43	37
Temporarily redeployed into a funded post	38	35	23	22	25	25
Accepted VR with future leaving date			11	23	34	18

80 staff are now recorded as being surplus, representing an annual salary cost of £3.20m

Those not currently redeployed into a position (37) represent annual salary costs of £1.4m. This represents a decrease of £200,000 since the last dashboard.

A targeted bumped redundancy exercise is currently underway to help secure permanent employment for GR7 staff on the register. They are the largest group of staff (15 in total) and we are targeting staff in broadly comparable positions across the Council.

Since the first reviews were implemented in Dec2015/Jan 2016, a total of 19 permanent redeployments have been secured and 1 medical redeployment.

See Appendix One for further analysis.

Workforce Dashboard Summary

The information presented within this paper reflects the latest available information from the monthly Workforce dashboard.

Staff Numbers

	FTE	Headcount	Pay Bill
June 15	15,330	19,249	£405.4M
April 16	14,883	18,648	£400.6M
May 16	14,765	18,577	£397.2M
June 16	14,582	18,454	£393.6M
July 16	14,334	18,152	£387.8M
August 16	14,050	18,462	£380.9M
Sept 16	14,025	17,928	£374.4M

As at end Sept 2016, a total of 14,025 full time equivalent staff were employed by the Council.

This represents a drop in FTE of 1305 in the period from June 2015 to September 2016.

Sickness absence

	12 month rolling average
June 15	5.07%
March 16	4.88%
April 16	4.93%
May 16	4.98%
June 16	5.08%
July 16	5.12%
August 16	5.13%
Sept 16	5.15%

A total of 5.15% of working days in the 12 months to September 2016 were lost to sickness absence.

This figure continues to rise against the backdrop of transformational change.

A briefing paper was prepared and circulated wk commencing 19 September 2016.

Agency expenditure

	Adecco Agency Expenditure
June 15	£900.5K
August 15	£914.3K
March 16	£988.1K
April 16	£816.9K
May 16	£1.04M
June 16	£1.06M
July 2016	£877.2K
August 16	£942.3K
September 16	£1.07M

Agency expenditure covers the period June 2015 to September 2016.

Data recorded here refer to agency expenditure recruited through Adecco, the Council's contracted provider of temporary agency workers. Agency spend has increased since August due to the following: -

Customer – recruitment to the new structure started in September and agency temps were recruited to cover posts until permanent appointments made. There is also an agreed strategy to retain 10% of current FTE as Agency to be used to offset future budget savings requirements. Environment - due to the increase of street cleaners for the festival and aftermath of the festival. Also, there has been an increase in the number of short term agency temps for bin crews to make up shift numbers. Delays in recruiting to Environment structures has also meant that the number of long stay agency staff have not decreased as expected.

There are on going reviews still requiring Agency cover

Vacancies

Number of roles	Contract Type
28	Fixed term
67	Permanent

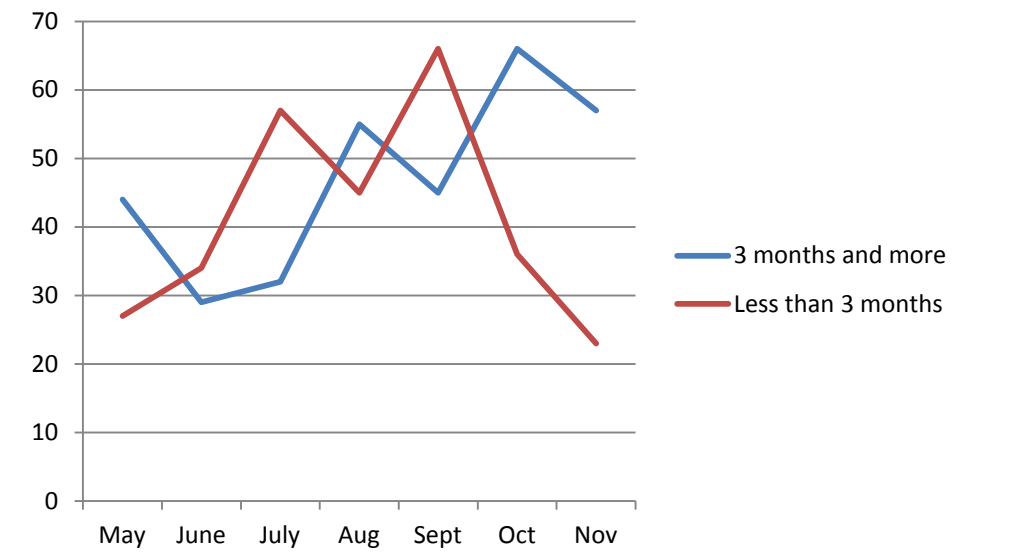
As at 10 November 2016 we have 95 live vacancies.

Appendix One - Workforce Dashboard – Summary – 11 November 2016

The graph below provided details of ALL staff on the redeployment register for less than, or more than, three months during the months May to November 2016.

	May	June	July	Aug	Sept	Oct	Nov
3 months and more	44	29	32	55	45	66	57
Less than 3 months	27	34	57	45	66	36	23
Total Cases	71	63	89	100	111	102	80

	May	June	July	Aug	Sept	Oct	Nov
3 months and more	62.0%	46.0%	36.0%	55.0%	40.5%	64.7%	71.3%
Less than 3 months	38.0%	54.0%	64.0%	45.0%	59.5%	35.3%	28.8%



Note: 3 months and more on the redeployment register

the above figure of 57 for November include include **all** staff who have been surplus for 3 months or more as follows:-

those staff not currently redeployed	25
those staff with a VR future date	9
those staff in temporary redeployment	23

Finance and Resource Committee

10.00am, Thursday, 1 December 2016

Commercial and Procurement Strategy

Item number 7.4
Report number
Executive/routine
Wards

Executive Summary

The revised Commercial and Procurement Strategy for 2016-2020 (the Procurement Strategy) sets out for the next three years how the Council will direct its external expenditure on goods, services and works, over £500m a year, and the objectives it seeks to deliver.

The Procurement Strategy incorporates and develops the changes required by the Procurement Reform (Scotland) Act 2014 and the EU Procurement Directives.

Links

Coalition Pledges [P25](#), [P28](#), [P30](#)
Council Priorities [CP13](#)
Single Outcome Agreement

Commercial and Procurement Strategy

1. Recommendations

- 1.1 It is recommended that the Committee notes the contents of this report and approves the Procurement Strategy.

2. Background

- 2.1 The Council spends over £500m externally each year on goods, services and works.
- 2.2 The Council's Commercial and Procurement Service (CPS) provides advice, support and tendering services to internal customers to ensure the Council's purchasing, legal and commercial requirements are met.
- 2.3 CPS has a crucial role to play both in helping the Council to achieve its budgeted savings targets and in delivering wider benefits, by using procurement to promote sustainability and fair work practices, to support the local economy and to deliver improvements for the people and communities of Edinburgh.
- 2.4 Since 2013 the Council has delivered these benefits through the Commercial Excellence Programme and the previous Commercial and Procurement Strategy for 2014-2017.
- 2.5 Following consultation CPS has revised the Procurement Strategy for 2016-2020. The Procurement Strategy reflects the Council priorities and incorporates the legislative requirements of the Procurement Reform (Scotland) Act 2014, which came into effect on 18 April 2016 and EU Procurement Directives.

3. Main report

- 3.1 The stated vision in the Procurement Strategy is "*To maximise the benefits of procurement and make a positive impact on customers and service users, supporting the Council's strategic aims. To work collaboratively and with fairness and integrity in all aspects of commercial activity*".
- 3.2 The Procurement Strategy reflects the three main strands of the Council's Commercial Excellence Programme, which are:
 - 3.2.1 To generate savings through improved commercial activity;
 - 3.2.2 To improve the quality and control of purchasing activity; and

- 3.2.3 To improve the Council's capacity and capability with regard to commercial and procurement activities.
- 3.3 It also reflects the requirements of the Procurement Reform (Scotland) Act 2014 which sets out a national legislative framework for sustainable public procurement in support of Scotland's economic growth, for example by:
 - 3.3.1 Incorporating community benefits in all appropriate contracts with values of £50,000 and above;
 - 3.3.2 Applying fair work requirements to procurements and promoting the adoption of the Living Wage; and
 - 3.3.3 Encouraging, where appropriate, the development of co-production models for service and contract designs which focus upon the needs of the user and the wider community.
- 3.4 The financial outlook for all Councils over the next few years continues to be very challenging, with increasing demand for services combined with continuing financial constraints and uncertainty.
- 3.5 The Commercial Excellence Programme continues to make a significant contribution towards the savings that are required for the Council to meet the financial challenge, delivering £72m of savings from 2013-2016, with a further £38m forecast in 2016/17.
- 3.6 In addition, the Council has received recognition nationally for its procurement activities in the form of awards for innovation and best practice from the Chartered Institute of Public Finance and Accountancy (CIPFA), and for sustainable procurement, innovation and contract management from The Government Opportunities (GO) Excellence in Procurement Awards.
- 3.7 The Procurement Strategy will be reviewed and the results reported to the Finance and Resources Committee annually.

4. Measures of success

- 4.1 Deliver £150m of savings from 2013-2018.
- 4.2 Increase percentage of expenditure with contracted suppliers (97% in September 2016).
- 4.3 Enhance the community benefits delivered through procurement.
- 4.4 Increase adoption of the Living Wage by the Council's suppliers.

5. Financial impact

- 5.1 Delivery of £150m savings from 2013-2018. Savings of £72m were delivered from 2013-2016 with a further £38m forecast in 2016/17.

6. Risk, policy, compliance and governance impact

- 6.1 The delivery of the Procurement Strategy supports the community planning vision to ensure that Edinburgh is a thriving, sustainable capital city in which all forms of deprivation and inequality are reduced.
- 6.2 It will also support the four strategic priorities outlined in the Council's Business Plan 2016-2020 of:
 - 6.2.1 Improving quality of life;
 - 6.2.2 Ensuring economic vitality;
 - 6.2.3 Building excellent places; and
 - 6.2.4 Delivering a lean and agile Council.
- 6.3 The Procurement Reform (Scotland) Act 2014 sets out a number of duties that public bodies must comply with in their procurement activities. These include requirements in relation to:
 - 6.3.1 Procurement strategies and annual reports;
 - 6.3.2 A Sustainable Procurement Duty;
 - 6.3.3 Community benefit requirements;
 - 6.3.4 Fair work practices; and
 - 6.3.5 Consultation with those affected by procurements.

7. Equalities impact

- 7.1 There is no equalities impact directly as a result of this report.

8. Sustainability impact

- 8.1 Sustainable procurement is one of the key objectives of the Procurement Strategy. Delivery of the Procurement Strategy will support the Council in meeting the Sustainable Procurement Duty.

9. Consultation and engagement

- 9.1 The Procurement Strategy was made available on the Council's Consultation Hub from 14 October 2016 to 11 November 2016.
- 9.2 Engagement will continue on specific procurement projects with those affected by procurements.

10. Background reading/external references

10.1 [Commercial and Procurement Strategy 2014-2017](#)

10.2 [Commercial Excellence update and annual review of the Procurement Strategy](#)

Hugh Dunn

Acting Executive Director of Resources

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11. Links

Coalition Pledges	P25 – Introduce a Living Wage for Council employees, encourage its adoption by Council subsidiaries and contractors and its wider development P28 – Further strengthen our links with the business community by developing and implementing strategies to promote and protect the economic well being of the city P30 – Continue to maintain a sound financial position including long-term financial planning
Council Priorities	CP13 – Deliver lean and agile Council Services
Single Outcome Agreement	
Appendices	Commercial and Procurement Strategy 2016-2020

Commercial and Procurement Strategy

December 2016 to March 2020



Commercial and Procurement Strategy

December 2016 to March 2020

Contents

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2 Vision	4
3 Context	4
4 Strategic Aims, Objectives & Key Priorities	7
5 Finance	10
6 Monitoring, Reviewing and Reporting	12
7 Policies, Tools & Procedures	13

Appendix

Local and National Context

1 Foreword

The launch of the Council's new Commercial & Procurement Strategy is a good opportunity to look back at the progress made by the Commercial Excellence programme established in 2013 and look ahead to the challenging times which we face. These challenges include demographic changes, increasing service user expectations, environmental and social challenges and the need to deliver further significant savings.

Partnership working is key to successfully meeting these challenges – by service areas working closer together, through better engagement with communities, providers and strategic partners.

This strategy sets out a framework which is designed to enable the Council to continue on its journey of change and innovation through:

- Focusing commissioning and procurement activity on delivering improvements for the people and communities in the City of Edinburgh
- Building capacity and skills within the Council to improve commissioning and procurement activity
- Increasing the level of collaboration internally and externally
- Engaging proactively with providers to ensure maximum value and innovation
- Working cooperatively to support the local economy
- Promoting sustainability and fair working practices through procurement

By delivering on these areas, the Council will be in the best possible position to provide a fit-for-purpose procurement service to the benefit of all stakeholders.



Councillor Alasdair Rankin
Convener of Finance and Resources



Hugh Dunn
Executive Director of Resources(acting)

2 Vision

To maximise the benefits of procurement and make a positive impact on customers and service users, supporting the Council's strategic aims. To work collaboratively and with fairness and integrity in all aspects of commercial activity.

The City of Edinburgh Council and Edinburgh Partnership Vision

The delivery of the Commercial and Procurement Strategy will enable delivery of the community planning vision, to ensure that Edinburgh is a thriving, sustainable capital city in which all forms of deprivation and inequality are reduced.

The City Vision 2050

The delivery of the Corporate Procurement Strategy will align with the City Vision 2050 which will be agreed in July 2017.

3 Context

Local Strategic Objectives

The City of Edinburgh Council's Business Plan 2016-2020 outlines four strategic priorities:

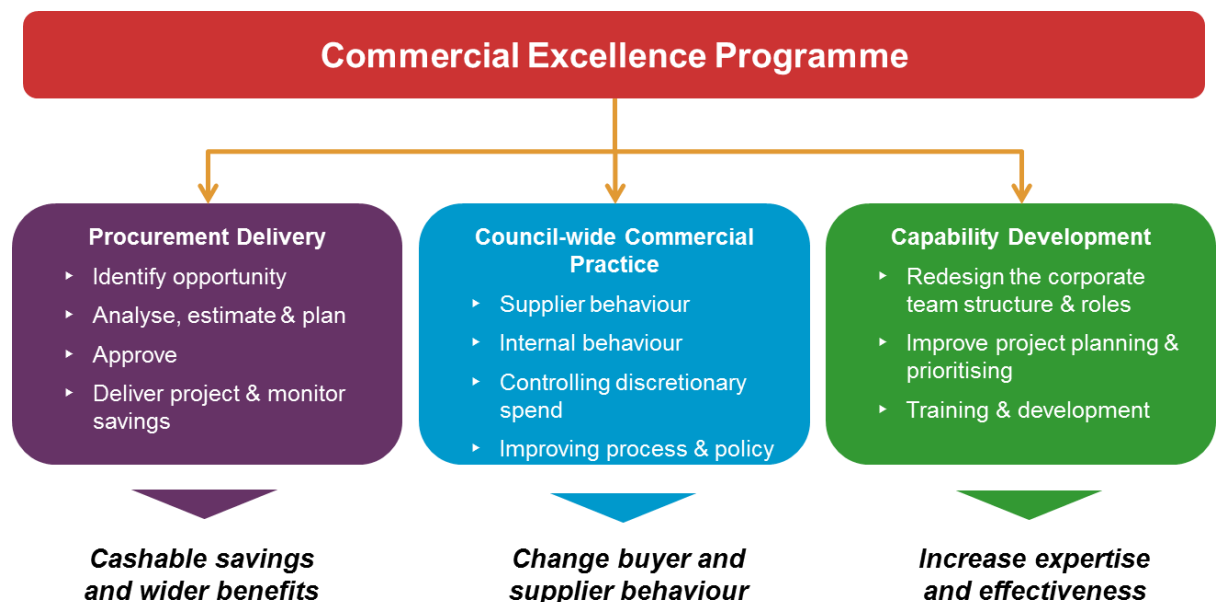
- Improve quality of life
- Ensure economic vitality

- Build excellent places
- Deliver a lean and agile Council

The Commercial and Procurement strategy will assist in the delivery of these priorities.

Since 2013 the Council's Commercial Excellence Programme has aimed to:

- generate savings through improved commercial activity;
- improve the quality and control of all purchasing activity; and
- improve the Council's capacity and capability with regard to commercial and procurement activities.



This strategy supports and develops these aims, in particular to strengthen collaboration with citizens, service users and providers to ensure continuous improvement and innovation.

Delivery of this strategy will also enable the Council to meet its legal obligations and deliver the Council business plans and Locality Improvement Plans.

The Procurement Reform (Scotland) Act 2014 now provides a national legislative framework for sustainable public procurement that supports Scotland's economic growth through improved procurement practice. As a whole, both the Act and the recent procurement Directives implemented in national legislation provide the statutory foundations for the Scottish Model of Procurement. The Scottish

Government's Value for Money triangle below sets out the Scottish Model of Procurement; it is not just about cost, but about the best balance of cost, quality and sustainability continues to seek to improve capability in the sector through the public procurement reform programme (currently the Procurement and Commercial Improvement Programme).



The Government programme supports local authorities to “deliver procurement that improves public services for a prosperous, fairer and more sustainable Scotland.”

This includes delivery on the following objectives:

- Efficiency and collaboration
- Delivering and highlighting real cash savings
- Improving access to public sector contracts
- Making sustainable procurement business as usual

The Council plans to support delivery of these objectives by building on the work the Commercial Excellence programme has delivered to date with particular focus on coproduction, sustainability and innovation.

Coproduction	Sustainability	Innovation
<ul style="list-style-type: none"> • Collaborative design of services with service users • Partnership with the third sector • Development of light touch procurement process 	<ul style="list-style-type: none"> • Fair Work Practices • Community Benefits • Climate Change • Supported businesses • SMEs and social enterprises • Edible Edinburgh 	<ul style="list-style-type: none"> • Stimulate new technology or service solutions • Support the Scottish circular economy and Job creation • Deliver efficiencies through innovative ways of working

Delivery of the strategy will be made through our Commercial and Procurement Services Improvement Plan. Areas of improvement identified through our own activities, along with customer and user feedback, and any external assessment will be incorporated into the strategy during its annual update. Further local and national drivers supporting strategy are noted in the appendix.

4 Strategic Aims, Objectives & Key Priorities

This strategy applies to all of the Council's external expenditure on goods, services and works.

Our strategy is to:

1. Deliver savings and Best Value and we will do this by:

- Working together to identify opportunities and continuing to challenge the status quo
- Focusing on the delivery of a service which delivers successful preventative care and early intervention through the localities model

- Improving contract and supplier relationship management across the Council to ensure optimum value and innovation from our contractual relationships
- Applying a whole life costing approach which balances cost, quality and sustainability
- Increasing market engagement and benchmarking to drive competitive tenders and to improve quality through best practice
- Increasing collaboration through the City and Lothians as well as with other public sector organisations
- Maximising community benefits

2. Improve processes and policies by:

Developing a light touch procurement regime for health and social care services which will deliver the best service outcomes for the available budget.

- Working closely with service areas in commissioning activities to fully comply with the Procurement (Scotland) Regulations 2015, Procurement Reform (Scotland) Act 2014, Procurement 2016 and Statutory Guidance by embedding requirements in our procurement handbook and standard procurement documentation
- Making sustainable procurement business as usual, and incorporating community benefits in all appropriate contracts with values of £50,000 and above
- Applying Fair Work requirements to procurements and encouraging the adoption of these and promotion of the Living Wage
- Supporting local businesses and SMEs through closer working with City Strategy and Economy and other partners, and by making our processes more streamlined and accessible
- Working closely with the third sector and supported businesses to deliver better outcomes for service users and our communities

- Promoting compliance by contractors and sub-contractors with the Health and Safety legislation
- Promoting the highest standards of animal welfare and encouraging the procurement of fairly and ethically traded goods and services
- Continuing to improve compliance using our Purchase to Pay (P2P) processes further to maximise the controls available through new electronic systems introduced from 2017
- Ensure as far as reasonably practicable that payments to contractors and down through the supply chain are made no later than 30 days after a valid invoice is presented

3. Increase expertise, capacity and effectiveness and we will do this by:

- Promoting and supporting professional training opportunities through apprenticeships, trainee programme and continuing professional development options for wider specialist team including CIPS and learning opportunities offered via Scotland Excel
- Developing practical delivery skills in Commercial and Procurement Services through training, secondments, work shadowing and mentoring activity
- Promoting Commercial and Procurement Services across the Council to support compliance and improved commercial awareness by delivery of drop in sessions, alongside a library of learning events
- Engaging with other local authorities and other organisations which provide scope for knowledge transfer and efficiency through working together
- Improving contract and supplier management practices across the Council

5 Finance

Financial Outlook

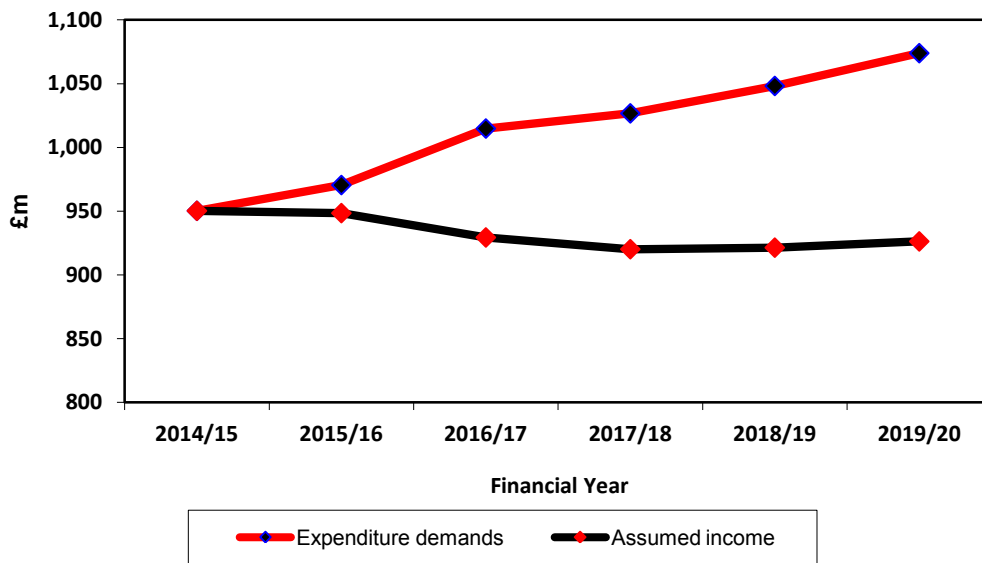
The next few years will bring significant challenges for all Councils, with increases in demand for key front line services coming with continuing financial constraints and uncertainty.

For the foreseeable future there will be continuing uncertainty over both UK-wide public expenditure levels and Scotland's share of this, both in overall terms and the proportion that will be allocated to Local Government. Following the UK-wide Spending Review in 2015, the Scottish Government issued only a one-year budget for 2016/17 and Scottish Ministers have confirmed that the next settlement, which will be announced in December 2016, will again cover one year only.

Councils also continue to face significant pressures on expenditure, in particular in relation to demographic factors, such as growing numbers of older and disabled people with increasingly complex support requirements, and in areas such as energy supplies which are inherently volatile.

An illustration of the growing gap between expenditure demands and the Council's anticipated funding position is shown in Figure A below. This shows the position against a 2014/15 baseline and illustrates the scale of the gap in this financial year (2016/17) that the Council has had to close. It also shows the continuing pattern of increasing demand against flat or reduced funding.

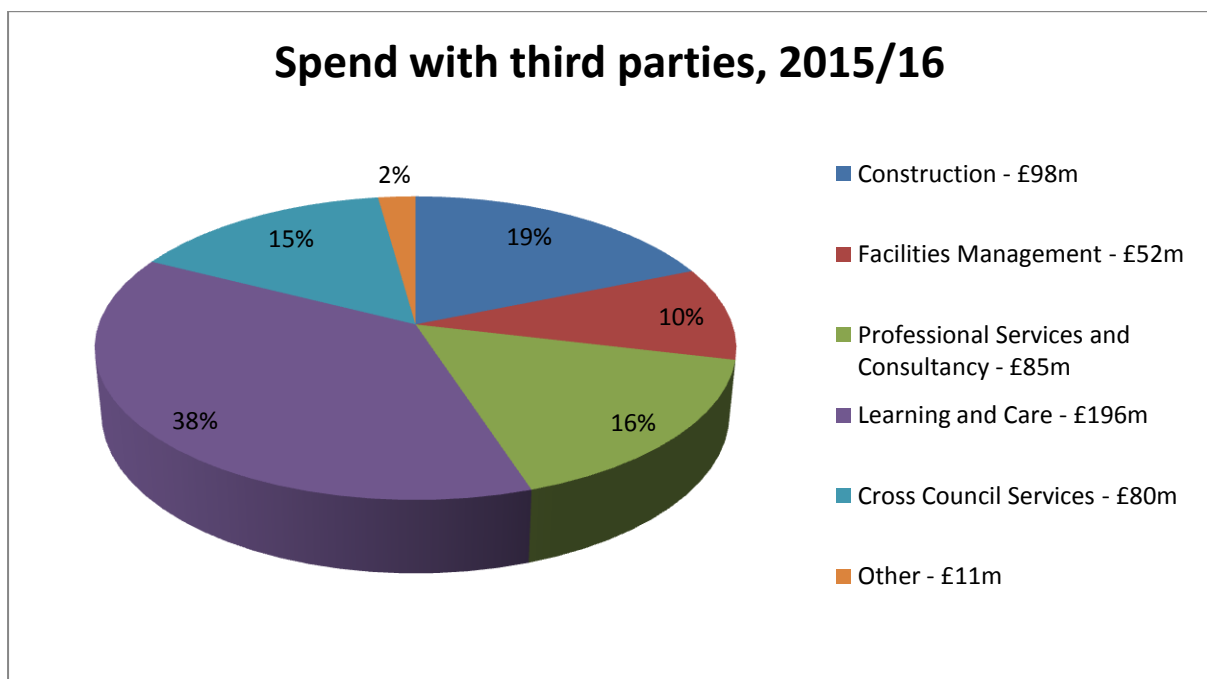
Figure A



Council expenditure with third parties

In total the Council spends more than £500m per annum with third parties

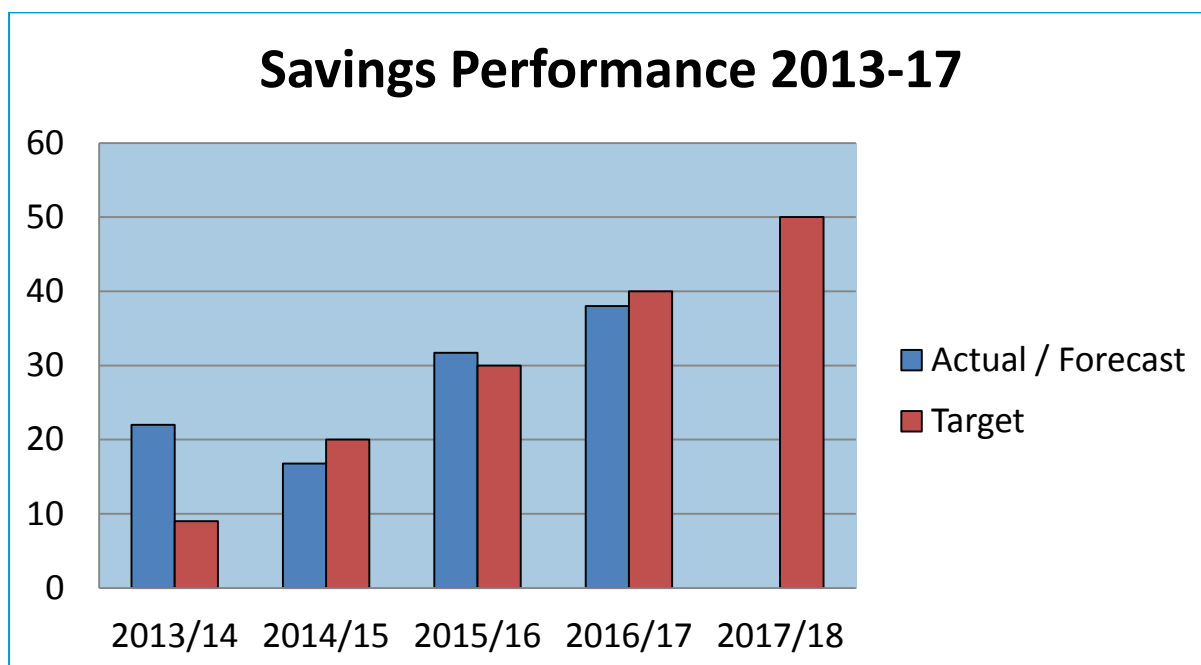
Figure B



And through the Commercial Excellence Programme, the Council aims to achieve savings of £150m in total between 2013 and 2018.

Currently the Council is on track to deliver our five year target with £72m delivered in the first three years and another £38m forecast in 2016/17.

Figure C



6 Monitoring, Reviewing and Reporting

The strategy will be annually reviewed and reported to the relevant City of Edinburgh Council Executive Committees.

The strategy has been developed in consultation with elected members, Council staff and been subject to public consultation.

If you have any comments or feedback please contact procurement@edinburgh.gov.uk

The Council will publish an annual procurement report on its procurement activities following the end of each financial year. The report will include:-

- Procurements completed in the relevant period
- Details of procurements undertaken in accordance with this strategy
- How the activity achieved the policies set out in this strategy and contributed to the wider aims and objectives of the Council
- Details of policies not met in the relevant period and how those will be achieved in the future

- A brief statement on methodology used to review regulated procurements
- Details of any regulated procurements that did not comply and a statement on how compliance will be achieved, monitored and reported
- A summary of community benefits requirements imposed and fulfilled during the financial year
- A summary of steps taken to facilitate the involvement of supported businesses
- A summary of the regulated procurements the Council expects to commence in the next two financial years
- Findings from work with stakeholders affected by procurements and other information on compliance, collaborations, and overall improvements

7 Policies, Tools & Procedures

The Council's Contract's Standing Orders and Procurement Handbook provide the rules and procedures applied to contracts awarded on behalf of the Council for all goods, works and services. These rules and procedures are reviewed in light of new legislation, procurement notifications from Scottish Government and findings from case law and other sources of good practice.

With regards to the exit from the European Union, in the short term the Council will still be required to comply with current legislation and advertise contracts in accordance with the EU Directives. The Council will continue to ensure future processes comply with the fundamental principles of procurement i.e. openness, fairness, transparency and non-discrimination.

Appendix – Local and National Context

Local context

Financial pressures

The Council is operating in an increasingly challenging financial environment. Whilst demand for services is increasing, mainly due to demographic changes, our net revenue funding is increasingly under pressure. Adopting this Strategy will help service areas to address this pressure.

Localities working

As part of transforming the Council, we will provide more joined up services locally which respond to the needs of our customers. This locality-based approach means we will also bring decision making closer to citizens. Our new locality areas will cover the same geographical areas as our public sector partners such as the NHS, police and fire services, as well as Neighbourhood Partnerships, which will allow us to work more closely together.

Sustainability

The Procurement Reform (Scotland) Act, introduces a general obligation on Scottish public sector contracting authorities to consider how it can, throughout the procurement process, "improve the economic, social, and environmental wellbeing of the authority's area, facilitate the involvement of small and medium enterprises, third sector bodies and supported businesses in the process, and promote innovation".

The Edinburgh Partnership Community Plan (SOA 4) 2015 -18

This plan is focused on key economic, environmental and social priorities in the City including neighbourhood partnership activity, prevention strategies, resource sharing initiatives, health inequality factors, promoting economic growth to create employment, reducing re-offending, promoting physical activity, enhancing the quality of life for older people, improving early years services and ensuring safer communities.

The Corporate Governance Service Plan

The Service Plan commits to achieving savings through efficiencies in procurement by delivering a fit for purpose, sustainable in-house procurement team and raising standards in procurement practices across the Council.

[The Capital Coalition's pledge](#)

We will support a cooperative approach to maximise value in the way that we deliver our services. We will also encourage, where appropriate, the development of cooperative and consortium-based bids by third sector and other providers for public contract opportunities and seize opportunities to use public social partnerships and other co-production models for service and contract designs which focus upon the needs of the user and the wider community.

[The Council's Sustainable Procurement Policy and Action Plan](#)

This aims to maximise the social, economic and environmental benefits flowing from the Council's procurement activity through, for example, the use of community benefit clauses in contracts.

[Edinburgh Compact Social Enterprise Strategy](#)

This commits the Council and other public bodies to engage with social enterprises and community organisations to better engage and understand this provider community.

National context

[Changes to European Directives](#)

The new Directives aim to simplify and speed-up public procurement processes.

Procurement Reform (Scotland) Act 2014 and statutory guidance

The Act delivers social and economic benefits to the Scottish economy by introducing a new sustainable procurement duty as well as other duties. For example, publishing the Council's contract register and a forward plan of forthcoming contracts.

[Self Directed Support \(Scotland\) Act 2013](#)

The Act gives people a range of options for how their social care is delivered, beyond just direct payments, empowering people to decide how much ongoing control and responsibility they wish to have over their own support arrangements.

[Public Bodies \(Joint Working\) \(Scotland\) Bill](#)

This Bill relates to the integration of health and social care services in order to improve the quality and efficiency of these services to the public.

[The Scottish Government's reform agenda](#)

[McClelland Phase 2 Transforming Procurement: Accelerating Delivery](#) – with four key priorities: efficiency and collaboration; delivering real cash savings; improving access to public sector contracts for SMEs and making sustainable procurement business as usual.

[The Procurement and Commercial Improvement Programme \(PCIP\)](#)

A key tool used by the Scottish Government's reform programme to help drive best practice, deliver savings and improve the procurement capability of organisations. Councils are compared against each other and also against other sectors. Whilst the Council has an upward trend in performance it would like to be the highest performing local authority in Scotland.

[Integration](#)

The Scottish Government has introduced the Public Bodies (Joint Working) (Scotland) Act 2014 (the Act). It requires that NHS Lothian and The City of Edinburgh Council create a new Integration Authority for Edinburgh with responsibility for delivering the national Health and Wellbeing Outcomes.

[Community Empowerment Act](#)

Part 10 of the Act includes Participation in Public Decision-Making: A new regulation-making power enabling Ministers to require Scottish public authorities to promote and facilitate the participation of members of the public in the decisions and activities of the authority, including in the allocation of its resources. Involving people and communities in making decisions helps build community capacity and also helps the public sector identify local needs and priorities and target budgets more effectively

Edinburgh Health and Social Care Partnership

NHS Lothian and the City of Edinburgh Council are now working as one team (Edinburgh Health and Social Care Partnership), with joint responsibility and accountability for services. This team is directed by the Edinburgh Joint Integration Board (IJB). The Strategic Plan for Edinburgh was approved by the Edinburgh Integration Joint Board (EIJB) on 11 March 2016.

Finance and Resources Committee

10.00am, Thursday, 1 December 2016

Internal Audit Co-Sourced Services

Item number	7.5
Report number	
Executive/routine	
Wards	

Executive Summary

This report seeks the approval of the Finance and Resources Committee to award a contract for the delivery of co-sourced Internal Audit services, with options for additional interim provision as required.

The contract will be active for a period of two years between April 2017 and March 2019 with options to extend for a further two 12 month periods.

