

# Notice of meeting and agenda

## Finance and Resources Committee

**10.00am, Thursday 19 January 2017**

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

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

### Contact

Email: [veronica.macmillan@edinburgh.gov.uk](mailto:veronica.macmillan@edinburgh.gov.uk) / [aileen.mcgregor@edinburgh.gov.uk](mailto:aileen.mcgregor@edinburgh.gov.uk)

Tel: 0131 529 4283 / 0131 529 4325



## **1. Order of business**

---

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

## **2. Declaration of interests**

---

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

## **3. Deputations**

---

- 3.1 If any

## **4. Minutes**

---

- 4.1 Minutes of the Meeting of 1 December 2016 (circulated)

## **5. Business Bulletin**

---

- 5.1 None

## **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 Revenue Monitoring 2016/17 – Month Nine Position – report by the Acting Executive Director of Resources (circulated)
- 7.2 Resources Directorate – Revenue Budget Monitoring 2016/17 – Month Eight Position – report by the Acting Executive Director of Resources (circulated)
- 7.3 Chief Executive – Revenue Budget Monitoring 2016/17 – Month Eight Position – report by the Acting Executive Director of Resources (circulated)
- 7.4 Capital Monitoring 2016/17 - Nine Month Position – report by the Acting Executive Director of Resources (circulated)
- 7.5 Revenue Budget Framework 2017/21 - Update – report by the Acting Executive Director of Resources (circulated)

- 7.6 Capital Investment Programme/Plan 2017/18 to 2025/26 – report by the Acting Executive Director of Resources (circulated)
- 7.7 Council's Budget 2017/21 – Risks and Reserves – report by the Acting Executive Director of Resources (circulated)
- 7.8 Housing Revenue Account - Budget Strategy 2017 - 2022 – report by the Executive Director of Place (circulated)
- 7.9 Play Your Part – 2017-18 Budget Proposals Overview of Feedback and Engagement – report by the Chief Executive (circulated)
- 7.10 Council Tax – Review of Procedure for Second Homes – report by the Acting Executive Director of Resources (circulated)
- 7.11 Edinburgh Local Development Plan Action Programme - Financial Assessment – report by the Executive Director of Place (circulated)
- 7.12 Managing Workforce Change – Workforce Dashboard – report by the Acting Executive Director of Resources (circulated)
- 7.13 Report by the Accounts Commission – Local Government in Scotland: Financial Overview 2015/16 – report by the Acting Executive Director of Resources (circulated)
- 7.14 Housing Property Repairs and Maintenance Award of Framework Agreement – report by the Executive Director of Place (circulated)
- 7.15 Edinburgh Shared Repairs Service (ESRS) Award of Framework Agreement – report by the Acting Executive Director of Resources (circulated)

## **8. Routine decisions**

---

- 8.1 Proposed New Lease at 54 High Street, Edinburgh – report by the Acting Executive Director of Resources (circulated)
- 8.2 Proposed Lease Extension at 12 Dumbryden Road, 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 [veronica.macmillan@edinburgh.gov.uk](mailto:veronica.macmillan@edinburgh.gov.uk) / [aileen.mcgregor@edinburgh.gov.uk](mailto:aileen.mcgregor@edinburgh.gov.uk)

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

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

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

## **Webcasting of Council meetings**

---

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

You should be aware that the Council is a Data Controller under the Data Protection Act 1998. Data collected during this webcast will be retained in accordance with the Council's published policy including, but not limited to, for the purpose of keeping historical records and making those records available via the Council's internet site.

Generally the public seating areas will not be filmed. However, by entering the Council Chamber and using the public seating area, you are consenting to being filmed and to the use and storage of those images and sound recordings and any information



pertaining to you contained in them for web casting and training purposes and for the purpose of keeping historical records and making those records available to the public.

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

If you have any queries regarding this, and, in particular, if you believe that use and/or storage of any particular information would cause, or be likely to cause, substantial damage or distress to any individual, please contact Committee Services on 0131 529 4106 or [committee.services@edinburgh.gov.uk](mailto:committee.services@edinburgh.gov.uk) .

# Item 4.1 - Minutes

## Finance and Resources Committee

10.00am, Thursday 1 December 2016

### Present

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

### 1(a) Deputation: EVOC - Item 7.8 - Approval of Lot 4 British Sign Language Services on the Framework Agreement for the Provision of Interpretation, Translation and Communication Support

---

The Committee agreed to hear a deputation from Maria Arnold, Senior Development Officer from EVOC in relation to Item 7.8 - Approval of Lot 4 British Sign Language Services on the Framework Agreement for the Provision of Interpretation, Translation and Communication Support.

British Sign Language Interpreters were in attendance for this deputation.

The main points raised by the deputation were:

- EVOC felt that they had not been involved in the process to date, but they had been made aware of the situation following the debate at Committee on 3 November 2016.
- Concerns were raised about the fundamental parts of the procurement process and questioned whether the interests of an extremely vulnerable group of people had been best served. EVOC requested that the contract only be awarded if members could be fully confident that the process had been carried out in line with the Council's duty of care for those requiring these services.
- EVOC had developed very positive partnerships in terms of contributing to more inclusive commissioning and procurement processes. They had identified that the procurement process for British Sign Language Services seemed to have been impacted from staff fluctuations as well as being commissioned outside of the robust framework applied to health and social care services.

- Concerns were raised that there had been inadequate consultation based on expert guidance from the British Deaf Association (BDA) on tendering processes for British Sign Language (BSL) and English Interpreting Services.
- Equalities and Rights Impact Assessments (ERIAs) were particularly important when they related to services for those with a protected characteristic under the Equalities Act. It was important that deaf people could fully access appropriate services. There was inadequate detail in relation to the ERIA. The ERIA team appeared not to include any experts on BSL, nor did the procurement panel.
- Despite some confusion, confirmation was provided that the omission of duty sessions in the service specification was an oversight. There was a proposal to add this element retrospectively, and the specification was deemed broad enough to enable this. Duty sessions were a different way of providing support and EVOC questioned whether changing the specification in this way constituted a fair, equal and transparent treatment of all providers.

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) Deputation: Deaf Action – Item 7.8 - Approval of Lot 4 British Sign Language Services on the Framework Agreement for the Provision of Interpretation, Translation and Communication Support**

---

The Committee agreed to hear a deputation from Rosie Rutherford, Commercial Manager and Shona Dixon, Communications, Support and Training Manager from Deaf Action in relation to Item 7.8 - Approval of Lot 4 British Sign Language Services on the Framework Agreement for the Provision of Interpretation, Translation and Communication Support.

British Sign Language Interpreters were in attendance for this deputation.

The main points raised by the deputation were:

- Deaf Action thanked procurement for their open dialogue since the last Finance and Resources Committee meeting on 3 November. Thanks were also given to the Councillors for their time and attention to the materials and information shared.
- Deaf Action maintained that there had been no effective consultation undertaken on the procurement with the deaf community, no involvement with deaf British Sign Language (BSL) users in relation to the Equalities and Rights Impact Assessment (ERIA), no involvement or input of relevant research about procuring and commissioning BSL and English interpreting services in a health setting as laid out in the British Deaf Association's (BDAs) report by the Scottish Government in 2012.
- The evaluation panel had no involvement from deaf BSL users and no input from any specialists. It had been a process designed by hearing people who decided

what BSL users needed. This was problematic as it had unintended consequences. Although intentions had been good in the end it was still hearing people who had decided what was best for deaf BSL users.

- There was a sense that the placing of a specialist agency on the framework was sufficient to meet the Council's equality duty. The Council had been put in a good position as they had been made aware of issues prior to awarding a contract. An open letter to the City of Edinburgh Council, Procurement Department was referred to, which highlighted the challenges that other health authorities in England had already experienced by adopting this approach. In addition the views of twenty-four interpreters who would be affected by the Regional Framework Agreement had added their name to the document and endorsed the points raised.
- It was highlighted that the services themselves and the practitioners would suffer negative effects, but ultimately the service users would suffer most. This group of people had not had the opportunity to influence what would happen to them. If effective consultation and co-production had been undertaken by procurement all the relevant issues being raised now would have been apparent.
- It was the opinion of Deaf Action that the recommendation by procurement was setting up the contract to fail, and in doing so, it was setting up deaf BSL users to experience a diminished service and the consequential loss of trust in public services at a time when there was a requirement in legislation, for the Council to engage and consult with deaf people in the design and delivery of services and promoting BSL.
- The hearing world was the dominant world and it is understandable that some of the challenges for deaf people were not understood fully, however it was often at times of change or urgent need that issues and impacts of change were highlighted. The value of the service being local was unquantifiable and often difficult to demonstrate, but was crucial and paramount to deaf people.
- Deaf Action advised that they had challenged the proposal at the tender stage and had asked ten questions, each time things were changed, it was a reactive process, and very difficult to progress. There was no mention of BSL special requirements contained within the very detailed questions within Lot 4.

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

### **1(c) Approval of Lot 4 British Sign Language Services on the Framework Agreement for the Provision of Interpretation, Translation and Communication Support**

---

Approval was sought to appoint three suppliers to Lot 4 British Sign Language Services on the Framework agreement for the Provision of Interpretation, Translation and Communication support.

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

British Sign Language Interpreters were in attendance for this item.

### **Decision**

- 1) To note the hard work carried out by staff in seeking to put the provision of British Sign Language (BSL) Services on a firmer contractual footing.
- 2) To also note that the process over the last eighteen months had been difficult with the departure of key staff with service knowledge, leaving weaknesses in the transfer of information in the run up to the tendering process.
- 3) To further note that the dialogue with the service user group had been unsatisfactory, and had only involved six service users for a purpose other than the tendering exercise undertaken.
- 4) To note that the service user group – the deaf community – had faced, and still faced, significant barriers in accessing and engaging with public services; and therefore recognised the expectation that the Council should meet the highest possible standards in setting out new ways of delivering services.
- 5) To agree, after taking all of the factors into account, that Committee felt that it had no other option but to re-tender lot 4, following in-depth consultation with service users and other stakeholders such as BSL interpreters.

(References - Finance and Resources Committee 3 November 2016 (item 1(b)); report by the Acting Executive Director of Resources, submitted)

## **2. Minutes**

---

### **Decision**

To approve the minute of the Finance and Resources Committee of 3 November 2016 as a correct record.

## **3. Business Bulletin**

---

### **Decision**

To note the Finance and Resources Committee Business Bulletin.

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

---

The Finance and Resources Committee Key Decisions Forward Plan from 1 December 2016 to 19 January 2017 was submitted.

### **Decision**

To note the Key Decisions Forward Plan from 1 December 2016 to 19 January 2017.

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

## 5. Rolling Actions Log

---

The Finance and Resources Committee Rolling Actions Log for 29 October 2015 to 3 November 2016 was submitted.

### Decision

To note that items 2,4,5,9 and 12 were closed.

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

## 6. Transformation Programme: Progress Update

---

An update report was provided which highlighted progress with organisational reviews and provided 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.

### Decision

- 1) To note the progress to date with organisational reviews as set out in paragraphs 3.1 and 3.4 of the report.
- 2) To note the workstream updates outlined in the report.
- 3) To note the progress to date with development of the localities model.
- 4) To note the progress with development of the internal Transformation Team.
- 5) To note the management information dashboards attached at Appendix 1 of the report.

(References – Finance and Resources Committee, 29 September 2016 (item 5); report by the Chief Executive, submitted)

## 7. Asset Management Strategy Transformation Programme - Update

---

A progress report on the implementation of the Asset Management Strategy (AMS) for Property and Facilities Management was provided.

### Decision

- 1) To note the continued progress in each of the key Asset Management Strategy (AMS) Transformation Programme workstreams.
- 2) To note the development and content of the Management Information dashboard reports provided in Appendix 1 to the report.

(References – Finance and Resources Committee, 29 September 2016 (item 6); report by the Acting Executive Director of Resources, submitted)

## 8. Managing Workforce Change – Workforce Dashboard

---

Committee considered a report that provided 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, the number

of surplus staff and a summary of the latest available information on Council wide staffing numbers, sickness absence, agency expenditure and vacancies.

### **Decision**

To note the progress made to date.

(References – Finance and Resources Committee, 3 November 2016 (item 7); report by the Acting Executive Director of Resources, submitted)

## **9. Commercial and Procurement Strategy**

---

Details were provided of a revised Commercial Procurement Strategy for 2016-20 which set out for the next three years how the Council would direct its external expenditure on goods, services and works, over £500m a year, and the objectives it sought to deliver. The Procurement Strategy incorporated and developed the changes required by the Procurement Reform (Scotland) Act 2014 and the EU Procurement Directives.

### **Decision**

- 1) To note the report.
- 2) To approve the Procurement Strategy provided at Appendix 1 to the report.

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

## **10. Internal Audit Co-Sourced Services**

---

Approval was sought to award a contract for the delivery of co-sourced Internal Audit Services, with options for additional interim provision as required. The contract would 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.

### **Decision**

- 1) To approve the award of contract to PricewaterhouseCoopers LLP (PwC) for a period of up to four years between April 2017 and March 2021.
- 2) To note that a report by the Head of Legal and Risk would be provided within one year of the implementation of the contract, to include the impact of co-sourcing on the service.

(References – Governance, Risk and Best Value Committee, 21 April 2016 (item 8); report by the Acting Executive Director of Resources, submitted)

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

---

Details were provided on the principle findings that arose from the Council's 2015/16 external audit. The audit's scope included the wider consideration of the Council's financial position, governance structures, use of resources and arrangements for securing best value.



## **Decision**

- 1) To note that following the audit process, an unqualified audit opinion had been issued on the Council's Annual Accounts for 2015/16.
- 2) To 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 to the report would be reported to the Governance, Risk and Best Value Committee during the year.

(References – Finance and Resources Committee, 29 September 2016 (item 9); joint report by the Chief Executive and the Acting Executive Director of Resources, submitted)

## **12. Contracts Awarded Under Delegated Authority (Waiver Reports) and Contract Waiver Management Update**

---

An update report was provided on the contracts awarded following a waiver of the Council's Standing Orders, those awards exempt from waiver and the contracts awarded with a value below the threshold requiring Committee approval between 1 July 2016 and 30 September 2016.

## **Decision**

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

(References – Finance and Resources Committee, 18 August 2016 (item 20); report by the Acting Executive Director of Resources, submitted)

## **13. Award of Contracts – Innovative Approaches to the Delivery of Care at Home Services**

---

Approval was sought to award contracts to six providers for the provision of 10% of Care Home Services in one or more of eleven neighbourhood areas in innovative ways. The contract duration would be for three years with a total estimated value of £6.9m (£2.3m per annum).

## **Decision**

- 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 3<sup>rd</sup> Sector Collaborative
  - Support for Ordinary Living
  - McSence Communications Limited
- 2) To note that the EIJB had confirmed funding and issued relevant directions to the Council in respect of the report recommendations.
  - 3) To note the date of award of each contract would be reported through Commercial and Procurement Services quarterly update.
  - 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.

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

#### **14. Waiver – Mental Health Wellbeing Services**

---

Approval was sought to waive the Council's Contract Standing Orders to allow the extension of contracts for mental health wellbeing services to enable further collaborative work to be carried out between the Council and NHS Lothian, service users, carers, localities and other interested partners.

##### **Decision**

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 to the report from 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.

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

#### **15. Approval to Award Contracts for the Unmet Taxi Demand Full and Interim Surveys**

---

Approval was sought for the award of contracts for the delivery of both a full taxi demand and interim surveys.

##### **Decision**

- 1) To approve the award of a contract for delivery of one full taxi demand survey in 2017 to CH2M Ltd.
- 2) To approve 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.

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

## **16. Festival Theatre – Proposed Acquisition of Solum of Former Shop at 13-17 Nicolson Street**

---

A report was provided seeking authorisation to acquire the solum of the former shop at 13-17 Nicolson Street, which forms part of the entrance foyer of the Festival Theatre.

### **Decision**

- 1) To note the purchase of the solum of the former shop for £1m through prudential borrowing.
- 2) To refer the report to Full Council on 15 December 2016 to approve the £1m of prudential borrowing.

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

## **17. New Build Nursery and Gym Facility at Leith Primary School – Delegated Authority for Award of Contract**

---

Approval was sought 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 a contractor that submitted the most economically advantageous tender for the construction of a new nursery building and gym hall facilities at Leith Primary School.

### **Decision**

- 1) 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 with the most economically advantageous bid to deliver the new build nursery and gym hall facility at Leith Primary School, Edinburgh.
- 2) To note that tenders had been received from 5 short listed building contractors. The Council had completed the quality assessment of the bids and was currently in the process of evaluating the commercial bids.

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

## **18. Award of Contract for the Provision of Residential Care for Young People**

---

Approval was sought to award a contract for the provision of Residential Care for Young People. The contract would be for four years with an option to extend for up to a further two periods of 18 months each, and the total estimated value of the contract was between £6,445,873 and £6,845,778 depending on index linked price adjustments.

### **Decision**

To approve the award of contract to Dean and Cauvin Trust for the provision of residential care for young people. The contract would start on 1 April 2017 and would operate for a period of four years, with the option to extend for a further period of 2 x 18 month extensions.

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

## **19. Summary Report on Property Transactions Concluded Under Delegated Authority**

---

Details were provided of all lease agreements etc, concluded in terms of the Council's Scheme of Delegation to Officers.

### **Decision**

To note that the 21 transactions detailed in the Appendix to the report had been concluded in terms of the Council's Scheme of Delegation to Officers.

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

## **20. Proposed 30 Year Lease at 32 Market Street, Edinburgh**

---

Approval was sought to grant a new 30 year lease of 32 Market Street, Edinburgh to General Dynamic Fun Limited, subject to terms and conditions outlined in the report.

### **Decision**

To approve a new 30 year lease to General Dynamic Fun Limited of 32 Market Street 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.)

## **21. Proposed New 15 Year Lease of 173-175 Canongate, Edinburgh**

---

Committee considered a report that sought 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.

### **Decision**

To approve 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 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)

## **22. Lease Extension – Care Home at 23-27 Gylemuir Road**

---

On 27 November 2014, the Finance and Resources Committee granted a lease for a Care Home at 23-27 Gylemuir Road for a period of 18 months. Approval was sought to extend the lease for two years on the same main terms and conditions as the existing lease.

### **Decision**

To approve 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.

(References – Finance and Resources Committee, 27 November 2014 (item 6); joint report by the Acting Executive Director of Resources and the Chief Officer, Edinburgh Health and Social Care Partnership, submitted)

### **23. Proposed Sale of Land at 135 Redford Road, Colinton, Edinburgh**

---

Details were provided of a report which sought approval for the disposal of 0.126ha (0.312 Acres) of land at 135 Redford Road to an adjacent proprietor, Mr and Mrs Linton.

#### **Decision**

To approve the sale of land to Mr and Mrs Linton under the terms and conditions 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)

### **24. The Venchie, Niddre Mains Terrace – New Lease**

---

Approval was sought to grant a new lease at 61 Niddrie Mains Terrace, Edinburgh to the Venchie Children and Young People's Project Limited. The Venchie was a company limited by guarantee by charitable status.

The Venchie's previous ground lease had expired on 5 May 2011 and had been allowed to continue on a yearly rolling basis. The replacement lease would provide the Venchie with the necessary security of tenure it required to obtain new sources of funding.

#### **Decision**

To continue consideration of the matter to the meeting of the Finance and Resources Committee on 19 January 2017 to allow further discussion with elected members and the project.

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

### **25. Proposed Assignment and Lease Restructure – 36/39 and 45 Market Street, Edinburgh**

---

Committee considered a report which sought 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 proposed development of a £10.5m premier cultural space.

#### **Decision**

To approve the principle of the assignment and variation of the existing leases at 36-39 and 45 Market Street 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)

## **26. Proposed Sale of Site at Ardmillan Terrace, Edinburgh**

---

Approval was sought to dispose of the Breast Screening Clinic site at Ardmillan Terrace to NHS Lothian (NHSL) on terms and conditions to be agreed by the Acting Executive Director of Resources.

### **Decision**

To approve the disposal of the Breast Screening Clinic site, Ardmillan Terrace, to NHS Lothian on the main terms outlined in the report and on other terms to be agreed by the Acting Executive Director of Resources.

(References – Finance and Resources Committee 18 August 2016 (item 34); report by the Acting Executive Director of Resources, submitted)

## **27. Resolution to Consider in Private**

---

The Sub-Committee, agreed under Section 50(A)(4) of the Local Government (Scotland) Act 1973, to exclude the public from the meeting for the following items of business on the grounds that they would involve the disclosure of exempt information as defined in Paragraphs 1, 6, 8 and 9 of Part 1 of Schedule 7(A) of the Act.

## **28. Award of Contract for Provision of Managed Services for Temporary Agency Resources and Recruitment of Permanent, Fixed Term Contracts and Short Term Supply Resources**

---

Approval was sought to award a contract for the provision of managed services for temporary agency resources and recruitment of permanent, fixed term contract and short term supply resources. The contract term would be three years with an option to extend for a further twelve month period.

### **Decision**

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

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

## **29. Monitoring Officer Investigation – Tron Kirk**

---

Details were provided of an investigation undertaken by the Monitoring Officer in respect of the Tron Kirk.

### **Decision**

- 1) To note the report.
- 2) To refer the report to the Governance, Risk and Best Value Committee for scrutiny.
- 3) To agree that a report would be brought back to the Finance and Resources Committee setting out a mechanism, to include any necessary training identified for procedures to be adopted, to ensure that collaborative working was implemented.

(Reference – report by the Monitoring Officer, submitted)

### **30. Temporary Accommodation for Homelessness Contract**

---

Approval was sought to award a contract to provide and manage temporary accommodation for homeless people.

#### **Decision**

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

(Reference – report by the Head of Stronger and Safer Communities, submitted)

#### **Declaration of Interest**

Councillor Corbett declared a financial interest in the above item as an employee of Shelter Scotland.

# Item 6.1 - Key Decisions Forward Plan

## Finance and Resources Committee

[19 January 2017 – 23 February 2017]

Item	Key decisions	Expected date of decision	Wards affected	Director and lead officer	Coalition pledges and Council outcomes
1.	Transformation Programme Update	23 February 2017		Andrew Kerr, Chief Executive  Lead Officer: <a href="#">Kirsty-Louise Campbell</a> , Interim Head of Strategy and Insight	
2.	Temporary Accommodation for Homelessness Contract	23 February 2017		Andrew Kerr, Chief Executive  Lead Officer: <a href="#">David Smith</a> , Temporary Accommodation Review Programme Manager	
3.	Review of Implementation of the Homelessness Prevention Commissioning Plan and Extension of Contracts	23 February 2017		Andrew Kerr, Chief Executive  Lead Officer: <a href="#">Nicky Brown</a> , Homelessness and Housing Support Senior Manager	
4.	Managing Workforce Change – Workforce dashboard	23 February 2017		Hugh Dunn, Acting Executive Director of Resources  Lead Officer: <a href="#">Katy Miller</a> , Head of Human Resources	

Item	Key decisions	Expected date of decision	Wards affected	Director and lead officer	Coalition pledges and Council outcomes
5.	Workforce Control Annual Update	23 February 2017		Hugh Dunn, Acting Executive Director of Resources  Lead Officer: <a href="#">Katy Miller</a> , Head of Human Resources	
6.	People Strategy	23 February 2017		Hugh Dunn, Acting Executive Director of Resources  Lead Officer: <a href="#">Kirsty-Louise Campbell</a> , Interim Head of Strategy and Insight	
7.	Customer Strategy	23 February 2017		Hugh Dunn, Acting Executive Director of Resources  Lead Officer: <a href="#">Kirsty-Louise Campbell</a> , Interim Head of Strategy and Insight	
8.	Treasury Strategy	23 February 2017		Hugh Dunn, Acting Executive Director of Resources  Lead Officer: <a href="#">Innes Edwards</a> , Principal Treasury and Banking Manager	
9.	Redhall House and Lawn – Progress Report	23 February 2017		Hugh Dunn, Acting Executive Director of Resources  Lead Officer: <a href="#">Lesley Turner</a> , Senior Estates Surveyor	
10.	Common Good Asset Register	23 February 2017		Hugh Dunn, Acting Executive Director of Resources  Lead Officer: <a href="#">Lindsay Glasgow</a> , Asset Strategy Manager	



Item	Key decisions	Expected date of decision	Wards affected	Director and lead officer	Coalition pledges and Council outcomes
11.	Winding Up of Usher Hall Charitable Trust	23 February 2017		Hugh Dunn, Acting Executive Director of Resources  Lead Officer: <a href="#">Liam MacDonald</a> , Accountant	
12.	Disposal of Land at 24 Featherhall Avenue	23 February 2017		Hugh Dunn, Acting Executive Director of Resources  Lead Officer: <a href="#">Peter Watton</a> , Head of Service for Property and Facilities Management	
13.	Disposal of Land at Pilton Gardens	23 February 2017		Hugh Dunn, Acting Executive Director of Resources  Lead Officer: <a href="#">Chris Jayne</a> , Estates Surveyor	
14.	Minute of Amendment of Servitude – Davidson's Mains Park – Gas Main Diversion	23 February 2017		Hugh Dunn, Acting Executive Director of Resources  Lead Officer: <a href="#">George Leggat</a> , Estates Surveyor	
15.	Priestfield Tennis and Sports Association – Proposal for New Lease	23 February 2017		Hugh Dunn, Acting Executive Director of Resources  Lead Officer: <a href="#">George Leggat</a> , Estates Surveyor	
16.	Land at Niddrie Mains for Zero Waste Substation	23 February 2017		Hugh Dunn, Acting Executive Director of Resources  Lead Officer: <a href="#">Mark Penman</a> , Estates Surveyor	

Item	Key decisions	Expected date of decision	Wards affected	Director and lead officer	Coalition pledges and Council outcomes
17.	Award Complex Needs Employability	23 February 2017		Paul Lawrence, Executive Director of Place  Lead Officer: <a href="#">Ken Shaw</a> , Service Manager, Employability and Skills	

# Item 6.2 - Rolling Actions Log

## Finance and Resources Committee

29 October 2015 – 1 December 2016

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	RAG Status	Comments
1	29-10-15	<a href="#">Redhall House and Lawn - Progress Report</a>	To request an update report was brought to the Finance and Resources Committee at 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	<a href="#">Property Repairs and Maintenance Contract Update</a>	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		<b>A</b>	<b>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.</b>
---	----------	--	--	--------------------	---------------------	--	----------	---

3	18-08-16	<a href="#">Proposed sale of site Ardmillan Terrace, Edinburgh</a>	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	<b>G</b>	<b>Report was considered by the Finance and Resources Committee on 1 December 2016 – closed.</b>
4	08-09-16	<a href="#">Managing Workforce Change - Workforce Dashboard</a>	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		<b>A</b>	<b>Ongoing</b>

5	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	<b>G</b>	A report was considered by the Finance and Resources Committee on 1 December 2016 – closed.
---	----------	---	---	--	---------------------	----------	----------	---

6	03-11-16	<a href="#">Treasury Management: Mid Term Report 2016/17</a>	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	7 Dec 2016	<b>G</b>	Briefing note circulated to members of the F+R Committee – closed.
7	03-11-16	<a href="#">Committee Decisions July 2015 - July 2016</a>	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	<b>G</b>	The results of the pilots have been reported to Committee – closed.

8	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		<b>G</b>	<b>Briefing note circulated to members – closed.</b>
9	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		<b>G</b>	<b>Briefing note circulated to members – closed.</b>
10	01-12-16	<a href="#">Asset Management Strategy Transformation Programme - Update</a>	To arrange a meeting with the C/VC of Economy and Finance and Resources Committees and the Head of Corporate Property to discuss the terms of reference for Strategic Property.	Acting Executive Director of Resources	As soon as possible		<b>G</b>	<b>A meeting was held with C/VC of F+R Cttee, Economy Cttee and the Head of Corporate Property - closed.</b>



11	01-12-16	<a href="#">Managing Workforce Change - Workforce Dashboard</a>	To agree that the Head of Human Resources would provide a briefing note with a summary of expenditure on agency staff would be provided to members of the Finance and Resources Committee.	Acting Executive Director of Resources	As soon as possible		<b>A</b>	<b>Ongoing</b>
12	01-12-16	<a href="#">Contracts Awarded Under Delegated Authority (Waiver Reports) and Contract Waiver Management Update</a>	To agree that the Interim Chief Procurement Officer would provide information on the justification for the direct award of the SEEMIS contract without a waiver.	Acting Executive Director of Resources	As soon as possible			<b>Ongoing</b>
13	01-12-16	Monitoring Officer Investigation (B agenda)	To agree that a report would be brought back to the F+R Committee setting out a mechanism to include necessary training identified for procedures to be adopted to ensure that collaborative working between relevant departments was implemented.	Monitoring Officer	As soon as possible		<b>A</b>	<b>Ongoing</b>

14	01-12-16	Temporary Accommodation for Homelessness Contract (B agenda)	To agree that a progress report would be brought to the Finance and Resources Committee in two cycles.	Head of Safer and Stronger	23 Feb 2017	23 Feb 2017	<b>A</b>	<b>Ongoing</b>
----	----------	--	--	----------------------------	-------------	-------------	----------	----------------

Red – Action has not been completed within timescales indicated.

Amber – Action is in Progress.

Green – Action has been completed and recommended for closure.

# Finance and Resources Committee

10.00am, Thursday, 19 January 2017

## Revenue Monitoring 2016/17 – month nine position

Item number	7.1
Report number	
Executive/routine	
Wards	

### Executive summary

---

The report sets out the projected third-quarter revenue monitoring position for the Council, based on analysis of period eight data. The current forecast points to a balanced overall outturn for the year. Attainment of this position is, however, contingent upon undertaking further actions required to deliver a number of approved savings and active management of significant risks and pressures.

### Links

---

Coalition Pledges	<a href="#">P30</a>
Council Priorities	<a href="#">CP13</a>
Single Outcome Agreement	<a href="#">SO1</a> , <a href="#">SO2</a> , <a href="#">SO3</a> , <a href="#">SO4</a>

## Revenue Monitoring 2016/17 – month nine position

### 1. Recommendations

---

- 1.1 Members of the Finance and Resources Committee are asked to:
  - 1.1.1 note the projected balanced position for the year;
  - 1.1.2 note the on-going risks and challenges across all service areas which will require further management actions and active and regular scrutiny for the remainder of the year;
  - 1.1.3 note the balanced position projected on the Housing Revenue Account (HRA) after making a £13.0m planned contribution towards housing investment;
  - 1.1.4 approve in-year funding of £0.06m to take forward a pathfinder proposal examining the potential to establish an Edinburgh-based Social Stock Exchange (SSE);
  - 1.1.5 approve in-year funding of £0.3m to support the work of Transport for Edinburgh in co-ordinating transport provision across the city and wider city region;
  - 1.1.6 approve the allocation of any excess of contract deductions due over related costs incurred as a result of the PPP1 schools emergency to take forward any necessary remedial works in Council buildings sharing similar design features;
  - 1.1.7 refer this report to Council to approve Spend to Save funding of £0.575m to purchase a route management system for the Waste service; and
  - 1.1.8 refer this report to the Governance, Risk and Best Value Committee as part of its work programme.

### 2. Background

---

- 2.1 This report sets out the projected overall position for the Council's revenue expenditure budget for 2016/17 based on analysis of period eight data.

### 3. Main report

---

- 3.1 This report represents the third of the quarterly revenue monitoring reports for 2016/17. On-going analysis of the revenue position is undertaken in line with

agreed, risk-based principles, with any material changes reported in the intervening periods as required. Budget review and challenge meetings have been held across all service areas and the delivery of approved savings is regularly scrutinised at service management teams. These meetings have helped to enhance the focus on the prompt identification of, and development of appropriate mitigating action to address, service risks and pressures.

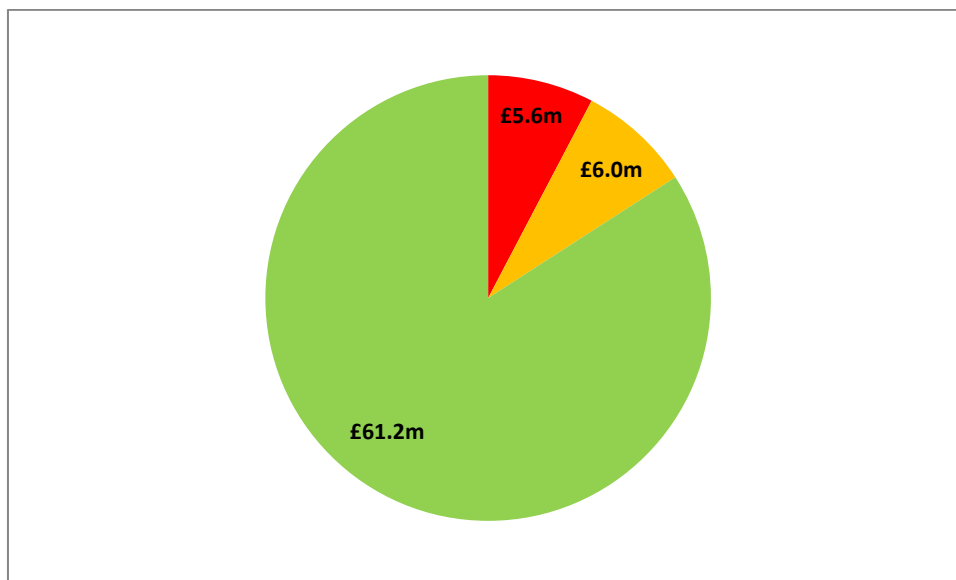
### **Overall position**

- 3.2 As of period eight, the Council is projecting a balanced overall outturn, after taking account of available funding, projected delivery of approved savings, use of reserves and management of service risks and pressures. Services have identified a number of further challenges to attainment of this position, however, and delivery of savings and service pressures will therefore require sustained proactive management throughout the remainder of the year. A high-level service analysis, aligned to the Council's new structure, is included as Appendix 1.

### **Savings delivery**

- 3.3 Members will recall that approval of a balanced budget for 2016/17 was predicated on the delivery of around £73m of service-specific and corporate savings. As of December, the overall RAG assessment of these savings indicates that, on the basis of actions planned or already undertaken, some 92% are on target to be delivered in full as shown in the chart below.

#### **RAG assessment of approved budget savings, 2016/17 – December 2016**



- 3.4 The red-assessed savings cover three specific approved proposals within Place and Health and Social Care respectively and these are shown in Appendix 2. Progress in the delivery of these savings, or where necessary alternative measures, will continue to be closely monitored, with regular updates shared with elected members. Where savings are being met other than by means of the

approved measures, relevant details will continue to be reported to respective Executive Committees.

- 3.5 Amber-assessed savings represent, in the main, those linked to organisational reviews where it is anticipated that further work will confirm full delivery of the budgeted level of saving during the year. In some cases, however, the status reflects the addressing of shortfalls against approved savings targets by means of one-off mitigations, emphasising the need for sustainable measures to be identified going forward.
- 3.6 The net effect of any risk of shortfall in delivery is reflected in the overall position as assessed by service areas in the following sections. Executive Directors also continue to manage a range of risks and pressures, the most material of which, alongside any identified mitigating actions, are included in Appendix 3.

### **Service-specific budgets – Communities and Families**

- 3.7 At period eight, Communities and Families continues to experience budget pressure in many areas of the service including a number of challenges relating to the delivery of approved savings. Areas of significant budget pressure include secure care, out-of-Council residential care and fostering. The phasing and delivery of savings associated with the transformational review within Schools and Lifelong Learning will also result in temporary pressures in 2016/17 in advance of full delivery in 2017/18.
- 3.8 Many of the management actions identified are one-off in nature, meaning that while they assist in addressing the immediate challenge in 2016/17, a permanent sustainable solution still needs to be identified.
- 3.9 In projecting a balanced budget position, the Acting Executive Director of Communities and Families is committed to identifying further mitigating management action to address the forecast pressures, including application of controls on vacancies and discretionary spend and utilisation of departmental reserves and other income.

### **Health and Social Care**

- 3.10 The period eight outturn forecast indicates a projected overspend of £5.4m prior to any assumed additional transitional funding allocation from the Social Care Fund. The adverse movement since period five relates to a projected overspend of £2.0m on employee costs, resulting mainly from three months' delay in the realisation of savings through the service's organisational review. A £3.4m overspend on purchasing budgets is primarily attributable to delays in the implementation of transformation-linked proposals underpinning the approved budget.
- 3.11 On 16 September 2016, the Edinburgh Integrated Joint Board (EIJB) provisionally agreed to allocate up to £3.4m of non-recurring funding from the Social Care Fund to offset unachieved transformation-related savings. Work is

continuing to identify, in the first instance, further opportunities to reduce the level of overspend, such that it may be contained within a balanced outturn position for the Council as a whole. Dialogue is continuing with the EIJB as to how any remaining overspend might be addressed. These short-term Social Care Fund contributions do not, however, obviate the need to identify a sustainable means of realising the approved level of savings in the medium- to longer-term.

### **Place**

- 3.12 The approved service budget is dependent upon the delivery of over £12m of savings in 2016/17 and the Executive Director of Place has, in addition, identified significant pressures, particularly within the Environment Division.
- 3.13 As of period seven, a £5.1m in-year overspend is forecast, representing a £6.1m adverse variance within the Environment Division offset by forecast net underspends totalling £1m across the other Divisions. In view of this, the Executive Director has identified a range of mitigating actions, including further control of employee costs and use of service reserves, together reducing the projected overspend to £1.5m.
- 3.14 The remaining pressure mainly relates to the extended closure and associated loss of income of Mortenhall Crematorium. The Executive Director will continue to investigate all means of addressing this overspend with a view to returning the service to a balanced position although, given the size of the pressure and advanced stage of the financial year, there remains a risk of service overspend.

### **Resources**

- 3.15 As of period eight, the Resources Directorate is reporting a balanced overall position, with the delivery of transformation programme savings, or in a small number of cases substitute savings, assessed to be on track at this stage.

### **Chief Executive (excluding Safer and Stronger Communities)**

- 3.16 As of period eight, a balanced overall position is forecast. Following a detailed assessment of all liabilities associated with the transition to the new ICT service provider, it is now anticipated, based on available information, that these sums can be contained within the budgeted overall level of provision in 2016/17.

### **Safer and Stronger Communities**

- 3.17 At month eight, Safer and Stronger Communities is projecting a balanced position. While forecast pressures have been identified relating to the delivery of approved savings and a requirement for bed and breakfast and short-term let accommodation in excess of the budgeted level, at this stage it is anticipated that mitigating management action, including vacant posts and accelerated savings in some service areas, will be available to offset these on a one-off basis.



## **Corporate budgets**

- 3.18 The period five report indicated that work was on-going to assess the extent of potential savings across corporate areas of the budget, particularly Council Tax and loans charges. An assessment of the size and profile of the Council Tax base, including the level of exemptions and discounts, indicates that an additional £2m of income relative to budgeted levels should be delivered in 2016/17, with adjustments also incorporated within the base budget for future years.
- 3.19 The approved budget framework assumed receipt of a dividend from EDI of £0.5m in 2016/17. The Council has been advised, however, that no dividend is likely to be paid in the current year.

## **Other areas – Transport for Edinburgh**

- 3.20 The budget framework report of 29 September 2016 advised of likely budgetary requirements linked to Transport for Edinburgh's enhanced strategic role in integrating transport provision across the city and wider city region. Subject to receipt of Committee approval, net expenditure of £0.3m is anticipated in the current year and, going forward, £0.4m will be incorporated in the budget framework to support a range of relevant initiatives.

## **Social Stock Exchange**

- 3.21 The Social Stock Exchange (SSE) is the world's first regulated exchange dedicated to businesses and investors seeking to achieve a positive social and environmental impact through their activities. Listed organisations require to pass an in-depth assessment of both their financial standing and commitment to delivering these wider impacts, as well as the potential to generate viable investment returns. Once admitted, organisations are free to trade within this regulated marketplace, with potential investors able to choose investment opportunities, often in their local area, aligned to their wider goals.
- 3.22 Following initial discussions with the SSE, a pathfinder proposal to examine the potential for an Edinburgh-based, but Scotland-wide, exchange has been developed, under which a three-month research and scoping study will inform preparation of a detailed business case. The pilot will assess potential demand from both the business community and prospective investors and validate eligible organisations, informing consideration by Council in early 2017. The pilot will also seek to quantify the investment requirement to launch a fully-fledged Edinburgh SSE.
- 3.23 The cost of the pilot scheme is £60,000 and Committee approval is sought to authorise the expenditure which can be contained within the balanced overall position set out in the preceding paragraphs.

### **PPP1 schools emergency**

- 3.24 At the Finance and Resources Committee's meeting on 3 November 2016, members considered a report setting out the additional costs incurred as a result of the temporary unavailability from early April 2016 of seventeen schools and two other facilities constructed as part of the PPP1 programme. As of the time of writing, discussions with the Edinburgh Schools Partnership are continuing with a view to finalising the corresponding contractual sums due to the Council over this period. Members are asked to approve that any excess of deductions due over costs incurred be earmarked to take forward any necessary remedial work identified through the programme of property surveys undertaken in buildings of similar construction.

### **Spend to Save**

- 3.25 The Executive Director of Place has identified an opportunity to invest in a route management system that will support the delivery of key aspects of the waste and cleansing improvement plan by reducing the number of missed bins and increasing first-time resolution of customer queries (additional detail is included in Appendix 4). Upfront funding of £0.575m is sought from the Spend to Save fund to allow procurement of the system, with the resulting savings in overtime, fuel consumption and reduced Contact Centre staffing expected to repay the upfront investment within 5.25 years. Subject to Committee's approval, this application will be submitted for onward ratification by Council on 26 January.

### **Housing Revenue Account**

- 3.26 A balanced position is forecast after making a required £13.0m contribution to fund future delivery of the affordable housing strategy as set out in the HRA business plan. Approved budget savings of £1.664m in relation to reductions in housing management, repairs and maintenance and ICT costs are forecast to be achieved.

## **4. Measures of success**

---

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

## **5. Financial impact**

---

- 5.1 The report's contents point to a balanced overall position. Attainment is, however, contingent upon undertaking further actions required to deliver a number of approved savings and active management of significant risks and pressures for the remainder of the year.

- 5.2 The Council's Financial Regulations set out Executive Directors' responsibilities in respect of financial management, including regular consideration of their service budgets such that overall expenditure is contained within approved levels.

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

---

- 6.1 The delivery of a balanced budget outturn for the year is the key target. The risks associated with cost pressures, increased demand and savings delivery targets are regularly monitored and reviewed and management action is taken as appropriate.
- 6.2 Ongoing communications by the Council's section 95 Officer have reinforced the respective responsibilities of Executive Directors and Heads of Service to maintain expenditure within approved budgets in accordance with the Financial Regulations. Directors also have a requirement to ensure that savings identified are both achievable and delivered to maintain a sustainable budget across the Council. With this in mind, structured plans are in place for review and feedback on current and future years' savings proposals. This has contributed positively to a position where the majority of approved 2016/17 savings are also assessed as being on track to be delivered.

## **7. Equalities impact**

---

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

## **8. Sustainability impact**

---

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

## **9. Consultation and engagement**

---

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

## 10. Background reading/external references

---

### 10.1 Service monitoring statements for period eight.

#### Hugh Dunn

Acting Executive Director of Resources

Contact: Hugh Dunn, Acting Executive Director of Resources

E-mail: [hugh.dunn@edinburgh.gov.uk](mailto:hugh.dunn@edinburgh.gov.uk) | Tel: 0131 469 3150

#### Links

---

<b>Coalition pledges</b>	P30 – Continue to maintain a sound financial position including long term financial planning
<b>Council Priorities</b>	CP13 – Deliver lean and agile Council services
<b>Single Outcome Agreement</b>	SO1 – Edinburgh's economy delivers increased investment, jobs and opportunities for all SO2 – Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health SO3 – Edinburgh's children and young people enjoy their childhood and fulfil their potential SO4 – Edinburgh's communities are safer and have improved physical and social fabric
<b>Appendices</b>	Appendix 1 – Service analysis Appendix 2 – 2016/17 budget savings RAG assessment – savings assessed as red in part or in full Appendix 3 – Service risks and pressures Appendix 4 – Spend to Save Fund application – route management system



Savings description	Service area	Approved level of saving, 2016/17 (£000)	RAG Status (insert relevant element of saving under each heading. These amounts should be shown net of any assumed mitigating action)			Approved further level of saving, 2017/18 to 2019/20	RAG Status (insert relevant element of saving under each heading. These amounts should be shown net of any assumed mitigating action)			Categorisation	Basis of current status	Planned actions and associated timescales for delivery of savings
			Red	Amber	Green		Red	Amber	Green			
Transformation: Organisational Review	Health and Social Care	5,818	1,718	0	4,100	5,437	0	4,937	500	Health and Social Care	This RAG status reflects the level of savings achieved to date from the release of staff under VERA and VR from HQ, disability services, older people's services and assessment and care management. It also takes into account a level of current vacancy, the use of agency and continued recruitment into the reconfigured disability service to reach agreed staffing levels. The current assessment of implementation is that the review, originally planned for December 2016, will slip by three months which is reflected in the revised red RAG status of £1.718m.	The next stage is to finalise implementation of the organisational review. A detailed plan for reduction in agency spend will be developed.
Transformation: Re-ablement; Demand Management; Telecare	Health and Social Care	4,137	3,376	511	250	4,969	0	4,969	0	Health and Social Care	These savings proposals are being revisited through the H&SC Transformation Programme. A prudent approach has been taken when assessing in-year delivery and this is reflected in the £0.761m at amber or green. A significant step-up in 2017/18 is forecast.	The next stage is to agree the business cases and develop implementation plans which take account of the preliminary work undertaken.
Total Health and Social Care		9,955	5,094			10,406	0					

Savings description	Service area	Approved level of saving, 2016/17 (£000)	Red	Amber	Green	Approved further level of saving, 2017/18 to 2019/20	Red	Amber	Green	Categorisation	Basis of current status	Planned actions and associated timescales for delivery of savings
Tram Advertising Income	Place	500	500	0	0	0	0	0	0	Planning and Transport	The approved budget saving is predicated on generation of additional income through the Council's existing advertising contract by selling naming rights and "wrapping" Edinburgh Trams. As of the time of writing, however, no specific plans have been agreed to contribute towards the current year's income target.	Ongoing dialogue with contractor.
Total Place		500	500	0	0	0	0	0	0			
Total all areas			5,594									

NB While the analysis above captures, by value, all savings assigned a red status in 2016/17, there are a number of other savings where an element is assessed as amber, hence the total shown is lower than in the equivalent figure in Paragraph 3.3.

Risk or pressure description	Service area	Estimated financial impact, 2016/17 (£000)	Any estimated further impact, 2017/18 to 2019/20 (£000)	Residual risk after taking account of mitigating actions, 2016/17	Residual risk status, 2016/17	Explanatory notes, including description of any recurring pressures and mitigating measures implemented or proposed to date. This analysis should include consideration of the Council's key risks as they affect the service area's activities.
Waste Service Pressure	Place	5,300	(1,800)	3,150		Following analysis of the 2015/16 position and the roll-out of recent service changes (recycling redesign, ceasing commercial waste at CRC sites, etc.) it is estimated that the pressure in waste services for 2016/17 will be around £3.15m, without any further savings measures. The market for recyclate continues to be volatile and there is a risk that the cost of disposing recyclable waste could increase this overspend significantly.
North Bridge	Place	1,150	(200)	465		Following routine inspection work, significant expenditure is required on North Bridge. Prior to capital funding being made available (£12m is required), enabling revenue funding is required for these preparatory works and to set up a project team to carry out initial work to develop the scope of the capital project. Some of these costs have been met from within the overall transport budget, but the service is unable to contain the full cost.
Mortonhall - Income shortfall	Place	2,000	(2,000)	1,400		The crematorium is currently closed for refurbishment work. This is resulting in a significant loss of income, which is being partially offset by additional income from Scientific Services. The service is developing a mitigation plan to help address the income shortfall, but this is unlikely to address the pressure in full.
Sub-total		8,450	(4,000)	5,015		



Risk or pressure description	Service area	Estimated financial impact, 2016/17 (£000)	Any estimated further impact, 2017/18 to 2019/20 (£000)	Residual risk after taking account of mitigating actions, 2016/17	Residual risk status, 2016/17	Explanatory notes, including description of any recurring pressures and mitigating measures implemented or proposed to date. This analysis should include consideration of the Council's key risks as they affect the service area's activities.
Out of Council Residential Care (Pressure)	Communities and Families	1,200	1,200	1,200		The service has annual approved savings of £1.8m against Out of council residential placements by 2017/18 compared to the 2012/13 budget. This has proved very challenging to deliver at the same time as reductions of £3.5m have been made to internal residential services. The service has assessed that there will be an ongoing demand for approximately £1.2m of placements in future. This pressure has been reported to CLT and the service is in the process of identifying alternative savings for 2017/18 onwards.
Secure Care (Risk)	Communities and Families	1,200	1,200	1,200		The budget for secure places is 8. Average usage for 2015/16 was 13 and in March 2016 this number was 16. If the average usage of 13 continues then the pressure will be £1.375m. Changing this pattern of secure risk requires culture change and practice changes across a range of children's services. Further to the recent transformation process for children's services, frontline manager engagement on this issue was put in place from June 2016.
Sub-total		2,400	2,400	2,400		
Total all services		10,850	(1,600)	7,415		

## Spend to Save proposal - Waste Route Management System

## Appendix 4

Project	Description	Outcome	Coalition Pledges and Council Outcomes	Funding	Risk	Payback Period
Waste Route Management System	Purchase of a new route management system will support delivery of key aspects of the service improvement plan. The system will provide operational crews with higher-quality information to reduce the number of missed bins and allow greater first-time resolution of customer queries.	Investment in the system will improve the overall waste and recycling service. Savings will be generated initially through reductions in overtime linked to delayed collections, lower fuel consumption as a result of both fewer missed collections and more efficient vehicle routing and a reduced associated staffing requirement within the Contact Centre. Further ICT-related savings are anticipated from April 2018.	<p>P44 - Prioritise keeping our streets clean and attractive</p> <p>P49 Continue to increase recycling levels across the city and reduce the proportion of waste going to landfill</p> <p>CO17 - Clean - Edinburgh's streets and open spaces are clean and free of litter and graffiti</p> <p>CO18 - Green - we reduce the local environmental impact of our consumption and production</p> <p>CO19 - Attractive places and well-maintained - Edinburgh remains an attractive city through the development of high-quality buildings and places and the delivery of high standards and maintenance of infrastructure and public realm</p> <p>CO24 - The Council communicates effectively internally and externally and has an excellent reputation for customer care</p>	£575,000	Medium	5.25 years

# Finance and Resources Committee

10.00am, Thursday, 19 January 2017

## Resources Directorate - Revenue Budget Monitoring 2016/17 - Month Eight position

Item number 7.2

Report number

Executive/routine

Wards

### Executive Summary

---

The report sets out the projected eight-month revenue monitoring position for the Resources Directorate, based on actual expenditure and income to the end of November 2016 and expenditure and income projections for the remainder of the financial year.

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

### Links

---

Coalition Pledges [P30](#)

Council Priorities [CP13](#)

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

## Resources Directorate - Revenue Budget Monitoring 2016/17 - Month Eight position

### 1. Recommendations

---

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

### 2. Background

---

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

### 3. Main report

---

#### **Month Eight Position**

- 3.1 Resources Directorate revenue budget for 2016/17 is £133.267m. The budget is stated after inclusion of approved savings of £8.541m.
- 3.2 The period eight projection is for expenditure to be within approved budget for 2016/17. Forecast savings include achievement of Transformation Programme employee cost savings from phase one of Transformation Programme Organisational reviews.
- 3.3 An analysis of the projection by service area is provided in Appendix 1.

#### **Savings Implementation Plans**

- 3.4 The revenue budget approved by Council on 21 January 2016 requires Resources Directorate to achieve incremental savings of £8.541m in 2016/17. These are detailed in Appendix 2.
- 3.5 Savings implementation plans have been developed and revenue budget monitoring reports are considered by Resources Management Team on a regular basis.

- 3.6 One-off savings from vacant posts and additional rental income recoveries have been implemented, to achieve the Asset Management Strategy savings target of £0.8m in 2016/17, pending realisation of this savings target on a sustainable basis from 2017/18. The Asset Management Strategy programme is developing sustainable plans to be achieved from organisational redesign, estate rationalisation and rental income, to meet savings targets of £1.6m for 2017/18, a further £4.2m in 2018/19 and a further £0.4m for 2019/20 – a cumulative total of £6.2m by 2019/20.
- 3.7 A reduced level of internal recoveries by Legal Services is forecast for 2016/17. This is being offset by savings in employee costs through delay in recruiting to vacant posts in HR Services and Legal and Risk Services. Savings implementation plans are being progressed to address Legal Services Transformation Programme savings targets for 2017/18 on a sustainable basis.
- 3.8 Customer savings targets for 2016/17 are on track to be achieved. £0.9m of savings will be achieved from one-off savings from vacant posts held for the period prior to Organisational Review implementation. Business cases are being developed and progressed towards implementation for Customer savings targets of £6.024m in 2017/18.

### **Risks**

- 3.9 There remain a number of risks in the Resources Directorate revenue budget for 2016/17. Key risks are:
- Risk of under-recovery of Council Tax and Non-Domestic Rates intervention income. Income will be monitored for the remainder of the year. It should be noted that the level of income achievable is not fully known with certainty until the year end;
  - Risk of Transformation savings not being fully achieved. While there is evidence of significant progress towards the achievement of all savings targets, and mitigating measures identified where savings targets are not being fully achieved during 2016/17, full realisation of targets will continue to be tracked and reported to service management teams. Alternative savings measures will be developed, where a risk emerges as to the achievement of existing savings proposals.

### **Contingency Planning**

- 3.10 A service contingency of £0.160m will be used to mitigate any residual service financial risks in 2016/17.

## **4. Measures of success**

---

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

## **5. Financial impact**

---

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

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

---

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

## **7. Equalities impact**

---

- 7.1 There are no direct equalities impact implications arising from this report. All budget proposals are subject to an initial relevance and proportionality assessment and, where appropriate, a formal Equalities and Rights Impact Assessment is then undertaken. The equalities and rights impacts of any substitute measures identified to address savings shortfalls are similarly assessed.

## **8. Sustainability impact**

---

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

## **9. Consultation and engagement**

---

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

## **10. Background reading/external references**

---

- 10.1 Resources Directorate - Revenue Budget Monitoring 2016/17 - month three position report to Finance and Resources Committee 18 August 2016.
- 10.2 Resources Directorate - Revenue Budget Monitoring 2016/17 - month five position report to Finance and Resources Committee 3 November 2016.

## Hugh Dunn

Acting Executive Director of Resources

Contact: Iain Shaw, Principal Accountant

E-mail: [iain.shaw@edinburgh.gov.uk](mailto:iain.shaw@edinburgh.gov.uk) | Tel: 0131 469 3117

### 11. Links

---

<b>Coalition Pledges</b>	P30 – Continue to maintain a sound financial position including long term financial planning
<b>Council Priorities</b>	CP13 - Transformation, workforce, citizen and partner engagement, budget
<b>Single Outcome Agreement</b>	SO1 – Edinburgh’s economy delivers increased investment, jobs and opportunities for all SO2 – Edinburgh’s citizens experience improved health and wellbeing, with reduced inequalities in health SO3 – Edinburgh’s children and young people enjoy their childhood and fulfil their potential SO4 – Edinburgh’s communities are safer and have improved physical and social fabric
<b>Appendices</b>	Appendix 1 – Resources Directorate Revenue Budget Monitoring 2016/17 - Month Eight position Appendix 2 - Resources Directorate - Approved Revenue Budget Savings 2016/17.

# Appendix 1

## Resources Directorate

### Revenue Budget Monitoring 2016/17

#### Month Eight position

#### Forecast Revenue Outturn by Service Area

	Revised Budget	Projected Outturn	Projected Variance	Adverse / Favourable
	£'000	£'000	£'000	£'000
Customer	28,095	28,095	0	-
Finance	6,608	6,608	0	-
Human Resources	4,221	4,014	(207)	Fav
Legal and Risk	1,411	1,683	272	Adv
Property	91,744	91,744	0	-
Directorate and service-wide costs	1,028	1,028	0	-
Service contingency	160	95	(65)	Fav
<b>Total Net Expenditure</b>	<b>133,267</b>	<b>133,267</b>	<b>0</b>	<b>-</b>



# Appendix 2

## Resources Directorate: Approved Revenue Budget Savings 2016/17

Service	Saving Description	2016/17 £'000	Red/Amber/Green assessment
Customer	Transformation : Organisational Review	4,577	
Customer	Priority Based Planning : Revenues and Benefits, Contact Centre, HR and Payroll Service Centre	484	
Customer	Budget Framework 2014-18 : Increase Council Tax Collection	311	
Customer	Budget Framework 2014-18 : Workforce saving	114	
Customer	Transformation: agency staff	276	
Customer	Transformation : reduce overtime	48	
Finance	Transformation : Organisational Review	340	
Finance	Priority Based Planning : Rationalise service accounting teams	350	
Finance	Budget Framework 2014-18 : Workforce saving	26	
Finance	Transformation : agency staff	38	
Human Resources	Transformation : Organisational Review	301	
Human Resources	Transformation : agency staff	2	
Human Resources	Transformation : reduce overtime	4	
Human Resources	Budget Framework 2014-18 : Workforce saving	26	
Legal and Risk	Transformation : Organisational Review	322	Offset by employee cost savings (paragraph 3.7)
Legal and Risk	Budget Framework 2014-18 : Workforce saving	11	
Property	Asset Management Strategy (net saving)	800	£0.438m offset by in-year savings (paragraph 3.6)
Property	Property Conservation Service	500	
Service-wide	Increase in discretionary income	11	
	<b>TOTAL</b>	<b>8,541</b>	

# Finance and Resources Committee

10.00am, Thursday, 19 January 2017

## Chief Executive - Revenue Budget Monitoring 2016/17 - Month Eight position

Item number	7.3
Report number	
Executive/routine	
Wards	

### Executive Summary

---

The report sets out the projected eight-month revenue monitoring position for services reporting directly to the Chief Executive, based on actual expenditure and income to the end of November 2016 and expenditure and income projections for the remainder of the financial year.