Links

Coalition Pledges	PO30
Council Priorities	CO25
Single Outcome Agreement	

Internal Audit Co-Sourced Services

1. Recommendations

- 1.1 It is recommended that the Committee approves the award of contract to PricewaterhouseCoopers LLP (PwC) for a period of up to four years between April 2017 and March 2021.

2. Background

- 2.1 Internal audit and risk services have been provided through a co-source partnership since April 2013. The Council's Chief Internal Auditor and Chief Risk Officer are currently provided by PwC under this co-source arrangement, and further capacity and capability is provided by PwC colleagues working in partnership with Council staff in a 'one team' approach. The current contract expires on 31 March 2017.
- 2.2 The Council's internal control environment will remain critical over the next 18-24 months as the Council moves through a period of major change, and as such it will continue to be important to maintain the strength of the Internal Audit and Risk function as a core component of the Council's internal control and assurance framework.
- 2.3 However, in order to ensure that the co-sourced model delivered best value for the Council, it was decided to move to a 'co-source light' arrangement, with an in-house Chief Internal Auditor being recruited working with a core Internal Audit team and drawing down specialist Internal Audit services from an external provider. The Risk function is proposed to be fully in-house, with two Principal Risk Managers already in post and recruitment for a Chief Risk Officer currently underway.
- 2.4 The 'co-source light' arrangement for Internal Audit will provide the Council with:
- access to specialist staff with deep expertise, for example in ICT;
 - access to wider sector knowledge and the latest internal audit methodology and developments;
 - greater opportunity to benchmark performance against other organisations; and
 - training and development opportunities for the in-house Internal Audit team.

3. Main report

- 3.1 The overall objective is to appoint a co-source Internal Audit partner to deliver eight specialist internal audits, of which it is currently anticipated six will relate to ICT and

data security. The supplier will also provide suitably qualified and experienced Audit Seniors to work in partnership with the in-house Internal Audit team to deliver generalist audits under the annual internal audit plan for 18 weeks each audit year.

- 3.2 Recruitment for a Chief Internal Auditor and a Chief Risk Officer is currently underway and it is hoped that suitable appointments will be made within two to three months. However, if the Council is unable to attract candidates of the desired calibre, the new contract will allow the Council to request that the co-source partner provide a suitably qualified and experienced individual to fill one or both roles as an interim solution.
- 3.3 A procurement exercise was undertaken in order to appoint suppliers to service this requirement.
- 3.4 A mini competition was carried out using Lot 2: Internal Audit (ICT) of Advanced Procurement Framework for Universities and Colleges Audit Services Framework (PFB1005AP).
- 3.5 Eight suppliers were eligible to tender on this lot and all of them were invited to submit bids. Four suppliers chose to tender.
- 3.6 The evaluation of tenders included an emphasis on quality, as well as price, with 70% of the overall evaluation score allocated to quality and 30% of the overall evaluation score allocated to price. This cost/quality ratio was assigned to ensure that those tendering were able to deliver the key tasks as required.
- 3.7 The quality analysis was based on answers provided in response to weighted Award Criteria Questions with responses to these questions being scored zero to four as per the scoring matrix included in the published invitation to tender documents.
- 3.8 Following completion of evaluation of the response to written award questions presentations were held and all suppliers chose to take the opportunity to provide a scenario of how they would plan and deliver an audit.
- 3.9 Following completion of the quality analysis, tenders were analysed from a cost perspective. The cost analysis established the full price of tenders as per the Pricing Schedule. The lowest priced bid was allocated the 30% weighting. All other bids were then scored on a pro-rated basis against the lowest priced bid.
- 3.10 Scores from the quality analysis were then combined with the scores from the cost analysis to reach a combined score and ranking for each tender submission.
- 3.11 Tenderers individual scores for each Lot are as below:

Company	Quality Score	Price Score	Combined Score
PwC	58.50	18.08	76.58
Tenderer 2	51.00	18.81	69.81

Tenderer 3	38.25	30.00	68.25
Tenderer 4	39.60	21.93	61.53

4. Measures of success

- 4.1 Testing and maintaining the effectiveness of the Council's control environment during a period of major change.

5. Financial impact

- 5.1 The cost of the generalist and specialist services is expected to be £157,850 annually which will amount £631,400 over the lifetime of the contract. This number may increase should additional audits or audit and/or risk services require to be drawn down under the contract.
- 5.2 The annual costs can be contained within the allocated budget for the service.
- 5.3 The costs associated with procuring this framework agreement are estimated at up to £10,000.

6. Risk, policy, compliance and governance impact

- 6.1 A strong internal audit function will play a significant role in providing assurance over the controls in place to mitigate the Council's most significant risks.
- 6.2 Efficient and effective risk management arrangements will help ensure that the Council's key risk areas are identified and monitored.

7. Equalities impact

- 7.1 It is considered that there is no equalities impact as a result of this report.

8. Sustainability impact

- 8.1 The Council has considered its obligations under the Climate Change (Scotland) Act 2009. Neither the content of this report nor its recommendations are anticipated to have any negative impact on sustainability.

9. Consultation and engagement

- 9.1 The Council's Commercial and Procurement team have been consulted during the preparation of this report to ensure compliance with the procurement regulations and the Council's Contract Standing Orders.

10. Background reading/external references

- 10.1 [Internal audit and risk services delivery model – Report to GRBV Committee: 21 April 2016.](#)

Hugh Dunn

Acting Executive Director of Resources

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11. Links

Coalition Pledges	PO30 – Continue to maintain a sound financial position including long-term financial planning.
Council Priorities	CO25 – The Council has efficient and effective services that deliver on objectives.
Single Outcome Agreement	Our public services are high quality, continually improving, efficient and responsive to local people's needs.
Appendices	Appendix 1 – Summary of Tendering and Tender Evaluation Processes

Appendix 1 – Summary of Tendering and Tender Evaluation Processes

Contract	Internal Audit Co-Sourced Services		
Contract Period	2 years with options to extend for up to 24 months.		
Estimated Value	£632k for the core services.		
Estimated Savings	A saving of approximately 25% based on the standard Framework rates.		
Standing Orders Observed	3.1 Director has responsibility for all Contracts tendered and let by their Directorate 5.1 (b) Tenders evaluated on basis of most economically advantageous criteria		
Invitations to Tender Issued	8		
Tenders Returned	4		
Preferred Supplier	PricewaterhouseCoopers LLP		
Primary Criteria	Question	Weighting	
	Environment, Culture and Risk	15%	
	Service Delivery Management	15%	
	Service Delivery Management	15%	
	Staff	16%	
	Value-added services	5%	
	Quality Assurance and continuous Improvement	14%	
	Corporate Social responsibility	5%	
	Presentation	15%	
Evaluation Team	Gemma Dalton – Principal Audit Manager Hugh Thomson – Principal Audit Manager Struan Fairbairn – Chief Risk Officer Lothian Pension Fund		
Procurement Advisors	Ben Fulton – Procurement Specialist		

Finance and Resources Committee

10.00am, Thursday, 1 December 2016

The City of Edinburgh Council – 2015/16 Annual Audit Report to Members and the Controller of Audit

Item number 7.6

Report number

Executive/routine

Wards

Executive Summary

The report summarises the principal findings arising from the Council's 2015/16 external audit. While primarily focused on the review of the financial statements, the audit's scope included wider consideration of the Council's financial position, governance structures, use of resources and arrangements for securing best value.

An unqualified audit opinion has been issued on the financial statements for the Council but the report notes the failure of one of its Significant Trading Operations (STOs) to break even over a rolling three-year period.

The report further concludes that the Council's financial management arrangements are effective and that it is sustainable currently and in the foreseeable future. The Council is assessed to have adequate governance arrangements, with effective systems of internal control and sound internal audit and fraud prevention functions in place.

The report furthermore notes the Council's established frameworks to support the delivery of best value and facilitate performance improvement, as well as continuing progress in addressing issues raised in recent years' Best Value reports.

Links

Coalition Pledges [P30](#)

Council Priorities [CP13](#)

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

The City of Edinburgh Council – 2015/16 Annual Audit Report to Members and the Controller of Audit

1. Recommendations

- 1.1 Members of the Finance and Resources Committee are asked to:
- 1.1.1 note that, following the audit process, an unqualified audit opinion has been issued on the Council's Annual Accounts for 2015/16; and
 - 1.1.2 note the continuing progress made in addressing the improvement actions contained within the Council's Best Value report issued in December 2014 and that delivery of the remaining actions set out in the action plan in Appendix IV will be reported to the Governance, Risk and Best Value Committee during the year.

2. Background

- 2.1 The Council submitted its unaudited Annual Accounts to the external auditor on 30 June, in line with the statutory timescale. Following the audit process, the audited statements were scrutinised initially by the Governance, Risk and Best Value Committee on 26 September, before onward referral to, and approval by, the Finance and Resources Committee on 29 September. An unqualified audit opinion was issued on both the Council's Annual Accounts and those of its seven charitable trusts.
- 2.2 In addition to advising as to the audit opinion, the appended Annual Audit Report reflects wider consideration of the Council's financial position, governance structures, use of resources and arrangements for securing best value. In accordance with its remit, the report was considered initially by members of the Governance, Risk and Best Value Committee on 24 October 2016.

3. Main report

- 3.1 As in previous years, the external auditor's report on the annual audit comprises four sections:
- Financial statements;
 - Financial management and sustainability;
 - Governance and transparency; and

- Best Value.

- 3.2 The key messages from the audit are presented on page 3 of the report, with two action points for the Council to address in the coming months also noted. These, together with the responses provided by the Council, are shown on pages 38 and 39.

Financial Statements (pages 5 to 12)

- 3.3 Audit Scotland has provided, by means of a letter issued in accordance with the requirements of ISA260, an unqualified opinion on the financial statements, albeit it has noted that one Significant Trading Operation, Edinburgh Catering Services – Other Catering, failed to meet the statutory requirement to break even over a rolling three-year period. The in-year deficit for 2015/16 was £232,000, forming part of a cumulative three-year deficit of £343,000, reflecting the impact of a downturn across both in-house catering and external hospitality.
- 3.4 The report notes the putting in place of a new pricing strategy and reductions in (loss-making) vending equipment, initiatives being taken forward in the context of the wider Property and Asset Management Strategy (PAMS).
- 3.5 While concurring with the approach adopted by officers, the ISA260 also draws members' attention to technical accounting issues in respect of PPP1 school valuation, asset disposals and Lender Option, Borrower Option (LOBO) loans. None of these issues affects the external auditor's opinion on the audited accounts.
- 3.6 The report reminds members that a small number of presentational and other adjustments have been incorporated in the audited statements, amending the reported surplus for the year from £0.861m to £0.785m, with this sum previously transferred to the Council Priorities Fund.

Financial management and sustainability (pages 13 to 20)

- 3.7 The report notes that current financial management arrangements are effective, with all services containing expenditure within budgeted levels in 2015/16, supported by the robust scrutiny arrangements from senior management and elected members in place. Levels of capital expenditure slippage continue to compare favourably with other councils in Scotland.
- 3.8 The report furthermore notes the good progress made to date in delivering the savings underpinning the Council's Transformation Programme, with these contributing to an indicative balanced revenue budget position in both 2017/18 and 2018/19. Whilst acknowledging that appropriate scrutiny arrangements are already in place, the report emphasises the importance of maintaining this focus, with a particular emphasis on the early identification of potential barriers to savings delivery and the taking of prompt remedial action to mitigate these risks.
- 3.9 The report notes the reduction in the Council's overall level of external borrowing, forming part of an overall decrease of nearly £100m since March 2014. The prudence, affordability and sustainability of all debt is regularly reviewed as part of the Council's treasury management and wider financial planning arrangements.

Governance and transparency (pages 21 to 25)

- 3.10 The report concludes that the Council has effective governance arrangements, providing an appropriate framework for organisational decision-making. Effective systems of internal control and satisfactory arrangements for the prevention and detection of fraud and irregularities are also in place. The report furthermore notes that the Council's procedures for maintaining standards of conduct and the prevention and detection of corruption are satisfactory.
- 3.11 The report comments favourably on improvements in the effectiveness of recent work undertaken by the Council in respect of the National Fraud Initiative. In addition, the report notes that the Council's performance in responding to Freedom of Information requests compares well with that of other authorities, part of a more general open and transparent approach to the conduct of its activities.
- 3.12 The report also appraises members of work undertaken in response to correspondence received by Audit Scotland in respect of the Council's use of LOBO loans. This work concluded that the taking out and subsequent monitoring of the loans has been consistent with the Annual Treasury Statement and delivered savings to the Council over the intervening period.

Best Value (pages 26 to 31)

- 3.13 The extent of continuing progress made in respect of the recommendations contained within the December 2014 Best Value follow-up is noted, with well-established frameworks in place to secure the on-going delivery of best value.
- 3.14 The report highlights the strong focus on addressing the Council's financial plans, with clear evidence of increasing levels of delivery, informed by robust and proactive scrutiny and challenge. The report notes the sustained emphasis and good progress to date in delivering savings associated with the Transformation Programme whilst emphasising that significant challenges, in some cases relating more directly to frontline service provision, remain to be addressed.
- 3.15 The report furthermore notes progress made in the year to ensure that the Council's performance arrangements continue to provide a robust and comprehensive assessment of the delivery of its priority outcomes. The report also notes the adoption of good practice in the development of its organisation-wide workforce plan.

4. Measures of success

- 4.1 The Council receives an unqualified audit certificate from the external auditor by 30 September 2016.
- 4.2 Appropriate steps are undertaken to address the measures within the action plan in accordance with the timescales indicated.

5. Financial impact

- 5.1 There is no direct additional impact arising from the report's contents, although the wider effectiveness of the Council's current financial management and planning arrangements is noted within the report.
- 5.2 As a result of the audit process, the Council's reported surplus for the year decreased by £0.076m to £0.785m. Council approval has previously been secured to transfer this sum to the Council Priorities Fund.
- 5.3 The General Fund stood at £128.396m at 31 March 2016, comprising £115.371m earmarked for specific purposes and £13.025m as an unallocated General Fund balance against the likelihood of unfunded risks crystallising.

6. Risk, policy, compliance and governance impact

- 6.1 The Finance and Resources Committee's remit includes monitoring of both financial performance and the Council's arrangements to secure best value and continuous improvement.

7. Equalities impact

- 7.1 There are no direct equalities and rights implications arising from the report's contents but the annual report notes, on page 31, the Council's progress in tackling poverty and inequality, and advancing equality and rights, as advised to the Communities and Neighbourhoods Committee in May 2016.

8. Sustainability impact

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

9. Consultation and engagement

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

10. Background reading/external references

- 10.1 [Unaudited Annual Accounts 2015/16](#), City of Edinburgh Council, 30 June 2016
- 10.2 [City of Edinburgh Council – report to those charged with governance on the 2015/16 Audit](#) – referral from the Governance, Risk and Best Value Committee, Finance and Resources Committee, 29 September 2016

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11. Links

Coalition Pledges	P30 - Continue to maintain a sound financial position including long-term financial planning
Council Priorities	CP1 3 - Deliver lean and agile Council services
Single Outcome Agreement	SO1 - Edinburgh's economy delivers increased investment, jobs and opportunities for all SO2 – Edinburgh's citizens experience improved health and well-being, with reduced inequalities in health 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	One – Annual Audit Report, 2015/16

City of Edinburgh Council

2015/16 Annual audit
report to Members and
the Controller of Audit

October 2016

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The Accounts Commission is a statutory body which appoints external auditors to Scottish local government bodies (www.audit-scotland.gov.uk/about/ac/). Audit Scotland is a statutory body which provides audit services to the Accounts Commission and the Auditor General (www.audit-scotland.gov.uk/about/).

The Accounts Commission has appointed Dave McConnell as the external auditor of City of Edinburgh Council for the period 2011/12 to 2015/16. This report has been prepared for the use of City of Edinburgh Council and no responsibility to any member or officer in their individual capacity or any third party is accepted.

The information in this report may be used for the Accounts Commission's annual overview report on local authority audits published on its website and presented to the Local Government and Regeneration Committee of the Scottish Parliament.

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Key messages

Audit of financial statements	<ul style="list-style-type: none">• Unqualified auditor's report on the 2015/16 financial statements.• Modification to the auditor's report in respect of the failure of Edinburgh Catering Services (Other) to achieve its prescribed financial objective.• Unqualified auditor's report on the seven charitable trusts administered by the council.
Financial management and sustainability	<ul style="list-style-type: none">• The council has effective financial management arrangements in place.• The council is sustainable currently and in the foreseeable future, although rising demand for and costs of services will continue to place a strain on the council's capacity to deliver services at the current levels.
Governance and transparency	<ul style="list-style-type: none">• Governance arrangements in place are effective.• Systems of internal control operated effectively.• The council has an effective internal audit function and sound anti-fraud arrangements.
Best Value	<ul style="list-style-type: none">• The council has established frameworks to support best value, and continues to demonstrate progress in addressing issues raised in recent Best Value reports.• A well established performance management framework is in place, and has been reviewed to ensure it provides an appropriate strategic focus on performance.
Outlook	<ul style="list-style-type: none">• Councils face rising demands for services and continued funding pressures alongside managing major reforms in welfare and health and social care. Effective arrangements for Best Value will be essential for efficient use of available resources, and strong governance and leadership will be needed to achieve continuous improvement. This will continue to be monitored through the external audit process.• 2016/17 will be the first full year of the operation of the Edinburgh Integration Joint Board (IJB). Budget pressures and the continued need for savings by the council and its NHS partner are likely to result in pressures in the future funding of the IJB.

Introduction

1. This report is a summary of our findings arising from the 2015/16 audit of City of Edinburgh Council (the council). The report is divided into sections which reflect our public sector audit model.
 2. The management of the council is responsible for:
 - preparing financial statements which give a true and fair view
 - implementing appropriate internal control systems
 - putting in place proper arrangements for the conduct of its affairs
 - ensuring that the financial position is soundly based.
 3. Our responsibility, as the external auditor of the council, is to undertake our audit in accordance with International Standards on Auditing, the principles contained in the Code of Audit Practice issued by Audit Scotland in May 2011 and the ethical standards issued by the Auditing Practices Board.
 4. An audit of financial statements is not designed to identify all matters that may be relevant to those charged with governance. It is the auditor's responsibility to form and express an opinion on the financial statements; this does not relieve management of their responsibility for the preparation of financial statements which give a true and fair view.
 5. A number of reports, both local and national, have been issued by Audit Scotland during the course of the year. These reports, summarised at [appendix II](#) and [appendix III](#), include recommendations for improvements.
 6. [Appendix IV](#) is an action plan setting out our recommendations to address the high level risks we have identified during the course of the audit. Officers have considered the issues and agreed to take the specific steps in the column headed "Management action/response". We recognise that not all risks can be eliminated or even minimised. What is important is that the council understands its risks and has arrangements in place to manage these risks. The council and the Corporate Leadership Team should ensure that they are satisfied with the proposed actions and have a mechanism in place to assess progress and monitor outcomes.
 7. We have included in this report only those matters that have come to our attention as a result of our normal audit procedures; consequently, our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.
 8. The cooperation and assistance afforded to the audit team during the course of the audit is gratefully acknowledged.
- 2015/16 is the final year of the current five year audit appointment. From 2016/17 the auditor of the council is Scott Moncrieff. In accordance with agreed protocols and International Standards on Auditing we are liaising with the incoming auditors as part of this transition.

Audit of the 2015/16 financial statements

Audit opinion	<ul style="list-style-type: none"> We have completed our audit of the council and its group and issued an unqualified independent auditor's report. We have included a modification to the auditor's report in respect of the failure of Edinburgh Catering Services (Other) to achieve its prescribed financial objective.
Going concern	<ul style="list-style-type: none"> The financial statements of the council, its group and the associated charitable trusts have been prepared on the going concern basis. We are unaware of any events or conditions that may cast significant doubt on the council's, its group and associated charitable trusts' ability to continue as a going concern.
Other information	<ul style="list-style-type: none"> We review and report on other information published with the financial statements, including the management commentary, annual governance statement and the remuneration report. We have nothing to report in respect of these statements.
Charitable trusts	<ul style="list-style-type: none"> We have completed our audit of the 2015/16 financial statements of the charitable trusts administered by the council and issued an unqualified independent auditor's report.
Group accounts	<ul style="list-style-type: none"> The council has accounted for the financial results of two subsidiaries, four associates and two trusts in its group accounts for 2015/16. The overall effect of consolidating these balances on the group balance sheet is to increase total reserves and net assets by £149 million.
Whole of government accounts	<ul style="list-style-type: none"> The council submitted a consolidation pack for audit by the deadline. This has been audited and the certified return submitted to the National Audit Office (NAO).

Submission of financial statements for audit

9. We received the unaudited financial statements on 30 June 2016, in accordance with the agreed timetable. The working papers were of a good standard and council staff provided good support to the audit team which assisted the delivery of the audit to deadline.
10. In 2015/16, for the first time, local government group accounts are required to include the financial results of Integration Joint Boards (IJBs) in their area, where material. The Edinburgh IJB was established on 27 June 2015 but did not become operational until 1 April 2016. Consequently as the amounts concerned in 2015/16 are not material, they have not been consolidated into the group accounts.

Overview of the scope of the audit of the financial statements

11. Information on the integrity and objectivity of the appointed auditor and audit staff, and the nature and scope of the audit, were outlined in our Annual Audit Plan presented to the Governance, Risk and Best Value Committee on 21 April 2016.
12. As part of the requirement to provide full and fair disclosure of matters relating to our independence, we can confirm that we have not undertaken non-audit related services. The 2015/16 agreed fee for the audit was set out in the Annual Audit Plan and, as we did not carry out any work additional to our planned audit activity, the fee remains unchanged.

13. The concept of audit risk is of central importance to our audit approach. During the planning stage of our audit we identified a number of key audit risks which involved the highest level of judgement and impact on the financial statements and consequently had the greatest effect on the audit strategy, resources and effort. We set out in our Annual Audit Plan the audit work we proposed to undertake to secure appropriate levels of assurance. [Appendix I](#) sets out the significant audit risks identified during the course of the audit and how we addressed each risk in arriving at our opinion on the financial statements.
14. Our audit involved obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

Materiality

15. Materiality can be defined as the maximum amount by which auditors believe the financial statements could be misstated and still not be expected to affect the decisions of users of financial statements. A misstatement or omission, which would not normally be regarded as material by amount, may be important for other reasons (for example, an item contrary to law).
16. We consider materiality and its relationship with audit risk when planning the nature, timing and extent of our audit and conducting our audit programme. Specifically with regard to the financial

statements, we assess the materiality of uncorrected misstatements, both individually and collectively.

17. We summarised our approach to materiality in our Annual Audit Plan. Based on our knowledge and understanding of the council we set our planning materiality for 2015/16 at £17.04 million for the council and £18.74 million for the group (1% of gross expenditure). We report all misstatements greater than £100,000. Performance materiality was calculated at £9.37 million for the council and £10.31 million for the group, to reduce to an acceptable level the probability of uncorrected and undetected audit differences exceeding our planning materiality level.
18. On receipt of the financial statements and following completion of audit testing we reviewed our materiality levels and concluded that our original calculation remained appropriate.

Evaluation of misstatements

19. All misstatements identified during the audit, which exceeded our misstatement threshold, have been amended in the financial statements.
20. A number of presentational and monetary adjustments were identified within the financial statements during the course of our audit. These were discussed with relevant officers who agreed to amend the unaudited financial statements. The effect of these adjustments is to decrease the council and group in-year net underspend by £0.076 million. Net assets as recorded in the balance sheet have decreased by £0.076 million.

Significant findings from the audit

21. International Standard on Auditing 260 requires us to communicate to you significant findings from the audit, including:
 - The auditor's views about significant qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures
 - Significant difficulties encountered during the audit
 - Significant matters arising from the audit that were discussed, or subject to correspondence with management
 - Written representations requested by the auditor
 - Other matters which in the auditor's professional judgment, are significant to the oversight of the financial reporting process.
22. The following table details those issues or audit judgements that, in our view, require to be communicated to those charged with governance in accordance with ISA 260.

Table 1: Significant findings from the audit

Significant findings from the audit in accordance with ISA260

PPP Schools – impairment of assets

23. Following the collapse of a wall at Oxfangs Primary in January 2016, property surveys were undertaken at other schools built as part of the same schools PPP1 contract. In April 2016, 17 schools were closed temporarily as a consequence of the survey findings, and alternative accommodation arrangements put in place for school pupils. The unaudited financial statements include a net book value of £172 million at 31 March 2016 in relation to the affected buildings. A range of remedial work was undertaken by the PPP operator, Edinburgh Schools Partnership (ESP), with a phased return of schools to the council in operable condition between May and August 2016, prior to commencement of the new school term.
24. The condition surveys highlighting structural issues were not undertaken until after the 2015/16 financial year end. However these surveys provided information relating to the condition of the assets at 31 March 2016, and in these circumstances it is appropriate to undertake an impairment review, to ascertain whether these conditions give rise to a reduction in the carrying value of the asset as at 31 March 2016. An impairment review would usually be informed by an assessment of the cost of remediation. While the council had information on the condition of the assets from the property surveys, the information which would allow the council to determine the likely value of any impairment was held by the operator ESP, and not by the council.
25. In the absence of detailed cost information, it is difficult to ascertain what impairment of asset value at 31 March 2016 would be appropriate. Estimates available to the council do indicate the value is likely to be within our materiality limits. Furthermore, as the assets have now been restored to operable condition prior to certification of the annual accounts, any impairment to asset values as at 31 March 2016 would be temporary and would be reversed in the 2016/17 financial statements.
26. **Resolution:** Officers did not adjust the carrying value of the affected assets in the annual accounts. However they increased the narrative disclosure within the financial statements to provide more information on this post balance sheet event. Following discussions with officers and ESP, and in view of the considerations noted at paragraph 26 above, we concurred with this approach.

Significant findings from the audit in accordance with ISA260

Disposal of assets

27. Our audit review highlighted a number of assets included in the balance sheet in the 2015/16 unaudited accounts where the asset had been sold in a previous financial year. The sale of an asset should be recognised when the significant risks and rewards of ownership have transferred to the purchaser. Normally, this transfer coincides with the transfer of legal title. Although title to these assets was transferred at the point of sale, staged payments were agreed with the purchasers and standard securities written into the sale contracts, to provide the council with protection over the future monies due. The council has retained assets on the balance sheet until the discharge of the standard securities.
28. We reviewed the council's approach to this matter and concluded that whilst the council retains some interest over the assets until the discharge of the standard securities, this is primarily to ensure the flow of future monies, and does not reflect the significant risks and rewards of ownership. The council cannot, for example, sell the land covered by standard securities to another developer. The disposal of these assets should therefore be reflected in the financial statements at the point of title deed transfer.
29. Of the five identified disposals with staged payments, final payment was received in 2015/16 for three assets. The final disposal of these assets had therefore already been regularised through the balance sheet in the 2015/16 unaudited accounts. One of the remaining assets with a carrying value of £0.026 million was sold in 2015/16. The final asset identified in the review, with a carrying value at 31 March 2016 of £5.01 million, was sold in 2014/15. Final payments on both assets are scheduled for receipt in 2016/17.
30. **Resolution:** Officers adjusted the annual accounts to recognise the full disposal of the remaining two assets as at 31 March 2016. Debtor balances were established at 31 March 2016 to reflect the remaining value of future payments from purchasers. Adjustments in relation to the other assets sold in 2014/15 had already been reflected in the 2015/16 closing balance sheet. We concurred with this approach.

Significant findings from the audit in accordance with ISA260

Lender Option Borrower Option Loans – Embedded derivatives

31. Included within the council's £1.4 billion of borrowing are £280 million of Lender Option Borrower Option loans (LOBOs). These instruments differ from more traditional forms of loans as they have call points through the period of the loan where the lender can vary the interest rate through to the next call period, ranging from 6 months to 5 years.
32. The lender option gives rise to an embedded derivative within the contract i.e. a provision that modifies the cashflow associated with the host contract. Normally, a council would not be required to separately account for the embedded derivative in a LOBO. However, within its LOBO portfolio, the council has £40 million of inverse LOBOs, where in addition to the lender call option, the rate payable also changes in relation to a specified market rate.
33. As the nature of inverse LOBOs is considerably different from standard LOBOs, we reviewed these to resolve whether separate disclosure of the embedded derivatives was necessary, which would also require the recognition of gains and losses in the income and expenditure statement each year.
34. **Resolution:** Our review concluded that the existing accounting treatment of inverse LOBOs within the council's financial statements is appropriate, and no modifications to the unaudited financial statements were required in respect of this matter.

Significant findings from the audit in accordance with ISA260

Significant trading operations (STOs)

35. The council's trading activity (Edinburgh Catering Services – Other) failed to achieve the prescribed financial objective to break even over a three year period. The deficit for 2015/16 was £232,000, with a cumulative three year deficit of £343,000.

Resolution: The failure to achieve a prescribed financial objective resulted in a modification to the Independent Auditor's Report. The council has put in place a number of measures addressing the profitability of the service going forward, including a new pricing policy and reductions in vending equipment. The catering service is also included within the scope of the Property and Asset Management strategy which is being pursued by the council.

Future accounting and auditing developments

Health and social care integration

36. From 1 April 2016 IJBs will be accountable for the provision of health and social care. IJBs will be required to produce financial statements in compliance with the Code of Practice on Local Authority Accounting in the United Kingdom. Where material the financial results of the local IJBs will need to be reflected in the council's group accounts in 2016/17. The council will need to include the IJB in its plans for the preparation and audit of the 2016/17 group accounts, including consideration of assurance arrangements relating to the annual governance statement.

Highways network assets

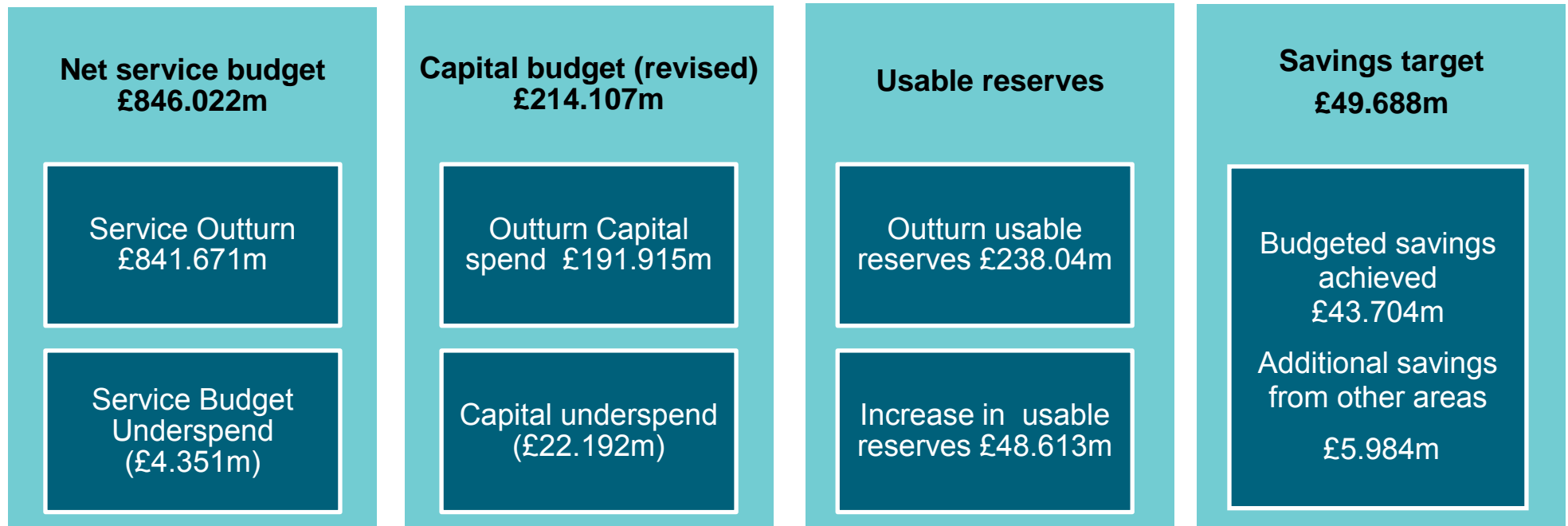
37. The 2016/17 local government accounting Code will adopt a new measurement requirement for the valuation of the highways network asset. It will be measured on a depreciated replacement cost basis. This will have a significant impact on the value of local authority balance sheets.

Code of Audit Practice

38. A new Code of Audit Practice will apply to all audits from financial year 2016/17. There will be a focus on four areas:
- Financial sustainability
 - Financial management
 - Governance and transparency; and

- Value for money
39. In addition, as well as the annual audit report, other significant outputs, such as the annual audit plan, will be published on Audit Scotland's website.

Financial management and sustainability



Financial management

40. In this section we comment on the council's financial outcomes and assess the council's financial management arrangements.
41. The council sets an annual budget to meet its service and other commitments as part of a longer-term financial planning framework. The setting of the annual budget impacts directly on residents as it

determines council tax and other fees and charges. Regular monitoring of expenditure and income against agreed budgets is central to effective financial management.

Financial outcomes

42. Overall the council reported an underspend against budget in 2015/16 of £0.785 million. The outturn of general fund services was broadly in line with budget for the year, with small underspends

recorded in most services, with the exception of Health and Social Care. During the year, the Health and Social Care service received additional one-off funding of £9.8 million to deal with anticipated cost pressures, however mitigating actions and lower than projected service demands resulted in an underspend of £3.455 million at the year end. This accounts for the majority of the £4.351 million underspend across all services.

43. These service underspends, along with favourable corporate variances around Council Tax Reduction Scheme, loan charges, and increased council tax income, were used alongside earmarked reserves to fund £21 million of costs relating to staff early release through the transformation programme.
44. The remaining underspend balance of £0.785 million has been transferred to the council priorities fund, with £0.5 million set aside for precautionary survey work on other council properties with similar design features to the PPP1 schools.
45. The council is required by legislation to maintain a separate housing revenue account and to ensure that rents are set to at least cover the costs of its social housing provision. Rent levels are therefore a direct consequence of the budget set for the year. After making an in-year voluntary debt repayment of £10 million, the HRA surplus of £2.256 million for the year was transferred to the Renewal and Repairs Fund. This will be used to fund new capital investment in new homes and as a contingency to manage the impact of welfare reform.

Financial management arrangements

46. As auditors, we need to consider whether councils have established adequate financial management arrangements. We do this by considering a number of factors, including whether:
 - the proper officer has sufficient status within the council to be able to deliver good financial management
 - financial regulations are comprehensive, current and promoted within the council
 - reports monitoring performance against budgets are accurate and provided regularly to budget holders
 - monitoring reports do not just contain financial data but are linked to information about performance
 - members provide a good level of challenge and question budget holders on significant variances.
47. We reviewed the council's financial regulations, which were updated in June 2015, and concluded that they are comprehensive and current. A further update of the regulations was undertaken in June 2016 and these are available on the council's website.
48. Financial monitoring reports (both revenue and capital) are submitted to the Finance and Resources Committee and other executive committees on a quarterly basis. The Governance, Risk and Best Value Committee also considers financial monitoring reports as part of its scrutiny arrangements. Reports to committee focus on high level monitoring of variances and mitigating actions

and are underpinned by more detailed reporting at Corporate Leadership Team and Senior Management Team level.

49. Bi-monthly reports on progress of the council's Transformation Programme are also submitted to the Finance and Resources committee. These focus on the progress of the major workstreams and realisation of savings.
50. As auditors we attend a number of council and committee meetings each year. Members provide a good level of challenge and question budget holders on significant variances and service performance issues.

Conclusion on financial management

51. We have concluded that the council has effective financial management arrangements in place. The council has a good track record in delivering services within approved budgets, and robust scrutiny and challenge processes have ensured early identification of issues around the delivery of planned savings.

Financial sustainability

52. The council delivers a broad range of services, both statutory and discretionary, to its communities. Financial sustainability means that the council has the capacity to meet the current and future needs of its communities.
53. In assessing financial sustainability we are concerned with whether:
 - there is an adequate level of reserves

- spending is being balanced with income in the short term
- long term financial pressures are understood and planned for
- investment in services and assets is effective.

54. Effective long-term financial planning, asset management and workforce planning are crucial to sustainability.

Reserves

55. The overall level of usable reserves held by the council increased by £48.6 million compared to the previous year and totalled £238 million (see Exhibit 1).

Exhibit 1: Usable reserves

Description	31 March 2016 £ million	31 March 2015 £ million
General fund	128.4	117.5
Renewal and Repairs fund	38.1	35.8
Capital grants unapplied	2.7	4.4
Capital fund	68.8	31.7
Total usable reserves	238.0	189.4

Source: City of Edinburgh Council 2015/16 financial statements

56. The general fund reserve has no restrictions on its use. The principal purpose of holding a general fund reserve is to provide a

contingency fund to meet unexpected events and as a working balance to help cushion the impact of uneven cash flows.

57. The reserves held by the council are reviewed annually as part of the revenue budget process. In January 2016, a Risks and Reserves report was approved which specified holding unallocated general fund reserves of £13 million, which equates to 1.37% of the council's annual budgeted net expenditure. The remaining balance of £115.4 million balance has been earmarked for specific purposes, including:
- specific investment - £12.6 million
 - contingency and workforce management - £18 million
 - dilapidations - £12.1 million
 - insurance fund - £13.5 million
 - council tax discount fund - £21.6 million
 - spend to save initiatives - £7 million.
58. During the financial year, the council sold the Atria office development for £105 million. Following a year end review on approved uses of the Atria settlement proceeds, £52 million of capital receipts were transferred to the capital fund, earmarked for the following purposes
- redemption of debt relating to Atria's construction
 - funding council transformation
 - supplementing planned repairs and maintenance spend
 - funding Local Development Plan infrastructure requirements.

Financial planning

59. The council set its 2016/17 budget in January 2016. The budget was set at £947 million and assumes savings of £85.4 million during 2016/17. Savings are planned from workforce transformation, fleet reductions, reducing sickness absence, property rationalisation, reduction in carbon tax, service transformation and procurement.
60. The council also set indicative budgets for 2017/18 and 2018/19 in January 2016 as part of its longer term financial strategy. Cumulative savings of at least £147.6 million are required by financial year 2019/20 to address the estimated funding gap (see exhibit 2).

Exhibit 2: 2016/17 – 2019/20 estimated savings requirement

	2016/17	2017/18	2018/19	2019/20
	£ m	£m	£m	£m
Cumulative savings requirement	85.4	106.5	126.8	147.6
Savings identified	(85.4)	(106.5)	(126.8)	(132.1)
Cumulative shortfall	0	0	0	15.5

Source: Council Revenue Budget framework 2016-20

61. The financial projections included in the long term plan as of the time of budget-setting in January 2016 were based on a number of key assumptions including:

- additional incremental council tax income of £7m per annum from 2017/18
 - Scottish Government revenue grant funding reductions of 1.25% for 2017/18, a further 0.5% reduction in 2018/19 and a “flat cash” projection for 2019/20
 - annual inflationary assumptions of 2% for long term contracts and 1.5% for wage awards from 2017/18
 - provision for cost implications of demographic change continues to be provided with reference to existing baseline data.
62. These assumptions are made on the basis of information available to the council at the time of preparing plans, however it is important that they are kept under review to ensure early identification of funding pressures.

Appendix IV action plan point 1

Capital programme 2015/16

63. The council approved its capital programme for 2015/16 in January 2015. Actual spend on the general services capital programme amounted to £156.3 million in the year against a revised budgeted spend of £165.3 million. Spend on the housing capital programme amounted to £35.6 million against a revised budget of £48.8 million.
64. The general services programme was concentrated on the new build, refurbishment and planned repair of schools, including the replacement of Boroughmuir and Portobello high schools, development funding for affordable social housing, and roads and

transport infrastructure. The housing programme mainly focused on investment in new housing stock and enhancement of existing council houses.

65. The slippage in the general fund capital programme has resulted mainly from unforeseen construction delays on the two replacement high schools, along with delays arising from a change in procurement approach on the early years improvement project. However the overall levels of slippage on the programme remain well below the national position.
66. The level of slippage on the HRA capital programme remains high, amounting to 27% of the planned programme. Whilst some of this relates to savings achieved through individual projects, there have also been short term delays and over-programming issues. In order to reduce slippage in future years the HRA has adopted a new budget setting and monitoring process similar to the general fund capital programme. Going forward the revised HRA capital programme will 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.

Council transformation programme

67. The council is implementing a transformation programme aimed at building a lean and agile organisation with a focus on individuals and communities. Four core projects around localities, business and support services, customer and asset management have been developed and are supported by a number of cross-cutting workstreams. Total recurring annual savings of £77 million are

anticipated through the delivery of the programme with £64 million of these from organisational reviews of services, £6 million from implementation of a new asset management strategy, and £7 million from payments to third parties.

- 68. The council continues to make good progress in implementing the programme. As at October 2016, the majority of the first phase of organisational reviews have been implemented, with the council reporting savings of £33.7 million. The staffing structures for the localities model, which aims to integrate a range of service delivery around 4 geographical areas, have also been completed. The second phase of reviews, which includes Health and Social Care restructuring and Customer and Business Support, are due for implementation by March 2017.
- 69. Proposals have been developed for the delivery of £7 million savings in the payments to third parties workstream, and implementation is underway. Currently, £5.4 million of these savings plans are considered achievable, with detailed implementation plans being developed for the remaining proposals.

Asset Management

- 70. The asset management strategy (AMS) programme is a key workstream within the council's transformation programme, and aims to create a fit for purpose estate, along with an efficient, sustainable delivery plan for property and facilities management.
- 71. In September 2015, the Finance and Resources Committee considered a number of proposals for the future operating model of

the service, before approving an investment portfolio and estates rationalisation strategy, to be delivered by an in-house team with external support.

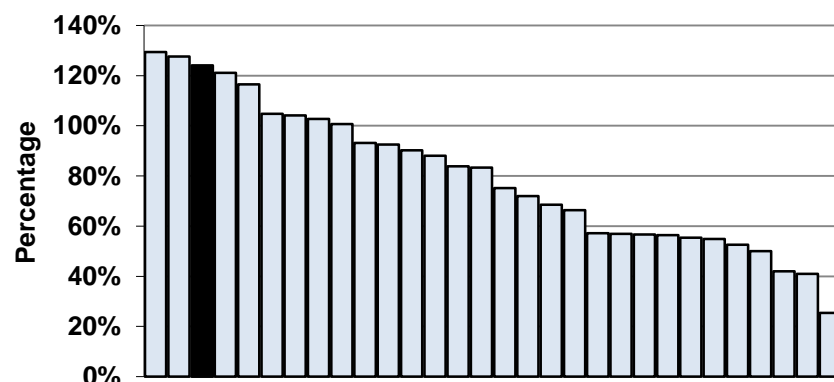
- 72. A revised facilities management service level agreement has been drafted, and consultation with service users is ongoing. Phased organisational reviews have commenced covering around 1,800 existing staff posts, with the aim of implementing a revised operational structure by April 2017. Work is also ongoing on procuring a delivery partner for an asset condition survey programme.
- 73. Progress in delivering the asset management strategy workstream is reported regularly to the Finance and Resources Committee as part of the wider transformation programme reporting.

Treasury Management

- 74. At 31 March 2016 long term borrowing stood at £1,309 million, a decrease of £52 million on the 2015 borrowing level of £1,361million. During the same period, short term borrowing increased from £79 million to £87 million.
- 75. As stated in the 2015/16 Treasury Management Strategy, the council aims to utilise internally generated funds before using long term borrowing facilities. Only £0.362m of external borrowing was undertaken in 2015/16, which related to additional interest free borrowing specifically for the provision of energy saving street lighting. Long term borrowing fell mainly due to the maturity of £40 million of PWLB and £4 million of market loans.

76. Analysing long term borrowing as a proportion of net revenue stream gives an indication of the relative indebtedness of the council. Exhibit 2 shows long term borrowing for City of Edinburgh Council as at 31 March 2016. This has been measured against net revenue stream (including, where relevant, HRA) for all other mainland councils in Scotland.

Exhibit 2: Scottish councils' long term borrowing as a percentage of net revenue streams



Source: Scottish councils' unaudited accounts 2015/16 (excluding Orkney and Shetland Island councils)

77. The council continues to be near the top of this range due to undertaking significant capital projects in recent years, such as the trams project and acquisition of Waverley Court and some assets of EDI/Waterfront Edinburgh. Assets acquired through these projects do not generate a direct income stream for the council, but have resulted in recurring savings relative to the liabilities the council

would otherwise have faced. Following the repayment of debt, this measure has fallen from 130% in 2014/15 to 120% in 2015/16.

Pension liability

78. The net assets on the council's balance sheet have increased from £1,638 million in 2014/15 to £1,970 million in 2015/16, a rise of £332 million. The principal reason for this increase is the £288 million fall in the pension liability from £727 million to £439 million. This is also reflected in the balance sheet for the group. The pension liability represents the difference between expected future pension payments and the underlying value of pension fund assets available to meet this cost. At the last triennial valuation at March 2015 the Lothian Pension Fund was 91.3% funded and had assets of £4.4 billion.

Conclusion on financial sustainability

79. We have concluded that the council has an adequate level of reserves and is containing overall expenditure within annual budgets. The longer term financial plans in place go a substantial way to addressing the financial challenges it faces in the coming years, although risks remain around the key assumptions in the plans and the delivery of savings.

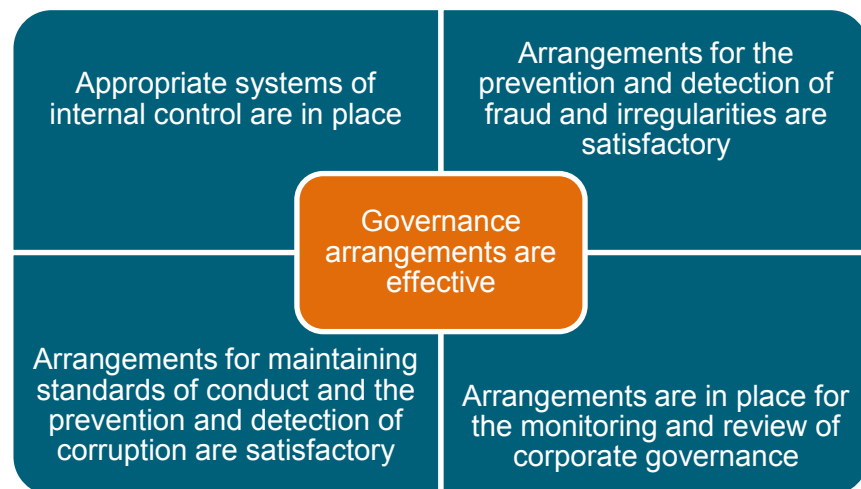
Outlook

80. Councils across Scotland are reporting gaps between income and the cost of providing services over the next few years. In addition, budget pressures and the continued need for savings by the council

and its NHS partner are likely to result in pressures around the future funding of the IJB. With further government funding reductions expected, tough decisions will be required to balance council budgets. These decisions must be based on a clear understanding of the current financial position and the longer-term implications of decisions on services and finances.

81. Through the implementation of its transformation programme and approval of a longer term financial framework with balanced budgets from 2016/17 to 2018/19, the council has gone a substantial way to addressing these challenges. However these plans include risks around assumptions and delivery of savings and will require robust monitoring and review to ensure they remain on track.
82. Following the vote on the United Kingdom's membership of the European Union on 23 June 2016, the United Kingdom voted to leave the EU. Due to the uncertainty which currently exists over the timing and processes involved, it is difficult to define the potential impact of leaving EU on the council's activities or finances. The council has established a response team to track the political decisions and engage advisors as appropriate going forward, and will address emerging risks as appropriate through the council's existing risk management arrangements.

Governance and transparency



83. Members and management of the council are responsible for establishing arrangements to ensure that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and for monitoring the adequacy and effectiveness of these arrangements. We concluded that the council has effective overarching and supporting governance arrangements which provide an appropriate framework for organisational decision making, although there is scope for improvement in the governance of council companies and organisations.

84. Citizens should be able to hold the council to account about the services it provides. Transparency means that citizens have access to understandable, relevant and timely information about how the council is taking decisions and how it is using its resources. Overall we concluded that the council is open and transparent.

Corporate governance

85. The council has developed and adopted a local code of corporate governance which reflects the key components as set out in the CIPFA/SOLACE Framework Corporate Governance in Local Government: A Keystone for Community Governance. The local code is subject to annual review by the Governance, Risk and Best Value Committee
86. The council assessed itself as being compliant with the requirements of the local code in all areas with the exception of risk management, where the existing risk framework is being redesigned to reflect organisational transformation. The council has also recognised the integration of health and social care will require a more effectively integrated quality assurance framework for delegated functions. A range of improvement actions have been identified across areas of the framework, and will be taken forward in line with the council transformation programme.

Internal control

87. As part of our audit we reviewed the high level controls in a number of systems fundamental to the preparation of the financial

statements. Our objective was to obtain evidence to support our opinion on the council's financial statements.

88. We reported our findings to the Governance, Risk and Best Value Committee in August 2016. No material weaknesses in the accounting and internal control systems were identified which could adversely affect the ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the financial statements. However we did amend our planned financial statements procedures to take account of some identified control weaknesses. Our findings included a number of recommendations to enhance the control system in operation.

Internal audit

89. Internal audit provides members and management of the council with independent assurance on risk management, internal control and corporate governance processes. We are required by international auditing standards to make an assessment of internal audit to determine the extent to which we can place reliance on its work. To avoid duplication, we place reliance on internal audit work where possible.
90. Our review of internal audit concluded that the internal audit service operates satisfactorily in accordance with the Public Sector Internal Audit Standards. We placed reliance on their work around the payroll financial system to support our opinion on the financial statements, as well as considering wider governance reviews in

areas such as health and social care integration, corporate property maintenance, and council wide procurement arrangements.

ICT audit

91. ICT plays a critical role in the internal control environment and underpins all of the systems used by the council. We tested the operation of the main ICT based controls within the financial systems during 2015/16 and found these could be relied on for the production of the 2015/16 financial statements.
92. In August 2015 the council awarded CGI the contract for provision ICT services. Following a transition of services in late 2015 and early 2016, the CGI contract went live on 1 April 2016. The council has reported a number of benefits from the first phase of implementation of the contract, including significantly increased network bandwidth in council schools and council offices.
93. The Delivery of ICT transformation projects commenced in August 2015, with some projects such as bulk printing, secure cheque printing and BACS service already completed. A further 12 projects will be delivered through 2016 and 2017 as part of the CGI contract, with joint governance arrangements in place involving the council, CGI and supply chain partners. Most of these projects have commenced, although officers have acknowledged that timescales for implementation of some projects, such as Enterprise Integration and Enterprise Resource Planning have slipped due to technical and resource challenges. Progress updates on the workstreams are reported regularly to management team and committee.

Arrangements for the prevention and detection of fraud

94. Overall, we concluded that the council's arrangements in relation to the prevention and detection of fraud and irregularities were satisfactory.

National Fraud Initiative in Scotland

95. The National Fraud Initiative (NFI) in Scotland brings together data from councils, police boards, fire and rescue boards, health bodies and other agencies, to identify circumstances (data matches) that might suggest the existence of fraud or error.
96. During the year we considered the council's approach to NFI and concluded their overall arrangements had improved from prior years, with timelier review and investigation of data matches across most sections and increased internal reporting of progress.

Arrangements for maintaining standards of conduct and the prevention and detection of corruption

97. The arrangements for the prevention and detection of corruption in City of Edinburgh Council are satisfactory and we are not aware of any specific issues that we need to record in this report.

Correspondence referred to the auditor by Audit Scotland

98. One of the roles of the local auditor is to follow up, where appropriate, items of correspondence received from members of the public who express concerns over council activities. During the year we received correspondence relating to the council's use of Lender Option Borrower Option (LOBO) loans. A LOBO loan is typically a long term loan where the interest rate is initially fixed but the lender has the option to propose or impose on pre-determined future dates, a new fixed interest rate. The borrower has the option to either pay the revised interest rate or to repay the loan. The council has around £240 million of these standard LOBOs within its market debt portfolio. In addition to these, it also has £40 million of inverse LOBOs, where the interest rate paid varies in relation to a specified market rate. These inverse LOBOs were taken out in 2010/11 in line with the council's treasury management strategy, to mitigate the council's exposure to potential rising interest rates.
99. In following up this correspondence we have held discussions with senior council officers and the council's treasury advisers, and reviewed supporting papers including an analysis of the LOBOs held by the council and comparable PWLB rates of interest and the council's treasury management policies and controls.
100. Based on our work we can conclude that:
- the use of LOBOs has been undertaken in line with the council's treasury management policy, which has been reviewed and approved annually by councillors

- the interest rates on the standard LOBOs were lower than the comparable PWLB rates available at the time, and the council's interest costs to date on these loans have been less than the PWLB equivalent
- the option to propose or impose a new fixed interest rate has never been exercised by the lenders
- the potential for debt restructuring is kept under regular review by the council as part of its treasury management arrangements.

101. There are no further issues we wish to raise in this report.

Transparency

102. Local residents should be able to hold the council to account for the services it provides. Transparency means that residents have access to understandable, relevant and timely information about how the council is making decisions and how it is making best use of its resources. The council demonstrates the characteristics of openness and transparency by:

- holding meetings of the council and its committees in public and ensuring papers are readily available for review on its website
- making information on its performance available to the public
- including useful information on how to access services on its website

- including details of council members and a copy of their register of interests on its website.

Freedom of Information requests

103. The total number of freedom of information (FOI) requests received by the council has been steadily increasing. There were 2,812 FOI requests received over the period April 2015 to March 2016 (2,753 in 2014/15). The council has a target of responding to FOI requests within 20 working days of receipt. Overall the council performs well in responding to requests, with 93% being closed within the 20 day deadline.

Integration of health and social care

104. The Public Bodies (Joint Working) (Scotland) Act received royal assent on 1 April 2014. The Act provides the framework for the integration of health and social care services in Scotland.

105. The Edinburgh Integration Joint Board (EIJB) was established on 27 June 2015 and the first meeting of the Board took place on 17 July 2015. The Board is supported by an Audit and Risk Committee which was established in April 2016 and meets quarterly. The EIJB has also established a performance and quality subgroup to monitor the operational delivery of integrated health and social care services. A key task for the group is the development of an effective integrated performance management framework to allow the Board to monitor progress in achieving its strategic objectives.

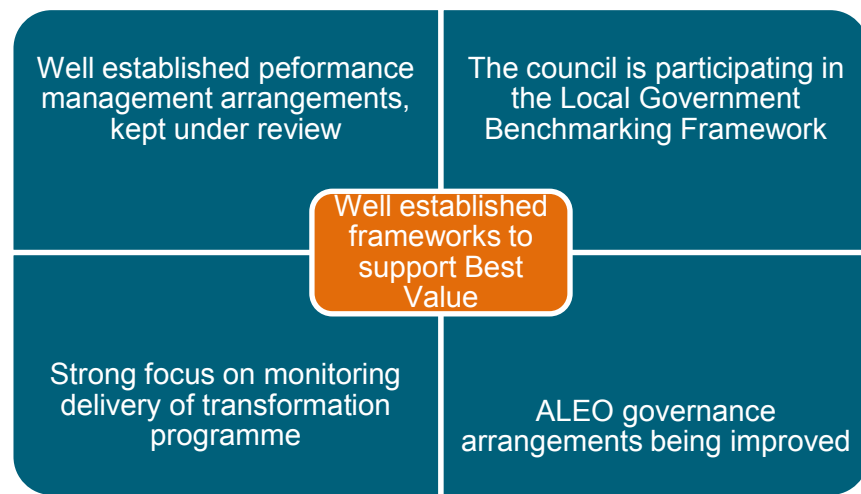
Local scrutiny plan

- 106. The 2016/17 Local Scrutiny Plan (LSP) prepared by the Local Area Network of scrutiny partners for the council was submitted to City of Edinburgh Council in March 2016.
- 107. The LSP is based on a shared risk assessment undertaken by a local area network (LAN). The LAN did not identify any specific areas from the risk assessment where scrutiny was required, other than scrutiny that was nationally directed or part of a planned programme of work.
- 108. The LSP highlights a number of areas which the council is managing effectively but over which the LAN will continue to carry out some degree of monitoring as part of normal activities. These include
 - leadership capacity and resource management during the delivery of the council's transformation programme
 - scope for improvement in housing services performance levels in relation to completion of repairs, rent arrears, and delivery of homelessness services.
- 109. We provide further comment on leadership and resource management within the Best Value section of this report. In relation to housing services, the council has assured the Scottish Housing Regulator (SHR) it has plans in place to improve these areas. SHR will continue to engage closely with the council to monitor the delivery of the improvement plan and the achievement of targets and timescales.

Outlook

- 110. Councils will continue to operate in a changing environment within continuing financial constraints. Under these circumstances councils will be obliged to consider the delivery of services by different means. Good governance will be particularly important where council resources and service delivery are devolved to third party organisations.
- 111. Partnership, joint working and arm's length organisations have become increasingly popular vehicles for planning and delivering council services and there is a sustained national focus on their use. Where council services are being delivered by third party organisations it will be crucial that the council implements robust assurance and governance arrangements to deliver best value while at the same time ensuring an appropriate level of accountability for public money. Community planning and health and social care integration will require an ongoing focus on governance and assurance to ensure that the council's priorities are being achieved.

Best Value



112. Best value is a key factor to consider when planning policies, programmes and projects and when taking any spending decisions. The council should have systems and processes to ensure that it can demonstrate that it is delivering best value by assessing and reporting on the economy, efficiency, effectiveness and equality in service provision.

Best Value audit

113. In December 2014, the Accounts Commission considered a Best Value follow-up report on the council. The report recognised the good progress the council had made in developing its approach to scrutiny and risk management, as well as highlighting improvements in a number of other key areas. However, it emphasised that the

financial challenges the council faced had increased since the original Best Value review was undertaken in May 2013, and also highlighted some concern around the council's management capacity to deliver its programme of change and improvement, and a lack of progress in developing a comprehensive workforce strategy.

114. A further follow-up report was considered by the Accounts Commission in February 2016. This subsequent report concluded that the council has made considerable progress in addressing its increasingly challenging financial position. The council agreed a four year budget framework and business plan in January 2016, setting out a balanced budget for the first three years, with £15.5 million of savings still to be identified for 2019/20. A workforce strategy was in place, supported by more detailed plans, setting out the size and shape of its future workforce needs.
115. Since publication of the report in February 2016, the council has continued to have a strong focus on delivery of its financial plans. Savings implementation plans are routinely reviewed and monitored by the Corporate Leadership Team and Capital Coalition elected members at Budget Challenge meetings. This process is used to highlight at an early stage any potential barriers to full savings delivery and, where necessary, inform the subsequent development and assessment of alternative required measures.
116. Early projections for 2016/17 show that the council is on target to deliver more than 90% of the £70 million required savings, based on actions planned or already undertaken. However proposals for the

balance of the required savings, mainly in the areas of Communities and Families and Health and Social Care, require delivery of further actions. The council continues to monitor the position closely, and develop mitigating actions to ensure delivery of a balanced budget in 2016/17.

- 117.** A key driver in the achievement of savings is the ongoing delivery of the council's transformation programme. In reshaping the future delivery model for services, the council anticipated a reduction in staff numbers of up to 2,000 posts. By September 2016, the council had implemented organisational reviews across the majority of service areas, with the remaining six areas, including health and social care, and properties and facilities management staff, due for implementation by March 2017. The council has also defined the structures for its four geographical localities. Around 700 departures have been agreed to date, delivering £29 million of the anticipated £64 million staff costs savings to be delivered through the organisational reviews. The council has made good progress to date, and remains confident of delivering the required staff savings through the organisational review process. However the remaining reviews cover significant staff numbers, which may represent a risk to the timely implementation of the remaining reviews and associated cost savings.

Appendix IV action plan point 2

- 118.** There have been widespread changes at senior manager level, with a new CEO appointed in July 2015 and none of the directors of the council's 2013 Corporate Leadership Team (CLT) still in post. This raises some risks about its capacity to implement its transformation

programme. So far, however, there had been continuity in the council's approach to reshaping its services and making the required savings. Following implementation of the organisational reviews, the council intends to have all third tier managers in post by the end of the calendar year, to ensure there is sufficient management capacity to support the new service delivery models. The council has also put in place arrangements for specialist support and training to be provided to this management tier, to build transformation leadership capacity and skills across the organisation.

Procurement

- 119.** In 2009 the Scottish Government introduced an annual evidence-based assessment, the procurement capability assessment (PCA), to monitor public bodies' adoption of good purchasing practice and as a basis for sharing best practice. The council's last reported assessment against this framework in 2014 was 76%, compared to an average score of 62% across other Scottish local authorities.
- 120.** The annual PCA was replaced by the Procurement & Commercial Improvement Programme (PCIP) which focuses on the policies and procedures driving procurement performance and the results they deliver. PCIP introduced a revised assessment methodology and new scoring and performance bands with councils being assessed every two years. The revised assessment results are not comparable with the previous PCA scores. Scotland Excel began undertaking PCIP assessments for local authorities in May 2016, and the cycle will continue until November 2016.

Collaborative working

- 121.** In September 2015, the council, along with other Lothian and South East Scotland authorities, submitted proposals to the Scottish and UK governments to secure infrastructure funding across the region. Following the Chancellor of the Exchequer's budget statement on pursuing a City Region Deal for the region, terms of reference have been agreed and signed by the partners to the deal, and negotiations are underway on the scope and timing of the Deal.
- 122.** The City Region Deal proposals are shaped around four interconnected programmes:
- innovation hubs
 - infrastructure investment
 - a regional housing programme
 - culture and tourism investment.
- 123.** The proposals currently amount to around £2 billion of investment, with the potential to lever in £5 billion of private sector monies. Local authorities will be required to fund a proportion of the deal, with the council's contribution being approximately £100 million, depending on the final projects approved for inclusion.
- 124.** City Region leaders have agreed to establish a Joint Committee to oversee the City Region Programme. This will include representation from the local authorities, and from the university and business sectors.

Following the public pound

- 125.** Local authorities have a statutory responsibility to comply with the Accounts Commission/COSLA Code of Guidance on funding external bodies and following the public pound. This code is based on the premise that public money should be used properly and that Best Value is being secured.
- 126.** The council uses a number of companies to deliver designated services. Whilst the company takes on responsibility for the delivery of the service, the council retains responsibility for ensuring the proper use of public funds.
- 127.** Following a review of companies in 2012, the council agreed a range of proposals for the governance of its companies. As part of its audit plan for 2015/16, internal audit undertook a review of the design and effectiveness of the governance and control arrangements in place.
- 128.** Internal audit's report identified a number of issues including:
- the independence of elected members on company boards, and the potential for conflicts of interest
 - consistency and effectiveness of reporting and scrutiny council committees
 - inconsistencies in the approach and level of scrutiny by council observers
 - scope to strengthen the annual assurance process.

129. A number of recommendations for improving existing arrangements were made, including the creation of a council companies' hub to ensure consistency of approach and provide council wide oversight of companies. This would also define a new role for council observers, providing standard guidance and a recommended escalation process. In addition, it was agreed that the council's Governance, Risk and Best Value Committee will take on a regular monitoring and scrutiny role. This aimed to mitigate conflicts of interest and provide independent scrutiny of the companies' accounts and performance. Governance and internal audit staff have started a review of the annual assurance process to ensure improvements are implemented in time for the launch of the 2016/17 assessment exercise in February 2017.

Performance management

130. The council has a well developed performance framework that links its business plan to the political outcomes set out in the Capital Coalition Pledges, as well as to the partnership and operational outcomes within the strategic Community Plan and the 4 multi agency Locality Improvement Plans.

131. Performance is monitored on a monthly basis at Corporate Leadership Team and service level management teams, with six monthly reporting of performance to elected members through consideration by Council and executive committees. Six monthly monitoring and reporting is also taken to the Edinburgh Partnership Board on community plan outcomes, and to Council on progress against Capital Coalition Pledges.

132. Alongside these regular performance monitoring reports, a further report was presented to the Council in June 2016 providing a strategic overview of performance. This report draws from a wider range of sources, including the council performance dashboard, workforce management reports, financial performance reports, and external reports such as the Edinburgh Partnership Annual Performance report. This report identifies a number of specific areas that require a focus for improvement, and also common themes through these. Going forward, the council intends to develop the existing framework to incorporate routine reporting of some of these identified areas for improvement.

133. The council continues to participate in the Local Government Benchmarking Framework (LGBF) which brings together performance indicators for a range of services as well as service costs and customer satisfaction.

Overview of performance targets in 2015/16

134. The council assesses achievement of its high level commitments through a set of 53 Capital Coalition pledges. Achievement of these pledges is linked to a range of detailed dashboard and operational performance indicators.

135. The most recent progress report highlighted that as at April 2016, 51 pledges were either achieved or on track for delivery (43 at April 2015). Two pledges – prioritising keeping the streets clean and attractive and investigating the possible introduction of low emission zones –were identified as areas where further work was required.

136. Although the council is on target to deliver on the coalition pledges, as noted earlier a focus for improvement has been identified across a number of themes, including addressing geographical inequalities in health and education outcomes and customer and citizen experiences. Specific actions will be developed and monitored as part of the Corporate Leadership Team and service level management team reviews of performance.

Statutory performance indicators (SPIs)

137. The Accounts Commission places great emphasis on councils' responsibility for public performance reporting. The Commission does not prescribe how councils should report but expects councils to provide citizens with fair, balanced and engaging performance information reporting.
138. For 2015/16 three (SPIs) were prescribed:
- SPI 1: covering a range of information relating to areas of corporate management such as employees, assets and equalities and diversity
 - SPI 2: covering a range of information relating to service performance
 - SPI 3: relates to the reporting of performance information as required by the Local Government Benchmarking Framework.
139. Overall we concluded that the council's arrangements for publication were satisfactory.

Local performance audit work

140. In November 2013, Audit Scotland published a report entitled *Scotland's public sector workforce*. The aim of the report was to assess if public bodies, including councils, are managing their workforces effectively.
141. Audit Scotland asked external auditors across the public sector to undertake follow-up audit work on the 2013 report. A standard questionnaire based on the report's findings was issued to external auditors to complete.
142. Our follow-up audit highlighted that the council has clear objectives around workforce change as part of its transformation programme, and has adopted good practice in the development of its organisation wide workforce plan. As the organisational reviews were ongoing at the time of our audit work, we were unable to make an assessment of service level workforce plans.

National performance audit reports

143. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2015/16, a number of reports were issued which are of direct interest to the council. These are outlined in [appendix III](#). The council has processes in place to ensure that all national reports and their impact on the council are considered by members.

Equalities

144. The Equality Act 2010 introduced a new public sector 'general duty' which encourages equality to be mainstreamed into public bodies' core work. The Act requires that by no later than 30 April 2015 and every two years thereafter, public bodies must publish a report on the progress made to achieve the quality of outcomes it has set.
145. The council's progress report on its frameworks for advancing equality and rights, and tackling poverty and inequality, was published on its website in April 2015, and considered by the Communities and Neighbourhoods Committee in May 2015. Equalities outcomes indicators are reported regularly through performance reviews of the council's business plan, as well as the current community plan. In addition, the council presented an update report on tackling poverty and inequality, and advancing equality and rights, to the Communities and Neighbourhoods Committee in May 2016.

Outlook

146. In common with other councils, City of Edinburgh faces the key challenges of reducing budgets, an ageing population with higher levels of need and the public expectation of high quality services. The council is going through a transformation programme aimed at redesigning services to be more efficient and focused on community needs, whilst delivering the financial savings required in the coming years. The council has made substantial progress to date, and remains confident of delivering the required staff savings through

the organisational review process. However, as choices on how to address funding gaps become increasingly difficult, councils will have to focus on making the very best use of all available resources and to challenge existing ways of doing things. A strong and effective performance management framework will be critical to the success of the council achieving its key priorities and achieving best value.

Appendix I: Significant audit risks

The table below sets out the financial statement audit risks we identified during the course of the audit and how we addressed each risk in arriving at our opinion on the financial statements.