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

### Links

---

Coalition Pledges	<a href="#">P30</a>
Council Priorities	<a href="#">CP13</a>
Single Outcome Agreement	<a href="#">SO1</a> , <a href="#">SO2</a> , <a href="#">SO3</a> , <a href="#">SO4</a>

## Chief Executive - Revenue Budget Monitoring 2016/17 - Month Eight position

### 1. Recommendations

---

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

### 2. Background

---

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

### 3. Main report

---

#### Month Eight Position

- 3.1 The revenue budget for 2016/17 for services reporting directly to the Chief Executive is £64.947m. The budget is stated after inclusion of approved savings of £10.786m.
- 3.2 The period eight projection reflects expenditure within approved budget. Forecast savings include achievement of Transformation Programme employee cost savings from organisational reviews and ICT contract procurement savings arising through award of the ICT contract in August 2015. An analysis of the projection by service area is provided in Appendix 1.
- 3.3 Service pressures are forecast in Safer and Stronger Communities, arising through savings targets from rationalisation of existing CCTV Monitoring services (£0.350m) and a reduction in the cost of commissioned services for housing support (£0.5m). There is also a pressure of £0.8m in Homelessness and Housing Support relating to an increasing requirement for Bed and Breakfast and Short Term Lets. Vacancy

management and acceleration of approved savings in other areas of the service enable a balanced position to be forecast for 2016/17.

### **Savings Implementation Plans**

- 3.4 The revenue budget approved by Council on 21 January 2016 requires achievement of incremental savings of £10.786m in 2016/17 for services reporting directly to the Chief Executive. These are detailed in Appendix 2.
- 3.5 Savings implementation plans have been developed and revenue budget monitoring reports are considered by service management teams on a regular basis.
- 3.6 Savings are forecast to be fully achieved in 2016/17 and are classified as 'green', with the exception of savings targets referred to in paragraph 3.3. These savings targets are classified as 'amber', due to the requirement to identify alternative measures for the savings targets for rationalisation of existing CCTV monitoring services and reduction in cost of commissioned services for housing support.

### **Risks**

- 3.7 In the [Revenue Budget Monitoring 2016/17 - month five position report to Finance and Resources Committee](#) on 3 November 2016, a risk was identified in respect of the adequacy of budget provision to address all liabilities associated with the transition to the new ICT service provider. The ICT Contract Management team has undertaken a process of challenge and review of potential cost variations, in consultation with service areas and the Council's appointed ICT service provider, CGI, to establish the current cost liability. Based on available information, it is now anticipated that contractual cost obligations will be within budget provision in 2016/17. Work is ongoing to establish all ICT cost liabilities for 2017/18 and beyond, with a view to any additional costs being contained within budget.
- 3.8 A key risk is of savings not being fully achieved. While there is evidence of significant progress towards the achievement of savings targets, full realisation of targets will continue to be tracked and reported to service management teams. Alternative savings measures will be developed, where a risk emerges as to the achievement of existing savings proposals.

## **4. Measures of success**

---

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

## **5. Financial impact**

---

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

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

---

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

## **7. Equalities impact**

---

- 7.1 There are no direct equalities impact implications arising from this report. All budget proposals are subject to an initial relevance and proportionality assessment and, where appropriate, a formal Equalities and Rights Impact Assessment is then undertaken. The equalities and rights impacts of any substitute measures identified to address savings shortfalls are similarly assessed.

## **8. Sustainability impact**

---

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

## **9. Consultation and engagement**

---

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

## **10. Background reading/external references**

---

- 10.1 Chief Executive - Revenue Budget Monitoring 2016/17 - month three position report to Finance and Resources Committee 18 August 2016.
- 10.2 Chief Executive - Revenue Budget Monitoring 2016/17 - month five position report to Finance and Resources Committee 3 November 2016.

### **Andrew Kerr**

Chief Executive

Contact: Iain Shaw, Principal Accountant

E-mail: [iain.shaw@edinburgh.gov.uk](mailto:iain.shaw@edinburgh.gov.uk) | Tel: 0131 469 3117

## 11. Links

---

<b>Coalition Pledges</b>	P30 – Continue to maintain a sound financial position including long term financial planning
<b>Council Priorities</b>	CP13 - Transformation, workforce, citizen and partner engagement, budget
<b>Single Outcome Agreement</b>	SO1 – Edinburgh’s economy delivers increased investment, jobs and opportunities for all SO2 – Edinburgh’s citizens experience improved health and wellbeing, with reduced inequalities in health SO3 – Edinburgh’s children and young people enjoy their childhood and fulfil their potential SO4 – Edinburgh’s communities are safer and have improved physical and social fabric
<b>Appendices</b>	Appendix 1 – Chief Executive Revenue Budget Monitoring 2016/17 - Month Eight position Appendix 2 - Chief Executive - Approved Revenue Budget Savings 2016/17

# Appendix 1

## Chief Executive

### Revenue Budget Monitoring 2016/17

#### Month Eight position

#### Forecast Revenue Outturn by Service Area

	Revised Budget	Projected Outturn	Projected Variance	Adverse / Favourable
	£'000	£'000	£'000	£'000
Chief Executive	237	237	0	-
Communications	999	999	0	-
ICT	29,700	29,700	0	-
Safer and Stronger Communities	25,478	25,478	0	-
Strategy and Insight	8,533	8,533	0	-
<b>Total Net Expenditure</b>	<b>64,947</b>	<b>64,947</b>	<b>0</b>	<b>-</b>

# Appendix 2

## Chief Executive: Approved Revenue Budget Savings 2016/17

Service	Saving Description	2016/17 £'000	Red/Amber/Green assessment
Communications	Transformation: Organisational Review	432	
Communications	Transformation: agency staff	4	
Communications	Budget Framework 2014-18: Workforce saving	10	
Communications	Budget Framework 2014-18: Contract Reviews - News Management/Media Monitoring	3	
ICT	Contract savings	5,530	Contractual commitments review progressed
ICT	Transformation: Organisational Review	348	
ICT	Transformation: agency staff	55	
ICT	Transformation: reduce overtime	1	
Safer and Stronger Communities	Community Safety Management	318	
Safer and Stronger Communities	Homelessness Management	300	
Safer and Stronger Communities	Redesign in-house Housing Support Service	500	
Safer and Stronger Communities	Redesign of Advice Services	60	
Safer and Stronger Communities	Redesign of Safer and Stronger Communities	422	
Safer and Stronger Communities	Redesign of Homelessness Service	229	
Safer and Stronger Communities	Safer Families Management	62	
Safer and Stronger Communities	Reduce commissioned services - Housing Support (sheltered housing/temporary	500	Mitigated by alternative savings (para 3.3)



	accommodation)		
Safer and Stronger Communities	Transformation Programme: reduce overtime, agency employees and other savings	96	
Safer and Stronger Communities	CCTV Monitoring Rationalisation	350	Mitigated by alternative savings (para 3.3)
Strategy and Insight	Transformation: Organisational Review	1,541	
Strategy and Insight	Transformation: agency staff	13	
Strategy and Insight	Budget Framework 2014-18: Workforce saving	12	
	<b>TOTAL</b>	<b>10,786</b>	

# Finance and Resources Committee

10.00am, Thursday, 19 January 2017

## Capital Monitoring 2016/17 – Nine Month Position

Item number 7.4  
Report number  
Executive/routine  
Wards

### Executive summary

At month nine, the Council is projecting the following outturn position against its Capital budgets:

- General Fund investment - £0.6m acceleration
- General Fund Capital Receipts - £4.6m slippage
- HRA investment - £4.5m underspend
- HRA Capital Receipts - £2.8m acceleration

As a result of these forecasts, the level of General Fund borrowing is projected to be £5.240m more than budget. This position should be considered in the context of the challenging nature of capital projects, where variances may occur for reasons outwith the Council's control.

The HRA underspend is primarily related to a reduction in the combined update of kitchen and bathroom upgrades from tenants. Heating replacements have been accelerated by 40% to mitigate this underspend in part. The acceleration of HRA capital receipts is mainly due to a spike in Council house sales prior to the abolition of Right to Buy in August 2016 and an increase in grant income from Scottish Government for affordable housing.

### Links

Coalition pledges [P3](#), [P8](#), [P30](#), [P31](#), [P33](#), [P42](#)  
Council outcomes [CO1](#), [CO16](#), [CO20](#), [CO23](#), [CO25](#)  
Single Outcome Agreement [SO3](#), [SO4](#)

# Report

## Capital Monitoring 2016/17 – Nine Month Position

### 1. Recommendations

---

- 1.1 Members of the Finance and Resources Committee are requested to:
- 1.1.1 Note the projected capital outturn positions on the General Fund and HRA at month nine;
  - 1.1.2 Note the prudential indicators at month nine;
  - 1.1.3 Note that the Acting Executive Director of Resources is closely monitoring the capital receipts position; and
  - 1.1.4 Refer the report to the Governance, Risk and Best Value Committee as part of its work-plan.

### 2. Background

---

- 2.1 This report sets out the overall position of the Council's capital budget at the nine month stage (based on analysis of period seven and eight data) and the projected outturn for the year.

### 3. Main report

---

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

	<b>Outturn Variance at Month Nine £000</b>	<b>Outturn Variance at Month Five £000</b>	<b>Movement from Month Five £000</b>
Net (slippage) / acceleration in gross expenditure	632	(1,485)	2,117
Net (surplus) / deficit in capital receipts / grant income	4,608	250	4,358
<b>Net increase / (decrease) in borrowing requirement</b>	<b>5,240</b>	<b>(1,235)</b>	<b>6,475</b>

- 3.2 The month nine position reports £0.632m of acceleration in gross expenditure, compared to projected slippage of £1.485m variance at month five. At month five, there was an expected shortfall in capital receipts compared to the budgeted level of £0.250m. This shortfall has now increased to £4.608m at month nine. The net effect of the variances projected at month nine is an increase of £5.540m in the amount that the Council requires to borrow corporately to support its capital programme relative to budgeted assumptions.
- 3.3 Explanations for significant slippage and accelerations projected at month nine are presented in Appendix 2. The net acceleration on gross expenditure projected at month nine represents a variance against budget of 0.55% (which is below the 2015/16 Scotland wide average of slippage of 16%). There has been acceleration of £8.903m in the delivery of a number of projects, most notably in the general asset management works programme, the Place depot review and the final completion settlement for the new Portobello High School. This is largely offset by slippage which in the majority, is caused by uncontrollable and unforeseen delays that have occurred since re-profiling and aligning the revised budget. In the main, these include delays caused by a change in procurement route on the early learning and childcare estate improvements project and delays to piling operations on the new build Boroughmuir High School.
- 3.4 The nature of capital projects means that in any given year, variance against budget will occur due to delays or unforeseen circumstances out with the control of the Council, like those described in 3.3 above. In the previous two financial years, the impact of this type of slippage has been minimised as much as possible through acceleration / better than originally anticipated progress elsewhere in the programme. Accelerating projects is dependent on the ability to make these 'shovel-ready' at short notice. It should be noted that every effort will be made to accelerate suitable projects to minimise in year slippage but that the ability to do this late on in the financial year will likely be limited.

#### **Capital receipts/grant income**

- 3.5 A review of capital receipts from asset sales undertaken by Corporate Property and Finance estimates that net receipts of £14.412m will be realised in 2016/17, compared to a budget of £19.020m resulting in a receipts shortfall of £4.608m.
- 3.6 The net decrease from the month five position for General Services receipts relates to revised settlement dates for some receipts. The reported figures reflect a cautious approach placing the receipt from King's Stables Road in 2017/2018 when it is possible that the sale will complete before the end of March 2017. The budgeted transfer of receipts to the capital fund of £5.559m will now also be reprofiled to 2017/18. Council approved at its budget meeting of 21 January 2016 the allocation of these additional receipts for the Local Development Plan (LDP) infrastructure and revenue repairs and maintenance across the existing Council property estate and expenditure plans will also be reprofiled.

- 3.7 Ring fenced receipts are also expected to be lower than budgeted. This is largely due to the intention to transfer some of these sites to the HRA with an associated transfer of borrowing costs, based on market value to the HRA having a similar financial impact on the General Fund as receiving a capital receipt.

### **Prudential Indicators**

- 3.8 The prudential indicator monitoring at month nine is shown in Appendix 3.

### **Housing Revenue Account (HRA)**

- 3.9 The Housing Revenue Account is forecasting slippage in gross expenditure of £4.526m at month nine (balanced position at month five) as shown in Appendix 4. At month nine, the forecast is gross expenditure of £39.808m (£44.334m at month five) capital receipts / grant income of £24.119m (£22.461m at month five) and borrowing of £15.689m (£21.873m at month five).
- 3.10 Approximately £4m of the underspend is due to a below average uptake from tenants on the kitchen and bathrooms programme. The programme is still on track to meet the Council commitment of ensuring that no kitchen or bathroom is over 25 years old by the end of this financial year. The budget was set assuming all 1,920 tenants would receive upgrades for both kitchens and bathrooms. However, only two thirds of tenants have proceeded with both upgrades to date, with the remainder only agreeing to one upgrade or no upgrade at all.
- 3.11 The Heating Replacement Programme has been accelerated in line with the agreed strategy to reduce the overall under spend. The programme has already exceeded the year end target of 1,234 homes, with 1,279 having benefited from upgrades by the end of November 2016. The programme will be accelerated further to continue to mitigate under spends and make tenants' homes easier to heat. It is projected that more than 1,700 tenants will be benefitting from the programme at the year end, a 40% increase in delivery.
- 3.12 The Neighbourhood Improvement Programme is projected to under spend by £0.8m. However, all identified projects will be delivered in line with the priorities agreed with local teams and neighbourhood governance. The underspend (£0.3m) in the Regeneration Programme was due to a last minute change of the specification of one project (St Stephen's Court), resulting in a slight delay on securing relevant building warrant and site start.
- 3.13 The 21<sup>st</sup> Century Homes programme is on track to spend its approved budget. The first phase of the Pennywell housing regeneration is due to complete in December 2016 with construction works already started on phase 2. This project will deliver more than 700 new market and affordable homes in total. Housing construction is also underway at Leith Fort with the first homes expected to be available to let in early summer. Site starts have been planned at North Sighthill, Calders, West Pilton Grove and Greendykes in 2017. A total of 357 new homes are expected to be on site by the end of March 2017.

## **4. Measures of success**

---

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

## **5. Financial impact**

---

- 5.1 The projected 2016/17 general fund outturn outlines capital borrowing of £70.474m. The overall loan charges associated with this borrowing over a 20 year period would be a principal amount of £70.474m, interest of £45.877m, resulting in a total cost of £116.356m based on a loans fund interest rate of 5.1%. The loan charges will be interest only in the first year, at a cost of £1.816m, followed by an annual cost of £5.727m for 20 years.
- 5.2 The projected 2016/17 HRA outturn outlines capital borrowing of £15.689m. The overall loan charges associated with this borrowing over a 20 year period would be a principal amount of £15.689m, interest of £10.213m, resulting in a total cost of £25.903m based on a loans fund rate of 5.1%. The loan charges will be interest only in the first year, at a cost of £0.403m followed by an annual cost of £1.275m for 20 years.
- 5.3 The borrowing required is carried out in line with the Council's approved Treasury Management Strategy.
- 5.4 The loan charge costs outlined above will be met from this year's general fund and HRA revenue budgets for loan charges.

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

---

- 6.1 Significant budget virements have complied with relevant financial rules and regulations.
- 6.2 Capital monitoring and budget setting processes adopted ensure effective stewardship of resources. The processes applied aim to ensure projects are delivered on time and budget whilst fulfilling the financial criteria of value for money.
- 6.3 Monitoring of major capital projects including risk assessment is carried out by the Council's Strategy and Insight service.
- 6.4 The nature of capital projects means that there is an inherent risk of delays or unforeseen circumstances outwith the control of the Council.

## 7. Equalities impact

---

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

## 8. Sustainability impact

---

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

## 9. Consultation and engagement

---

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

## 10. Background reading/external references

---

[Capital Monitoring 2016-17 – Half Year Position](#) Finance and Resources Committee, 29 October 2015

### **Hugh Dunn**

Acting Executive Director of Resources

Contact: Denise Pryde, Senior Accountant

E-mail: [denise.pryde@edinburgh.gov.uk](mailto:denise.pryde@edinburgh.gov.uk) | Tel: 0131 469 3195

<b>Coalition pledges</b>	<p>P3 – Rebuild Portobello High School and continue progress on all other planned school developments, while providing adequate investment in the fabric of all schools</p> <p>P8 – Make sure the city’s people are well-housed, including encouraging developers to build residential communities, starting with brownfield sites</p> <p>P30 – Continue to maintain a sound financial position including long-term financial planning</p> <p>P31 – Maintain our City’s reputation as the cultural capital of the world by continuing to support and invest in our cultural infrastructure</p> <p>P33 – Strengthen Neighbourhood Partnerships and further involve local people in decisions on how Council resources are used</p> <p>P42 – Continue to support and invest in our sporting infrastructure</p>
<b>Council outcomes</b>	<p>CO1 – Our children have the best start in life, are able to make and sustain relationships and are ready to succeed</p> <p>CO16 – Edinburgh draws new investment in development and regeneration</p> <p>CO20 – Culture, sport and major events – Edinburgh continues to be a leading cultural city where culture and sport play a central part in the lives and future of citizens</p> <p>CO23 – Well-Engaged and Well-Informed – Communities and individuals are empowered and supported to improve local outcomes and foster a sense of community</p> <p>CO25 – The Council has efficient and effective services that deliver on objectives</p>
<b>Single Outcome Agreement</b>	<p>SO3 - Edinburgh’s children and young people enjoy their childhood and fulfil their potential</p> <p>SO4 - Edinburgh’s communities are safer and have improved physical and social fabric</p>
<b>Appendices</b>	<p>1 – Capital Monitoring 2016/17 – General Fund</p> <p>2 – Slippage / Acceleration on capital projects 2016/17</p> <p>3 – Prudential Indicators 2016/17</p> <p>4 – Capital Monitoring 2016/17 - HRA</p>



# Capital Monitoring 2016/17

## General Fund Summary

Period 9 (based on period 7 and 8 data)

Expenditure	Revised Budget £000	Adjusts £000	Total Budget £000	Actual to Date £000	Projected Outturn £000	Projected Variance £000 %	
Communities and Families	45,781	2,741	48,522	29,951	44,308	(4,214)	-8.68%
Resources - AMW	10,936	464	11,400	11,329	16,307	4,907	43.04%
Edinburgh IJB	4,167	321	4,488	4,284	4,532	44	0.98%
Place	83,759	5,556	89,315	48,005	89,210	(105)	-0.12%
Chief Executive	15,789	-	15,789	-	15,789	-	0.00%
General slippage across programme	-	-	-	-	-	-	-
<b>Total Gross Expenditure</b>	<b>160,432</b>	<b>9,082</b>	<b>169,514</b>	<b>93,569</b>	<b>170,146</b>	<b>632</b>	<b>0.37%</b>

## Resources

<i>Capital Receipts</i>							
General Services	19,634	-	19,634	8,409	13,332	(6,302)	-32.10%
Capital Receipts in lieu of prudential borrowing	-	-	-	-	680	680	
Ringfenced Asset Sales	4,895	50	4,945	153	650	(4,295)	-86.86%
Less additional receipt income to capital fund	(5,559)	-	(5,559)	-	-	5,559	-100.00%
Less Fees Relating to Receipts	-	-	-	(85)	(250)	(250)	
<i>Total Capital Receipts from Asset Sales</i>	<i>18,970</i>	<i>50</i>	<i>19,020</i>	<i>8,477</i>	<i>14,412</i>	<i>(4,608)</i>	<i>-24.23%</i>
Developer and other Contributions	7,468	5,570	13,038	6,620	13,038	-	0.00%
Capital Grants Unapplied Account drawdown	808	-	808	546	808	-	0.00%
<i>Total Capital Receipts</i>	<i>27,246</i>	<i>5,620</i>	<i>32,866</i>	<i>15,643</i>	<i>28,258</i>	<i>(4,608)</i>	<i>-14.02%</i>
<i>Grants</i>							
Scottish Government General Capital Grant	41,626	-	41,626	27,751	41,626	-	0.00%
Cycling, Walking and Safer Streets	540	-	540	-	540	-	0.00%
Management Development Funding	29,248	-	29,248	5,459	29,248	-	0.00%
<i>Total Grants</i>	<i>71,414</i>	<i>-</i>	<i>71,414</i>	<i>33,210</i>	<i>71,414</i>	<i>-</i>	<i>0.00%</i>
<b>Total Resources</b>	<b>98,660</b>	<b>5,620</b>	<b>104,280</b>	<b>48,853</b>	<b>99,672</b>	<b>(4,608)</b>	<b>-4.42%</b>

<b>Balance to be funded through borrowing</b>	<b>61,772</b>	<b>3,462</b>	<b>65,234</b>		<b>70,474</b>	<b>5,240</b>	<b>8.03%</b>
---	---------------	--------------	---------------	--	---------------	--------------	--------------

**CAPITAL MONITORING 2016/2017 - Period 9 (based on period 7 and 8 data)****Slippage and Acceleration on Projects**

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

**Key to variance category***Type*

1. Slippage due to unforeseen delays

2. Slippage due to optimistic budget

3. Slippage due to timing of payments

4. Acceleration on a project

*Explanation*

Slippage that has occurred due to unforeseen circumstances or delays that for the most part, are out with the Council's control.

Slippage that has occurred due to optimism bias when budget was set. Issues include projecting spend on block budgets when a programme of works has not been considered or designed, not applying a discount factor for adverse weather / risk issues, providing for too much contingency and predicting an optimistic works timetable.

Slippage that has occurred where a project is on time and schedule but is as a result of the timing of cash flows.

Represents accelerated spend on a project i.e. due to better than anticipated progress.

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

	Period 9 £000	Period 5 £000	Movement between periods £000	Explanations for Significant Slippage / Acceleration	Variance Category
<b><u>Communities and Families</u></b>					
Early learning and childcare estate improvements	-1,223	-1,085	-138	Due to tender submission stage taking longer than originally envisaged.	2
Duncan Place improvement	-212	-400	188	Delay in contract start due to requirement for value engineering exercise to bring project in line with available budget.	1
Boroughmuir High School	-4,302	0	-4,302	Delay in starting contract due to issues with concrete levels- school is now due to open August 2017	1
Rising School Rolls	327	0	327	Several schools required extra work under the Rising School Rolls programme and will require to be funded from future years budgets	4
Portobello High School	879	0	879	Settlement of final account will be made in 2016-2017 and not 2017-2018 as originally envisaged	4
St John's Primary School	228	0	228	External fees for producing stage 1 report will be incurred in 2016-2017 rather 2017-2018 as originally envisaged	4
Fees relating to the cost of sale of assets	83	0	83	Acceleration of spend to be met from future receipts.	4
Net (slippage) / acceleration on various projects	6	0	6		4
<b>Total Communities and Families</b>	<b>-4,214</b>	<b>-1,485</b>	<b>-2,729</b>		
<b><u>Resources - AMW</u></b>					
Acceleration across the Asset Management Works programme	4,907	0	4,907	General acceleration across the Asset Management Works programme	4
<b>Total Resources - AMW</b>	<b>4,907</b>	<b>0</b>	<b>4,907</b>		

	Period 9 £000	Period 5 £000	Movement between periods £000	Explanations for Significant Slippage / Acceleration	Variance Category
<b>Edinburgh IJB</b>					
Net (slippage) / acceleration on various projects	44		44		4
<b>Total Edinburgh IJB</b>	<b>44</b>	<b>0</b>	<b>44</b>		
<b>Place</b>					
Depot Review	1,800	0	1,800	Better than anticipated progress on depot review project	4
Calton Hill redevelopment	629	0	629	Acceleration of Council contribution to facilitate the cashflow of the project	4
Fleet Vehicle Purchase	-751	0	-751	Long lead in time for the procurement of specialist vehicles	2
Road Asset Management	-661	0	-661	Two carriageway schemes postponed due to gas works	2
Street Lighting and Traffic Signals	-638	0	-638	Transformation process resulted in loss of staff to deliver programme - delay until vacancies can be filled	2
Rose Street - Public Realm	-282	0	-282	Works delayed due to 3rd Party works (Hub Hotel) programme running over until Spring 2017	2
Leith Walk Constitution Street	-236	0	-236	Reprogramming of projects in conjunction with tram enabling works	2
Net (slippage) / acceleration on various projects	34	0	34		2
<b>Total Place</b>	<b>-105</b>	<b>0</b>	<b>-105</b>		
<b>Total for all Services</b>	<b>632</b>	<b>-1,485</b>	<b>2,117</b>		
<b>Summary of Variance Category</b>					
1. Slippage due to unforeseen delays	-4,514	-400	-4,114		1
2. Slippage due to optimistic budget	-3,757	-1,085	-2,672		2
3. Slippage due to timing of payments	0	0	0		3
4. Acceleration on a project	8,903	0	8,903		4
	<b>632</b>	<b>-1,485</b>	<b>2,117</b>		

**PRUDENTIAL INDICATORS 2016/17 - Period 9 (based on period 7 and 8 data)****Indicator 1 - Estimate of Capital Expenditure**

	2015/16	2016/17	2016/17	2017/18	2017/18	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21
	Actual	Estimate	Forecast	Estimate	Forecast	Estimate	Forecast	Estimate	Forecast	Estimate	Forecast
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Children & Families	48,181	0	0	0	0	0	0	0	0		
Corporate Governance	7,407	0	0	0	0	0	0	0	0		
Economic Development	42	0	0	0	0	0	0	0	0		
Health & Social Care	5,680	0	0	0	0	0	0	0	0		
Services for Communities	77,149	0	0	0	0	0	0	0	0		
SfC - Asset Management Programme	14,516	0	0	0	0	0	0	0	0		
Other Capital Projects	3,014	0	0	0	0	0	0	0	0		
Unallocated funding - indicative 5 year plan 2016/17	0	0	0	0	0	0	0	7,000	7,000	7,000	7,000
Chief Executive	0	17,291	15,789	1,125	1,125	0	0	0	0	0	0
Communities and Families	0	50,436	44,308	7,595	27,278	10,184	12,984	14,766	6,709	558	165
Edinburgh Integration Joint Board	0	4,229	4,532	114	108	0	0	0	0	0	0
Place	0	99,404	89,210	72,464	93,027	30,719	32,154	24,201	72,698	19,834	19,835
Resources - Asset Management Works	0	24,044	16,307	11,035	8,010	8,436	8,334	19,173	29,097	14,000	14,000
Total General Services	155,989	195,404	170,146	92,333	129,548	49,339	53,472	65,140	115,504	41,392	41,000
Housing Revenue Account	35,626	48,508	39,808	65,708	65,708	76,500	76,500	84,794	84,794	85,022	85,022
Total	191,615	243,912	209,954	158,041	195,256	125,839	129,972	149,934	200,298	126,414	126,022

The 'estimate' figures relate to those reported in the prudential indicators as part of the budget motion in February 2016. Differences between these and the 'forecast' figures relate to further realignment and rephasing that has taken place as part of the revised budget process.

**Indicator 2 - Ratio of Financing Costs to Net Revenue Stream**

	2015/16	2016/17	2016/17	2017/18	2018/19	2019/20	2020/21
	Actual	Estimate	Forecast	Estimate	Estimate	Estimate	Estimate
	%	%	%	%	%	%	%
General Services	11.51	12.00	12.19	11.94	11.66	11.55	N/A
Housing Revenue Account	37.31	36.64	34.10	39.33	40.73	42.49	44.60

Forecast and estimates include the financing cost relating to the Tram project.

Figures for 2017/18 onwards are indicative as neither the Council nor HRA has set a budget for these years. The figures for General Services are based on the current long term financial plan that ends in 2019/20. HRA figures are based on the current business plan.

**Indicator 3 - Capital Financing Requirement**

	2015/16 Actual £000	2016/17 Estimate £000	2016/17 Forecast £000	2017/18 Estimate £000	2017/18 Forecast £000	2018/19 Estimate £000	2018/19 Forecast £000	2019/20 Estimate £000	2019/20 Forecast £000	2020/21 Estimate £000	2020/21 Forecast £000
General Services (including finance leases)	1,275,213	1,297,933	1,277,947	1,260,004	1,274,158	1,191,945	1,216,275	1,133,225	1,214,249	1,064,001	1,156,018
Housing Revenue Account	357,602	377,947	356,706	387,821	370,064	406,950	393,925	437,419	430,692	474,861	475,019
Total	<u>1,632,815</u>	<u>1,675,880</u>	<u>1,634,653</u>	<u>1,647,825</u>	<u>1,644,222</u>	<u>1,598,895</u>	<u>1,610,200</u>	<u>1,570,644</u>	<u>1,644,941</u>	<u>1,538,862</u>	<u>1,631,037</u>

Forecasts include the capital financing requirement relating to PPP assets and Tram project

**Indicator 4 - Authorised Limit for External Debt**

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

Other Long-Term Liabilities includes finance lease repayments for PPP assets

**Indicator 5 - Operational Boundary for External Debt**

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

Other Long-Term Liabilities includes finance lease repayments for PPP assets

**Indicator 6 - Impact on Council Tax and House Rents**

	<b>2016/17</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2020/21</b>
	<b>Estimate</b>	<b>Forecast</b>	<b>Estimate</b>	<b>Forecast</b>	<b>Estimate</b>	<b>Forecast</b>	<b>Estimate</b>	<b>Forecast</b>	<b>Estimate</b>	<b>Forecast</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
for the band "D" Council Tax	2.46	-0.93	9.17	1.29	13.68	13.12	18.02	24.11	N/A	N/A
for the average weekly housing rents	-0.19	-0.39	-0.68	-1.35	-0.50	-1.17	0.55	-0.13	3.50	2.83

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

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

**CAPITAL MONITORING 2016/17****Housing Revenue Account Summary****Period 9 (based on period 7 and 8 data)**

	Revised Budget £000	Actual to Date £000	Projected Outturn £000	Projected Variance	
				£000	%
Gross Expenditure	44,334	19,263	39,808	-4,526	-10.2%
Total Gross Expenditure	44,334	19,263	39,808	-4,526	-10.2%

<b>Resources</b>					
Capital Receipts	-4,183	-2,282	-9,107	-4,924	117.7%
Developers and Other Contributions	-11,847	-2,864	-8,027	3,820	-32.2%
Specific Capital Grant	-5,274	-1,556	-6,985	-1,711	32.4%
Total Resources	-21,304	-6,702	-24,119	-2,815	13.2%

<b>Borrowing</b>					
Borrowing	23,030	12,561	15,689	-7,341	-31.9%
Total	23,030	12,561	15,689	-7,341	-31.9%

# Finance and Resources Committee

10.00am, Thursday, 19 January 2017

## Revenue budget framework 2017/21 - update

Item number 7.5  
Report number  
Executive/routine  
Wards

### Executive summary

On 29 September 2016, the Finance and Resources Committee considered a mid-year progress update on the revenue and capital budget framework for 2016/20. The report advised members of a number of changes to framework assumptions, including revised grant funding projections and an increase in the overall level of demographic provision made. Taken together and subject to a number of required actions to manage pressures and address anticipated shortfalls in the delivery of savings previously approved in principle, the overall position remained one of balance in both 2017/18 and 2018/19. The report highlighted, however, the importance of confirmation of the Council's grant allocation as part of the Local Government Finance Settlement, with the potential that the actual level of funding received would increase the overall savings requirement in 2017/18 and have implications for subsequent years of the framework.

This report updates members of the Committee on the implications for the Council of the Local Government Finance Settlement announced on 15 December 2016. While the level of confirmed funding, alongside residual pressures and savings shortfalls within services, increases the overall volume of savings requiring to be delivered, subject to approval of a number of revisions to corporate assumptions and a small number of additional savings proposals, the report sets out the potential for a balanced position to be achieved in 2017/18. If this headline reduction in funding is repeated in subsequent years, however, this will require the identification of additional savings/efficiencies over and above those previously estimated.

### Links

Coalition Pledges [P30](#)  
Council Priorities [CP13](#)  
Single Outcome Agreement [SO1](#), [SO2](#), [SO3](#), [SO4](#)



## Revenue budget framework 2017/21 – update

### 1. Recommendations

---

- 1.1 Members of the Finance and Resources Committee are asked to:
  - 1.1.1 note the impact of the 2017/18 Local Government Finance Settlement on the 2017/21 budget framework;
  - 1.1.2 consider the officer recommendations to address the additional savings requirement in 2017/18 resulting from the combined impact of the Local Government Finance Settlement and residual savings shortfalls and unmitigated pressures; and
  - 1.1.3 refer the report to Council as part of the budget-setting process.

### 2. Background

---

- 2.1 On 29 September 2016, the Finance and Resources Committee considered a mid-year progress update on the revenue and capital budget framework for 2016/20. The report advised members of a number of changes to framework assumptions, including revised grant funding projections and an increase in the level of demographic provision made across the main demand-led areas of the Communities and Families budget. Taken together and subject to a number of required actions to manage pressures and address shortfalls in the delivery of savings previously approved in principle, the overall position remained one of balance in both 2017/18 and 2018/19.
- 2.2 The report highlighted, however, the importance of confirmation of the Council's 2017/18 grant allocation as part of the Local Government Finance Settlement, with the potential that the actual level of funding received would increase the overall savings requirement and provide some insight into requirements for subsequent years.
- 2.3 A one-year Settlement for 2017/18 was announced by the Cabinet Secretary for Finance and the Constitution on 15 December 2016. This report advises as to the implications of the announcement for the Council's revenue budget framework, with a report on the capital position included elsewhere on today's agenda.

### 3. Main report

---

#### **Local Government Finance Settlement**

- 3.1 In view of worsening forecasts of the level of funding to be made available to local authorities in Scotland going forward, the budget framework update report considered by the Committee on 29 September 2016 intimated that the assumed level of reduction in the Council's revenue grant for 2017/18 had been increased to 2.5%.
- 3.2 Analysis of the Cabinet Secretary's statement and the accompanying detailed Local Government Finance Settlement is continuing, informed by on-going receipt of additional supporting detail from the Scottish Government. While the formal checking session that took place on 20 December 2016 did not identify any significant issues, it should be emphasised that, as of the time of writing, the allocations set out within the Finance Circular remain provisional. Any changes will require to be met from within the overall level of resourcing made available to local authorities, meaning that there remains the potential for further revision to the Council's grant allocation.

#### **Council Tax banding changes**

- 3.3 Following Parliamentary approval of The Council Tax (Substitution of Proportion) (Scotland) Order 2016 in November 2016, the Cabinet Secretary's announcement confirmed changes to Council Tax multipliers for properties in bands E to H effective from April 2017. It was furthermore confirmed that the additional income raised through these changes would be retained by the councils concerned. In contrast to recent years' Settlements where freezing of Council Tax has placed particular significance on changes in the level of General Revenue Grant provided, the ability to retain the additional band-related income locally means that the overall impact of the Settlement is therefore best seen in this wider context.

## Year-on-year change in grant and Council Tax funding

- 3.4 Based on a year-on-year comparison of grant funding and taking into account new commitments, Edinburgh's allocation has fallen by some 5.2% in cash terms in 2017/18, compared to a decrease of 3.9% for Scotland as a whole. The main elements of this reduction, totalling £37.1m, are as follows:

Year-on-year change (decrease)/increase	£m
Share of £350m reduction in core funding net of other monies "freed up" within Settlement	(23.5)
Reduction in loans charge support for historic borrowing	(11.8)
Loss of support through 85% funding floor	(11.0)
Deduction in grant for assumed increase in Council Tax base (property numbers)	(2.4)
Increase in support through core funding floor	10.7
Distributional gains and other changes	0.9
<b>Net decrease from 2016/17</b>	<b>(37.1)</b>

- 3.5 The Local Government Finance Settlement currently incorporates two separate funding "floors". The first concerns *relative* changes in funding, with the aim, in the current financial climate, being to smooth out year-on-year movements in the level of grant reduction faced by authorities in any given year. While the precise floor calculation is complex, the overall increase in funding support received through this floor relative to 2016/17 (i.e. an additional £10.7m) broadly offsets the net impact of the reduction in historic loans charge support and distributional changes.
- 3.6 The second floor reflects a Scottish Government policy commitment whereby no local authority receives less than 85% of the Scotland-wide per capita average level of revenue support. This, in effect, is a measure of *absolute* funding, albeit expressed relative to a Scottish average. In previous years, the Scottish Government has made available £25m of additional funding to support the policy, with Aberdeen and Edinburgh receiving significant sums.
- 3.7 For 2017/18, the calculation has been rebased to take into account both grant funding and income raised through Council Tax within each authority to capture more fully the level of resources available to support the provision of local services. This revision, alongside changes in the profile of the population within the respective cities and, more specifically, their influence on overall per capita funding, now sees Aberdeen as the only beneficiary of the reduced required sum of £10m. As the additional funding for this policy sits outside the core Local

Government Finance Settlement, its loss is not compensated through the stability-based floor referenced at 3.5.

- 3.8 As noted earlier in the report, the terms of the Settlement mean that the additional income raised through changes to Council Tax band multipliers (estimated at £110.5m across Scotland) will be retained by the councils where this income is collected. Within Edinburgh, nearly 38% of properties are in Bands E to H, compared to 27% across Scotland as a whole; almost 30% of all Band H properties in Scotland are located within the city. As a result, the £16.1m expected to be raised as a result of the changes represents 14.6% of the all-Scotland total, significantly higher than Edinburgh's equivalent share of needs-based expenditure indicators. When this additional income is offset against the £37.1m above, the net reduction in funding through the Settlement falls to 2.9%, compared to 2.8% for Scotland as a whole.

### **Other key elements of Settlement**

- 3.9 The Cabinet Secretary's announcement also included the following key points:
- i. an additional £120m of annual funding will be made available to schools to support closing the attainment gap, with Edinburgh's share of £7.3m paid as a ring-fenced grant. Further details are awaited on both the uses to which this funding may be allocated and the associated reporting arrangements;
  - ii. the annual level of Scotland-wide funding made available through the Social Care Fund will be increased from £250m to £357m, providing additional support to meet the full-year costs of the Living Wage across the care sector and address pressures related to changes in legislation in respect of sleepover costs, waiving of some care charges and implementation of the measures contained within the Carers' Act. As of the time of writing, confirmation is awaited both of the Council's allocation and the specific sums provided in respect of each element and any attendant conditions;
  - iii. high-level guidance on the permitted level of councils' delegated "offers" to Integration Joint Boards for 2017/18. While the position will become clearer upon receipt of the additional information referred to above, at this stage it is anticipated that the Council's planned level of contribution meets the requirements as set out;
  - iv. confirmation that councils may raise Council Tax levels by up to 3% per annum with effect from April 2017. This is consistent with existing budget framework assumptions; and

- v. a lowering of the business rate poundage by 3.7% which, alongside the draft impact of the rates revaluation effective from April 2017, will result in savings to the Council relative to framework assumptions.

3.10 As in previous years, receipt of each council's funding allocation as set out in the Finance Circular is subject to agreement to the full package of measures and benefits underpinning the Scottish Government's offer, including maintenance of Scotland-wide pupil:teacher ratios at 2016/17 levels. Any Council Leader not accepting the full package has been requested to write to the Cabinet Secretary by 20 January.

### **Impact on budget framework**

3.11 The budget framework report considered by this Committee on 29 September 2016 indicated that, subject to a year-on-year reduction in grant funding of 2.5%, management of shortfalls against approved savings and containment of other risks and pressures, a balanced position could be achieved in 2017/18. In isolation, the net impact of the Settlement announcement, net of the retention of additional Council Tax income resulting from banding changes, is to require a further £2.390m of savings relative to the projected position at that time.

3.12 The mid-year review report did, however, note the potential for a more severe level of funding reduction. Officers have therefore been working to identify additional potential savings options to address the increase in the overall requirement resulting from both the actual funding announcement and residual pressures and shortfalls against a small number of previously-approved savings. Members are reminded of all previously-approved savings, which form part of the budget baseline and are thus included in calculating the residual savings requirement, in Appendix 1.

### **Pressures – updated position**

3.13 The Acting Executive Director of Children and Families has identified gross pressures totalling £4.535m, primarily representing an anticipated shortfall against previously-approved 2017/18 savings in the use of residential care for looked-after children and underlying pressures within residential provision and fostering. A cross-service review has identified means to address £1.642m of this pressure through budgetary re-alignment, leaving a residual pressure of £2.893m.

3.14 The Head of Safer and Stronger Communities has identified residual combined pressures and as-yet unmet savings targets of £1.551m in 2017/18. These relate in the main to approved savings linked to a service-wide review, including consideration of advice services, and rationalisation and greater

efficiency across existing CCTV systems which has been assessed not to be achievable without significant additional investment.

- 3.15 The Executive Director of Place has furthermore identified underlying pressures, after taking account of one-off factors and mitigating actions in 2016/17, of £3.7m within the Waste service. Following a service-wide review to identify potential savings opportunities, through a combination of further reductions in agency and overtime expenditure, budget realignment and use of remaining service reserves, these pressures can be contained within a balanced overall position in 2017/18. In recognising that a number of these measures are of a non-recurring nature, however, in the medium-term underlying residual pressures will require to be addressed through implementation of the Environment Improvement Plan.
- 3.16 In addition to these pressures, no change to existing arrangements is planned at this time in the area of school musical instrument tuition, resulting in a shortfall of £1.668m relative to budget framework assumptions. While work continues to examine possible means of reconfiguring business support in schools, in recognition of the likely need for the phased introduction of changes, offsetting alternative savings of £1.2m require to be identified to address the resulting shortfall.
- 3.17 The mid-year review report noted a likely on-going funding requirement associated with Transport for Edinburgh as it develops its strategic role in integrating transport provision across the city and wider city region. Provision of £0.4m has been made in the budget framework for 2017/18 to meet these costs, with the net requirement for subsequent years to be reviewed as specific business cases are developed.
- 3.18 Recent asset condition surveys have highlighted an on-going need for additional repairs and maintenance expenditure. Available funding will continue to be prioritised based on these survey results. The revenue budget approved by Council on 21 January 2016 increased by £2m planned repairs and maintenance spend in both 2016/17 and 2017/18. It is now also proposed to increase, on a recurring basis, annual revenue and maintenance expenditure by a further £1m to allow a further element of the backlog to be addressed.
- 3.19 Taken together, these residual pressures, savings shortfalls and additional proposed investment increase the revised savings requirement by a further £8.712m. When added to the £2.390m resulting from the level of grant funding settlement announced on 15 December 2016, this increases the overall further level of savings requiring to be identified to £11.102m.

## **Review of other budget framework assumptions**

- 3.20 In addition to close scrutiny of the delivery of planned savings and management of service pressures, the wider assumptions concerning the Council's key expenditure and income factors are regularly reviewed. In the context of an increase in the overall savings requirement, attention has been directed in the first instance to identifying savings in these areas to maximise investment in frontline services.
- 3.21 The Acting Executive Director of Resources has undertaken a comprehensive review of all current expenditure assumptions contained within the budget framework, with a number of proposed changes listed in Appendix 2. These include:
- i. £2.5m of savings in loans charges, including the impact of a review of asset write-off periods in accordance with relevant professional guidance;
  - ii. a 0.5% increase in the employee performance factor for all staff other than teachers and those within Health and Social Care;
  - iii. application of an element of the pay award "buffer" on the basis of the anticipated overall level of pay settlement for 2017/18, although this assumption will be kept under review as discussions progress;
  - iv. a further net £1m of savings in the area of procurement;
  - v. net savings relative to budget framework assumptions of £1m in business rates, comprising a combination of savings resulting from the reduction in the poundage and the impact of the draft revaluation; and
  - vi. other savings totalling £1.8m, including reductions in agency and consultancy spend in addition to those previously approved and the level of the Council's external audit fee.
- 3.22 Besides levels of grant funding, the budget framework necessarily includes assumptions concerning the Council's other principal income sources. Total additional Council Tax income relative to current assumptions of £1.36m is anticipated in 2017/18, comprising a £1m increase in the property tax base and a further £0.36m linked to exercising the Council's discretion to remove the current discount on second homes. Changes in the forecast level of the Retail Price Index (RPI) should also generate total additional income of £0.25m given the Council's previous approval of aligning discretionary fees and charges levels to wider inflationary trends.

- 3.23 In total, these changes in framework assumptions address £10.8m of the overall additional savings requirement of £11.102m.

### **Additional savings proposals**

- 3.24 In accordance with the Financial Regulations, Executive Directors have a responsibility to review their respective budgets on an on-going basis. This includes active monitoring and management of service pressures, delivery of approved savings and application of approved service investment. A small number of further proposed measures listed in Appendix 2 totalling £0.302m have therefore been identified across Communities and Families, having the effect of partially offsetting the budgetary implications of relevant service pressures.
- 3.25 As in previous years, supporting details for all of these proposals, including assessments of any potential equalities and human rights, carbon, climate change adaptation and sustainable development impacts and associated mitigating actions, will be made available to elected members to inform their respective Groups' consideration in advance of the Council's budget-setting meeting on 9 February.

### **Edinburgh Integrated Joint Board (EIJB)**

- 3.26 The Chief Officer for the Edinburgh Health and Social Care Partnership has highlighted a need to invest an additional £1.6m in 2017/18, primarily to deal with an assessment backlog and to invest in an integrated telecare and equipment service. Funding to address any resulting packages from addressing the backlog will require to be addressed from within the overall resources available to the EIJB.
- 3.27 As noted in paragraph 3.9, the Cabinet Secretary's announcement confirmed that total support provided through the Social Care Fund across Scotland in 2017/18 will increase to £357m to address the full-year cost of Living Wage implementation and a number of other pressures affecting the care sector. In view of this additional funding, local authorities will be permitted to reduce their own allocations to IJBs by up to their proportionate share of £80m below the level of budget agreed for 2016/17. In the Council's case, while the distribution of the additional sums remains to be confirmed, this would equate to a permitted reduction of £6.46m based on a share equivalent to that in 2016/17.
- 3.28 The Council's planning assumption, which thus forms the basis of the provisional offer to the EIJB for 2017/18, is that the above pressures be managed within an overall delegated offer that is unchanged in cash terms from 2016/17. When coupled with the IJB's anticipated share of the additional £107m included within



the Social Care Fund, this would result in an overall cash-terms increase of some £8.6m (4.2%) in resources delegated to the EIJB, excluding sums delegated by NHS Lothian.

### **Overall position**

- 3.29 Subject to approval of the savings proposals and other assumptions set out in paragraphs 3.20 to 3.28 above, these measures have the potential to deliver a balanced budget for 2017/18.
- 3.30 The Cabinet Secretary's announcement did not confirm sector-specific allocations beyond 2017/18. In view of wider longer-term forecasts of public expenditure and Scottish Government spending priorities, however, members of CLT are continuing to examine, through a combination of service transformation and prioritisation, how these challenges might be addressed with a view to allowing early consideration and engagement with the incoming Administration.
- 3.31 The Council's budget framework currently assumes annual grant funding changes of -1%, 0% and 0% in 2018/19, 2019/20 and 2020/21 respectively. Given the 10% real-terms reduction in funding since 2015/16, however, it would be prudent for the Council to reconsider these budget assumptions in due course. Members are reminded that a residual funding gap of £15m exists in 2019/20 and at least a further £11m in 2020/21.

## **4. Measures of success**

---

- 4.1 Relevant measures in setting the revenue budget include:
- i. Accurate capturing and quantification of the key determinants of the Council's overall expenditure requirement and available sources of income, allowing a balanced overall budget for 2017/18 and subsequent years to be set as part of a longer-term sustainable framework;
  - ii. Development of savings and investment options aligned to the Council's priority outcomes, with due opportunity provided for public consultation and engagement; and
  - iii. Subsequent delivery of the approved savings, particularly where these are linked to additional service investment, along with key service performance indicators.

## **5. Financial impact**

---

- 5.1 The proposals set out within the report have the potential to deliver a balanced budget in 2017/18. In view of potential increases in overall savings

requirements over the longer term, however, additional transformation- and prioritisation- based proposals will be required to secure financial sustainability.

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

---

- 6.1 A complementary report on the risks inherent in the budget process is included elsewhere on today's agenda and will be referred to Council as part of the budget-setting process.
- 6.2 The savings assurance process is intended to ensure that, as far as is practicable, those proposals approved by Council deliver the anticipated level of financial savings in a way consistent with the expected service impacts outlined in the respective budget proposals.
- 6.3 Monitoring of delivery is reported to the Finance and Resources Committee on a regular basis. The most recent assessment shows 92% of approved savings to be on track for delivery in 2016/17, with good progress also apparent in preparation for the delivery of subsequent years' savings.

## **7. Equalities impact**

---

- 7.1 While there is no direct additional impact of the report's contents, all budget proposals are now subject to an initial relevance and proportionality assessment and, where appropriate, a formal Equalities and Rights Impact Assessment is then undertaken.
- 7.2 As the majority of savings included within the budget framework for 2017/18 were approved in January 2016, the accompanying anticipated equalities and rights impacts were reported [at that time](#).
- 7.3 For those proposals approved only in principle in January 2016 and the newly-proposed savings set out in Appendix 2, commentary on any potential equalities and human rights impacts, and associated mitigating actions, will be included in the templates made available to elected members to ensure they pay due regard to relevant issues in setting the Council's revenue budget for 2017/18.

## **8. Sustainability impact**

---

- 8.1 As with equalities and human rights, while there is no direct additional impact on carbon, climate change adaptation and sustainable development of the report's contents, all budget proposals are now subject to an upfront assessment across these areas.
- 8.2 Given that the majority of savings included within the budget framework for 2017/18 were approved in January 2016, the accompanying anticipated equalities and rights impacts were again reported [at that time](#).

- 8.3 For those proposals approved only in principle in January 2016 and the newly-proposed savings set out in Appendix 2, commentary on any material potential impacts will be included in the templates made available to elected members.

## 9. Consultation and engagement

---

- 9.1 As in previous years, an extensive programme of engagement was undertaken within the context of the Council's wider transformation programme in October and November 2016. The main findings of this exercise are included on a report elsewhere on today's agenda.

## 10. Background reading/external references

---

[Revenue and Capital Budget Framework 2016/20 – mid-year review](#), Finance and Resources Committee, 29 September 2016

[Capital Coalition Budget Motion](#), City of Edinburgh Council, 21 January 2016

[Council Revenue Budget Framework 2016/20 – Impact Assessments - referral report from the Finance and Resources Committee](#), City of Edinburgh Council, 21 January 2016

[Council Revenue Budget Framework 2016/20 – Carbon, Climate and Sustainability Impact Assessments](#), City of Edinburgh Council, 21 January 2016

[2016/20 revenue and capital budget framework](#), Finance and Resources Committee, 14 January 2016

### Hugh Dunn

Acting Executive Director of Resources

Contact: Hugh Dunn, Acting Executive Director of Resources

E-mail: [hugh.dunn@edinburgh.gov.uk](mailto:hugh.dunn@edinburgh.gov.uk) | Tel: 0131 469 3150

### Links

---

<b>Coalition pledges</b>	P30 – Continue to maintain a sound financial position including long term financial planning
<b>Council Priorities</b>	CP13 – Deliver lean and agile Council services
<b>Single Outcome Agreement</b>	SO1 – Edinburgh's economy delivers increased investment, jobs and opportunities for all SO2 – Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health SO3 – Edinburgh's children and young people enjoy their childhood and fulfil their potential SO4 – Edinburgh's communities are safer and have improved physical and social fabric
<b>Appendices</b>	Appendix 1 – Previously-approved savings for delivery in 2017/18 Appendix 2 – Budget framework update, 2017/18

PREVIOUSLY-APPROVED SAVINGS FOR DELIVERY IN 2017/18		
Area	Division	Savings 2017/18 £m
<b>Chief Executive (including Safer and Stronger Communities)</b>		
Digital and IT	ICT	0.348
Information Management	ICT	0.140
Re-design of Safer and Stronger Communities (including Advice)	Safer and Stronger Communities	0.880
Re-design of Homelessness Services (General Fund share)	Safer and Stronger Communities	0.098
Strategy and Insight	Strategy	0.330
Transformation and Business Change	Strategy	0.317
Members' Services	Strategy	0.107
<b>Total Chief Executive (including Safer and Stronger Communities) savings</b>		<b>2.220</b>
<b>City Strategy and Economy</b>		
Culture Third Party Payments	Culture	0.155
Culture service restructure	Culture	0.123
Review funding arrangements for Winter Festivals	Culture	0.400
Economy Third Party Payments	Economy	0.154
<b>Total City Strategy and Economy savings</b>		<b>0.832</b>
<b>Communities and Families</b>		
Management	All service	1.095
C&F Third Party Payments	All service	0.119
Sport Third Party Payments	All service	0.407
Efficiencies within social, emotional and behavioural needs (SEBN) secondary provision	Children's Services	0.675
Review of support staff within all Special Schools	Children's Services	0.292
Reduce residential provision by four beds	Children's Services	0.250
Reconfiguration of residential provision	Children's Services	0.076
Reconfigure primary and secondary social, emotional and behaviour difficulties support	Children's Services	0.073
Parenting support review	Children's Services	0.050
Family Solutions review	Children's Services	0.102
Redesign of Libraries Service	Schools & Lifelong Learning	2.546
Redesign of Music Instructor Service	Schools & Lifelong Learning	1.668
Prioritise the funding which supports schools in areas of deprivation	Schools & Lifelong Learning	0.070
Efficiencies in the revenue implications of infrastructure development	Schools & Lifelong Learning	0.050
<b>Total Communities and Families savings</b>		<b>7.473</b>
<b>Health and Social Care (revised savings as approved by Edinburgh Integrated Joint Board, 13 May 2016)</b>		
Mental Health and Redesign	Mental Health	0.080
Transformation: Organisational Review	Service-wide	5.437
Transformation: re-ablement, demand management and telecare	Service-wide	4.943
Social Care Fund	Service-wide	(3.543)
<b>Total Health and Social Care savings</b>		<b>6.917</b>
<b>Place</b>		
Management	All service	0.544
Public Health	Environment	0.154
Parks and Greenspace	Environment	0.236
Task Force	Environment	0.383
Waste Services	Environment	0.364
Reduce internal transport	Environment	0.100
Licensing and Trading Standards	Housing and Regulatory Services	0.040
Stop Repairs and Maintenance of Stair Lighting Service in Tenements	Housing and Regulatory Services	0.250
Transport	Planning and Transport	0.324
Increase parking charges by an average of 4.5% per year over four years	Planning and Transport	1.050
<b>Total Place savings</b>		<b>3.445</b>
<b>Resources</b>		
Business Support	Customer	5.540
Customer Services	Customer	2.776
Finance	Finance	0.126
Commercial and Procurement	Finance	0.457
Human Resources	Human Resources	0.101
Internal Audit and Risk	Legal and Risk	0.032
Legal Services	Legal and Risk	0.259
Asset Management (gross savings)	Property and Facilities Management	0.800
<b>Total Resources savings</b>		<b>10.091</b>
<b>Council-wide</b>		
Reduce use of agency staffing by 20% by 2017/18	All	1.333
Increase in discretionary income - Retail Price Index (RPI) plus 2%	All	1.000
Other net changes		0.454
<b>Total Council-wide savings</b>		<b>2.787</b>
<b>Total gross savings approved January 2016</b>		<b>33.765</b>
<b>Savings approved as part of previous years' budgets (primarily looked-after children-related) and other net changes</b>		<b>6.429</b>
<b>Total approved savings</b>		<b>40.194</b>

BUDGET FRAMEWORK UPDATE, 2017/18			
		£m	£m
		£m	£m
<b>Impact of Local Government Settlement</b>			
Additional reduction in Government Grant relative to position assumed in 29 September report		18.490	
(Offset in part by retention of additional income resulting from changes to Council Tax bandings for properties in Bands E to H)		(16.100)	
			2.390
<b>Pressures</b>			
Communities and Families (residual pressures)		2.893	
Safer and Stronger Communities (residual pressures)		1.551	
Instrumental music tuition		1.668	
Business support in schools		1.200	
Transport for Edinburgh - operating costs		0.400	
Repairs and maintenance - additional investment		1.000	
			8.712
<b>Total additional savings requirement</b>			<b>11.102</b>
<b>Revisions to framework assumptions - expenditure</b>			
Loan charge savings - including review of asset write-off periods	(2.500)		
Employee performance factor - 0.5% excluding teachers and Health and Social Care	(1.500)		
Application of pay award "buffer"	(1.390)		
Procurement	(1.000)		
Business rates - savings from decrease in poundage and net impact of revaluation	(1.000)		
In-year contribution to dilapidations reserve	(0.700)		
Further savings in agency staffing expenditure	(0.500)		
Consultancy spend	(0.250)		
Other savings, including audit fee and inflation provision review	(0.350)		
			(9.190)
<b>Revisions to framework assumptions - income</b>			
Council Tax - additional income	(1.000)		
Council Tax - removal of second home discount	(0.360)		
Additional fees / charges based on RPI projection	(0.250)		
			(1.610)
<b>Additional savings proposals</b>			
<b>Communities and Families</b>			
Intensive behaviour support service	(0.090)		
Edinburgh Connect	(0.142)		
Partnership Development manager	(0.070)		
			(0.302)
<b>Total savings</b>			<b>(11.102)</b>
<b>Net position</b>			<b>0.000</b>

# Finance and Resources Committee

10.00am, Thursday, 19 January 2017

## Capital Investment Programme / Plan 2017/18 to 2025/26

Item number 7.6  
Report number  
Executive/routine  
Wards

### Executive summary

The roll forward Capital Investment Programme (CIP) sets out planned investment for the period 2017/18 to 2021/22. Projects have been realigned, reflecting slippage and acceleration in the current financial year. Spending in the latter years should be viewed as indicative, as details of the likely level of capital grant can only be estimated at this time.

The Finance Settlement announced in December 2016 announced the indicative level of capital funding available in 2017/18 which was £6.93m higher than had been previously assumed. Resources of up to £20m could also be released from the Capital Fund to support additional capital investment.