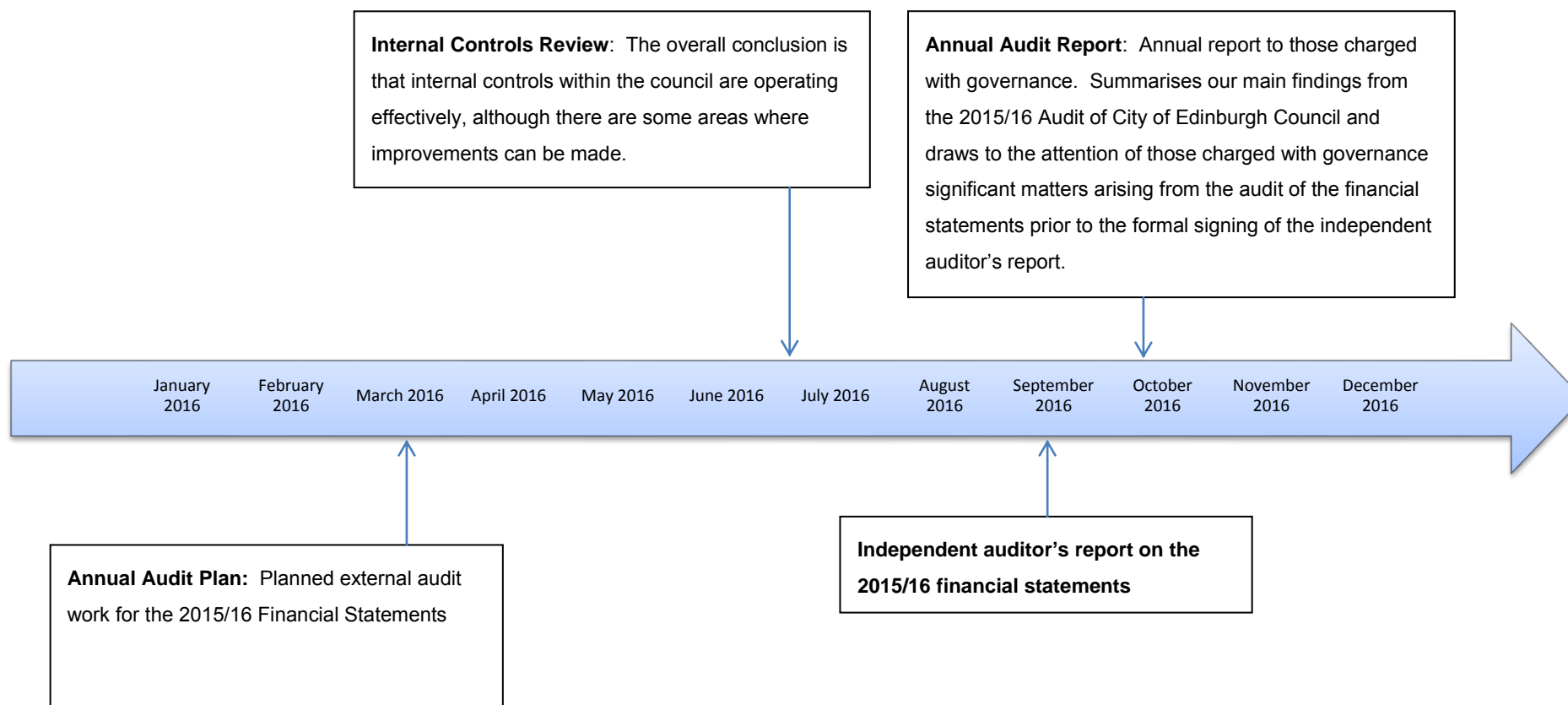
Audit Risk	Assurance procedure	Results and conclusions
Risk of material misstatement		
<p>Income</p> <p>The Council receives a significant amount of income in addition to Scottish Government funding.</p> <p>The extent and complexity of income means there is an inherent risk of fraud in accordance with ISA240.</p>	<ul style="list-style-type: none"> • Robust income generation and cash handling processes, including separation of duties • Independent monitoring of suspense codes - including bank reconciliations • Budgetary control processes - reported monthly to Corporate Leadership Team (CLT) and departmental budget holders • Authorisation processes for transactions within the ledger - e.g. journals & creditor requests 	<p>We reviewed control arrangements and undertook detailed testing of income streams. No frauds were identified.</p>
<p>Management override of controls</p> <p>ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk of management override of controls in order to change the</p>	<ul style="list-style-type: none"> • N/A 	<p>We undertook detailed testing of journal entries, accruals and prepayments. We also reviewed accounting estimates and transactions for appropriateness.</p> <p>We did not identify any incidents of management override of controls.</p>

Audit Risk	Assurance procedure	Results and conclusions
position disclosed in the financial statements.		
<p>Estimation and judgement</p> <p>The financial statements of City of Edinburgh Council include valuations which rely on significant assumptions and estimates.</p> <p>The extent of subjectivity in the measurement and valuation of these balances represents a risk of material misstatement</p>	<ul style="list-style-type: none"> Accounting assumptions such as provisions are based upon the most up to date and complete information with their inclusion being presented in accordance with required Accounting Codes of Practice Accounting assumptions based on the professional advice of qualified staff such as RICS or the Council's Legal Team 	<p>We reviewed the standing of the professional valuer in accordance with ISA 500 and undertook detailed testing of key valuations within the accounts.</p> <p>No material misstatements were identified.</p>
<p>Significant trading organisations (STOs)</p> <p>In our 2014/15 independent auditor's report we drew attention to the fact that the Council's significant trading operation, Edinburgh Catering Services – Other Catering, failed to break even, on a cumulative basis, over the three year period ending 31 March 2015. There is a risk that the action plan implemented by the Council may not result in the STO consistently achieving the requirements of section 10 of the Local Government in Scotland Act 2003.</p>	<ul style="list-style-type: none"> Implementation of revised facilities management delivery model approved by Council in November 2015 Ongoing financial monitoring and reporting to committee STO business plan 	<p>We reviewed reports to committee on the financial position of the STO and the planned action to address the deficit. We tested income and expenditure streams as part of our wider testing strategy. No material misstatements were identified.</p>
<p>Statutory repairs</p> <p>Although the billing process is now largely complete, the delays to date mean that the</p>	<ul style="list-style-type: none"> Update reports to committees on progress of billing, collection (including bad debts) and complaints resolution 	<p>We reviewed update reports to committee on legacy statutory repairs issues. We considered the adequacy of the statutory</p>

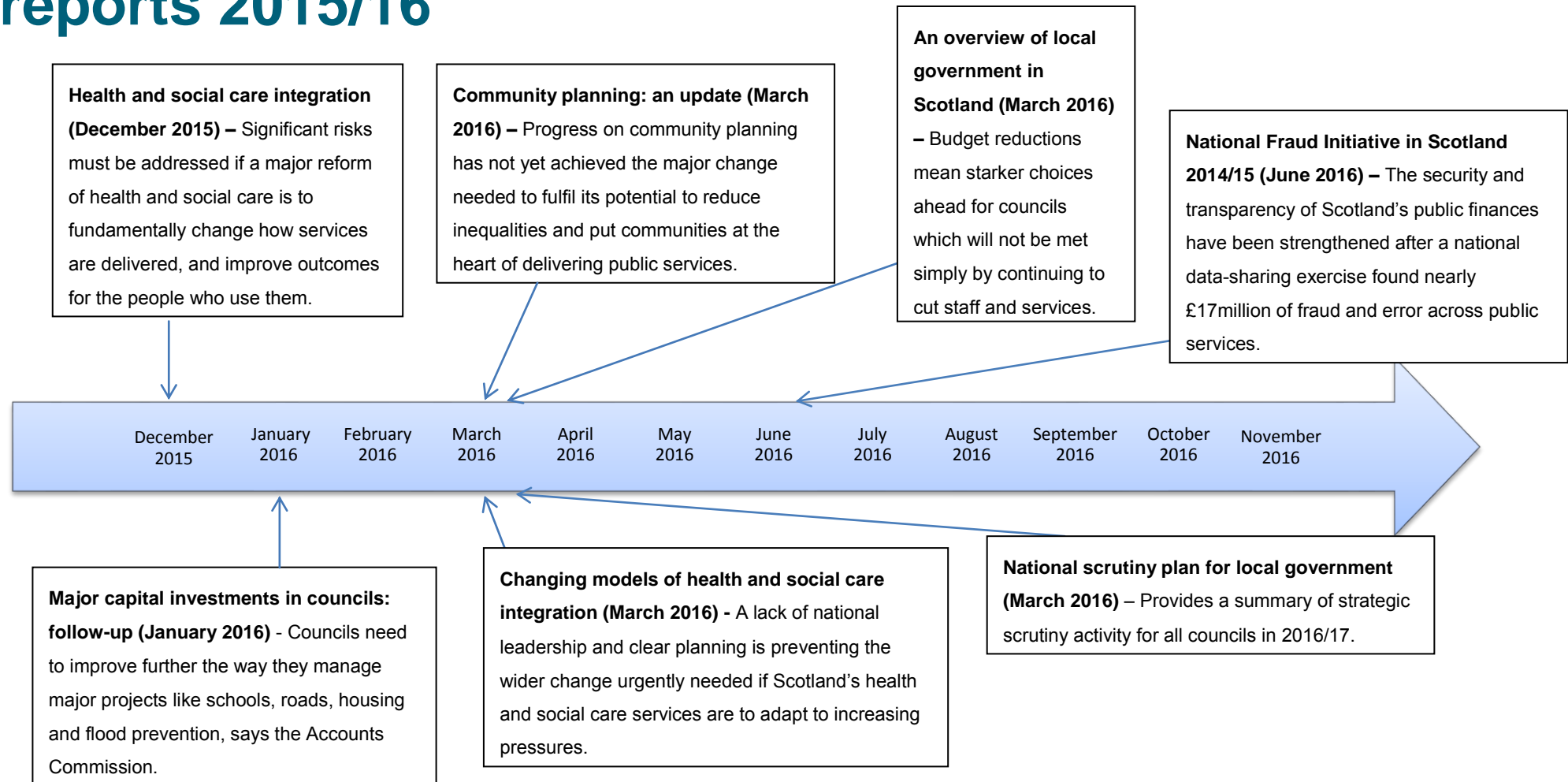
Audit Risk	Assurance procedure	Results and conclusions
debt has aged further, increasing the risk of non-recovery.		repairs bad debt provision, and assumptions made around collectability, as part of our financial statements audit work on bad debt provisions. We concluded that the year end provision for bad debt relating to statutory repairs was appropriate.
Integration Joint Board (IJB) The Edinburgh IJB was established in June 2015 and became operational from 1 April 2016. There is a risk that the Council does not include appropriate disclosures in relation to the IJB within the Council's 2015/16 single entity and group financial statements.	<ul style="list-style-type: none"> • The Council will ensure that the IJB is appropriately disclosed in the single entity and group accounts in line with the 2015/16 Code • Available guidance from CIPFA and Audit Scotland will be considered prior to finalising the disclosures 	We reviewed the council's judgements around its group boundary, and the IJB disclosures included in the financial statements against the Code of Practice and issued guidance. We concluded that the disclosures made within the financial statements were appropriate.
Risks identified from the auditor's wider responsibility under the Code of Audit Practice		
Financial position The Council has approved a four year financial framework and business plan, with a balanced budget for the first 3 financial years. However there are a number of risks to delivery of this balanced budget, including the underlying assumptions within the framework and the achievement of anticipated savings through the	<ul style="list-style-type: none"> • Bi-monthly reporting of progress on the transformation programme to Finance and Resources Committee, incorporating progress reports on actual savings delivered for each workstream. Progress in the development of delivery plans to support all budget framework savings was assessed by the Corporate Leadership Team both prior to and following the approved budget motion, 	We reviewed the ongoing reporting of the council's financial position to members, including achievement of savings plans, and considered the longer term financial planning framework including the reasonableness of assumptions made. We concluded that the council has robust arrangements for monitoring the delivery of

Audit Risk	Assurance procedure	Results and conclusions
transformation programme.	<p>with a particular emphasis on identifying where further actions were required</p> <ul style="list-style-type: none"> • The Long Term Financial Plan assumptions are subject to quarterly review and reporting to the Corporate Leadership Team and elected members 	savings plans and continues to demonstrate good progress in delivering the required savings.
<p>Workforce Planning</p> <p>While the Council is making progress in delivering the workforce reductions set out in its strategy and plans, there remain risks around the delivery of the planned reductions and associated financial savings, and the related impact on service delivery and the achievement of the Council's objectives.</p>	<ul style="list-style-type: none"> • Bi-monthly reporting on transformation programme progress to the Finance and Resources Committee, incorporating the workforce workstream • Service performance monitoring is reported on a monthly basis to the Corporate Leadership Team, which serves as an early warning on performance issues 	We reviewed ongoing transformation programme and workforce management reporting to committee, including the costs and savings delivered through the early release scheme. We considered the current performance framework and concluded the performance reporting arrangements support the early identification of service performance issues.

Appendix II: Summary of local audit reports 2015/16



Appendix III: Summary of Audit Scotland national reports 2015/16



Appendix IV: Action plan

No. AS ref.	Paragraph ref.	Issue/risk/Recommendation	Management action/response	Responsible officer / Target date
1.	63	<p>Long term financial planning assumptions</p> <p>The council has continued to make progress towards addressing the longer term financial challenge through its long term financial strategy and associated savings plans. However the strategy is based upon a number of assumptions which are subject to a degree of uncertainty and change.</p> <p>Recommendation</p> <p>The council should regularly review the assumptions used in its long term financial strategy.</p>	<p>The income and expenditure assumptions within the Council's long-term financial plan continue to be subject to regular review and reporting to elected members, with the most recent such update considered by the Finance and Resources Committee on 29 September 2016.</p> <p>Planning and subsequent delivery of all approved savings is also subject to on-going review and consideration by both the Corporate Leadership Team and the Finance and Resources Committee.</p>	<p>Acting Executive Director of Resources</p> <p>On-going</p>

No. AS ref.	Paragraph ref.	Issue/risk/Recommendation	Management action/response	Responsible officer / Target date
2.	118	<p>Delivery of planned savings</p> <p>The council has made good progress in delivering its planned savings to date, and remains confident of delivering the required staff savings through the organisational review process. However the remaining reviews cover significant staff numbers, which may represent a risk to the timely implementation of the remaining reviews and associated cost savings.</p> <p>Recommendation</p> <p>The council should ensure that its progress towards delivery of planned savings continues to be subject to close monitoring and scrutiny.</p>	<p>As noted above, arrangements to monitor the development and subsequent delivery of all savings are now well-established, with regular scrutiny by both senior officers and elected members in place. This scrutiny will continue to place particular emphasis on identifying potential barriers to delivery and, where appropriate, the development of mitigating and/or alternative actions.</p>	<p>Acting Executive Director of Resources</p> <p>On-going</p>

Finance and Resources Committee

10.00am, Thursday, 1 December 2016

Contracts Awarded Under Delegated Authority (Waiver Reports) and Contract Waiver Management Update

Item number	7.7
Report number	
Executive/routine	
Wards	All

Executive Summary

This report updates the Finance and Resources Committee on the contracts awarded between 1 July 2016 and 30 September 2016. It sets out those contracts awarded following a waiver of the Council's Contract Standing Orders (CSOs), those awards exempt from waiver and the contracts awarded with a value below the threshold requiring Committee approval. The table below provides a summary.

Value of contracts awarded between 1 July 2016 and 30 September 2016		£377.7m
Value of contracts let below the threshold requiring committee approval		£10.3m
Value of contracts let following a waiver of the CSOs	Under delegated authority	£1.0m
	With Committee approval	£3.2m
Value of direct contract awards exempt from waiver		£3.3m

This report also provides an update on the report Contract and Waiver Management: Update, considered by the Finance and Resources Committee on 18 August 2016 and, in particular the areas identified in Appendix 1 of that report where further action by services was required to ensure suitable contracts are put in place for continuity of provision and/or compliance with the Council's Contract Standing Orders.

Contracts Awarded Under Delegated Authority (Waiver Reports) and Contract Waiver Management Update

1. Recommendations

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

2. Background

- 2.1 Commercial and Procurement Services (CPS) is responsible for:
- Supporting service areas in procuring goods, works and services (with a focus on contracts of a value of £25,000); and
 - Providing governance, process and oversight for contracting and purchasing (including the Contract Standing Orders (CSOs)).
- 2.2 This includes working with services in relation to:
- Overall £532.5m of third party spend across the Council during 2015/16;
 - 2,410 live contracts on the Contracts Register;
 - 11,449 suppliers, 1,316 requisitioners and 636 approvers on the Oracle system; and
 - Moving to a new procurement system within the Council's new IT infrastructure.

Waiver and contract reporting

- 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). CPS 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 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.
- 2.4 The 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 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.
- 2.6 The Committee has expressed concerns about the number of contracts being awarded through a waiver of CSOs, and CPS has been asked to report regularly on progress to reduce the number of waivers.
- 2.7 CPS does this by reporting quarterly to the 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 further reports in January 2016, focussing on waivers over a value of £100,000, and in August 2016, identifying areas where further action by services was required.

3. Main report

- 3.1 A summary of all contracts awarded under waiver arrangements for the period (both under delegated authority and through committee approval) from 1 July 2016 to 30 September 2016 is provided in Table 1 below. Further information on these waivers is detailed in Appendices 1 and 2. It should be noted that both the number and value of waivers approved under delegated authority (22 / £1.04m) is substantially reduced compared with the previous quarter (90 / £3.59m)

Table 1 Contracts awarded under the Waiver of Standing Orders

Directorate	Total Waiver Value under Delegated Authority 1 July – 30 September 2016	Total Waiver Value by Committee Approval 1 July- 30 September 2016
Chief Executive	£0.45m	n/a
City Strategy and Economy	£0.02m	n/a
Communities and Families	£0.07m	£1.16m
Cross-Directorate	n/a	n/a
Health and Social Care	£0.02m	£0.47m
Place	£0.14m	£0.15m
Resources	£0.34m	n/a
Safer and Stronger Communities	n/a	£1.44m
	£1.04m	£3.22m

- 3.2 The figures shown in Table 1 and Appendices 1 and 2 reflect the total financial value requested to be waived for the contracts in question. In a number of cases the actual spend will be less than this value.
- 3.3 CPS will continue to monitor and challenge submitted waivers to ensure continuing compliance with the CSOs. The Waivers and Contract Register provide a required visibility of spend enabling CPS to highlight to directorates where plans for procurement require to be put in place without delay.
- 3.4 The revised CSOs identify a number of circumstances in which a direct award is permissible without requiring a waiver. These are all reviewed closely by CPS. Direct awards made without a waiver amounted to £3.27m between 1 July and 30 September 2016 and are detailed in Appendix 3.
- 3.5 The CSOs state that contracts in excess of £1m for supplies and services and £2m for works require approval from the Committee before award.
- 3.6 Contracts under the Committee thresholds to the value of £10.2m have been awarded in the period 1 July 2016 to 30 September 2016, and are detailed under Appendix 4. Given their de minimis value, contracts under the value of £25,000 have not been listed in the Appendix. There are a total of 12 contracts awarded with a value of less than £25,000 which account for £94,029 in total
- 3.7 Those areas identified in the report Contract and Waiver Management: Update, considered by the Finance and Resources Committee on 18 August 2016, where further action by services was required to ensure suitable contracts be put in place for continuity of provision and/or compliance with the Council's Contract Standing Orders are set out in Appendix 5, together with an update on the agreed actions.

4. 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

5. 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.

6. 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.

7. Equalities impact

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

8. Sustainability impact

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

9. 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.

10. Background reading/external references

- 10.1 [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)
- 10.2 [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)
- 10.3 [http://www.edinburgh.gov.uk/download/meetings/id/51457/item_716 - contract waivers management](http://www.edinburgh.gov.uk/download/meetings/id/51457/item_716_-_contract_waivers_management)

Hugh Dunn

Acting Executive Director of Resources

Tammy Gillies, Acting Chief Procurement Officer

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11. Links

Coalition pledges	P30: Continue to maintain a sound financial position including long term financial planning
Council outcomes	CO25: The Council has efficient and effective services that deliver objectives
Single Outcome Agreement	
Appendices	Appendix 1 – Contracts Awards under waiver of CSOs by Delegated Authority Appendix 2 – Contracts Awards under waiver of CSOs by Committee approval Appendix 3 – Contracts awarded directly without the requirement for a waiver Appendix 4 - Contract Awards below Committee Thresholds Appendix 5 – Progress update on areas reported to Finance and Resources Committee on 18 August 2016

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

The following relate to the period 1 July 2016 to 30 September 2016.

Waiver No.	Directorate	Chief Executive	
	Supplier	Justification for waiver	Value
812	Lava Consultancy Limited	Extension of support for the Council Transformation Programme prior to permanent Transformation Senior Manager commencing in post	£45,000
818	Parity Professionals Limited	To cover the temporary recruitment of a project support officer for the transformation programme. Adecco were given the opportunity to fill the role but failed to provide any suitable candidates within a reasonable time frame	£19,000
819	Hudson Global Resources Ltd	To allow for temporary recruitment of Transformation Project Managers who will be undertaking work on the Council's transformation programme	£185,000
820	Hudson Global Resources Ltd	To allow for temporary recruitment of Transformation Project Managers within the Transformation and Business Change Team	£85,000
824	John Cole	To undertake the independent inquiry into matters relating to the closure of Edinburgh schools following on from the wall collapse at Oxbgangs Primary	£110,000
831	Delib Limited	To provide the software required to support the 2050 Edinburgh City Vision consultation. Extending the use of Dialogue to support the 2050 City Vision consultation requires an additional Dialogue Instance	£4,496
			£448,496

Waiver No.	Directorate	City Strategy and Economy	
	Supplier	Justification for waiver	Value
823	Studioarc Design Consultants Ltd	To redevelop the main gallery of the Museum of Childhood and highlight the museum's internationally significant collection. Scottish Government grants of £100,000 have been secured	£18,750
			£18,750

Waiver No.	Directorate	Communities and Families	
	Supplier	Justification for waiver	Value
807	Sportsmasters UK Ltd	To complete drainage work on pitches adjacent to Dean Park Primary School. The funds for the work will be provided from Dean Park Primary School PTA and the PTA Committee has agreed to the use of the funds for this purpose	£23,570
825	Riley Dunn & Wilson Ltd	To continue to bind library materials of historic and heritage value to achieve the required quality	£7,000
830	My Adventure	To support the delivery of curricular activities to vulnerable	£37,859

		learners at secondary schools in East Edinburgh while a single strategic procurement framework for children and young people with additional support needs aged 0-18 years is co-produced	
			£68,429

Waiver No.	Directorate	Health and Social Care	
	Supplier	Justification for waiver	Value
809	Airts Consulting Limited	Airts Consulting Limited is an IT company who entered a CEC apps competition and won. The prize for winning was to be introduced to a council department who would benefit from a scheduling system. Community Equipment Service (CES) worked with Airts to develop this system (TEND). It has the potential to reduce lead times from 6-8 weeks to 10-15 days	£19,200
			£19,200

Waiver No.	Directorate	Place	
	Supplier	Justification for waiver	Value
810	Mogo UK	To allow "as-is" operation for the purchase of taxi plates until the creation of a new contract to supersede the arrangements that have been inherited with the transfer of the management of the Taxi Examination centre from Police Scotland to the Council	£75,000
814	Love to Ride Ltd	To provide a "Cycle Challenge" funded by the Smarter Choices, Smarter Places Transport Scotland Grant. Love to Ride Ltd is the only known provider of a national Cycle Challenge	£23,000
815	Principal People t/a	To cover the recruitment of a Health, Safety and Training Officer to support the service carrying out repairs and capital programme works to Council housing. Three recruitment campaigns have failed to attract the specialist skills required for this role	£5,000
817	Gemco Service Limited	To cover the annual maintenance agreement and repair of essential testing equipment on Fleet Services Authorised MOT/Plating Testing lane	£4,459
826	Zenith Property Conservation Ltd	To cover emergency works following a rock fall adjacent to Queensferry Road	£35,000
			£142,459

Waiver No.	Directorate	Resources	
	Supplier	Justification for waiver	Value
808	Michael Page International Recruitment Ltd	To cover the recruitment of specialist procurement staff to support the Council's Commercial Excellence Programme	£20,199
811	James Barr Ltd	To extend the existing contract for business rates services	£15,000

		awarded in September 2010 from 1st March 2015 to 31st March 2017	
813	Principal People t/a	To cover the recruitment of specialist health and safety staff	£20,000
821	Hudson Global Resources Ltd	To allow for temporary recruitment of 2 Project Managers for Asset Management to provide additional resource for the development and roll out of estates optimisation business cases in line with the agreed asset management strategy	£110,000
827	Hudson Global Resources Ltd	To cover the recruitment of specialist procurement staff to support the Council's Commercial Excellence Programme	£24,000
828	Loch Phillips LLP	Legal adviser to the independent inquiry into matters relating to the closure of Edinburgh schools following on from the wall collapse at Oxbgangs Primary	£150,000
			£339,199

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

The following relate to the period 1 July 2016 to 30 September 2016.

F&R Ref	Directorate	Communities and Families	
	Supplier	Justification for waiver	Value
7.22 18 Aug	Various	To award temporary contracts to a number of transport operators for the provision of emergency school transport to alternative premises following the closure of PPP schools	£1,160,165
			£1,160,165

F&R Ref	Directorate	Health and Social Care	
	Supplier	Justification for waiver	Value
7.6 8 Sept	Partners in Advocacy Advocard	To further extend the existing contracts for Independent Advocacy Services from 1 December 2016 to 30 June 2017; in order to allow more time for the completion of the procurement process and in particular consultation and engagement with service users and providers	£472,208
			£472,208

F&R Ref	Directorate	Place	
	Supplier	Justification for waiver	Value
7.11 29 Sept	Edinburgh Tenants Federation Neighbourhood Alliance	To extend funding arrangements for a tenant participation and engagement service for six months while further consultation takes place on the scope of the independent tenant representative function	£154,147
			£154,147

F&R Ref	Directorate	Safer and Stronger Communities	
	Supplier	Justification for waiver	Value
7.18 18 Aug	Various	To allow a six month extension to June 2017 to allow partner agencies more time to feed into a coproduction process for homelessness prevention - advice and support services	£1,288,302
		To transfer two contracts for housing support to two alternative providers up to March 2018 following the decision of the current provider to withdraw from contract	£156,066
			£1,444,368

Appendix 3 – Contracts awarded directly without the requirement for a Waiver

The following relate to the period 1 July 2016 to 30 September 2016.

Waiver Exempt No.	Directorate	City Strategy and Economy	
	Supplier	Justification for direct award without a waiver	Value
7	City A.M.	To provide an advertising package specifically tailored to meet the audience of City A.M., promoting an Invest Edinburgh message to London and internationally	£18,000
19	Ingleby Gallery	To purchase the painting "Moon" by Alison Watt. The Jean F. Watson Bequest Committee held on 29 April 2016 approved the purchase of the painting. Funding for this acquisition was obtained as follows: £14,000 from Jean F. Watson Bequest Funds; £5,000 from the Friends of the City Art Centre and Museums; £9,500 from the National Fund for Acquisitions; and £9,500 from the Art Fund	£38,000
24	Toptix UK Ltd	To cover support and maintenance for the Usher Hall's ticketing system. The Usher Hall uses the ticketing software SRO4 provided by Toptix UK Ltd. Support and maintenance can only be provided by Toptix UK Ltd due to the proprietary nature of the software	£9,624
			£65,624

Waiver Exempt No.	Directorate	Communities and Families	
	Supplier	Justification for direct award without a waiver	Value
10	The Reading Agency	To provide promotional materials for the national Summer Reading Challenge. The Reading Agency is the intellectual property owner for the Summer Reading Challenge and associated promotional materials	£8,360
11	Medway Council	To cover fees in relation to a child placed with adopters via Medway Council	£36,891
13	SEEMIS	To provide for the continued use of SEEMIS, a system used by all 32 Scottish Councils to record pupil attainment and attendance. SEEMIS is a limited liability partnership wholly owned and managed by the 32 Scottish Councils. Following a change in relationship between SEEMIS and the Council following the implementation of the Council's new ICT contract, SEEMIS contracts directly with the Council rather than with the ICT supplier	£2,800,000
14	Sibcas Limited	To continue to provide a temporary classroom unit at St Crispin's School. This particular unit is required at St Crispin's School to accommodate pupils who cannot be safely accommodated in a traditional classroom setting. The unit has been in place for 3 years and is likely to be required for up to 3 more years	£15,000

22	Various	To cover an extension to the Council's contracts for eBooks, eMagazines, eAudio and eMusic to allow a tender, being led by Aberdeenshire Council to be concluded	£16,289
23	Armadilla Ltd	To provide an eco-pod for the pupils of Kaimes School, many of whom have a diagnosis of autism. Armadilla Ltd was selected due to its work with the National Autism Society. The cost will largely be met from charitable donations which have already been secured	£25,260
			£2,901,800

Waiver Exempt No.	Directorate	Health and Social Care	
	Supplier	Justification for direct award without a waiver	Value
20	StudioLR	To develop an innovative approach to signage to assist people with dementia to find their way around. Studio LR has been working with Stirling and Edinburgh Universities to develop the approach. This contract is to pilot the approach in the new residential care home at Royston	£24,765
			£24,765

Waiver Exempt No.	Directorate	Place	
	Supplier	Justification for direct award without a waiver	Value
8	Dynniq UK Ltd East Renfrewshire Council	To remove, refurbish and install equipment to control traffic signals purchased from East Renfrewshire Council	£19,802
9	East Renfrewshire Council	To purchase equipment to control traffic signals from East Renfrewshire Council. The overall purchase cost is 50% lower in comparison with purchasing new units	£17,500
12	CH2M	Following the publication of an examination report on the Local Development Plan, changes have been made to the proposed housing sites and this requires an update of the original Transport Appraisal prepared by CH2M	£5,000
15	CAMEO (Crematoria Abatement of Mercury Emissions Organisation)	To cover mercury abatement "burden" payments. CAMEO is a non-profit making organisation whose purpose is to help its members meet their statutory requirements with regard to mercury abatement. The cost of investment in mercury abatement equipment is pooled, with those members who achieve high levels of mercury abatement receiving an income stream and those with no or low levels of mercury abatement making a "burden" payment. The Council was required to make payments to CAMEO for 1,053 cremations at a cost of £52 each	£54,756
18	ISS Facility Services Ltd	To cover a 38 day extension to the Council's stair cleaning contract while the replacement contract is concluded	£105,000
21	WYG	Final payment in relation to bus tracker survey work that WYG has undertaken for the Council since 2011	£6,350
25	Queensferry Ambition BID	To support the Queensferry Ambition BID's Mobility Week project. The Queensferry Ambition BID has secured	£4,250

		£10,000 from Business Improvement Districts Scotland (BIDS) for its Mobility Week project which aims to encourage the use of sustainable travel options	
			£212,658

Waiver Exempt No.	Directorate	Resources	
	Supplier	Justification for direct award without a waiver	Value
16	Sarah Gerrish Conservation	To undertake telescope conservation works at the Observatory, Calton Hill. Funding has been secured from The Collective Gallery. Sarah Gerrish is the only accredited conservator working in Scotland in this specialist field	£35,000
			£35,000

Waiver Exempt No.	Directorate	Safer and Stronger Communities	
	Supplier	Justification for direct award without a waiver	Value
17	Doree Bonner International	To cover a 15 day extension to the Council's furniture removal and storage contract while the replacement contract was concluded	£33,460
			£33,460

Appendix 4 – Goods and service Contracts awarded with a value over £25,000 and below the committee approval thresholds of the CSOs

The following relate to the period 1 July 2016 to 30 September 2016.

Date	Directorate	Chief Executive	Value
	Supplier	Contract Description	
3/8/2016	Progressive Partnership Limited	Edinburgh people survey 2016	£55,995
			£55,595

Date	Directorate	Communities and Families	Value
	Supplier	Contract Description	
20/07/2016	Place2Be	Integrated counselling services in schools	£210,000
19/08/2016	Denby Catering Equipment	Servery equipment for Boroughmuir High School	£52,000
05/09/2016	The Action Group	Service provides advice and peer support to black and ethnic minority families with children and young people who have a learning disability and/or significant disability	£50,875
			£312,875

Date	Directorate	Health and Social Care	Value
	Supplier	Contract Description	
05/08/2016	JLA Total Care Ltd	Rental of laundry equipment for the new Royston Care Home	£55,740
05/08/2016	Places For People Scotland Care & Support	Community Connecting service for people aged 50 and over across the four localities of the City of Edinburgh Council	£707,132
			£762,872

Date	Directorate	Place	Value
	Supplier	Contract Description	
02/08/2016	Met Office	Weather forecasting and bureau services, for a period of 3 years with an optional 2 years' extension	£109,418
12/07/2016	Sweco UK Limited	Consultancy services to design 8 paths for walking	£95,000
14/07/2016	Atkins Limited	Provision of technical advisor services for Edinburgh tram extension	£449,710
29/07/2016	Greasemonkey Cycles	Child and adult pool bikes for schools	£30,633
01/08/2016	Lothian Buses PLC	Supported bus service; route 18	£587,600
01/09/2016	Scotbark	Supply and spread of woodchip for City of Edinburgh play areas	£107,000
02/08/2016	W T Thomson & Son Ltd	Grade concrete wet floor showers - city wide – back up sub contractor	£50,000
03/08/2016	WSP	Traffic junction review services	£39,676
05/08/2016	Sweco UK Limited	Provision of workplace travel planning services utilising the Scottish Government's Smarter Choices Smarter Places (SCSP) scheme	£95,000
15/09/2016	Response Building Maintenance	Blacksmiths - city wide – back up sub contractor	£50,000
13/09/2016	Response Building Maintenance	Windows and doors back up sub contractor	£50,000
			£1,664,037

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

The following relate to the period 1 July 2016 to 30 September 2016.

Date	Directorate	Communities and Families	Value
	Supplier	Contract Description	
01/09/2016	Ecosse Sports Ltd	Refurbishment of an artificial pitch and tennis court extension - South Queensferry community hub	£208,229
			£208,229

Date	Directorate	Place	
	Supplier	Contract Description	Value
01/07/2016	Hy Spec Services Ltd	Provision of paint inspector Cramond New, Ford's Road and Harrison Road Bridges	£27,753
13/07/2016	Ecosse Sports Ltd	Upgrade of Balerno 2G Pitch	£69,873
02/08/2016	Framework – multiple suppliers	Housing Asset Management framework lot 1 : smoke detector replacement and associated work	£290,381
24/08/2016	Environmental Scientifics Group Limited	Edinburgh Local RAUC: Coring Contract	£161,975
23/09/2016	McGill Electrical Limited	Housing Asset Management framework lot 5; kitchen and bathroom upgrade Loganlea area	£1,369,458
23/09/2016	McGill Electrical Limited	Housing Asset Management framework lot 5: kitchen and bathroom upgrade, North West area	£1,399,562
			£3,319,002

Date	Directorate	Resources	
	Supplier	Contract Description	Value
11/07/2016	ABB	Electric vehicle charging infrastructure	£54,237
09/08/2016	Kier Construction	Mortonhall Crematorium - external & internal refurbishments	£1,395,893
29/08/2016	James Breck Ltd	Leith Primary School - masonry and roof repairs	£319,806
22/08/2016	Turner & Townsend Infrastructure	Fit Programme - project management services	£70,000
15/09/2016	FES LTD	Drainage pumping station & BMS upgrade - Waverley Court, Edinburgh	£191,040
29/09/2016	Clark Contracts Ltd	East Hermiston Business Park - masonry and roof repairs	£1,692,134
15/09/2016	G Grigg and Sons Limited	Inch House Community Centre - masonry and roof repairs	£202,922
			£3,926,032

Appendix 5 – Progress update on areas reported to Finance and Resources Committee on 18 August 2016

Service Area	Contract Name	Description	Supplier	Contract End Date	Contract Value	Background	Reporting Requirements	Update – October 2016
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.		The service and CPS are jointly developing a procurement plan for election services
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		The contract for this phase of support for the City Deal is within the approved contract sum. The service currently has no firm plans for further consultancy support but any further requirement will be procured in line with the Council's CSOs.

Service Area	Contract Name	Description	Supplier	Contract End Date	Contract Value	Background	Reporting Requirements	Update – October 2016
						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 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.	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 be referred to the Finance and Resources Committee for approval of any waiver requirements as appropriate.	The service is still to progress the report to the Education, Children and Families Committee.
Communities and Families	My Adventure	Support Service for vulnerable children attending City of Edinburgh educational establishments.	My Adventure	31 March 2016	£82,959	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	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	Reports considered by the Education, Children and Families Committee on 11 October 2016 and the Finance and Resources Committee on 3 November 2016

Service Area	Contract Name	Description	Supplier	Contract End Date	Contract Value	Background	Reporting Requirements	Update – October 2016
						<p>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 to 31 March 2018 at a value of £165,918 which would harmonise the extension end dates to 31st March 2018 for</p>	Committee for approval of any waiver requirements as appropriate.	

Service Area	Contract Name	Description	Supplier	Contract End Date	Contract Value	Background	Reporting Requirements	Update – October 2016
						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.	Reports considered by the Education, Children and Families Committee on 11 October 2016 and the Finance and Resources Committee on 3 November 2016
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.		Extended to 31 March 2018 at the Finance and Resources Committee Meeting on 17 March 2016. No further action required at this time
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.	Reports considered by the Education, Children and Families Committee on 11 October 2016 and the Finance and Resources Committee on 3 November 2016

Service Area	Contract Name	Description	Supplier	Contract End Date	Contract Value	Background	Reporting Requirements	Update – October 2016
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 £44,750 until 31 March 2017 would allow further time for detailed consideration and review.	Waiver form to be completed for consideration.	Review anticipated to be completed by 31 st October. On schedule
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	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.	The service is still to progress the report to the Education, Children and Families Committee.

Service Area	Contract Name	Description	Supplier	Contract End Date	Contract Value	Background	Reporting Requirements	Update – October 2016
						CPS to develop procurement strategy, aggregating spend and putting in place contracts through competitive procedure where possible.		
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 appropriate.	The service is still to progress the report to the Edinburgh Integration Joint Board
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.	Extension to 30 June 2017 approved at Finance and Resources Committee on 8 September 2016. On track to be delivered by June 2017.

Service Area	Contract Name	Description	Supplier	Contract End Date	Contract Value	Background	Reporting Requirements	Update – October 2016
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.	Report to EIJB approved PSP model and procurement strategy agreed.
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 service.	It is proposed that the service presents a report regarding this consultancy 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.	This contract covers 3 stages of work, with stages 1 and 2 now nearing completion. Stage 3 covers the detailed design. The total cost relating to this contract is forecast to have increased and a report will be presented to this Committee once the service has established the revised cost.

Service Area	Contract Name	Description	Supplier	Contract End Date	Contract Value	Background	Reporting Requirements	Update – October 2016
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.	Customer is working with CPS to develop proposals for a strategic review of external printing requirements. The approach taken will determine the interim requirements in the short term which will be covered in a waiver request
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 2. Managing Violence and Aggression Training 3. CALM theory and Physical Intervention Skills 4. Manual handling training	Maybo Ltd Calm Training Calm Training Physicare	30/09/2016 31/10/2016 30/11/2015 29/12/2016	£35,700 £33,350 £40,000 £247,250	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,	Waiver form to be completed for consideration.	Waivers now completed.

Service Area	Contract Name	Description	Supplier	Contract End Date	Contract Value	Background	Reporting Requirements	Update – October 2016
						at a value of £234,050 until 31 May 2017.		
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.	Waivers are completed on a case by case basis

Finance and Resources Committee

10.00am, Thursday, 1 December 2016

Approval of Lot 4 British Sign Language Services on the Framework Agreement for the Provision of Interpretation, Translation and Communication support

Item number	7.8
Report number	
Executive/routine	
Wards	

Executive Summary

This report seeks the approval of the Committee to appoint three suppliers to Lot 4 British Sign Language Services on the Framework agreement for the Provision of Interpretation, Translation and Communication support.

Lots 1, 2, 3 and 5 were approved by the Finance and Resources Committee on 3 November 2016 and following a deputation which raised concerns the decision was made to defer consideration of Lot 4.

The framework agreement will run for a period of three years with an option to extend for an additional twelve month period.

Links

Coalition Pledges	P30
Council Priorities	CP11 , CP13
Single Outcome Agreement	SO4

Approval of Lot 4 British Sign Language Services on the Framework Agreement for the Provision of Interpretation, Translation and Communication support

1. Recommendations

- 1.1 It is recommended that the Finance and Resources Committee approve the appointment of the following suppliers to Lot 4 British Sign Language Services, lip reading, deaf blind communication etc. of the framework agreement for Provision of Interpretation, Translation and Communication:
- Sign Language Interactions Ltd;
 - DA Languages Ltd; and
 - Prestige Network Ltd.
- 1.2 It is intended that the framework agreement will be in place for a period of three years with an option to extend for an additional twelve month period from 1 December 2016 with a total estimated value of £650,000 for Lot 4 over a four year period.

2. Background

- 2.1 The Council manages and operates an interpretation and translation service to support its public sector equality duties and community obligations as well as those of the NHS.
- 2.2 It is estimated that approximately 3500 hours of British Sign Language (BSL) services will be required annually. This, however, can fluctuate depending on service demand.
- 2.3 The Council has an internal translation and interpretation service which provides services in respect of Council and NHS services. The internal service is heavily supplemented by the use of external service providers which has developed over a number of years. No internal BSL qualified interpreters are employed by the Council so there is an obligation to seek external provision if service levels for users of BSL services are to be provided. The current spend on external services exceeds the European procurement threshold above which services are required to be openly and transparently advertised.
- 2.4 A report was presented to Finance and Resources Committee on 3 November 2016 seeking the award of a framework for Translation and Interpretation services. A

deputation from the current provider Deaf Action raised a number of concerns about the process and the proposed providers which are addressed in this report.

3. Main report

- 3.1 The provision of interpretation services for the Framework, including Lot 4 was developed following focus groups with service users and interpreters in several meetings in the summer of 2015. Particular issues raised by BSL groups included how both the Council and the NHS addressed provision for BSL service users and the importance of qualified interpreters. These comments were noted and it was also agreed that training would be provided to raise awareness of signing as a language and the specific needs of this group across services. The related Equalities Rights Impact Assessment is attached as Appendix 1.
- 3.2 The contract opportunity was advertised on the Public Contracts Scotland portal for a period of 45 days in accordance with procurement regulations.
- 3.3 The requirement was divided into Lots in order to facilitate potential participation in the procurement process by small and medium sized enterprises, voluntary and community groups, social enterprises, charities and local businesses, as detailed in Appendix 2.
- 3.4 Lot 4 comprised British Sign Language and tenderers were informed that the top three scoring suppliers would be appointed.
- 3.5 The evaluation criteria for tenders emphasised quality, with 60% of the overall evaluation score allocated to quality and 40% of the overall evaluation score allocated to price. This quality: cost ratio was used to ensure that those tendering were able to deliver interpreters as and when required, to provide the key tasks to the standard required and deliver continuous improvement.
- 3.6 The quality questions providers were asked to respond to included a range of business appropriate questions to demonstrate an appropriate understanding of the service requirements including - qualifications/suitability (e.g. BSL registered), service delivery and approach, staffing, performance management, collaboration, data protection, fair work practices, community benefits including links with the local community and any contract termination or payment withheld in the last three years. These questions were underpinned by appropriate quality assurance requirements.
- 3.7 The evaluation panel comprised highly experienced managers: the Council's Interpretation Manager, the NHSL Interpretation Manager and a Council Contact Manager. No service users were included on the evaluation panel as is current practice. This is a possibility for future tenders in general that is being explored with legal services as part of the Council's co-production approach. Factors such as resourcing, availability, confidentiality, impartiality and training all need to be addressed and will be considered as part of ongoing procurement policy development.

- 3.8 Following completion of the quality analysis, tenders were subject to a cost analysis. The cost analysis established the full price of tenders, considering responses to the Pricing Schedule. The lowest priced bid was allocated the 40% weighting. All other bids were scored on a pro-rated basis against the lowest priced bid. Scores from the quality analysis were then combined with the scores for the cost analysis to reach a combined score for each tender submission.
- 3.9 The individual scores for Lot 4 are detailed in Appendix 3.
- 3.10 When the framework agreement is operational work will be allocated to the highest ranked supplier (based on quality and price) on the appropriate Lot. If the supplier declines or cannot meet the requirements, the next highest scoring supplier will be allocated the work and so on.
- 3.11 The top ranked tenderer Sign Language Interactions Ltd (SLI) will provide the majority of BSL services with the Council or NHS approaching those ranked second, DA Languages Limited and third, Prestige Network Limited on the Framework only when SLI cannot provide an appropriate interpreter. SLI is Scotland's largest independent provider of communication services for deaf and deaf/blind people, which includes BSL/Eng interpreters (face to face and online video interpreting), Lip speakers, Deafblind communication and Electronic Note takers.
- 3.12 The SLI tender had the following strengths:
- All communication professionals are qualified and registered with either the Scottish Association of Sign Language Interpreters (SASLI) and/or National Registers of Communication Professionals working with Deaf and Deafblind People (NRCPD);
 - Provision of services 24 hours, 365 days a year;
 - Pool of freelance linguists as well as internal provision of BSL provision with only 25% sourced from sessional interpreters. These sessional interpreters are generally drawn from a wider pool of qualified interpreters free to work for any of the agencies;
 - Operate a tested allocation criteria for assignments, for instance race, gender, cultural and domain knowledge are assessed to ensure the best match of interpreter for the assignment;
 - Wide range of current public authority service level agreements;
 - Possibility of video relay interpreting, currently used by NHS Greater Glasgow and Clyde, NHS 24, NHS England 111 and various other public and voluntary bodies;
 - Multiple accreditations for Quality management, Disclosure etc;
 - ISO9001 registered;
 - Track record of service provision for 13 years;

- Complaints procedure simple but efficient, giving due consideration to deaf and deaf/blind community by having different means of communication to complain.
- Currently work with Heriot Watt University and offer placements for students to observe and where appropriate gain experience as a working interpreter; and
- CPD plan in place for staff and interpreters and training to use the service will be provided to Council and NHS staff.

4. Measures of success

- 4.1 This aim of this framework agreement is to achieve a 99%+ delivery rate.
- 4.2 Further details of the KPIs which will be used to support contract management can be found at Appendix 4.

5. Financial impact

- 5.1 It is expected that the cost associated with this service will be approximately £162,000 annually.
- 5.2 The costs associated with procuring this framework agreement are estimated at up to £10,000.

6. Risk, policy, compliance and governance impact

- 6.1 This contract will deliver an essential service and a robust service agreement will be put in place so that the service meets and for the duration of the contract continues to meet the needs of deaf and deaf/blind service users. The contract is designed to provide cost transparency and fixed prices.

7. Equalities impact

- 7.1 The provision of interpretation, translation and communication services directly support public sector equality duties, in particular the elimination of discrimination, the advancement of opportunity and the fostering of good community relations.

8. Sustainability impact

- 8.1 Under the Climate Change (Scotland) Act 2009 the Council must ensure that its policies, plans and strategies take account of carbon impacts, adaptation to climate change, and sustainable development.
- 8.2 It is not anticipated that the activity of providing Interpretation and Translation services will have significant carbon impact however the pricing model has required costs inclusive of expenses to be submitted by Tenderers. This has the effect of incentivising the use of local interpreters and therefore reducing travel impacts.
- 8.3 Community benefits are to be provided under this tender including:

- 8.3.1 training opportunities, including student placements and work experience;
- 8.3.2 feedback to form continuous improvement programme; and
- 8.3.3 Creation of a 'Go Fund' aimed at small local deaf-led groups to help with local initiatives.

9. Consultation and engagement

- 9.1 NHS Lothian, the Council's largest user partner were consulted with and engaged as part of the procurement process. One Interpreting and Translation Manager from NHS Lothian was involved in the evaluation of the tenders submitted.
- 9.2 A series of six focus groups with service users and interpreters were held in the second half of 2015. These focus groups considered both system issues and wider service delivery considerations that helped inform the procurement process e.g. service delivery criteria.

10. Background reading/external references

- 10.1 Approval of a Framework Agreement for the Provision of Interpretation, Translation and Communication support
http://www.edinburgh.gov.uk/meetings/meeting/4055/finance_and_resources_committee

Hugh Dunn

Executive Acting Director of Resources

Contact: Neil Jamieson, Customer Services – Senior Manager

E-mail: neil.jamieson@edinburgh.gov.uk | Tel: 0131 469 6150

11. Links

Coalition Pledges	P30 Continue to maintain a sound financial position
Council Priorities	CP11 An accessible connected city CP13 Deliver lean and agile services
Single Outcome Agreement	SO4 Edinburgh's communities are safer and have improved physical and social fabric
Appendices	Appendix 1 - ERIA Appendix 2 – Summary of Tendering and Tender Evaluation Processes Appendix 3 - Tenderer's Scores Appendix 4 - Key Performance Indicators



City of Edinburgh Council

Record of Equality and Rights Impact Assessment

Part 1: Background and Information

(a) Background Details

Please list ERIA background details:

ERIA Title and Summary Description: Interpretation and Translation Service - procurement and system requirements

Service Area	Division	Head of Service	Service Area Reference No.
SFC/Community Safety	Libraries	Martina McChrystal	
Resources	Customer	John McCann (Neil Jamieson)	

(b) What is being impact assessed?

Describe the different policies or services (i.e. decisions, projects, programmes, policies, services, reviews, plans, functions or practices that relate to the Corporate ERIA Title):

Policies and Services	Date ERIA commenced
CEC Contract Standing Orders - Contract to supply additional Interpreters, sign language, Braille printing to meet CEC Interpretation & Translation Service excess demand. Procurement will secure appropriately qualified staff.	23/10/2015

(c) When is it due to be reviewed? (insert furthest away date if question relates to a number of review dates) 01/06/2017

(d) ERIA Team

Please list all ERIA Team Members:

Name	Organisation / Service Area
Ian Kirkby	Libraries
Paul McCloskey	Libraries
Van Dundas	Libraries
Jacqueline Leishman	Finance
Neil Jamieson	Resources (final edit and publication)

Part 2: Evidence and Impact Assessment

(a) Evidence Base

Please record the evidence used to support the ERIA. Any identified evidence gaps can be recorded at [part 3a](#). Please allocate an abbreviation for each piece of evidence.

Evidence	Abbreviation
<p>Community Consultation (Appendix 1) was held with interpreters and service users to assess service needs, with a specific focus on prior, at and post appointment (including feedback). These sessions were held on 19/6/15, 26/6/15, 24/7/15, 30/10/15. The sessions covered a range of themes and issues</p> <ul style="list-style-type: none"> - Data handling - Importance of supply of briefed, qualified interpreter - Gender consideration and consistency - Service promotion and administration - Types of service offered e.g. face to face, telephony - Emergency arrangements - Appointments - Service feedback - Delivering complex services especially where understanding is required as a legal requisite, e.g. housing contract, childrens educational needs etc. <p>Aspects relevant to procurement exercise were included in the procurement documentaion (Appendix 2)</p> <ul style="list-style-type: none"> - Appropriate qualifications for staff/sub contractors - Mandatory requirement of proven track record and relevant experience - Consistent service delivery - Job assignment/achievement - Emergency arrangements - Service performance and continuous improvement/continuous professional development plan for staff - User feedback, quality assurance and collaboration - Data protection - Community benefits 	<p>A1</p> <p>A2</p>
Ongoing and historic databank - system information on demand and service level attainment ie unmet demand, languages required, services accessed, anonymised service user reports (languages, gender etc).	A3
Feedback forms from service users	A4

(b) Rights Impact Assessment – Summary

Please describe all the identified enhancements and infringements of rights against the following ten areas of rights. Please also consider issues of poverty and health inequality within each area of rights:

- ☒ Life
- ☒ Health
- ☒ Physical security
- ☒ Legal security
- ☒ Education and learning
- ☒ Standard of living
- ☒ Productive and valued activities
- ☒ Individual, family and social life
- ☒ Identity, expression and respect
- ☒ Participation, influence and voice

Please indicate alongside each identified enhancement or infringement the relevant policy or service (see [part 1b](#)) and relevant evidence (see [part 2a](#)).

Summary of Enhancements of Rights

Advancing Equality of Opportunity;

Procurement exercise described at 1b is designed to ensure the Council (and other service users) are able to meet service requests, both from a capacity perspective and to deal with the broad spectrum of service requests.

This capacity and support will provide interpreter support for CEC and NHSL for relevant appointments (emergency health, schools, housing etc) to enable access to advice, support and treatment for non-english speaking residents and those who require additional support to access services, including users of BSL services.

This procurement exercise will assist the Council to eliminate discrimination, harassment, victimisation and other prohibited conduct. It will also enable non-english speaking residents and those who require additional support to report, complain and receive guidance and advice. This service also enables citizens to take part in community activities and cross community initiatives.

The evidence from A1, A3, A4 was used to inform the procurement documentation A2.

Summary of Infringement of Rights

Can these infringements be justified? Are they proportional?

The service is designed to ensure that suitably qualified interpreters are supplied to provide professional support for individuals at service meetings, including NHS Lothian services, CEC education, housing and social work. This approach is designed to mitigate any infringement of rights.

(c) Equality Impact Assessment – Summary

Please consider all the protected characteristics when answering questions 1, 2 and 3 below. Please also consider the issues of poverty and health inequality within each protected characteristic:

- ☒ Age
- ☒ Disability
- ☐ Gender identity
- ☐ Marriage / civil partnership

- ☒ Pregnancy / maternity
- ☒ Race
- ☒ Religion / belief
- ☒ Sex
- ☐ Sexual orientation

1. Please describe all the positive and negative impacts on the duty to eliminate unlawful discrimination, harassment or victimisation. Please indicate alongside each identified impact the relevant policy or service (see [part 1b](#)) and relevant evidence (see [part 2a](#)).

Positive Impacts

Procurement exercise described at 1b is designed to ensure the Council (and other service users) are able to meet service requests, both from a capacity perspective and to deal with the broad spectrum of service requests.

This capacity and support will provide interpreter support for CEC and NHSL for relevant appointments (emergency health, schools, housing etc) to enable access to advice, support and treatment for non-english speaking residents and those who require additional support to access services, including BSL service users.

This procurement exercise will assist the Council to eliminate discrimination, harassment, victimisation and other prohibited conduct. It will also enable non-english speaking residents and those who require additional support to report, complain and receive guidance and advice. This service also enables citizens to take part in community activities and cross community initiatives.

The evidence from A1,A3 and A4 was used to inform the procurement documentation A2.

Negative Impacts

None

2. Please describe all the positive and negative impacts on the duty to advance equality of opportunity (i.e. by removing or minimising disadvantage, meeting the needs of particular groups that are different from the needs of others and encouraging participation in public life)? Please indicate alongside each identified impact the relevant policy or service (see [part 1b](#)) and relevant evidence (see [part 2a](#)).

Positive Impacts

Procurement exercise described at 1b is designed to ensure the Council (and other service users) are able to meet service requests, both from a capacity perspective and to deal with the broad spectrum of service requests.

This capacity and support will provide interpreter support for CEC and NHSL for relevant appointments to enable access to advice, support and treatment for non-english speaking residents and those who require additional support to access services. Specific activities include support for accessing housing, health and social care services. The service also supports and promotes education activities where language or disability present an additional barrier to successful outcomes.

The evidence from A1, A3 and A4 was used to inform the procurement documentation A2.

Negative Impacts

None

3. Please describe all the positive and negative impacts on the duty to foster good relations (i.e. by tackling prejudice and promoting understanding)? Please indicate alongside each identified impact the relevant policy or service (see [part 1b](#)) and relevant evidence (see [part 2a](#)).

Positive Impacts
<p>Procurement exercise described at 1b is designed to ensure the Council (and other service users) are able to meet service requests, both from a capacity perspective and to deal with the broad spectrum of service requests.</p> <p>This capacity and support will provide interpreter support for CEC and NHSL for relevant appointments to enable access to advice, support and treatment for non-english speaking residents and those who require additional support to access services. This service also enables citizens to take part in community activities and cross community initiatives.</p> <p>The evidence from A1, A3 and A4 was used to inform the procurement documentation A2.</p>
Negative Impacts
None

Part 3: Evidence Gaps, Recommendations, Justifications and Sign Off

(a) Evidence Gaps

Please list all relevant evidence gaps and action to address identified gaps.

Evidence Gaps	Action to address gaps

(b) Recommendations

Please record SMART recommendations which may include actions to

- (i) eliminate unlawful practice or infringements of absolute rights;
- (ii) justify identified infringements of rights; or
- (iii) mitigate identified negative equality impacts
- (iv) further advance equality and rights, and promote good relations.

Recommendation	Responsibility of (name)	Timescale
Complete procurement exercise to create necessary capacity to further advance, equality and rights and promote good relations.	ITS Manager	ASAP
Ensure effective feedback mechanisms in place to support continuous improvement and appropriate choice	ITS Team Manager	Start of Contract

(c) Sign Off

I, the undersigned, am content that:

- (i) the ERIA record represents a thorough and proportionate ERIA analysis based on a sound evidence base;
- (ii) the ERIA analysis gives no indication of unlawful practice or violation of absolute rights;
- (iii) the ERIA recommendations are proportionate and will be delivered;
- (iv) the results of the ERIA process have informed officer or member decision making;
- (v) that the record of ERIA has been published on the Council's website / intranet, or
- (vi) that the ERIA record has been reviewed and re-published.

Date	Sign Off (print name and position)	Reason for Sign Off (please indicate which reason/s from list (i) to (vi) above)
11/2016	Neil Jamieson (Senior Manager - Customer)	(i)

Appendix 2 - Summary of Tendering and Tender Evaluation Processes

Contract	Framework Agreement for the Provision of Interpretation, Translation and Communication support	
Contract period	3 years with the option to extend for further 12 months from 1 December 2016 to 30 November 2019 (or 30 November 2020)	
Estimated contract value	£650,000 over four years (Lot 4 only)	
Savings to be tracked	£42,000 annually (across all lots)	
Standing Orders observed	<p>3.1 - Director responsible for selecting and appointing suppliers with guidance as appropriate from the Chief Procurement Officer</p> <p>5.1 - Tenders evaluated on the basis of most economically advantageous and the best price-quality ratio.</p>	
Portal used to advertise	Public Contracts Scotland	
EU Procedure chosen	Open	
Tenders returned	<p>Lot 1 – 6</p> <p>Lot 2 – 5</p> <p>Lot 3 - 11</p>	<p>Lot 4 - 5</p> <p>Lot 5 - 1</p>
Tenders fully compliant	<p>Lot 1 – 6</p> <p>Lot 2 – 5</p> <p>Lot 3 - 11</p>	<p>Lot 4 - 5</p> <p>Lot 5 - 1</p>
Recommended suppliers	Detailed at Section 1 - Recommendations	
The scores obtained by each tenderer	Detailed in Appendix 3 - Tenderers' Scores	
Primary criterion	Most economically advantageous tender to have met the qualitative and technical specification of the client	

	department.	
Evaluation criteria and weightings and reasons for this approach	Question	Weighting
	Service Delivery	25%
	Staff and Resources	25%
	Performance management and Continuous Improve	10%
	Collaboration, Quality Assurance and Business	10%
	Implementation Plan	5%
	Exit Management Plan	10%
	Fair Work Practices	5%
	Data Protection	5%
	Community Benefits	5%
Evaluation Team	<ul style="list-style-type: none"> Jennifer Wilson - Customer service Manager Van Dundas - Interpretation & Translation Services Manager Delphine Jaouen - Interpretation and Translation Manager, NHS Lothian 	
Consideration as to procurement methodology and processes to ensure SME friendly	The requirement was split into five lots with the option to include more than one supplier per lot. This was to encourage supplier participation which will be crucial to the success of the Framework in a fragmented marketplace composed largely of SMEs.	

Appendix 3 – Tenderers' Scores

Supplier Name	Price Score	Quality Score	Combined Score	Rank
Sign Language Interactions Ltd	38.92	53.25	92.17	1
DA Languages Ltd	29.90	48.00	77.90	2
Prestige Network Ltd	40.00	37.50	77.50	3
Tenderer 4	33.67	35.25	68.92	4
Tenderer 5	33.64	30.75	64.39	5

Appendix 4 – Key Performance Indicators

KPI*	Target – Monthly*
Supply of Interpreters	90% to 100% of interpreters requested - Good 89% to 80% - Meeting with Council officer required Less than 80 % - Review Contract Monitoring will be monthly with quarterly meetings.
Quality of Interpreters and qualifications	100% of interpreters supplied must be qualified to specified standard
Supply of Translations	Supply 100% of translations requested
Quality of translations	Supply translations to 100% accuracy
Compliance with ordering and invoicing process	Process all orders received within 3 hrs or immediately if marked urgent. Invoices must be submitted with 5 working days of end of month
Data management	Comply with 100% of data management rules – see specification for data sharing and data handling
Complaints	Resolve complaints within 10 working days – in line with the Council and its Collaborative Partners' complaints procedure

Finance and Resources Committee

10am, Thursday, 1 December 2016

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

Item number	7.9
Report number	
Executive/routine	Executive
Wards	All

Executive summary

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

Taking account of the new responsibilities of the Edinburgh Integration Joint Board (EIJB), Committee is asked to note the Board has confirmed funding and agreed to issue directions in respect of the recommendations in this report.

Links

Coalition pledges	
Council priorities	CP2, CP3
Single Outcome Agreement	SO2

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

Recommendations

- 1.1 To delegate authority to the Chief Officer of the Edinburgh Integration Joint Board (EIJB) to award contracts to the providers listed below for the provision of 10% of Care at Home Services in one or more of eleven neighbourhoods in innovative ways for a period of three years commencing on dates to be agreed with each provider between 1 January 2017 and 31 March 2017.

Providers

Blackwood Homes and Care

Trust Housing Association

Joint Contract between: Viewpoint Housing Association, Castle Rock Edinvar (CRE) (Partnership and Places for People Scotland Care and Support (PfPSC&S)

Edinburgh 3rd Sector Collaborative

Support for Ordinary Living

McSence Communications Limited

- 1.2 To note the EIJB has confirmed funding and issued relevant directions to the Council in respect of the report recommendations.
- 1.3 To note the date of award of each contract shall be reported through Commercial and Procurement Services quarterly update.
- 1.4 To note that further awards of contracts for Innovative Approaches to the Delivery of Care at Home Services may be recommended at a future date.

Background

- 2.1 On 12 May 2016 Finance and Resources Committee appointed a number of providers to meet 90% of demand for Care at Home Services in eleven neighbourhood areas.
- 2.2 On 5 January 2016, the Council, acting on behalf of the EIJB prior to its formal inception, published a Prior Information Notice (PIN) on the Public Contracts Scotland portal. The PIN invited offers from providers to deliver the balance of 10% of services in the eleven neighbourhood areas in ways which have the

potential to provide efficiencies in operational delivery and/or enhance capacity through the increased use of Technology Enabled Care (TEC) systems; the delivery of services which were more 'joined up' with other existing support services or, which had a particular focus on the prevention of unnecessary hospital admissions and the speedy discharge of those for whom hospital admission had been necessary.

- 2.3 These offers were sought as a means of supporting the EIJB to test alternative service delivery models with a view to facilitating its future management of growing demand for care at home against a backdrop of local labour shortages and financial pressures.
- 2.4 The published PIN noted the Council reserved the right to either enter into direct negotiations or seek formal tender applications without further advertising based on the volume of responses received. On the basis the innovative nature of the bids sought made a 'like for like' comparison approach impractical, the direct negotiation approach was agreed. Subject to report recommendations being approved, contracts will be directly awarded to the providers listed at 1.1.

Main report

- 3.1 Expressions of interest in providing Care at Home Services in new and/or innovative ways were received from 18 organisations by the deadline date of 29 January 2016. Following initial evaluation of all proposals, six were rejected on the basis they did not set out details of new and/or innovative ways of delivering care at home against set criteria. The remaining twelve organisations were invited to enter into dialogue with Council Officers. Dialogue sessions offered an opportunity to expand on written submission made by providers, for the Council to seek clarifications or to ask questions about these, and for bidders to ask questions of the Council.
- 3.2 Following dialogue, three organisations voluntarily withdrew from the process and bids from two more were rejected on the basis their ideas were not as well developed as others.
- 3.3 The remaining seven bidders were asked to submit final written proposals in line with their original submissions and outcome of dialogue sessions. These final proposals were evaluated as to their suitability and mandatory Public Sector Criteria (i.e. Business Probity and Financial Standing).
- 3.4 The six bidders listed at 1.1 are recommended for award of contracts. Subject to further discussion, the position in respect of the seventh bidder may be the subject of further report to Committee.
- 3.5 Of the six bidders recommended for award of contract:
 - three are Housing Associations (1. Blackwood Homes and Care: 2. Trust Housing Association and 3. Joint bidders Viewpoint Housing Association, Places

for People Scotland Care and Support and Castle Rock Edinvar (CRE Partnership), who aim to 'join up' the delivery of Housing Support and Care at Home Services in sheltered housing settings. This is intended to improve productivity by reducing the travel time and cost associated with current service delivery arrangements by creating dedicated care worker support teams in each sheltered housing complex. In this way they plan to offer a more integrated service model which is better able to anticipate and manage variations in service user health with a view to reducing unnecessary hospital admissions and facilitating the prompt discharge of Housing Association tenants from hospital where this has been necessary. Associations will work in a variety of neighbourhood areas where they provide accommodation.

- Edinburgh 3rd Sector Collaborative have come together as a means of developing common management tools and sharing back office costs. The 'Collaborative' aims to demonstrate the 3rd Sector can achieve the scale and cost base necessary to sustain and make a significant contribution to the delivery of care at home. It also aims to add value to the Service by connecting service users to other 3rd Sector services as a means of reducing social isolation and supporting people to maintain or recover their sense of health and wellbeing. The Collaborative will work in those neighbourhoods where its members already operate services.
- Support for Ordinary Living (SOL) has a proven track record of innovation in the use of remote technology. By linking them to existing services we believe the resulting partnership will facilitate learning and improved understanding of how best to combine technology solutions with the delivery of personal care services. SOL will work with the Council's in house home care service on a case by case basis rather than in any specific neighbourhood.
- McSence is a social enterprise who have demonstrated a particular ability to recruit and retain staff in a way which delivers the continuity of care many service users tell us they need and want. By enabling its staff to develop meaningful, longer term relationships with service users, trusting relationships are also developed with local primary care providers, such as GP's and District Nurses. As a result variations in health can be successfully managed at home (rather than hospital), more often than where care arrangements are discontinuous; McSence will work in the Gilmerton neighbourhood.

Measures of success

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

Financial impact

- 5.1 The award of 10% of business in each of eleven neighbourhoods equates to delivery of 2,764 hours per week at an annual cost of £2.3m.
- 5.2 The value of each contract will depend upon individual provider capacity and is not anticipated to exceed £2.3m in total unless the demand for care at home services cannot be met by the main Care at Home contract referred to at 2.1.
- 5.2 The £2.3m contract value is included within the baseline budgets for the period 2016/17.
- 5.3 The costs associated with procuring the recommended contracts are estimated at £20,001 - £35,000.

Risk, policy, compliance and governance impact

- 6.1 The recommended direct award of contracts is compliant with Council Standing Orders and those applicable to the EIJB.
- 6.2 This procurement was conducted in accordance with the Public Contracts (Scotland) Regulations 2012 (part B) which allows for deviation from pre-defined procurement procedures.

Equalities impact

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

Sustainability impact

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

Consultation and engagement

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

Background reading / external references

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

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

Rob McCulloch-Graham

Chief Officer, Edinburgh Health and Social Care Partnership

Contact: Chris Whelan, Contracts Manager

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

Links

Coalition pledges

Council priorities

CP2 - Improved health and wellbeing: reduced inequalities.

CP3 - Right care, right place, right time

Single Outcome Agreement

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

Appendices

Finance and Resources Committee

10.00am, Thursday 1 December 2016

Waiver – Mental Health Wellbeing Services

Item number	7.10
Report number	
Executive/routine	
Wards	

Executive Summary

The purpose of this report is to seek approval from the Finance and Resources Committee to waive the Council's Contract Standing Orders allowing the extension of contracts for mental health wellbeing services outlined in Appendix 1. This will enable further collaborative work to be carried out between the Council and NHS Lothian, service users, carers, localities and other interested partners.

Links

Coalition Pledges	P30, P43
Council Priorities	CO10, CO11, CO12, CO13, CO14
Single Outcome Agreement	SO1, SO2

Waiver – Mental Health Wellbeing Services

1. Recommendations

- 1.1 To agree to waive the application of the Council's Contract Standing Orders and allow an extension of the current mental health wellbeing service contracts listed in appendix 1 from 1 April 2017 to 31 October 2017 at a cost of £901,558 in order to build on the collaborative work to date and to fit within the proposed health and social care structure and locality working.

2. Background

- 2.1 There are an estimated 120,000 people in Edinburgh who experience either common or complex mental health, which equates to 25% of the population.
- 2.2 Legislation mandating the integration of health and social care requires that the provision of mental health wellbeing services is addressed by the Edinburgh Integration Joint Board and embedded in its strategic plan for 2016-2019.
- 2.3 A significant redesign and change programme in relation to mental health wellbeing services is now underway, this is in response to:
 - The need for continuous improvement and the desire to provide best value services for those that receive these services.
 - Reduction in public sector funding and increased demand on services.
 - Rationalise the contracting arrangements; shifting from outputs to outcomes.
 - Maximise opportunities to collaborate and coproduce services that are needed and identified by people who have a lived experience of mental health, and other interested stakeholders.
 - Making better use of the assets within localities and citywide.
 - Re-development of the Royal Edinburgh Hospital building (Phase One to be opened in early 2017) and enhanced community services to support a reduced hospital bed base.

3. Main report

- 3.1 Edinburgh Health and Social Care Partnership (EHSCP) is committed to working with interested partners to redesign and deliver services to promote mental health and wellbeing. The services will be planned and designed on recovery and social inclusion principles and the agreed Public Social Partnership will support and build upon good practice, established relationships and develop and test innovative approaches and collaboration across statutory and third sector will seek to maximise resources and assets.
- 3.2 The EHSCP is currently going through an extensive review and integrated restructuring process. The move to locality working will provide the opportunity to bring about a new way of working and improved relationships across public services and support the planning and delivery of mental health wellbeing services closer to the people and area of the city in which they live.
- 3.3 Wellbeing services should enable people to feel included in their chosen community, to stay safe and well; to have meaningful activity and interests to prevent feeling isolated; and to help people recover and live as well as they can. EHSCP wants to respond to this by developing a Public Social Partnership that will help support the collaboration and coproduction with people with lived experience and other interested stakeholders to design initiatives and services that meet people's needs and priorities.
- 3.4 A waiver and extension to current contracts is required to support the proposed Public Social Partnership and collaborative process; to continue planning and building on the conversations had to date; and to take into consideration the key priorities outlined in the EHSCP Strategic Plan; and to take cognisance of early identified priorities being consulted on within the Mental Health Strategy.
- 3.5 On the 19 August 2016 the Integration Joint Board (IJB) approved a report which set out the proposal for a Public Social Partnership and the need to extend current contracts for the duration of the test of concept stage by seeking approval for waivers from the Finance and Resources Committee to extend the existing wellbeing contracts to 31 October 2017.

4. Measures of success

- 4.1 The waiver and extension to contracts will deliver continuity and support for the people who use these services.
- 4.2 The development of a Public Social Partnership will redesign and deliver services to improve local access to services in areas of high deprivation and inequality.
- 4.3 Services will be improved through implementation changes required as identified through the partnership arrangements.
- 4.4 People having improved access to services they need, when and where they need them.

5. Financial impact

- 5.1 The annual value of the existing contracts is £1,545,529; the cost of extending the contracts between 1 April 2017 to 31 October 2017 can be achieved within the IJB's existing financial framework.

6. Risk, policy, compliance and governance impact

- 6.1 If the waiver and extension of contracts is not approved it will leave a significant population of vulnerable people unable to access services, which will have a significant impact on their health and wellbeing.
- 6.2 The legal risk of extending these current contracts is considered to be low as the opportunity to participate in the Public Social Partnership has been advertised on the European procurement portal to all interested parties.

7. Equalities impact

- 7.1 As part of the proposed Public Social Partnership, an Integrated Impact Assessment will be completed.

8. Sustainability impact

- 8.1 The duties of the Climate Change (Scotland) Act 2009 have been considered there are no adverse sustainability impacts arising from this report.
- 8.2 The mental health wellbeing services bring an 'added value' to services and support for people in many ways but this can often be difficult to quantify.
- 8.3 They bring an expertise and resource and deliver services in a responsive and flexible way for people in need, complementing existing statutory services.

9. Consultation and engagement

- 9.1 The report's recommendations have been approved by the Edinburgh Integration Joint Board and have been discussed with the provider organisations listed in Appendix 1.
- 9.2 The extension to existing wellbeing contracts will further enhance the collaborative and coproduction work to date, building on the workshops that took place during April and May 2016 with a wide range of interested stakeholders. The integration of health and social care is moving forward and this will further support how we continue to redesign services and support locality working. The contracts resulting

from the PSP coproduction phase are expected to be in place for start on 1 November 2017 for a period of 2 years as a ‘test of concept’.