The CIP is based upon the capital plan which will be rolled forward to the period 2020/21 to 2025/26. Since rolling forward the capital plan in February 2016, £7m per annum of funding, available from 2019/20, has remained unallocated.

This report sets out a proposal whereby the Council may use additional resources to address some of its capital investment priorities.

### Links

Coalition pledges	<a href="#">P3</a> , <a href="#">P8</a> , <a href="#">P30</a> , <a href="#">P31</a> , <a href="#">P33</a> , <a href="#">P42</a>
Council outcomes	<a href="#">CO1</a> , <a href="#">CO16</a> , <a href="#">CO20</a> , <a href="#">CO23</a> , <a href="#">CO25</a>
Single Outcome Agreement	<a href="#">SO3</a> , <a href="#">SO4</a>

## Capital Investment Programme / Plan 2017/18 to 2025/26

### 1. Recommendations

---

- 1.1 Members of the Finance and Resources Committee are requested to:
- 1.1.1 Note the contents of this report and remit to Council's budget meeting of 9 February 2017 the 2017 – 2022 Capital Investment Programme and updated 2020 – 2026 indicative five year capital plan;
  - 1.1.2 Note that the announcement of the Finance Settlement made in December 2016 indicated additional general capital grant for 2017/18 of £6.93m;
  - 1.1.3 Note the additional £2.5m of capital investment provided for carriageway and footway works, provided from existing programme resources;
  - 1.1.4 Note that additional resources of £20m may be available from the Capital Fund remit to Council for decision on 9 February 2017 in the context of infrastructure needs / priorities and existing Council commitments;
  - 1.1.5 Note the up to date analysis of unfunded service priorities and pressures set out within this report;
  - 1.1.6 Note that following the proposed update to the capital plan, £7m of funding per annum is currently unallocated from 2019/20 onwards; and
  - 1.1.7 Note the recommended use of the additional resources to address some of the Council's capital investment priorities and remit to Council for decision on 9 February 2017 in the context of infrastructure needs / priorities and existing Council commitments.

### 2. Background

---

- 2.1 This report provides elected members with an update on the roll forward of the capital investment programme to 2021/22 and the capital plan to 2025/26.
- 2.2 Council approved the five year capital programme for the period 2016-2021 in January 2016. A revised programme, incorporating both net slippage / acceleration from 2015/16 and the outcome of a re-phasing exercise, was reported to the Finance and Resources Committee in August 2016. The capital

programme is based on the ten year capital plan originally set out in 2009, which has subsequently been rolled forward on an indicative basis to 2026 on broadly similar terms as before.

### 3. Main report

---

- 3.1 The table below summarises the capital grant allocation the Council has assumed for 2017/18 from the Scottish Government. This is based on analysis of the Finance Settlement released on 15 December 2016.

	2017/18
<b>Edinburgh's Allocation</b>	<b>£m</b>
General Capital Grant	51.430
Specific Capital Grant	29.798
<i>Of which:</i>	
<i>Management Development Funding</i>	29.115
<i>Cycling, Walking and Safer Streets</i>	0.683

- 3.2 As no firm allocations have been advised beyond this, an estimate of each year's General Capital Grant Settlement has been factored in for the period 2018/19 to 2021/22 based on a prudent estimate of the possible Scotland-wide funding and adjusted for a deferred £10.264m allocation from 2016/17 which is assumed to be received in 2019/20.
- 3.3 The programme has also been adjusted for current projected capital receipts forecasts and other known sources of income expected from developers and other third party contributions.
- 3.4 Executive Directors, working in conjunction with the Capital Monitoring Team, have been asked to re-profile the existing capital programme, including slippage and acceleration identified at period eight, based on up-to-date cash flow information.
- 3.5 The review also considered the extent of under-programming in the programme. When reviewed together with the additional borrowing requirement for 2016/17 identified in the Period 8 monitoring report, it is possible to allocate an additional £2.5m for carriageway and footway works.
- 3.6 The roll forward capital programme, incorporating this review can be seen at Appendix 1.



### **National Housing Trust (NHT) update**

- 3.7 On 12 February 2015, Council approved borrowing for on-lending of up to £54.998m for entering into NHT phase 3. Three contracts have been entered into for developments at Fruitmarket, Shrubhill and Western Harbour which will provide 368 new affordable homes by the end of 2020.
- 3.8 The Walled Garden development, previously reported, is not proceeding through NHT 3 due to the developer and land owner failing to reach terms of agreement. For the three progressing projects, the overall borrowing requirement for on-lending is estimated to be £50.121m.

### **Current Unfunded Priorities and Pressures**

- 3.9 Current unfunded capital priorities over the period 2017-2022, including an element of works across the Council estate collated from each Executive Director totalling approximately £125.765m are summarised in Appendix 2. This is an up to date list of each Service's top three priorities ranked in order of importance taking cognisance of Council commitments and pledges.
- 3.10 While there are insufficient resources to meet all priorities, members may wish to consider applying additional resources against five of the Council's top priorities.
- North Bridge - £12.0m
  - New South Edinburgh Primary School - £12.7m
  - Meadowbank Stadium - £7.9m
  - Dumbryden Care Home - £1.6m
  - Rising School Rolls (part-funding) - £6.7m
  - Appendix 3 sets out a potential funding solution for these projects.
- 3.11 Members are also reminded of the likely future infrastructure requirements as a consequence of projected housing growth in the city initiated through the Local Development Plan (LDP). This stated that there will still likely be an overall large funding requirement falling to the Council as a result of infrastructure provision. Budget provision of £0.9m was provided in 2015/16 for early design works on likely transport and education infrastructure and Council approved at its budget meeting on 21 January 2016 allocation of £3.95m from the Capital Fund to be drawn down as required.
- 3.12 The roll forward capital programme is for General Fund projects only. The Housing Revenue Account capital budget will be the subject of a separate report.

### **Updated Indicative Capital Plan 2021 - 2026**

- 3.13 The Capital Plan was rolled forward to the period 2019/20 to 2023/24 in January 2016. It is proposed to roll forward the five year capital plan on the basis of directing approximately £41m of capital expenditure per annum to the same

priority areas as before. To date, the £7m of funding has remained unallocated pending a decision by elected members as to where best to redistribute this.

#### **4. Measures of success**

---

- 4.1 The City of Edinburgh Council sets a capital budget which adheres to the key objectives of the Prudential Code. These are to ensure, within a clear framework, that the capital plans of the Council are affordable, prudent and sustainable.

#### **5. Financial impact**

---

- 5.1 The revenue funding required to support the borrowing costs associated with the five-year capital programme (2017-2022) is provided for in the long term financial plan.
- 5.2 Council can only commit to further capital expenditure if revenue expenditure plans are affordable and sustainable. Inclusion of any additional revenue investment within the budget framework is contingent upon the development, and subsequent delivery, of corresponding savings, alongside management of all risks and pressures, particularly those of a demand-led nature.

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

---

- 6.1 Capital monitoring and budget setting processes adopted ensure effective stewardship of resources. The processes applied aim to ensure projects are delivered on time and budget whilst fulfilling the financial criteria of value for money.
- 6.2 Monitoring of major capital projects including risk assessment is carried out by Strategy and Insight.
- 6.3 The risk of not adequately investing in infrastructure means that it does not meet Council's and stakeholders' needs and does not remain fit for purpose in the future.
- 6.4 Legal and reputational risk from failure in considering and evidencing due regard of the Climate Change (Scotland) Act 2009 Public Bodies Duties and Equality Act 2010 Public Sector Equality Duties in capital projects.

#### **7. Equalities impact**

---

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

Communities and Families establishments and capital expenditure on Council Housing stock.

## 8. Sustainability impact

---

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

## 9. Consultation and engagement

---

- 9.1 Consultation on the budget has been undertaken as part of the budget process.

## 10. Background reading/external references

---

[Edinburgh Local Development Plan - Adoption](#), City of Edinburgh Council, 24 November 2016

[Revenue and Capital Budget Framework 2016-2017 Mid Year Review](#), Finance and Resources Committee, 29 September 2016

[Capital Monitoring 2016-17 Outturn and Receipts](#), Finance and Resources Committee, 18 August 2016

[Capital Investment Programme Plan 2016/2017 - 2023-2024 - referral report from Finance and Resources Committee](#), City of Edinburgh Council, 21 January 2016

### Hugh Dunn

Acting Executive Director of Resources

Contact: Denise Pryde, Senior Accountant

E-mail: [denise.pryde@edinburgh.gov.uk](mailto:denise.pryde@edinburgh.gov.uk) | Tel: 0131 469 3195

<b>Coalition pledges</b>	<p>P3 – Rebuild Portobello High School and continue progress on all other planned school developments, while providing adequate investment in the fabric of all schools</p> <p>P8 – Make sure the city’s people are well-housed, including encouraging developers to build residential communities, starting with brownfield sites</p> <p>P30 – Continue to maintain a sound financial position including long-term financial planning</p> <p>P31 – Maintain our City’s reputation as the cultural capital of the world by continuing to support and invest in our cultural infrastructure</p> <p>P33 – Strengthen Neighbourhood Partnerships and further involve local people in decisions on how Council resources are used</p> <p>P42 – Continue to support and invest in our sporting infrastructure</p>
<b>Council outcomes</b>	<p>CO1 – Our children have the best start in life, are able to make and sustain relationships and are ready to succeed</p> <p>CO16 – Edinburgh draws new investment in development and regeneration</p> <p>CO20 – Culture, sport and major events – Edinburgh continues to be a leading cultural city where culture and sport play a central part in the lives and future of citizens</p> <p>CO23 – Well-Engaged and Well-Informed – Communities and individuals are empowered and supported to improve local outcomes and foster a sense of community</p> <p>CO25 – The Council has efficient and effective services that deliver on objectives</p>
<b>Single Outcome Agreement</b>	<p>SO3 - Edinburgh’s children and young people enjoy their childhood and fulfil their potential</p> <p>SO4 - Edinburgh’s communities are safer and have improved physical and social fabric</p>
<b>Appendices</b>	<p>1 – Draft Roll Forward Capital Investment Programme 2017-2022</p> <p>2 – Currently unfunded capital priorities</p> <p>3 - Officer Recommended Projects and Potential Funding</p> <p>4 – Updated Indicative Capital Plan 2021-2026</p>

**REVISED  
CAPITAL INVESTMENT  
PROGRAMME 2017-2022**  
(Incorporating part-year slippage from 2016/17)

**SUMMARY OF EXPENDITURE AND RESOURCES - GENERAL SERVICES**

<b>2017-2022</b>	<b>2017-18 £000</b>	<b>2018-19 £000</b>	<b>2019-20 £000</b>	<b>2020-21 £000</b>	<b>2021-22 £000</b>	<b>Total £000</b>
<b>Expenditure</b>	<b>172,232</b>	<b>52,367</b>	<b>113,514</b>	<b>41,000</b>	<b>41,000</b>	<b>420,112</b>
<b>Resources</b>						
<b>Capital receipts</b>						
General asset sales	18,936	1,038	6,318	3,000	3,000	<b>32,292</b>
Less additional receipt income transferred to capital fund	-5,559	-	-	-	-	<b>-5,559</b>
Asset sales to reduce corporate borrowing	1,380	-	-	-	-	<b>1,380</b>
Ring-fenced asset sales	7,795	3,500	3,000	-	-	<b>14,295</b>
Developers and other contributions	174	-	585	-	-	<b>759</b>
Capital Grants Unapplied account	-	-	-	-	-	<b>-</b>
<b>Total receipts</b>	<b>22,726</b>	<b>4,538</b>	<b>9,903</b>	<b>3,000</b>	<b>3,000</b>	<b>43,167</b>
<b>Grants</b>						
Specific Capital Grant	29,798	-	-	-	-	<b>29,798</b>
General Capital Grant	44,500	44,500	48,264	38,000	38,000	<b>213,264</b>
- General Capital Grant adjustment following announcement	6,930	-	-	-	-	<b>6,930</b>
<b>Total Grants</b>	<b>81,228</b>	<b>44,500</b>	<b>48,264</b>	<b>38,000</b>	<b>38,000</b>	<b>249,992</b>
<b>Borrowing</b>						
Support brought forward	17,515	-	-	-	-	<b>17,515</b>
Prudential framework						
- Through council tax	-	-	-	-	-	<b>-</b>
- Departmentally supported	47,897	12,690	52,863	-	-	<b>113,450</b>
<b>Total borrowing</b>	<b>65,412</b>	<b>12,690</b>	<b>52,863</b>	<b>-</b>	<b>-</b>	<b>130,965</b>
Over / (under)-programming	2,866	-9,361	2,484	-	-	<b>-4,012</b>
<b>Total Resources</b>	<b>172,232</b>	<b>52,367</b>	<b>113,514</b>	<b>41,000</b>	<b>41,000</b>	<b>420,111</b>

Grant funding is based on prudent estimates.

**REVISED CAPITAL INVESTMENT PROGRAMME 2017-2022**

<b><u>SUMMARY OF EXPENDITURE</u></b>	<b>Revised Budget 2017-18 £000</b>	<b>Indicative Budget 2018-19 £000</b>	<b>Indicative Budget 2019-20 £000</b>	<b>Indicative Budget 2020-21 £000</b>	<b>Indicative Budget 2021-22 £000</b>	<b>Total Budget 2017-2022 £000</b>
<b>General Services</b>						
Chief Executive	1,125	-	-	-	-	<b>1,125</b>
Communities and Families	27,278	12,984	6,709	165	165	<b>47,301</b>
Edinburgh Integration Joint Board	108	-	-	-	-	<b>108</b>
Place	125,659	32,154	72,698	19,835	19,835	<b>270,180</b>
<b>Resources - Asset Management Works</b>						
Communities and Families	10,101	4,398	7,930	-	-	<b>22,429</b>
Edinburgh Integration Joint Board	115	-	25	-	-	<b>140</b>
Place	739	1,337	230	-	-	<b>2,306</b>
Resources - Corporate Property	177	1,494	1,596	-	-	<b>3,267</b>
Not yet allocated to services	-	-	17,326	14,000	14,000	<b>45,326</b>
<b>Unallocated</b>						
Unallocated - indicative 5 year plan	-	-	7,000	7,000	7,000	<b>21,000</b>
Unallocated - additional grant monies	6,930	-	-	-	-	<b>6,930</b>
<b>Total General Services</b>	<b>172,232</b>	<b>52,367</b>	<b>113,514</b>	<b>41,000</b>	<b>41,000</b>	<b>420,112</b>

**REVISED CAPITAL INVESTMENT PROGRAMME 2017-2022**

<b>COMMUNITIES AND FAMILIES</b>	<b>Revised Budget 2017-18</b>	<b>Indicative Budget 2018-19</b>	<b>Indicative Budget 2019-20</b>	<b>Indicative Budget 2020-21</b>	<b>Indicative Budget 2021-22</b>	<b>Total Budget 2017-2022</b>
	£000	£000	£000	£000	£000	£000
<b>Early years</b>						
Blackhall NS	15	-	-	-	-	15
Corstorphine PS nursery	240	-	-	-	-	240
Davidson's Mains PS nursery	542	-	-	-	-	542
Early learning and childcare	2,591	-	-	-	-	2,591
Ferryhill PS Nursery	260	-	-	-	-	260
Fox Covert nursery	4	-	-	-	-	4
Granton early years Centre	1,016	-	-	-	-	1,016
Longstone PS nursery	595	-	-	-	-	595
Tynecastle PS Nursery	1,164	-	-	-	-	1,164
<b>Early years total</b>	<b>6,427</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,427</b>
<b>Primary schools</b>						
Cramond PS FSM Kitchen	15	-	-	-	-	15
East Craigs PS FSM Kitchen	13	-	-	-	-	13
Sciennes PS FSM Kitchen	8	-	-	-	-	8
Towerbank PS FSM Kitchen	9	-	-	-	-	9
Upgrade kitchens - free school meals initiative	44	-	-	-	-	44
Waterfront PS	19	-	-	-	-	19
<b>Primary schools total</b>	<b>108</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>108</b>
<b>Secondary schools</b>						
Liberton High School replacement gym	66	-	-	-	-	66
New high school for Craigmillar	618	-	-	-	-	618
Replacement Queensferry High School	50	5,674	-	-	-	5,724
<b>Secondary schools total</b>	<b>734</b>	<b>5,674</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,408</b>
<b>Community centres</b>						
Duncan Place	1,439	45	-	-	-	1,484
<b>Community centres total</b>	<b>1,439</b>	<b>45</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,484</b>
<b>Children's services</b>						
Accommodation young person centre	295	-	-	-	-	295
Heather Vale Young person Centre	13	-	-	-	-	13
<b>Children's services total</b>	<b>308</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>308</b>
<b>Other projects</b>						
Kirkliston primary school - development works	25	-	-	-	-	25
<b>Other projects total</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25</b>



**REVISED CAPITAL INVESTMENT PROGRAMME 2017-2022**

<b>COMMUNITIES AND FAMILIES</b>	<b>Revised Budget 2017-18</b>	<b>Indicative Budget 2018-19</b>	<b>Indicative Budget 2019-20</b>	<b>Indicative Budget 2020-21</b>	<b>Indicative Budget 2021-22</b>	<b>Total Budget 2017-2022</b>
	£000	£000	£000	£000	£000	£000
<b>Rising School Rolls</b>						
Rising school rolls extension works	371	1,606	1,206	-	-	3,183
<b>Rising School Rolls Total</b>	<b>371</b>	<b>1,606</b>	<b>1,206</b>	<b>-</b>	<b>-</b>	<b>3,183</b>
<b>Wave three school projects</b>						
Boroughmuir high school replacement	4,702	-	-	-	-	4,702
New park former Portobello HS	-	1,000	-	-	-	1,000
Portobello high school replacement	480	-	-	-	-	480
St Crispin's special school replacement	1,105	107	5,167	-	-	6,379
St John's new wave 3 School	10,045	1,883	171	-	-	12,099
Wave three inflation contingency	9	2,504	-	-	-	2,513
<b>Wave three school projects total</b>	<b>16,341</b>	<b>5,494</b>	<b>5,338</b>	<b>-</b>	<b>-</b>	<b>27,173</b>
<b>Libraries</b>						
George IV Bridge Library-enhancement	365	-	-	-	-	365
<b>Libraries projects total</b>	<b>365</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>365</b>
<b>Sports</b>						
Edinburgh Leisure	165	165	165	165	165	825
Hunter Hall cycle hub and pitch	1,080	-	-	-	-	1,080
<b>Sports projects total</b>	<b>1,245</b>	<b>165</b>	<b>165</b>	<b>165</b>	<b>165</b>	<b>1,905</b>
<b>Cost of sale of Assets</b>						
Fees related to costs of sales	(85)	-	-	-	-	(85)
<b>Cost of sale of Assets Total</b>	<b>(85)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(85)</b>
<b>Total Communities and Families</b>	<b>27,278</b>	<b>12,984</b>	<b>6,709</b>	<b>165</b>	<b>165</b>	<b>47,301</b>

**REVISED CAPITAL INVESTMENT PROGRAMME 2017-2022**

<b><u>EDINBURGH INTEGRATION JOINT BOARD</u></b>	<b>Revised Budget 2017-18</b>	<b>Indicative Budget 2018-19</b>	<b>Indicative Budget 2019-20</b>	<b>Indicative Budget 2020-21</b>	<b>Indicative Budget 2021-22</b>	<b>Total Budget 2017-2022</b>
	£000	£000	£000	£000	£000	£000
<b>Care homes</b>						
Royston care Home	102	-	-	-	-	102
<b>Care homes total</b>	<b>102</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>102</b>
<b>Other projects</b>						
Unallocated funding	50	-	-	-	-	50
Fees related to costs of sales	(44)	-	-	-	-	(44)
<b>Other projects total</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6</b>
<b>Total Edinburgh Integration Joint Board</b>	<b>108</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>108</b>

**REVISED CAPITAL INVESTMENT PROGRAMME 2017-2022**

<b><u>CHIEF EXECUTIVE</u></b>	<b>Revised Budget 2017-18</b>	<b>Indicative Budget 2018-19</b>	<b>Indicative Budget 2019-20</b>	<b>Indicative Budget 2020-21</b>	<b>Indicative Budget 2021-22</b>	<b>Total Budget 2017-2022</b>
	£000	£000	£000	£000	£000	£000
<b>Community Safety</b>						
CCTV combine services	1,125	-	-	-	-	1,125
<b>Community safety total</b>	<b>1,125</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,125</b>
<b>Total Chief Executive</b>	<b>1,125</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,125</b>

**REVISED CAPITAL INVESTMENT PROGRAMME 2017-2022**

<b>PLACE</b>	<b>Revised Budget 2017-18</b>	<b>Indicative Budget 2018-19</b>	<b>Indicative Budget 2019-20</b>	<b>Indicative Budget 2020-21</b>	<b>Indicative Budget 2021-22</b>	<b>Total Budget 2017-2022</b>
	£000	£000	£000	£000	£000	£000
<b>Environment</b>						
<i><u>Waste services</u></i>						
Containers - household waste	(24)	-	-	-	-	(24)
Purchase of litter bins	(18)	-	-	-	-	(18)
Zero Waste: Millerhill - Capital contribution	(48)	-	28,000	-	-	27,952
<b>Waste Total</b>	<b>(90)</b>	<b>-</b>	<b>28,000</b>	<b>-</b>	<b>-</b>	<b>27,910</b>
<i><u>Parks and green spaces</u></i>						
HLF - Saughton Park	1,208	-	-	-	-	1,208
Niddrieburn Footbridge	96	-	-	-	-	96
Parks General Budget	94	-	-	-	-	94
Parks - CAMMO - Ringfenced Ins settlement	679	-	-	-	-	679
<b>Parks Total</b>	<b>2,077</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,077</b>
<i><u>Depot Review</u></i>						
Bankhead depot	(249)	-	10,600	-	-	10,351
Russell road depot	(183)	-	1,963	-	-	1,780
Seafeld depot - Phase 1	402	-	-	-	-	402
Seafeld depot - Phase 2	2,022	-	763	-	-	2,785
The Causey project	19	-	-	-	-	19
<b>Depot Review Total</b>	<b>2,011</b>	<b>-</b>	<b>13,326</b>	<b>-</b>	<b>-</b>	<b>15,337</b>
<i><u>Fleet</u></i>						
Vehicle Purchase	751	-	-	-	-	751
<b>Fleet Total</b>	<b>751</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>751</b>
<i><u>Cemeteries and Crematorium</u></i>						
Mortonhall Memorialisation	231	-	-	-	-	231
Purchase of Noise Equipment	33	-	-	-	-	33
<b>Cemetries and Crematorium Total</b>	<b>264</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>264</b>
<b>Housing and Regeneration</b>						
Commuted Sums (S75)	159	-	-	-	-	159
Development Funding Grant	29,115	-	-	-	-	29,115
Home owners adaptation grants	1,000	1,000	1,000	1,000	1,000	5,000
National Housing Trust 3	34,665	4,084	4,366	-	-	43,115
Travelling People's site	14	-	-	-	-	14
<b>Housing and Regeneration Total</b>	<b>64,953</b>	<b>5,084</b>	<b>5,366</b>	<b>1,000</b>	<b>1,000</b>	<b>77,403</b>
<b>Museums and Arts</b>						
Assembly Rooms - Theatre Strategy	166	-	-	-	-	166
Calton Hill redevelopment	124	-	-	-	-	124
City dressing programme	166	-	-	-	-	166
Contingency	65	-	-	-	-	65
<b>Museums and Arts Total</b>	<b>521</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>521</b>

**REVISED CAPITAL INVESTMENT PROGRAMME 2017-2022**

<u>PLACE</u>	<b>Revised Budget 2017-18</b>	<b>Indicative Budget 2018-19</b>	<b>Indicative Budget 2019-20</b>	<b>Indicative Budget 2020-21</b>	<b>Indicative Budget 2021-22</b>	<b>Total Budget 2017-2022</b>
	£000	£000	£000	£000	£000	£000
<b>Transport and Planning</b>						
<u>Roads, Structures &amp; Flood Prevention</u>						
Braidburn	(5)	-	-	-	-	(5)
Bridge strengthening	527	-	-	-	-	527
Water of Leith - phase 1	360	-	-	-	-	360
Water of Leith - phase 2	8,568	3,409	-	-	-	11,977
	<b>9,450</b>	<b>3,409</b>	-	-	-	<b>12,859</b>
<u>Roads Asset Management Plan</u>						
Carriageway / footway works [block]	18,543	9,989	12,771	12,771	13,585	67,660
Carriageway / footway works (Additional Investment)	2,500	-	-	-	-	2,500
	<b>21,043</b>	<b>9,989</b>	<b>12,771</b>	<b>12,771</b>	<b>13,585</b>	<b>70,160</b>
<u>Street Lighting &amp; Traffic Signals</u>						
Street lighting	3,767	1,500	1,500	1,500	1,500	9,767
Street lighting - City wide LED replacement prog	8,689	8,606	7,171	-	-	24,466
Traffic signals (renewal)	324	-	-	-	-	324
	<b>12,780</b>	<b>10,106</b>	<b>8,671</b>	<b>1,500</b>	<b>1,500</b>	<b>34,557</b>
<u>Roads &amp; Network</u>						
Lower Granton Road realignment	10	-	-	-	-	10
St Andrew Square public realm	463	-	-	-	-	463
Transport asset management	1,000	1,000	1,000	1,000	1,000	5,000
UTMC and parking guidance	91	-	-	-	-	91
	<b>1,564</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>5,564</b>
<u>Policy &amp; planning</u>						
20mph speed limiting [block]	282	-	-	-	-	282
B924 pedestrian crossing	5	-	-	-	-	5
Bus - priority at signals SVD	110	-	-	-	-	110
Bus priority schemes / bus shelters	177	-	-	-	-	177
Bus Tram integration	23	-	-	-	-	23
Bustracker- RTI extension	(54)	-	-	-	-	(54)
Cycle projects [block]	27	-	-	-	-	27
Cycling, Walking and Safer Street	683	-	-	-	-	683
Design of future projects	(84)	-	-	-	-	(84)
Developer Contributions	204	-	-	-	-	204
Electric vehicles	27	-	-	-	-	27
Frederick Street - Hanover Street	52	-	-	-	-	52
Hermiston Park and Ride (land acq)	14	-	-	-	-	14
Local Bus Priority Measures [Block]	1	-	-	-	-	1
Road safety	508	-	-	-	-	508
Road safety, cycling and public transport	2,090	1,750	1,750	1,750	1,750	9,090
Sighthill Signalised Junction	14	-	-	-	-	14
St Andrew Square bus station	259	-	-	-	-	259
Walking projects [block]	422	-	-	-	-	422
	<b>4,760</b>	<b>1,750</b>	<b>1,750</b>	<b>1,750</b>	<b>1,750</b>	<b>11,760</b>
<u>Transport - City Centre</u>						
Leith Walk Constitution Street	2,535	-	-	-	-	2,535
Rose Street - public realm	504	-	-	-	-	504
	<b>3,039</b>	-	-	-	-	<b>3,039</b>

**REVISED CAPITAL INVESTMENT PROGRAMME 2017-2022**

<b><u>PLACE</u></b>	<b>Revised Budget 2017-18</b>	<b>Indicative Budget 2018-19</b>	<b>Indicative Budget 2019-20</b>	<b>Indicative Budget 2020-21</b>	<b>Indicative Budget 2021-22</b>	<b>Total Budget 2017-2022</b>
	£000	£000	£000	£000	£000	£000
<i>Transport Other</i>						
Tram Lifecycle Replacement	-	-	1,000	1,000	1,000	3,000
Neighbourhood Infrastructure Investment						
- North East Locality	742	204	203	203	-	1,352
- North West Locality	957	272	271	271	-	1,771
- South East Locality	465	204	203	203	-	1,076
- South West Locality	269	136	136	136	-	676
	<b>2,433</b>	<b>816</b>	<b>1,814</b>	<b>1,814</b>	<b>1,000</b>	<b>7,875</b>
<b>Transport and Planning Total</b>	<b>55,069</b>	<b>27,070</b>	<b>26,006</b>	<b>18,835</b>	<b>18,835</b>	<b>145,814</b>
Place - contingency	103	-	-	-	-	103
<b>Total Place</b>	<b>125,659</b>	<b>32,154</b>	<b>72,698</b>	<b>19,835</b>	<b>19,835</b>	<b>270,180</b>

**REVISED CAPITAL INVESTMENT PROGRAMME 2017-2022**

<b>RESOURCES - ASSET MANAGEMENT WORKS</b>	<b>Revised Budget 2017-18</b>	<b>Indicative Budget 2018-19</b>	<b>Indicative Budget 2019-20</b>	<b>Indicative Budget 2020-21</b>	<b>Indicative Budget 2021-22</b>	<b>Total Budget 2017-2022</b>
	£000	£000	£000	£000	£000	£000
<b>Communities and Families</b>						
Boiler Upgrade	71	158	762	-	-	991
Early Years Property	12	-	-	-	-	12
Energy Management	900	1,000	600	-	-	2,500
External Fabric	338	23	-	-	-	361
Fabric Enhancement	5,709	726	222	-	-	6,657
Fire Safety	442	600	600	-	-	1,642
Mechanical and Engineering Upgrade	1,817	1,345	1,802	-	-	4,964
Roofs And Rainwater	119	21	879	-	-	1,019
Stonework / Masonry	11	25	489	-	-	525
Water Quality Upgrading	550	412	400	-	-	1,362
Windows and Doors	132	88	2,176	-	-	2,396
<b>Total for Communities and Families</b>	<b>10,101</b>	<b>4,398</b>	<b>7,930</b>	<b>-</b>	<b>-</b>	<b>22,429</b>
<b>Edinburgh Integration Joint Board</b>						
Mechanical and Engineering Upgrade	115	-	25	-	-	140
<b>Total for Edinburgh Integration Joint Board</b>	<b>115</b>	<b>-</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>140</b>
<b>Place</b>						
External Fabric	276	655	10	-	-	941
Fabric Enhancement	26	15	-	-	-	41
Fire Safety	175	170	165	-	-	510
Internal Fabric Enhancements	-	79	55	-	-	134
Mechanical and Engineering Upgrade	-	341	-	-	-	341
Parks	262	-	-	-	-	262
Roofs And Rainwater	-	25	-	-	-	25
Windows and Doors	-	52	-	-	-	52
<b>Total for Place</b>	<b>739</b>	<b>1,337</b>	<b>230</b>	<b>-</b>	<b>-</b>	<b>2,306</b>
<b>Resources - Corporate Property</b>						
Energy Management	-	-	500	-	-	500
External Fabric	-	119	35	-	-	154
Fire Safety	-	50	75	-	-	125
Internal Fabric Enhancement	-	-	117	-	-	117
Mechanical and Engineering Upgrade	177	907	610	-	-	1,694
Roofs And Rainwater	-	322	203	-	-	525
Stonework / Masonry	-	56	-	-	-	56
Windows and Doors	-	40	56	-	-	96
<b>Total for Resources - Corp. Property</b>	<b>177</b>	<b>1,494</b>	<b>1,596</b>	<b>-</b>	<b>-</b>	<b>3,267</b>
<b>Funding not yet allocated to projects</b>	<b>-</b>	<b>-</b>	<b>17,326</b>	<b>14,000</b>	<b>14,000</b>	<b>45,326</b>
<b>Total Asset Management Works</b>	<b>11,132</b>	<b>7,229</b>	<b>27,107</b>	<b>14,000</b>	<b>14,000</b>	<b>73,468</b>

Current unfunded capital priorities

Service	Priority	Capital Project	Brief description of project	Estimated spend profile over 2017-2022 CIP										Comment	Estimated Annual Loan Charges (20 year repayment) £000	Estimated Total Loan Charges £000
				Prudential framework suitability (Y/N)	Priority Driver (s) - Condition / Suitability / Sufficiency / Affordability					Total estimated cost £000						
					2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000							
Communities and Families	1.	Rising Rolls	Requirement to respond to the challenges of rising school rolls to ensure that the Council’s statutory duties are fulfilled. There is currently provision of £19.902m within the Capital Investment Programme to 2019/20 for the capital funding necessary to respond to the challenges arising from rising school rolls. however the latest projections show that growth in the primary sector will continue and growth is also being to move into the secondary sector. The latest update report to the Education, Children and Families Committee on 13 December 2016 outlines the projects expected to be required in the primary and secondary sector until 2019/20 and these priorities are estimated to require the budget to be increased by a total of £10.565m over that period. Further budget increases are likely to be required beyond 2020/21 and annual updates forecasts will be completed based on the latest projections.		Sufficiency	1,500	6,000	3,065			10,565		872	17,443		
Communities and Families	2.	Meadowbank	A report to the Culture and Sport Committee on 14 December 2016 outlines the current estimated funding gap for delivery of a new sports centre at Meadowbank to be £7.9m and this funding request is requested in line with the expected programme for construction of a new facility.		Condition	1,422	3,950	2,528			7,900		652	13,043		
Communities and Families	3.	New South Edinburgh Primary School	On 19 May 2015 the Education, Children and Families Committee approved that a statutory consultation be undertaken regarding options to address the long-term accommodation issues in the south Edinburgh area. This area (defined as encompassing the three primary school catchment areas covered by Bruntsfield, James Gillespie’s and South Morningside Primary Schools) has traditionally experienced pressure on primary school places with schools having had high occupancy levels during a period of declining rolls and a necessity for additional accommodation subsequently being required through the provision of temporary units and annexes, some of which still remain. A statutory consultation on five options to address primary school accommodation issues in the area was recently undertaken on 4 February 2016 Council approved the preferred option of delivery a new school. The statutory consultation paper detailed the estimated cost of this options £18.737m. Funding of £6m has already been secured. The balance of funding of £12.737m is required to allow this project to proceed. The profile of spend assumes that the project could start immediately in February 2017.		Sufficiency / Condition and Suitability	530	1,274	8,613	2,320		12,737		1,051	21,029		
Communities and Families	4.	A new secondary school in Craigmillar	The second of two existing unfunded priorities in the Wave 4 school investment programme is the commitment made by Council to deliver a new secondary school in Craigmillar (replacing the existing Castlebrae Community High School) as part of the regeneration of Craigmillar. Whilst a site for the proposed new school has been identified in the Craigmillar Town Centre, no statutory consultation has yet been undertaken due to the uncertainty regarding when the new school could be delivered which is entirely dependent on the significant current gap in funding for the project being bridged. This assessment continues to assume that the new school would be opened in August 2020 however to achieve this the project would need to be initiated (with all required funding identified) by early 2017. Any delay would result in a further increase in the estimated costs due to additional construction cost inflation.	N	Suitability	-	598	2,918	19,734	5,316	28,566	This is based on the projected total cost for the new school which is now estimated (using the latest forecast of future construction inflation) to be £29.184m. This is based on an assumed opening date of August 2020; a capacity of 700 (including 100 vocational) and with additional space incorporated to develop the ambition of Castlebrae to become a city wide centre of excellence in Science. It further assumes that the balance which requires to be funded is £28.566m with the only existing funding being the £0.618m already in the Capital Investment Programme. This assumes that all other potential sources of funding (e.g. sale of the existing school site, net of demolition costs, and any contribution from PARC) would only be realised in the longer term.	2,358	47,162		



Current unfunded capital priorities

Service	Priority	Capital Project	Brief description of project	Estimated spend profile over 2017-2022 CIP										Comment	Estimated Annual Loan Charges (20 year repayment) £000	Estimated Total Loan Charges £000
				Prudential framework suitability (Y/N)	Priority Driver (s) - Condition / Suitability / Sufficiency / Affordability	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	Total estimated cost £000					
Health and Social Care	1.	Capital shortfall for Dumbryden Care Home	<p>The Council has a Business Case in progress for a 7th new care home at Dumbryden, which will replace two older care homes, based on a 60 bed model.</p> <p>The estimated total costs are £9.547m</p> <p>A budget of £7.950m has been identified from capital receipts from older care homes, leaving a shortfall of £1.597m.</p> <p>The cost estimates are based on a smaller, lower spec care home design than Royston, CEC's most recent care home, which is currently under construction.</p> <p>The capital receipts include a significant contribution from Children and Families for the transfer of the Oaklands Care Home site which is intended to be used for the new South Morningside Primary School. This project is dependent on the Oaklands Care Home site being vacated, which will not be possible unless the Dumbryden project goes ahead.</p>	N	Condition / Suitability	-	69	1528	-	-	1,597		799	2,637		
Health and Social Care	2.	New care home to replace three remaining older cares	<p>The Council is currently developing a 6th new care home at Royston and has a Business Case in progress for a 7th at Dumbryden. There are currently 8 older care homes which are no longer fit for purpose. The requirement to replace the older remaining care homes was agreed in the Older People's Accommodation Strategy for Older People. There is a high risk of needing to close older care homes if they are not replaced as they do not meet operational requirements or Care Inspectorate standards. The new homes at Royston and Dumbryden will replace four older care homes, leaving three to be replaced. An 8th new purpose built 60 bedded care home will replace the final three remaining older facilities.</p>	N	Condition / Suitability	500	500	500	7,600	-	9,100		751	15,024		
Health and Social Care	3.	Replacement of Portlee Resource Centre for Older People	<p>Portlee Resource Centre is a day centre for older people. A recent building condition report rated certain elements of the building a in poor 'C' condition - roofs, windows, heating plant and external areas. It is a 1960s converted social club. In addition to the day service for older people, Portlee Resource Centre is also used by MILAN, a day service for black and minority ethnic (BME) people. It is important these services can continue to operate in the north east of the city.</p>	N	Condition / Suitability	600	600	-	-	-	1,200		99	1,981		
Place	1.	North Bridge Refurbishment	<p>Refurbishment of North Bridge to address health and safety matters following identification of significant condition issues.</p>	N	Condition	750	1,400	4,700	4,700	450	12,000	£12m for addressing the health and safety matters and refurbishment of the structure to ensure that it was fit for purpose in the medium to longer term. Without this investment areas underneath it would have to be closed off to the public and as it spans Waverley Station and car park this is not an option.	991	19,812		
Place	2.	Restoration of the Ross Fountain	<p>The Ross Fountain in West Princes Street Gardens was taken out of use six years ago as a result of extensive water losses and the subsequent discovery of signs of structural corrosion to the cast iron fixings. It is one of the most significant cast iron fountains in the UK. It's condition is a constant source of compliant and a significant reputational issue for the City and the Council</p>	N	Condition / Suitability		500				500	This project forms part of a wider initiative in partnership with an third party to develop venues/facilities within princes street gardens. Total cost of the restoration is £1.5M.	41	825		
Place	3.	Environmental Works	<p>Environmental works are required as a result of landslips. These have necessitated the closure of part of the Dean Path Water of Leith footway and their are significant risks to privately owned property at Backbrae.</p>	N	Condition	1,600	-	-	-	-	1,600		132	2,642		

Current unfunded capital priorities

Service	Priority	Capital Project	Brief description of project	Estimated spend profile over 2017-2022 CIP							Total estimated cost £000	Comment	Estimated Annual Loan Charges (20 year repayment) £000	Estimated Total Loan Charges £000	
				Prudential framework suitability (Y/N)	Priority Driver (s) -		2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000					2021/22 £000
					Condition / Suitability / Sufficiency / Affordability										
Resources	1.	Asset Management Works	Asset management upgrade to address the condition of the operational estate. The £40m in total represents the total capital shortfall identified by the asset management strategy, as reported to F&R committee in June 2016. There is a considerable shortfall in the budget available to upgrade the condition of the Council's asset base, leading to the risk of health and safety issues and the need to close operational buildings. An estimated £40m shortfall over five years was reported to F&R Committee in June 2016. The annual budget allocated to this work is already fully allocated for the next five years, only having the capacity to address wind and watertight and health and safety issues. The estate wide condition survey, approved by committee and due to take place between January and September 2017, is expected to identify possibly significant additional issues which will require urgent attention, which will require additional funding to be allocated.	N	Condition	8,000	8,000	8,000	8,000	8,000	40,000		3,302	66,039	
						14,902	22,891	31,852	42,354	13,766	125,765				

Definition of Priority Driver

- Condition - driver for investment is to address asset condition / deterioration issues
- Suitability - driver for investment is to address fitness for purpose issues / alignment of asset to service delivery
- Sufficiency - driver for investment is to address capacity issues
- Affordability - driver for investment is to address future revenue and capital funding issues e.g. Through optimisation or enhancement rather than replacement

## OFFICER RECOMMENDED PROJECTS AND POTENTIAL FUNDING

## APPENDIX 3

	2017-18	2018-19	2019-20	2020-21	2021-22	Total
	£000	£000	£000	£000	£000	£000
<b>Expenditure Priorities (recommended by officers)</b>						
<b>Project</b>						
North Bridge	750	1,400	4,700	4,700	450	12,000
New South Edinburgh Primary School	530	1,274	8,613	2,320	0	12,737
Meadowbank Stadium	1,422	3,950	2,528	0	0	7,900
Dumbryden Care Home	0	69	1,528	0	0	1,597
Rising School Rolls	1,500	5,196	0	0	0	6,696
	<b>4,202</b>	<b>11,889</b>	<b>17,369</b>	<b>7,020</b>	<b>450</b>	<b>40,930</b>
<b>Funded by</b>						
Unallocated Capital Funding	0	0	7,000	7,000	0	14,000
Additional Funding from Settlement	6,930	0	0	0	0	6,930
Capital Fund	0	9,161	10,369	20	450	20,000
	<b>6,930</b>	<b>9,161</b>	<b>17,369</b>	<b>7,020</b>	<b>450</b>	<b>40,930</b>

# Updated Indicative five year capital plan 2021-2026

## Appendix 4

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/2026 £000
<b>Resources</b>					
<b>Unallocated</b>					
Capital Receipts	3,000	3,000	3,000	3,000	3,000
General Capital Grant (based on current forecasts)	38,000	38,000	38,000	38,000	38,000
<b>Total Resources</b>	<u>41,000</u>	<u>41,000</u>	<u>41,000</u>	<u>41,000</u>	<u>41,000</u>
<b>Expenditure</b>					
Place					
- Asset Management Works	14,000	14,000	14,000	14,000	14,000
- Other Transport Projects	2,750	2,750	2,750	2,750	2,750
- Carriageways and Footways	13,585	13,585	13,585	13,585	13,585
- Lighting Columns	1,500	1,500	1,500	1,500	1,500
- Tram Lifecycle Replacement	1,000	1,000	1,000	1,000	1,000
- Statutory Home Owner Adaptations	1,000	1,000	1,000	1,000	1,000
Communities and Families					
- Edinburgh Leisure	165	165	165	165	165
Unallocated funding (pending decision by Members as to where this should be redirected)	7,000	7,000	7,000	7,000	7,000
<b>Total Expenditure</b>	<u>41,000</u>	<u>41,000</u>	<u>41,000</u>	<u>41,000</u>	<u>41,000</u>
<b>Balance</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

# Finance and Resources Committee

10.00 am, Thursday, 19 January 2017

## Council's Budget 2017/21 – Risks and Reserves

Item number	7.7
Report number	
Executive/routine	
Wards	

### Executive Summary

---

The report advises members of the risks inherent in the revenue and capital budget framework and the range of measures and provisions established to mitigate these.

### Links

---

Coalition Pledges	<a href="#">P30</a>
Council Priorities	<a href="#">CP13</a>
Single Outcome Agreement	<a href="#">SO1</a> , <a href="#">SO2</a> , <a href="#">SO3</a> , <a href="#">SO4</a>

## Council's Budget 2017/21 – Risk and Reserves

### 1. Recommendations

---

- 1.1 Members of the Finance and Resources Committee are asked to:
  - 1.1.1 Note the content of this report; and
  - 1.1.2 remit the report to Council for decision on 9 February 2017 as part of the budget-setting process.

### 2. Background

---

- 2.1 This report advises members of significant risks identified in the budget process, quantifying these wherever possible, and sets out the range of measures and provisions in place to mitigate these.
- 2.2 Unallocated reserves are held against the risk of unanticipated expenditure or reduced income arising in any particular year. In addition, there are specific earmarked reserves set aside to manage timing differences between the receipt of income and the expenditure being incurred, in accordance with accounting rules.
- 2.3 The reserves held by the Council are reviewed annually as part of the revenue budget process. The review considers the level of balances, the risks inherent in the budget process and the adequacy of arrangements in place to manage these known risks.

### 3. Main report

---

#### Risks

- 3.1 There are always risks inherent in the budget process. What is important, however, is that these are identified and mitigated/managed effectively. Appendix 1 shows a risk matrix, setting out how the known risks identified in this report are managed. This list should not, however, be seen as exhaustive due to the complexity of the Council's activities and the changing environment within which it operates.

#### Funding settlements

- 3.2 Financial settlements and wider fiscal policy changes, or more specifically their impact on the level of savings required to set a balanced budget, pose a significant risk to the financial stability of the Council. The 2017/18 Local Government Financial Settlement was announced on 15 December 2016 and confirmed a slight

overall reduction relative to the level of external funding assumed within the budget framework. An update on the implications of this change is included elsewhere on today's agenda.

- 3.3 The level of funding for future years could vary for a number of reasons, including the use of updated population data and the complexities of the funding distribution formula, as well as wider Scottish Government and UK Government fiscal policy. Current expectations are, however, for subsequent years' local government settlements to be increasingly challenging, reinforcing the need for further transformation and more fundamental service prioritisation.

#### **Delivery of approved savings**

- 3.4 The budget process makes assumptions on the level of savings that can be delivered for individual proposals and those linked to wider projects. There are risks around the ability to deliver both the savings already approved by Council for 2017/18 and the additional proposals brought forward in the revenue budget framework for decision on 9 February 2017 within the timescales stated and on a sustainable basis.
- 3.5 The increased scrutiny from both senior management and elected members during the development and subsequent implementation of approved savings has contributed to a marked increase in the proportion subsequently delivered. There remains a risk, however, that the full level of approved savings may not be delivered, particularly in areas affecting frontline service provision, hastening pressures for which sustainable mitigating actions are not then identified. This risk applies equally to the monitoring of investment where expenditure in excess of budgeted levels may result in pressures affecting other areas if mitigating actions cannot be identified.

#### **Demographic changes**

- 3.6 Demographic changes could impact on the overall level of demand for services and the ability to provide for this within the available level of resources. While the budget framework contains over £10m of additional demographic-related investment in 2017/18 and further sums in subsequent years, this does not represent the full requirement identified by services and will thus require to be prioritised and, where possible, invested in preventative approaches.

#### **Legislative change, including welfare reform**

- 3.7 There may be impacts on both Council income streams and demand for services as further elements of welfare reform changes are rolled out across Scotland, with initial pilot schemes reporting significant rent arrears amongst Universal Credit claimants. Those in receipt of such support may suffer some financial hardship, which could impact on demand for housing, health and general welfare, resulting in greater need for Council intervention.

### **Infrastructural investment**

- 3.8 There is a significant likelihood that the Council will require to support additional borrowing and running costs associated with the new infrastructure emerging from the Local Development Plan, City Deal and other major projects.

### **Income**

- 3.9 Assumptions are made in the budget process on the level of income that will be generated for services. There are risks related to these assumptions around (i) demand for chargeable services, and (ii) the ability to collect all income due. The Council has a range of measures to mitigate the risk, such as service level agreements with external users, application of the Council's corporate debt policy and regular monitoring of income levels as a prompt to remedial action.

### **Other risks**

- 3.10 There is a risk that there will be insufficient funding to deliver the planned outcomes of the Edinburgh Integration Joint Board (IJB). The volatility of demand and expenditure in areas of the National Health Service may expose the IJB to further financial risks.
- 3.11 It remains too early to determine with any accuracy the potential impacts, in the medium- to longer-term, of the United Kingdom's departure from the European Union. Alongside any wider constitutional changes, however, this may also impact on demand for, and/or the resources available to provide, the Council's services.
- 3.12 There is furthermore the potential for increased legal costs and / or compensation claims arising as a result of specific events and emerging issues.

### **Reserves**

- 3.13 Members are aware that the Council holds a number of earmarked balances within the General Fund. At 31 March 2016, the General Fund balance stood at £128.396m, of which £115.371m was earmarked for specific purposes. The unallocated General Fund balance remained at £13.025m, in line with the medium-term strategy. There are significant planned applications of earmarked reserves during 2016/17, consistent with the assessment of risks and commitments underpinning the Council's wider financial strategy, with a projected balance at 31 March 2017 of circa £96m.
- 3.14 The current budget does not provide for any further contributions to the unallocated General Fund. The level of unallocated reserves at 31 March 2016, together with the forward strategy, while comparatively low relative to other councils in Scotland, was assessed as appropriate by the council's external auditor, in light of the financial risks likely to face the Council in the short to medium term.
- 3.15 The Council also holds a Capital Fund which has been built up over a number of years. Members are reminded of the approval to draw down £2m as part of the January 2016 Budget Motion and, once realised, a further £7.9m of additional capital receipts, to be split equally between (i) supplementing planned repairs and maintenance spend, and (ii) providing funding towards future LDP infrastructure



requirements, as reported to this Committee on 18 August 2016. A report elsewhere on today's agenda recommends the use of up to £20m from within the Fund to support, along with currently-unallocated funds within the wider capital programme, investment in a number of key Council priorities. Going forward, it is anticipated that the Local Development Plan and City Deal will also place further significant commitments on the Fund.

- 3.16 There will be a call on a number of earmarked reserves, including the Capital Fund, to support the funding of staff release costs as part of the Transformation Programme. The timing and value of this call on reserves will continue to be reported to Committee as the programme progresses.
- 3.17 Taking into account these medium-term funding requirements, with the exception of unallocated general reserves held in accordance with the principles of sound financial management and revolving funds which, by their nature, support investment in subsequent, savings-generating initiatives, the Council's reserves are at this stage assessed to be fully committed over the period covered by the budget framework.

#### **4. Measures of success**

---

- 4.1 The Council identifies and quantifies, where possible, risks that are inherent in the revenue budget in advance of these materialising and puts mitigating actions in place.
- 4.2 The Council maintains an adequate level of unallocated General Fund reserves.

#### **5. Financial impact**

---

- 5.1 The report identifies where funding has been made available for the risks set out. Council holds unallocated General Fund reserves against the likelihood of unfunded risks occurring.

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

---

- 6.1 The aim of this report is to identify the key risks to the Council and outline actions to manage those risks through planning, mitigating actions and use of reserves, as outlined in the attached appendices.

#### **7. Equalities impact**

---

- 7.1 While there is no direct impact of the report's contents, all budget proposals are now subject to an assessment of their potential equalities and rights impacts. The equalities and rights impacts of any substitute measures identified to address savings shortfall are similarly assessed.

## 8. Sustainability impact

---

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

## 9. Consultation and engagement

---

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

## 10. Background reading/external references

---

- 10.1 [Capital Coalition Budget Motion 2016-17](#), City of Edinburgh Council, 21 January 2016
- 10.2 [Capital Monitoring 2015-16 Outturn and Receipts](#), Finance and Resources Committee, 18 August 2016

### Hugh Dunn

Acting Executive Director of Resources

Contact: Catrina Montgomery, Senior Accountant

E-mail: [catrina.montgomery@edinburgh.gov.uk](mailto:catrina.montgomery@edinburgh.gov.uk) | Tel: 0131 469 3497

### Links

---

<b>Coalition Pledges</b>	P30 – Continue to maintain a sound financial position including long term financial planning
<b>Council Priorities</b>	CP13 – Deliver lean and agile Council services
<b>Single Outcome Agreement</b>	SO1 – Edinburgh's economy delivers increased investment, jobs and opportunities for all SO2 – Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health SO3 – Edinburgh's children and young people enjoy their childhood and fulfil their potential SO4 – Edinburgh's communities are safer and have improved physical and social fabric
<b>Appendices</b>	Appendix 1 – Risk Matrix Appendix 2 – Projected Movement in General Fund

## Risk Matrix

The table below summarises how the risks identified in the report are managed.

<b>Risk</b>	<b>Provision to Manage</b>
Transformation programme	From monies set aside in an earmarked reserve or other provision to meet the estimated costs  Regular monitoring of savings delivery
Financial settlements	Provisions made in the Long-Term Financial Plan (LTFP)  Regular monitoring of public expenditure projections and recognise potential or actual grant variations in LTFP
Demographic changes leading to rising service demands	Provisions made in the Long-Term Financial Plan
Legal Claims	Unallocated reserves could be drawn down from the unallocated General Fund balance to meet costs
Service area-specific risks	Mitigating action undertaken by Directors to identify alternative measures to manage risks, within available resources
Universal Credit/Welfare Reform	Provisions made in the Long-Term Financial Plan Ongoing monitoring of impacts
Health and Social Care Integration	Ongoing development of Strategic Plan with NHS

## Projected Movement in General Fund

## Appendix 2

	Balance at 1.04.17 £000	Planned Uses £000	Projected Balance at 31.03.18 £000	
<b>General Fund</b>				
<u>Statutory and / or restricted use</u>				
Balances held by schools under DSM	1,500	0	1,500	Balances set aside for Devolved School Management Scheme. Allocated back to schools at the start of each financial year.
Council Tax Discount Fund	23,638	(6,954)	16,683	Monies set aside as a result of reducing Council Tax second home discounts. Use of the fund is prescribed by the Scottish Government and is restricted to supporting the development of affordable housing. It forms part of the Strategic Housing Investment Fund (SHIF), alongside income from the Repairs and Renewals fund. The SHIF is fully committed to the delivery of 16,000 new affordable homes by the Council and its not- for-profit housing association partners over the next ten years and investment in services to reduce tenants living costs.
Licensing Income	3,131	(97)	3,034	Monies derived from surplus licensing income related to cabs, houses in multiple occupation, liquor and landlord registration. Council is not permitted to use this surplus on other services, with the balance available to cushion changes in fee income levels.
Unspent revenue grants	1,974	0	1,974	Monies set aside at the year end, in accordance with proper accounting practice, where income has been received prior to the relevant expenditure being incurred. Funds will be drawn down in accordance with the grant conditions to match planned expenditure. The majority of funds will be drawn down in year and the new grant funding will be carried forward.

Balances set aside to  
manage financial risk

Balances set aside for specific investment	7,354	(1,407)	5,947	Funding set aside for specific projects. Including monies for Weather Emergency, imProveit and statutory notice legacy costs.
Contingency funding, workforce management	10,136	(7,000)	3,136	Monies held to cover costs of workforce management changes including staff severance costs.
Council Priorities Fund	2,050	1,300	3,350	Monies set aside which will be utilised to fund emerging Council priorities or expenditure pressures.
Dilapidations Fund	5,410	0	5,410	Monies set aside to meet costs arising from the termination of property leases and other related contractual commitments. .
Insurance Fund	12,608	24	12,632	Insurance Funds are held to defray any loss where the Council could have insured against a loss but has not done so, and for paying premiums on an insurance policy. This includes the power to meet excesses on insurance policies.

Balances set aside  
from income received  
in advance

Recycling balances	1,160	(211)	949	Monies received through Zero Waste funding, which are fully committed to manage current pressures in Waste Services.
Lothian Buses	4,704	(704)	4,000	Holds dividend income previously received from Lothian Buses. Funds are fully earmarked to support transport-related projects.
Pre-paid PPP monies and lifecycle costs	1,859	130	1,989	Monies set aside in recognition of the phasing issues related to grant monies, for lifecycle costs of projects.
Other Minor Funds	226	(52)	174	Minor funds for other specific projects.

Balances set aside for  
investment in specific  
projects

Strategic Investment Fund	5,855	(275)	5,580	Funds set aside to sit alongside private sector finance to create new city development opportunities. Drawdown for industrial units at Sighthill and monies to support financial modelling for Meadowbank development.
Spend to Save Fund	1,436	(167)	1,269	Funds set aside to assist service areas deliver revenue savings in future years through longer-term financial planning; used as a revolving fund.
Energy efficiency Fund	99	(99)	0	Monies received from the Scottish Government's Energy Efficiency Initiative. These funds have been re-invested as part of the RE:fit project following the removal of the ring-fence.
Unallocated General Fund	13,025	0	13,025	Unallocated funds held against the risk of unanticipated expenditure and / or reduced income arising in any particular year, in line with Council reserves policy.
<b>Total General Fund</b>	<b>96,165</b>	<b>(15,513)</b>	<b>80,652</b>	

# Finance and Resources Committee

**10.00am, Thursday, 19 January 2017**

## **Housing Revenue Account - Budget Strategy 2017-22**

<b>Item number</b>	7.8
<b>Report number</b>	
<b>Executive/routine</b>	Executive
<b>Wards</b>	All

### **Executive Summary**

---

This report proposes a Housing Revenue Account (HRA) budget for 2017/18 to accelerate the delivery of the strategy agreed by Council at its meeting on [21 January 2016](#). The two aims of the strategy are to expand and accelerate the Council's affordable and low cost house-building programme and, secondly, to prioritise investment in services that reduce the cost of living for tenants.

This report notes the economic and social hardship experienced by many of our customers and seeks to build on the strategy agreed by Council. The report proposes further measures to improve the quality of life for current and future tenants. These include:

- Measures to secure a robust pipeline of development projects to deliver, with partners, 16,000 affordable and low cost market homes over the next ten years, of which half are Council led. The strategy aims to deliver at least 8,000 homes by 2021/22.
- Further acceleration of replacement heating programmes and insulation measures to directly reduce the cost of living to tenants.
- Introduction of measures to help increase tenants' income by supporting them into employment, as identified as part of the 2017/18 budget consultation exercise.

Consultation with tenants shows high levels of overall satisfaction with the Housing Service, including value for money and support for the strategy set out in this report.

### **Links**

---

<b>Coalition Pledges</b>	<a href="#">P8</a> <a href="#">P30</a>
<b>Council Priorities</b>	<a href="#">CP2</a> <a href="#">CP10</a>
<b>Single Outcome Agreement</b>	<a href="#">SO2</a> <a href="#">SO4</a>

## Housing Revenue Account - Budget Strategy 2017–22

### 1. Recommendations

---

It is recommended that Finance and Resources Committee:

- 1.1 Agrees to refer the 2017/18 budget, draft five year capital programme, and the rent levels for 2017/18 set out in Appendices 1 and 4 to the Council budget meeting for approval.
- 1.2 Notes the progress being made on delivery of Council commitments to tenants, particularly in the construction of new affordable and low cost homes and the acceleration of replacement heating systems.
- 1.3 Approves the approach of securing a robust pipeline of development projects to accelerate further the construction of affordable and low cost market housing.
- 1.4 Approves the development of a Housing Service apprenticeship programme and other measures outlined in the report, to support tenants and their children secure employment.