- 9.3 To support the ongoing engagement and coproduction process the Scottish Government have provided financial support to appoint a facilitator to ensure the PSP is well coordinated and delivers within the agreed timescale.

10. Background reading/external references

- Extension Award, Finance and Resources Committee report November 2015
- Extension Award, Finance and Resources Committee report 18 August 2016
- Edinburgh Integration Joint Board (August 2016) - A Sense of Belonging, Edinburgh Wellbeing Services report.
- Ready for Business (2015) Guidance: Public Social Partnerships – Lessons learned.

Rob McCulloch-Graham

Chief Officer, Edinburgh Health and Social Care Partnership

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11. Links

Coalition Pledges	P30 – Continue to maintain a sound financial position including long term financial planning P43 – Invest in healthy living and fitness advice for those in need
Council Priorities	CO10 – Improve health and reduce inequalities CO11 - Preventative and personalised support in place CO12 - Edinburgh carers are supported CO13 - People are supported to live at home CO14 – Communities have the capacity to help support people
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	Contract Values 2016/17

Appendix 1

Contract Values 2016/17

Contracted Providers	Contract value 2016/17
Barony Contact Point	£150,293
Health in Mind	£361,079
Legal Services Agency	£51,719
Link Up	£59,174
Living Well North Edinburgh	£73,963
North East Edinburgh Counselling Service	£62,382
Penumbra Crisis Centre	£185,535
Penumbra Self Harm Project	£82,014
Pilton Community Health Project	£50,250
Saheliya	£131,895
SAMH Redhall Walled Garden	£173,507
Support in Mind	£163,718
Total	£1,545,529

Finance and Resources Committee

10.00, Thursday, 1 December 2016

Approval to Award Contracts for Unmet Taxi Demand Full & Interim Surveys

Item number	7.11
Report number	
Executive/routine	
Wards	All

Executive Summary

The Civic Government (Scotland) Act 1982 Act gives the Council (as Licensing Authority) the power to limit the number of Taxi licences in operation within the City. In order to maintain this limitation the Council requires to be satisfied that there is 'no significant demand for the services of taxis in their area which is unmet'.

To keep the position as to whether there is no significant unmet demand under review, every three years, the Council commissions a full demand survey report from an experienced transport consultant as well as regular interim surveys to be carried out in the period between the full survey reports.

This report seeks the approval of the Committee for the award of contracts for the delivery of both a full taxi demand and interim surveys.

Links

Coalition Pledges	P30
Council Priorities	CP13
Single Outcome Agreement	SO1

Finance and Resources Committee

Approval to Award Contracts for Unmet Taxi Demand Full & Interim Surveys

1. Recommendations

It is recommended that the Committee:

- 1.1 Approves the award of a contract for delivery of one full taxi demand survey in 2017 to CH2M Ltd; and
- 1.2 Approves the award of a contract for delivery of interim taxi demand surveys during 2017 to 2018 with an option to extend for up to 24 months to Vector Transport Ltd.

2. Background

- 2.1 The Civic Government (Scotland) Act 1982 Act gives the Council (as Licensing Authority) the power to limit the number of Taxi licences in operation within the City. The Council has previously resolved to use this statutory power to restrict the number of taxi licences issued. The current numbers limitation is 1316 taxis. Where a numbers limitation policy is in place the council requires to keep the policy under review in order to be satisfied that there is no significant unmet demand for taxis within the City.
- 2.2 The Regulatory Committee of the Council last reviewed and reaffirmed the policy on limitation of taxis within the City in May 2013. The previous practice of the Council has been to commission a full survey report from an experienced transport consultant approximately every three years. The Regulatory Committee at that time instructed that both full and interim taxi demand surveys should continue and be carried out by an independent body on behalf of the Council.
- 2.3 When dealing with legal challenges from applicants who have been refused taxi licences based on policies to restrict taxi numbers, the courts have held that a Council requires to be aware of the current demand for services of taxis within its area and that there is no significant unmet demand for these services at the time of consideration of an application for a taxi licence. Consequently, regular interim surveys are carried out between the major three-yearly reports.
- 2.4 The full demand survey will be used to allow the Regulatory Committee to review the current policy and determine if the number of licences currently issued needs to be altered. The interim surveys will be used to assist the Licensing Sub-Committee, in addition to the full demand survey, when determining any individual applications for Taxi Licences that the Council receives.

3. Main report

- 3.1 The overall objective is to provide both full and interim surveys of demand for taxis in Edinburgh, in order to that the Council (as Licensing Authority under the Act) can be satisfied that there is no significant unmet demand for taxis in terms of the statutory requirements set out at Section 10(3) of the Civic Government (Scotland) Act 1982.
- 3.2 A procurement exercise was undertaken in order to appoint suppliers to service this requirement.
- 3.3 The requirement was divided into the following two Lots:
- Lot 1 – Full Demand Survey
 - Lot 2 – Interim Surveys
- 3.4 The contract opportunity was advertised on Public Contracts Scotland portal and two Companies tendered for each Lot.
- 3.5 The evaluation of tenders included an emphasis on quality, as well as price, with 60% of the overall evaluation score allocated to quality and 40% of the overall evaluation score allocated to price. This cost: quality ratio was assigned to ensure that those tendering were able to deliver the key tasks as required.
- 3.6 The quality analysis was based on answers provided in response to weighted Award Criteria Questions with responses to these questions being scored 0 to 4 as per the scoring matrix included in the published Invitation to tender documents.
- 3.7 Following completion of the quality analysis, tenders were subject to a cost analysis. The cost analysis established the full price of tenders, considering responses to the Pricing Schedule. The lowest priced bid was allocated the 40% weighting. All other bids were scored on a pro-rated basis against the lowest priced bid.
- 3.8 Scores from the quality analysis were then combined with the scores from the cost analysis to reach a combined score and ranking for each tender submission.
- 3.9 Tenderers individual scores for each Lot are as below:

Lot 1 Full Demand Survey

Company	Quality Score	Price Score	Combined Score
CH2M	58.50	25.90	84.40
Tenderer 2	40.50	40.00	80.50

Lot 2 Interim Surveys

Company	Quality Score	Price Score	Combined Score
Vector Transport	43.50	40.00	83.50
Tenderer 2	51.75	14.98	66.73

4. Measures of success

- 4.1 The Council complies with its statutory obligations as a licensing authority under the Civic Government (Scotland) Act 1982.
- 4.2 The Council will maintain a robust procedure for assessing demand for taxis in order to ensure that the numbers of taxis available demonstrates there is no significant unmet demand for taxis within the City of Edinburgh.

5. Financial impact

- 5.1 The cost for the Full Demand Survey (Lot 1) will be £19,990.
- 5.2 The cost for per Interim Survey (Lot 2) will be £3,743 which will amount to a total of £26,201 (if the contract is used for the full period including extensions and the estimated seven interim surveys are undertaken during that period).
- 5.3 A total saving of £59,600 will be achieved across both Lots if the contracts are used for the full period including extensions considering previous costs from these services.
- 5.4 The costs associated with carrying out the research are contained within the income from taxi licence fees and does not impact the revenue account.
- 5.5 The costs associated with procuring this framework agreement are estimated at up to £10,000.

6. Risk, policy, compliance and governance impact

- 6.1 The monitoring delivered by the contracted service is required to allow the Council to maintain and review the current policy of limiting the number of taxis licensed in Edinburgh.
- 6.2 The contracted service should reduce the risk to the Council from any legal challenge to the current numbers limitation policy or determination of any individual taxi licence application.

7. Equalities impact

It is considered that there is no equalities impact as a result of this report.

8. Sustainability impact

- 8.1 The Council has considered its obligations under the Climate Change (Scotland) Act 2009. Neither the content of this report nor its recommendations are anticipated to have any negative impact on sustainability.

9. Consultation and engagement

- 9.1 The Council's Commercial and Procurement team have been consulted during the preparation of this report to ensure compliance with the procurement regulations and the Council's Contract Standing Orders.

10. Background reading/external references

- 10.1 [Scottish Government Taxi and Private Hire Car Licensing: Best Practice Guidance for Licensing Authorities](#)

Paul Lawrence

Executive Director of Place

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11. Links

Coalition Pledges	P30 - Continue to maintain a sound financial position including long-term financial planning
Council Priorities	CP13 - Transformation Workforce Citizen & partner engagement Budget
Single Outcome Agreement	SO1 - Edinburgh's economy delivers increased investment, jobs and opportunities for all
Appendices	Appendix 1 - Summary of Tendering and Tender Evaluation Processes

Appendix 1 - Summary of Tendering and Tender Evaluation Processes

Contract Name	Unmet Taxi Demand Full & Interim Surveys		
Contract period	Lot 1 – Single Full Demand Survey undertaken during 2017 Lot 2 - 2 years with the option to extend for a further 24 months at the Council’s discretion.		
Estimated contract value	£46,191.00		
Governing UK Regulation	Public Contracts (Scotland) Regulations 2015		
Standing Orders observed	3.1 Director has responsibility for all Contracts tendered and let by their Directorate 5.1 (b) Tenders evaluated on basis of most economically advantageous criteria		
Tenders returned	Lot 1 – 2 Lot 2 – 2		
Tenders fully compliant	Lot 1 – 2 Lot 2 – 2		
Name of recommended suppliers	Lot 1 - CH2M Ltd Lot 2 - Vector Transport Ltd		
Primary criterion	Most economically advantageous tenders to have met the technical specification with the following Price : Quality ratio - 40% Price : 60% Quality		
Evaluation criteria and weightings	Question		Weighting
	1. Approach		30%
	2. Methodology		30%
	3. Proposed Team		15%
	4. Business Continuity		15%
	5. Community Benefits		10%
Evaluation Team	<ul style="list-style-type: none">• Andrew Mitchell, Community Safety Senior Manager• Isla Burton, Trading Standards Officer• Catherine Scanlin, Licensing Manager		
Consideration as to procurement methodology and processes to ensure SME friendly	The requirement was split into two Lots in order to facilitate potential participation in the procurement process by small and medium sized enterprises, voluntary and community groups, social enterprises, charities and local businesses.		

Finance and Resources Committee

10.00, Thursday, 1 December 2016

Festival Theatre – Proposed Acquisition of Solum of Former Shop at 13-17 Nicolson Street

Item number	7.12
Report number	
Executive/routine	Executive
Wards	

Executive Summary

This report seeks authority to acquire the solum of the former shop at 13-17 Nicolson Street, which forms part of the entrance foyer of the Festival Theatre.

The subjects are currently leased in by the Council, at a rental of £69,000 per annum, with a lease end date of 28 February 2017. Prior to this date the Council will need to enter into a new long lease with the landlord or, by 31 December 2016, exercise its option to purchase.

The Council has the opportunity to acquire the solum, with the purchase price of c. £1M funded through prudential borrowing. The rental charge to the Festival City Theatres Trust will be increased and this element of their rental package would be fixed at £86,000 per annum for 20 years to cover the borrowing cost.

Links

Coalition Pledges	P30, P31
Council Priorities	CP6, CP13
Single Outcome Agreement	N/A

Finance and Resources Committee

Festival Theatre – Proposed Acquisition of Solum of Former Shop at 13-17 Nicolson Street

1. Recommendations

It is recommended that Committee:

- 1.1 Note the purchase of the solum of the former shop for £1M through prudential borrowing.
- 1.2 Refers the report to Full Council on 15 December 2016 to approve the prudential borrowing.

2. Background

- 2.1 In 1992, the Council refurbished and extended the former Empire Theatre in Nicolson Street to create the new Festival Theatre. Two shop premises located either side of the Empire Theatre were demolished to create the site of the new theatre's glass entrance foyer.
- 2.2 The owners of the two shops required for the project were not willing to sell to the Council at that time. To enable the Festival Theatre project to progress, the owners agreed to grant a 25 year lease of the shop premises to the Council. Both leases included an option in favour of the Council to purchase the solum of the shop premises at the expiry of the leases in 2017, subject to the Council providing written notice before 31 December 2016.
- 2.3 In 2013, the Council purchased one of the former shops, 23-27 Nicolson Street, on the same basis as proposed in this report for 13-17 Nicolson Street.

3. Main report

- 3.1 The Council entered into a 25 year lease of the former shop with effect from 1 March 1992. The current rent, with effect from 1 March 2014, is £69,000 per annum.
- 3.2 The Culture Service currently pays the rent and then recovers it from the Festival City Theatres Trust which leases the theatre premises from the Council.

- 3.3 Terms for the acquisition of the solum at 13-17 Nicolson have been provisionally agreed with the owner as follows:
- Purchase price £1,000,000
 - Legal & surveyors costs Each party will meet their own (Legal costs are estimated in the region of £1,500)
 - Land and Buildings Transaction Tax Calculated at approximately £35,250
- 3.4 A detailed business case was prepared and submitted to the Council's Finance Service. Confirmation that prudential borrowing funding can be made available to acquire the former shop solum has been received.
- 3.5 There is an option of not exercising this year's right to purchase and enter into another lease agreement with the landlord which would mean no increased rental for 3 years and a maximum 15 year lease agreement. This would mean a 25 year lease would not be possible, but the rent would remain the same for 3 years, and then increase as previously over the 15 year period offered by the landlord. The Festival City Theatres Trust requires at least a 25 year lease to allow capital development plans and associated funding requirements to be pursued and realised.
- 3.6 This opportunity to purchase would ensure that the site in its entirety is owned by the Council and that the associated costs of the site are not continually increasing. There will be no premium attached to exercising the option to purchase.
- 3.7 On concluding the purchase, the Trust will have the opportunity to negotiate a renewed lease agreement with the Council for both the Festival and King's Theatres which they require for future business planning stability and capital improvements.
- 3.8 The Festival City Theatres Trust is currently partly funded by the Council to deliver on strategic priorities. The venue is owned by the Council, and the Trust manages the venue on the Council's behalf. The repayment of the proposed borrowing will be covered as part of the agreement with the Trust and will be met by the Trust.
- 3.9 Initially, the cost to the Trust will be higher than the current lease agreement of £69,000. Over the 20 year period of prudential borrowing, as repayments are fixed, the real costs will be lower.

4. Measures of success

- 4.1 The successful conclusion of the purchase of the former shop before the end of the current lease and the full site footprint in Council ownership.
- 4.2 The report's recommendations contribute to the delivery of the following Culture Plan objectives:

- 4.2.1 ensure that everyone has access to world class cultural provision; and
- 4.2.2 develop and support the infrastructure which sustains Edinburgh's cultural and creative sectors.

5. Financial impact

- 5.1 The related costs of £1,036,750 can be met through prudential funding and the repayment through rental income from the Festival City Theatres Trust who lease the theatre premises from the Council.
- 5.2 The report outlines total capital expenditure plans of £1.037m. If this expenditure were to be funded fully by borrowing, the overall loan charges associated with this expenditure over a 20 year period would be a principal amount of £1.037m and interest of £0.684m, resulting in a total cost of £1.721m based on a loans fund interest rate of 5.2%. The annual loan charges would be £0.086m.
- 5.3 It should be noted that the Council's Capital Investment Programme is funded through a combination of General Capital Grant from the Scottish Government, developers and third party contributions, capital receipts and borrowing. The borrowing required is carried out in line with the Council's approved Treasury Management Strategy and is provided for on an overall programme basis rather than for individual capital projects. Following instruction from Members, notional loan charge estimates have been provided above, which it should be noted are based on the assumption of borrowing in full for this capital project.

6. Risk, policy, compliance and governance impact

- 6.1 Future risk could arise from Festival City Theatres Trust business failure. The Trust is monitored and audited as a Council Company. Likelihood of business failure is currently very low, and risk assessment is undertaken annually and mitigation measures are included in the detailed business case.

7. Equalities impact

- 7.1 There are no negative impacts on Equalities and Rights resulting from this report.

8. Sustainability impact

- 8.1 There are no negative impacts on Council sustainability policies, plans or strategies resulting from this purchase proposal.

9. Consultation and engagement

- 9.1 Council Officers have ensured full engagement with the Festival City Theatres Trust throughout this process.

10. Background reading/external references

- 10.1 http://www.edinburgh.gov.uk/download/meetings/id/35222/item_23_festival_theatre_-_proposed_acquisition_of_land

Paul Lawrence

Executive Director of Place

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11. Links

Coalition Pledges	P30 – Continue to maintain a sound financial position including long term financial planning P31 – Maintain our City's reputation as the cultural capital of the world by continuing to support and invest in our cultural infrastructure
Council Priorities	CP6 – a creative, cultural capital CP13 - Budget
Single Outcome Agreement	N/A
Appendices	N/A

Finance and Resources Committee

10.00am Thursday 1 December 2016

New Build Nursery and Gym Hall Facility at Leith Primary School, Edinburgh

Delegated Authority for Award of Contract

Item number	7.13
Report number	
Executive/routine	Executive
Wards	13

Executive Summary

The City of Edinburgh Council wishes to procure a suitably qualified and experienced contractor to undertake the construction of a new nursery building and gym hall facilities at Leith Primary School.

In order to meet a programmed start date on site of January 2017, this report seeks Committee approval to delegate authority to the Acting Executive Director of Communities and Families, in consultation with the Convener and Vice Convener of the Finance and Resources Committee, to appoint the Contractor that submits the most economically advantageous tender.

Links

Coalition Pledges	P3
Council Priorities	CP1 , CP2
Single Outcome Agreement	SO3

New Build Nursery and Gym Hall Facility at Leith Primary School, Edinburgh

Delegated Authority for Award of Contract

1. Recommendations

It is recommended that Committee:

- 1.1 Delegates authority to the Acting Executive Director of Communities and Families, 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 new build nursery and gym hall facility at Leith Primary School, Edinburgh.
- 1.2 Note that tenders have been received from 5 short listed building contractors. The Council has completed the quality assessment of the bids and is currently in the process of evaluating the commercial bids.

2. Background

- 2.1 The scope of this project is to construct a new 977m² two storey building comprising ground floor nursery and first floor gym hall accommodation for Leith Primary School.
- 2.2 The main objectives of the project include:
 - 2.2.1 Demolish rear part of building and provide new build gym and nursery;
 - 2.2.2 Make safe and secure the remaining building/space for development by others.
- 2.3 The budget for the project is £4,084,000.
- 2.4 The works are currently programmed, to be completed on site by January 2018 meeting the Council's objective to provide suitable facilities for Leith Primary School. This programme is dependent upon Delegated Authority to award the contract being granted. Delegated Authority is required because the next Finance and Resources Committee is not until 19 January 2017 and relying on this Committee for approval will result in the programme being delayed by approximately 6 weeks.

3. Main report

- 3.1 The Project Team was established in April 2014 to progress the project, which is being designed, procured and delivered by a combination of internal and external professionals led by the Corporate Property Building Programme Team (BPT) and Commercial and Procurement Services (CPS).
- 3.2 CPS, in conjunction with BPT, undertook a full tender exercise by placing a contract notice on the Public Contracts Scotland Portal as a two stage procedure on 25 May 2016.
- 3.3 Nineteen organisations noted their interest in the contract and were able to download the European Single Procurement Document (ESPD) which was attached to the notice. Fourteen organisations submitted a completed ESPD by the closing date of 8 June 2016.
- 3.4 The aim of the ESPD evaluation process was to allow the Council to identify suitably qualified and experienced bidders to be invited to tender by considering their financial stability, technical capability, capacity, experience and organisational processes and procedures evidenced by previous project examples. The ESPD replaces the previous Pre Qualification Questionnaire Documentation for works contracts in excess of £2m. As a result of the ESPD process, five bidders were selected to be invited to tender.
- 3.5 In the invitation to tender it was stated that the contract would be awarded on the basis of the Most Economically Advantageous Tender with 20% of the overall score being given to quality and 80% given to price. This ratio was determined due to the advanced stage of the high quality design of the school and the mandatory requirement for the bidders to price the Council's specification without alternatives unless written approval was sought.
- 3.6 The five tender submissions received were evaluated individually by the three members of the evaluation team to determine a score for quality. In accordance with the agreed ratio the weighted maximum score for quality was 20. Five evaluation criteria areas were identified, each having different weightings and being scored between 0 and 10 in accordance with the Evaluation Criteria Scoring Definitions included in the tender instructions issued to the bidders. Further details of the procurement process, including the members of the evaluation team and the five quality evaluation criteria and their respective weightings, are provided in Appendix 1.
- 3.7 On completion of the individual evaluation process a consensus meeting was held attended by the members of the evaluation team and the contract administrator from CPS. Individual evaluation criteria scores were reviewed and a consensus score reached for each bidder. The appropriate weighting was then applied to each of the individual evaluation criteria to arrive at a final quality score.

- 3.8 A minimum threshold of 50% of the total available marks for quality was set to ensure that any bidder failing to provide a satisfactory response to the published evaluation criteria requested within the tender documentation would not be considered further and would not have their pricing bid opened.
- 3.9 Following completion of the quality analysis as all bidders had achieved the minimum quality threshold score of 50% their pricing bids were opened and subject to a cost analysis.
- 3.10 Due to the complexity and nature of the works, the cost analysis is not expected to be complete until week after this Committee. The project involves connecting structurally into the remaining part of the Duncan Place resources centre. There will be a lot of clarifications to be carried out prior to agreeing a tender price.
- 3.11 Therefore, in order to ensure that the project is not delayed, under the Scheme of Delegation, the Project Team is seeking Delegated Authority to the Acting Executive Director of Communities and Families to award the contract providing the cost analysis demonstrates a positive outcome in terms of value for money and is within the budget allocation.

4. Measures of success

- 4.1 Delivery of the new nursery and gym hall facility on time, within budget and to a design specification which meets all related requirements.
- 4.2 Appointment of a contractor who has the suitable experience and capability to deliver a high quality nursery and gym hall facility.

5. Financial impact

- 5.1 The approved budget to complete the project is £4,084,000 (Demolition, Making Safe and new build). The budget portion for the new build is £3,111,158.
- 5.2 The pre-tender estimate for new build is £2,868,814 therefore it is expected the contract value will be able to be accommodated within this budget.
- 5.2 The costs associated with procuring this contract are estimated at up to £2,000.

6. Risk, policy, compliance and governance impact

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

7. Equalities impact

- 7.1 There are no negative equality or human rights impacts arising from this report.

8. Sustainability impact

- 8.1 The new building significantly improves the overall sustainability of the old building.
- 8.2 The project reused the existing infrastructure of the old building in an attempt to reduce cost, leverage existing energy infrastructure and reduce impact on the school during development. The existing boiler house and switch room provided the heating and electricity to the new development via the old basement service tunnels.
- 8.3 The new building benefits from 72 roof mounted photovoltaic panels, an integrated passive design with enhanced insulation on external walls and uses wooden glulam beams in the gym roof. These measures are complemented by the use of natural ventilation throughout with low energy LED lighting. The LED lighting controls reduce energy use by intensifying natural light so lighting is only used when it is needed. This is reflected in an EPC rating of 'A' currently achieved by the integrated design.
- 8.4 The Council has a Community Benefits in Procurement Programme and as part of the evaluation process, the bidders are being assessed on their commitment to community benefits.

9. Consultation and engagement

- 9.1 Extensive public consultation and engagement has been undertaken during all stages of the project.

10. Background reading/external references

- 10.1 Not required.

Alistair Gaw

Acting Executive Director of Communities and Families

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11. Links

Coalition Pledges	P3 – Rebuild Portobello High School and continue progress on all other planned school developments, while providing adequate investment in the fabric of all schools
Council Priorities	CP1 - Children and young people fulfil their potential CP2 - Improved health and wellbeing: reduced inequalities
Single Outcome Agreement	SO3 - Edinburgh's children and young people enjoy their childhood and fulfil their potential
Appendices	Appendix 1 – Summary of Tendering and Tender Evaluation Process

Appendix 1 - Summary of Tendering and Tender Evaluation Processes

Contract	Principal Contractor of the Nursery & Gym Hall Facility at Leith Primary School, Edinburgh
Contract period	Period of construction estimated to be 1 year
Contract value	Not known at present
Standing Orders observed	2.4 Requirement to advertise 5.1.b Selection of the most economically advantageous tender
Portal used to advertise	www.publiccontractsscotland.co.uk
EU Procedure chosen	Restricted
Invitations to tender issued	Five
Tenders returned	Five
Tenders fully compliant	Not known at present
Recommended supplier	Not known at present
Primary criterion	Most economically advantageous tender to have met the qualitative and technical specification of the client department
Evaluation criteria and weightings	Organisation – 25% Delivery Methodology – 30% Risk Assessment – 25% Community Benefits - 10% Health and Safety - 10%
Evaluation Team	Project Manager, Building Programme Team, Resources Architect, Building Programme Team, Resources Architect, Building Programme Team, Resources

Finance and Resources Committee

10.00am, Thursday, 1 December 2016

Award of Contract for the Provision of Residential Care for Young People

Item number	7.14
Report number	
Executive/routine	
Wards	

Executive Summary

This report seeks the approval of the Finance and Resources Committee to award a contract for the provision of Residential Care for Young People.

The contract duration will be four years, with an option to extend for up to a further two periods of 18 months each.

The total estimated value of the contract, including extensions, is between £6,445,873 and £6,845,778 assuming annual inflation of 2%. Actual spend will depend on index linked price adjustments.

Links

Coalition Pledges	CP1
Council Priorities	CP1, CP2, CP4
Single Outcome Agreement	SO2, SO3, SO4

Award of Contract for the Provision of Residential Care for Young People

1. Recommendations

- 1.1 It is recommended that the Finance and Resources Committee approves award of a contract to Dean and Cauvin Trust for the provision of residential care for young people. The contract will start on 1 April 2017 and will operate for a period of four years, with the option to extend for a further period of 2 x 18 month extensions.

2. Background

- 2.1 The City of Edinburgh Council requires flexible residential placements for nine young people looked after by the Council. The incumbent supplier (Dean and Cauvin Trust) provided the service for some years under a service level agreement (SLA).
- 2.2 The service includes accommodation comprising of two separate units that would be suitable for this type of service. One unit is for young people aged 15 1/2 years and over and the other for vulnerable pregnant teenage mums or teenage mums with young babies. Care Inspectorate registration is mandatory.
- 2.3 The overall requirement of this contract is that the young people will be placed in an establishment that is able to provide a high quality, stable, safe, supportive and enabling residential 'home base'. The provider will deliver, through individual and group work as appropriate, a programme of services and training directed towards developing competence, self care skills, independence skills and providing career guidance or advice on educational attainment. In addition, short term post residential support is required for the same young people as they move to their own tenancies.
- 2.4 The service has sought, through its Looked After Children Transformation Programme, to reduce usage of residential provision and has in recent years been successful through the closures of Wellington residential school, Pentland View Close Support Unit and the merger of Greendykes YPC and Edinburgh Families Project at the new Heathervale Unit. There is an ongoing requirement for a service to provide residential accommodation for this client group to complement the remaining Council provision.

3. Main report

- 3.1 This procurement commenced before the 18 April 2016 and as such, in terms of EU procurement regulations, social care services are under Part B regulations. Although Part B services are not subject to the full rigours of EU procurement regulations, there is a requirement for openness, transparency and fair and equal treatment, as well as a requirement to comply with the Public Contracts (Scotland) Regulations 2012 and the Council's Contract Standing Orders.
- 3.2 A Contract Notice was published on the Public Contracts Scotland (PCS) website on 8 April 2016 with an open Invitation to Tender (ITT). A total of twenty three organisations registered interest.
- 3.3 A summary of the tender process is provided at Appendix 1 of this report.
- 3.4 Information about award criteria is provided at Appendix 2 of this report.
- 3.5 One organisation submitted a tender by the deadline of 24 May 2016.
- 3.6 The tender was evaluated on the basis of most economically advantageous tender (MEAT), weighted 70:30 for quality and price. Quality being of greater importance due to the nature of the service.
- 3.7 The tender was assessed as meeting the qualification criteria and was therefore taken forward for evaluation of technical (quality) content.

Provider	Quality	Price	Total
Dean and Cauvin Trust	47	30	77

- 3.8 The recommendation for award of contract is based on the tenderer's score and the outcome of further due diligence.
- 3.9 The designated Contract Manager within Communities and Families will be responsible for contract and supplier management.

4. Measures of success

- 4.1 The contract price is a fixed annual fee for the core service for the duration of the contract, subject to inflationary increases, with greater understanding of the full costs being applied to the service.
- 4.2 This procurement has adhered to policy on Sustainable Procurement and Implementing Community Benefits. Specific Community Benefits (see section 8) and added value have been obtained and delivery of these benefits will be monitored by Communities and Families.

- 4.3 Added value to the service (additional funding from Big Lottery Fund etc.) has been specified by the provider to range between £210,488 to £116,250 per annum through out the term of the contract. This covers additional Aftercare and Transitional costs.
- 4.4 The longer term contract will provide more stability to the provider, young people and the service area, which will allow for long term planning of funds.

5. Financial impact

- 5.1 The current cost of this service is £853,777 per year.
- 5.2 The value of this contract is set at £920,839 per annum plus an agreed index linked inflation rate (CPI) after 2016/2017. The increased cost relates to an inflationary increase for 2017/18 and the impact of the provider complying with the Working Time Directive from April 2017. The increased cost relating to the Working Time Directive is comparable to the costs the Council incurred when it was implemented within its own residential units a number of years ago.
- 5.3 The contract includes provision for annual inflationary increases linked to the Consumer Price Index (CPI). The minimum value of the seven year contract is £6,445,909 excluding inflationary increases. The estimated maximum value assuming annual inflation of 2% is £6,845,778. The cost of the contract, and future inflationary increases, can be met within the services budgets.
- 5.4 The costs associated with procuring this contract are estimated to be between £20,001 and £35,000.

6. Risk, policy, compliance and governance impact

- 6.1 Residential care for young people is an essential activity. The Provider will therefore be required to evidence acceptable arrangements in respect of business continuity.

7. Equalities impact

- 7.1 The contents of this report contribute to the Equality Act 2010 public sector equality duty by advancing equality of opportunity and fostering good relations and a full Equalities Impact Assessment was not required.

8. Sustainability impact

- 8.1 No significant environmental impacts are expected to arise from this contract.

- 8.2 Community benefits offered by Dean and Cauvin Trust include training delivery to City of Edinburgh staff on a range of topics such as residential care, working with young parents, group work and care experiences, or other related subjects. This will be delivered quarterly. The designated Contract Manager will be responsible for monitoring delivery and reporting of community benefits by individual providers.

9. Consultation and engagement

- 9.1 Consultation with the young people was undertaken prior to this procurement. The young people will be kept informed of progress with contract implementation.

10. Background reading/external references

- 10.1 None.

Alistair Gaw

Acting Executive Director Communities and Families

Contact: Scott Dunbar, Service Manager – Children and Families

E-mail: scott.dunbar@edinburgh.gov.uk | Tel: 0131 469 3322

11. Links

Coalition Pledges	CP1 Ensuring every child in Edinburgh has the best start in life
Council Priorities	CP1 Children and Young People fulfil their potential CP2 Improved health and well-being, reduced inequalities CP4 Safe and empowered communities
Single Outcome Agreement	SO2 Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health SO3: Edinburgh's children and young people enjoy their childhood and fulfil their potential. SO4: Edinburgh's communities are safer and have improved physical and social fabric.
Appendices	1 Summary of Tendering and Tender Evaluation Processes 2 Award Criteria

Appendix 1 - Summary of Tendering and Tender Evaluation Processes

Residential Care for Young People - Contract Ref: CT 0446

Contract Period	Commencement will be 1 April 2017 for a period of four years, with the option to extend for up to a further two periods of eighteen months each, undertaken at the sole discretion of the Council.
Estimated value of contracts	Maximum £6,845,778 (including extensions)
Standing Orders observed	2.4 EU Principles have been applied 2.7 Commercial and Procurement Manager provided resource to undertake tendering 3.2 Director has responsibility for all contracts tendered and led by their Directorate 5.1(b) Tenders evaluated on basis of most economically advantageous tender
Governing UK Regulation	Public Contracts (Scotland) Regulations 2012
Tenders Returned	1
Tenders fully compliant	1
Recommended Provider	Dean and Cauvin Trust
Primary Criterion	Most economically advantageous tender to have met the qualitative and technical specification
Evaluation criteria and weightings and reasons for this approach	Quality (70%) Price (30%) Quality was of greater importance due to the nature of the services to be provided
Evaluation Team	Council officers from Communities and Families
Consideration of procurement methodology and processes to ensure SME friendly	Prior Information Notice (PIN) published prior to procurement to inform the strategy.

Appendix 2 - Award Criteria

Residential Care for Young People - Contract Ref: CT 0446

Technical (Quality) Evaluation - Award Criteria	Weighting
Service Delivery	36%
Management and Staffing	12%
Fair Working Practices	12%
Performance Management	10%
Collaboration and Partnership working	10%
Implementation	10%
Community Benefits	10%
TOTAL	100%

Finance and Resources Committee

10.00am, Thursday, 1 December 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 Priorities	None identified
Single Outcome Agreement	SO1

Summary Report on Property Transactions concluded under Delegated Authority

1. Recommendations

That Committee:

- 1.1 Notes the 21 transactions detailed in the attached Appendix have been concluded in terms of the Council's 'Scheme of Delegation to Officers'.

2. 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.

3. Main report

- 3.1 Appendix 1 provides details of 21 transactions completed under delegated authority since the last quarterly report.
- 3.2 These transactions include five new leases, one new event lease, seven rent reviews, two lease renewal/extensions, one wayleave and five disposals. These transactions will result in rental income of £266,329.50 per annum, and a capital receipt for the period totalling £3,856,350.

4. Measures of success

- 4.1 N/A.

5. Financial impact

- 5.1 There are no financial implications as a result of this report.

6. Risk, policy, compliance and governance impact

- 6.1 There are no risk, policy, compliance or governance impacts as a result of this report.

7. Equalities impact

- 7.1 Equalities and Rights Impact Assessments have been carried out on all of the enclosed transactions.

8. Sustainability impact

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

9. Consultation and engagement

- 9.1 N/A.

10. Background reading/external references

- 10.1 N/A.