### 2. Background

---

- 2.1 On [21 January 2016](#), the Council approved the five year Housing Revenue Account Budget Strategy. The strategy set out to significantly expand the Council's house-building programme to 8,000 new homes and prioritise investment in tenants' homes to reduce the cost of living. The strategy was informed by an extensive consultation with tenants which took place in 2015.
- 2.2 Delivery in 2016/17 has been strong. The city's main developing housing associations have since matched the Council's house-building target. This partnership has agreed to deliver 16,000 new affordable and low cost homes over the next ten years, making it one of the largest Council led house-building programmes in the UK.
- 2.3 Following consultation with housing associations both Health, Social Care and Housing Committee and the Integration Joint Board of the Health and Social Care Partnership have agreed that at least 3,000 of those 16,000 homes will be built to increase capacity for better integrated housing and care services for older people and people with complex health problems.
- 2.4 In light of that commitment Council and housing association house building programmes have been reviewed and a new Strategic Housing Investment Plan



(SHIP) was approved by Committee on [15 November 2016](#). The SHIP sets out the delivery programme over the next five years and shows a 50% increase in the number of homes to be delivered to 6,000 homes. There are currently around 4,000 affordable and low cost homes under construction by the Council and housing associations on almost 70 sites across the city.

- 2.5 On 17 September 2015, Council approved the creation of an arms length market housing company with the Scottish Futures Trust (SFT). Negotiations with Scottish Government officials have been positive and there is strong interest in this new and innovative approach to accelerating house-building. In return for wider powers to invest in these measures and wider financial support for the housing strategy Scottish Government needs reassurance that the delivery pipeline of housing projects is robust. Measures to improve delivery are outlined later in the report.
- 2.6 Progress on measures to reduce tenants' cost of living has also been strong. The heating replacement programme has accelerated delivery by 40% and the kitchen and bathroom programme by 50% on 2015/16 levels. New initiatives, identified through the 2016/17 budget consultation, such as the tenants discount card and new, lower cost energy suppliers, have been introduced and will, along with the food growing programme and energy advice services be further expanded in 2017/18.
- 2.7 On [13 September 2016](#), Health Social Care and Housing Committee approved the 2017/18 budget strategy and agreed to further consultation with tenants on the timeline for delivery and rent options. It also noted the hardship faced by many tenants and the impact of the shortage of affordable homes in the city for those on low to moderate incomes. Committee supported the approach of continued investment in measures and services to reduce tenants' living costs and agreed that the consultation should also seek to identify what else could be done to help tenants on low incomes.
- 2.8 In 2016, like many other areas of the Council, the Housing Service has undergone a transformational change process, adopting a new service model. The twin objectives of increasing efficiency and delivering better integrated local services have driven this transition and the service is now moving to a patch based model. There are around 100 patches across Localities, with an average of 200 tenants per patch. Each patch will have a dedicated housing officer. This model of working has been heavily shaped by feedback from customers and other local residents
- 2.9 Tenant satisfaction is consistently high with satisfaction on the overall Housing Service and quality of homes amongst the top three local authorities in Scotland. Satisfaction with the quality of communication between the Housing Service and its tenants has improved significantly and now has the highest satisfaction rate amongst all local authority landlords. There have also been increased in satisfaction with opportunities to participate in decision making and with the repairs and maintenance service. In addition to these measures there is an extensive programme of tenant inspections and surveys, alongside the Council's own audit processes, that ensure that any areas of concern with the service can be identified and measures put in place to address any problems.

### 3. Main report

---

- 3.1 The HRA sets out the income and expenditure on services to Council tenants. Its investment strategy sets out improvements to tenants' homes, services and neighbourhoods. The HRA is self-funding, with around 92% of its income coming from tenants' rents and service charges. It also receives some income from the sale or lease of land and properties held on the HRA account.
- 3.2 Each year Council approves the HRA budget and rent level. This includes consideration of the financial impact of plans for the year ahead, as well as the five year capital programme and the 30 Year Business Plan.

#### **Challenges – Our customers**

- 3.3 Analysis shows that many Council and Housing Association tenants are facing significant hardship. Since 2008 the incomes of the bottom two deciles have reduced by almost one third in Edinburgh (in comparison those of the highest earning deciles have increased by around 2%).
- 3.4 At the same time housing costs in the private market have continued to rise. Average private rents are now around £1,000 a month in the city and are the highest by a significant margin of any city in Scotland. Average private rents are double Council rents in Edinburgh.
- 3.5 Despite the very high levels of demand for affordable and low cost homes the private market is not responding with an acceleration of house building at prices people can afford. A UK study found that more than 70% of those in lowest incomes in the private rented sector are spending more than a third of their net income on housing costs. Growth in house building remains sluggish as the barriers for first time buyer home ownership are becoming insurmountable.
- 3.6 Falling incomes and rising housing costs in the private market are the main drivers of economic inequality in the city. Most predictions this year suggest that continued downward pressure on wages, upward pressure on inflation and economic uncertainty will have the greatest impact on those already worst affected.
- 3.7 These factors combined with insecure temporary employment, the regular application of sanctions in the benefit system and increasing household expenses are making life extremely difficult for our tenants. In response to this, the report proposes further measures to strengthen the approach to reduce the cost of living for tenants agreed by Council last year.

#### **Challenges – Our homes**

- 3.8 For many years asset management of Council homes has been led by two principle drivers. These are that Council homes should meet statutory compliance standards and that replacements should be made at the end of manufacturers' life cycles.
- 3.9 While these factors are important objectives in any asset strategy they can be limiting. The current approach cannot be easily adapted to respond to the changing needs and expectations of residents. In addition it does not consider the total estate, which means it is unable to maximise added benefits to residents of carrying

out complimentary improvements at the same time, such as replacing windows and upgrading heating systems. A more holistic flexible approach needs to be developed to meet modern aspirations while continuing to deliver value to the Council.

- 3.10 The new asset management strategy also needs to address the fact that more than half the homes in flatted blocks have been sold. Most blocks are now in mixed ownership; including the Council, private landlords and homeowners. This tenure mix can be extremely challenging when trying to proceed with essential common repairs, let alone significant enhancement and improvements. Committee has already been advised that options for a new approach to asset management will be developed and reported to committee in 2017.

### **Challenges – Our staff**

- 3.11 Frontline housing staff are meeting tenants every day. These continuous interactions help to build a more accurate picture of the significant challenges facing many tenants. Staff report frustrations at their inability to react in a timely and practical way help to tenants in times of crisis. A review of cases and research into other exemplar landlords has identified options to assist in these circumstances. The Wheatley Group, for example, have granted housing officers discretion to respond to those in exceptional need.
- 3.12 This report proposes taking forward a similar scheme on a pilot basis in 2017/18 with a view to rolling that out in 2018/19. Detailed proposals will be taken to the Health, Social Care and Housing Committee later in 2017.

### **Meeting the challenges**

- 3.13 In January 2016 Council approved a £1 billion investment programme that aims to reduce living costs for tenants by up to £1,500 each year and substantially increase the number of new homes built in the city. Further consultation with tenants in 2016 has bolstered support for the plan and identified other areas for innovation and improvement.
- 3.14 The budget strategy has three core delivery strands:
- **Increased supply** –Radical acceleration of the Council led house-building programme to deliver 8,000 new homes over the next ten years, for people on low to moderate incomes; including homes integrated with health and social care services to deliver better outcomes for those with enhanced health and support needs.
  - **Improvement** - Investment in improving the condition of homes and neighbourhoods, including security and modern facilities, delivered by a transformed and integrated Housing Service.
  - **Innovation** - Policies and services to eradicate inequality and financial hardship, developed in collaboration with tenants and community groups to have the greatest positive impact on their cost of living.

- 3.15 Consultation on the 2017/18 budget and five year strategy ran between 10 October and 30 November 2016, receiving 334 responses and 284 individual comments, a 27% increase on the previous year. Tenants were asked what they thought of the plan, what else was affecting their living costs and whether they wanted the current plan to be delivered over the next five years, to speed up improvements or slow them down. There was overwhelming support for the plan, with over 80% of tenants who responded saying that they supported the current plan and/or agreed that the delivery of these new services should be speeded up over the next five years at a minimum 2% rent increase.

### **Increased supply**

- 3.16 Building new homes remains the top priority for tenants. The Council's investment strategy is part of a wider regional response to meeting housing need and demand by significantly contributing towards the Scottish Government target of delivering 50,000 new affordable homes over the next five years.
- 3.17 The 21<sup>st</sup> Century Homes programme has around 1,800 quality, new energy efficient homes completed, under construction or in procurement. A further 660 homes are at the detailed design stage. The proposed 2017/18 housing development budget is £31.7 million, with an additional £10.5 million for the acquisition of sites for future development. This 400% increase on 2016/17 expenditure will enable the construction of 213 homes at Pennywell and Leith Fort and 654 site starts at North Sighthill, Greendykes and seven small sites across the city.
- 3.18 The SHIP, approved at Health Social Care and Housing Committee in November 2016, identified an approval pipeline of 5,700 affordable homes and 5,921 potential completions by 2021/22. In addition to this mid market homes delivered through 21<sup>st</sup> Century homes and National Housing Trust Phase 3 brings the wider affordable housing development pipeline programme up to 8,000 homes by 2020/21, assuming acquisition of sites for affordable housing development. The city wide affordable house building programme is set out in Appendix 3.
- 3.19 It is essential that the Council and other public sector land owners make land available for the accelerated development of low cost and affordable homes. Strategic partnerships need to be established with public sector landowners to ensure the longer-term objectives of positive, sustainable growth are prioritised over short-term capital returns. There are ongoing negotiations with public sector partners to identify further sites for house building and the quick release of land for other public services. A Regional Land and Property Commission proposal is under development as part of the city deal. This responds to the challenge of securing sites for development of affordable housing.
- 3.20 The significant investment in house building also provides an opportunity to strengthen joint working between housing and health and social care partners to develop homes and integrate services in a more planned and strategic way. A Housing, Health and Social Care forum will be set up early next year and will report to the Integration Joint Board.

- 3.21 In September 2015, the Council sought approval to establish the arms-length company, Edinburgh Homes, to acquire and manage housing for both mid-market and market rent. Two Limited Liability Partnerships will be set up in early 2017: one for market rent and one for affordable, mid-market rent. The pipeline and acquisitions strategy for Edinburgh Homes is twofold. Edinburgh Homes LLPs could enter into partnerships with private sector house builders and developers as an end purchaser of homes and the Council could develop new homes for the Edinburgh Homes LLPs. It is anticipated that Edinburgh Homes will accelerate the delivery of more than 2,000 homes for people on low to moderate incomes.
- 3.22 In relation to HRA sites, 21<sup>st</sup> Century Homes will act as the Council's developer; securing the construction of homes and delivery of placemaking and regeneration objectives. Social rented homes developed on these sites will be retained by the Council, with mid market and market rent homes sold to the LLP. The first homes are expected to be acquired by the LLP in early 2018.

### **Improvement**

- 3.23 The five year capital investment plan (as set out in appendix 4) includes £180 million investment in current homes and neighbourhoods. This includes the commitment that by 2020 no home will have a kitchen and bathroom over 20 years old and all homes will meet the Energy Efficiency Standard for Social Housing (EESH).
- 3.24 The cost of energy continues to be a major concern for many tenants. Significant acceleration of the heating replacement programme has taken place this year with output projected to deliver more than 1,700 new efficient heating systems for tenants, over 40% more than the 1,234 target at the start of the year. This targeted investment in improving the energy efficiency of homes will continue at pace in 2017/18. The Council has also set a target to ensure that, where possible, Council homes will be brought up to a minimum Energy Performance Certificate of C, which will significantly exceed EESH targets and ensure more Council homes than ever before are energy efficient and affordable to heat.
- 3.25 As well as improving existing homes, all new homes will be built to the Silver Standard and will incorporate solar PV into their design, maximising the benefits of renewable energy generation for tenants. The Housing Service will also continue to work with Scottish Government to maximise funding to improve the energy efficiency of homes across the city. As a result of these initiatives almost 2,100 private and social homes receive investment of £3.75 million to improve their energy efficiency in 2016.
- 3.26 The Council has also partnered with Our Power, a new not-for-profit member owned energy company to provide low cost energy. Council homes are now being switched to Our Power when they become empty and current tenants are also now able to switch. Those who have made the change have already commented on lower fuel bills and the excellent customer service.
- 3.27 In addition the Housing Service has partnered with Tower Power, a new community service company that is developing a new model for communities to collectively

bulk buy their energy. Through smart connected metering, and with the potential to install renewable energy generation, the project will help tenants in Dumbiedykes to reduce their fuel bills in 2017/18.

- 3.28 A new Asset Management strategy is currently under development that proposes a fundamental shift to include a wider locality approach. Mixed tenure management continues to be an issue, with a number of home owners in these blocks on low incomes, with little capital or savings to pay for common improvements. The last tenants' survey showed that 69% of tenants felt that it was appropriate for the Housing Service to carry out common repairs and then claim the money back from owners, even if the total cost cannot be reclaimed.
- 3.29 The strategy must balance meeting the needs and aspirations of residents, being flexible enough to respond to shifting priorities, whilst continuing to deliver value for money. It is therefore proposed that different approaches to mixed tenure management be piloted in 2017/18 to help inform the further development of the asset management strategy. These could include:
- Use of Council HRA account to fund mixed tenure works to allow projects to be progressed expediently.
  - Exploring the options of providing loans to private owners over extended repayment periods to provide owners with support and allow projects to be progressed expediently.
- 3.30 A report on the Asset Management strategy and a proposal for a mixed tenure pilot will be brought back to Health, Social Care and Housing Committee later in 2017.
- 3.31 The Neighbourhood Environment Programme will also form part of this wider locality planning approach. Tenant led investment has always been an essential and integral part of this process. Tenants and residents will be involved in planning projects that fit into wider locality regeneration, whilst still developing smaller stand alone projects.
- 3.32 Improving the safety and security of homes and neighbourhoods is essential in developing thriving localities. The Housing Service is currently reviewing the provision of its CCTV cameras. It is proposing to upgrade existing CCTV with HDTV ready cameras that can be networked to a central location. Monitors will still be retained in local community hubs, whilst introducing an element of flexibility, as concierges will no longer be solely responsible for monitoring, freeing them up to be more actively involved in wider estate management and customer service. The project will also seek to expand the network to areas of greatest need and develop a process that will allow for the responsive deployment of CCTV in locality 'hot spots'. These will be identified and initiated through the localities as needs emerge.
- 3.33 Committee approved the Housing Service Transformation plan in November 2015. Since then, the Housing Service has redesigned its delivery model. Investing in frontline services and staff development will be essential as the Housing Service seeks to maintain its high levels of customer service. This personal service also provides unique opportunities for enhanced customer engagement. A regular

programme of market research will also be developed with the aim of developing a culture of scrutiny strongly connected to performance management.

- 3.34 The Housing Service will also explore initiatives such as Glasgow Housing Association's 'Think Yes' policy, which empowers staff to facilitate personalised solutions for customers where they identify an immediate need. By having access to a local budget, staff are able to use their initiative and professional judgement to resolve customer issues "on the spot".
- 3.35 Technology will also be key in effective patch working. The new Housing Officer role will see staff working in their patch for the majority of the day. Work is underway with CGI, the Council's ICT provider, to source the right devices and ensure the right infrastructure is in place to support this.

### **Innovation**

- 3.36 The 2016/17 budget consultation identified the introduction of three new services (broadband, discount scheme and energy advice) and the expansion of community garden network to help reduce tenants' cost of living. Proposals for the procurement of an energy advice service and the expansion of the discount scheme and the community gardens network will be taken back to Health, Social Care and Committee in 2017.
- 3.37 A pilot project to supply high speed broadband to around 1,000 Council Tenants is current under development in partnership with CGI. The pilot will be carried out in two areas in the city in 2017/18. The areas have been selected based on housing mix and the high proportion of Council homes. The pilot will be used to establish the appropriate infrastructure, devices and training to ensure tenants can maximise the benefits of getting online. Following a period of monitoring and review, a detailed business case will be developed for consideration at Committee on the phased roll out across all Council homes.
- 3.38 The 2017/18 consultation asked tenants to confirm they were happy with the current investment plan, it also asked if there was anything else that could be done to help improve their quality of life. One of the emerging themes was employment.
- 3.39 The Housing Service employs over 600 staff, with an average annual turn over of 7%. There is a unique opportunity to get tenants into work through targeted advertising of Council jobs through a variety of engagement channels. Furthermore, these engagement channels can be utilised to inform new tenants and homeless households of wider employability, jobs and training services.
- 3.40 It is however recognised that many tenants will not be 'job ready' and face multiple barriers to gaining employment. Early intervention support from Edinburgh's network of employability providers, linking into the citywide employability hubs and collaboration with the Council's Economic Development service can help remove barriers to employment and provide tenants with access to employment support services.

- 3.41 There are currently many work shadowing placements and apprenticeships across the Council. The 2017/18 budget includes funding for 12 new Modern Apprenticeships that will be promoted to tenants.
- 3.42 There is a further opportunity to align existing employability programmes to the wider housing investment programme. Edinburgh has a highly skilled workforce, but skill gaps remain in key sectors, including the construction sector. Over a third of employers with vacancies report difficulties in finding appropriately skilled applicants. The scale of the new build and investment programmes anticipated in Edinburgh means that these shortages are likely to be a key issue facing the cost and pace of housing delivery. In response to this challenge, a Construction and Housing Skills Supply group has recently been established to develop a response to the projected skills shortage.

### **Funding the strategy**

- 3.43 To implement the strategy outlined above, the HRA would need to invest up to £530 million over the next five years. Maximising investment in current and new homes and delivering new services, means income and expenditure is more closely aligned. This is most visible in years ten to 12 due to the significant investment in the new house building programme and an increase in debt repayment due to historic debt coming to term. Approximately £2.3 million is required from the housing investment fund to ensure the HRA does not go into deficit in these years. Appendix 7 shows the projected income and expenditure, based on the current investment strategy proposed in this report.
- 3.44 The business plan assumes a modest 2% annual increase in rents. It is almost half 2017/18 inflation estimates and is benchmarked against rent increases by other landlords in social and private sectors. In 2016/17 Edinburgh's 2% increase was below the Scottish social rent average. The annual 2% rent increase aims to keep rents affordable and stable for tenants against fluctuating inflation levels.
- 3.45 Each year, around 85% of tenants receive some help with their rent through Housing Benefit. For those not receiving help a 2% rent increase would mean around £2 extra a week.
- 3.46 Affordability to pay rent was raised by the 'Rent Matters' working group. In order to develop a better understanding of this issue the consultation offered tenants the choice of rent levels that were clearly linked to the pace and scale of investment. Over 80% of all tenants who responded said that they supported a minimum 2% rent increase that would enable improvements to be delivered over the next five years. Almost a third of tenants actually said they would be willing to pay more rent if investment could be delivered quicker.
- 3.47 The consultation also asked respondents to indicate if they were in receipt of housing benefit or not and then to vote on their preferred investment option. Of those who indicated that they had to pay some or all of their rent themselves, 76% said they would either like the current investment plan (2% increase over the next five years) or to speed up the plan (over 2% rent increase).



- 3.48 Focus groups will be held in early 2017 with these respondents to have more detailed discussions on what is considered affordable. 'Rent Matters' working group tenant volunteers will help facilitate this.

#### **4. Measures of success**

---

- 4.1 Greater visibility of the Housing Service locally for tenants.
- 4.2 A significant reduction in the cost of living for tenants
- 4.3 An increase from 3,000 to 8,000 new affordable homes over the next ten years, which are energy efficient and economic to heat.
- 4.4 All Council homes will comply with SHQS and EESSH by 2020.
- 4.5 Tenants continue to receive a good quality and well-valued housing service.
- 4.6 Tenants continue to live in good quality, safe, homes in well managed neighbourhoods.

#### **5. Financial impact**

---

- 5.1 The HRA is self-contained and has no direct impact on the Council's general services budget. The HRA is paid entirely from income from tenants' rents or assets held on the HRA account.
- 5.2 There have been significant changes since the 2016/17 budget was approved. This is primarily due to Housing Service transformation and the transfer of the temporary accommodation service to Stronger and Safer Communities. The HRA now receives rental income for the temporary accommodation units that sit on the HRA.
- 5.3 The HRA has already achieved a 10% reduction in management costs in 2016/17. Further efficiencies in housing management overheads have resulted in further reductions in 2017/18. Housing repairs and maintenance costs are due to reduce by 20% by 2021. Reductions in HRA operating costs will have an impact on the income for services provided by the general fund. These reductions are being phased over five years to mitigate any impacts and ensure they are managed in a way that does not detriment the Council's general fund budget.
- 5.4 Projected expenditure on the HRA revenue account for 2017/18 is £101.8 million, including £13.5 million contribution to the Strategic Housing Investment Fund. A high level summary of the HRA's one and five year budget and the impact the housing investment fund is set out below.

<b>Housing Revenue Account</b>	<b>1 Year £m (2017/18)</b>	<b>5 year £m (2017/18 - 2021/22)</b>
<b>Revenue (See Appendix 1)</b>		
Operating Income	£102	£554
Operating Expenditure and Debt Costs	£88	£494
Capital Investment funded from revenue	£13	£58
Addition to investment fund	£1	£2
<b>Capital (See Appendix 4)</b>		
Capital investment programme expenditure	£37	£180
21st Century Homes Expenditure	£42	£351
Prudential borrowing	£42	£322
Other income and Capital Funded from Current Revenue	£37	£209
<b>Strategic Housing Investment Fund (Repairs and Renewals)</b>		
Opening Strategic Housing Investment Fund (SHIF) balance	£52	£52
SHIF additions	£1	£2
SHIF draw downs	£10	£41
Closing SHIF balance	£43	£13

- 5.5 The Strategic Housing Investment Fund (SHIF) is an amalgam of income from the Repairs and Renewals fund and the Council Tax Discount Fund. It is fully earmarked for the delivery of the plan which focuses on increasing Council homes by a third over the next 10 years and investing in services to reduce tenants living costs. The element relating to the Repairs and Renewals fund is detailed above.
- 5.6 As a result of the accelerated house-building programme all reserves are currently committed in the first ten years of the business plan. Following this the business plan assumes reserves will be built up to a minimum of 10% of in year operating costs to manage risks. This is considered prudent given the expansion of the capital programme and the need to have funds in reserve to deal with unforeseen events.
- 5.7 Due to prudent treasury management and in year surpluses being used to offset capital borrowing requirements, the debt levels have actually decreased by £11 million over the last five years, whilst still delivering a £190 million capital investment programme. This prudent financial management will be key to ensuring the enhanced housing investment programme remains affordable.

## 6. Risk, policy, compliance and governance impact

---

### 6.1 The Housing Service faces significant risks:

- **Welfare reform has an adverse impact on rental income.** The Business Plan takes account of the potential risks around under occupation, shared room rate, the four year Local Housing Allowance freeze, the reduction in housing benefit back dating, universal credit and the potential removal of benefits to under 21 year olds. A number of measures have been introduced to improve support to those tenants affected by welfare reform. New measures are being introduced to support teams in prioritising early intervention to manage arrears and prevent tenants getting into debt.
- **Investment in improvement is unsustainable.** The HRA budget strategy is underpinned by the HRA Business Plan. Capital programmes are set annually by Council, after scrutiny by the relevant committees. There is positive support from the Scottish Government for the expansion of affordable house-building. The HRA Business Plan projects a reasonable operating surplus in future years.
- **Challenges facing the delivery of the housing investment strategy.** These include land availability, construction capacity, planning, funding models and integrated decision making. These can be addressed by partners taking a collaborative approach to developing new initiatives, funding models and asset management.
- **Compliance with regulatory standards is not met.** The extent of mixed tenure ownership means that regulatory measures like the Scottish Housing Quality Standard (SHQS) and Energy Efficiency Standard for Social Housing (EESH) are difficult to achieve for all tenants if co-owners are unwilling or unable to participate. The Scottish Government and Scottish Housing Regulator recognise this in relation to the SHQS. A review of the Housing Service's approach to mixed tenure management and the assistance that could be provided to owners will be carried out.
- **Significant changes to housing portfolio.** The HRA strategy sets out an ambitious programme of growing and improving the Council's housing and community assets. This, along with the requirement to reduce the costs of the repairs service, is a significant change in the Council's housing asset base.
- **Future financial pressures can only be met through cutting back on service delivery.** Aligning income and expenditure means that there is not as much financial flexibility to meet the unforeseen costs caused by building failure or particularly severe weather. A contingency fund will be developed to mitigate this risk.
- **Changes in tenant priorities.** The money saving initiatives identified through consultation with tenants are being rolled out over the next five years. Should there be a significant reduction in income, the new services would have to be

scaled back or stalled, resulting in explorative and preparative outlays being lost.

- 6.2 All risks are kept under review and significant changes will be highlighted to the Health, Social and Housing Committee, Finance and Resources Committee and Governance, Risk and Best Value Committee.
- 6.3 The Council is required to set Council house rents annually. The Council is required to consult tenants on the rent strategy and inform them in advance of any rent increases prior to their implementation.

## **7. Equalities impact**

---

- 7.1 Prioritising investment on services and improvements that reduce the cost of living for tenants will have a significant financial benefit for tenants who are under financial pressure.
- 7.2 Patch based working will mean housing officers will get to know their tenants better. This should improve access to services for vulnerable tenants, as their needs will be more readily identified.
- 7.3 Investment in new homes and partnership working as part of Health and Social Care integration will help increase the supply of homes built specifically for older people or people with complex health needs.
- 7.4 The house-building programme ensures 10% of all new homes will be built to wheelchair accessible standards.

## **8. Sustainability impact**

---

- 8.1 The Council led house-building programme seeks to maximise delivery of homes on brownfield sites, reducing pressure on Edinburgh's green belt. New homes are built to high standards in terms of energy efficiency and sustainability.
- 8.2 It is estimated the accelerated house-building programme will create 3,000 permanent new jobs an addition of 1.5% in employment created in Edinburgh.
- 8.3 Investing in improvements to Council homes will increase energy efficiency and lead to a reduction in carbon emissions.
- 8.4 There are positive impacts on adaptations, carbon emissions and sustainable development arising from this report.
- 8.5 The Council's partnership with Our Power will help ensure stable and affordable energy prices for tenants.
- 8.6 Strategic acquisitions of homes in mixed tenure blocks will allow the Housing Service to carry out more improvements as the sole owner of the block.
- 8.7 A City Region Deal would provide a mechanism to help drive forward investment in sustainable place making.
- 8.8 Improving employment options of tenants and their families.

## 9. Consultation and engagement

---

- 9.1 Building on the success of the 2016/17 the 2017/18 'Investing in your future' consultation, co-produced by the Rent Matters working group, received almost a third more responses than the previous year. Tenants were asked what they thought of the Councils' five year investment plan to build more homes and reduce living costs, what else was affecting their living costs and whether they wanted the current plan to be delivered over the next five years, to speed up improvements or slow them down. Tenants were asked to choose between:
- The Current Plan: Increasing rents by around £2 a week to invest in homes and services.
  - Speed Up: Increase rents by more than £2 a week and invest even more in homes and services.
  - Slow Down: Increase rents by less than £2 a week but slow down investment in homes and services.

### **The results**

- 9.2 Over 80% of tenants who responded supported the current delivery plan or for improvements to be sped up. 18% said they would like the plan to slow down and rent to go up by less than 2%. The Edinburgh Tenants Federation stated their support for the consultation, both in terms of its design and delivery and the high quality of the responses received.
- 9.3 Consultation has confirmed that there is strong support for the current plan. Comments included:

*"Excellent idea. Everything in life is costing more every year and wages are not keeping up with those rises."*

*"Very good. I think it is a very good plan. £2 more a week is ok."*

*"I think it is a good idea, it will help people who are struggling and make life a little easier for them."*

*"As a pensioner anything that lowers our cost of living has to be a plus."*

*"It is needed to help people live and give everyone access to a warm house and the benefits of the internet."*

- 9.4 For those tenants who chose to have improvements slowed down, comments included:

*"It's good if it concerns every council/social tenant. Some live in a new house and some live in old houses. And to state that, some buildings are quite bad and need renovation, just like our own building."*

*"Might be ok if work was up to standard. From my experience and from what I've seen it sometimes isn't."*

*“I understand why many would want to speed up the current plan however, by doing this it would majorly affect those who pay full rent and receive no help through housing benefit.”*

- 9.5 Tenants were also asked what else was affecting their living costs and what other services could be invested in to save them money. There were some key themes which came out of the consultation. Tenants highlighted that the costs of energy was still a major concern and also that access to low cost broadband would help reduce costs. In addition to the current investment plan suggestions included:
- Low cost child care
  - Travel concessions
  - Food
  - Leisure activities e.g. swimming
- 9.6 These options will be explored in the coming months and proposals will be taken back to Health, Social Care and Housing Committee as part of the detailed 2017/18 capital investment programme in June 2017.
- 9.7 The consultation also highlighted that many tenants would benefit from discounts in essential services such as glasses, dental work and prescriptions. For many tenants on benefits, they should already be able to access concessions to help with these costs. To ensure tenants are aware of the help available to them, the Housing Service and Edinburgh Tenants Federation will run a joint communications campaign providing jargon-free advice.

### **The process**

- 9.8 Following the conclusion of the 2016/17 consultation three members of the ‘Rent Matters’ group were supported by officers to carry out research into how other local authorities carried out consultation. They presented their findings to a group of senior managers and made 14 recommendations. Thirteen of these were taken forward and implemented as part of this years’ consultation.
- 9.9 The working group met ten times in the last year to establish how, where, when and what would be consulted. The consultation built upon lesson learned in previous years and piloted new approaches to try and increase the response rate.
- 9.10 Tenants were able to respond in variety of ways including a ‘cut-out’ in the Tenants Courier, postcards, online surveys, ballot papers and via email or telephone. The consultation was advertised in local offices and on notice boards in local shops, libraries and community centres, on the Council’s website and email footers. Five road shows were held in the local offices across the city on Mondays to attract tenants coming in to pay their rent. The budget consultation was also promoted at Sheltered Housing Conference in October 2016.
- 9.11 An expanded social media campaign sent out daily messages and a pilot of Facebook advertising was successfully used to target tenants. A short animation video was also developed to ensure that the consultation was as accessible as possible, and was promoted online by the Council and partners. Over 30 Registered Tenant Organisations received information packs and 230 Tenant Panel

members received information either by email, text or letter. Over 1,000 self adhesive freepost postcards were delivered to tenants by housing officers, concierge staff and heating engineers. A lamppost wrap-around advertising campaign was also piloted North West locality to target the more remote areas of Edinburgh where tenants have less access to community centres and libraries.

- 9.12 The budget consultation was the focus of the Tenants Conference, held on 29 October 2016. Workshops were held for tenants to discuss their views of the Council's invest programme and provide comprehensive feedback. At the end of the discussion sessions attendees were invited to vote for which rent option they preferred via a ballot paper.
- 9.13 For the first time a conversation café was hosted at the Drumbrae Hub with tenants able to attend a number of discussion sessions held from 10am to 7pm. Developed with the 'Rent Matters' working group, the event was designed to provide a relaxed setting for tenants to come, have refreshments and share their views.
- 9.14 The rent consultation was also discussed at a meeting of the ETF Federation on 23 November 2016. Officers presented the approach, key messages, consultation questions and the results to date. The meeting was attended by 11 Resident Tenant Organisation representatives and 14 individual tenants. At the end of the meeting ETF held a ballot on the rent consultation. Those tenants who were representing an RTO were asked to vote once as a representative and once as an individual tenant. It was acknowledged that some individuals had not had time to consult with their groups in advance of casting a vote.
- 9.15 The ballot included the three rent options that had been designed and agreed by the 'Rent Matters' working group, plus an additional option of a rent freeze. Almost a third of the votes cast were in favour of the current plan funded by a 2% rent increase; however 69% (25 votes) were in favour of a rent freeze. This analysis has not been included in the final results listed in Appendix 4 as the options are not in line with the questions asked as part of the city wide consultation.

## **10. Background reading/external references**

---

- 10.1 [Housing Revenue Account – Budget Strategy 2016-17 – 2020-21, City of Edinburgh Council, 21 January 2016](#)
- 10.2 [Housing Improvement Programme: Delivering the Budget Strategy in 2016/17, Health, Social Care and Housing Committee, 21 June 2016](#)
- 10.3 [Housing Service Tenant Survey 2015, Health, Social Care and Housing Committee, 19 April 2016](#)
- 10.4 [City Housing Strategy Update, Health, Social Care and Housing Committee, 13 September 2016](#)
- 10.5 [Housing Revenue Account Budget Strategy 2017/18 Update, Health, Social Care and Housing Committee, 13 September 2016](#)
- 10.6 [Strategic Housing Investment Plan \(SHIP\) 2017/18 – 2021/22, Health, Social Care and Housing Committee, 15 November 2016](#)

- 10.7 [21<sup>st</sup> Century Homes: Housing Development at Fountainbridge and Meadowbank, Health, Social Care and Housing Committee, 19 April 2016](#)
- 10.8 [Housing Investment to Support Health and Social Care Priorities, Health, Social Care and Housing Committee, 19 April 2016](#)
- 10.9 [Integrated Housing, Health, Care and Support Services, Health, Social Care and Housing Committee, 15 November 2016](#)
- 10.10 [Pennywell-Muirhouse Civic Centre Redevelopment, City of Edinburgh Council, 27 October 2016](#)

## **Paul Lawrence**

Executive Director of Place

Contact: Lisa Mallon, Senior Development Officer

E-mail: [lisa.mallon@edinburgh.gov.uk](mailto:lisa.mallon@edinburgh.gov.uk) | Tel: 0131 529 6291

## **11. Links**

---

<b>Coalition Pledges</b>	<p>P8. Make sure the city's people are well-housed, including encouraging developers to build residential communities, starting with brownfield sites.</p> <p>P30. Continue to maintain a sound financial position including long-term financial planning.</p>
<b>Council Priorities</b>	<p>CP2. Improved health and wellbeing: reduced inequalities.</p> <p>CP10. A range of quality housing options.</p>
<b>Single Outcome Agreement</b>	<p>SO2. Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health.</p> <p>SO4. Edinburgh's communities are safer and have improved physical and social fabric.</p>
<b>Appendices</b>	<p>Appendix 1 – Draft HRA Budget 2017/18(Draft)</p> <p>Appendix 2 – Business Planning – High Level Assumptions</p> <p>Appendix 3 – Citywide House-building Programme</p> <p>Appendix 4 – Draft 5 Year HRA Capital Investment Programme</p> <p>Appendix 5 - 'Investing in your future' Consultation Results</p> <p>Appendix 6 – Current Context</p> <p>Appendix 7 – HRA Business Plan – Financial Analysis</p>



## Appendix 1 - Housing Revenue Account Budget 2017/18 (Draft)

There have been significant changes in the 2016/17 budget primarily due to Housing Service transformation and the transfer of the temporary accommodation service to Stronger and Safer Communities. The HRA now receives rental income for the temporary accommodation units that sit on the HRA.

	Revised Budget 2016/17 £m	Proposed Budget 2017/18 £m	Movement £m	Movement %	Note
					1
<b>Income</b>					
Net rental income	93.519	95.624	2.105	2%	2
Safer and Stronger Communities	2.100	2.100	0	0%	3
Other income	4.075	4.083	0.008	0%	4
<b>Total income</b>	<b>99.694</b>	<b>101.807</b>	<b>2.113</b>	<b>2%</b>	
<b>Expenditure</b>					
Housing Management	28.878	28.088	-0.790	-3%	5
Service Transformation	0	0.690	0.690	100%	6
Repairs & maintenance	18.130	17.528	-0.602	-3%	7
Debt charges	36.400	38.292	1.892	5%	8
Environmental maintenance	2.885	2.698	-0.187	-6%	9
Movement in bad debt provision	1.100	1.000	-0.100	-9%	10
Strategic Housing Investment	12.301	13.511	1.210	10%	11
<b>Total expenditure</b>	<b>99.694</b>	<b>101.807</b>	<b>2.133</b>	<b>2%</b>	

### Note 1

Between the approved and revised 2016/17 budget temporary accommodation was moved from the HRA to the general fund, a voluntary debt repayment of £10m was made and a budget realignment exercise was conducted post the transformation programme.

### Note 2

'Net rental income' is the total rent that could be collected, minus written off former tenant arrears (0.90%) and rent loss due to empty homes (0.49%). It also takes account of the variation in housing stock numbers including right to buy and 21st Century Homes as well as a rent increase of 2.0% for 2017/18.

### Note 3

This is income from Council homes that are used as managed or dispersed Temporary Accommodation received from Safer and Stronger Communities.

### Note 4

This includes service charges to tenants, non-housing rents and recovered costs from owner occupiers. A freeze has been applied to all 'Other income' for 2017/18.

### Note 5

'Housing Management' includes employee costs, central support costs and recharges, premises and other expenditure. A 10% reduction in employee costs was achieved at the start of 2016/17. Further efficiencies in housing management overheads have resulted in further reductions in 2017/18, at the same time, the housing service has delivered an increase in frontline staff in line with patch working and a 1% increase in salaries.

Housing management also includes the HRA contribution to the advice, support and sheltered housing services managed within Safer and Stronger Communities.

#### **Note 6**

This includes new services to reduce tenants' cost of living including broadband, energy advice, community food growing initiatives and housing apprenticeships.

#### **Note 7**

As a part of transformation a 20% reduction target in repairs and maintenance by 2020 had been set to bring in line with benchmarking.

#### **Note 8**

'Debt charges' are capital financing costs (principal repayments, interest & management expenses) for HRA debt for existing stock and the planned investment programme. Over the last 5 years total debt has reduced by £11 million, whilst at the same time investment of £190 million has been delivered in existing and new homes. Debt charges are expected to increase in 2017/18. This is due to the accelerated house building programme, that will see the Capital investment increase by over 50% on 2016/17 levels.

#### **Note 9**

'Environmental maintenance' comprises grounds maintenance costs, including empty properties, pest control and garden aid. These are services that the Housing Service purchases from other parts of the Council. The standard 2% inflationary uplift has been applied as well as the HRA's share of the taskforce transformation saving.

#### **Note 10**

Rent arrears were projected to grow in 2016/17. To reflect this, the bad debt provision was increased by £1.1m. A number of initiatives have been introduced to improve support to those tenants affected by welfare reform. New measures and the move to patch working aims to prioritise early intervention to manage arrears and prevent tenants getting into debt. This risk has been kept under continuous review and an additional £1.000 million has been set aside in the 2017/18 budget to continue to manage this.

#### **Note 11**

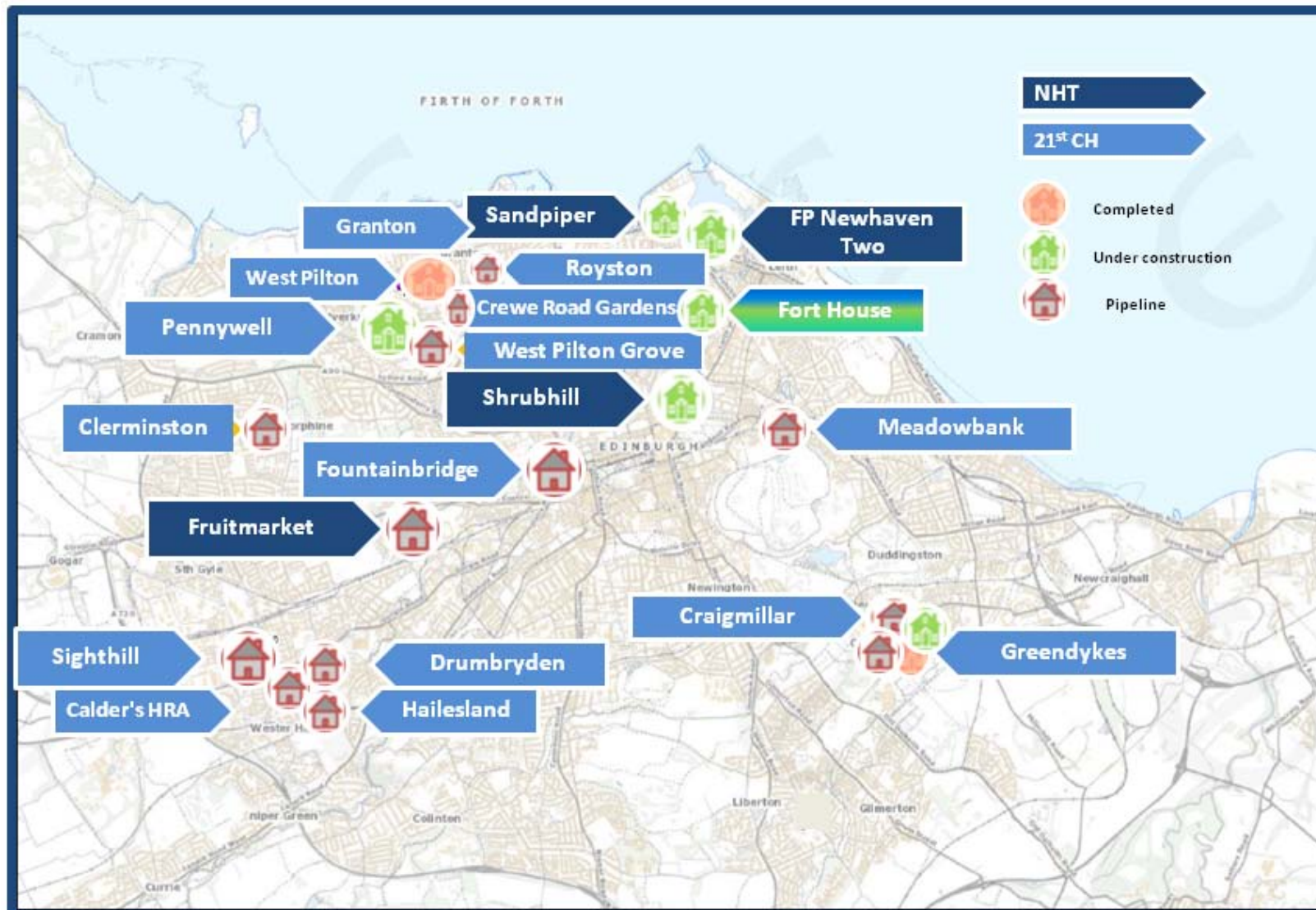
'Strategic Housing Investment' relates to income in excess of operating expenditure. It can be used within the same year to fund new capital investment (CFCR), repay old HRA debt or mitigate unforeseen risks. It can also be transferred to the Repairs and Renewals fund to support the new build programme in future years. The Strategic Housing Investment Fund is an amalgam of the Repairs and Renewals Fund and the Council Tax Discount Fund.

## Appendix 2 – Business Planning – High Level Assumptions

Input	2017/18	Note
Inflationary Increase	2%	Based on Bank of England target inflation rate and Council's long-term financial plan.
Rent Increase	2%	To reflect long-term financial planning and keep rents affordable.  Current inflation estimates for 2017/18 are between 3.5% and 4%.
Net Rental income	98.61%	Total projected rental income, minus written off former tenant arrears and rent loss due to empty homes.
Former tenant arrears write off	0.90%	This has been set at £0.850 million in 2017/18, based on current performance.
Rent lost on empty homes	0.49%	This has reduced from 0.59% in 2016/17, based on current performance.
Reduction Responsive Repairs Costs	£0.810m	20% reduction in repairs costs over 5 years to bring in line with benchmarking.
Debt level (projected for March 2017)	£357m	£358m at 31 March 2016. This reduction is due to £17 million debt repayment at the end of 2015/16 and a limited borrowing requirement in 2016/17.
Interest on debt	5.1%	Increase of 0.1% from 2016/17.  Primarily due to the fact that there was limited borrowing carried out during 2016/17.

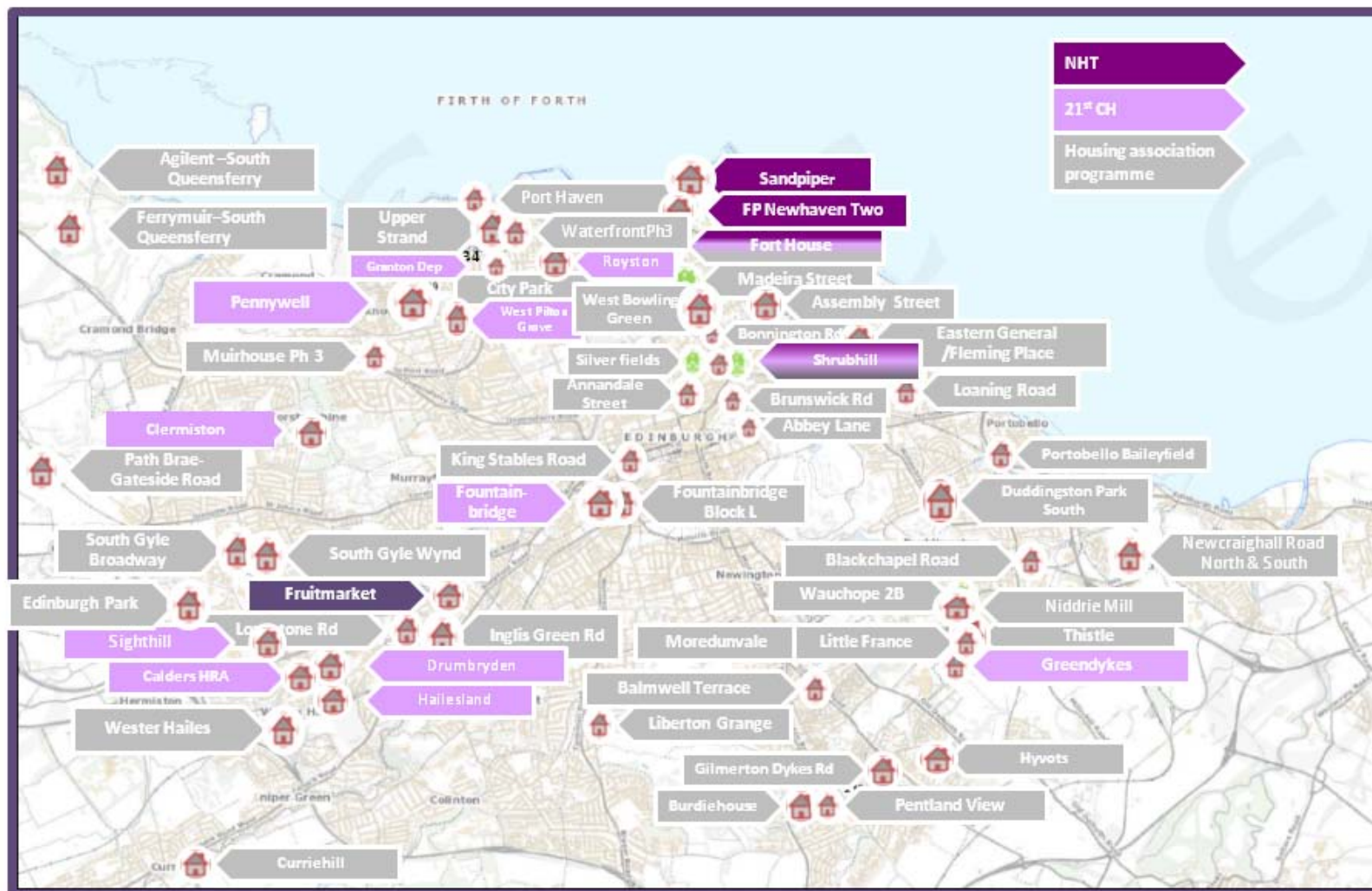
## Appendix 3a – City Wide House Building Programme

Council led house-building programme – 2,000 homes on 20 sites complete, on site or under construction in next 12 months



## Appendix 3b – City Wide House Building Programme

Council & Housing Association led house-building programme of around 4,000 homes on 60 sites complete, on site or under construction in next 12 months

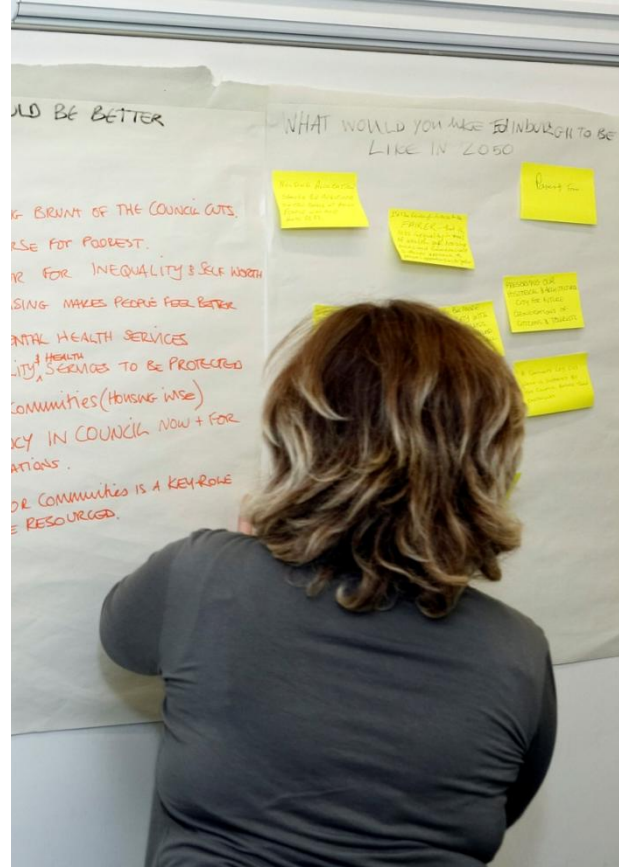




## Appendix 4 – Draft HRA Capital Investment Programme

The 2017/18 Draft Budget and Business Plan are based on the assumptions set out in Appendix 2. Below is the outline draft Capital Investment Programme, which is based on tenant priorities, service performance and statutory investment requirements. The funding strategy may be revised through the year as officers seek to make the best use of any existing and new resources and use the most appropriate funding to generate the best return to the HRA.

Programme Heading	2017/18	2018/19	2019/20	2020/21	2021/22	Total
	£	£	£	£	£	
<u>HRA Core programme</u>						
Housing investment	27,936,500	27,171,500	25,686,500	24,336,500	21,623,345	126,754,345
Service Transformation	1,415,000	4,791,250	4,791,250	4,791,250	4,887,075	20,675,825
Neighbourhood Environmental Investment	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	10,000,000
Community Care	1,550,000	1,550,000	1,550,000	1,550,000	1,550,000	7,750,000
Capital Salaries & CHS	1,919,000	1,938,190	1,957,572	1,977,148	1,996,919	9,788,829
Place making	2,500,000	2,500,000	0	0	0	5,000,000
<b>Sub Total</b>	<b>37,320,500</b>	<b>39,950,940</b>	<b>35,985,322</b>	<b>34,654,898</b>	<b>32,057,339</b>	<b>179,968,999</b>
<u>21st Century Homes</u>						
21st Century Homes investment	42,138,981	60,981,898	61,428,509	71,194,351	115,331,143	351,074,882
<b>Sub Total</b>	<b>42,138,981</b>	<b>60,981,898</b>	<b>61,428,509</b>	<b>71,194,351</b>	<b>115,331,143</b>	<b>351,074,882</b>
<b>Total</b>	<b>79,459,481</b>	<b>100,932,838</b>	<b>97,413,831</b>	<b>105,849,249</b>	<b>147,388,482</b>	<b>531,043,881</b>
Funding Source	£	£	£	£	£	Total
<u>HRA Core programme</u>						
Prudential Borrowing	19,460,500	21,900,940	19,935,322	18,604,898	16,507,339	96,408,999
CFCR	12,500,000	13,000,000	11,000,000	11,000,000	10,500,000	58,000,000
Receipts from other HRA Assets (Acquisitions, disposals & Land etc.)	1,560,000	2,250,000	2,250,000	2,250,000	2,250,000	10,560,000
Capital Receipts and other income	3,800,000	2,800,000	2,800,000	2,800,000	2,800,000	15,000,000
<b>Sub Total</b>	<b>37,320,500</b>	<b>39,950,940</b>	<b>35,985,322</b>	<b>34,654,898</b>	<b>32,057,339</b>	<b>179,968,999</b>
<u>21st Century Homes</u>						
Strategic Housing Investment Fund	9,500,000	17,740,000	2,000,000	7,500,000	15,480,000	52,220,000
Prudential Borrowing	22,985,156	35,879,608	53,225,352	43,145,314	70,341,904	225,577,334
Developers contributions	1,438,825	1,541,290	332,157	3,848,037	6,972,239	14,132,548
Scottish Government Subsidy	8,215,000	5,821,000	5,871,000	16,701,000	22,537,000	59,145,000
<b>Sub Total</b>	<b>42,138,981</b>	<b>60,981,898</b>	<b>61,428,509</b>	<b>71,194,351</b>	<b>115,331,143</b>	<b>351,074,882</b>
<b>Total</b>	<b>79,459,481</b>	<b>100,932,838</b>	<b>97,413,831</b>	<b>105,849,249</b>	<b>147,388,482</b>	<b>531,043,881</b>



# 2017/18 Invest in Your Future Consultation Results

## HRA Budget Strategy 2018/17 – 2021/22

*December 2016*

## The Consultation by numbers

**Total Responses**

**334**

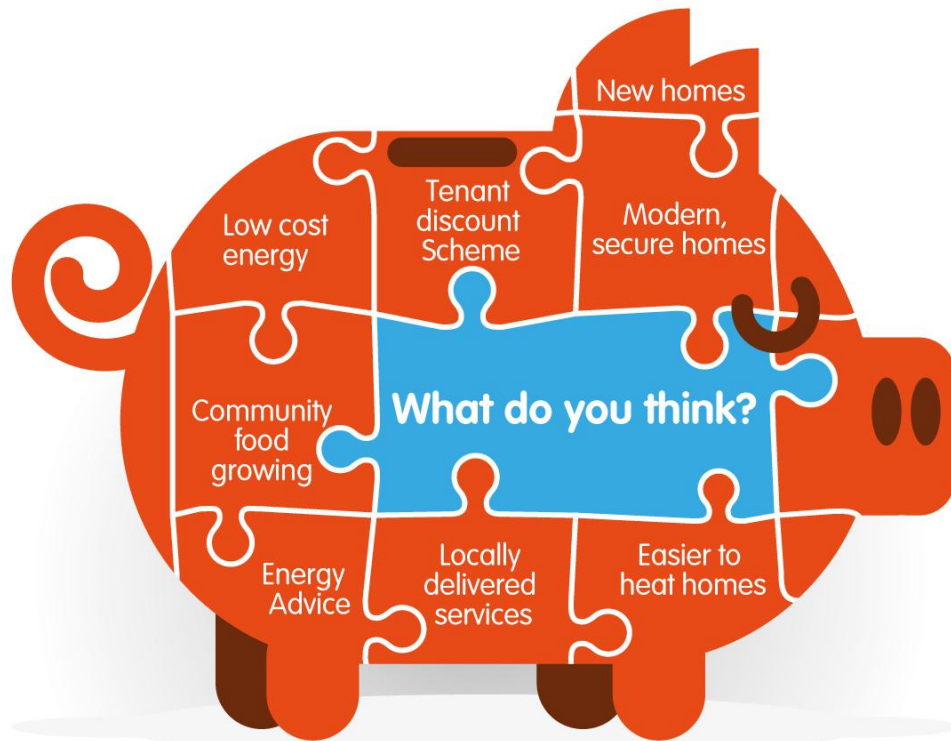
**Total Comments**

**284**

**27%**

increase on last  
year's responses





1. What do you think of the plan to reduce your living costs by 2020?
2. What else is affecting your cost of living? What else can we do to help?
3. Do you want the current plan to speed up improvements or slow them down?

## What was asked

30% increase in advertising and encouraging tenants to get involved  
27% increase on last year's responses

# Promotion



# Who responded



52%

\*5%  
preferred  
not to say



43%

65 to 74

18%

18 to 24

11%

25 to 34

35 to 44

20%

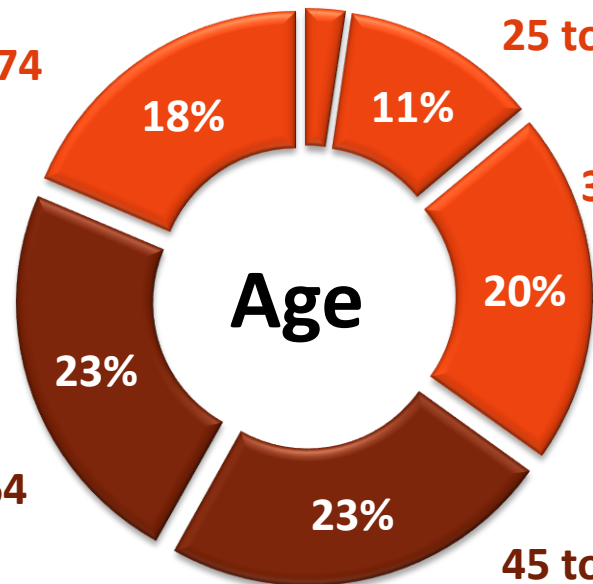
45 to 54

23%

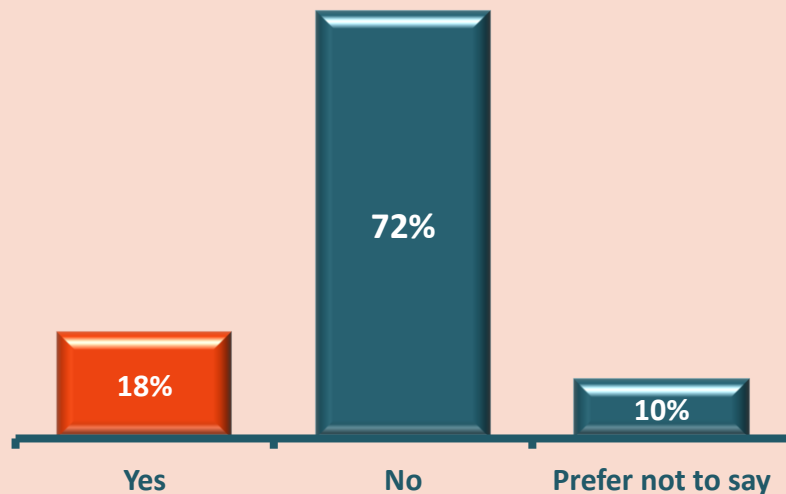
55 to 64

23%

Age



Disability



Location

North West

22%

North East

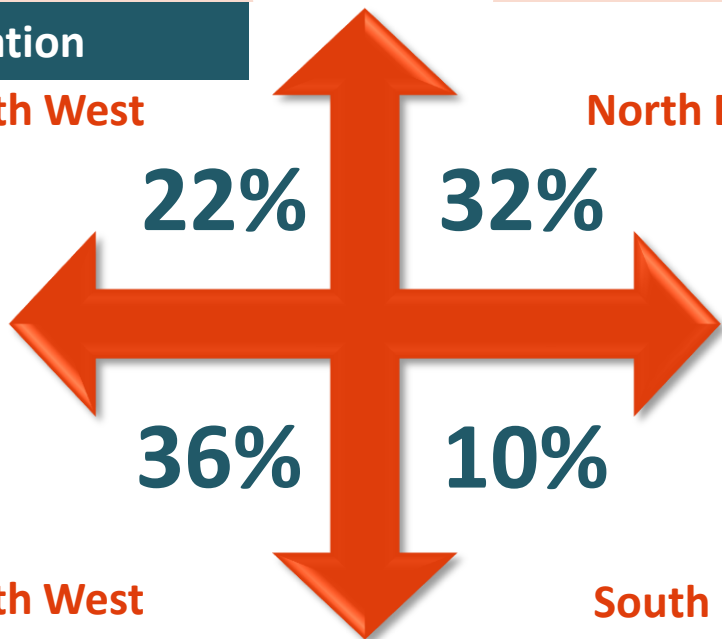
32%

South West

36%

South East

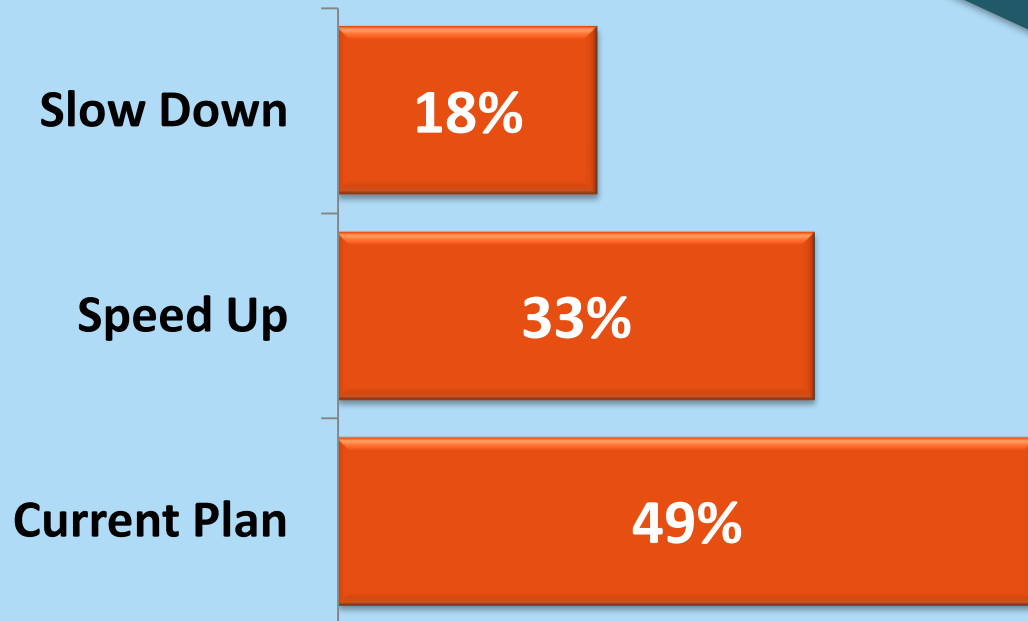
10%
















# How tenants responded



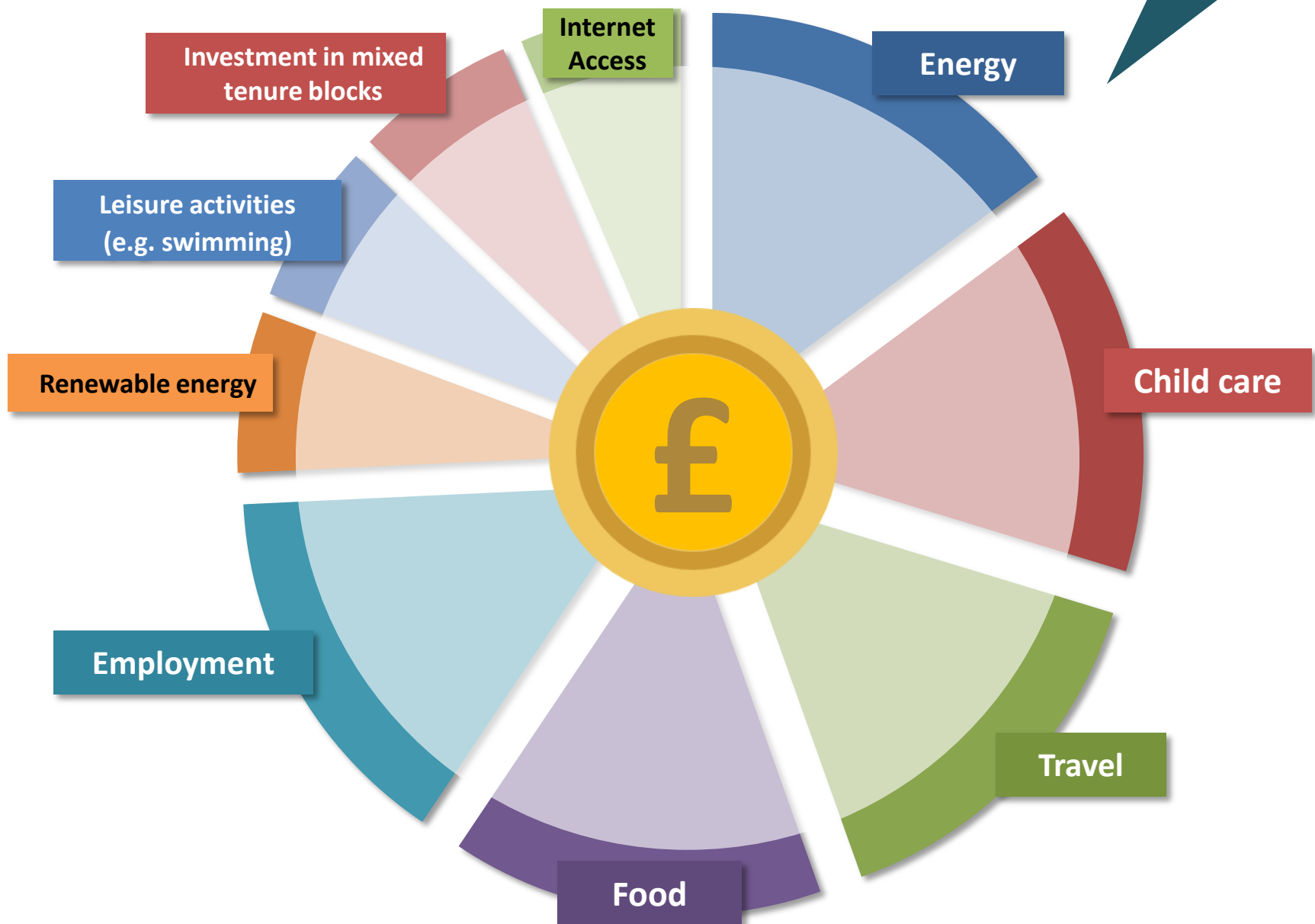
**Do you want the current plan, to speed up improvements or slow them down?**



# What do you think of the plan?

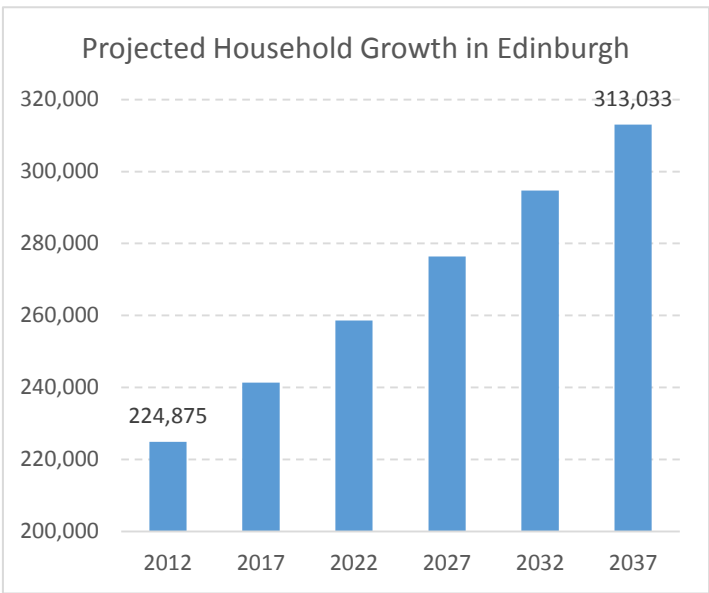
-  "Excellent idea. Everything in life is costing more every year & wages are not keeping up with those rises."
-  "Very good. I think it is a very good plan. £2 more a week is ok."
-  "I think it is a good idea, it will help people who are struggling & make life a little easier for them."
-  "The faster the plan is completed, the faster and bigger the returns/improvements are, the cheaper the cost is."
-  "As a pensioner anything that lowers our cost of living has to be a plus."
-  "Lower energy costs would help very much as now being 70+ we are in the house more & therefore using more energy"
-  "It is needed to help people live and give everyone access to a warm house and the benefits of the internet."
-  "it's good if it concerns every council/social tenant. Some live in a new house and some live in old houses. And to state that, some buildings are quite bad and need renovation, just like our own building."
-  "Might be ok if work was up to standard. From my experience and from what I've seen it sometimes isn't.."
-  "I understand why many would want to speed up the current plan however, by doing this it would majorly affect those who pay full rent and receive no help through housing benefit. Those who receive housing benefit would not fully understand the effect it would have on the rest of the tenants."
-  "I am 90 years old, £2 a week is too much for me. I don't get any benefits, only my pension. I can't afford a rent increase."
-  "Rent is sky high as it is"
-  "Rents should only go up by inflation levels, the rents are the highest in Scotland already ...CEC should make their tenants aware why work is not progressing on some blocks rather than just putting the rent up. Meanwhile, the blocks turn into ghettos with tenants ashamed about inviting friends etc to visit."

# What else is affecting you living costs? What else would help?



# Appendix 6: Current market context

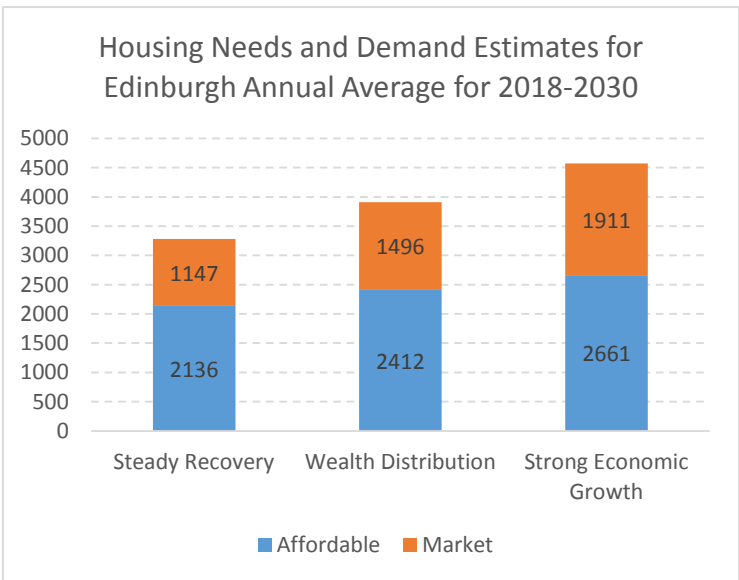
## 1. Edinburgh has the fastest projected household growth amongst all Scottish local authorities



The number of households living in Edinburgh is projected to increase by 39% over the next 15 years (from 224,875 in 2012 to 313,033 in 2037). It has the fastest projected growth amongst all Scottish local authorities. The overall number of households in Scotland is projected to increase over the same period by 17%.

Source: National Records of Scotland (2012 based projection)

## 2. It is estimated that Edinburgh will need between 3,300 and 4,600 new homes every year to accommodate household growth

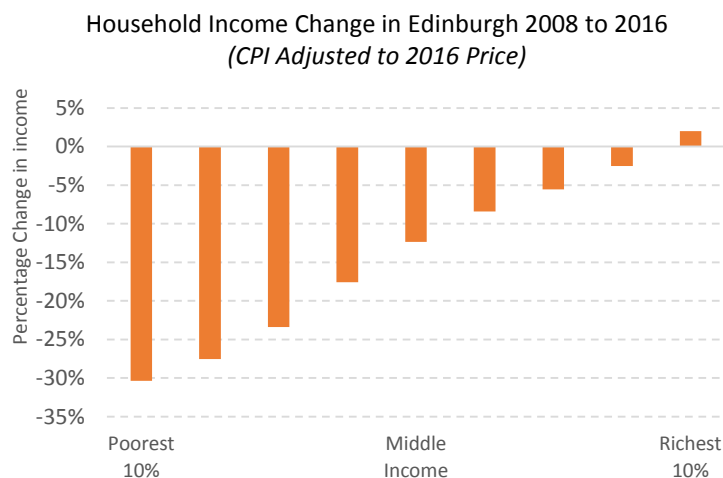


The South East Scotland Housing Needs and Demand Assessment 2015 estimated that Edinburgh would need between 3,300 and 4,600 new homes every year to accommodate its household growth. The majority of these homes need to be affordable. The numbers vary depending on the assumptions used on economic growth.

Source: South East Scotland Housing Needs and Demand Assessment 2015



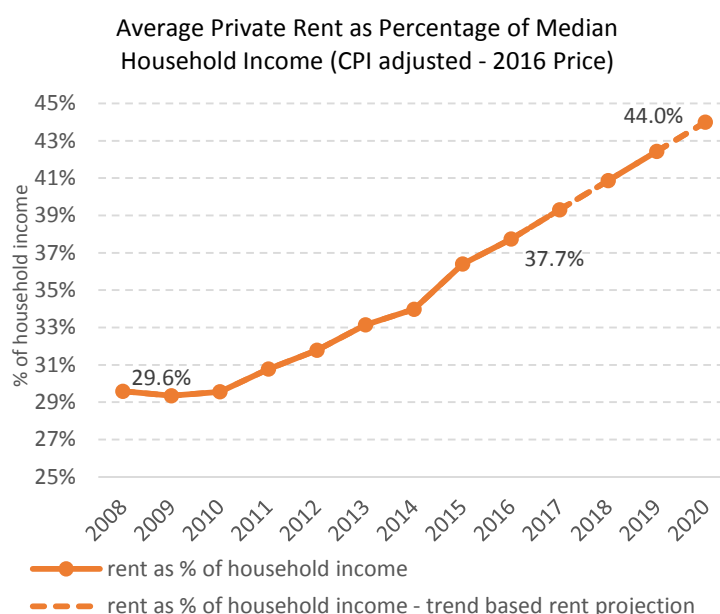
**3. The poorest households have experienced the greatest reduction (between £4k & £6k) in their household income since 2008**



Between 2008 and 2016 incomes have fallen for those already on low incomes. The poorest third of the households have seen their incomes reduced by as much as £6,300 a year in real terms.

Source: CACI Paycheck

**4. Average monthly private rent in Edinburgh is £1,000. It is projected that rent will account for 45% of average income by 2020**

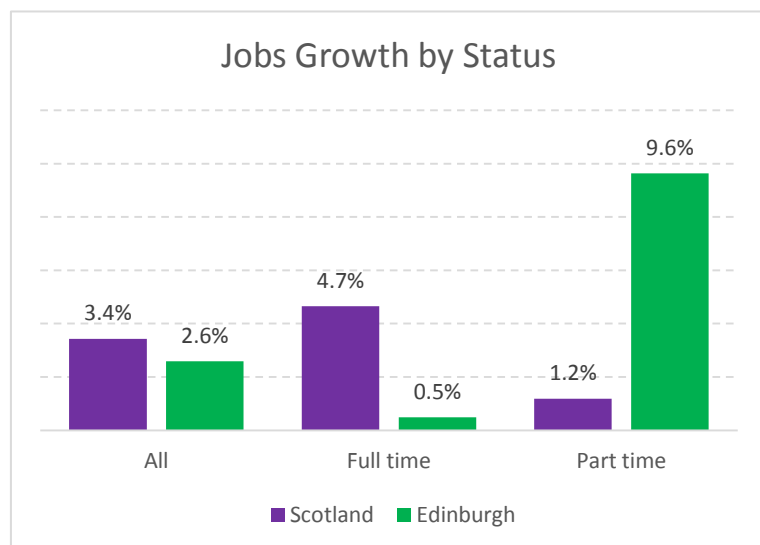


In 2008, a middle earning household would be paying approximately 30% of its income for an average private let in the city, which was deemed affordable. This has increased to 38% in 2016, more than a third of the household income.

When projecting forward with stagnating/reducing income, the same household would be spending 44% its income to rent an average property in 2020.

Source: CACI Paycheck and Citylets

## 5. The number of part time jobs has grown more quickly than full time jobs

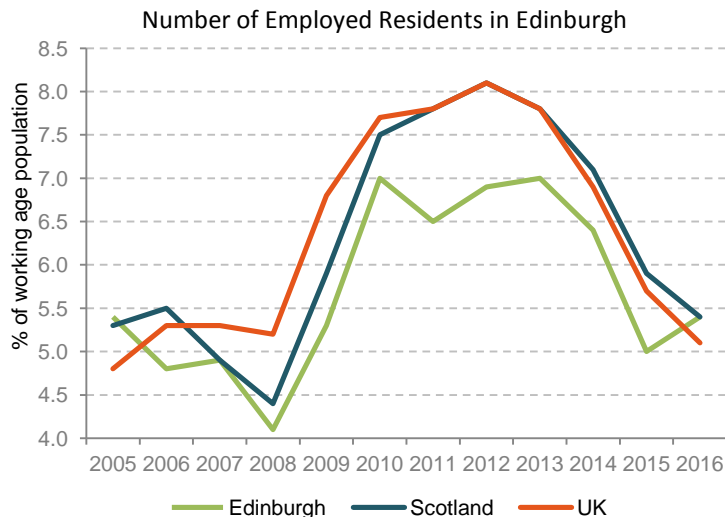


Jobs growth has been strongest in part time employment over the last three years, meaning the total number of hours worked in the city remains relatively stagnant.

Although the growth in jobs has helped to improve the employment rate, it has done little to enhance the quality of jobs available, in relation to pay and contracted hours.

Source: Annual People Survey

## 6. Unemployment levels in the city remain higher than pre recession levels

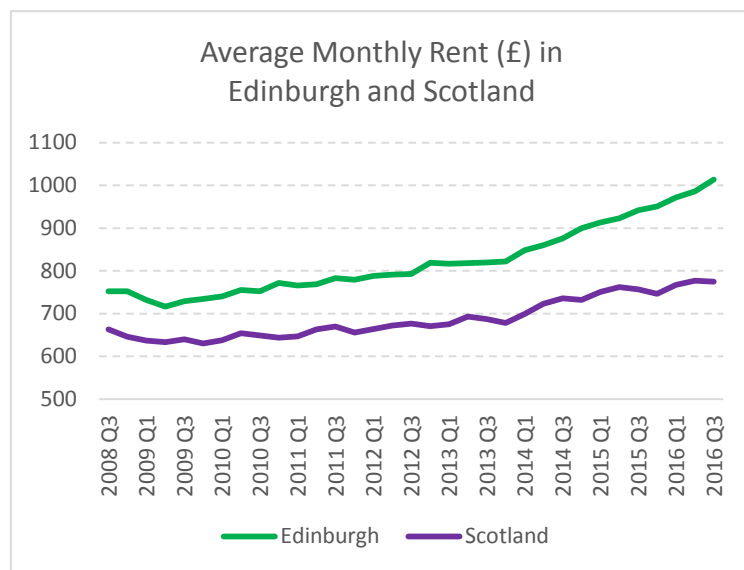


14,200 residents were unemployed in 2015, 5,000 fewer than the peak unemployment levels recorded in 2013, but still higher than pre-recession levels.

Worklessness trends generally mirror those of unemployment. In 2015, 16% of Edinburgh residents lived in a household where no adult was employed.

Source: Annual Population Survey

## 7. Private rents in Edinburgh are growing at a much faster rate than the Scottish average



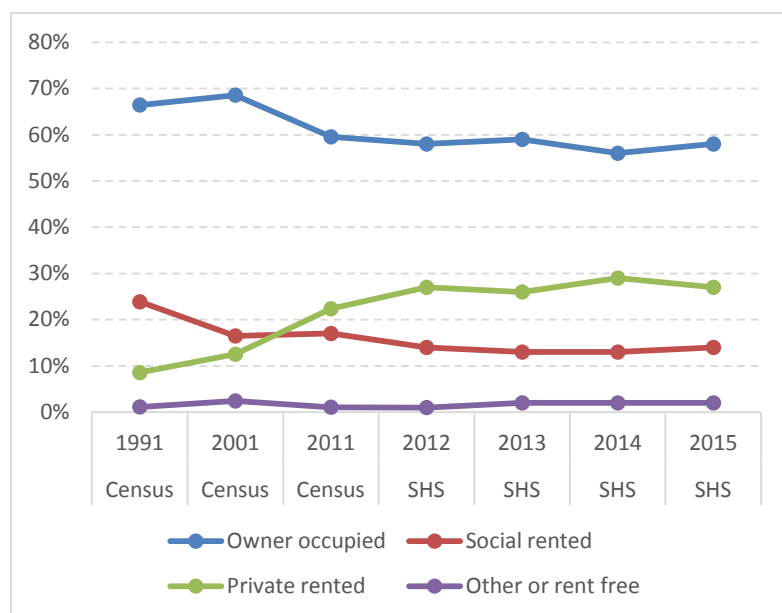
The average private rent in Edinburgh has increased by 35% between 2008 and 2016 to £1,014 per month.

The average rent in Scotland has increased by less than 17% over the same period.

Stagnate/reducing income, along with increasing housing costs, has significantly impacted on economic inequality in the city.

Source: Citylets

## 8. The proportion of private rented homes in Edinburgh has more than doubled since 2001, mainly at the expense of home ownership



The private rented sector only accounted for 13% of the households in Edinburgh in 2001. It has more than doubled (27%) by 2015. This is significantly higher than the Scottish average of 14%.

The owner occupied sector has reduced from its peak of 69% in 2001 to 58% in 2015.

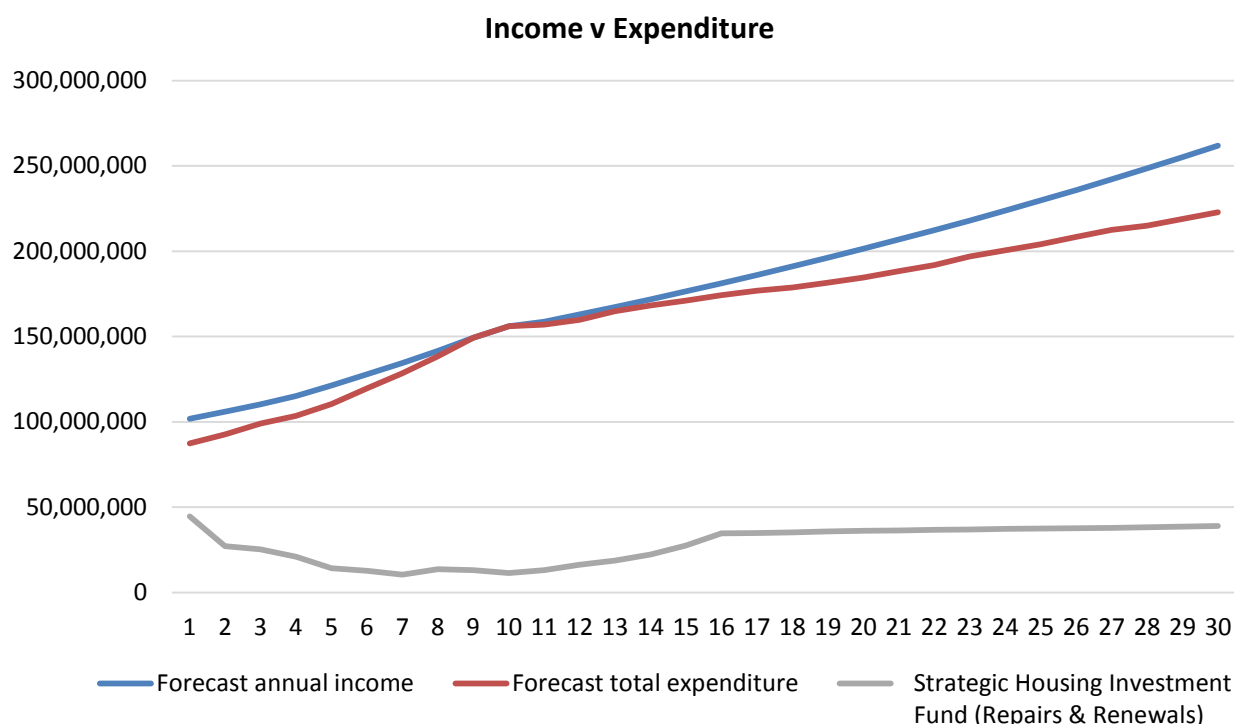
Social rented homes account for 14% of the housing stock in Edinburgh, compared to the Scottish average of 23%.

Source: Census and Scottish Household Survey

## Appendix 7 – 30 Year HRA Business Plan Financial Analysis

This appendix sets out the impact of delivering the investment strategy over the next 30 years. The strategy seeks to deliver 8,000 new homes over the next 10 years, as well as, investing in improving the quality of existing homes and developing innovative services aimed at reducing tenants living costs.

Based on the outcome of this year's comprehensive tenant consultation the business plan assumes a 2% annual rent increase. Over 80% of tenants said they were willing to pay a minimum of 2% to deliver the current investment plan over the next 5 years. This 2% rent increase is almost half current inflation estimates and below the projected average local authority rent increases in 2017/18.



Maximising investment in current and new homes and delivering new services, means income and expenditure is more closely aligned. This is most visible in years 10 to 12 due to the significant investment in the new house building programme and an increase in debt repayment due to historic debt coming to term. Approximately £2.3 million is required from the Strategic Housing Investment Fund to ensure the HRA does not go into deficit in these years.

A more accurate assumption of the impacts of welfare reform on rental income has been included in the Business Plan. At the same time, the Business Plan assumes the successful implementation of a 20% reduction in repairs costs and an increase in income through the acceleration of the Council's acquisitions and disposals asset consolidation strategy.

From year 10 onwards, once new homes are completed, the regular rental income does put the HRA back in a comfortable financial position and builds the Strategic Housing Investment Fund to over £30 million by year 17 (20% of annual operating costs) and is maintained at that level to any unforeseen risks. The Business Plan also assumes that housing development will continue at a steady pace from year 10 onwards. Additional in year surpluses are used to reduce the borrowing requirement for the continued capital investment programme.

# Finance and Resources Committee

10.00am, Thursday 19 January 2017

## Play Your Part – 2017-18 Budget Proposals Overview of Feedback and Engagement

Item number	7.9
Report number	
Executive/routine	
Wards	All

### Executive summary

---

This report outlines the structure of the budget engagement campaign and highlights the key actions taken to ensure staff, citizens and other stakeholders were meaningfully engaged. The report summarises the overall level of response and emerging themes from feedback to the Council's budget engagement process.

Given the reduced engagement period in 2016, the engagement process generated slightly more responses in the same time compared to 2014 and 2015.

Respondents generally looked for more information about how ideas would be implemented – particularly around potential changes to libraries – but were broadly supportive of shared facilities, increased use of volunteers and the aims of channel shift.

However, respondents questioned the quality of the Council's online offering and were critical of what were viewed as attempts to remove or minimise the role of skilled employees.

### Links

---

Coalition pledges	All
Council outcomes	All
Single Outcome Agreement	All

## 2017-18 Budget Proposals

### Overview of Feedback and Engagement

#### Recommendations

---

- 1.1 To note the contents of this report.
- 1.2 To refer this report to Full Council as part of setting the 2017/18 revenue budget framework.

#### Background

---

- 2.1 Each year the Council consults with citizens and other stakeholders on the planned changes to its budget.
- 2.2 In 2014, the Council conducted a three-year prioritisation exercise asking people to set relative spending levels across all of its services, while taking account of the restriction that the budget had to balance and that it was necessary to make savings in some areas to meet growing demand in others. In this exercise, services for vulnerable adults and children, schools, and cultural services were protected relative to internal administrative services.
- 2.3 In 2015, the budget engagement focused on a number of significant policy areas where the Council would make decisions in subsequent years. Citizens and stakeholders supported changes such as increasing Council Tax to help pay for services - while stressing the importance of the need to continue to make efficiencies - and a preference for centralised community hubs with co-located services.
- 2.4 As a result of information gathered in the 2014 and 2015 budget engagement activities, the Council made a series of budget commitments covering a three-year period to deliver its transformation programme and make necessary savings. As a result of these commitments, the scope of the 2016 engagement exercise was reduced from previous years.
- 2.5 The 2016 budget engagement focused on the delivery of programmes and initiatives already agreed in principle. Citizens and stakeholders were invited to contribute to the development of services and how changes might best be implemented. In particular, feedback was sought on ways access to facilities could be increased, how library services could be better integrated with other Council and partner services, and how best to introduce more online services. Additionally, views were asked for on two areas where public interest had

previously been high - how winter festivals are funded, and the funding of leisure services.

- 2.6 Responses to the budget engagement could be submitted by online survey, email, telephone, in writing, by paper form, using the online engagement tool Dialogue, and face-to-face during events. More information on communication and response is included later in this report.
- 2.7 This year's budget engagement exercise also operated on a shorter timescale than in previous years, covering just over seven weeks, and closing on 21 November 2016.
- 2.8 Two other major engagement activities have been planned to run alongside the budget engagement activity - the city's development of a 2050 vision and the first phase of Locality Improvement Planning. As these three engagements were likely to overlap, links were made to ensure that relevant feedback was passed to each process, regardless of where it was received. Through these links the Council sought to reduce any sense of repetition, fatigue, or disconnect amongst stakeholders.

## Main report

---

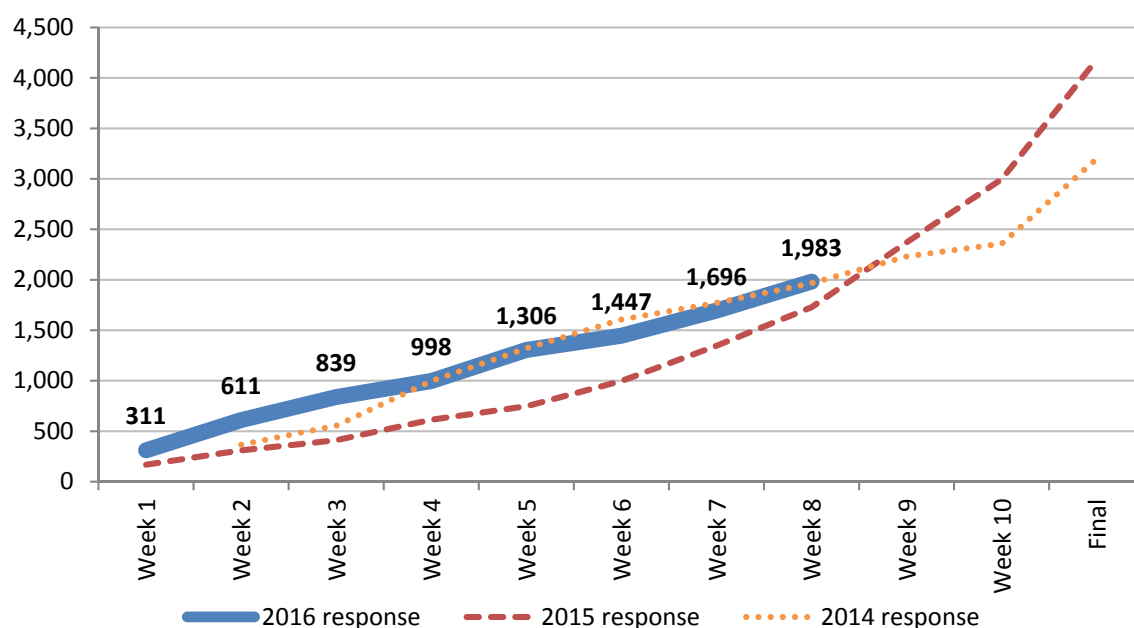
### Communications activity

- 3.1 The budget engagement was supported by a multimedia communications approach that included:
  - Posters and leaflets - printing of posters and leaflets which were widely distributed to Council and non-Council locations;
  - An e-flier - used in previous years as a simple way for stakeholders to disseminate information, this was directly sent to more than 1,000 contacts;
  - Social media - campaign messages were shared and discussed on major social media platforms including Facebook, Twitter and LinkedIn. Targeted advertising was used to encourage participation from key groups under-represented in the response;
  - Lamp post wraps - placed in more than 50 locations across the city. This outdoor advertising was further enhanced by phone box advertising;
  - Internal communications - emails to Council employees from the Chief Executive and Council Leader through their scheduled messages, Managers News, Newsbeat and plasma screens in offices and libraries;
  - Budget engagement films - three different films were produced and distributed to partners and stakeholders;
  - Attendance at events - including a presence at the annual tenants conference and Leith Decides.

- 3.2 Working with the Edinburgh Evening News, a number of opinion pieces have been produced and published discussing the budget and the 2050 city vision.
- 3.3 By the close of the engagement period the communications activity had generated 8,599 unique views on the Play Your Part webpage.
- 3.4 This activity, which the Council has conducted itself, is further augmented by activities which other groups and organisations have taken forward. The Council has supported others to coordinate and engage with their stakeholders on key issues through the creation of a workshop brief.
- 3.5 The annual Question Time event, which gives members of the public an opportunity to quiz a panel of senior councillors, was successful once again. Delivered in partnership with the Evening News, twice as many people attended the event (80) than last year, with a big increase in numbers watching the live webcast online (250) and a healthy number of questions submitted in advance (43).

### Response numbers

- 3.6 A total of 1,983 responses to the budget engagement have been received by all methods. While this was fewer responses than in 2014 or 2015, as shown in the graph below, the response was slightly above the same level achieved over the eight weeks in which the consultation was open in 2016.



- 3.7 This total response to the budget includes the following elements:
- 784 individuals completed the online survey;
  - 101 ideas discussed on the Council's Dialogue site, resulting in 172 individual comments and 387 ratings;
  - 66 budget leaflets, 28 emails, 2 telephone calls; and
  - 443 comments received through social media, including 391 comments on Facebook, and 52 direct replies on Twitter.



### **Feedback on budget proposals**

- 3.8 All feedback received will be made available to all elected members and the Council Leadership Team as a searchable electronic information pack. This will be completed and circulated before Christmas 2016.
- 3.9 In 2014, citizens were presented with the full Council budget and asked to prioritise spending across all services. The feedback received from that exercise indicated a strong preference to protect spending on: vulnerable people (both adults and children); direct delivery of education (nursery, primary, secondary schools); and culture.
- 3.10 In 2015, citizens were given a range of policy decisions on which to have their say. Of particular relevance to budget setting was the attitude towards how the Council raises money to pay for services. There was support for both increasing Council Tax and increasing charges for services, however this opinion was not uniform across the city or across age groups.
- 3.11 Older respondents and those from more deprived areas of the city were more strongly in favour of Council Tax increases over increasing per-use charges for services. By contrast younger people and those in more affluent areas of the city preferred smaller Council Tax increases and more increases for per-use services. Despite these local variations, the majority of residents responding in all wards were in favour of ending the Council Tax freeze.
- 3.12 In 2016, while demographic information was captured for respondents and this was analysed to identify any differences in perceptions or preferences, there were no significantly different views expressed by men and women, or Council employees and non-employees.
- 3.13 Engagement activity related to themes of the Play Your Part is planned and still ongoing. A data review will begin shortly, with the Council working with Edinburgh University, to develop the evidence base for making decisions around two service pairings – Gilmerton Library and Gilmerton Community Centre; and Piershill Library and Northfield Community Centre. Community groups and customers of these facilities will be involved in those discussions, which may provide useful learning for how all local provision should be reviewed across the city.

### **Local hubs**

- 3.14 Through the Council's Asset Management Strategy, a number of opportunities have been realised to create shared facilities and deliver savings. This review and rationalisation of the estate has resulted in the replacement of old and energy inefficient buildings no longer fit for purpose.
- 3.15 The creation of local hubs has been viewed as broadly successful by officers and customers – though use of shared office space is variable across sites and amongst partner organisations. This success, alongside economic, social and operational factors, has encouraged the Council to consider the development of more shared-used facilities. In some cases planned developments are focused

on targeting particular customer needs – such as the shared space for the new Inclusive Homelessness service – and in others the hub can also help to improve overall access to suitable spaces and strengthen communities.

- 3.16 The Council's Asset Management Strategy is considering the estate not simply in the context of purpose and efficiency, but in light of the powers and responsibilities created by the Community Empowerment Act. In this context the Council, its partners and communities will consider assets and the services delivered from them and determine whether the best overall outcome for local people is for these assets to be owned and operated directly by the public sector, or owned and operated by communities or voluntary organisations, or redeveloped for entirely new purposes.
- 3.17 As part of the 2015 budget engagement, the Council put the issue to citizens – giving them a choice between: smaller and more local service delivery; a gradual process of sharing facilities where opportunities became available; and an accelerated approach of transferring most services to local hubs.
- 3.18 17% of respondents were in favour of more local delivery. 23% supported the Council's current plans at the time, to merge some facilities and seek future opportunities. However, 60% of all respondents were in favour of more service hubs that provide more services at the expense of very local provision.
- 3.19 Amongst those respondents to the 2015 survey who were in favour of smaller and more local facilities, a reduction in opening hours was stated as a preference over the merging of facilities.
- 3.20 In 2016, citizens were asked how they would like to access libraries along with other community services. Concerns were raised regarding noise levels if libraries were to share space with other services. However, in general, feedback was supportive as respondents recognised the benefits in cost savings and the potential for better partnership working.
- 3.21 Respondents were particularly keen on the use of space in hubs for local community groups and the merging of community and school libraries.

***Use of volunteer support in libraries and community centres***

- 3.22 As part of the latest budget engagement, respondents were asked to provide their views on local community groups and individuals having more of a role in delivering library services.
- 3.23 Respondents were supportive of volunteers assisting with library services such as reading groups and other activities as long they were part of a managed volunteer programme. Amongst those who were supportive of volunteers assisting in libraries, many felt that it would be a good opportunity for individuals, and young people in particular, to gain work experience and actively participate in their local community. It was suggested that the Council offer incentives as a means of recruitment such as good quality training and other non-financial rewards.

- 3.24 Respondents valued skilled staff and were opposed to volunteers replacing qualified, paid staff. It was felt that there were many enquiries dealt with in libraries in particular that were complex and required specific knowledge that unskilled volunteers would not possess. Furthermore, respondents were concerned about un-vetted individuals working with vulnerable people.
- 3.25 As part of the process of engaging on the 2016/20 revenue budget framework, concerns were expressed by residents about reductions to staff numbers in community centres. Following this feedback, the Council decided not to make the proposed reduction in staff numbers.

#### ***Access to facilities outside of normal hours***

- 3.26 Citizens were asked for their suggestions or views regarding ways in which the Council can make libraries more accessible to a wider range of people and in particular, a swipe card system which would provide access to unstaffed library facilities out of hours.
- 3.27 Access to facilities outside of normal hours was not opposed as an idea, but was felt to carry a number of risks including care of the buildings and facilities, health and safety of library users, and the likelihood of inappropriate use of library buildings. Respondents requested further information regarding how this system would be managed.
- 3.28 Respondents were specifically concerned about the wellbeing of vulnerable individuals when accessing unstaffed facilities and the lack of assistance available during these periods when help from skilled staff is required.
- 3.29 Some respondents welcomed extended opening hours with many working shifts and unable to access libraries during the current opening times. However, it was apparent that respondents did not want unstaffed facilities to replace the current system altogether, many valuing skilled library staff.

#### ***Channel shift***

- 3.30 In 2015, when citizens were asked for their views on moving from paper to electronic billing, electronic billing was overwhelmingly supported. 81% of respondents supported moving to digital billing by default, with customers having to specifically request paper billing. While fewer than 1% were in favour of the current system of paper bills, 19% preferred an *opt-in* to digital billing, rather than an *opt-out* system.
- 3.31 It should be noted that these are all results of online engagement, and may therefore not represent the views of the whole population on online issues. However this does give a strong indication on the views of the majority of Edinburgh residents who are, generally speaking, using online billing for banks, credit cards, utilities and a range of other services.
- 3.32 Subsequently, in 2016, citizens were asked how the Council could create better online access to all services so that individuals can access information when they need it, make a payment or make a request for a service.

- 3.33 Comments received in relation to current online services indicated that at present, systems are too slow and not user friendly. Issues surrounding registration and signing-on to systems were identified and respondents were generally in favour of one system that provides access to all Council services rather than a number of different systems which causes confusion for citizens.
- 3.34 Respondents were generally concerned about system security and data protection. They questioned whether the Council needed to collect as much data as it did, whether this was secure, and advocated use of a secure payment platform like PayPal – but these concerns do not appear to relate to actual personal experience of using Council services online.
- 3.35 Accessibility for those with no internet was highlighted as problematic. This was linked with potential reductions in staff, and it was felt this would impact on the level of support available for those most in need and individuals who are less computer literate.
- 3.36 It was evident that many were unaware of the online services available and how citizens can access these services. The development of the online service offering continues, with support from CGI to ensure that new access methods create efficiencies and deliver savings for services as well as benefits for customers. Some communication activity has taken place (such as the Save Time, Do It Online campaign), but further communication and transition support will be rolled-out as online access is enabled and improved for more services.

### ***Leisure facilities***

- 3.37 During this year's budget engagement, citizens were asked how the Council can encourage individuals and local communities to be more involved in the provision of sport and leisure activities and the challenges this might bring.
- 3.38 The responses received were comparable to those relating to the use of volunteers in library services. In general, respondents were not in favour of volunteers taking over from paid, trained staff in leisure facilities with many raising health and safety concerns.
- 3.39 Some respondents suggested volunteering opportunities might be beneficial for young people who are trying to gain work experience in the health and leisure industry. In addition to gaining experience, incentives such as free gym membership were viewed as a good way of attracting volunteers.
- 3.40 Instead of reducing the number of skilled staff, respondents suggested alternative measures that they felt could be adopted to ensure that the level of service is maintained and service cuts kept to a minimum.
- 3.41 The cost of leisure facilities was considered too high, which respondents felt had led to customers moving to other providers of leisure services. Respondents were in favour of an increase in the amount of promotional work carried out and the development of initiatives to encourage more people to join. Suggestions included flexible payment methods, free trial days and discounts for multi-sessions.

- 3.42 The overall tone of comments regarding customer service, facilities and staff were very positive. However, a minority of respondents also reported unclean facilities, restrictive opening hours, excessively busy gyms and cold swimming pools. Negative aspects such as these have led people to move elsewhere and it was frequently reported that those who had done so were receiving a better quality of service at privately run facilities and paying less.
- 3.43 The importance of citizens sustaining a healthy lifestyle was mentioned frequently by respondents as was the Council's role in supporting it. Partnering with schools to encourage children to be active and healthy from a young age was valued and considered as an effective, preventative and cost-cutting measure.
- 3.44 As part of measures to expand access to leisure facilities, increase revenues and generally deliver better use of Council assets, Edinburgh Leisure has taken on responsibility for the management of sport and leisure facilities within the school estate. This should also help to better connect schools to their local communities whereas in the past most adults would have no reason to visit a school and might be specifically excluded from doing so.
- 3.45 Additionally, providers of leisure facilities and GP practices working in shared facilities was considered an area that should be explored to support and expand the way health and fitness services are developed and services delivered.

#### **Dialogue ideas**

- 3.46 Feedback on the Council's Dialogue page that relates directly to budget proposals has been included previously. Aside from these, some of the highest rated ideas suggested on the Council's Dialogue page have been summarised below. As appropriate, Dialogue ideas will be passed to services or Locality Leadership Teams to be considered for inclusion in Locality Improvement Plans.

#### ***More regular & efficient street cleaning***

- 3.47 The need for a more regular and efficient street cleaning service was mentioned on a number of occasions on the Dialogue page. Litter, weeds and dog fouling were some of the main issues citizens felt affected the condition of Edinburgh's streets and the wellbeing of the local residents. Citizens were not only keen to see an increase in the frequency of street cleaning and general repair but were eager for those who contribute to the litter and dog fouling problem to be held accountable for their actions.
- 3.48 The Waste Improvement Plan, amongst other actions, seeks to address street cleansing, the provision of street litter bins and fly-tipping. Through working more closely with Parks, a more preventative approach to weeds will be implemented. And all of this work will be supported by behaviour change communication campaigns including Neat Streets and Our Edinburgh.
- 3.49 The Council is currently exploring the development of a Citizen Deal or Citizen Charter, following on from the development of a new Customer Strategy and the Edinburgh 2050 City Vision. This charter would clarify the role of the Council in

delivering universal services – such as street cleaning – while also outlining the behaviours and responsibilities which are expected from citizens.

### ***Improve road surfaces***

- 3.50 The conditions of the roads in Edinburgh were considered poor and highlighted by a number of citizens. Concerned citizens noted the damage caused to vehicles and the risk to lives caused by potholes and uneven road surfacing and suggested that this could be resolved by resurfacing being carried out on a more regular and thorough basis. It was felt that if the condition of the roads were improved, it may encourage more people to cycle which would have a positive impact on congestion and pollution in the city.
- 3.51 The Edinburgh Street Design Guidance (ESDG) was approved by committee in 2015. The ESDG seeks to bring the Council into line with Scottish Government policy on street design where, amongst other triggers, carriageway and footway renewal activity takes place and utilities work impacts on the road surface. This should ensure a more holistic approach is taken to development, maintenance and reinstatement works. The experience and efficacy of deploying this approach will be reported to the Transport and Environment Committee.

### ***Improve cycle infrastructure***

- 3.52 Edinburgh now has higher proportions of people who cycle to work than anywhere else in Scotland and the importance of maintaining well-kept cycle paths and lanes was reflected in the ideas written by citizens on the Dialogue page. It was felt that improvements are required in order to ensure that the network of cycle paths and lanes are properly linked together throughout the city to ensure a safer and easier journey and to encourage more people to choose cycling as their mode of transport.
- 3.53 The Council has made a significant commitment to spend an increasing portion of its revenue and capital spending on the active travel network.

### ***Next steps***

- 3.54 Feedback from the budget engagement will also form part of the considerations for the creation of Locality Improvement Plans – particularly with regard to the use of facilities in localities – and the development of the Edinburgh 2050 City Vision. Through regular review of the Council Business Plan, the organisation remains focused on delivering positive outcomes for our customers within the current operating environment. The next update to the Business Plan will reflect all development work around budget engagement, Locality Improvement Planning and the development of the City Vision.
- 3.55 Views on the use of online services will influence the approach to the development and roll-out of the Council's ICT Transformation Programme, and the development of a new Customer Promise and supporting strategic approach to managing the customer experience.

## Measures of success

---

- 4.1 The success of a budget engagement process is determined by several criteria, including:
- a. The number of individuals who are reached by messages about the consultation, raising awareness that the Council is engaging on its budget;
  - b. The number of individuals who attend events or otherwise respond to the budget engagement; and
  - c. The extent to which individuals and organisations have been able to understand and meaningfully input into the budget process. Unlike other measures of success, this is subjective and takes into account wider feedback on the budget process.
- 4.2 The budget engagement process is reviewed each year, and all of this feedback will be considered when designing any future budget engagement activity.

## Financial impact

---

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

## Risk, policy, compliance and governance impact

---

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

## Equalities impact

---

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

## Sustainability impact

---

- 8.1 The impacts of this report in relation to the three elements of the Climate Change (Scotland) Act 2009 Public Bodies Duties have been considered, and the outcomes are summarised below.
- 8.2 This budget engagement process has no appreciable impact on carbon emissions. Through any engagement process it is hoped that services and their customers will develop more sustainable ways of operating.
- 8.3 The need to build resilience to climate change impacts is not relevant to this report, however specific proposals may have climate change impacts and these will be reported on as part of their individual impact assessments.
- 8.4 The budget engagement process will help achieve a sustainable Edinburgh through ensuring a diverse range of people have a meaningful say on issues that affect the economic wellbeing and environmental stewardship of the city.

## Consultation and engagement

---

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

## Background reading/external references

---

None.

### Andrew Kerr

Chief Executive

Contact: Kirsty-Louise Campbell, Head of Strategy (interim)

Email: [kirstylouisecampbell@edinburgh.gov.uk](mailto:kirstylouisecampbell@edinburgh.gov.uk) | Tel: 0131 529 3654

Contact: David F Porteous, Lead Insight and Engagement Officer

E-mail: [david.porteous@edinburgh.gov.uk](mailto:david.porteous@edinburgh.gov.uk) | Tel: 0131 529 7127

Contact: Pamela Dooner, Senior Insight and Engagement Officer

E-mail: [pamela.dooner@edinburgh.gov.uk](mailto:pamela.dooner@edinburgh.gov.uk) | Tel: 0131 529 5159



## Links

---

<b>Coalition pledges</b>	All
<b>Council outcomes</b>	All
<b>Single Outcome Agreement</b>	All
<b>Appendices</b>	None

# Finance and Resources Committee

10.00am, Thursday, 19 January 2017

## Council Tax – Review of Procedure for Second Homes

Item number	7.10
Report number	
Executive/routine	
Wards	

### Executive Summary

---

The Scottish Government has introduced legislation with effect from 1 April 2017 to allow local authorities to grant no Council Tax discount in respect of second homes. This supports Council policy and is one of the Scottish Government's priorities to give everyone access to a good quality, affordable home.

Currently 2,321 customers with a second home in Edinburgh receive a 10% discount against their Council Tax charge.

This reports outlines that the Council should exercise its discretion not to grant a Council Tax discount for second homes in order to support housing markets, encourage better use of housing stock and generate additional income for key frontline services.

### Links

---

Coalition Pledges	<a href="#">P8</a> , <a href="#">P30</a>
Council Priorities	<a href="#">CP10</a> , <a href="#">CP13</a>
Single Outcome Agreement	<a href="#">SO1</a>

## Council Tax – Review of Procedure for Second Homes

### 1. Recommendations

---

- 1.1 Members of the Finance and Resources Committee are asked to:
  - 1.1.1 Note the content of this report and the proposal not to grant a Council Tax discount for second homes in Edinburgh with effect from 1 April 2017; and
  - 1.1.2 Remit the report to Council for decision on 9 February 2017 as part of the budget-setting process.

### 2. Background

---

- 2.1 In 2005 the Scottish Government introduced legislation that allowed local authorities to vary the level of Council Tax discount on long term empty properties and second homes from between 10% to 50%. As a result, with effect from 1 July 2005 the Council reduced the discount on second homes to 10%.
- 2.2 The Scottish Government then implemented the Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013 that allowed local authorities to further vary the discount and, in some cases, increase the level of Council Tax payable on unoccupied properties. The introduction of this legislation did not alter the level of Council Tax discount second homes would attract. It did, however, offer clarification on the definition of a second home in that it should be no one's sole or main residence, furnished and occupied for at least 25 days in any 12 month period.
- 2.3 In November 2016 the Scottish Government amended the 2013 regulations as referred to in paragraph 2.2 by implementing The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Amendment Regulations 2016. The changes allow local authorities the discretion to grant no discount in respect of second homes.

### 3. Main report

---

- 3.1 The introduction of the 2016 regulations allows local authorities discretion to grant no discount in respect of second homes.

- 3.2 The current level of Council Tax discount for second homes in Edinburgh is 10% and this was applicable to 2,321 properties in the city at the end of November 2016 with a value of £324k per annum as noted in Appendix 1.
- 3.3 The Scottish Government have also introduced legislation to amend the Council Tax multipliers for properties in bands E to H which will result in an increase in charge levied across these four bands. As a result this would generate potential additional revenue of £27k, as noted in Appendix 1.
- 3.4 The Scottish Government has removed the freeze on Council Tax from 2017/18 and local authorities can implement an increase of up to 3%. If implemented by the Council, this would increase the additional potential revenue generated by a further £11k to total £362k, as noted in Appendix 1.
- 3.5 The figures quoted in paragraphs 3.3 and 3.4 assumes the number of second homes in Edinburgh remains static and all of the liability is collected but it is likely to be reduced by some level of write off or collection delay. Typically, the Council Tax collection is around 97% of the charge levied.

#### **4. Measures of success**

---

- 4.1 A key measure of success would be a reduction in the number of second homes lying empty as they have been actively marketed for sale / let and subsequently sold or rented out. This is in line with Coalition Pledge 8, to make sure the city's people are well housed.
- 4.2 Another measure of success is to generate additional income to support key front line services. This is consistent with Coalition Pledge 30, to continue to maintain a sound financial position including long term financial planning.

#### **5. Financial impact**

---

- 5.1 A decision to grant no discount to the 2,321 second homes in Edinburgh will generate additional revenue of between £351k and £362k.
- 5.2 The additional revenue to the Council is not ring fenced unlike some previous changes to empty property legislation and, therefore, could be reinvested in key services.
- 5.3 The implementation of the change is likely to incur some ICT and administrative costs, and these are estimated to be approximately £20k.

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

---

- 6.1 There is a risk that customers with a second home request their property is treated as an empty dwelling in order to continue receiving a reduction. This is a short term

solution until the property is deemed long term empty at which point a 200% Council Tax charge becomes payable and the customer could then claim their property is a second home as a means of avoidance.

- 6.2 Staff will receive guidance on the risk highlighted in paragraph 6.1 in order to ensure the classification of properties and reductions applied to Council Tax, if applicable, is accurate.
- 6.3 Procedures would be regularly reviewed for ongoing compliance with relevant policies, such as the Corporate Debt Policy.

## **7. Equalities impact**

---

- 7.1 The following paragraph is an extract from the Scottish Governments policy note on the 2016 regulations:

“An Equalities Impact Assessment was completed on the proposals for the 2013 Regulations. A draft of that assessment was consulted on at the time and copies were sent to bodies representing equalities groups. As a result of limited feedback received, the Scottish Government concluded then that, while equalities information is not available in relation to owners of second homes, these proposals were not expected to lead to negative impacts on any particular equalities groups. As there is no change to availability of equalities information in relation to owners of second homes we do not see any change to the earlier assessment.”

## **8. Sustainability impact**

---

- 8.1 A reduction in second homes lying empty will have positive environmental and economic benefits by increasing the number of homes available for individuals and families.

## **9. Consultation and engagement**

---

- 9.1 If Committee accept the recommendation in paragraph 1.1 it is our intention to communicate the changes to all customers who currently have a second home in Edinburgh at the earliest possible opportunity. This early intervention will allow customers with second homes a chance to consider their options and take appropriate action.

## **10. Background reading/external references**

---

[The Council Tax \(Variation for Unoccupied Dwellings\) \(Scotland\) Regulations 2013.](#)

[The Council Tax \(Variation for Unoccupied Dwellings\) \(Scotland\) Amendment Regulations 2016.](#)

[Corporate Debt Policy](#) - Corporate Policy and Strategy Committee, Tuesday, 3 September 2013 and update.

## Hugh Dunn

Acting Executive Director of Resources

Contact: Neil Jamieson, Customer Services Manager (Transactions & Contact)

E-mail: [neil.jamieson@edinburgh.gov.uk](mailto:neil.jamieson@edinburgh.gov.uk) | Tel: 0131 469 6150

## 11. Links

---

<b>Coalition Pledges</b>	P8 - make sure the city's people are well housed P30 - continue to maintain a sound financial position including long term financial planning
<b>Council Priorities</b>	CP10 - a range of quality housing options CP13 - transformation, workforce, and partner engagement, budget
<b>Single Outcome Agreement</b>	SO1 - Edinburgh's economy delivers increased investment, jobs and opportunities for all
<b>Appendices</b>	Appendix 1 - table detailing potential additional income generated by not granting a Council Tax discount for second homes

## Potential additional income generated by not granting a Council Tax discount for second homes

<b>Band</b>	<b>Total</b>	<b>Annual Council Tax Charge (£)</b>	<b>Current Value of Second Home Discount (£)</b>	<b>Additional Revenue Including Band E-H Multipliers (£)</b>	<b>Additional Revenue Including 3% Increase (£)</b>
A	51	779.33	3,974.58	3,974.58	4,093.82
B	215	909.22	19,548.23	19,548.23	20,134.68
C	333	1,039.11	34,602.36	34,602.36	35,640.43
D	406	1,169.00	47,461.40	47,461.40	48,885.24
E	566	1,428.78	80,868.95	86,934.12	89,542.14
F	418	1,688.56	70,581.81	79,404.53	81,786.67
G	268	1,948.33	52,215.24	61,352.91	63,193.50
H	64	2,338.00	14,963.20	18,329.92	18,879.82
<b>Total</b>	<b>2,321</b>		<b>324,215.78</b>	<b>351,608.06</b>	<b>362,156.30</b>

# Finance and Resources Committee

10.00am, Thursday, 19 January 2017

## Edinburgh Local Development Plan Action Programme - Financial Assessment

Item number	7.11
Report number	
Executive/routine	
Wards	

### Executive Summary

Edinburgh is a successful growing city. To support growth and to ensure the city grows in a sustainable way, new infrastructure provision and enhancements associated with new development must be delivered. The Council has identified the infrastructure actions required to help deliver the growth and these are set out in the LDP Action Programme.