Hugh Dunn

Acting Executive Director of Resources

Contact: Graeme McGartland, Investments Senior Manager

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

11. Links

Coalition Pledges	P30 - Continue to maintain a sound financial position including long-term financial planning.
Council Priorities	None identified.
Single Outcome Agreement	SO1 - Edinburgh's economy delivers increased investment, jobs, and opportunities for all.
Appendices	Appendix 1

NEW LEASES

ITEM & REF NO.	WARD	OWNING DEPT/ ACCOUNT	SUBJECTS (including area in sq ft)	TENANT	USE	TERMS
2. EST/17768/18 SI	17 – Portobello/ Craigmillar	General Property	Unit 18 Peffer Business Centre, Edinburgh 775 sq ft	All About Patisserie LTD	Warehouse	Old Rent: £ 0.00 (Vacant) New Rent: £6,587.50 per annum Lease Period: 15 Jul 2016 to 14 Jul 2021 Payable: Monthly, in advance
<input type="checkbox"/> ERIA received? <div>REMARKS:</div>						

ITEM & REF NO.	WARD	OWNING DEPT/ ACCOUNT	SUBJECTS (including area in sq ft)	TENANT	USE	TERMS
3. EST/17768/19 SI	17 – Portobello/ Craigmillar	General Property	Unit 19 Peffer Business Centre, Edinburgh 775 sq ft	VIPs Roadshow	Warehouse	Old Rent: £ 0.00 (Vacant) New Rent: £ 6,200 per annum Lease Period: 15 Jul 2016 to 14 Jul 2021 Payable: Monthly, in advance
<input type="checkbox"/> ERIA received? REMARKS:						

ITEM & REF NO.	WARD	OWNING DEPT/ ACCOUNT	SUBJECTS (including area in sq ft)	TENANT	USE	TERMS
5. 35/W380N/11 SI	9 - Fountainbridge/ Craiglockhart	General Property	Unit 11 West Gorgie Park, Edinburgh 750 sq ft	William Brown and John Soulsby	Warehouse	Old Rent: £ 0.00 (Vacant) New Rent: £ 8,424 per annum Lease Period: 16 Sept 2016 to 15 Sept 2018 Payable: Monthly, in advance
<input type="checkbox"/> ERIA received? <div>REMARKS:</div>						

NEW LEASES – EVENTS & LICENCES FOR WORK

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
6. 20420 CL	1 – Almond	Services for Communities City Development General account	Part of Hawes Car Park, South Queensferry	Tricia Sutton and Chas McLeod of the Biker's Cove Cafe	Custom Motorbike Display to raise funds for the Queensferry Lifeboat	Old Rent: £1, if asked Rent: £1 Lease Period: 31 Jul 2016 Payable: if asked
<input checked="" type="checkbox"/> ERIA received?						
REMARKS: <i>One day fundraising event</i>						

RENT REVIEWS

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
7. 35/W380N/19 IL	9 – Fountainbridge / Craiglockhart	General Property	Unit 19 West Gorgie Park, Edinburgh, EH14 1UT	Kenny Watson	Office & Storage (Class 4/6) Joinery Workshop	Old Rent: £6,200 per annum New Rent: £6,400 per annum From: 22 Jul 2016 – 21 Jul 2021 Payable: Monthly, in advance
<input checked="" type="checkbox"/> ERIA received? REMARKS: <i>GIA = 71.99m2 (775sq ft)</i>						

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
8. 35/W380N/28 IL	9 – Fountainbridge / Craiglockhart	General Property	Unit 28 West Gorgie Park, Edinburgh, EH14 1UT	Raymond William Clark	Office & Storage (Class 4/6) Joinery Workshop	Old Rent: £8,000 per annum New Rent: £8,250 per annum From: 12 Jun 2016 – 11 Jun 2021 Payable: Monthly, in advance
<input checked="" type="checkbox"/> ERIA received?						
REMARKS: <i>GIA = 92.9m2 (1,000sq ft)</i>						

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
11. SGC – UO8 IL	3 – Drum Brae / Gyle	General Property	16 – 22 South Gyle Crescent, Edinburgh, EH12 9EB	Tilstone Investments LLP	Ground Lease (Sui Generis) Tenant has built warehousing on the site	Old Rent: £77,180 per annum New Rent: £88,400 per annum From: 16 Apr 2016 – 31 Jan 2022 Payable: Quarterly, in advance
<input checked="" type="checkbox"/> ERIA received?						
REMARKS: Area = 4,807m ² (51,740sq ft)						

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
12. SGC – UO9 IL	3 – Drum Brae/ Gyle	General Property	23 South Gyle Crescent, Edinburgh, EH12 9EB	Tilstone Investments LLP	Ground Lease (Sui Generis) Tenant has built warehousing on the site	Old Rent: £53,000 per annum New Rent: £56,000 per annum From: 15 May 2016 – 14 May 2021 Payable: Quarterly, in advance
<input checked="" type="checkbox"/> ERIA received?						
REMARKS: Area = 18,726m ² (46,272sq ft)						

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
13. 16409/3 IL	9 – Fountainbridge / Craiglockhart	Culture & Sport	Golf Course at 3 Glenlockhart Road, Edinburgh, EH10 5PY	Merchants of Edinburgh Golf Club	Ground Lease (Sui Generis) Used as a golf course	Old Rent: £21,250 per annum New Rent: £24,917 per annum From: 1 April 2013 – 31 March 2018 Payable: Half yearly, in arrear
<input checked="" type="checkbox"/> ERIA received? REMARKS: Area = 35.87 Hectares (88.63 Acres)						

LEASE RENEWALS/EXTENSIONS

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS (including area in sq ft)	TENANT	USE	TERMS
14. 2595 SI	9 – Fountainbridge/ Craiglockhart	General Property	113 Fountainbridge, Edinburgh 539 sq ft	Gnatt Ltd	Shop	Old Rent: £ 8,750 (Vacant) New Rent: £ 8,750 per annum Lease Period: 1 Aug 2016 to 31 Jul 2017 Payable: Monthly, in advance
<input type="checkbox"/> ERIA received? <div>REMARKS:</div>						

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS (including area in sq ft)	TENANT	USE	TERMS
15. 21116 SI	4 – Forth	General Property	4B Granton Square, Edinburgh 770 sq ft	Sky Prem Ltd	Office	Old Rent: £ 5,000 per annum New Rent: £5,400 per annum Lease Period: 1 Aug 2016 to 31 Jul 2021, and month to month thereafter Payable: Monthly, in advance
<input type="checkbox"/> ERIA received? <div>REMARKS:</div>						

WAYLEAVES

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
16. AF	7 – Sighthill/ Gorgie	Services for Communities, Parks and Greenspace	Ground at Sighthill Public Park, Edinburgh	Vodafone	Upgrade existing cable and install new cable at Sighthill Park, to facilitate new Housing development	Grassum: £500
<input checked="" type="checkbox"/> ERIA received?						
REMARKS:						

DISPOSALS

ITEM & REF NO.	WARD	OWNING DEPT/ ACCOUNT	SUBJECTS	PURCHASER	USE	TERMS
17. 6611A RJO'D	11 – City Centre	General Property	(1F1) 38 Cockburn Street	Lawnmarket Properties Ltd	Residential (1 Unit)	Purchase Price: £165,100 Completed: 29 Jun 2016
<input checked="" type="checkbox"/> ERIA received?						
REMARKS: <i>Closing Date: Highest Bid (Net Internal Area: 44.08 sq m)</i>						

ITEM & REF NO.	WARD	OWNING DEPT/ ACCOUNT	SUBJECTS	PURCHASER	USE	TERMS
18. 21267 RJO'D	16 – Liberton/ Gilmerton	Housing Revenue Account	37 Craighour Drive	Scott Thomson & Lisa McCartney	Garden ground for driveway only	Purchase Price: £2,650 Completed: 21 Jun 2016
<input checked="" type="checkbox"/> ERIA received? REMARKS: Minor Land Transaction (93.5 sq.m.) to neighbour. Section 12 consent received.						

ITEM & REF NO.	WARD	OWNING DEPT/ ACCOUNT	SUBJECTS	PURCHASER	USE	TERMS
19. DS	15 – Southside/ Newington	General	Site C, (Rear of Festival Theatre)	KR Developments Edinburgh Ltd	Student Housing	Purchase Price: £2,300,000 Completed: 3 Oct 2016
<input type="checkbox"/> ERIA received? REMARKS: <i>Closing date – highest bidder</i>						

ITEM & REF NO.	WARD	OWNING DEPT/ ACCOUNT	SUBJECTS	PURCHASER	USE	TERMS
20. GMcG	8 – Colinton/ Fairmilehead	Health and Social Care/HRA	Oxgangs Path	Aldi	Supermarket	Purchase Price: £1,380,600 Completed: 5 Jul 2016
<input type="checkbox"/> ERIA received? REMARKS: <i>Joint sale with adjoining Church of Scotland Property</i>						

ITEM & REF NO.	WARD	OWNING DEPT/ ACCOUNT	SUBJECTS	PURCHASER	USE	TERMS
21. GMcG	1 – Almond	HRA	40 Muirhouse Gardens	Jasvir Singh	Extention to retail unit	Purchase Price: £8,000 Completed: 21 Apr 2016
<input type="checkbox"/> ERIA received? <div style="margin-left: 100px;"> REMARKS: <i>Minor land transaction – 40 sq m of land</i> </div>						

Finance and Resources Committee

10.00am, Thursday, 1 December 2016

Proposed 30 year lease of 32 Market Street, Edinburgh

Item number	8.2
Report number	
Executive/routine	Routine
Wards	11 – City Centre

Executive Summary

32 Market Street has been vacant since the Royal Edinburgh Military Tattoo relocated to 1 Cockburn Street.

The property was subject to a full marketing campaign from May 2016, with two formal offers received at the closing date of 31 August 2016.

This report seeks approval to the grant of a new 30 year lease to General Dynamic Fun Limited on the terms and conditions outlined in the report.

Links

Coalition Pledges	P17
Council Priorities	CP5 , CP7 , CP9 , CP12
Single Outcome Agreement	SO1

Proposed 30 year lease of 32 Market Street, Edinburgh

1. Recommendations

That Committee:

- 1.1 Approves a new 30 year lease to General Dynamic Fun Limited of 32 Market Street on the terms outlined in this report and on other terms and conditions to be agreed by the Acting Executive Director of Resources.

2. Background

- 2.1 The premises at 32 Market Street is formed over ground and first floor and extends to 682 sqm (7,342 sqft) or thereby, as shown outlined red on the attached plan.
- 2.2 The property was leased to the Royal Edinburgh Military Tattoo who purchased 1 Cockburn Street from the Council. Following completion of the refurbishment and relocation into 1 Cockburn Street, the Tattoo's lease was terminated on 28 May 2016. The rent paid by the Tattoo for 32 Market Street was £64,000 per annum.
- 2.3 32 Market Street was placed on the open market for lease in May 2016. Following receipt of notes of interest, a closing date was set for 31 August 2016, when two formal offers were received.
- 2.4 Initial discussions were held with the highest bidder who subsequently withdrew their offer. Provisional heads of terms have now been agreed with the under bidder.
- 2.5 General Dynamic Fun Limited is a new limited company and is a joint venture between John and Lynne Dunsmore, who are the founders and directors of The Edinburgh Beer Factory Limited, and Gino Stornaiuolo of Nonna's Kitchen.
- 2.6 As the new limited company has no trading history, John and Lynne Dunsmore will provide personal guarantees to cover all lease obligations.

3. Main report

- 3.1 Following negotiations, the following terms have been provisionally agreed:
 - Subjects: 32 Market Street outlined red on attached plan;
 - Lease term: 30 year lease from date of entry with tenant break options at 10th and 20th anniversary on six month notice;

- Rent: £100,000 per annum;
- Incentives: Equivalent of 18 months rent to be phased across the first two and a half years of the lease (six months rent free from date of entry and then half rent for two years). The tenant will be spending in the region of £1m refurbishing the property;
- Rent Reviews: Reviewed on each fifth anniversary to open market value;
- Use: Food / beverage ("Pizzeria Paolozzi") at ground floor with office above;
- Costs: Both parties to meet their own costs with office above and;
- Other terms: Subject to planning permission for change of use and other conditions as contained in a standard commercial lease.

4. Measures of success

- 4.1 Granting a new 30 year lease of the premises will bring a vacant unit back into commercial use thus reducing the Council's vacant property costs and generating a rental income.

5. Financial impact

- 5.1 Removal of approximately £55,000 per annum financial liability to Council on vacant Non Domestic Rates, plus, new rental income of £100,000 per annum payable to the General Property Account.

6. Risk, policy, compliance and governance impact

- 6.1 It is considered that this is little or no impact on Risk, Policy, Compliance or Governance issues.

7. Equalities impact

- 7.1 An equality and Rights Impact Assessment has been carried out.
- 7.2 The letting of the property would bring a vacant unit back into commercial use. The new tenant will use the property as a high quality restaurant at ground floor level with office above. This letting will help provide for Edinburgh's economic growth and prosperity, while enhancing the right to productive and valued activities.
- 7.3 In a commercial property letting the main infringement of rights can often be claims by individuals 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 a period of three months with a closing date for offers, providing the best possible opportunity for every interested party to submit an offer.

8. Sustainability impact

8.1 There are no sustainability issues arising from this report.

9. Consultation and engagement

9.1 N/A

10. Background reading/external references

10.1 N/A

Hugh Dunn

Acting Executive Director of Resources

Contact: Mark Bulloch, Portfolio Manager

E-mail: mark.bulloch@edinburgh.gov.uk | Tel: 0131 529 5991

11. 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	Appendix 1 – Location / Site Plan



LOCATION PLAN

PHOTOGRAPHICALLY REDUCED NOT TO SCALE

SITE PLAN

• EDINBURGH •
THE CITY OF EDINBURGH COUNCIL

SERVICES FOR COMMUNITIES
EDINBURGH

32 MARKET STREET
EDINBURGH

DATE 14/10/16

SURVEYED BY

DRAWN BY Mark Ballantyne

SCALE N.T.S.

NEG. NO. A3/1549

Finance and Resources Committee

10.00 am, Thursday, 1 December 2016

Proposed New 15 Year Lease of 173 – 175 Canongate, Edinburgh

Item number	8.3
Report number	
Executive/routine	Routine
Wards	11 – City Centre

Executive Summary

To seek Committee approval to grant a new 15 year lease of the retail shop at 173-175 Canongate, Edinburgh to The Firm of Hamilton and Young, with effect from 1 April 2017, at a revised rental of £26,320 per annum exclusive of VAT.

Links

Coalition Pledges	P15 , P28
Council Priorities	CP5 , CP7 , CP8
Single Outcome Agreement	SO1

Proposed New 15 Year Lease of 173 – 175 Canongate, Edinburgh

1. Recommendations

That Committee:

- 1.1 Approves a new 15 year lease to The Firm of Hamilton and Young of retail premises at 173-175 Canongate, Edinburgh, on the terms outlined in this report and on other terms and conditions to be agreed by the Acting Executive Director of Resources.

2. Background

- 2.1 The property comprises two retail shops combined behind a frontage that is set back from the building line under a vaulted arcade on Canongate. The property lies in the middle section of Canongate that is bounded to the west by the pend leading to St John's Street and to the east by the Canongate Kirk, as shown on the attached plan.
- 2.2 Historically the shops have been separate units, however the tenant has undertaken internal alterations to form a single retail unit that extends to 122.29sqm (1,316sq ft).

3. Main report

- 3.1 The current tenant, The Firm of Hamilton and Young, is a jewellery retailer trading as Hamilton & Young and has leased No.173 from the Council since April 1999, and No.175 since March 2014, paying a current combined rent of £20,180 per annum.
- 3.2 The tenant has requested that the Council grant a new single 15 year lease over both units to reflect the current configuration as a single trading unit. The tenant has met all their financial and legal obligations in terms of the existing lease.
- 3.3 The following terms have been provisionally agreed:
 - Subjects: Retail shop at 173-175 Canongate, Edinburgh;
 - New Lease: 15 years from 1 April 2017 until 31 March 2032;
 - Rent: £26,320 per annum (current market rental value);

- Rent Reviews: Reviewed on each fifth anniversary of the term to open market value;
- Use: Jewellery retailer; and
- Repairs: Full repairing and maintaining obligation.

4. Measures of success

- 4.1 Granting a new 15 year lease will allow the business to continue their long term financial planning and, in turn, sustain employment for its workers.

5. Financial impact

- 5.1 The proposed new lease will result in an increase in rent of £6,140 per annum to the General Property Account.

6. Risk, policy, compliance and governance impact

- 6.1 This is a new lease to The Firm of Hamilton and Young who have been a Council tenant since April 1999 and have fulfilled their legal and financial obligation since that time. It is considered there is little or no impact on Risk, Policy, Compliance or Governance issues.

7. Equalities impact

- 7.1 An enhancement of rights has been identified as through a new lease, it will ensure that The Firm of Hamilton and Young 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 (i) Legal Security, (ii) Education and Learning and (iii) Productive and Valued Activities.
- 7.2 A possible infringement has been identified by offering a new lease rather than placing the retail premises on the open market, which will have a potential impact on others who may want to lease the shop. However, given the established nature of the tenants business and the possible effect on it if a new lease is not granted, the impact is considered to be proportionate and justifiable.

8. Sustainability impact

- 8.1 There are no sustainability issues arising from this report as it is a new lease being proposed for a property that has been in retail use for many years and is to continue to be in retail use.

9. Consultation and engagement

9.1 N/A

10. Background reading/external references

10.1 N/A

Hugh Dunn

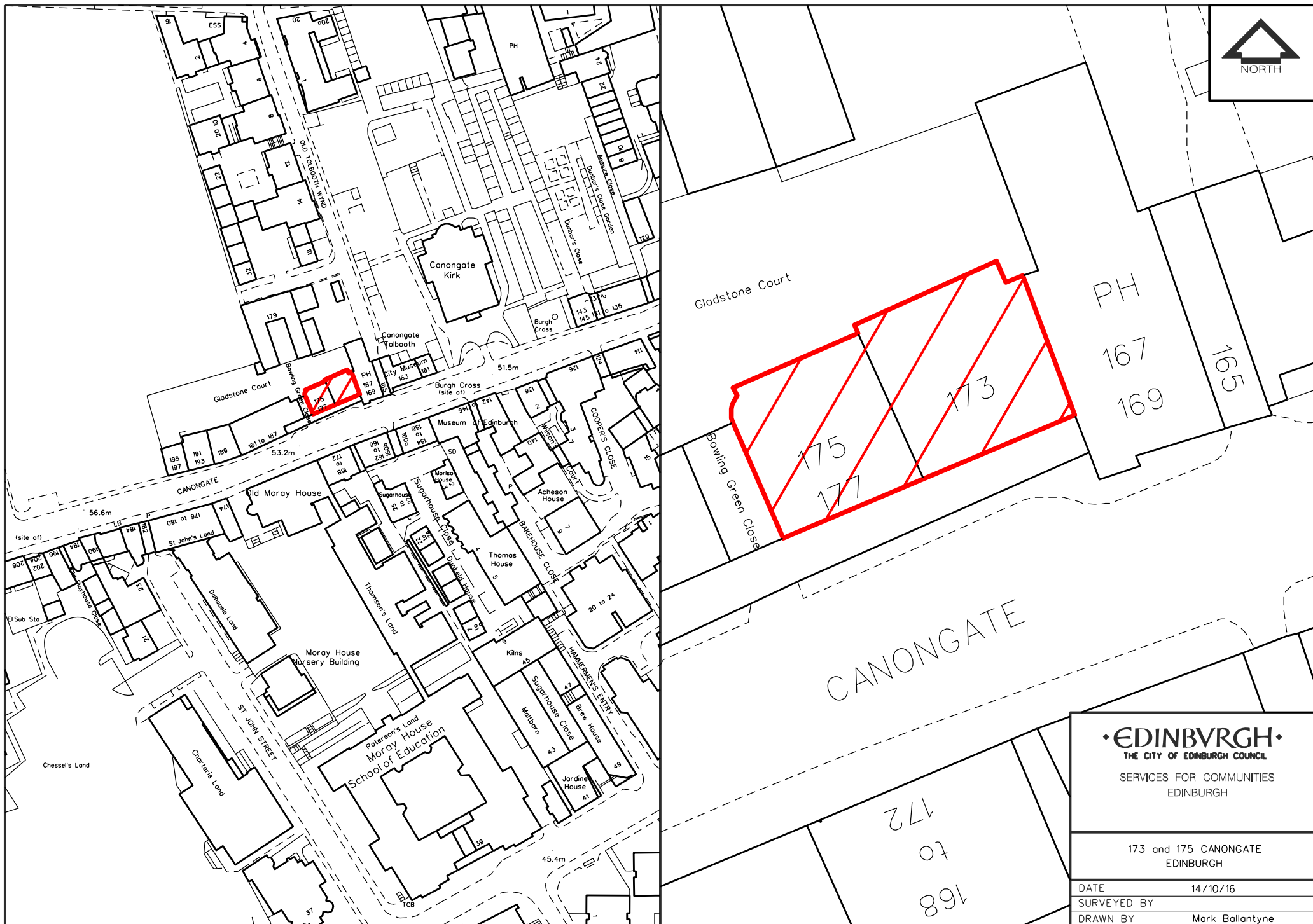
Acting Executive Director of Resources

Contact: Iain E Lamont, Estates Surveyor

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

11. 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. CP7 – Access to work and learning. 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



LOCATION PLAN

PHOTOGRAPHICALLY REDUCED NOT TO SCALE

SITE PLAN

• EDINBURGH •
THE CITY OF EDINBURGH COUNCIL

SERVICES FOR COMMUNITIES
EDINBURGH

173 and 175 CANONGATE
EDINBURGH

DATE 14/10/16

SURVEYED BY

DRAWN BY Mark Ballantyne

SCALE N.T.S.

NEG. NO. A3/1701

Finance and Resources Committee

10.00 am, Thursday, 1 December 2016

Lease Extension - Care Home at 23-27 Gylemuir Road, Edinburgh

Item number	8.4
Report number	
Executive/routine	Routine
Wards	3 – Drumbrae/Gyle

Executive Summary

The Finance and Resources Committee, at its meeting on 27 November 2014, granted authority to enter into a lease at 23-27 Gylemuir Road for 18 months for the provision of an interim care facility for older people.

It is now proposed to extend the lease by two years for continued provision of the service.

The proposed lease extension would continue on the same main terms and conditions as the existing lease, at a current rent £314,000 per annum, subject to rental increases of £40,000 per annum plus a RPI increase with effect from 30 June 2016 (to be applied retrospectively), and an additional £40,000 per annum plus RPI increase with effect from 30 June 2017.

Links

Coalition Pledges	P43
Council Priorities	CP2
Single Outcome Agreement	SO2

Lease Extension - Care Home at 23-27 Gylemuir Road, Edinburgh

1. Recommendations

That Committee:

- 1.1 Approves a two year lease extension of the 120 bed care home at 23-27 Gylemuir 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.

2. Background

- 2.1 The subject property is located at 23-27 Gylemuir Road, Edinburgh and comprises four 30 bed units in two 2-storey blocks linked to a central administration building.
- 2.2 The Finance and Resources Committee, at its meeting on 27 November 2014, granted authority to enter into a lease of the property for 18 months for the provision of an interim care facility for older people. The passing rent was £314,000 per annum with annual RPI increases.
- 2.3 Gylemuir House operates, for the Health and Social Care Partnership, as an interim care facility to support people in hospital who have been assessed as requiring a care home placement and are medically fit for discharge. The service can support people for up to six weeks while an appropriate permanent care home placement is identified. There are currently 60 beds in operation, out of a total of 120 available beds in the care home.

3. Main report

- 3.1 It is now proposed to extend the lease by two years to permit the continued use that allows the release of hospital beds and provides more appropriate care for older people who are waiting for long term care beds. The longer term plans are currently being reviewed as part of the Older People Capacity and Demand review. This review will identify the capacity required across the spectrum of the pathway for older people from wider community supports as well as the accommodation element.

- 3.2 The current lease expired on 29 June 2016 but has continued on tacit relocation (silent renewal) on a month to month rolling basis. Heads of terms to extend the lease have been agreed for two years on a full repairing and insuring basis subject to rental increases of £40,000 per annum with effect from 30 June 2016 (to be applied retrospectively) and an additional £40,000 per annum with effect from 30 June 2017. The additional rent will allow access to the additional bed spaces in the currently unused wings of the building.

4. Measures of success

- 4.1 Extending the lease will:
- continue to ensure that older people in hospital are discharged to more suitable accommodation, pending their transfer to long term residential care; and
 - have a positive impact on delayed discharges due to the current shortage of bed spaces in care homes in Edinburgh.

5. Financial impact

- 5.1 The cost of the ongoing service will depend on the outcome of the Older People Capacity and Demand review. The current rent is £314,000 per annum subject to annual RPI increases.
- 5.2 The rent will increase by £40,000 per annum plus a RPI increase from 30 June 2016 and by an additional £40,000 per annum plus a RPI increase from 30 June 2017.
- 5.3 The extension of the lease will be fully funded by the Edinburgh Integration Joint Board.

6. Risk, policy, compliance and governance impact

- 6.1 There is a risk that the Integrated Joint Board will not meet the delayed discharge target trajectory of no more than 10 delays in November 2016 if interim care home bed spaces do not remain available.
- 6.2 There is a risk of a further increase in the number of hospital bed spaces which are unavailable due to delayed discharges during the winter period unless interim care home bed spaces remain available.

7. Equalities impact

- 7.1 The proposals will allow the Council to meet the needs of older people who urgently require accommodation in the Edinburgh area. This will enhance their rights to health, physical security and standard of living.
- 7.2 The proposals will have a positive impact on the duty to advance equality of opportunity for older people moving from hospital to a care home environment and will help to address any disadvantages experienced by older people requiring care home accommodation in the Edinburgh area.

8. Sustainability impact

- 8.1 The impacts of this report in relation to the three elements of the Climate Change (Scotland) Act 2009 Public Bodies Duties have been considered, and the outcomes are summarised below:
- Staff and residents' travelling patterns are likely to be relatively unchanged and the management and layout of the buildings and grounds is unlikely to change;
 - The only impact on carbon emissions may be residents' families who may have lived with residents now having to travel to visit them but most residents will have been in hospital;
 - The proposals will allow the Council to meet the needs of older people who urgently require care home accommodation in the Edinburgh area, improving personal wellbeing and social inclusion and providing residents with the same opportunities as others to receive access to suitable accommodation; and
 - The proposals may bring staff and visitors to the area, assisting local businesses.

9. Consultation and engagement

- 9.1 All relevant Council and NHS practitioners and clinicians and local elected members have been made aware of the facility and the service it provides.

10. Background reading/external references

- 10.1 Update on Accommodation Strategy for Older People; Health, Wellbeing and Housing Committee, 10 September 2013.
- 10.2 Adult Social Care Budget Pressures 2014-15; Finance and Resources Committee, 27 November 2014.

Hugh Dunn

Acting Executive Director of Resources

Rob McCulloch-Graham

Chief Officer Edinburgh Health and
Social Care Partnership

Contact: Marna Green, Interim Locality Manager, North East

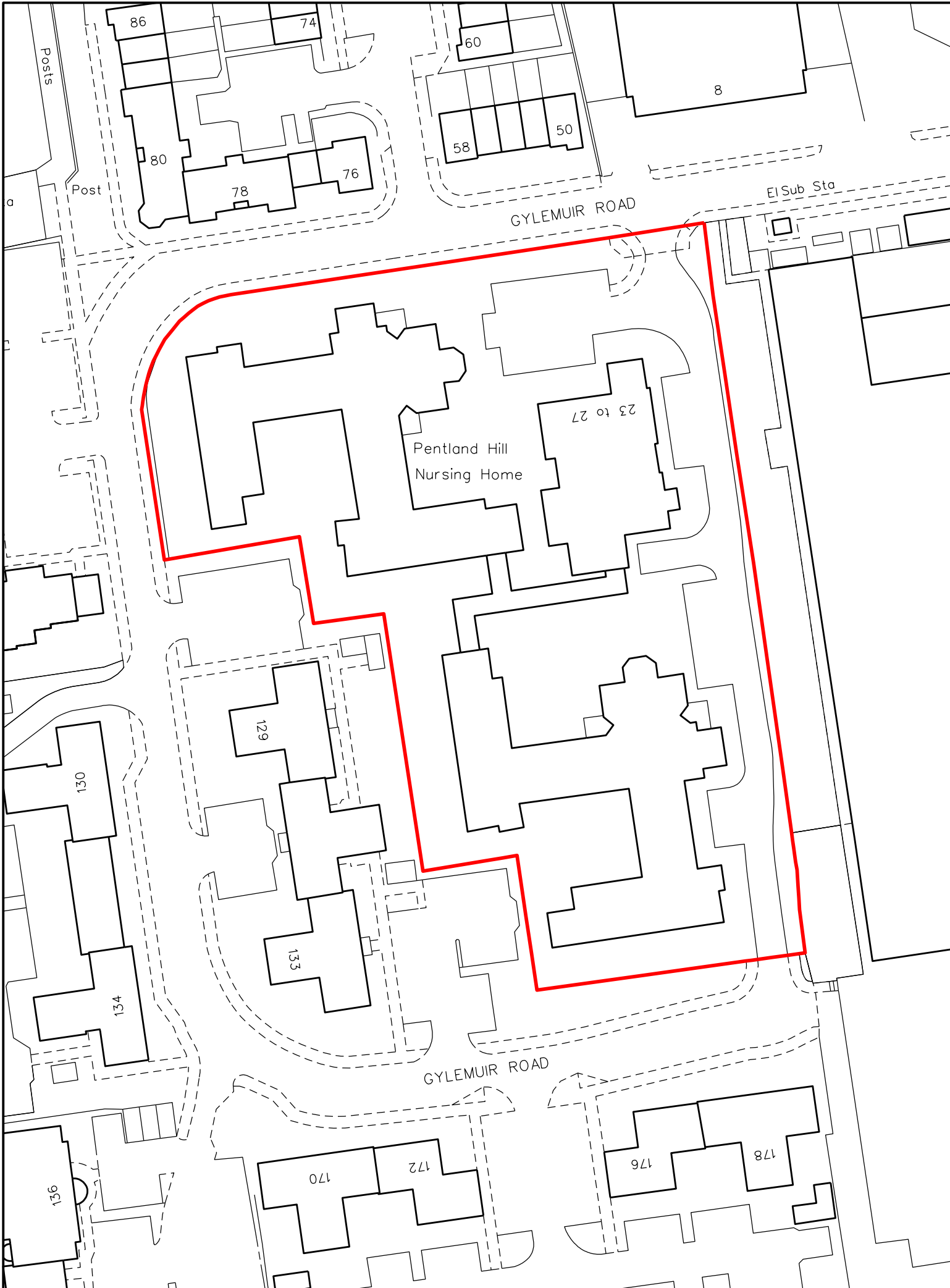
E-mail: marna.green@edinburgh.gov.uk | Tel: 0131 553 8318

Contact: Veronica Ross, Senior Estates Surveyor

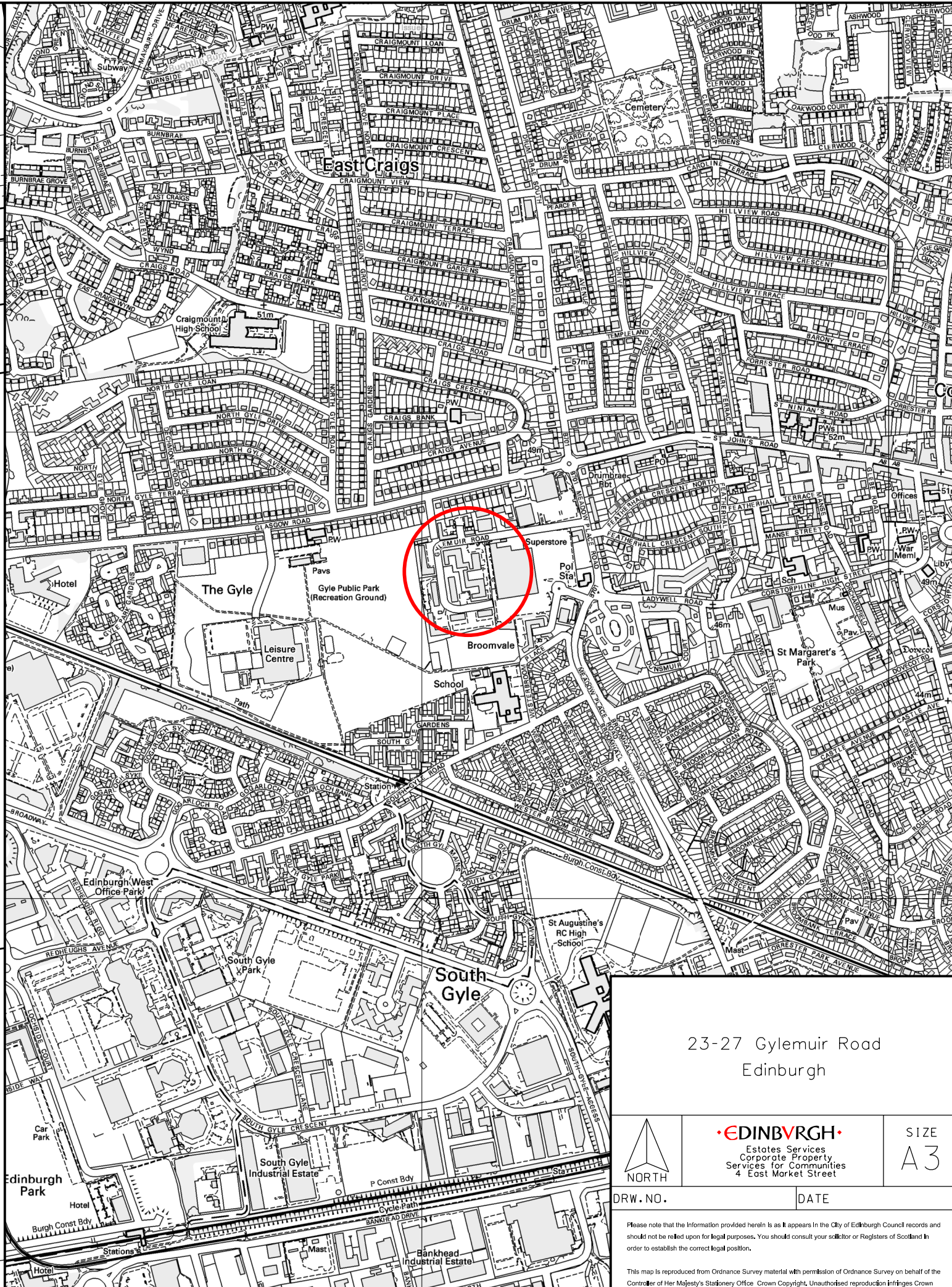
E-mail: veronica.ross@edinburgh.gov.uk | Tel: 0131 529 3159

11. Links

Coalition Pledges	P43 – Invest in healthy living and reduced inequalities
Council Priorities	CP2 - Improved health and reduced inequalities.
Single Outcome Agreement	SO2 – Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health.
Appendices	Appendix 1 – Location Plan.




SCALE : 1:800



SCALE : 1:10,000

23-27 Gylemuir Road
Edinburgh



NORTH

•EDINBURGH•
Estates Services
Corporate Property
Services for Communities
4 East Market Street

SIZE
A3

DRW. NO.

DATE

Please note that the information provided herein is as it appears in the City of Edinburgh Council records and should not be relied upon for legal purposes. You should consult your solicitor or Registers of Scotland in order to establish the correct legal position.

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Finance and Resources Committee

10.00am, Thursday, 1 December 2016

Proposed sale of land at 135 Redford Road, Colinton, Edinburgh

Item number	8.5
Report number	
Executive/routine	Routine
Wards	8 – Colinton/Fairmilehead

Executive Summary

This report seeks Committee approval for the disposal of 0.126ha (0.312 Acres) of land to an adjacent proprietor, Mr and Mrs Linton.

The area of land is a steep grassed embankment with mature trees and has been informally maintained by Mr and Mrs Linton since 1993.

Links

Coalition Pledges	P17
Council Priorities	CP2 , CP4
Single Outcome Agreement	SO4

Proposed sale of land at 135 Redford Road, Colinton, Edinburgh

1. Recommendations

That Committee:

- 1.1 Approves the sale of land to Mr and Mrs Linton under the terms and conditions outlined in this report and on other terms and conditions to be agreed by the Acting Executive Director of Resources.