This report updates Committee on the financial implications of the infrastructure set out in the Action Programme on future capital and revenue budgets, and the potential funding sources available to the Council to support this infrastructure. This report also sets out the requirements for funding in 2017/18 to allow initial stages of early projects to be progressed.

### Links

Coalition Pledges	<a href="#">P4</a> , <a href="#">P8</a> , <a href="#">P15</a> , <a href="#">P17</a> , <a href="#">P18</a>
Council Priorities	<a href="#">CP2</a> , <a href="#">CP4</a> , <a href="#">CP5</a> , <a href="#">CP8</a> , <a href="#">CP10</a> , <a href="#">CP11</a> , <a href="#">CP12</a>
Single Outcome Agreement	<a href="#">SO1</a> , <a href="#">SO2</a> , <a href="#">SO3</a> , <a href="#">SO4</a>



## Edinburgh Local Development Plan Action Programme - Financial Assessment

### 1. Recommendations

---

- 1.1 It is recommended that the Committee
  - 1.1.1 Notes the adopted Action Programme (Appendix 1);
  - 1.1.2 Notes the capital impact of the Action Programme as set out in this report;
  - 1.1.3 Notes the ongoing work to identify the impact on revenue budgets;
  - 1.1.4 Notes the funding solutions to be considered to deliver the infrastructure identified within the Action Programme, and that an update on progress will be provided in six months;

### 2. Background

---

- 2.1 The Edinburgh Local Development Plan (LDP) was adopted on 24 November 2016. The LDP sets out policies and proposals relating to the development and use of land. The policies within the LDP are used to determine planning applications. The proposals within the LDP set out how Edinburgh will develop over the next five to ten years.
- 2.2 The LDP is accompanied by a statutory Action Programme which sets out how the LDP is to be delivered. The Action Programme (Appendix 1) was adopted by Planning Committee on 8 December 2016. The Action Programme is a corporate document which is used to manage the delivery of the infrastructure and services needed to support growth.
- 2.3 In October 2015, a financial assessment of the impact of the proposed Edinburgh Local Development Plan on the Council's future capital and revenue budgets was approved by the Finance and Resources Committee. The purpose of this report is to provide an updated assessment, and to set out a way forward for identifying and achieving the funding required to deliver infrastructure.

### 3. Main report

---

#### **Introduction**

- 3.1 Edinburgh is a successful growing city. The LDP aims both to support the growth of the city economy and to help increase the number and improve the quality of new homes being built. To support this, the Plan also aims to help ensure that the citizens of Edinburgh can get around easily by sustainable transport modes to access jobs and services, look after and improve our environment for future generations in a changing climate, and help create strong, sustainable and healthier communities.
- 3.2 To support growth and to ensure the city grows in a sustainable way, new infrastructure provision and enhancements associated with new development must be delivered. The Council has identified the infrastructure actions required to help deliver this growth and these are set out in the LDP Action Programme (December 2016, Appendix 1).
- 3.3 Infrastructure 'actions' include:
- Education capacity increases, including new schools;
  - Transport improvements including public transport, public realm and other pedestrian and cycle actions, strategic infrastructure from the Strategic Development Plan, and junction improvements;
  - Greenspace actions; and
  - Primary healthcare infrastructure capacity.
- 3.4 The impact of delivering these actions on the Council's capital and revenue budgets is set out below.

#### **Education Infrastructure**

- 3.5 A report to Education, Children and Families Committee on 13 December 2016 identified the anticipated education infrastructure implications of the LDP. To support housing growth within Edinburgh, the following education infrastructure is required:
- Seven new primary schools at Broomhills, Gilmerton Station Road, Leith Waterfront, Granton Waterfront, Maybury, Brunstane and Queensferry;
  - One new secondary school in West Edinburgh;
  - 17 extensions to primary schools; and
  - Eight extensions to secondary schools.
- 3.6 The capital cost of building the education actions is currently £223,298,607 excluding any financing costs (at 12 September 2016).
- 3.7 The current timetable for delivering the required education infrastructure is set out in the Action Programme, with delivery currently required over the next eight years. The first school extensions are expected to be delivered from 2018, and the first new schools from 2020.

## **Transport Infrastructure**

- 3.8 To support the housing and economic development proposals within the plan, the following transport infrastructure improvements will be required.
- 3.8.1 For the new housing allocations within the plan, the Action Programme sets out the requirement for improvements at eight junctions: Maybury and Barnton, Burdiehouse, Gilmerton Crossroads, Gilmerton Station Road, two junctions on Lasswade Road, and an extension to Hermiston Park and Ride. The total cost of the infrastructure package has been estimated to be £11,138,400.
- 3.8.2 In West Edinburgh, the West Edinburgh Transport Appraisal (WETA) has recently been updated to assess the impact of major development proposed at Edinburgh Airport, International Business Gateway, Royal Highland and Agricultural Society of Scotland and Royal Bank of Scotland. The total cost of the infrastructure package to support development has been estimated to be £108,791,200.
- 3.8.3 For Edinburgh Waterfront, a package of active travel actions and road junction improvements, including an extension to Ocean Drive, have been identified. The total cost of the infrastructure package has been estimated to be £33,782,000.
- 3.8.4 In total, the estimated cost of the transport improvements required to support the LDP is £153,711,600.
- 3.9 A Cumulative Impact 'cross-boundary' Transport and Land Use Appraisal is being prepared by Transport Scotland, on behalf of the SESPlan authorities, to assess the impact of development on the trunk road network. At the time of writing this report, this appraisal was not available. However, the Action Programme identifies a number of trunk road junction improvements that require development in Edinburgh dependent on the impact identified. These junctions include Sherrifhall, Gilmerton (A720), Straiton and Old Craighall. The result of the cross boundary appraisal will inform future updates to the Action Programme.

## **Greenspace**

- 3.10 The Plan identifies a requirement for 11 new large green spaces. These include improvements to existing parks at Dalry, the South East Wedge and Clovenstone Drive, new parks in Western Harbour and Leith Links Seaward Extension, Broomhills, Newmills and the International Business Gateway. The total cost of the infrastructure package has been estimated to be £30,330,000.

## Primary Healthcare

- 3.11 The Council has worked with NHS Lothian and the Health & Social Care Partnership to identify the primary healthcare capacity improvements required to support the plan. This includes:
- Five new GP practices in West Edinburgh (For Maybury, IBG and Edinburgh Park), Leith Waterfront, Granton Waterfront, in south east Edinburgh (Liberton and Gilmerton) and as part of new development at Brunstane; and
  - Nine GP practice expansions at Parkgrove (for development at Cammo), Queensferry, Brunton (Meadowbank), Leith Links (Lochend Butterfly), Niddrie (Craigmillar), Polwarth (Fountainbridge) Ratho, Pentlands (Balerno and Currie) and the Meadows (Quartermile).
- 3.12 Consideration is currently being given to where synergies can be achieved in co-located delivery of services together with new education facilities. The total capital cost of delivering new healthcare infrastructure is £35,200,000.

### Total known capital costs

- 3.13 The total capital cost of delivering the infrastructure actions to support the LDP are summarised in the table below. Not all of the costs shown below would be borne by the Council.

Summary of capital costs associated with the delivery of LDP Actions	
Infrastructure Requirement	Cost
Education	£223,298,607
Transport	£153,711,600
Greenspace	£30,330,000
Primary Healthcare	£35,200,000
Total costs	£442,540,207

### Revenue Costs

- 3.14 An analysis of the revenue implications is currently being carried out by Council officers.
- 3.14.1 For education, an assessment of the staffing requirements and a Whole Life Cost assessment are currently being undertaken for each of the new education facilities. This Whole Life Cost Assessment will model the property operational costs over a 30 year period, including life cycle maintenance, FM services such as cleaning and catering, and utilities costs. Initial indications are that the additional LDP schools infrastructure would represent an additional cost of £3.7m per annum to run, plus rates, once they

are all fully operational. This includes soft FM, maintenance and utilities costs but not service staffing costs (i.e. teachers etc).

- 3.15 For green infrastructure, maintenance requirements depend on the type of green space proposal. Where the Council is to adopt new greenspace, it is expected that a commuted sum, or bond, covering the maintenance requirements over a ten-20 year period is collected by S75. Council officers are working to create a standard revenue estimate which can be attributed to development based Council's standards.

### **Funding Mechanisms**

- 3.16 The impact on the capital and revenue budgets to deliver these infrastructure actions is significant. The Council's approach is to pursue full cost recovery from development for its share of the infrastructure required to support growth. However, where there are funding gaps the Council will work with its partners to ensure delivery. The Council's approach to funding the delivery of infrastructure is set out below.
- 3.17 Council approved at its budget meeting on 21 January 2016 the transfer of estimated capital receipts in 2016/17 in excess of budget to the Capital Fund and an allocation of £3.95m of these for the LDP from the Capital Fund to be drawn down as required. The Capital Monitoring 2016/17 - Nine Month Position report elsewhere on this agenda notes the expected delay in receipt of this income until 2017/18 and the need to reprofile expenditure plans accordingly.
- 3.18 Through its planning powers, the Council is able to secure financial and other contributions from developers towards the delivery of the infrastructure actions identified. The Council has prepared Supplementary Guidance on Developer Contributions and Infrastructure Provision, which is currently subject to a consultation exercise, to ensure that developers make a fair and realistic contribution to the delivery of necessary infrastructure.
- 3.19 However, the Council's powers were never provided to ensure that local authorities are protected from the cost of development. S75 contributions can be appealed, and contributions reduced due to viability. Viability issues are arising in areas where there are legacy land value issues and in areas where there is significant new infrastructure, such as new schools.
- 3.20 As a result of costs varying significantly across the city, and as viability issues are considered on a case by case basis, it is not possible to quantify an exact funding gap. However, experience from applications shows that where viability is an issue, this results in around a 50% funding gap. Where there are funding gaps the Council will work with its partners to ensure delivery. This includes exploring new fiscal mechanisms to fund infrastructure delivery, including use of tax powers, the City Region Deal and the Scottish Government Housing Infrastructure Fund.

## **Government Grant funding, Council Tax and Non-Domestic Rates**

- 3.21 The LDP is estimated to give rise to significant additional net housing provision within the city. Given the underlying needs basis of the grant distribution system, and other things being equal, the resulting rise in population would increase the city's share of available funding. An increase in the city's housing stock will also give rise to additional Council Tax income.
- 3.22 Consideration is being given to the effect of the expansion of the city's population on the Council's Grant Aided Expenditure allocation, Council Tax revenue and Land and Buildings Transaction Tax to profile budget availability. In addition, Land and Buildings Transaction Tax could also be collected from the sale of both land and new homes within the city.

## **City Region Deal**

- 3.23 The City Region Deal recognises there is an urgent need to accelerate the supply of affordable, and mid-market housing if the housing market is not to act as a drag on the city region's labour market. The City Region Deal partners are proposing to build 60,000 affordable and low cost market homes across nine strategic sites and 150 smaller sites. The housing investment programme seeks an investment fund to deliver this ambitious target. The Council is working collaboratively to deliver both a City Region Deal and the infrastructure action established within the Action Programme.

## **Scottish Government Housing Infrastructure Fund**

- 3.24 The Scottish Government has introduced a new five-year Housing Infrastructure Fund with up to £50m available in 2016/17. The fund is aimed at unlocking strategic housing sites by offering flexible grant and loan facilities to provide housing infrastructure. The Fund could complement the objectives of both the LDP Action Programme and the Council's Housing Strategy with finance used to pay for infrastructure that is blocking delivery of affordable housing. The Council is working to identify priority housing sites that could, with support from the fund, be unlocked to bring forward housing sites.
- 3.25 An update on the potential opportunity to use the fiscal mechanisms, as set out above, will be provided to Committee in six months time.

## **Early Funding of Infrastructure**

- 3.26 The Council is committed to delivery of the infrastructure projects identified in the LDP Action Programme and the Education, Children and Families Committee on 13 December 2016 approved that statutory consultations will now be progressed for the delivery of the new primary schools in south east Edinburgh (Broomhills) and at Leith Waterfront. As outlined in the action programme both these schools are required to be delivered for August 2020.
- 3.27 In order to meet this delivery timeline it will be necessary to engage design teams and carry out early feasibility work in advance of the follow up report to be provided to Committee in six months time. Appropriate commissions using budgets already

established for LDP feasibility studies will therefore be put in place at this stage to ensure the timelines for delivery of the schools as outlined in the LDP Action Programme can continue to be met. The budget requirement is set out in Appendix 2.

### **Next Steps**

- 3.28 The Council will work with its partners to develop the fiscal mechanisms set out in this report. The Council will also model projected Section 75 income against the proposed rate of housing delivery to create detailed forecast expenditure and income cash flows for the next ten year time frame. An update on this work will be provided in six months.

## **4. Measures of success**

---

- 4.1 A measure of success is an efficient and effective approach to land use planning, which ensures that new developments are suitably served by supporting infrastructure.

## **5. Financial impact**

---

- 5.1 The financial impact of delivering the LDP has been provided in this report. The on-going work on the Action Programme will continue to track this impact.
- 5.2 Although the revised developer guidance will provide more clarity for Section 75 agreements, it is unlikely to lead to full cost recovery from developers. There is a risk both in the timing and achievement of developer contributions which could create a short-term or overall funding pressure.
- 5.3 Although alternative supplementary income streams are being investigated, there will still likely be an overall large funding requirement falling to the Council as a result of infrastructure provision. With the exception of £0.9m provided in 2015/16, for early design works on likely transport and education infrastructure and the allocation of £3.95m from the Capital Fund, no allowance has been provided for this likely future pressure in the current capital programme or within the indicative five year capital plan 2019-2024.
- 5.4 The developer contributions which are forecast are linked to housing delivery which is cyclical in nature. Global and national economic conditions could affect both the contributions and the spend across the plan period.
- 5.5 An update will be provided in six months and members will be asked to consider any funding pressures that arise from the LDP infrastructure requirements, as part of the on-going budget consultation process in 2017.

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

---

- 6.1 The risks associated with this area of work are significant in terms of finance, reputation, and performance in relation to the statutory duties of the Council as Planning Authority, Roads Authority and Education Authority.
- 6.2 Members should note that no allowance for the infrastructure costs identified in this report is provided for within the current Capital Investment Programme 2015-2020 or indicative five year plan 2019/20 – 2023/24. Therefore, there remains a real risk to the Council that required infrastructure cannot be delivered as required within the Local Development Plan proposals, without the identification of additional resources required to fund this.
- 6.3 The capital costs of infrastructure included in this report are net of construction inflation. A risk exists that a further funding gap might arise based on the timing of indexed Section 75 developer contribution being received and the council incurring cost of construction at some later point.
- 6.4 Land costs identified within this report are based on a third party assessment of 'likely value'. A risk exists that a further funding gap might arise if the Council is unable to negotiate this value in Section 75 developer contributions. Again, mitigation of this risk will be considered as far as possible through the forthcoming updated developer contribution guidance and the Section 75 agreement process.
- 6.5 There is also more general risk of a change to either market conditions or economic policy which could slow down housing delivery across the plan period. This could leave the Council in a position where contributions levels are received at a lower level than expected after a financial commitments to address infrastructure need has been made.
- 6.6 Mitigation of these risks will be considered, as far as possible, through Supplementary Guidance on Developer Contributions and Infrastructure Delivery, and in the Section 75 agreement process. The guidance will help to minimise all of these risks and ensure compliance. The approval of this report and its recommendations has a positive impact in terms of risk, policy, compliance and governance.

## **7. Equalities impact**

---

- 7.1 No equalities or rights issues have been identified in relation to this report.

## **8. Sustainability impact**

---

- 8.1 There are no direct sustainability impacts arising from this report although the ability of the Council to mitigate successfully the impacts arising from the growth of the city is critical to achieving sustainable development.



## 9. Consultation and engagement

---

- 9.1 In preparing the Action Programme, the 2006 Planning Act requires the Council to seek the views of, and have regard to any views expressed by:
- (a) the key agencies, and
  - (b) such persons as may be prescribed.
- 9.2 The Council, in preparing the Action Programme, engaged with the Key Agencies, (e.g. SEPA, SNH, Scottish Water and NHS Lothian) and other bodies such as Historic Environment Scotland, Transport Scotland, developers and communities.
- 9.3 It is intended that further engagement, on how the actions identified within the Action Programme are to be delivered, will be carried out as part of the statutory requirements of preparing Supplementary Guidance on Developer Contributions and Infrastructure Delivery.

## 10. Background reading/external references

---

- 10.1 Local Development Plan - Action programme: Financial Assessment and Next Steps - [Report to Finance and Resources Committee 29 October 2015](#)
- 10.2 Adopted [Local Development Plan](#) (November 2016) – and Adopted Action Programme (December 2016)
- 10.3 Draft Supplementary Guidance - Developer Contributions and Infrastructure Delivery - [Report to Planning Committee 8 December 2016](#)
- 10.4 Local Development Plan Education Infrastructure Update - [Report to Education, Children and Families Committee 13 December 2016](#)
- 10.5 Planning Obligations and Good Neighbour Agreements - [Circular 3/2012](#)
- 10.6 Capital Investment Programme / Plan 2016/17 to 2023/24 - [Report to City of Edinburgh Council 21 January 2016](#)

### Paul Lawrence

Executive Director of Place

Contact: Kate Hopper, Senior Planning Officer

E-mail: [kate.hopper@edinburgh.gov.uk](mailto:kate.hopper@edinburgh.gov.uk) | Tel: 0131 529 6232

## 11. Links

---

<b>Coalition Pledges</b>	<p>P4 Draw up a long-term strategic plan to tackle both over-crowding and under use in schools</p> <p>P8 Make sure the city's people are well-housed, including encouraging developers to built residential communities, starting with brownfield sites</p> <p>P15 Work with public organisations, the private sector and social enterprise to promote Edinburgh to investors</p> <p>P17 Continue efforts to develop the city's gap sites and encourage regeneration</p> <p>P18 Complete the tram project in accordance with current plans</p>
<b>Council Priorities</b>	<p>CP2 Improved health and wellbeing: reduced inequalities</p> <p>CP4 Safe and empowered communities</p> <p>CP5 Business growth and investment</p> <p>CP8 A vibrant, sustainable local economy</p> <p>CP9 An attractive city</p> <p>CP10 - A range of quality housing options</p> <p>CP11 An accessible compact city</p> <p>CP12 - A built environment to match our ambition</p>
<b>Single Outcome Agreement</b>	<p>SO1 Edinburgh's economy delivers increased investment, jobs and opportunities for all</p> <p>SO2 Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health</p> <p>SO3 Edinburgh's children and young people enjoy their childhood and fulfil their potential</p> <p>SO4 Edinburgh's communities are safer and have improved physical and social fabric</p>
<b>Appendices</b>	<p>Appendix 1 - LDP Action Programme</p> <p>Appendix 2 - Appendix 2 - Estimated Education spend profile over 2017</p>

EDINBURGH LOCAL DEVELOPMENT PLAN  
**ACTION PROGRAMME**  
DECEMBER 2016



The Local Development Plan sets out policies and proposals to guide development.

The Action Programme sets out actions to deliver the Plan.

The Report of Conformity explains how engagement informed the Plan.

The Habitats Regulations Appraisal assesses the Plan's impact on internationally important bird habitats.

The Transport Appraisal identifies transport actions to support the Plan.

The Education Appraisal identifies new and expanded schools to support the Plan.

The Equalities & Rights Impact Assessment checks what impact the Plan will have on people.

The Environmental Report assesses the impact of the Plan and explains the selection of new housing sites.

The Housing Land Study sets out the assumption on housing land availability which inform the Local Development Plan.

See the documents, supplementary guidance, and other information at:  
[www.edinburgh.gov.uk/localdevelopmentplan](http://www.edinburgh.gov.uk/localdevelopmentplan)  
[www.edinburgh.gov.uk/supplementaryguidance](http://www.edinburgh.gov.uk/supplementaryguidance)

Adopted 24 November 2016



Published in 2011



Published in 2013



Published in 2014



# **Edinburgh Local Development Plan Action Programme**

Adopted December 2016

## **Contents**

---

### **1. Introduction**

### **2. Education Actions and Delivery Programme**

### **3. Transport Actions**

- a. Strategic and general transport actions
- b. Transport Contribution Zones
- c. Site specific actions

### **4. Greenspace Actions**

### **5. Healthcare and Community Facilities**

### **6. Utilities**

### **7. Policies**

## Introduction

This is the Action Programme which accompanies the adopted Edinburgh Local Development Plan (LDP). Section 21 of the Planning etc. (Scotland) Act 2006 requires planning authorities to prepare an Action Programme setting out how the authority proposes to implement their LDP.

The Local Development Plan (LDP) aims to:

1. support the growth of the city economy
2. help increase the number and improve the quality of new homes being built
3. help ensure that the citizens of Edinburgh can get around easily by sustainable transport modes to access jobs and services
4. look after and improve our environment for future generations in a changing climate and
5. help create strong, sustainable and healthier communities, enabling all residents to enjoy a high quality of life.

Infrastructure is key to the delivery of the aims and strategy of the adopted LDP. The Plan recognises that the growth of the city, through increased population and housing, business and other development, will require new and improved infrastructure. Without infrastructure to support Aims 1 and 2, the Plan will not help achieve Aims 3, 4, and 5.

The Action Programme sets out how the infrastructure and services required to support the growth of the city will be delivered.

The Action Programme is intended to help align the delivery of the Local Development Plan with corporate and national investment in infrastructure. It will be used by the Council as a delivery mechanism to lever the best possible outcome for the city and to coordinate development proposals with the infrastructure and services needed to support them.

The Action Programme is informed by the annual Housing Land Audit and Delivery Programme (HLADP). The Action Programme will be used to manage infrastructure planning with a view to avoiding unnecessary constraints on delivery. The Council has also identified actions to directly accelerate delivery of housing.

It is intended that this Action Programme will be a live working document, and will be annually reviewed. Actions, including identified costs, set out within this action programme are subject to review and change. The Action Programme will be reported to the Council's Planning Committee and to other relevant committees for approval on an annual basis.

This Action Programme should be read alongside Local Development Plan Policy Del 1 (Developer Contributions) and Supplementary Guidance on Developer Contributions and Infrastructure Delivery.

<b>2. Education Infrastructure Actions and Delivery Programme</b>				
<b>FUNDING:</b> s75 / Gap Funding				
<b>RESPONSIBLE OFFICER:</b> CEC: Communities and Families				
<b>Action Required</b>	<b>Capital Cost</b>	<b>Delivery date</b>	<b>Status</b>	<b>Contribution Zone</b>
3 Primary School classes (Currie PS)	£838,627	Aug-18	Feasibility work required.	South West
2 RC Primary School classes (St Margaret's RC PS)	£705,308	Aug-18	Feasibility work underway.	Queensferry
Additional secondary school capacity - 66 pupils (Boroughmuir HS, James Gillespie's HS)	£2,118,310	Aug-19	Feasibility work underway.	Boroughmuir James Gillespie's
3 Primary School classes (Gylemuir PS)	£838,627	Aug-19	Feasibility work underway.	West
4 RC Primary School classes (St John Vianney RC PS or St Catherine's RC PS)	£1,052,144	Aug-19	Feasibility work required.	Liberton Gracemount
Additional secondary school capacity - 275 pupils (Queensferry Community HS)	£8,826,290	Mar-20	Feasibility work underway.	Queensferry
Additional secondary school capacity - 254pupils (Broughton HS, Craigroyston Community HS)	£8,152,282	Aug-20	Feasibility work required.	Craigroyston Broughton
New 14 class Primary School and 40/40 nursery (Broomhills)	£11,328,584 S&R £4,516,165 Land £3,000,000	Aug-20	Site safeguarded. Statutory consultation proposed.	Liberton Gracemount
New 14 class primary school and 40/40 nursery (Leith Waterfront)	£11,328,584 S&R 3,073,781 Land £1,476,000	Aug-20	Site safeguarded. Statutory consultation proposed.	Leith Trinity
4 Primary School classes (to be delivered by the new South Edinburgh PS)	£1,052,144	Aug-20	Deliverable, subject to finance approval.	Boroughmuir James Gillespie's
3 Primary School classes (Hillwood PS)	£838,627	Aug-20	Feasibility work required.	West
Additional secondary school capacity - 522 pupils (Gracemount HS, Liberton HS)	£16,753,902	Aug-21	Feasibility work required.	Liberton Gracemount
Additional secondary school capacity - 251 pupils (Leith Academy, Trinity Academy)	£8,055,955	Aug-21	Feasibility work required.	Leith Trinity

Additional secondary school capacity - 6 pupils (Firhill HS)	£192,574	Aug-21	Feasibility work required.	Firhill
New 14 class Primary School and 40/40 nursery (Granton Waterfront)	£11,328,584 S&R 3,073,781 Land £525,000	Aug-21	Site safeguarded. Statutory consultation required.	Craigroyston Broughton
New 21 class primary school and 60/60 nursery (Maybury)	£14,887,301 S&R £2,858,548 Land £3,000,000	Aug-21	Site safeguarded. Statutory consultation required.	West
3 Primary School classes (Castleview PS)	£838,627	Aug-21	Feasibility work required.	Castlebrae
Extension to Castleview PS dining hall	£293,808	Aug-21	Feasibility work required.	Castlebrae
2 RC Primary School classes (St David's RC PS)	£705,308	Aug-21	Deliverable as required.	Craigroyston Broughton
Additional secondary school capacity - 261 pupils (Castlebrae Community HS)	£8,376,951	Aug-22	Feasibility work required.	Castlebrae
Additional secondary school capacity – 114 pupils (St Augustine's RC HS)	£3,658,898	Aug-22	Feasibility work required.	Multiple Zones
New 7 class Primary School and 40/40 nursery (Gilmerton Station Road)	£7,591,930 S&R £4,516,165 Land £3,000,000	Aug-22	Site safeguarded. Statutory consultation required.	Liberton Gracemount
New 11 class Primary School and 40/40 nursery (Brunstane)	£10,794,776 S&R £4,516,165 Land £3,000,000	Aug-22	Site safeguarded. Statutory consultation required.	Castlebrae
2 Primary School classes (Dean Park PS)	£705,308	Aug-22	Feasibility work required.	South West
New Secondary School (West Edinburgh)	£19,293,885 S&R £6,489,180 Land £8,300,000	Aug-23	Feasibility work / statutory consultation required.	West
New 14 class Primary School and 40/40 nursery (South Queensferry)	£11,328,584 S&R £2,047,816 Land £3,000,000	Aug-23	Site safeguarded. Statutory consultation required.	Queensferry



2 Primary School classes (to mitigate the impact of development within Drummond CZ)	£705,308	Aug-23	Feasibility work required.	Drummond
2 Primary School class (Balgreen PS)	£705,308	Aug-23	Deliverable as required.	Tynecastle
5 RC Primary School classes (Fox Covert RC PS or St Joseph's RC PS)	£1,143,549	Aug-23	Feasibility work required.	West
1 Primary School class (Kirkliston PS)	£350,000	Aug-24	Feasibility work required.	Queensferry
2 Primary School classes (to mitigate the impact of development within the catchment of The Royal High Primary School)	£705,308	Aug-24	Feasibility work required.	Portobello
2 Primary School classes (Craigour Park PS)	£705,308	Aug-24	Deliverable as required.	Liberton Gracemount
2 RC Primary School classes (Holycross RC PS)	£705,308	Aug-24	Feasibility work required.	Leith Trinity

Servicing and remediation (S&R) estimate is based on 3rd Qtr 2016 price levels

ACTION	REQUIREMENT / DETAILS	RESPONSIBLE OFFICER	DELIVERY DATE	COST	FUNDING	STATUS
<b>3 a - Strategic and General Transport Actions</b>						
Edinburgh Glasgow Improvement Project (EGIP) (T2)	The Edinburgh Glasgow Improvement Programme (EGIP) is a comprehensive package of improvements to Scotland's railway infrastructure.	Safeguard – P&T Delivery - Network Rail / Transport Scotland	2019 onwards	Part of a £650m package	Transport Scotland	Underway
Rail Halts at: Portobello, Piershill and Meadowbank (T3)	LDP Safeguard. Required to ensure development does not prejudice future re-use of existing abandoned halts. Re-introduction of passenger services is not currently considered viable by the rail authority but this may change.	Safeguard – P&T	No timescale	N/A	Network Rail	Safeguarded in Plan
South Suburban halts (T3)	LDP Safeguard. Required to ensure development does not prejudice future re-use of existing abandoned halts. Re-introduction of passenger services is not currently considered viable by the rail authority but this may change.	Safeguard – P&T	No timescale	N/A	Network Rail	Safeguarded in Plan
Orbital Bus Route (T3)	The Orbital Bus Route will create an east-west public transport link across the city. A disused railway line between Danderhall and the City Bypass at Straiton is safeguarded in the LDP for appropriate public transport use or use as a cycle / footpath.	SEStran, CEC, Midlothian, East Lothian, Transport	No timescale	N/A	SEStran, CEC, Midlothian, East Lothian, Transport	Safeguarded in Plan
East Craigs Estate Junction	Junction at Maybury Drive	P&T	CEC	Not costed	CEC	Project to be designed and costed
Greendykes Link	Former Plan safeguard for public transport, delivered as part of New Greendykes	P&T	N/A	£8.5M. PTL £2.3M	CEC	Complete
West of Fort Kinnaird (T16)	LDP Safeguard for new link road between The Wisp and Newcraighall Road	P&T	N/A	N/A	N/A	Safeguarded in Plan

3b. Transport Contribution Zones						
Edinburgh Tram Contribution Zone						
ACTION	REQUIREMENT / DETAILS	RESPONSIBLE	TIMESCALE	COST	FUNDING	STATUS
Edinburgh Tram (T1)	Transport proposal T1 safeguards long term extensions to the network connecting with the waterfront and to the south east.	Planning & Transport	N/A	N/A	Contribution Zone.	Line 1a complete
North Edinburgh Transport Contribution Zone (costings at Q3 2016)						
ACTION	REQUIREMENT / DETAILS	RESPONSIBLE	TIMESCALE	COST	FUNDING	STATUS
Active Travel Actions	Seafield Road / Seafield Street - Includes a toucan crossing	P&T	Programme to be confirmed	£296,961	Contribution Zone.	Safeguarded in Plan. Contributions to be collected towards actions. Delivery strategy to be agreed.
	Lochend Route Link to Leith Docks	P&T		£400,000*		
	New ramp from railway path (flowing desire line of old railway line) to Seafield Street. Widen footways on Seafield Road and make cycle/pedestrian crossing of railway to Marine Esplanade					
	Seafield Place Upgrade facilities at existing junction. 1. Move crossings closer to junction corners and toucanise. Tighten junction, widen footways (shared use). Bike parking. £150,000 2. Widen footway from links path to Seafield Rd, redetermine to shared use. £10,000	P&T		£160,000*		
	Seafield/Lochend cycle route (Easter Road to Leith Walk) Toucan crossing of Easter road, £40,000 1. Widen Easter Road footway by 1m from Thorntreesdie to Gordon St £10,500 2. Resurface Gordon St including relaying cobbles with smooth/even cycle friendly cobbles £360,000 3. Gordon street traffic calming £6000	P&T		£416,500*		
	By Seafield Place Replace stepped ramp	P&T	Complete	Complete		
	Leith Links – single location. Widen existing paths and provide controlled crossings 1. Shared use footway (segregated) alongside Links Pl, Toucan crossing of John's Pl & tighten junction £30,000 and £80,000 2. Relay sets on Queen Charlotte St £450,000 3. Shared use footway (segregated) alongside John's Pl, Duncan Pl, St Andrew Pl, Academy St. Segregated cycleway along Duke St to foot of Leith walk. £100,000 4. Duncan Pl to roundabout at north end of Easter Rd £50,400 5. Link (widen paths) from east side Leith links to roundabout at northern end of Easter Rd. (includes Toucan crossing Links Gdns)	P&T	Programme to be confirmed	£1,165,400*		

£140,000					
6. Make roundabout at north end of Easter Road cycle/ped friendly – tighten, toucan crossings £400,000					
7. Bike parking at park entrances £5000					
Leith Links (west) to Bath Road Widen east-side footway for segregated footway/cycleway on Salamander Place & Bath Rd £75,600 Toucan crossing Salamander St £40,000	P&T	Programme to be confirmed	£120,000*		
Kirkgate/Sandport Place/Dock Place and Dock Street (Revised route) as public realm project. Upgrade route, new controlled crossing points, cycle parking	P&T		£369,320*		
Leith and City Centre (East) Create new continuous route between Henderson Street / Pirie Road / Pilrig Park / Balfour Street / Cambridge Avenue / Dryden Street / Hoptoun Street / Green Street / Bellevue Place / Broughton Street (Include northern section only)	P&T		£720,675*		
The Water of Leith, between Warriston and Commercial Street Widen path and new ramps. Upgrade existing off-street route	P&T		£509,941*		
West end of Victoria Quay building to Water of Leith Path via citadel Potential new route	P&T		£61,723*		
Hawthornvale off-road cycle path to Lindsay Road and into Western Harbour Upgrade existing route. Junction improvement associated with tram scheme	P&T		£244,514*		
West Granton Road Includes new toucan/puffin crossings	P&T		£419,310*		
Muirhouse Parkway/Pennywell Road Roundabout Replace roundabout with signals, to aid pedestrians and cyclists	P&T		£551,004*		
Jane St/Tenant St connections 1. Land purchase 120m <sup>2</sup> 2. New 4m path - 120m length £33600 3. Wall demolition – 10m £3000 4. Lighting along 175m stretch = 6 columns £12000	P&T		£48600*		
Salamander St to Foot of the Walk (and beyond) Elbe St – Reset cobbles with flat tops/smooth for cycling	P&T		£350,000*		
Bernard St/Salamander Street active travel and public realm project (to Seafeld Place) 1. Segregated cycleway (whole length – 1250m) 3m wide + 0.5 sep strip (pinch to 2m wide in some sections). £750,000 2. Continuous footways Seafeld Pl to Constitution St: 20 £200,000 3. Zebra crossings every 200m metre: 6 £120,000	P&T		£4,720,000*		

4. Moderate Public realm improvements Salamander st to Elbe St: seating, planters, build outs, change road materials, widen footway on south side by 1m. £500,000					
5. Shared use Plaza – Constitution St to Timber Bush, tighten junctions, new road surfacing materials, seating, planters, widen footways, new crossings £2,500,000					
6. Shared use Street – Timber Bush to shore – widen footway, settled street, trees, seating £500,000					
7. Shore/Bernard Junc – widen footways, raised tables, seating and planters £150,000					
Granton – north south route through National Galleries development to the Shore <ul style="list-style-type: none"> <li>Path A: 3.5m wide tarmac path (40m length): £10,000/ Lighting Path A: £2000</li> <li>Path B: 3.5m wide tarmac path (120m length): £30,000 /Lighting Path B: £8000</li> <li>All on non-CEC owned land: land costs to be assessed.</li> </ul>	P&T	Programme to be confirmed	£50,000*		
Complete link next to school site at Granton 120m of shared use footway at 4m wide: £35,000 140m of footway widening to achieve 4m width: £10,000	P&T		£45,000*		
Lower Granton Square public realm	P&T		£2,000,000*		
Promenade link to Granton Harbour Upgrade path to 6m tarmac path and sea wall Traffic calm W Harbour Road	P&T		£795,000*		
Forth Quarter park to Promenade Widen footway for shared 'segregated' shared use footway – widen by 2m for 130m	P&T		£70,000*		
Craigentinny – Leith Links Cycle link. (Leith to Portobello) (T7) LDP Safeguard	P&T	N/A	Safeguard		
Salamander Cycle Link (T7) LDP Safeguard	P&T	N/A	Safeguard		
Couper Street – Citadel Place (T7) LDP Safeguard	P&T	N/A	Safeguard		
Waterfront Avenue to Granton Rail path (T7) LDP Safeguard	P&T	N/A	Safeguard		

ACTION	REQUIREMENT / DETAILS	RESPONSIBLE	TIMESCALE	COST	FUNDING	STATUS
Road Actions	Ferry Road/ Inverleith Row Junction Minor junction improvement SVD equipment	P&T	Programme to be confirmed	£2,723*	Contribution Zone.	Safeguarded in Plan. Contributions to be collected towards actions. Delivery strategy to be agreed.
	Ferry Road/North Junction Street Junction Junction improvement	P&T		£300,714*		
	Lindsay Road/Commercial Street Junction Junction improvement	P&T		£479,365*		
	Henderson Street; The Shore; Commercial Street Bus priority route improvements. Bus lanes, advanced bus signals	P&T		£438,002*		
	Bernard Street/The Shore Junction Close The Shore to general traffic	P&T		£108,945*		
	Henderson Street/Great Junction Street Junction Close Henderson Street to general traffic	P&T		£171,311*		
	Easter Road/Lochend Road Junction	P&T		£601,344*		
	West Granton Road/Crewe Road North Traffic signals	P&T		£158,952*		
	Crewe Toll Roundabout Junction improvement	P&T		£6,950,000*		
	Ferry Road/Granton Road Junction improvement	P&T		£41,678*		
	Ferry Road/Craighall Road Traffic signals	P&T		£307,011*		
	Bonnington Road/Pilrig Road Junction improvement	P&T		£257,248*		
	Bonnington Road/Great Junction Street Junction improvement	P&T		£85,810*		
	Salamander Street/Bath Road Junction improvement SVD equipment and road markings	P&T		£14,988*		
	Ocean Drive eastward extension (T15)	P&T		£10.35 million*		

West Edinburgh Transport Contribution Zone (costings at Q3 2016)						
ACTION	REQUIREMENT / DETAILS	RESPONSIBLE	TIMESCALE	COST*	FUNDING	STATUS
Pedestrian Cycle Actions	A8 North side missing link	P&T	By 2020	£773,900	Contribution Zone	Identified within WETA Oct (2016) Safeguarded in Plan. Contributions to be collected towards actions. Delivery strategy to be agreed.
	Improvements to Gravel path (old railway line) from A8/M9 interchange north to Kirkliston	P&T	By 2020	£457,300		
	Cycle Connection from A8 along Eastfield Road into Airport	P&T	By 2020	£693,300		
	Improved Crossings at Turnhouse Road and Maybury Road for designated cycle path	P&T	By 2020	£158,400		
	Improved access between Ratho Station and A8 along station road.	P&T	By 2020	£659,800		
	Improved Station Road/A8 access for cyclists	P&T	By 2020	£634,800		
Public Transport Actions	Broxburn to Newbridge Roundabout bus lane	P&T	By 2020	£4,499,600		
	Station Road to Newbridge Interchange bus lane	P&T	By 2020	£1,602,300		
	A8 Eastbound Bus Lane from Dumbbells to Maybury Junction	P&T	By 2025	£3,697,400		
	Bus Lane under Gogar Roundabout	P&T	By 2020	£92,300		
	Maybury Road Approach to Maybury Junction	P&T	By 2025	£3,082,200		
	Improved bus priority linking South West Edinburgh with the Gyle, IBG and airport (including pedestrian / cycle facilities where appropriate)	P&T	By 2025	£6,451,500		
	Upgraded Bus interchange facility at Ingliston P+R	P&T	By 2025	£4,320,000		
	Kilpunt Park and Ride	P&T	By 2020	£7,920,000		
	New Tram Stop	P&T	By 2020	£1,440,000		
Road Actions	Link Road Part 1 Dual Carriageway (T10)	P&T	By 2020	£9,073,400		
	Link Road Part 2 Single Carriageway	P&T	By 2020	£4,052,000		
	Link Road Segregated cycle route	P&T	By 2020	£1,605,600		
	Development Link Road Main Street Carriageway	P&T	By 2020	£8,114,300		
	Dualling of Eastfield Road Phase 1	P&T	By 2020	£2,596,100		
	Dualling of Eastfield Road Phase 2	P&T	By 2025	£1,645,900		
	Dumbbells Roundabout Improvement (T9)	P&T	By 2025	£1,732,400		
	Dumbbells westbound off-slip signals (T9)	P&T	By 2025	£1,245,900		
	MOVA improvements at Newbridge/Dumbbells Gogar/Maybury (T12) (T13)	P&T	By 2025	£2,174,400		
	Newbridge additional lane from M9 onto A8	P&T	By 2020	£837,100		
	A8 Gogar Roundabout – 4 Lane Northern Circulatory Improvement (T11)	P&T	By 2020	£2,446,800		
	Gogar to Maybury additional eastbound traffic lane	P&T	By 2025	£30,000,000		

<b>Maybury / Barnton Transport Contribution Zone (costings at Q3 2016)</b>						
<b>ACTION</b>	<b>REQUIREMENT / DETAILS</b>	<b>RESPONSIBLE</b>	<b>TIMESCALE</b>	<b>COST</b>	<b>FUNDING</b>	<b>STATUS</b>
Maybury Junction (T17)	Increase junction capacity, including consideration of access from Turnhouse Road, and efficiency of traffic signals. Provide bus priority and better provision for pedestrians and cyclists.	P&T	By 2025	WETA estimate £1,864,100*	Contribution Zone	Design work 17/18.
Craigs Road Junction (T18)	Improvements to Craigs Road and increased junction capacity/bus priority at junction with Maybury Road. New signalised cross roads allowing bus, pedestrian and cycle access to and from Craigs Road.	P&T	With dev	£500,000*	Contribution Zone	Design work 17/18.
Barnton Junction (T19)	Increase junction capacity based on increasing the efficiency of the traffic signals through installation of MOVA (Microprocessor Optimised Vehicle Actuation)	P&T	With dev	£500,000*	Contribution Zone	Design work 17/18.
<b>South East Edinburgh (North) Transport Contribution Zone (costings at Q3 2016)</b>						
<b>ACTION</b>	<b>REQUIREMENT / DETAILS</b>	<b>RESPONSIBLE</b>	<b>TIMESCALE</b>	<b>COST</b>	<b>FUNDING</b>	<b>STATUS</b>
Newcraighall Road	Toucan crossing across Newcraighall Road.	P&T	With Dev	£30,000	HSG 26 & 27 & 29	Project costed
Old Craighall	Junction Upgrade. Action and costs derived from East Lothian Council draft developer contributions framework SG P17.	Transport Scotland	TBC	£500,000	East Lothian and HSG 26 & 27 & 29	Project estimated
<b>Gilmerton Junction (A720) Transport Contribution Zone (costings at Q3 2016)</b>						
<b>ACTION</b>	<b>REQUIREMENT / DETAILS</b>	<b>RESPONSIBLE</b>	<b>TIMESCALE</b>	<b>COST</b>	<b>FUNDING</b>	<b>STATUS</b>
Gilmerton Junction	Junction upgrade	Transport Scotland / SesTrans	TBC	Not costed	Cross boundary	Cross-boundary appraisal to be completed.
<b>Burdiehouse Junction Transport Contribution Zone (costings at Q3 2016)</b>						
<b>ACTION</b>	<b>REQUIREMENT / DETAILS</b>	<b>RESPONSIBLE</b>	<b>TIMESCALE</b>	<b>COST</b>	<b>FUNDING</b>	<b>STATUS</b>
Burdiehouse Junction (T20)	Reconfiguration of junction	P&T	With Dev	£250,000 With optimism bias £400,000*	Contribution Zone	Design work nearing completion.
<b>Gilmerton Crossroads Transport Contribution Zone (costings at Q3 2016)</b>						
<b>ACTION</b>	<b>REQUIREMENT / DETAILS</b>	<b>RESPONSIBLE</b>	<b>TIMESCALE</b>	<b>COST</b>	<b>FUNDING</b>	<b>STATUS</b>
Gilmerton Crossroads (T19)	Reconfiguration of junction	P&T	With Dev	£250,000 With optimism bias £400,000*	Contribution Zone	Design work nearing completion.





Gilmerton Station Road / Drum Street Transport Contribution Zone (costings at Q3 2016)						
ACTION	REQUIREMENT / DETAILS	RESPONSIBLE	TIMESCALE	COST	FUNDING	STATUS
Gilmerton Station Rd / Drum Street	Junction capacity upgrade and access and parking strategy	P&T	With Dev	Project estimated £400,000* TRO £1500	Contribution Zone.	Estimated, detailed design and costing required.
Lasswade Road / Lang Loan Transport Contribution Zone (costings at Q3 2016)						
ACTION	REQUIREMENT / DETAILS	RESPONSIBLE	TIMESCALE	COST	FUNDING	STATUS
Lasswade Road/Lang Loan	New 3.5m wide shared use cycleway/pedestrian path and signalised junction Lasswade Road from North of Lang Loan to Gilmerton Station	P&T	With Dev	Path: £72,800*	HSG 24 and HSG 39	Project costed
	Roundabout to signalised junction	P&T	With Dev	£400,000*		Estimated, detailed design and costing required.
Lasswade Road/Gilmerton Dykes Street/Captain’s Road Transport Contribution Zone (costings at Q3 2016)						
ACTION	REQUIREMENT / DETAILS	RESPONSIBLE	TIMESCALE	COST	FUNDING	STATUS
Lasswade Road/ Gilmerton Dykes Street/ Captain’s Road	Junction Upgrade	P&T	With Dev	£400,000*	Contribution Zone	Estimated, detailed design and costing required.
Sherriffhall Junction Transport Contribution Zone						
ACTION	REQUIREMENT / DETAILS	RESPONSIBLE	TIMESCALE	COST	FUNDING	STATUS
Sherriffhall Junction (T13)	Grade separation of existing roundabout junction on city bypass. Should incorporate bus priority and safe crossing of the bypass.	Transport Scotland / SesTrans	TBC	Not costed	Cross boundary	Cross-boundary appraisal to be completed.
Straiton Junction Transport Contribution Zone						
Straiton Junction	Junction upgrade	Transport Scotland / SesTrans	TBC	Not costed	Cross boundary	Cross-boundary appraisal to be completed.

South West Edinburgh Transport Contribution Zone						
ACTION	REQUIREMENT / DETAILS	RESPONSIBLE	TIMESCALE	COST	FUNDING	STATUS
Gillespie Crossroads	Increase junction capacity based on increasing the efficiency of the traffic signals through installation of MOVA (Microprocessor Optimised Vehicle Actuation)	P&T	With Dev	£260,000 With optimism bias £410,000*	Contribution Zone.	Design work nearing completion.
Hermiston Park & Ride	Extension to Hermiston Park and Ride	P&T	Awaiting funding	£4.5m	Contribution Zone.	Project designed and costed
Queensferry Transport Contribution Zone						
Dalmeny Station	<ul style="list-style-type: none"> <li>Increased and improved cycle parking at Dalmeny Station.</li> <li>Improved car parking at Dalmeny Station.</li> </ul>	P&T	With Dev	Not yet designed and costed	Contribution Zone	Feasibility Study required

Site	Transport Requirements	Status
<b>3c. Site Specific Transport Actions</b>		
Springfield (HSG 1)	<ul style="list-style-type: none"> <li>Queensferry Transport Contribution Zone</li> <li>Opportunity to create a link road from Bo'ness Road to Society Road should be investigated.</li> </ul>	Allocated
Agilent (HSG 2)	Planning permission granted.	Underway
North Kirkliston (HSG 3)	Planning permission granted.	Underway
West Newbridge (HSG 4)	Transport requirements to be established through cumulative transport appraisal and planning permission	Allocated
Hillwood (HSG 5)	Transport requirements to be established through cumulative transport appraisal and planning permission	Allocated
South Gyle Wynd (HSG 6)	Planning permission granted. Forester High Cycle Link (T7)	
Edinburgh Zoo (HSG 7)	Transport requirements to be established through cumulative transport appraisal and planning permission	Allocated
Telford College (HSG 8)	Planning permission granted. Link to Ferry Road Path (T7)	Underway
City Park (HSG 9)	Transport requirements to be established through cumulative transport appraisal and planning permission	Allocated
Fairmilehead WTP (HSG 10)	Planning permission granted.	Underway
Shrub Place (HSG 11)	Planning permission granted.	
Lochend Butterfly (HSG 12)	Planning permission granted. Includes Permanent strengthening of the existing rail bridge on Easter Road at the junction of Easter Road and Albion Road and (two) in assisting with the provision of a new pedestrian bridge over the railway from the south development site and Moray Park Terrace in the event that the railway line is reinstated for use. £227,000 and Lochend Butterfly cycle link with new bridge (T8) - £2,500	Underway
Eastern General Hospital	Planning permission granted. Includes Upgrading of the existing signal controlled junction at Seafeld Street / Seafeld Road - £110,000.	
Niddrie Mains (HSG 14)	Transport requirements to be established through cumulative transport appraisal and planning permission	Allocated
Greendykes Road (HSG 15)	Transport requirements to be established through cumulative transport appraisal and planning permission	Allocated
Thistle Foundation (HSG 16)	Planning permission granted.	Underway
Greendykes (HSG 17)	Planning permission granted.	Underway
New Greendykes (HSG 18)	Planning permission granted.	Underway
Maybury (HSG 19)	<ul style="list-style-type: none"> <li>Relevant Transport Contribution Zones as defined within Supplementary Guidance and updates to this AP.</li> <li>Maybury Edinburgh Gateway Station pedestrian / cycle route including bridge over railway. Bridge &amp; ramps, approx 80m: (based on 20m span and 5m width). Cyclepaths to Gyle (600m) (and underpass of A8), A8 (300m) and to Gogar Link Road (500m). WETA estimate £4,320,000</li> <li>Shared use cycleway along Turnhouse Road (1.5km) or on-road segregated cycleway. £420k</li> <li>TRO for lower speed limit along Turnhouse Road</li> <li>Input into design team's re-design of Maybury Junction for cycling and walking. Design: £87,200</li> <li>Bus route Craigs Road/Turnhouse Rd and upgrade bus infrastructure on Turnhouse Rd</li> <li>New footway/cycleway along south-west side of Turnhouse Road and 3no. crossing facilities Turnhouse Rd and Craigs Rd at Maybury Rd</li> </ul>	Site allocated. PAN submitted.

Site	Transport Requirements	Status
Cammo (HSG 20)	<ul style="list-style-type: none"> <li>• Relevant Transport Contribution Zones as defined within Supplementary Guidance and updates to this AP.</li> <li>• Cammo Walk link (north) HSG 20 - Cammo Walk - to be costed.</li> <li>• Cycle path connecting Cammo to Maybury site and extending to Cammo Estate – £158k. Toucan crossings at Craigs road junction £60k. Land cost (6m strip): TBC</li> <li>• Pedestrian crossing facilities on Maybury Road /pedestrian cycle connections to east. Toucan or D island crossings x4 over Maybury Road from Cammo site x4 Toucan crossings: £120k. 3.5m wide shared use paths (150m) across existing open space to East Craigs estate. Paths: £42,000</li> <li>• TRO for lower speed limit along Maybury Road</li> <li>• Bus infrastructure on Maybury Road / peak period bus capacity</li> </ul>	Site allocated.
Broomhills (HSG 21)	<ul style="list-style-type: none"> <li>• Relevant Transport Contribution Zones as defined within Supplementary Guidance and updates to this AP.</li> <li>• Secure pedestrian and cycleway access from Old Burdiehouse Road linking to Burdiehouse Burn path [Broomhills Road]. Upgrade pedestrian crossings to new two stage toucan crossings over A701. Short section of new path (10m) and path widening to 4m (30m). Widen existing path to 4m (70m) from Southhouse Broadway to bus stop at A701. New path (30m) to link form crossing to site (may require land purchase).</li> <li>• Secure pedestrian and cycleway access from Old Burdiehouse Road linking to Broomhills Road</li> <li>• Street improvements to Burdiehouse Road</li> <li>• Upgrade bus stops on Burdiehouse Road</li> <li>• A new 4m wide toucan crossing at North access linking to existing footway on B701</li> <li>• Upgrade surface of the path (1,200m) to Morton Mains.</li> </ul>	S75 being negotiated. 14/04860/FUL
Burdiehouse (HSG 22)	<ul style="list-style-type: none"> <li>• Relevant Transport Contribution Zones as defined within Supplementary Guidance and updates to this AP.</li> <li>• Cycleway safeguard (A720 underpass – Burdiehouse Burn path link) -off-site multi user path connection to link the site with path networks in Midlothian via Straiton Pond Street improvements and pedestrian crossing on Burdiehouse Road. £175,000 – construction only. D island crossing on Lang Loan. Path surface upgrade (200m). Construct shared use footway beside Lang Loan road (200m), may require land purchase for footway. New path construction 3.5m to underpass of A720 (600m)</li> <li>• Pedestrian cycleway access across site from Straiton path to Burdiehouse Burn at both the east and west edges of the site</li> <li>• Widen existing path along Burdiehouse Burn Park to 3.5m (300m) running parallel to sites northern boundary and linking to western access point. £10,000 path. Land cost: TBC</li> <li>• New access point and shared use path (20m) to link to existing path (Land ownership of Greenspace for 10m of path).</li> <li>• Upgrade bus stops on Burdiehouse Rd and Frogston Rd East. Enhance peak capacity.</li> <li>• Bus route through site and bus gate.</li> </ul>	Planning Permission Granted

Site	Transport Requirements	Status
Gilmerton Dykes Road (HSG 23)	<ul style="list-style-type: none"> <li>• Relevant Transport Contribution Zones as defined within Supplementary Guidance and updates to this AP.</li> <li>• Cycle link – Gilmerton Road to Laswade Road</li> <li>• Upgrade bus stops on Laswade Rd/Gilmerton Rd</li> <li>• Enhance peak period bus capacity on Gilmerton Road</li> <li>• New footway along Gilmerton Dykes Road.</li> </ul>	Planning permission granted 14/01446/FUL
Gilmerton Station Road (HSG 24)	<ul style="list-style-type: none"> <li>• Relevant Transport Contribution Zones as defined within Supplementary Guidance and updates to this AP.</li> <li>• Drum Street cycle pedestrian crossing and connecting cycle pedestrian path through site to link to Mutli-user path to Straiton</li> <li>• Upgrade and resurface the old railway path from Gilmerton Station Road site to Lasswade Road. Ramp up to the old railway path from Gilmerton Station Road site. Railway path: £336,000 Ramp: £40,000. Crossing and shared use footway: £30,000</li> <li>• D island crossing of Gilmerton station road and construct 50m of shared use footway from existing verge</li> <li>• TRO for lower speed limit on Gilmerton Station Road</li> <li>• Upgrade bus stops and peak capacity on Gilmerton Road</li> <li>• Safeguard land along Gilmerton Road frontage for potential bus priority scheme</li> <li>• New footway along Gilmerton Station Rd</li> <li>• Pedestrian crossing facilities on Gilmerton Rd</li> </ul>	Planning permission granted 14/01649/PPP
Drum (HSG 25)	<ul style="list-style-type: none"> <li>• Relevant Transport Contribution Zones as defined within Supplementary Guidance and updates to this AP.</li> <li>• Cycle link – Gilmerton Road to Laswade Road</li> <li>• Cycle link - Drum Street to SE Wedge Parkland</li> <li>• Upgrade bus stops and enhance peak capacity on Gilmerton Road</li> <li>• Widen existing footway to 3.5m (shared use)</li> <li>• Toucan crossing over Drum Street to access The Drum site. x2 Toucan crossing: £60k</li> <li>• New 3.5m shared use path (70m) from western boundary of The Drum site to Candlemaker's Park. May require land purchase. Path: £17,600</li> </ul>	Planning Permission Granted 14/01238/PPP
Newcraighall North (HSG 26)	<ul style="list-style-type: none"> <li>• Relevant Transport Contribution Zones as defined within Supplementary Guidance and updates to this AP.</li> <li>• LDP Safeguard for appropriate public transport or active travel. Land not prejudiced by development or consent. Note, site to contribute towards delivery of Gilberstoun link (T7) and Fork Kinnaird to QMUC link(T7)</li> </ul>	Planning Permission Granted
Newcraighall East (HSG 27)	<ul style="list-style-type: none"> <li>• LDP Safeguard for appropriate public transport or active travel. Land not prejudiced by development or consent. Note, site to contribute towards delivery of Gilberstoun link (T7) and Fork Kinnaird to QMUC link(T7)</li> </ul>	Planning Permission Granted

Site	Transport Requirements	Status
Ellen's Glen Road (HSG 28)	<ul style="list-style-type: none"> <li>• Upgrade existing bus stops in Lasswade Road.</li> <li>• Upgrade existing S/B bus stop and provide new N/B bus stop in Gilmerton Road.</li> <li>• High quality pedestrian and cycle routes within site, to link with public transport routes, and to link from Malbet Wynd through the site to connect via Ellen's Glen Road to the Burdiehouse Burn Valley Park Core Path.</li> <li>• New footway along east boundary frontage of site.</li> <li>• New pedestrian/cycle link on land near to Stenhouse Burn to compensate for the narrow footway on Ellen's Glen Road.</li> <li>• Widening and upgrade of existing footway along Ellen's Glen Road.</li> </ul>	Site allocated.
Brunstane (HSG 29)	<ul style="list-style-type: none"> <li>• Relevant Transport Contribution Zones as defined within Supplementary Guidance and updates to this AP.</li> <li>• Contribute towards Old Craighall Junction upgrade.</li> <li>• Bus infrastructure – upgrade existing bus stops on Milton Road East and Newcraighall Road. Essential to route bus services through site (consider section(s) of 'bus only' roads). Additional capacity needed. (Opportunity – support commercial operation.) Increased frequency of direct city centre service and also to key local facilities, to achieve PT mode share. (Opportunity – support commercial operation.)</li> <li>• Help provide improved pedestrian/cycle links and increased cycle parking at Brunstane and Newcraighall Stations.</li> <li>• Network of high quality pedestrian/cycle routes through site to link with suitable exit points around site boundary, particularly with existing routes to Brunstane and Newcraighall railway stations. At least two pedestrian/cycle railway crossing points shall be provided within the site.</li> <li>• Review existing pedestrian/cycle crossing facilities on Milton Road East and Newcraighall Road and help enhance as required.</li> <li>• Provide upgrades of existing external pedestrian/cycle routes in vicinity of site, including signage. In particular, help provide missing link across the Newcraighall railway line.</li> <li>• Provide new junction with Milton Road East.</li> <li>• Provide new junction with Newcraighall Road.</li> <li>• Review road safety and provide improvements, if necessary, to Milton Road East and, if appropriate, Newcraighall Road.</li> <li>• Review operation of A1/Newcraighall Road junction and help provide improvements, if deemed necessary.</li> </ul>	Site allocated. Planning application submitted.
Moredunvale (HSG 30)	<ul style="list-style-type: none"> <li>• Direct Link to Moredunvale Road (T7)</li> </ul>	Site allocated
Curriemuirend (HSG 31)	Transport requirements to be established through cumulative transport appraisal and planning permission	Site allocated

Builyeon Road (HSG 32)	<ul style="list-style-type: none"> <li>• Relevant Transport Contribution Zones as defined within Supplementary Guidance and updates to this AP.</li> <li>• Bus infrastructure – upgrade existing facilities and provide new high quality bus stops on Builyeon Road as part of opportunity to change the character of Builyeon Road (A904). Provide potential widening of Builyeon Road to accommodate bus priority measures. Additional capacity needed. (Opportunity – support commercial operation.) Increased frequency of direct city centre service and also to key local facilities, to achieve PT mode share. (Opportunity – support commercial operation.)</li> <li>• Network of high quality pedestrian/cycle routes through site to link with suitable exit points around site boundary, particularly with existing routes into South Queensferry.</li> <li>• New footway and cycle path along frontage of site on south side of Builyeon Road, giving due consideration to the opportunity to change the character of Builyeon Road (A904), through street design.</li> <li>• Provide pedestrian/cycle crossing facilities on Builyeon Road – type to be agreed, forming north-south path connections by linking new pedestrian/cycle routes to the existing network north of the A904, thus allowing the new housing to integrate fully with the existing urban area including the town centre to the north of the site. A904 crossing <ul style="list-style-type: none"> <li>○ x3 D island or toucan crossings over A904 to link Builyeon Road site with existing paths in South Queensferry. £3000</li> <li>○ Widen existing access and path between Echline Park and Echline View to a 3.5m shared use (25m) path linking the Builyeon Road site to existing development.</li> </ul> </li> <li>• Help provide upgrades of existing external pedestrian/cycle routes, in particular a high quality pedestrian/cycle route to Dalmeny Station, with a bridge over the A90, and improved links to the town centre. Bridge or underpass access across A90 to retail park. Link 3.5m wide shared use path through retail park to South Scotstoun site (300m long) Path £73,500</li> <li>• Implement TRO and physical measures for reduced speed limit on Builyeon Road as part of opportunity to change the character of Builyeon Road (A904).</li> <li>• Give due consideration to the opportunity to change the character of Builyeon Road (A904), through street design, including new development frontage with the road where possible.</li> <li>• Prospective developers should be aware Transport Scotland may require assessment of impact on new FRC junction.</li> </ul>	Site allocated.
South Scotstoun (HSG 33)	<ul style="list-style-type: none"> <li>• Relevant Transport Contribution Zones as defined within Supplementary Guidance and updates to this AP.</li> <li>• Bus infrastructure – upgrade existing bus stop facilities on Kirkliston Road, Scotstoun Avenue and in Dalmeny and additional capacity likely. Increased frequency of direct city centre service and also to key local facilities, to achieve Public Transport mode share.</li> <li>• High quality pedestrian/cycle routes through site, linking to suitable exit points around site boundary, particularly to north-east corner to connect with existing route to station and Edinburgh and with South Scotstoun.</li> <li>• High quality east/west cycle route through site to allow connection across the A90 and B800 to Builyeon Road site, linking to the existing footpath/cycleway (National Cycle Route 1) extending to Dalmeny to the east, and North Queensferry to the north.</li> </ul>	Site allocated



	<ul style="list-style-type: none"> <li>○ LED stud lighting along old railway line path (NCN 1) from east boundary of site for 1000m. LED stud lighting: £5,000. New diverted 3.5m shared use path for NCN 1 into the Agilent site (450m). Path: £110,250. D island or Toucan crossing of B800 to retail site path. Toucan crossing: £30K</li> <li>• Transport Scotland may require assessment of impact on new Forth Replacement Crossing junction.</li> <li>• Appropriate traffic calming measures may be considered for Scotstoun Avenue.</li> <li>• Give due consideration to the opportunity to change the character of the B800 through street design.</li> </ul>	
Dalmeny (HSG 34)	<ul style="list-style-type: none"> <li>• Upgrade existing bus stops in Bankhead Road/Main Street.</li> <li>• Appropriate pedestrian and cycle access within site.</li> <li>• Pedestrian access to be provided from Main Street.</li> </ul>	Site allocated
Riccarton Mains Road (HSG 35)	<ul style="list-style-type: none"> <li>• TRO and movement of 40mph speed limit zone on Riccarton Mains Road</li> </ul>	Planning permission granted 15/00698/FUL
Curriehill Road (HSG 36)	<ul style="list-style-type: none"> <li>• Relevant Transport Contribution Zones as defined within Supplementary Guidance and updates to this AP.</li> <li>• Bus infrastructure external to site – upgrade existing bus stop facilities in Riccarton Avenue, approximately 275m from the site.</li> <li>• Provide new footway along east boundary frontage (Curriehill Road) to link with existing footway network.</li> <li>• Improve high quality pedestrian/cycle link to Curriehill Station. Wheeling ramp over railway bridge. £4,000. Upgrade of existing path to 3.5m shared use and signage to development and railway station. £73,500</li> <li>• Connections to be made to the Kirknewton Core Path to the west boundary of the site.</li> <li>• Help provide additional cycle parking at Curriehill Station.</li> </ul>	Site allocated Planning application submitted 16/01515/FUL

Newmills, Balerno (HSG 37)	<ul style="list-style-type: none"> <li>• Relevant Transport Contribution Zones as defined within Supplementary Guidance and updates to this AP.</li> <li>• Bus infrastructure – provide new bus stop facilities on A70, in vicinity of new vehicular access onto Lanark Road West and, if appropriate, Newmills Road.</li> <li>• Provide extended car park at Curriehill Station. (Constraint – land ownership.)</li> <li>• Provide additional cycle parking at Curriehill Station</li> <li>• High quality pedestrian/cycle routes through site.</li> <li>• New footway along east frontage boundary, linking into Newmills Road footways.</li> <li>• Improved pedestrian/cycle crossing facilities on A70, – may be requirement for signal control.</li> <li>• Help provide upgrade cycle routes between Newmills Road and Curriehill Station. Help provide additional cycle parking at Curriehill Station.</li> <li>• Upgrade cycle routes between Newmills Road and Curriehill Station. <ul style="list-style-type: none"> <li>○ Reopen tunnel mouth and link with NCN75.</li> <li>○ Or toucan crossing of A70 and ramp to NCN75 Toucan crossing: £30k. Ramp: £200k</li> </ul> </li> <li>• Newmills Road site to Ravelrig Road via old railway line <ul style="list-style-type: none"> <li>○ New 4m wide 1km long path along old railway line to Ravelrig Road (new off road NCN 75). Includes tree clearance, ramp to road and crossing of burn. Path: £280k, Ramp: £100k, Burn bridge: £40k</li> </ul> </li> </ul>	Planning application submitted 15/05100/FUL
----------------------------	---	---

Ravelrig Road Balerno (HSG 38)	<ul style="list-style-type: none"> <li>• Relevant Transport Contribution Zones as defined within Supplementary Guidance and updates to this AP.</li> <li>• Bus infrastructure – provide new bus stop facilities on A70, and improve pedestrian access between these and the proposed site.</li> <li>• Provide high quality pedestrian/cycle routes through site, connecting with and making improvements to adjacent walking and cycle routes e.g. NCN75 which is on-road along Ravelrig Road. <ul style="list-style-type: none"> <li>○ New 3.5m shared use path along the northern boundary of the site.</li> <li>○ New 4m wide 1km long path along part of Ravelrig Road to join up with the re-routed NCN75. Path: £286,720</li> </ul> </li> <li>• New footway along west frontage boundary, linking into Ravelrig Road and A70 footways.</li> <li>• Improved pedestrian/cycle crossing facilities on A70 and Ravelrig Road (layout to be determined, but to incorporate appropriate dropped kerb and tactile paving arrangements to current standards).</li> <li>• Provide upgrade to cycle routes between site and Curriehill Station.</li> </ul>	Allocated
North of Lang Loan (HSG 39)	<ul style="list-style-type: none"> <li>• Relevant Transport Contribution Zones as defined within Supplementary Guidance and updates to this AP.</li> <li>• Upgrade existing bus stop facilities on Lasswade Road, with appropriate active travel connections to/from them.</li> <li>• Provide high quality pedestrian/cycle routes through the site, connecting with adjacent walking and cycle routes e.g. the Gilmerton to Roslin Quiet Route which runs adjacent to Lasswade Road, and neighbouring residential areas. Give cognisance to potential bus services to be routed via Burdiehouse 2 linking with The Murrays to the north, and the benefits of providing appropriate walking and cycling links.</li> <li>• New footway/cycleway along east frontage boundary with Lasswade Road, and south frontage boundary with Lang Loan to provide potential in the future to connect with links to the west.</li> <li>• Provide new junction with Lang Loan.</li> <li>• Review road safety and provide improvements e.g. speed limit reduction, if appropriate, to Lang Loan. Note speed limit on Lasswade Road reduced to 40mph as part of Gilmerton to Roslin QuietRoute scheme.</li> </ul>	Planning permission granted 14/05145/PPP

South East Wedge South (HSG 40)	<ul style="list-style-type: none"> <li>• Relevant Transport Contribution Zones as defined within Supplementary Guidance and updates to this AP.</li> <li>• Upgrade existing bus stop facilities on A7, Old Dalkeith Road (east of The Wisp/Old Dalkeith Road junction) or, preferably, provide additional facilities south of the site on the A7, Old Dalkeith Road, with due consideration given to active travel connections to/from them.</li> <li>• Upgrade existing bus stop facilities on The Wisp in the vicinity of the site, with appropriate active travel connections to/from them.</li> <li>• Integrate a network of footpaths, cycleways and open space to be part of the wider Green network. In particular, new pedestrian/cycle routes along the A7 and Wisp within the site and pedestrian/cycle route from A7/B701 junction to open space on the north east boundary. Connect Edmonstone with Danderhall. New toucan crossing across the Wisp from the eastern boundary of the site to connect into existing paths at Danderhall. Toucan crossing: £30K. Path: £280,000</li> <li>• Provide appropriate crossings of The Wisp providing linkages to neighbouring residential areas and bus stop on opposite side of the road. Also need to ensure cycle crossing at A7/B701 junction.</li> <li>• Traffic signals at The Wisp/Old Dalkeith Road</li> <li>• Speed limit restrictions on the Wisp</li> </ul>	Planning permission granted
South East Wedge North The Wisp (HSG 41)	<ul style="list-style-type: none"> <li>• Relevant Transport Contribution Zones as defined within Supplementary Guidance and updates to this AP.</li> <li>• Pathways and cycle routes both internally and connected to other proposed developments and bus facilities on The Wisp. In particular link, to Hunters Hall/Jack Kane Centre.</li> </ul>	Planning permission granted
Edinburgh Park / South Gyle (Del 4)	<ul style="list-style-type: none"> <li>• Relevant Transport Contribution Zones as defined within Supplementary Guidance and updates to this AP.</li> <li>• Edinburgh Park – Gogarburn pedestrian cycle link</li> <li>• Adoptable roads to be brought up to standard.</li> <li>• Bus infrastructure - provide new facilities on internal roads.</li> <li>• Internal CPZ, integrated parking/traffic management.</li> </ul> <p>Note – also required to contribute to Gogar roundabout.</p>	
International Business Gateway	<ul style="list-style-type: none"> <li>• Relevant Transport Contribution Zones as defined within Supplementary Guidance and updates to this AP.</li> <li>• New footpath / cycle path along A8 Glasgow Rd</li> <li>• Upgrade bus facilities along A8 Glasgow Road</li> <li>• Bus only access via Edinburgh Gateway Station, tram interchange</li> <li>• Tram stop within Development</li> </ul>	

ACTION	REQUIREMENT / DETAILS	RESPONSIBLE OFFICER	TIMESCALE	COST	FUNDING	STATUS
<b>4. Greenspace Actions</b>						
Dalry Community Park (GS1)	<ul style="list-style-type: none"> <li>Enhance and extend existing park to meet existing deficiencies and requirement of the Fountainbridge redevelopment.</li> </ul>	Parks & Greenspace / Planning.	2013-2020	£100,000*	Developer	Not started
Leith Western Harbour Central Park (GS2)	<ul style="list-style-type: none"> <li>5.2ha publically accessible developer led parkland as part of wider Western Harbour EW 1a development including new park with new park with formal and informal recreational facilities for all ages.</li> <li>To be maintained by developer / private maintenance agency.</li> </ul>	Developer	With development	£1.04m*	Developer	Not started
Leith Links Seaward Extension (GS3)	<ul style="list-style-type: none"> <li>2ha open space proposal for sports pitches, allotments and other open space uses</li> </ul>	Developer	With development	£600k*	Developer	Not started
South East Wedge Parkland (GS4)	<ul style="list-style-type: none"> <li>Planning application submitted for 86ha multi functional parkland, woodland and country paths linking with parallel development in Midlothian.</li> </ul>	Parks & Greenspace ELGT, LFGNP		£2.25m*	Funding bid	
Niddrie Burn Parkland (GS5)	<ul style="list-style-type: none"> <li>Under development</li> </ul>	Parks & Greenspace	2010-2015	£1m		On track
IBG Open Space (GS6)	<ul style="list-style-type: none"> <li>24ha developer led parkland as part of wider IBG Emp 6 development.</li> <li>Strategic landscape design and open space requirements identified in West Edinburgh Landscape Framework (Dec 2011).</li> <li>Design and maintenance to meet the Council's large greenspace standard.</li> </ul>	Developer	With development	£2m*		Not started
Gogar Burn (GS7)	<ul style="list-style-type: none"> <li>Proposed diversion of the Gogar Burn as shown on the Proposals Map to reduce flood risk, improve water quality and enhance biodiversity.</li> </ul>	Developer	2018-2022	£22m*	Edinburgh Airport / SEPA / CEC / SNH	Not started
Inverleith Depot (GS8)	<ul style="list-style-type: none"> <li>Will continue to be used as a parks depot. Potential for greenspace creation if the Council's review of depots determines it is no longer required.</li> </ul>	CEC		n/a	CEC	Not due
Broomhills Park	<ul style="list-style-type: none"> <li>Substantial developer led parkland as part of Broomhills HSG</li> </ul>	Developer / Parks &	With	£620k*	Developer	Not

ACTION	REQUIREMENT / DETAILS	RESPONSIBLE OFFICER	TIMESCALE	COST	FUNDING	STATUS
(GS9)	<p>21 development, to meet Council's large greenspace standard.</p> <ul style="list-style-type: none"> <li>Minded to grant planning application has landscape plans showing approx 3ha parkland.</li> <li>6ha woodland planting also required as part of development principles.</li> <li>If parkland is to be adopted, revenue requirements for maintenance need to be established.</li> </ul>	Greenspace	development			started
Clovenstone Drive (GS10)	<ul style="list-style-type: none"> <li>Enhance 4ha of existing greenspace as part of Curriemuiress HSG 31 development, including provision of play space and upgrade football pitch.</li> </ul>	Developer/ Housing & Regeneration/ Parks & Greenspace	With development	£400k*	Developer	Not started
Newmills Park (GS11)	<ul style="list-style-type: none"> <li>New 3 ha linear park landscaped to meet the Council's large greenspace standard as part of Newmills Road HSG 37 development. (estimated at £100k/ha?)</li> <li>Establishes the first section of an off-road link* between the Water of Leith Walkway and Kirknewton.</li> <li>New 1ha wooded green belt boundary to be formed on prominent break of slope to the north of the site of a minimum 30m depth.</li> </ul>	Developer/ Parks & Greenspace	With development	£320k*	Developer	Not started
Burdiehouse	<ul style="list-style-type: none"> <li>Extend woodland (0.5ha) along the southern bank of the Burdiehouse Burn and incorporate off-road path links to the Burdiehouse Burn Valley Park.</li> <li>Other woodland planting requirements have been implemented.</li> </ul>	Developer/ Parks & Greenspace	With development	£50k*	Developer (HSG 22)	On track
Gilmerton Dykes Road	<ul style="list-style-type: none"> <li>Provision of a new multi-user path link from Gilmerton Dykes Road to Gilmerton Station Road</li> </ul>	Developer	With development	Not yet known/ estimated	Developer (HSG 23)	Not started
Mortonhall, Burdiehouse and Gilmerton to Straiton in Midlothian	<ul style="list-style-type: none"> <li>Green network connections* between Burdiehouse Burn Valley Park, Mortonhall, Morton Mains, Gilmerton and Straiton, including off-site multi-user path connection to link with the paths network in Midlothian via Straiton Pond, with 4m wide landscape treatment to the west across open ground, including verge, hedgerow and hedgerow trees (200m).</li> </ul>	Respective developers for each site, Planning and Transport	With development	Not yet known/ estimated	Developer (HSG 22, 24)	Not started

ACTION	REQUIREMENT / DETAILS	RESPONSIBLE OFFICER	TIMESCALE	COST	FUNDING	STATUS
Gilmerton Station Road to North of Lang Loan	<ul style="list-style-type: none"> <li>New green corridor 500m in length</li> </ul>	Developer	With development	Not yet known/estimated	Developer (CC 3)	Not started
Fountainbridge	<ul style="list-style-type: none"> <li>New greenspace – ‘Fountainbridge Green’ completed.</li> </ul>	Developer	With development	Not yet known/estimated	Developer	Completed
Clovenstone Drive	<ul style="list-style-type: none"> <li>Improve existing greenspace to meet quality standards including provision of play space and upgrading of football pitch.</li> </ul>	Housing and Regeneration, Parks and Greenspaces, Planning & Transport	With development	£100k*	Developer (HSG 31)	Not started
Granton Waterfront: Forth Quarter	<ul style="list-style-type: none"> <li>New ~1ha greenspace as part of masterplan for the area.</li> </ul>	Developer				Completed
Granton Waterfront: Central Development Area	<ul style="list-style-type: none"> <li>New ~1ha greenspace as part of masterplan for the area.</li> </ul>	Developer	With development	£250k*	Developer (EW 2b)	Not started
Edinburgh Park/South Gyle	<ul style="list-style-type: none"> <li>Continuation of the existing north to south greenspace corridor and creation of new pedestrian and cycle links through the site.</li> <li>Potential to create a strategic pedestrian/cycle route linking Wester Hailes, Broomhouse and Sighthill to Edinburgh Gateway Station.</li> <li>New greenspace incorporating the tram halt at the Gyle Centre.</li> </ul>	Developer	With development	Not yet known/estimated	Developer (Del 4)	Not started
Dalmeny to Echline, Queensferry	<ul style="list-style-type: none"> <li>Provision of strategic green corridor* (~12.5ha landscape framework and green network) linking various parts of Queensferry from South Scotstoun to Builyeon Road, including crossing of existing A90 (see Transport Action).</li> </ul>	Respective developers for each site, Planning and Transport	2016-2026	£1.2m*	Developer (HSG 32 & 33)	Not started
Edinburgh Gateway Station to Maybury and Cammo green corridor	<ul style="list-style-type: none"> <li>Provision of strategic (~ 2.5ha) green corridor* linking north-south. This will connect Core Path 12 - A8 Link and Core Path 11 - River Almond.</li> <li>Northern woodland planting at Maybury (~3.5ha)</li> </ul>	Respective developers for each site, Planning and Transport	With development	£320k*	Developer (HSG 19 & 20)	Not started
Brunstane to Musselburgh	<ul style="list-style-type: none"> <li>Establish new green network connections* to Newcraighall village, Newcraighall Public Park, Gilbertstoun, The John Muir Way / Core Path 5 Innocent Railway, Queen Margaret</li> </ul>	Respective developers for each site, Planning and	With development	Not yet known/estimated	Developer (HSG 29)	Not Started

ACTION	REQUIREMENT / DETAILS	RESPONSIBLE OFFICER	TIMESCALE	COST	FUNDING	STATUS
	University, Musselburgh and future developments in Midlothian.	Transport				



5. Healthcare Actions					
ACTION	REQUIREMENT / DETAILS	TIMESCALE	ESTIMATED COST	FUNDING	STATUS
<b>New medical practices</b>					
Granton Waterfront	New Practice to mitigate impact of new residential development in Granton Waterfront. Co-located with new waterfront primary school.	2021 -26	£5M	H&SC Partnership / Developer	Exploring Options
Leith Waterfront	New Practice to mitigate impact of new residential development in Leith Waterfront. Co-located with new Leith primary school.	2016 - 26	£7.5m	H&SC Partnership / Developer	Exploring Options
West Edinburgh	New Practice to mitigate impact of new residential development in West Edinburgh (Maybury, South Gyle, Edinburgh Park, IBG) Co-located with new Maybury Primary School	2018 -24	£6M	H&SC Partnership / Developer	Exploring Options
Gilmerton	New Practice to mitigate impact of new residential development in South East Edinburgh (HSG 21-40). Location to be confirmed.	2016 – 2022	£5/9m	H&SC Partnership / Developer	Exploring Options
Brunstane	New Practice to mitigate impact of new residential development in Brunstane. Location to be confirmed.	TBC	TBC (£5m est)	H&SC Partnership / Developer	Exploring Options
NWEPC	New Practice to mitigate impact of development at Pennywell, Muirhouse, City Park, Telford Nth + Granton waterfront (early)	2015-2021	Sunk Cost	NHSL	Underway

ACTION	REQUIREMENT / DETAILS	TIMESCALE	ESTIMATED COST	FUNDING	STATUS
<b>Expansions</b>					
Parkgrove	Expansion to medical practice to mitigate impact of HSG 20 Cammo.	2018 - 24	£0.1m	H&SC Partnership / Developer	Exploring Options
Pentlands	Expansion to medical practice to mitigate impact of development in South West Edinburgh	2014 - 24	£0.5m	H&SC Partnership / Developer	Exploring Options
Ratho	Re- provision to medical practice to mitigate impact of development in Ratho	2014 -24	£2m Sunk Cost	H&SC Partnership / Developer	Underway
Niddrie	Expansion to medical practice to mitigate the impact of new residential development in Craigmillar.	2014 -24	£5M	H&SC Partnership / Developer	Exploring Options
Leith Links	Re-provision of medical services to mitigate impact of HSG 12 Lochend Butterfly	TBC	£3.5 (£70,000 - 20% for LDP/HLA sites)	H&SC Partnership / Developer	Exploring Options
Polwarth	Expansion to medical practice to mitigate impact of CC3 Fountainbridge	TBC	TBC	H&SC Partnership / Developer	Exploring Options
Meadows	Expansion to medical practice to mitigate impact of CC3 Quartermile	Up to 2021	£3m (£30000 - 10% for LDP/HLA sites)	H&SC Partnership / Developer	Exploring Options
Brunton	Re-provision of medical services to mitigate impact of Meadowbank	2018-2026	£5m (£1,000,000 - 20% for LDP/HLA sites)	H&SC Partnership / Developer	Exploring Options
Allermuir	Expansion to medical practice to mitigate Craighouse.	2014 -24	£7m (Sunk Cost)	NHSL Bundle	Underway
South Queensferry	Expansion to medical practice to mitigate impact of development in Queensferry	2014 - 24	£0.3m (Sunk Cost)	H&SC Partnership	Underway

## 6. Utilities / Water and Drainage

ACTION	REQUIREMENT / DETAILS	RESPONSIBLE OFFICER	TIMESCALE	COST	FUNDING	STATUS
Queensferry Waste Water Treatment Works	Upgrade to Waste Water Treatment Works to accommodate new development	Scottish Water	TBC	TBC	Scottish Water	Project to be designed and costed by Scottish Water

## 7. Policies

ACTION	REQUIREMENT / DETAILS	RESPONSIBLE OFFICER	TIMESCALE	STATUS
Policy Del 1: Developer Contributions and Infrastructure Delivery	Prepare SG	P&T	With adoption of plan	SG is in draft form for consultation and use as a material consideration.
Policy Emp 2: Edinburgh BioQuarter	Finalise SG any subsequent actions	P&T	With adoption of plan	SG is in finalised form ready for adoption
Policy Ret 8: in relation to alternative uses in town centres	Prepare SG for 9 town centres and any subsequent actions	P&T	With adoption of plan	Underway, some SG are in finalised form ready for adoption
Policy RS1: in relation to Heat Networks	Prepare SG any subsequent actions	P&T	With adoption of plan	Not started

online - [www.edinburgh.gov.uk/localdevelopmentplan](http://www.edinburgh.gov.uk/localdevelopmentplan)

email - [localdevelopmentplan@edinburgh.gov.uk](mailto:localdevelopmentplan@edinburgh.gov.uk)

MMaps reproduced by permission of Ordnance Survey on behalf of HMSO. © Crown Copyright and database right 2016.  
All rights reserved. Ordnance Survey Licence Number 100023420.



ترجمہ کے لئے حاضر آناںہیں سہجے انوباد کررہ

بسعنا توفیر الترجمة MOŻEMY PRZETŁUMACZYĆ 很樂意翻譯

You can get this document on tape, in Braille, large print and various computer formats if you ask us. Please contact Interpretation and Translation Service (ITS) on 0131 242 8181 and quote reference number 16-1085. ITS can also give information on community language translations. You can request more copies of this document by emailing [localdevelopmentplan@edinburgh.gov.uk](mailto:localdevelopmentplan@edinburgh.gov.uk)



Estimated spend profile over 2017 - 2025 (all costs as at Qtr 1 2015)

Action required	Category	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Total estimated cost
New 14 class Primary School and 40/40 nursery ( Broomhills)	Construction	£1,586,002	£7,703,437	£2,039,145						
	Remediation	£4,516,165								
	Land	£3,000,000								
New 14 class Primary School and 40/40 nursery (Leith Waterfront)	Construction	£1,586,002	£7,703,437	£2,039,145						
	Remediation	£500,000	£2,573,781							
	Land		£1,476,000							
New 14 class Primary School and 40/40 nursery ( Granton Waterfront)	Construction	£453,143	£1,132,858	£7,703,437	£2,039,145					
	Remediation		£3,073,781							
	Land		£525,000							
New 21 class Primary School and 60/60 nursery ( Maybury)	Construction	£595,492	£1,488,730	£10,123,365	£2,679,714					
	Remediation		£2,858,548							
	Land		£3,000,000							
New 7 class Primary School and 40/40 nursery ( Gilmerton Station Road)	Construction		£303,677	£759,193	£5,162,512	£1,366,547				
	Remediation			£4,516,165						
	Land			£3,000,000						
New 11 class Primary School and 40/40 nursery ( Brunstane)	Construction		£431,791	£1,079,478	£7,340,448	£1,943,060				
	Remediation			£4,516,165						
	Land			£3,000,000						
New Secondary School (West Edinburgh)	Construction		£771,755	£1,929,389	£6,559,921	£6,559,921	£3,472,899			
	Remediation			£6,489,180						
	Land			£8,300,000						
New 14 class Primary School and 40/40 nursery ( South Queensferry)	Construction			£453,143	£1,132,858	£7,703,437	£2,039,145			
	Remediation				£2,047,816					
	Land				£3,000,000					
3 Prinmary School classes ( Currie PS)	Construction	£419,314	£419,314							
2 RC Primary Schoool classes ( St Margaret's RC PS)	Construction	£352,654	£352,654							
Additional secondary school capacity - 66 pupils ( Boroughmuir HS, James Gillespie's HS)	Construction		£2,118,310							
3 Primary school classes ( Gylemuir PS)	Construction		£419,314	£419,314						
4 RC Primary School classes ( St John Vianney RC PS or St Catherin's RC PS)	Construction		£526,072	£526,072						
Additional secondary school capacity - 275 pupils (Queensferry Community HS)	Construction			£8,826,290						
Additional secondary school capacity - 254 pupils (Broughton HS, Craigroyston Community HS)	Construction		£4,076,141	£4,076,141						
4 Primary School classes ( to be deliviered by the new South Edinburgh PS)	Construction			£1,052,144						
3 Primary School classes ( Hillwood PS)	Construction			£419,314	£419,314					
Additional secondary school capacity - 522 pupils (Gracemount HS, Liberton HS)	Construction			£8,376,951	£8,376,951					
Additional secondary school capacity - 251 pupils (Leith Academy, Trinity Academy)	Construction			£4,027,978	£4,027,978					
Addionalt secondary school capacity - 6 pupils (Firhill HS)	Construction				£192,574					
3 Primary School classes ( Castleview PS)	Construction				£419,314	£419,314				
Extension to Castleview PS dining hall	Construction				£146,904	£146,904				
2 RC Primary Schoool classes ( St David's RC PS)	Construction				£352,654	£352,654				
Additional secondary school capacity - 261 pupils (Castlebrae Community HS)	Construction						£8,376,951			
Additional secondary school capacity - 114 pupils (St Augustine's RC HS)	Construction						£3,658,898			
2 Primary School classes ( Dean Park PS)	Construction						£705,308			
2 Primary School classes ( to mitigate the impact of development with Drummond CZ)	Construction							£705,308		
2 Primary School class ( Balgreen PS)	Construction							£705,308		
2 RC Primary Schoool classes ( Fox Covert RC PS or St Joseph's RC PS)	Construction							£1,143,549		
1 Primary School class (Kirkliston PS)	Construction								£350,000	
2 Primary School classes ( to mitigate development within catchment of The Royal High PSI)	Construction								£705,308	
2 Primary School classes ( Craigour Park PS)	Construction								£705,308	
2 RC Primary Schoool classes ( Holycross RC PS)	Construction								£705,308	
Totals		£13,008,772	£40,954,599	£83,672,008	£43,898,102	£18,491,837	£18,253,201	£2,554,165	£2,465,924	£223,298,607
Less estimates external funding & other contruibutions		£7,516,165	tbc	tbc	tbc	tbc	tbc	tbc	tbc	tbc
Council funding requirement		£5,492,607								

# Finance and Resources Committee

10.00am, Thursday, 19 January 2017

## Managing Workforce Change – Workforce Dashboard

Item number 7.12

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 6 January 2017.

### 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 twelve months. The total savings target from organisational reviews is £64m, to be achieved by March 2017.
- 2.2 In order to achieve this target the following reduction in staffing levels is proposed:
- management posts 27%;
  - business support posts 26%; and
  - front line posts 15%.
- 2.3 At its meeting on 29 October 2015 the Finance and Resources Committee acknowledged the need to reduce the number of staff by encouraging employees to apply for voluntary severance and agreed revised terms for Voluntary Early Release Arrangements (VERA) and Voluntary Redundancy (VR).

### 3. Main report

---

- 3.1 The attached dashboard (Appendix 1) provides indicators to monitor change through the Council Transformation programme. As at 6 January 2017, four organisational reviews were currently underway across the Council involving 2697 staff.
- 3.2 In summary the findings detail:
- People totalling 804.5fte have exited/are confirmed to exit the organisation through voluntary severance arrangements, equating to £30.2m annualised cost savings.
  - 57 people were recorded as being surplus at 6 January 2017 representing an annual salary cost of £2.23m. This represents a 49% decrease in the number of redeployees since September 2016. Of the 57 redeployees 34 have been redeployed into temporary posts, four have a



future VR leaving date leaving 19 who are currently not redeployed into a funded post.

- Of the 34 in temporary posts, nine are being re-trained as social workers, five are in externally funded posts as Active Schools Co-ordinators until 2019 and 20 have other posts with the Council.
- The Career Transition Service has supported a total of 1228 staff. This includes 607 one to one meetings with individuals to discuss their needs, 837 who have undertaken interview skills training and 684 people who have taken advantage of the services provided by specialist provider.
- A targeted bumped redundancy exercise is currently underway to help secure permanent employment for Grade 7 staff on the register (10 in total).
- Council's FTE headcount has reduced by 1,311 between October 2015 and October 2016.

3.3 The latest available information on Council wide staffing numbers, sickness absence and agency expenditure is as reported at October 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 £30.2m

## **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

---

None.

### Hugh Dunn

Acting Executive Director of Resources

Contact: Katy Miller, Head of Human Resources

E-mail: [katy.miller@edinburgh.gov.uk](mailto:katy.miller@edinburgh.gov.uk) | Tel: 0131 469 5522

### Links

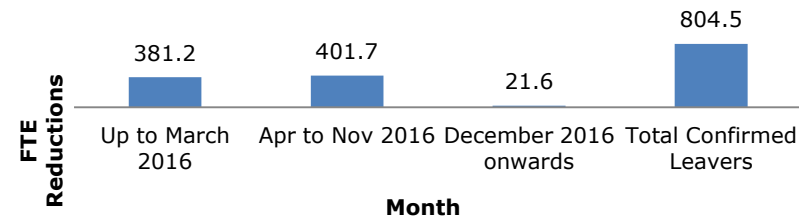
---

<b>Coalition pledges</b>	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
<b>Council outcomes</b>	CO24, CO25, CO26, CO27
<b>Single Outcome Agreement</b>	
<b>Appendices</b>	Appendix 1 – Workforce Dashboard - Transformation Programme Summary

Organisational review summary

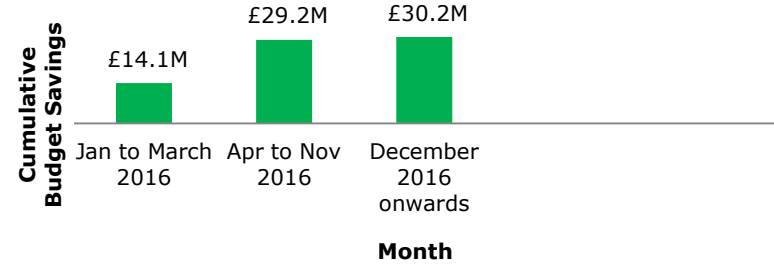
2697 people are currently involved in ongoing organisational reviews and further voluntary redundancy cases are expected in future.

VERA/VR leaver reductions (FTE)



People accounting for a total of 804.5 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 804.5 FTE reductions from VERA and VR will achieve recurring savings of £30.2M.

The one off VR/VERA and pension strain cost for those cases is £35m and the overall payback period is 13.9 months, which is in line with planning assumptions.

Employee support / Career Transition Service

	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17
Number of people in review	3661	2288	2838	2898	3548	2697
Support						no.to date
No of staff accessed CTS						1228
1:1's						607
Attended interview skills training						837
Requested access to online registration for Right Everywhere access						684

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

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

Redeployment – number of people and cost

	Aug 2016	Sept 2016	Oct 2016	Nov 2016	Dec 2016	Jan 2017
Number of people on register	100	111	102	86	61	57
Annual salary cost	£3.97 m	£4.45 m	£3.95m	£3.24m	£2.41m	£2.23m
Monthly Salary Cost			£329,427	£270,012	£201,285	£186,315
Monthly Salary Cost (excluding those in funded posts)			£254,112	£191,970	£121,115	£86,481
Monthly Salary Cost for those on register for over 3 months (not currently redeployed)			£92,538	£127,510	£118,998	£86,481
Surplus – not currently redeployed	55	55	43	35	28	19
Temporarily redeployed into a funded post	22	23	25	26	27	34
Accepted VR with future leaving date	23	33	34	25	6	4

57 staff are now recorded as being surplus, representing an annual salary cost of £2.23m and a 49% decrease in the number of redeployees since September 2016.

Those not currently redeployed into a position (19) represent annual salary costs of £775K. This represents a decrease of £277K since the last dashboard.

A targeted bumped redundancy exercise is currently underway to help secure permanent employment for GR7 staff on the register (10 in total) Since the first reviews were implemented in Dec2015/Jan 2016, a total of 33 permanent redeployments have been secured. 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
Oct 15	15,208	19,249	£409.4M
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
Oct 16	13,897	18,327	£377.4M

As at end Oct 2016, a total of 13,897 full time equivalent staff were employed by the Council.

This represents a drop in FTE during October of 1,311 and a drop in paybill of £32M in the period from October 2015 to October 2016.

See attached briefing note for further explanation of month by month changes

Sickness absence

	12 month rolling average
Oct 15	4.99%
May 16	4.98%
June 16	5.08%
July 16	5.12%
August 16	5.13%
Sept 16	5.15%
Oct 16	5.18%

A total of 5.18% of working days in the 12 months to October 2016 were lost to sickness absence.

This figure continues to rise against the backdrop of transformational change. Plans are in development to address the increase in stress related absence.

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

Agency expenditure

	Adecco Agency Expenditure
Oct 15	£1.04M
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
October 16	£864.3K

Agency expenditure covers the period June 2015 to October 2016.

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

Vacancies

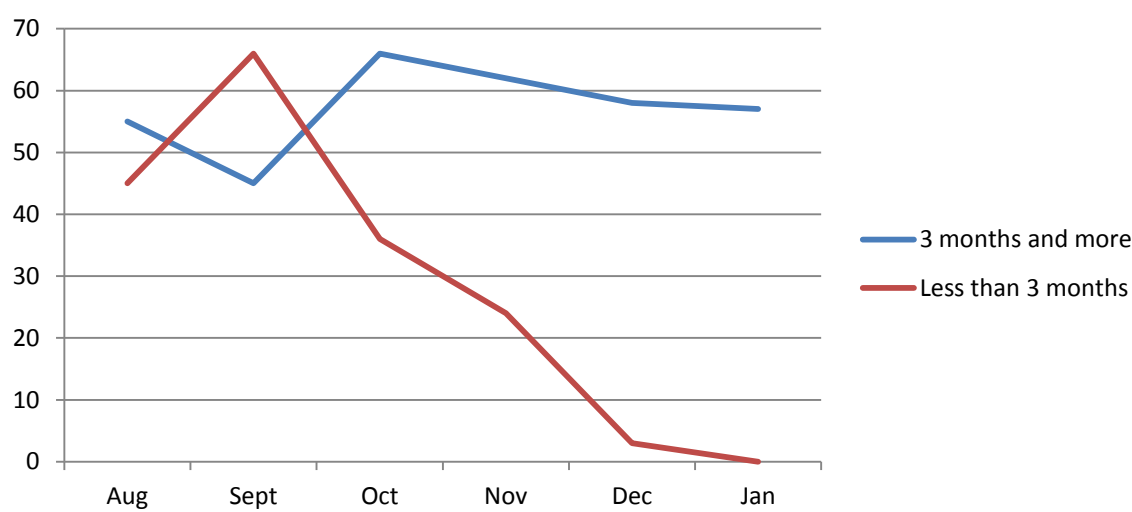
Number of roles	Contract Type
24	Fixed term
44	Permanent

As at 6 January 2017 2016 we have 68 live vacancies.

## Appendix One - Workforce Dashboard – Summary – 6 January 2017

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

	Aug	Sept	Oct	Nov	Dec	Jan
3 months and more	55	45	66	62	58	57
Less than 3 months	45	66	36	24	3	0
Total Cases	100	111	102	86	61	57
	Aug	Sept	Oct	Nov	Dec	Dec
3 months and more	55.0%	40.5%	64.7%	72.09%	95.10%	100.0%
Less than 3 months	45.0%	59.5%	35.3%	27.91%	4.09%	0.0%



**Note: 3 months and more on the redeployment register**

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

those staff not currently redeployed	19
those staff with a VR future date	4
those staff in temporary redeployment	34

# Finance and Resources Committee

10.00am, Thursday, 19 January 2017

## Report by the Accounts Commission – Local Government in Scotland: Financial Overview 2015/16

Item number	7.13
Report number	
Executive/routine	
Wards	

### Executive summary

In November 2016, the Accounts Commission published its Scotland-wide review of local government financial performance for 2015/16. The report concluded that, across the sector, financial health in the year was generally good, with a slight increase in reserve levels and a reduction in overall debt. All councils' financial statements were also unqualified, with no specific concerns raised about their immediate financial position.

This said, given on-going increases in demographic-led demand and additional pressures arising from inflation, legislative reform and reducing real-terms resources, the report re-iterates the on-going importance of effective budget management and long-term financial planning.

### Links

Coalition Pledges	<a href="#">P30</a>
Council Priorities	<a href="#">CP13</a>
Single Outcome Agreement	<a href="#">SO1</a> , <a href="#">SO2</a> , <a href="#">SO3</a> , <a href="#">SO4</a>

## Report by the Accounts Commission – Local Government in Scotland: Financial Overview 2015/16

### 1. Recommendations

---

- 1.1 Members of the Finance and Resources Committee are asked to:
  - 1.1.1 note the contents of the report; and
  - 1.1.2 refer the report to the Governance, Risk and Best Value Committee as part of its work programme.

### 2. Background

---

- 2.1 In recent years, as an integral part of its annual programme of scrutiny and inspection across Scotland's local authorities, the Accounts Commission has published a high-level, independent overview report. This annual report has drawn upon work undertaken in the preceding year, summarising findings and key themes emerging from financial statement, Best Value, Community Planning and wider performance audits.
- 2.2 For the 2015/16 review, a slightly different approach has been adopted. Rather than providing coverage of all of the above areas in the overview, a series of discrete reports will instead be issued. An overview of service performance and the range of challenges facing councils will be released in March 2017. The financial overview report (included as Appendix 1) has been issued several months earlier than usual, however, with the intention that it then inform and complement councils' budget-setting processes.
- 2.3 As in previous years, the report is aimed primarily at councillors and senior officers and assesses councils' financial performance in the context of a number of existing and emerging challenges. These challenges centre on reconciling demographic-led increases in service demand, other cost pressures and growing complexity and citizen aspirations arising from legislative change with on-going real-terms reductions in funding. To assist councillors in both improving their understanding of the issues concerned and discharging their scrutiny role, a number of specific suggested questions are also highlighted.
- 2.4 Given its Scotland-wide coverage, the report's recommendations are correspondingly general. Edinburgh-specific and other reports covering areas of relevance to the Council's activities are, however, regularly considered by the Governance, Risk and Best Value Committee. Of particular relevance is the Council's own [Annual Audit Report](#), also considered by the Finance and Resources Committee on 1 December 2016.

### 3. Main report

---

- 3.1 The Accounts Commission report comprises two distinct sections. The first provides a high-level overview of councils' income and expenditure in 2015/16, placing these within the context of recent years' trends. The second section then proceeds to examine the financial outlook for councils at the end of 2015/16 and outlines a number of specific factors for elected members to consider in assessing future spending plans.
- 3.2 The report concludes that, across the local government sector, financial health in 2015/16 was generally good, with a slight increase in reserve levels and a reduction in overall debt. All councils' financial statements were also unqualified, with no specific concerns raised about their immediate financial position.
- 3.3 This said, given on-going increases in demographic-led demand and additional pressures arising from inflation, legislative reform and reducing real-terms resources, the report re-iterates the on-going importance of effective budget management and long-term financial planning.
- 3.4 As mentioned above, the report seeks to address issues of general applicability and, as such, there are few Edinburgh-specific references. The Council's own Annual Audit Report did, however, provide commentary on a number of areas discussed within the report, including:
- (i) **Paragraph 36** - levels of capital programme expenditure slippage continue to compare favourably with other councils in Scotland;
  - (ii) **Paragraphs 37 – 42** - current financial management arrangements are assessed to be effective, with all services containing expenditure within budgeted levels in 2015/16, supported by robust scrutiny arrangements from senior management and elected members;
  - (iii) **Paragraphs 50 – 62** - the Council's overall level of external borrowing has decreased by 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. Debt associated with the purchase of Waverley Court and acquisition of some of the assets of EDI and Waterfront Edinburgh was, for example, supported by elected member consideration and approval of detailed business cases, delivering significant overall savings to the Council;
  - (iv) **Paragraphs 72 – 85** - good progress has been made to date in delivering the savings underpinning the Council's Transformation Programme, with these contributing, as of the time of the mid-year review, to an indicative balanced revenue budget position in both 2017/18 and 2018/19, in so doing making significant progress in addressing the Council's financial challenges over this period; and



- (v) **Paragraphs 86 – 89** - whilst acknowledging that appropriate scrutiny arrangements are already in place, the annual report underlined 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.

## **4. Measures of success**

---

- 4.1 Relevant measures in setting the revenue budget include:
- 4.1.1 Accurate capturing and quantification of the key determinants of the Council's overall expenditure requirement and available sources of income, allowing a balanced overall budget and subsequent years to be set as part of a longer-term sustainable framework;
  - 4.1.2 Development of savings and investment options aligned to the Council's priority outcomes, with due opportunity provided for public consultation and engagement; and
  - 4.1.3 Subsequent delivery of the approved savings, particularly where these are linked to additional service investment, along with continued delivery of key service performance outcomes.

## **5. Financial impact**

---

- 5.1 Delivery of a balanced budget in any given year is contingent upon the development, and subsequent delivery, of robust savings, alongside management of all risks and pressures, particularly those of a demand-led nature.

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

---

- 6.1 An annual report on the risks inherent in the budget process (included elsewhere on today's agenda) is considered by the Finance and Resources Committee in January and referred to Council as part of setting the revenue and capital budgets.
- 6.2 The savings assurance process is intended to ensure that, as far as is practicable, those proposals approved by Council deliver the anticipated level of financial savings in a way consistent with the expected service impacts outlined in the respective budget templates. This process has been aided by the integration into a single cost reduction plan of savings derived from the respective transformation and service prioritisation programmes, monitoring against which is being reported to the Finance and Resources Committee on a bi-monthly basis.

- 6.3 Recent improvements to the budget monitoring process have also enhanced CLT and elected member scrutiny of the management of service pressures and delivery of approved savings, a point specifically referenced in the Council's own Annual Audit Report.

## **7. Equalities impact**

---

- 7.1 As in previous years, those proposals comprising the budget framework have been assessed for their corresponding potential equalities and human rights impacts. The results of this assessment are reported to the Finance and Resources Committee to allow members to pay due regard to them in setting the Council's budget.
- 7.2 A progress report outlining the effectiveness of the mitigating actions put in place to address those approved proposals with potential adverse impacts in 2016/17 was considered by the Committee on 9 June 2016.

## **8. Sustainability impact**

---

- 8.1 The proposals comprising the budget framework are also subject to an assessment of their likely corresponding carbon impacts, with the main findings of the 2016/20 framework proposals reported to the Council as part of the budget-setting.

## **9. Consultation and engagement**

---

- 9.1 An extensive period of public engagement was undertaken on the proposals comprising the framework, with the findings reported to the Finance and Resources Committee on 14 January 2016 and informing the final approved budget. A similar process of engagement was undertaken in October and November 2016, with the main findings reported elsewhere on today's agenda.

## **10. Background reading/external references**

---

[The City of Edinburgh Council: 2015/16 Annual Audit Report to Members and the Controller of Audit](#), Finance and Resources Committee, 1 December 2016

### **Hugh Dunn**

Acting Executive Director of Resources

Contact: Hugh Dunn, Acting Executive Director of Resources

E-mail: [hugh.dunn@edinburgh.gov.uk](mailto:hugh.dunn@edinburgh.gov.uk) | Tel: 0131 469 3150

<b>Coalition Pledges</b>	P30 – Continue to maintain a sound financial position including long term financial planning
<b>Council Priorities</b>	CP13 – Deliver lean and agile Council services
<b>Single Outcome Agreement</b>	SO1 – Edinburgh’s economy delivers increased investment, jobs and opportunities for all SO2 – Edinburgh’s citizens experience improved health and wellbeing, with reduced inequalities in health SO3 – Edinburgh’s children and young people enjoy their childhood and fulfil their potential SO4 – Edinburgh’s communities are safer and have improved physical and social fabric
<b>Appendices</b>	One – Local Government in Scotland: Financial Overview 2015/16

Local government in Scotland

# Financial overview 2015/16



ACCOUNTS COMMISSION 

Prepared by Audit Scotland  
November 2016


# The Accounts Commission

The Accounts Commission is the public spending watchdog for local government. We hold councils in Scotland to account and help them improve. We operate impartially and independently of councils and of the Scottish Government, and we meet and report in public.

We expect councils to achieve the highest standards of governance and financial stewardship, and value for money in how they use their resources and provide their services.

Our work includes:

- securing and acting upon the external audit of Scotland's councils and various joint boards and committees
- assessing the performance of councils in relation to Best Value and community planning
- carrying out national performance audits to help councils improve their services
- requiring councils to publish information to help the public assess their performance.

You can find out more about the work of the Accounts Commission on our website: [www.audit-scotland.gov.uk/about/ac](http://www.audit-scotland.gov.uk/about/ac) 

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.

# Contents



Key facts	4
Chair's introduction	5
Summary	7
Part 1. Income and spending	9
Part 2. Financial outlook	19
Endnotes	33
Appendix. Methodology of funding gaps analysis	34

---

## Links



PDF download



Web link



## Exhibit data

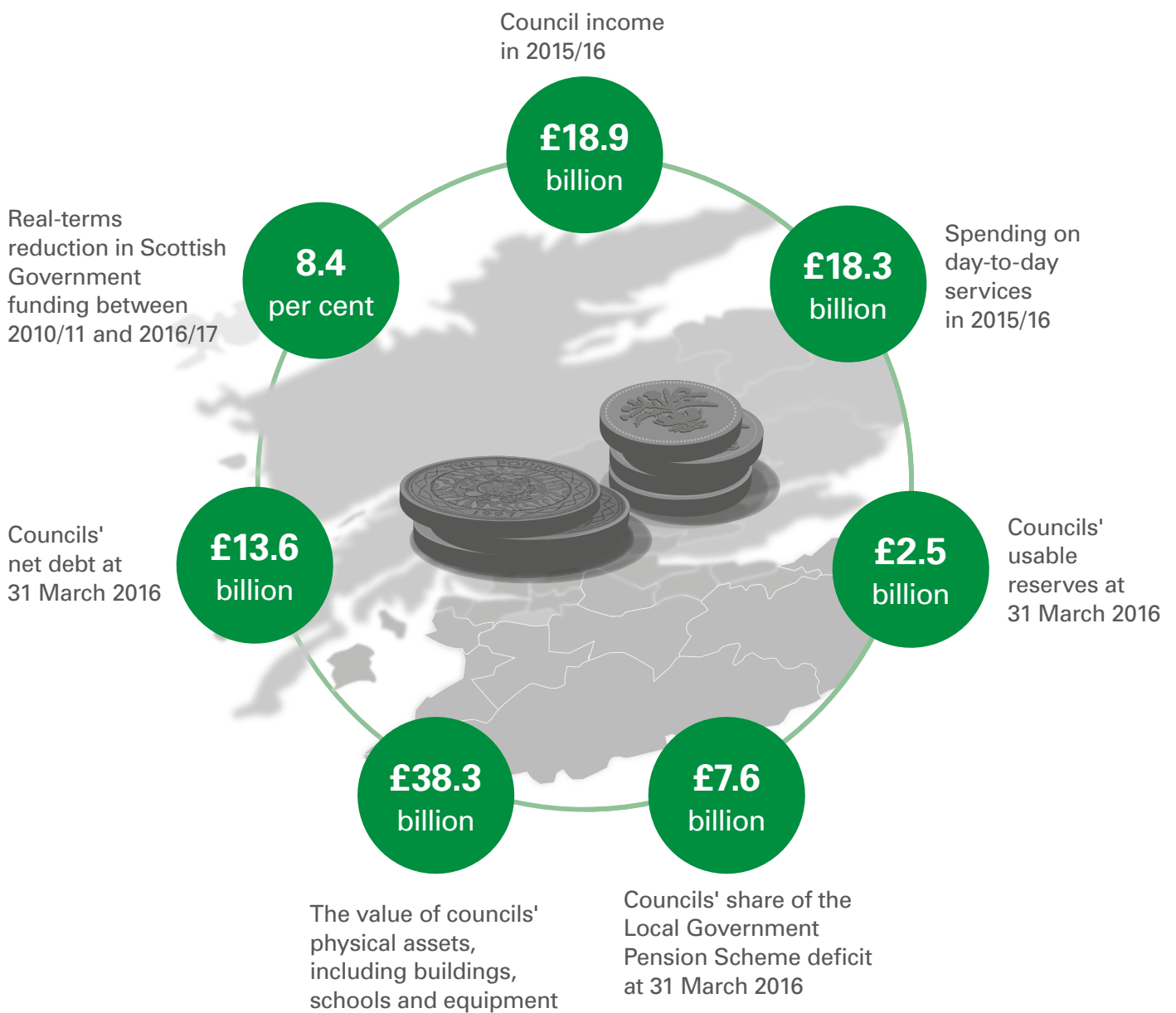
When viewing this report online, you can access background data by clicking on the graph icon. The data file will open in a new window.



These question mark icons appear throughout this report and represent questions for councillors.

---

# Key facts




# Chair's introduction



This financial report is the first of our new overview outputs. It tells the strategic financial story for local government in Scotland in 2015/16, another challenging year for councils. Overall, councils responded well by controlling their spending and have also increased reserves and reduced debt. Scottish Government funding has fallen in real terms in recent years and, although there was a small annual real-terms increase in 2015/16, it fell again in 2016/17. Councils also continue to face cost pressures, including increasing pension costs and wage inflation. We recognise councils have been making difficult decisions when setting their budgets and that this has required a disciplined approach to delivering savings. This disciplined approach must continue when we move into the 2017 election year, as significant challenges lie ahead and councils need to be well placed to meet them.

In anticipation of reductions in future Scottish Government funding, most councils have continued to increase their reserves. Councils must consider how and when reserves are used to support services, in line with their financial plans and reserves policies, as they can only be used once and relying on them is not sustainable. All councils have identified future funding gaps that will need to be addressed through making savings or using reserves. How well placed individual councils are to address these funding gaps is a combination of the relative size of the funding gap, the reserves they hold, and their ability to identify and make savings and to service debt.


Financial scrutiny and transparency in financial reporting are themes that recur throughout this report. Under the new [Code of Audit Practice 2016](#) , auditors will comment on the financial sustainability of councils. It is important that all councils have long-term financial strategies in place that support their strategic priorities, underpinned by more detailed financial plans and indicative budgets that cover the next three to five years. These will help councillors and officers assess the impact of approved spending on their current and future financial position.

## Our new approach to overview reporting

This year, we have developed our approach to overview reporting for local government into a series of outputs throughout the year. We will examine the performance of council services and the challenges facing councils in our upcoming overview report in March 2017, but hope that the links between good financial and service performance remain clear.

We are publishing this analysis of the 2015/16 accounts and audit findings a few months earlier than usual, so that they can be considered by councils and councillors when setting their 2017/18 budgets. In addition to this report and the accompanying supplements, an interactive exhibit and additional financial



information are available on our [website](#) . These will allow council officers and councillors to look at areas that may be of particular interest to them and to compare their council with others.

I hope this report and the supplementary information prove to be informative and help shed light on the complex nature of local government finances. We welcome feedback and will use this to inform our approach to overview reporting in future years.

**Douglas Sinclair**  
Chair of Accounts Commission

# Summary



## Key messages

- 1** The overall financial health of local government was generally good in 2015/16 and there was a slight increase in overall reserves and a reduction in overall debt. Auditors did not raise concerns about the immediate financial position of Scotland's councils and, for the fifth year in a row, issued unqualified opinions on councils' accounts.
- 2** Significant challenges for local government finance lie ahead. Councils' budgets are under increasing pressure from a long-term decline in funding, rising demand for services and increasing costs, such as pensions. There is variation in how these pressures are affecting individual councils, with some overspending their total budgets or budgets for individual services such as social care. It is important that councils have effective budgetary control arrangements in place to minimise unplanned budget variances that can affect their financial position.
- 3** Councils need to change the way they work to deal with the financial challenges they face. All councils face future funding gaps that require further savings or a greater use of their reserves. There is variation in how well placed councils are to address these gaps.
- 4** Long-term financial strategies must be in place to ensure council spending is aligned with priorities, and supported by medium-term financial plans and budget forecasts. Even where the Scottish Government only provides councils with one-year financial settlements, this does not diminish the importance of medium and longer-term financial planning. This is necessary to allow councillors and officers to assess and scrutinise the impact of approved spending on future budgets and the sustainability of their council's financial position.

---

**councils have managed their finances well but significant challenges lie ahead**

---

## About this report


**1.** This report provides a high-level, independent view of councils' financial performance and position in 2015/16. It is aimed primarily at councillors and senior council officers as a source of information and to support them in their complex and demanding roles. It is in two parts:

- **Part 1 (page 9)** focuses on the councils' income and expenditure in 2015/16 and trends over time.
- **Part 2 (page 19)** comments on the financial outlook of councils at the end of 2015/16 and outlines important factors to be considered in assessing future spending plans.

**2.** Throughout this report we present a detailed analysis of councils' finances in 2015/16 and, where appropriate, comparisons over a five-year period (2011/12 to 2015/16). Our primary sources of information are councils' audited accounts and their 2015/16 annual audit reports. We have supplemented this with other information supplied by auditors and councils. This includes budget information collected by auditors shortly after councils approved their 2016/17 budgets and which informed our analysis of councils' projected funding gaps up to 2018/19.

**3.** Where we refer to councils' funding in 2016/17, we use information from the Scottish Government's 2016/17 Local Government financial settlement. Although we do not audit this information, we feel it is important to make appropriate references to funding in the current financial year. Where we have done this, we have analysed trends since 2010/11 when Scottish Government funding peaked.

**4.** We refer to real-terms changes in this report where we are showing financial information from past and future years in 2015/16 prices, adjusted for inflation, so that they are comparable to information from councils' 2015/16 accounts. In general we compare income and expenditure items in **Part 1** in real-terms but do not adjust items in **Part 2** as they are adjusted in their preparation.

**5.** Throughout the report, we identify questions that councillors may wish to consider to help them better understand their council's financial position and to scrutinise financial performance. The questions are also available in **Supplement 1: Self-assessment tool for councillors**  on our website.

**6.** We recognise that complex financial information is often presented differently for different purposes. For example, local finance returns (LFRs), which councils submit to the Scottish Government, present spending information for councils on a different basis from the spending information that councils record in their annual accounts. There are also differences in how funding is recorded in different sources. Alongside this report, we have published a short supplement to explain the main differences in the way financial information is reported. This is included in the self-assessment tool for councillors.

**7.** Accompanying this report, and to facilitate insight and comparisons across the sector, we have provided additional financial information on our website. The information is based on councils' audited accounts. We hope this will be useful for senior council finance officers, their staff and other interested stakeholders.