2. Background

- 2.1 In 1960, the Council purchased 1.61 acres of land at Colinton, to improve the Redford Road layout. On the northern side of the road a steep embankment with mature trees adjoins 135 Redford Road garden ground, shown outlined red on the attached plan. Since 1993, the owners, Mr and Mrs Linton, have informally maintained the embankment as part of their garden ground.
- 2.2 In 2001 the Council agreed to sell the strip of land to Mr and Mrs Linton, however the transaction was delayed to accommodate the Braid Burn Flood Prevention Scheme and associated compensation claims under the Flood Prevention (Scotland) Act 1961.

3. Main report

- 3.1 The price agreed in 2001 was £2,300, which reflected the market value at that time. The flood prevention compensation claim has recently been settled which allows the transaction to complete, on the terms and conditions previously agreed.
- 3.2 Following disposal, the applicant will be responsible for all future maintenance costs of the site.
- 3.3 The Council will retain a right of access to carryout maintenance works to the culvert.
- 3.4 A restriction will be imposed on the sale so the land cannot be used as access or a future development opportunity.

4. Measures of success

- 4.1 Ensures that the Council is working with communities and residents to achieve desired outcomes.

5. Financial impact

- 5.1 A capital receipt of £2,300 will be received in financial year 2016/17, plus the Council will be relieved of future maintenance costs.

6. Risk, policy, compliance and governance impact

- 6.1 As with any transaction there is a risk that it does not complete. Should the area of land not be sold then the Council could be left with a future maintenance liability.

7. Equalities impact

- 7.1 This report has been assessed in terms of equalities and human rights. There are currently no negative equality and rights impacts arising from this report.

8. Sustainability impact

- 8.1 The disposal of this land will have no impact on sustainability because the sale will formalise the existing position.

9. Consultation and engagement

- 9.1 Consultation has taken place with local members and council services. No objections were received.

10. Background reading/external references

- 10.1 N/A

Hugh Dunn

Acting Executive Director of Resources

Contact: Craig Dalgliesh, Development & Disposals Manager

E-mail: craig.dalgliesh@edinburgh.gov.uk | Tel: 0131 529 3173

11. Links

Coalition Pledges	P17 – Continue efforts to develop the city’s gap sites and encourage regeneration.
Council Priorities	CP2 – Improved health and wellbeing: reduced inequalities. CP4 – Safe and empowered communities.
Single Outcome Agreement	SO4 – Edinburgh’s communities are safer and have improved physical and social fabric.
Appendices	Appendix 1 – Location Plan.

Finance and Resources Committee

10.00a.m, Thursday, 1 December 2016

The Venchie: Proposed New Lease for Subjects at 61 Niddrie Mains Terrace, Edinburgh

Item number	8.6
Report number	
Executive/routine	Routine
Wards	Ward 17 – Portobello/Craigmillar

Executive Summary

This report seeks Committee instructions to grant a new lease of subjects at 61 Niddrie Mains Terrace, Edinburgh (“the subjects”) to the Venchie Children and Young People’s Project Limited (“the Venchie”).

The Venchie’s previous ground lease from the Council expired on 5 May 2011. Since then the lease has been allowed to continue on a yearly, rolling basis. A replacement lease will provide the Venchie with the necessary security of tenure it requires to obtain new sources of funding.

The Venchie is a company limited by guarantee with charitable status and has been providing services for children in the Craigmillar area for more than 50 years.

Links

Coalition Pledges	P1 , P15
Council Priorities	CP1 , CP2 , CP3 , CP4
Single Outcome Agreement	SO3

The Venchie: Proposed New Lease for Subjects at 61 Niddrie Mains Terrace, Edinburgh

1. Recommendations

1.1 That Committee:

- 1.1.1 Instructs the grant of a new lease to the Venchie on the terms and conditions outlined in this report and on such other terms and conditions that may be proposed by the Acting Executive Director of Resources; and
- 1.1.2 Approves the transfer of the asset from the HRA to the General Fund subject to Scottish Government approval.

2. Background

- 2.1 The Venchie has been providing local services for children in the Craigmillar area for 55 years. Originally, Edinburgh University Settlement established the Niddrie Adventure Playground on Council land in 1961. In 1967, Save the Children Fund ("the fund") took over the management and funding of what was then a playground site.
- 2.2 In 1986, the Council granted a 25 year ground lease, at a peppercorn rent, to the fund of the playground site. The fund then assigned its interest to the Venchie. The land is shown outlined red on the plan at Appendix 1 of this report and is held on the Council's Housing Revenue Account (HRA).
- 2.3 The Venchie subsequently built a unit on the land which now has a postal address of 61 Niddrie Mains Terrace, Edinburgh. The Venchie continues to deliver services for local children from the unit.
- 2.4 Since the ground lease expired in 2011, it has continued on tacit relocation (silent renewal), i.e., it has continued on a yearly basis on the same terms and conditions. However, in order for the group to apply for external funding, it is necessary to put in place a new long-term lease. The proposed lease will now include the building which, notwithstanding it was built and paid for by the tenant, reverts back to Council ownership at the end of the current lease agreement, as well as additional outdoor space.
- 2.5 The Venchie continues to deliver a range of child-focused, local services and activities. For the purpose of this report they can be summarised as follows:

- A breakfast club;
- Easter and summer play schemes;
- An under 12 group;
- A gardening group;
- Joint projects with the Salvation Army and Community Service volunteers; and
- Sundry, one-off events such as talent evenings and visits from motorcycling clubs.

3. Main report

- 3.1 The Venchie have requested a long lease in order to obtain external funding to continue operating their services from the property.
- 3.2 Provisional terms have been agreed to grant them a new 25 year lease on the following terms:
- Name of group: The Venchie Children and Young People's Project;
 - Rent: £1pa (estimated market value £13,500pa);
 - Duration: To be agreed as duration will be subject to type and nature of funding secured by the tenant. However, mutual break options will be inserted for both the tenant and Council at years 10, 15 and 20;
 - Rent Reviews: Five yearly rent review provisions;
 - Repair/Maintenance: Full repairing and insuring; and
 - Costs: The Venchie will be responsible for all legal and property costs associated with this transaction.
- 3.3 Council officers have considered the proposal to grant a lease of the subjects to the Venchie and area satisfied that it offers best value in the circumstances. The reasons for reaching this conclusion are as follows:
- The Venchie has had a presence in Craigmillar for more than 50 years. It has grown and developed the services it provides for local children, to a point where it now offers a diverse range;
 - The Venchie's core funding used to be provided by the Council. In the current financial year its Council funding has been reduced by 5% but has been cancelled in its entirety from the commencement of financial year 2017/2018. In these circumstances, the Venchie is obliged to pursue new sources of grant/revenue and to do so require a long term lease of the subjects to meet the criteria of most funding providers; and

- The Venchie provides an important facility for local children. Additionally, the benefits deriving from the Venchie's services have a positive impact on the lives of the children's parents.
- 3.4 The services provided by the Venchie are considered an important asset to the Craigmillar community and surrounding area. There is no authority for concessionary rents to be renewed unless explicitly approved by Committee. Notwithstanding the legal position whereby the building reverts to Council ownership, the fact that the group actually built the property means that there is justification to support a continued concessionary rent in this instance.
- 3.5 The HRA cannot grant a concessionary let for uses not associated solely with services for Council tenants and therefore, in order to facilitate the transaction, it is proposed that the asset is transferred from the HRA to the General Fund. This will require a debt transfer equivalent to the market value of the property and will require Scottish Government approval.

4. Measures of success

- 4.1 Demonstrating that the Council is working with communities and residents to achieve its desired outcomes.
- 4.2 Securing the survival of an important local service.

5. Financial impact

- 5.1 The opportunity cost of this proposed lease is £13,500pa.
- 5.2 To facilitate the transaction the asset will be transferred between the HRA and General Fund with the requisite debt transfer of the market value. The estimated market value is £100,000 and will result in loan charges of £7,000pa over the 25-year period of the lease, which will be contained within the Loan Charges budget. Such transfer would only take place once the new lease commences.
- 5.3 All other building maintenance, utility, insurance and rates costs will be met by the Venchie, along with the Council's legal and property costs incurred during the preparation of the lease.

6. Risk, policy, compliance and governance impact

- 6.1 In due course, Scottish Government consent will be applied for as land is held on the HRA account.

7. Equalities impact

- 7.1 Granting a lease to the Venchie will continue to ensure that participation, range of activities, learning and childcare opportunities remain available and accessible for the community of Craigmillar and the surrounding area. This will enhance the rights to health, legal security, education and learning, standard of living, productive and valued activities, individual, family and social life, participation, influence and voice.
- 7.2 The child-centred local services provided by the Venchie will enhance the variety of activities and childcare provision within the Craigmillar area which will have a positive impact on equality within the protected characteristics of age, disability, religion and belief.

8. Sustainability impact

- 8.1 The impacts of this report in relation to the three elements of the Climate Change (Scotland) Act 2009 Public Bodies Duties have been considered and the outcomes are summarised below. Relevant Council sustainable development policies have been taken into account and are noted at Background Reading later in this report.
 - 8.1.1 The proposals in this report will not have any impact or change on current carbon emissions.
 - 8.1.2 The need to build resilience to climate change impacts is not relevant to the proposals in this report because the new lease will not significantly impact on the city's resilience.
 - 8.1.3 The proposals in this report will help achieve a sustainable Edinburgh because the provision of a facility for young people will encourage physical activity, educational assistance and health and mental wellbeing. It will also encourage social cohesion by allowing those who attend to socialise and become a member of the group. Encouraging people into the facility will also support the local economy as there will be a requirement for the group to purchase various items (paper, books, craft and sports kit) from local retailers as well as refreshment provisions.

9. Consultation and engagement

- 9.1 A full discussion has been undertaken with interested stakeholders.
- 9.2 All three ward councillors greatly appreciate the good work the Venchie does and fully support the proposed transaction.

10. Background reading/external references

10.1 ERIA report.

10.2 Sustainability Impact Worksheet.

Hugh Dunn

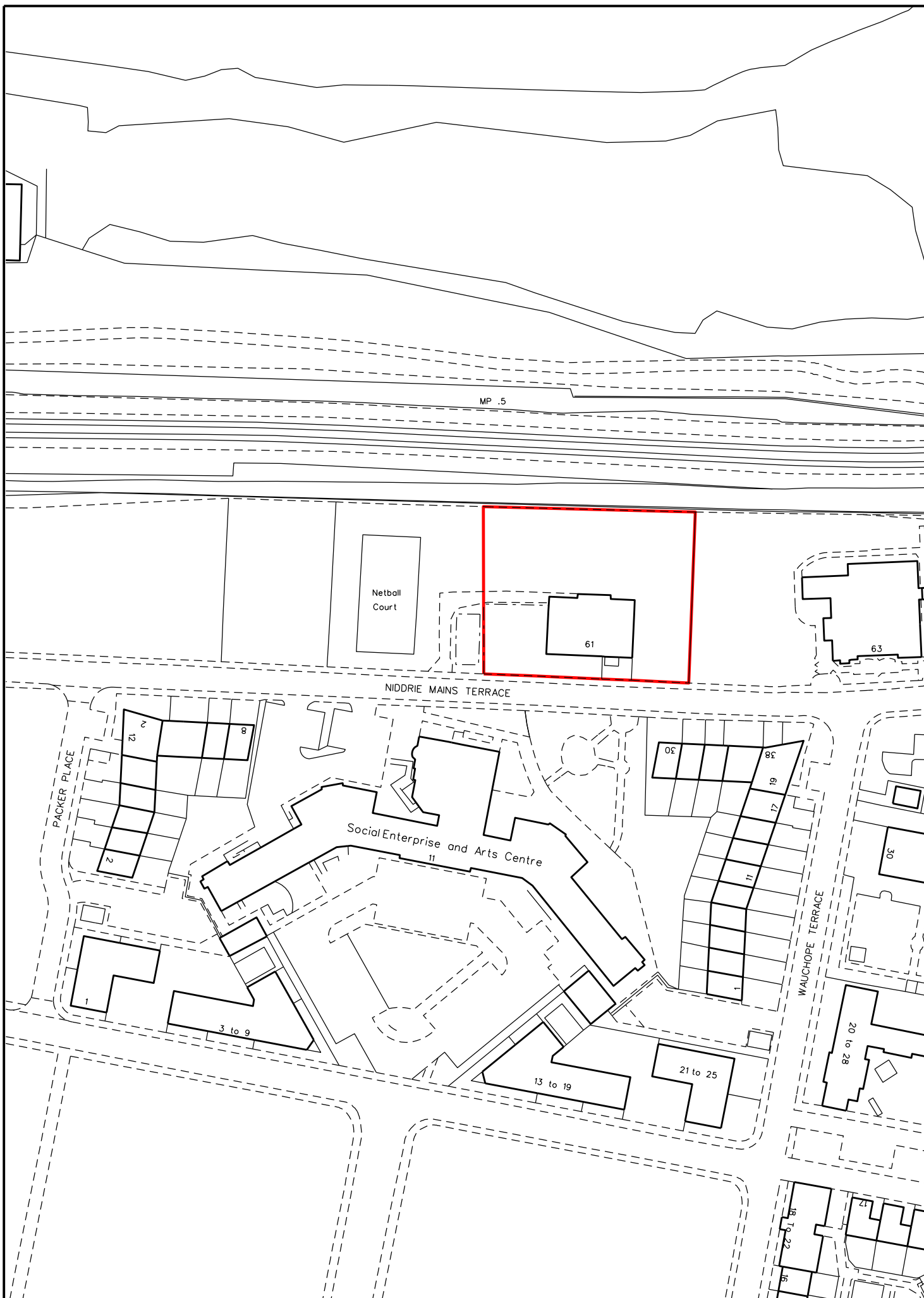
Acting Executive Director of Resources

Contact: Amanda Fraser, Estates Surveyor

E-mail: amanda.fraser@edinburgh.gov.uk | Tel: 0131 529 5931

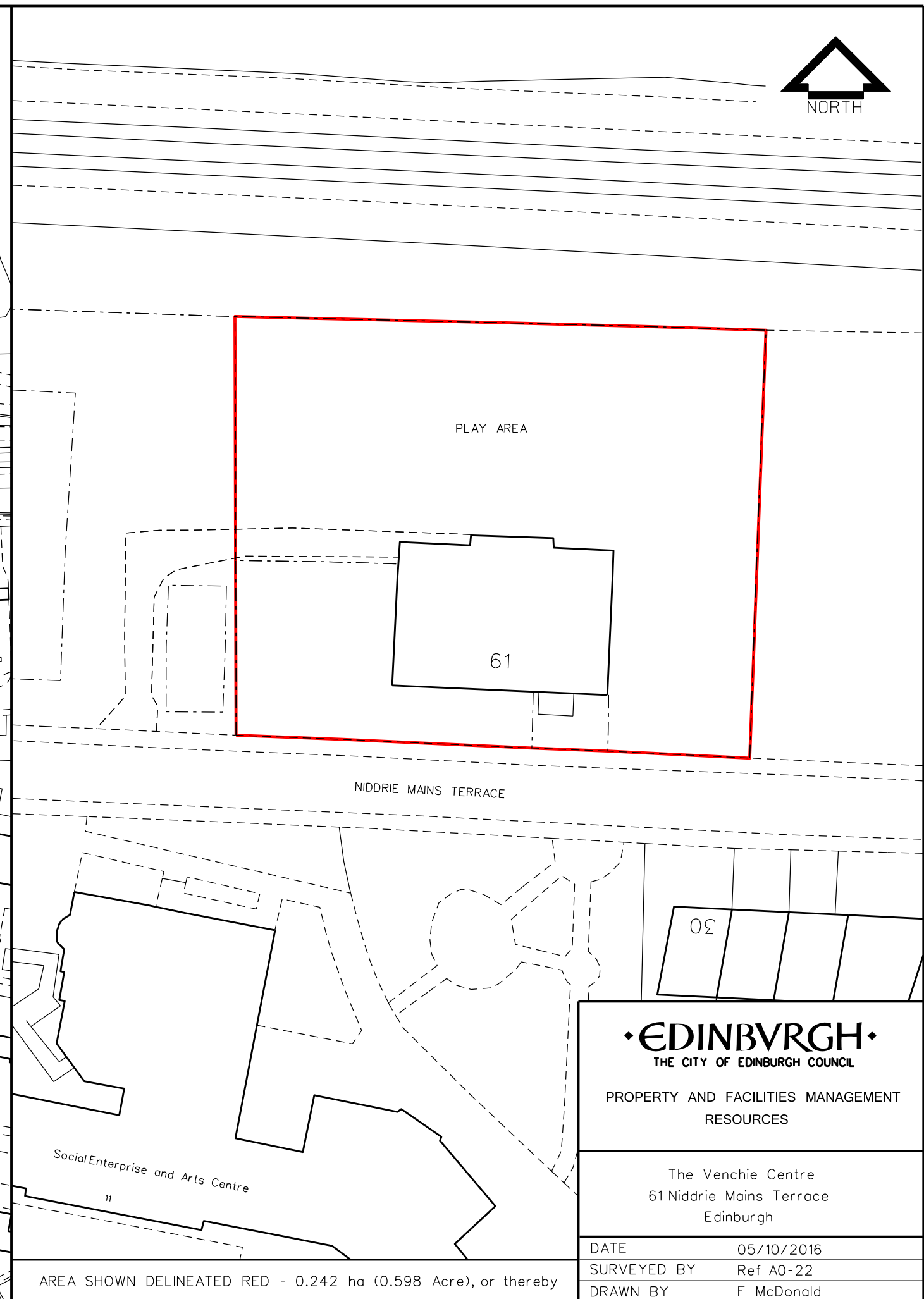
11. Links

Coalition Pledges	P1 - Increase support for vulnerable children, including help for families so that fewer go into care. P15 - Work with public organisations, the private sector and social enterprise to promote Edinburgh to investors.
Council Priorities	CP1 – Children and young people fulfil their potential. CP2 – Improved health and wellbeing: reduced inequalities. CP3 – Right care, right place, right time. CP4 – Safe and empowered communities.
Single Outcome Agreement	SO3 – Edinburgh’s children and young people enjoy their childhood and fulfil their potential.
Appendices	Appendix 1 – Location Plan



LOCATION PLAN

SCALE 1:1250



SITE PLAN

SCALE 1:500

•EDINBURGH•
THE CITY OF EDINBURGH COUNCIL

PROPERTY AND FACILITIES MANAGEMENT
RESOURCES

The Venchie Centre
61 Niddrie Mains Terrace
Edinburgh

DATE 05/10/2016

SURVEYED BY Ref A0-22

DRAWN BY F McDonald

FILE NO.

NEG. NO. NT 2971/A3/1699

AREA SHOWN DELINEATED RED - 0.242 ha (0.598 Acre), or thereby

Finance and Resources Committee

10.00am, Thursday, 1 December 2016

Proposed Assignment and Lease Restructure – 36-39 and 45 Market Street, Edinburgh

Item number	8.7
Report number	
Executive/routine	Routine
Wards	11 – City Centre

Executive Summary

The Council own the properties situated at 31 to 45 Market Street, Edinburgh. The properties at the east end of the block are leased to the Fruitmarket Gallery (45 Market Street) and Waverley Leisure Limited (nightclub at 36-39 Market Street).

The Fruitmarket Gallery has developed a proposal for a new expanded gallery facility which will extend into 36-39 Market Street, subject to significant grant funding.

Working with a design team, the Fruitmarket Gallery has developed a £10.5m scheme to link and refurbish both 36-39 and 45 Market Street to provide a premier cultural space.

This report seeks approval, in principle, to assign the existing leases on 36-39 Market Street to Fruitmarket Gallery and thereafter vary the lease to provide the Gallery with a single lease to allow the development to proceed.

Links

Coalition Pledges	P15 , P17 , P31
Council Priorities	CP5 , CP6 , CP8 , CP9
Single Outcome Agreement	SO1

Proposed Assignment and Lease Restructure – 36-39 and 45 Market Street, Edinburgh

1. Recommendations

That Committee:

- 1.1 Approves the principle of the assignment and variation of the existing leases at 36-39 and 45 Market Street on the terms outlined in this report and on other terms and conditions to be agreed by the Acting Executive Director of Resources.

2. Background

- 2.1 The Council own the properties situated at 31 to 45 Market Street, Edinburgh. The properties at the east end of the block are leased to the Fruitmarket Gallery (45 Market Street) and Waverley Leisure Limited (trading as a nightclub at 36-39 Market Street), as shown outlined in red on the attached plan.
- 2.2 The Fruitmarket Gallery lease expires on 30 September 2025 and has a current passing rent of £49,500 per annum exclusive.
- 2.3 The nightclub premises are held on two leases which run concurrently until 31 March 2030 at a combined annual rental of £60,385 per annum exclusive.
- 2.4 The existing Fruitmarket Gallery premises is no longer fit for purpose and the building is a key risk threatening the gallery's continued existence. The gallery requires urgent attention in at least three areas: the quality of the gallery spaces; access and facilities for audience; artworks and staff; and environmental sustainability.
- 2.5 The Heritage Lottery Fund has invited the Fruitmarket Gallery to apply for a major grant (between £2m and £5m) towards the redevelopment of the gallery. A condition of that funding is that the Fruitmarket Gallery has a long lease in place. The terms set out in the Main report below show an additional 35 year lease term on top of the existing termination date of 2030 providing the Fruitmarket Gallery with a 49 year unexpired term from the point a new lease is in place.
- 2.6 The tenant of the nightclub has indicated that they wish to cease trading at the facility and has been offering a proposed assignment. Consequently, both tenants have been in discussion regarding a proposed assignment and have reached in principle agreement, subject to Council approval.

3. Main report

3.1 Following negotiations between the Council, the Fruitmarket Gallery and Waverley Leisure Limited, the following terms have provisionally agreed:

- Subjects: 36-39 and 45 Market Street;
- Lease term: Current lease expiries of 30 September 2025 and 31 March 2030 to be extended to provide a single lease expiry on 31 March 2065 providing the Fruitmarket Gallery a 35 year extension from the current latest expiry;
- Rent: £112,500 per annum;
- Incentives: Fruitmarket Gallery will be granted a 24 month rent free and then a further 48 months at half rent (£56,500) in acknowledgment of the £10.5m investment they are making in the property;
- Rent reviews: Reviewed on each fifth anniversary to open market value;
- Use: Gallery with ancillary use (to include cafe and offices);
- Assignment: The proposed assignment of the lease of 36-39 Market Street will only be permitted on condition that the larger redevelopment obtains funding;
- Costs: Fruitmarket Gallery to meet all legal costs; and
- Other terms: Subject to Fruitmarket Gallery obtaining all necessary funding and statutory consents.

4. Measures of success

4.1 The project will create a world class exhibition gallery space to attract the best local and international art and artists.

5. Financial impact

5.1 The existing combined annual rental for 36-39 and 45 Market Street is £109,885. This proposal will generate rental income of £112,500 per annum payable to the General Property Account.

5.2 The two years rent free are to reflect the period when the buildings are unlikely to be in use due to the construction work for redevelopment. This, together with the half rent proposal for the following 48 months, are to reflect the £10.5m investment

in a Council owned building and will also secure the rental income for an additional 35 years.

6. Risk, policy, compliance and governance impact

- 6.1 Should Committee not approve this proposal there is a risk that the Fruitmarket Gallery will not be able to raise the necessary funding through the Heritage Lottery Fund.

7. Equalities impact

- 7.1 An Equality and Rights Impact Assessment has been carried out.
- 7.2 This proposal will allow the Fruitmarket Gallery to greatly improve and enhance the gallery space and associated cafe, library and bookshop enhancing the right of productive and valued activities.
- 7.3 The gallery will continue to enhance the right of education and learning through the cultural space they provide.
- 7.4 The extension of the lease term and the longer term commitment to the property by both the Council and the Fruitmarket Gallery will also enhance the right of legal security.
- 7.5 In many property or lease transactions an infringement of rights can often be claims by parties who were not given the opportunity to lease or make an offer for the property. The existing leases do not expire until 2025 and 2030 so even if this proposal was not being considered there is no infringement of rights.

8. Sustainability impact

- 8.1 There are no sustainability issues arising from this report

9. Consultation and engagement

- 9.1 N/A

10. Background reading/external references

- 10.1 N/A

Hugh Dunn

Acting Executive Director of Resources

Contact: Mark Bulloch, Portfolio Manager

E-mail: mark.bulloch@edinburgh.gov.uk | Tel: 0131 529 5991

11. Links

Coalition Pledges	P15 – Work with public organisations, the private sector and social enterprise to promote Edinburgh to investors. P17 – Continue efforts to develop the city's gap sites and encourage regeneration. P31 – Maintain our City's reputation as the cultural capital of the world by continuing to support and invest in our cultural infrastructure.
Council Priorities	CP5 – Business growth and investment. CP6 – A creative, cultural capital. CP8 – A vibrant, sustainable local economy. CP9 – An attractive city.
Single Outcome Agreement	SO1 – Edinburgh's economy delivers increased investment, jobs and opportunities for all.
Appendices	32 Market Street Plan



LOCATION PLAN

PHOTOGRAPHICALLY REDUCED NOT TO SCALE

SITE PLAN

• EDINBURGH •
THE CITY OF EDINBURGH COUNCIL

SERVICES FOR COMMUNITIES
EDINBURGH

32 MARKET STREET
EDINBURGH

DATE 14/10/16

SURVEYED BY

DRAWN BY Mark Ballantyne

SCALE N.T.S.

NEG. NO. A3/1549

Finance and Resources Committee

10.00am, Thursday, 1 December 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.

The original report for the proposed sale was continued by Committee, on 18 August 2016, to allow the proposed sale value to be reconsidered by the Council and NHSL.

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

1. Recommendations

That Committee:

- 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.

2. 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 has proved impossible to establish 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 On 18 August 2016, the Finance and Resources Committee considered a report recommending the sale of the Breast Screening Clinic, but continued the report to allow further consideration of the transfer value.

3. Main report

- 3.1 Neither NHSL nor the Council can find details of how the £45,000 was arrived at but there is evidence to indicate that it was based on residential development value as at 1993. An independent valuation of the Breast Screening Clinic site, as at September 2015, is £525,000, based on current development value of the site.
- 3.2 Further discussions have taken place between senior officials from the Council and NHSL. There is clear evidence that the intention of the parties was to transfer the asset in 1993 and NHSL have been in occupation and maintaining the building since that time. Consequently, it is proposed to honour the 1993 position, however the Council will receive interest on the purchase price from that time and impose a clawback on a future sale should the asset be sold within 10 years.
- 3.3 The main terms and conditions of the sale are:
- **Purchaser:** NHS Lothian;
 - **Price:** £45,000 increased in line with RPI index from 13 September 1993, to the date of sale. This figure will 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; and
 - **Council Costs:** Each party to meet their own legal fees and costs. NHS Lothian to pay the Council's property costs capped at £2,000.

4. Measures of success

- 4.1 The joint disposal of Springwell House will be achieved through the disposal of the Breast Screening Clinic site to NHS Lothian.
- 4.2 This agreement would remove the liability for a deteriorating vacant building (Springwell House).

5. Financial impact

- 5.1 A capital receipt of £45,000 increased in line with RPI on the date of sale, to be secured in financial year 2016/17.
- 5.2 .

6. 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. NHS Lothian have agreed to complete the sale of Springwell House separately to the Breast Screening Clinic site, however, it is proposed that the transfer of the Breast Screening Clinic site continues on the terms and conditions detailed in this report.

7. 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.
- 7.1 Conversion to residential is the likely use for Springwell House – this enhances the right to participation, influence and voice.

8. Sustainability Impact

- 8.1 The disposal of this land will have no impact on sustainability because the sale will formalise the existing position.

9. 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.

10. Background reading/external references

- 10.1 [1993 Committee Report](#)

Hugh Dunn

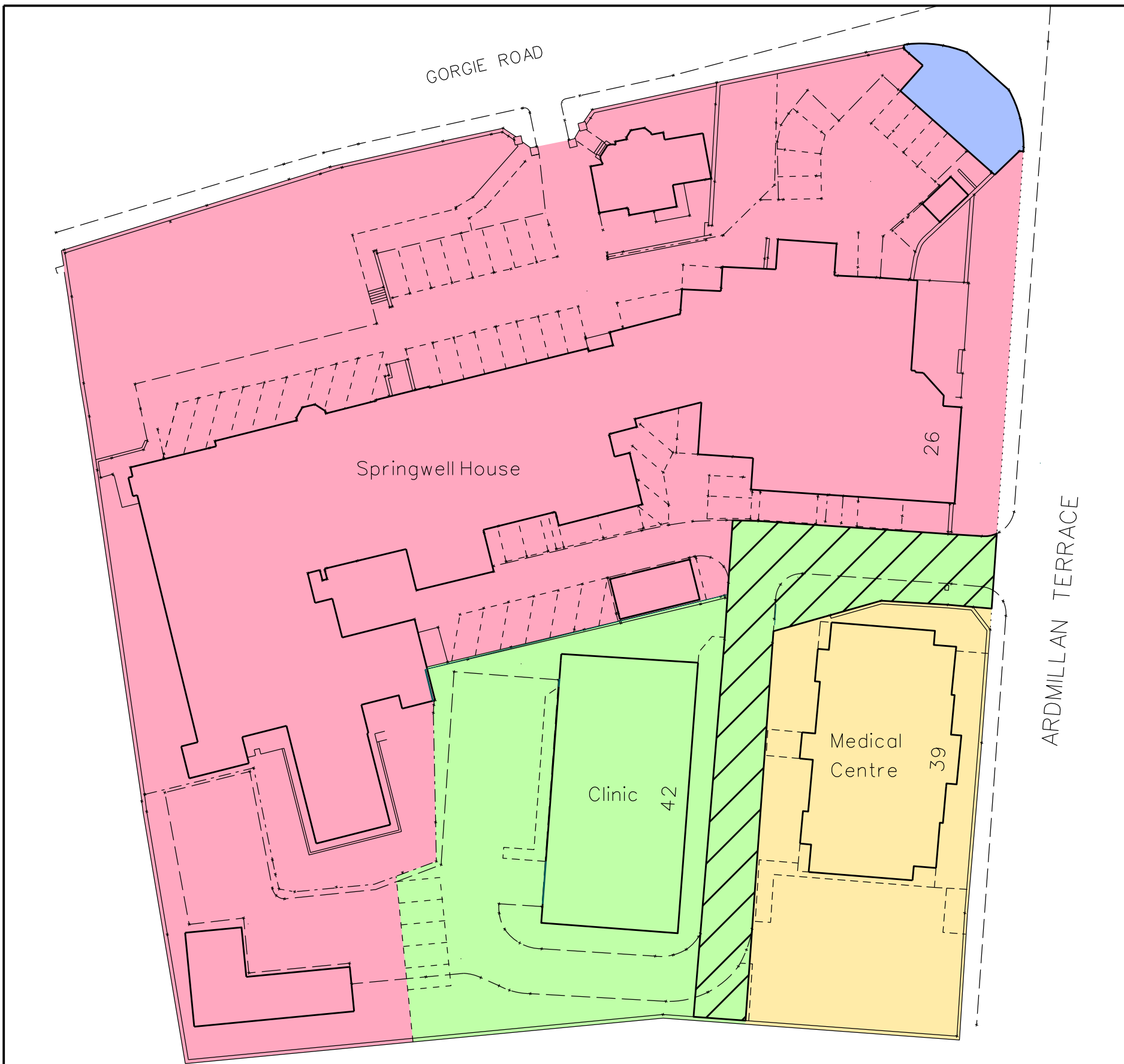
Acting Executive Director of Resources

Contact: Debbie Scott, Estates Surveyor

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11. Links

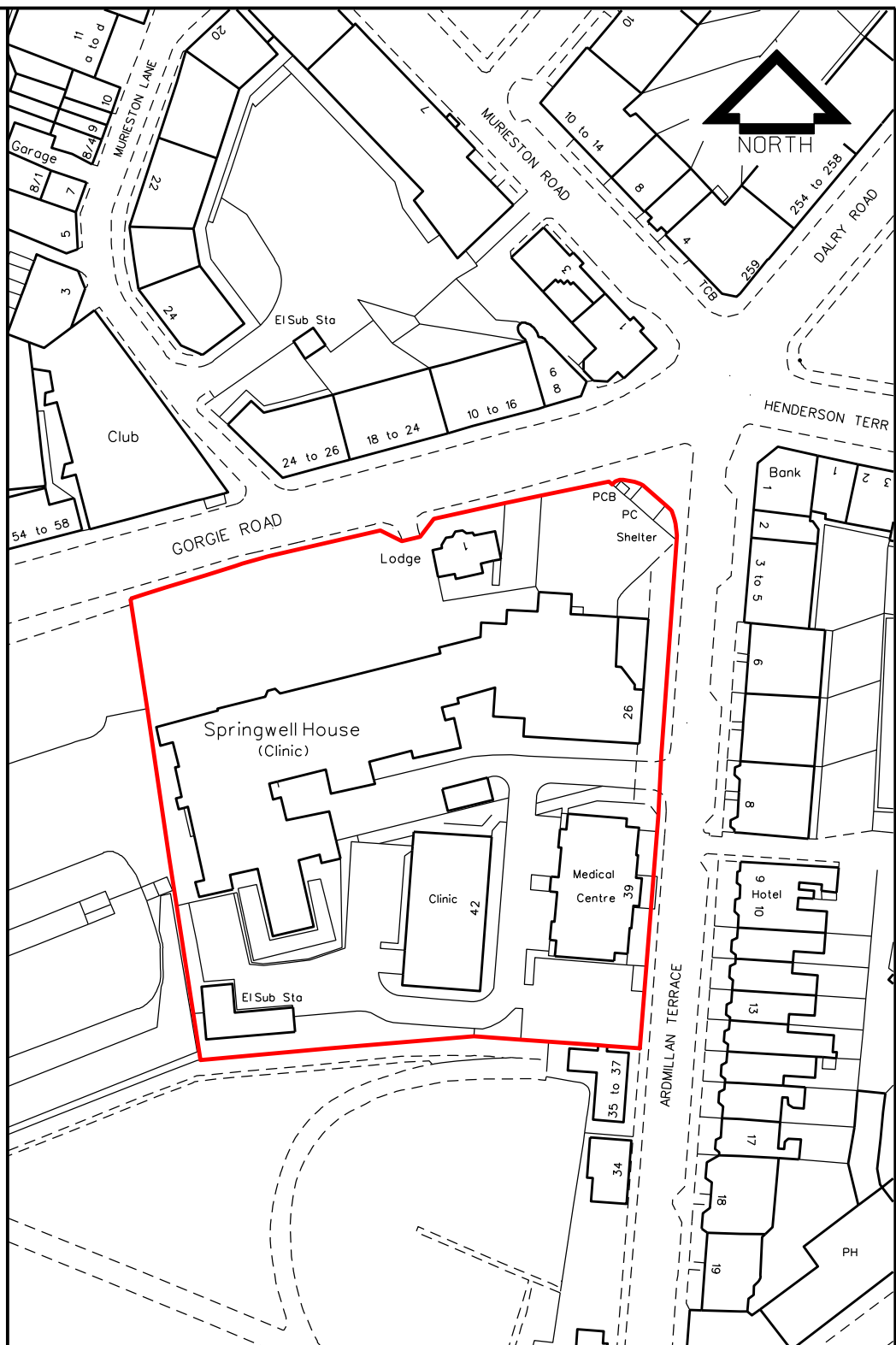
Coalition Pledges	P41 - Take firm action to resolve issues surrounding the Council's property services.
Council Priorities	CP2 - Improved health and wellbeing: reduced inequalities. CP3 - Right care, right place, right time.
Single Outcome Agreement	SO2 – Edinburgh's communities are safer and have improved 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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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