# Part 1

## Income and spending



### Key messages

- 1** The overall financial health of local government was generally good in 2015/16 and there was a slight increase in overall reserves and a reduction in overall debt. Auditors did not raise concerns about the immediate financial position of Scotland's councils and, for the fifth year in a row, issued unqualified opinions on councils' accounts.
- 2** More than half of councils' income comes from the Scottish Government. Councils have experienced a long-term decline in their grant funding from the Scottish Government. This is expected to continue to fall in future, putting greater pressure on budgets.
- 3** Councils have managed their finances well so far in responding to the pressures they face. In 2015/16, 15 councils planned to use some of their reserves to support spending and, across local government, revenue reserves were forecast to decrease. However, only seven councils drew on their reserves and, overall, revenue reserves increased in 2015/16.
- 4** Councils spent £19.5 billion in 2015/16. Spending on providing services remains lower than in 2011/12, but is increasing in key services, most noticeably in social care because of rising demand from an ageing population. Many councils overspent their social care budgets and this poses a risk to their longer-term financial position. Councils need to ensure budgets reflect true spending patterns so that the impact of current spending on their financial position is clearly understood.
- 5** Over and above growing demands on services, councils need to manage other financial pressures such as increasing pension costs and wage inflation. It is essential that councils have long-term financial strategies and plans in place that align with their priorities and are supported by medium-term financial plans and budget forecasts.

---

there has been a long-term decline in grant funding to councils, this is to continue

---



---

### **All councils received an unqualified audit opinion on their 2015/16 accounts but they can better use their accounts to explain financial performance**

- 8.** The overall financial health of local government was generally good in 2015/16. All accounts were received on time and, for the fifth consecutive year, auditors issued all of Scotland's 32 councils with a true and fair unqualified audit opinion on their 2015/16 accounts.

**9.** Over two-thirds of councils operated within their budgets and there was a slight increase in overall reserves and a reduction in overall debt. Auditors did not raise concerns about the short-term financial position of Scotland's councils, but raised a number of concerns about individual councils facing significant funding gaps over the next two to three years.

**10.** For the last two years, councils have produced a management commentary to accompany their annual accounts. These commentaries play an important role in helping readers to better understand the accounts and a council's financial performance. As such, they should include explanations of amounts included in the accounts as well as:

- a description of the council's strategy and business model
- a review of the council's business
- a review of principal risks and uncertainties facing the council
- an outline of the main trends and factors likely to affect the future development, financial performance and financial position of the council.

**11.** The management commentary should concisely present the financial 'story' of a council in an understandable format for a wide audience. Auditors express an opinion on whether the management commentary is consistent with the audited financial statements.

**12.** Analysis of the management commentaries shows variation in how clearly councils explain their financial and general performance. However, there is a general improvement from last year. It is the Commission's view that councillors have an important role in ensuring that the management commentary effectively tells the story of the council's financial performance and can be understood and scrutinised by a wide audience.

### **Scottish Government funding increased in 2015/16 but has reduced significantly over the longer term**

**13.** In 2015/16, councils' total revenue and capital income was £18.9 billion, a real-terms increase of 2.9 per cent since 2014/15. £10.9 billion (57 per cent) of this came from the Scottish Government ([Exhibit 1, page 11](#)). The share of council income coming from the Scottish Government has reduced slightly from 2014/15 (58 per cent), mainly because of a large increase in income from service fees and charges.<sup>1</sup>

**14.** Scottish Government grants are councils' major source of income. Between 2010/11 and 2015/16, Scottish Government funding (combined revenue and capital) for councils reduced in real terms by around £186 million (1.7 per cent) to £10.9 billion.<sup>2</sup> Taking into account 2016/17 funding, councils have experienced a real-terms reduction in funding of 8.4 per cent since 2010/11. This is approximately the same as the reduction in the Scottish Government's total budget over the same period.




---

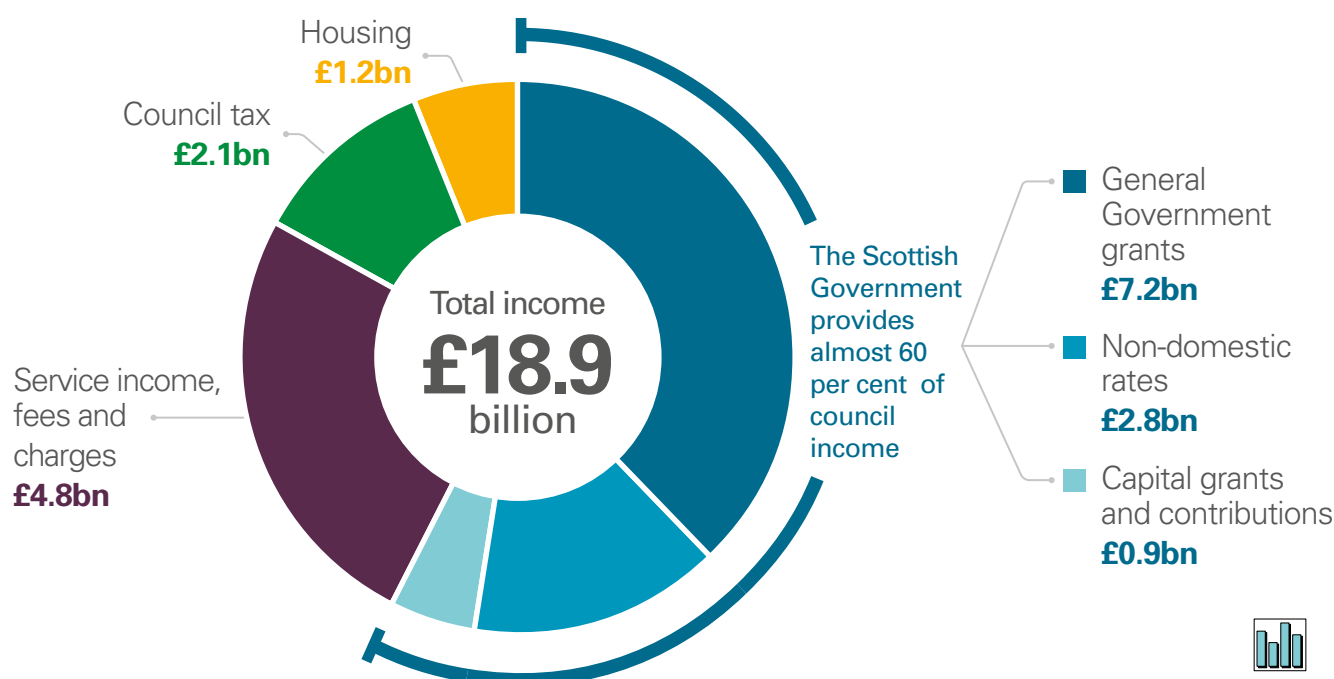
**Does the management commentary section of the annual accounts provide a clear and easily understandable account of the council's finances?**

---

## Exhibit 1

### Sources of councils' income in 2015/16

Councils' total income in 2015/16 was £18.9 billion and almost 60 per cent (£10.9 billion) of this came from the Scottish Government.



Notes: 1. Figures have been rounded to one decimal place so the sum of the categories does not exactly match total income. 2. Service income, fees and charges may include specific service-related grants and income such as payments from the Scottish Government, NHS or other councils. It also includes funds returned to councils from Integration Joint Boards. 3. Capital grants and contributions include income from the Scottish Government and others such as central government bodies, National Lottery and the European Union. As the majority is in the form of Scottish Government capital grants, we have included this within income provided by the Scottish Government.

Source: Councils' audited annual accounts, 2015/16

### In 2015/16, councils received a slight increase in revenue funding from the Scottish Government to support the implementation of national policies

**15.** The Scottish Government allocates councils a set amount of revenue funding from both grants and non-domestic rates (NDR). In 2015/16, this amounted to £10.0 billion. This represents a real-terms annual increase of 1.1 per cent but a 2.1 per cent reduction since 2010/11.

**16.** Revenue grants totalled £7.25 billion in 2015/16 and included: £560 million for continuing to freeze council tax at 2007/08 levels; around £350 million to replace council tax benefit previously provided by the UK Government; and additional funding for implementing other Scottish Government policies, such as maintaining teacher numbers and pupil to teacher ratios. In their accounts, councils record income from Scottish Government funding differently from how it is allocated ([Supplement 1: Self-assessment tool for councillors](#)). As a result, councils' accounts show income from Scottish Government general revenue grants of £7.2 billion in 2015/16. This represents a real-terms reduction in councils' income of £38.0 million since 2014/15.

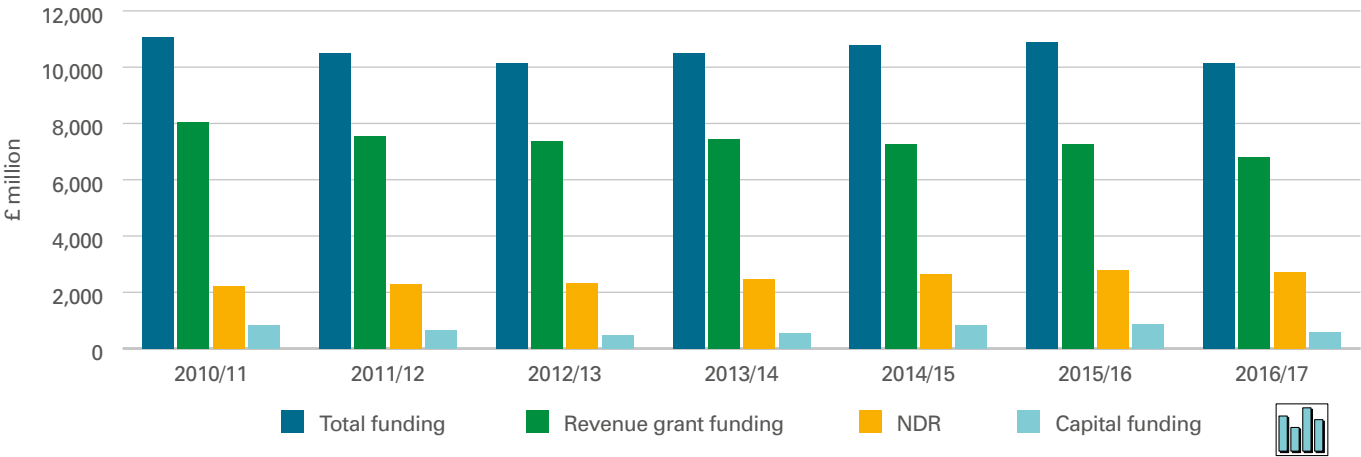
**17.** An increasing proportion of revenue funding is coming from NDR (29 per cent in 2015/16 compared to 22 per cent in 2010/11). The increase in NDR income in recent years has not fully offset reductions in revenue grant funding.

Scottish Government revenue funding fell by almost seven per cent between 2010/11 and 2016/17, and further reductions are expected

**18.** In 2016/17, Scottish Government grant funding has fallen by £489 million to £9.6 billion. This is a greater reduction than in previous years and represents a real-terms annual reduction in revenue grant of 5.9 per cent and NDR of 2.2 per cent. Since 2010/11, combined revenue funding has fallen by 6.8 per cent ([Exhibit 2](#)).

Exhibit 2

Scottish Government funding to councils from 2010/11 to 2016/17, at 2015/16 prices  
Councils are experiencing a long-term reduction in revenue funding.



- Notes:
1. Funding allocations up to 2012/13 have been adjusted to remove funding for police and fire. Responsibility for these services transferred from local to central government in April 2013. From 2013/14, revenue funding includes payments for council tax reduction, replacing council tax benefit previously coming from the UK Government. We have also adjusted these figures for specific elements of the local government settlement relating to adjustments for police and fire pensions.
  2. Since 2013/14, Scottish Government revenue funding has included payments of around £350 million per year to fund council tax reductions, replacing council tax benefit which previously came from the UK Government.
  3. The 2016/17 figures do not include £250 million the Scottish Government allocated to health and social care integration authorities specifically for social care. This is an allocation from the Scottish Government health budget to NHS boards, rather than councils. The NHS boards will allocate this funding to the integration authorities.

Source: Local Government Finance Circulars 2011-16, Scottish Government

**19.** Councils expect revenue funding to decrease in future years, although the extent of this is not clear as, the Scottish Government has provided councils with one-year funding settlements in 2015/16 and 2016/17. Councils contend that this constrains their ability to develop meaningful long-term financial strategies and medium-term financial plans. However, the challenging financial environment further strengthens the case for councils taking a long-term view of their finances [Part 2 \(page 19\)](#). There should be clear links between financial strategies and plans and councils’ strategic priorities to provide a basis for decision-making.

Income from NDR and council tax increased in some councils in 2015/16

**20.** In 2015/16, councils received £2.79 billion in NDR income, a real-terms annual increase of £134.3 million (5.1 per cent). Twenty-six councils saw an increase in their NDR income in 2015/16. This ranged from a £12.1 million (16.0 per cent) reduction in Falkirk Council to an increase of £26.5 million (7.3 per cent) in City of Edinburgh Council.



How do you consider potential changes to income streams and their impact on spending and services as part of medium and long-term planning?

**21.** Council tax income was £2.1 billion in 2015/16, a real-terms annual increase of £32.3 million (1.6 per cent). With council tax levels being frozen nationally ([paragraph 16](#)), real terms increases and decreases will come about through changes in council tax relief and collection rates, as well as changes in the number of households paying council tax through new housebuilding, empty homes and/or depopulation. Council tax income increased in 29 councils but decreased in real terms in three (Aberdeenshire 1.4 per cent, Argyll and Bute 0.1 per cent and East Lothian 1.7 per cent.)

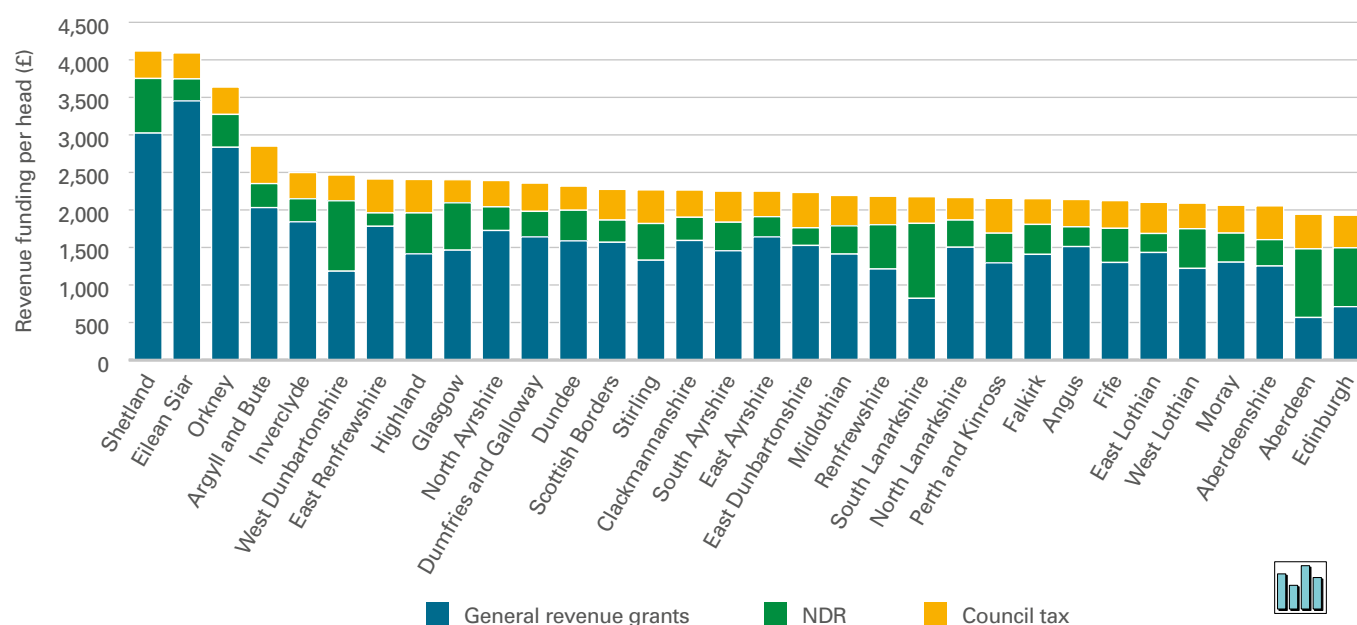
**22.** Councils collected 95.7 per cent of council tax in 2015/16. This was up from 95.3 per cent in 2014/15. Collection rates ranged from 93.6 per cent in Dundee City Council to 98.5 per cent in Perth and Kinross Council. We will look in more detail at councils' performance in collecting council tax and the associated costs in our March 2017 report.

**23.** The funding available to councils from Scottish Government general revenue grants, NDR and council tax varies widely. For Scotland, this equated to £2,232 per person in 2015/16. This is around £14 (0.6 per cent) higher in real terms than in 2014/15 and around £214 (8.8 per cent) lower than in 2011/12. The highest revenue funding per person was in Shetland Islands Council, around £4,118; and the lowest was around £1,928 in City of Edinburgh Council ([Exhibit 3](#)). The variation in funding per head between councils can impact upon both their financial performance and financial position.

## Exhibit 3

### Revenue funding from general grants and taxation, 2015/16

Revenue funding per head varies significantly by council.



Note: General revenue grant funding allocations for individual councils are decided by a needs-based formula that takes into account a variety of factors including rurality (including an allowance for island authorities) and levels of deprivation.

Source: Councils' audited accounts for 2015/16; and General Registrar of Scotland mid-year population estimate for 2015



### Councils are raising an increasing proportion of their income through fees, charges and specific grants

**24.** Councils' 2015/16 accounts show income from fees and charges and other specific grants income totalled £4.8 billion. In real terms, this was £324.0 million (7.2 per cent) more than in 2014/15 and represents the largest growth area in council income. Service income increased in a number of areas, including education, roads and transport. The most significant increase was within social work and social care services, reflecting how councils have accounted for funds provided by Integration Authorities for delivering services.<sup>3</sup> Service income from other areas, including environmental and planning and development services, fell in real terms.

**25.** Councils' accounts do not show how much of their income is specifically from service charges. In 2013, the Accounts Commission highlighted that councils need to be clear about how their charging policies affect local citizens.<sup>4</sup> Charges should not be set in isolation. Any decision to vary or introduce charges to generate income should take account of the council's priorities. We will be looking at this again in our future work programme.

### Capital income increased in 2015/16, reflecting earlier Scottish Government decisions about capital funding

**26.** In 2015/16, councils' total capital income was £0.9 billion. This represented a real-terms annual increase of £50.4 million (5.8 per cent). £856.3 million of this capital income came from Scottish Government grant funding. Between 2010/11 and 2015/16, capital funding from the Scottish Government increased by three per cent in real terms.

**27.** As part of its 2011/12 Spending Review, the Scottish Government rescheduled some of councils' planned capital grant funding for 2012/13 and 2013/14 by two years. As a result, capital allocations in 2014/15 and 2015/16 were around 50 per cent more than originally planned. Scottish Government capital funding in 2016/17 has fallen to £597.9 million owing to the Scottish Government again rescheduling capital funding (£150 million) to later years.

**28.** When councils borrow, it is mainly to finance assets such as buildings, schools and houses. Councils' current and planned capital expenditure therefore impacts upon what they borrow, their total levels of debt and the level of reserves they hold. In [Part 2 \(page 19\)](#), we examine the financial position of councils and how debt and reserves directly affect this.

### Councils' spending on services increased in 2015/16 but is lower than five years ago

**29.** In 2015/16, councils spent £19.5 billion (revenue and capital). This real-terms increase of £708.9 million on 2014/15 was driven by increased spending in 22 councils. Although councils spent £0.6 billion more than their income, this can be attributed in part to accounting adjustments that councils must make in their annual accounts.

**30.** Councils' spending included pensions and interest on borrowing, but the vast majority (94.2 per cent) was spent on providing services to their communities. At £18.3 billion, this was a real-terms increase of £756.6 million (4.3 per cent) on 2014/15.




---

**Is income from fees and charges clearly reported?**

**What increases in fees and charges are planned and how will these affect your citizens? Do you consider local economic impacts?**

**How do your fees and charges compare to other councils?**

---



---

**Is your capital investment programme appropriately funded?**

---

**31.** Twenty-six councils own council houses. In 2015/16, these 26 councils spent £1.3 billion on council housing, around 6.5 per cent of total local government spending. This ranged from three per cent of total spending in Shetland Islands Council to 19.2 per cent of spending in Aberdeen City Council.

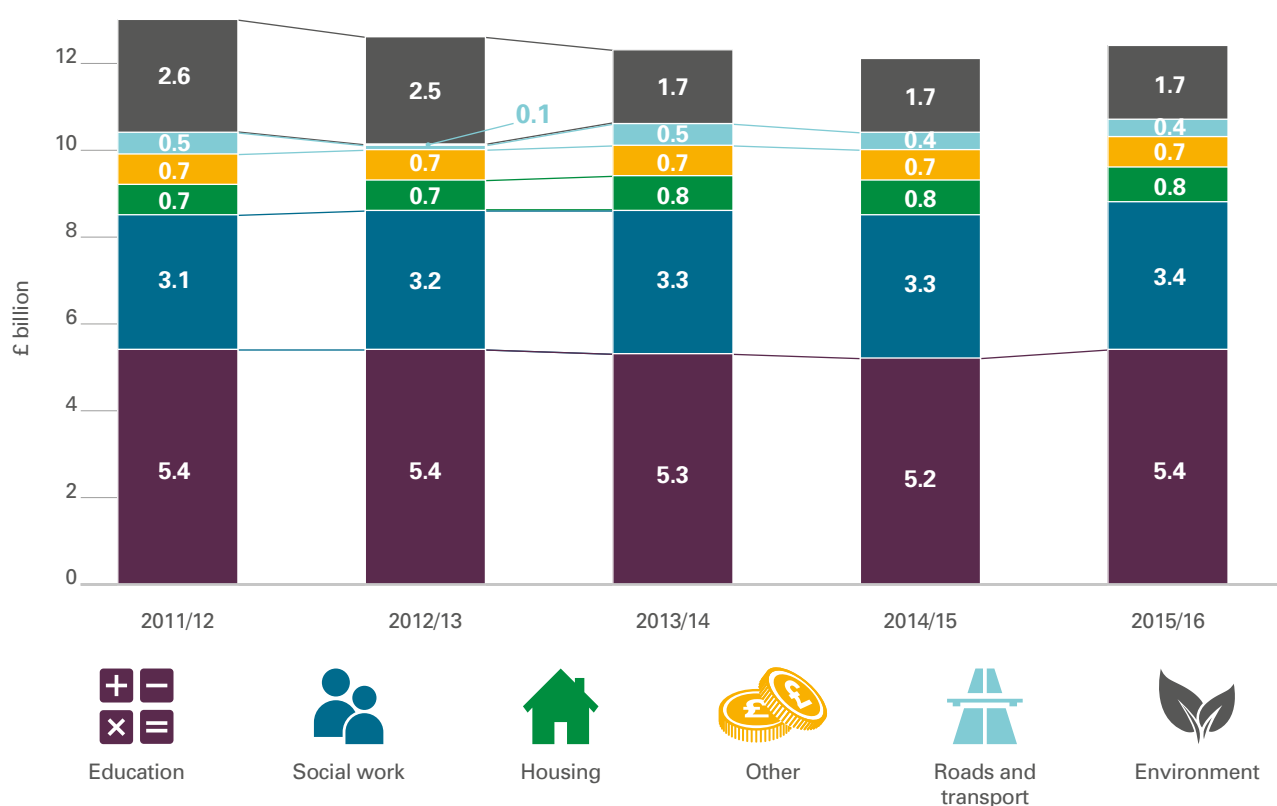
**32.** Overall, council expenditure remains 1.4 per cent lower than in 2011/12. Councils have managed financial pressures by controlling net spending (spending minus service income) over time. However, net service spending in 2015/16 was higher than in 2014/15, at £12.4 billion. The increase in 2015/16 included a real-terms increase of £217.3 million in net spending on education, driven by additional funding from the Scottish Government to support national educational priorities.

**33.** Real-terms spending on other services, such as roads and housing, has been maintained or reduced over time. The exception to this is social work and social care, where net spending has increased by £268 million (8.6 per cent) since 2011/12 ([Exhibit 4](#)). This reflects the increasing demand from a growing elderly population, which presents a huge challenge for both health and social care.<sup>5</sup>

## Exhibit 4

### Council spending on main services, 2011/12 to 2015/16 (at 2015/16 prices)

Councils have reduced or maintained real-terms net spending in a number of service areas, but there have been annual increases within social work.



#### Notes:

1. The figures show net spending, which is the total amount spent less any income from fees, charges or other service income.
2. Housing figures include spending from the General Fund (GF) and Housing Revenue Account (HRA).

Source: Councils' audited annual accounts, 2011/12-2015/16



### Councils spent around £2.4 billion on capital projects in 2015/16, with around a quarter of this spent on council housing projects

**34.** Of the £19.5 billion that councils spent in 2015/16, £2.4 billion (12 per cent) was on investing in capital projects such as buildings, roads and equipment. Just over a quarter of this capital spending (£632 million, 27 per cent) was on council housing projects. Capital spending ranged from £13.8 million in Shetland Islands Council to £191.9 million in City of Edinburgh Council.

**35.** There is a wide range in the scale of councils' capital investment programmes relative to their other expenditure. For example, less than seven per cent of total spending in East Ayrshire Council was on capital projects, while it was over 20 per cent of total spending in Highland Council. Capital investment will be driven largely by the condition of councils' current estate and their local priorities. Capital investment can reduce ongoing revenue expenditure and generate income, but it also incurs long-term costs that impact on councils' revenue budgets.

**36.** The majority of councils (28) underspent significantly against their combined General Fund and Housing Revenue Accounts (HRA) capital budgets in 2015/16. Common reasons for this were project delays and project slippage where spending did not progress as expected. Where possible, councils attempted to offset this by bringing projects scheduled for later years forward into 2015/16. For example, Angus Council spent £48.3 million on its General Fund capital programme in 2015/16, £4.0 million (eight per cent) less than budgeted. This was after the council offset some of the forecast shortfall by bringing forward two education projects and beginning them in 2015/16 rather than in 2016/17.





---

**Do you know what slippage there has been in capital projects and why? Are you assured that appropriate action is being taken?**

---

### Over two-thirds of councils remained within their overall budgets in 2015/16 but there were variations within individual services

**37.** Councils are required to submit their annual budget and expected expenditure (provisional outturn) to the Scottish Government. Like the budgets presented to councillors, these are prepared on a funding basis and this differs from the figures in the annual accounts ([Supplement 1](#)  outlines the differences).

**38.** Throughout the year councils will revise their initial budget estimates to take into account factors such as extra funding. Our analysis of annual accounts and the information councils provide to the Scottish Government indicates that provisional outturns were relatively accurate when compared to actual spending, with actual expenditure being within two per cent in most cases. ([Exhibit 5, page 17](#)).

**39.** While over two-thirds of councils have remained in line with their overall budgets in 2015/16, there are significant variations in how different services have performed within councils. Where some services are significantly overspending, this may be offset by underspends elsewhere and result in a council remaining within their overall budget.

**40.** Our review of councils' annual audit reports has highlighted a number of service areas where councils commonly over- or underspent against their budgets. Around a third of the reports highlighted overspending in social work or elements of social work services. Aberdeenshire Council, for example, overspent against its adult social work budget by £2.0 million, with a £2.7 million overspend on care packages being the main contributor to this. A number of councils, including Clackmannanshire, Dundee and Falkirk, reported overspending relating to fostering services and residential school placements.

---

**Do service budgets reflect your priorities?**

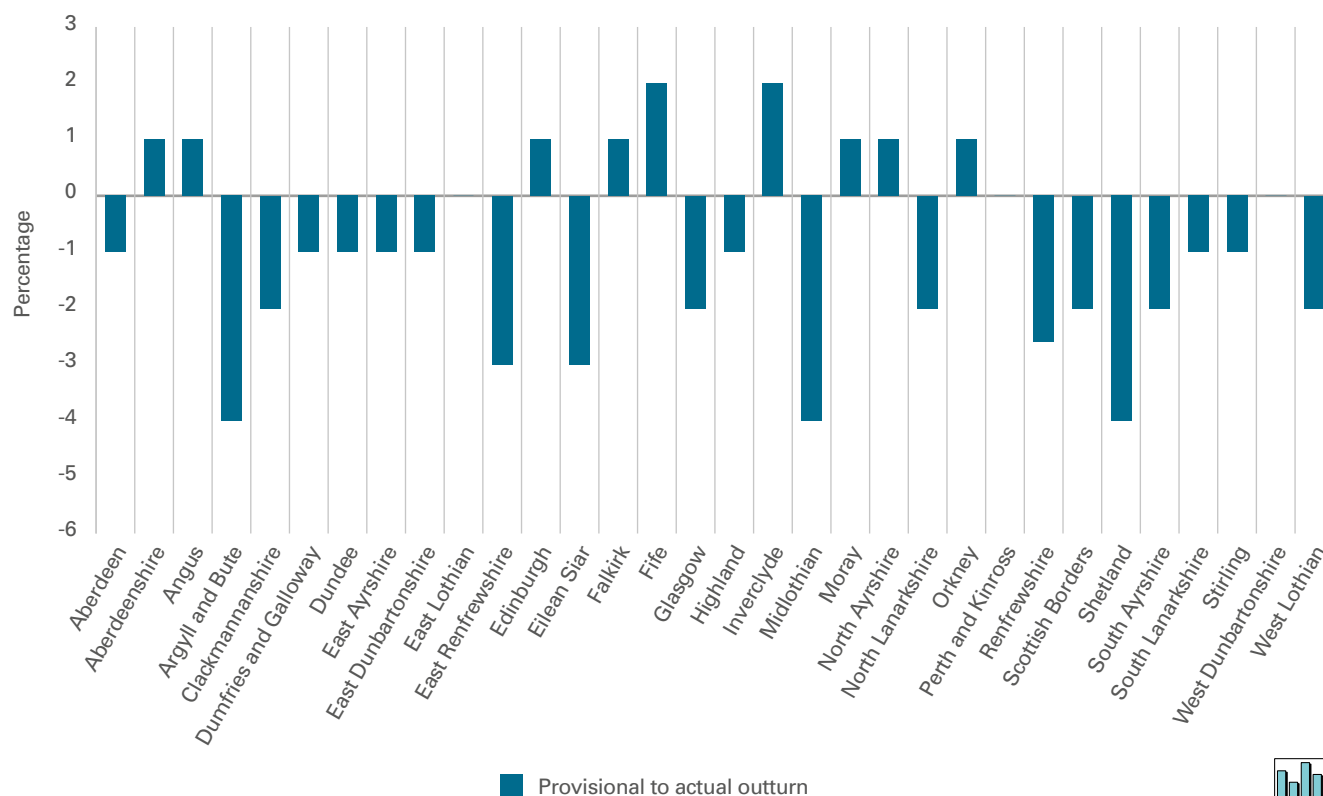
**Are potential overspends highlighted to you as they occur and before year-end?**

---

## Exhibit 5

### Councils' provisional and actual net service expenditure, 2015/16

Only a few councils spent significantly more or less than they estimated near the end of the year.



Note: Budget figures that councils submit to the Scottish Government are prepared on a funding basis ([Supplement 2](#)). While there is no corresponding figure in the annual accounts, we are able to adjust the figures from the accounts to allow final service spending from the accounts to be compared to councils' provisional outturns.

Source: Councils' audited accounts 2015/16; and Provisional Outturn and Budget Estimate Statistics 2015/16, Scottish Government

**41.** Conversely, around a third of councils reported underspending against their education budgets or elements of these, and several councils underspent against their social work budgets. Last year, we reported that City of Edinburgh Council overspent its health and social care service budget by £5.9 million owing to demand pressures. In 2015/16, the service received additional funding of £9.8 million to provide additional short-term support and underspent its total budget by £3.4 million.

**42.** The need for budgets and forecasts to reflect actual spending becomes increasingly important for councils with decreasing or low levels of usable reserves to draw on. Councils cannot continue to rely on underspends in certain services offsetting overspending elsewhere. Where services have been found to consistently overspend, budgets should be revised to reflect true spending levels and patterns. This requires good financial management to ensure spending is accurately forecast and monitored within the year. The impact of current spending approved by councillors on the financial position can only be accurately assessed if budgets are robust.



**Are there services where you are consistently over or under spending against your budget? Are such variances adequately explained?**

### Councils continue to generate savings through reducing their workforce

**43.** Councils have continued to reduce their workforces to make recurring savings. In doing so, they incur significant initial costs, typically lump sum payments for redundancy or early retirement, and additional payments to pension schemes if employees are offered enhanced benefits or early access to their pension. Councils' decisions on reducing their workforce numbers through exit packages are supported by business cases which set out the associated costs and potential savings. Councils will typically expect to recoup the costs and start making savings within a few years.<sup>6</sup>

**44.** In 2015/16, 2,246 staff left councils through exit packages at a total cost of £79.7 million. This represents an average cost of around £35,500 per package. In the last five years, just over 13,000 staff have left councils through exit packages at a cost of £518.5 million (at 2015/16 prices) (**Exhibit 6**). We will consider how councils are managing their workforces in more detail in our March 2017 report.






**Are exit packages supported by business cases setting out the total estimated costs and savings?**

## Exhibit 6

### Number and cost of staff exit packages, 2011/12 to 2015/16

Over 13,000 staff have left via exit packages since 2011/12 at a cost of £518.5 million at 2015/16 prices. The average cost per package has been reducing since 2012/13 and is less than £40,000 over the period.

2015/16 prices	2011/12	2012/13	2013/14	2014/15	2015/16	Total
 <b>Number of packages</b>	4,070	2,407	2,373	1,933	2,246	<b>13,029</b>
 <b>Cost of packages (£m)</b>	156.9	112.7	94.2	75.0	79.7	<b>518.5</b>
 <b>Cost per package (£)</b>	£38,555	£46,818	£39,681	£38,798	£35,504	<b>£39,797</b>

Source: Councils' audited accounts 2011/12-2015/16



### Equal pay claims impact on councils' financial position

**45.** Equal pay remains a substantial issue for local government and continues to be of public interest. Settling claims may require councils to use a significant amount of their usable reserves, influencing their financial position. The Accounts Commission is currently carrying out a performance audit on equal pay and will publish our findings in 2017.

# Part 2

## Financial outlook



### Key messages

- 1** By the end of 2015/16, usable reserves had risen by five per cent across local government and net debt decreased slightly for the second year in a row. Some councils are building up reserves and reducing borrowing in anticipation of further funding reductions.
- 2** Councils' net debt currently stands at £13.72 billion. Councils currently spend around £1.5 billion a year on the associated interest and repayments. The proportion of their income that councils spend on servicing debt varies and this has direct implications for the amount available to spend on services.
- 3** Local Government Pension Scheme (LGPS) deficits decreased from £10.0 billion to £7.6 billion in 2015/16. Despite this, councils and pension funds continue to face challenges from below-target or negative returns on investments and increasing administration costs.
- 4** All councils face future funding gaps and there is significant variation in how well placed individual councils are to address them. Councils will need to make further savings and/or generate additional income as relying on reserves is not sustainable. Opportunities to make savings are partly affected by national policy commitments and the costs of servicing debt. Councils' ability to make savings will also be influenced by the level of savings they have already made and the extent of their plans for transforming how services are delivered. It is therefore important that councils' savings plans are achievable within the timescales required.
- 5** Councils face tough decisions around their finances that require strong leadership and sound financial management. Long-term financial strategies must be in place to ensure council spending is aligned with priorities. Decisions need to be informed by well-developed medium-term financial plans and budget forecasts that allow councillors and officers to assess the impact of approved spending on their longer-term financial position.

---

**all councils should have long-term financial strategies supported by more detailed financial plans**

---

## Councils continued to increase their usable reserves and reduced their net external debt in 2015/16

### Usable reserves reached £2.5 billion in 2015/16

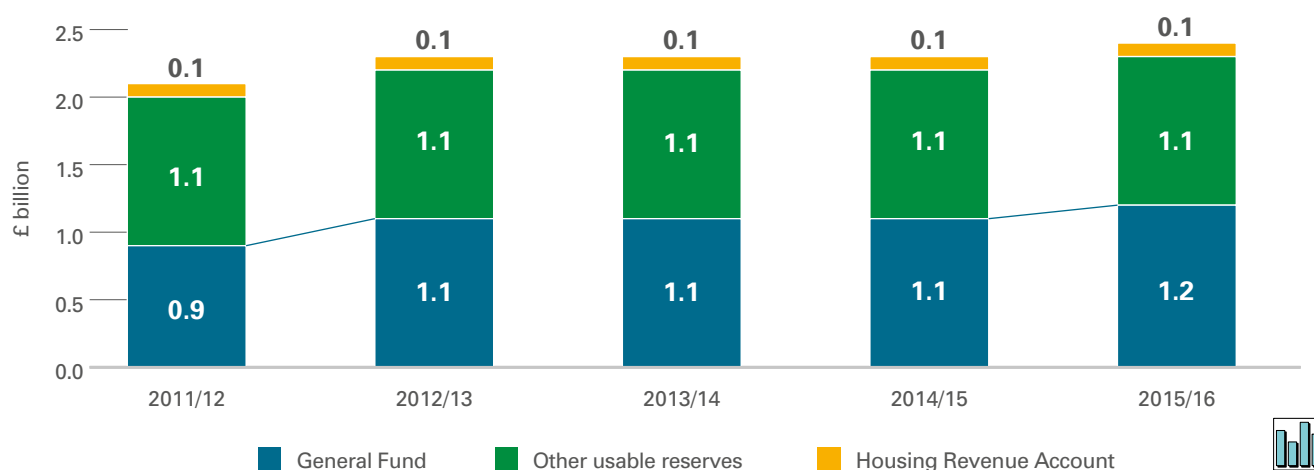
**46.** Councils' reserves at 31 March 2016 were £18.9 billion. Of these, £2.5 billion (13 per cent) were usable reserves that can be used to support services (these are often referred to as cash-backed reserves). The remainder were unusable reserves (£16.4 billion), which represent accounting adjustments to reflect things such as an increase in the value of council-owned buildings. Continuing the trend in recent years, councils increased both their usable and unusable reserves during 2015/16.

**47.** Usable reserves comprised £1.9 billion of revenue and £0.6 billion of capital reserves. The General Fund, which can be used to support a wide variety of services, is the largest usable reserve. Together with the Housing Revenue Account (HRA) reserve, these represent over half of usable reserves ([Exhibit 7](#)).

## Exhibit 7

### Councils' usable reserves, 2011/12 to 2015/16

Usable reserves have increased since 2011/12.



The level of General Fund reserves as a proportion of income from general revenue grants, NDR and council tax income has increased slightly since 2011/12.

2011/12	2012/13	2013/14	2014/15	2015/16
7.6%	8.8%	9.2%	9.4%	9.8%

Note: Other usable reserves are primarily attributable to Orkney and Shetland Islands holding large reserves relating to oil, gas and harbour related activities.

Source: Councils' audited accounts 2011/12-2015/16

**48.** Twenty-three councils increased their General Fund reserves in 2015/16, resulting in an overall increase of £58.0 million (5.2 per cent) to £1.2 billion. This is equivalent to about nine per cent of councils' available revenue income from



Scottish Government grants, NDR, council tax and council house rents. Half of the 26 councils with council houses increased their HRA reserves. This resulted in HRA reserves increasing by £11.9 million (9.2 per cent) overall to £141.8 million.

**49.** While usable reserves can be used to support services, councillors must consider how and when these are used as they can only be used once. Use of reserves must comply with the council's annually reviewed reserves policy. This should be clearly linked to financial plans and consideration must be given to the impact on future financial position. Using reserves to support services in the short term is not sustainable unless they are used to support service transformation and generate future savings. A significant proportion of usable reserves held by councils have already been allocated for specific purposes and so will not be available for other uses.



**Do you know what levels of reserves are needed and why?**

**Do you think reserves are being used effectively?**

### Net debt decreased again in 2015/16, but is set to rise as councils use their reserves to fund services

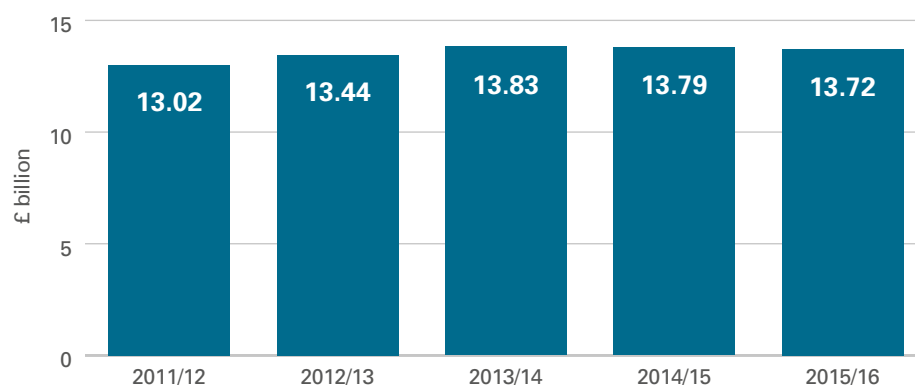
**50.** In 2015/16, Scotland's councils owned physical assets worth £38.3 billion. Councils can borrow from both external and internal sources to fund capital investment in new assets, such as building a school. Councils' assess the affordability of borrowing decisions under CIPFA's Prudential Code and it is up to individual councils as to what they borrow to invest in assets. External borrowing involves a council borrowing from another public sector body, from the financial markets or entering into a public-private partnership. Internal borrowing is when a council temporarily borrows from funds it has available, such as its reserves. This can delay it having to borrow externally. By doing this, a council will avoid paying costs to a lender but will also forego interest it could receive by investing its reserves.

**51.** For the second year in a row, councils' net debt (total external debt minus investments) decreased in 2015/16. The fall in net debt is largely a result of councils having higher levels of usable cash reserves that they can either invest or use to finance the capital expenditure for which they would otherwise have to borrow. Councils now have debt of around £15.2 billion and investments of around £1.5 billion. This means net debt is £13.72 billion, a reduction of £69 million (0.5 per cent) since 2014/15 ([Exhibit 8](#)).

## Exhibit 8

### Councils' net external debt, 2011/12 to 2015/16

Councils' net external debt has been falling but remains higher than in 2011/12.




Note: Orkney and Shetland Islands councils hold large reserves and investments related to oil, gas and harbour activity so are excluded from this analysis of net debt.

Source: Councils' audited accounts 2011/12-2015/16





**52.** We estimate value of internal borrowing across councils is about £0.9 billion. Interest payable on external debt is higher than the interest a council can receive on investments and so councils are utilising more internal borrowing to save money.

**53.** A key treasury management decision for councils will be when to borrow rather than use their cash reserves to fund projects. This will be influenced by councils' capital investment plans, the extent to which reserves are needed to support service spending as cost pressures increase (which means councils will need to borrow externally to replace the reserves used for internal borrowing) and whether any forecast change in interest rates makes external borrowing more attractive. The link between capital plans and debt is important and councillors must have a clear understanding of how changes in capital programmes will affect their council's debt position. Our report [\*Borrowing and treasury management in councils\*](#)  outlines this in more detail.<sup>7</sup>

### Councils spend around £1.5 billion on servicing debt each year

**54.** Councils' external debt comprises borrowing from a variety of sources:

- the Public Works Loan Board (PWLb), which is a UK Government agency
- long-term liabilities from assets acquired under public/private partnerships, including the Public Finance Initiative (PFI), Public/Private Partnerships (PPP) or the Scottish Government's newer Non-Profit Distributing (NPD) model ([paragraphs 58 and 59](#))
- lender option/borrower option loans (LOBOs) ([paragraph 60](#))
- other market loans.

**55.** Within councils' accounts, debt is categorised by when it has to be repaid and not by source. It is also discounted to take into account factors such as when it has to be paid and interest payments. The source and value of councils' external debt in 2015/16 is shown in [Exhibit 9 \(page 23\)](#).

**56.** The presentation of local government accounts mean that it is not always possible to identify whether a council's debt is related to its HRA or its General Fund. This is an important distinction, as the cost of servicing HRA debt will affect council house rents, whereas the cost of servicing General Fund debt will need to be met from general revenue grants, NDR and council tax that are typically used to fund services.

**57.** The capital finance requirement included in councils' accounts, a measure of what council debt still needs to be financed, can be split between the HRA and General Fund. Using this split, we have apportioned debt to both the HRA and General Fund [Exhibit 10 \(page 23\)](#). This shows considerable variation.

**58.** Most council debt takes the form of traditional fixed interest rate loans, providing certainty over future interest payments. The exception to this is PFI/PPP/NPD debt and LOBOs. The cost of PFI/PPP/NPD debt is generally acknowledged to be more expensive than traditional borrowing, as repayments are usually inflation-linked. Councils should have considered this in their value for money assessments. Councils with a high proportion of PFI/PPP/NPD debt will have to make more complex affordability assessments for future borrowing. [Exhibit 11 \(page 24\)](#) shows levels of General Fund debt relative to the size of council, with the debt split between borrowing and other long-term liabilities (PFI/PPP/NPD and finance leases).




---

**Are there clear links between the capital programme and treasury management strategy?**

---



---

**Do you know the implications that different types of borrowing options have on future revenue budgets?**

---



---

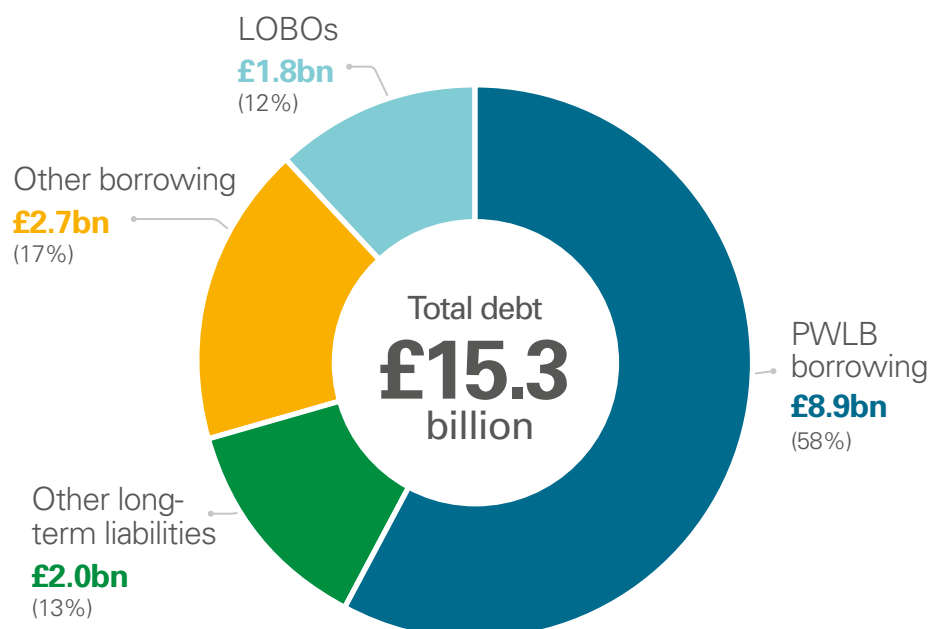
**Do you know the split in debt between General Fund and HRA (where applicable)? Is this reported within your management commentary?**

---

## Exhibit 9

### Sources of councils' debt, 2015/16

Over half of council debt is borrowing from the PWLB.



Note: Total figure subjects to rounding.

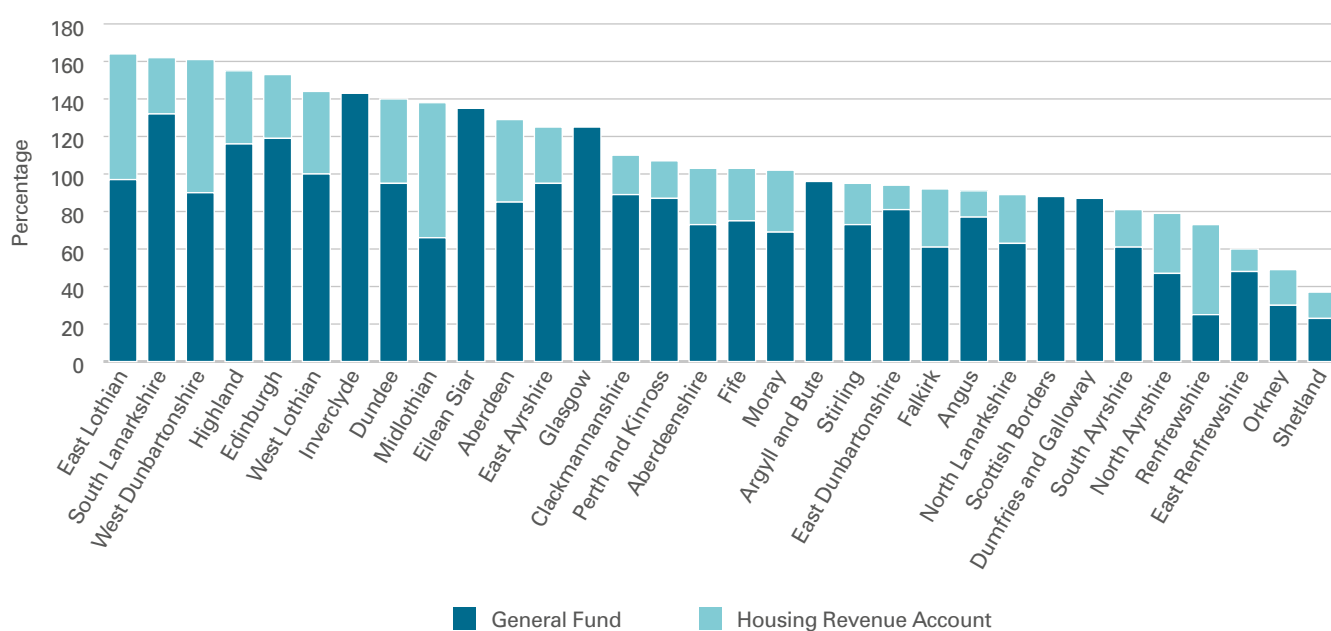
Source: Councils' audited accounts 2015/16 and auditor returns



## Exhibit 10

### Councils' total debt as a proportion of their annual income, 2015/16

Councils' debt varies from less than half to more than one and a half times their annual income.



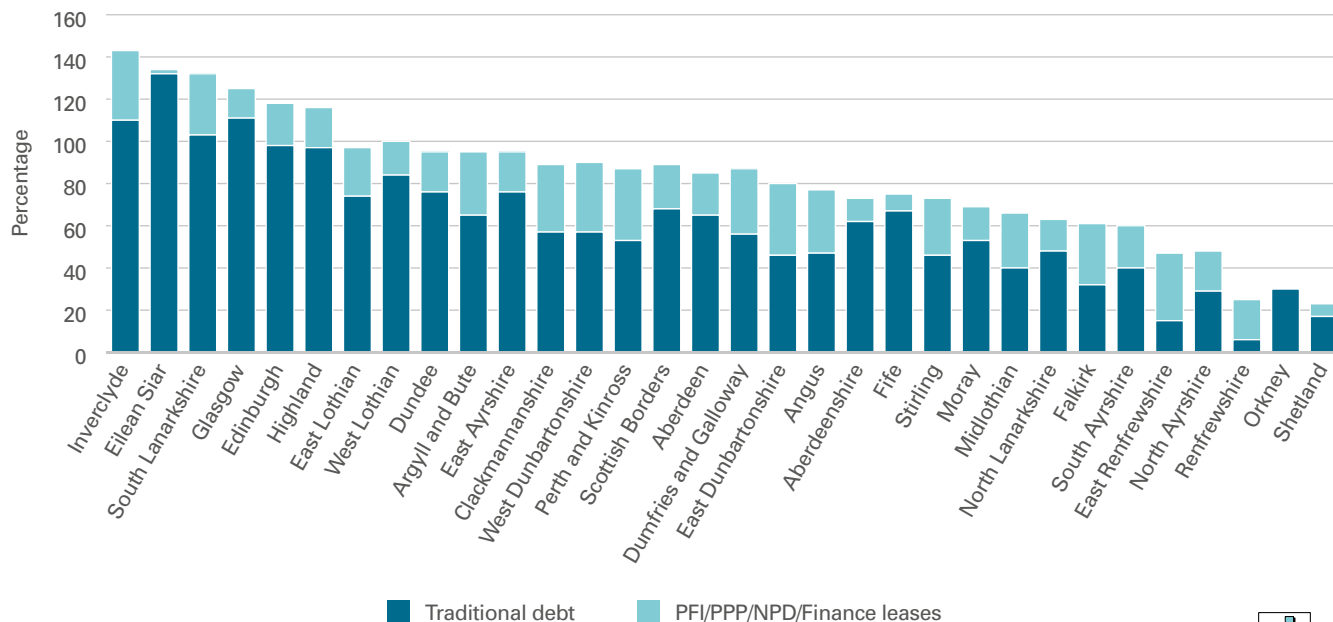
Source: Audit Scotland's analysis of councils' audited accounts 2015/16



## Exhibit 11

### Councils' General Fund debt, 2015/16

Councils with more debt relating to PFI/PPP/NPD projects and finance leases may face higher costs.



Source: Audit Scotland's analysis of councils' audited accounts 2015/16



**59.** As well as the debt and debt repayments associated with public/private partnerships, there are also significant revenue costs associated with these projects. Under the terms of the contracts, councils make annual repayments (unitary charges). Around 90 per cent of annual unitary charges relate to schools projects. The charges are made up of three elements: debt repayment, interest costs (both of which are included in debt servicing costs) and an annual service charge (included within the relevant service revenue spending). Councils' annual unitary charge payments are around £500 million per year. As councils' revenue budgets decrease, and the repayments increase in line with inflation, the proportion of revenue budgets being used to service the revenue elements of these contracts will increase.

**60.** LOBOs offered councils borrowing at lower interest rates than were available for fixed or variable interest loans but, at fixed intervals, a lender can decide to change the interest rate. As such, the long-term cost of servicing LOBOs is uncertain. While councils benefited from lower interest rates offered by LOBOs, their use has attracted public interest owing to the financial risk to which councils are exposed from the potential change in the interest rate.

**61.** The cost of servicing debt (repaying debt and interest costs) will depend on the mix of borrowing a council has, the interest rates secured at the time loans were taken out and the amounts it requires to set aside to repay debt. In 2015/16, this cost councils around £1.5 billion, equivalent to 12 per cent of their available funding from general government revenue grants, NDR, council tax and council housing rents. The percentage of this funding that councils use to service debt varies significantly, from 19.2 per cent in Comhairle nan Eilean Siar to 4.3 per cent in Orkney Islands Council. Aberdeenshire Council, with 7.1 per cent, is the council with the next smallest percentage of income used to service debt ([Exhibit 12, page 25](#)).

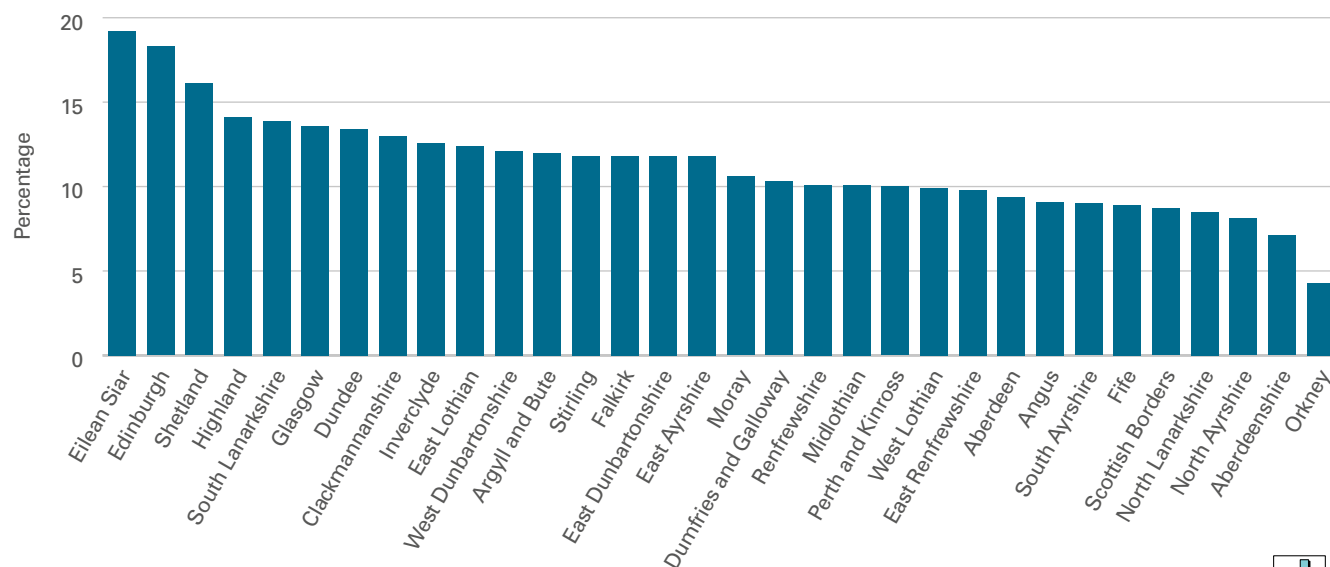


**Do you know how debt repayments affect what money is available to spend on services?**

## Exhibit 12

### The percentage of income used to service debt, 2015/16

Twenty-two councils spend ten per cent or more of their revenue income on servicing their debt.



Source: Councils' audited accounts 2015/16

**62.** The cost of servicing debt directly impacts upon council spending on services. However, councils can elect to reduce their debt by making extra repayments or by repaying loans early. Councillors must satisfy themselves that any accelerated debt repayment represents an appropriate use of funds, balancing the future savings against the current impact on council services.

### Local government pension deficits decreased in 2015/16, mainly owing to estimated changes in long-term liabilities

**63.** Councils have long-term commitments regarding pensions. They are required to include a pension liability on their balance sheets for the Local Government Pension Scheme (LGPS) but not for the Scottish Teachers Superannuation Scheme (STSS).

**64.** The size of council pension liabilities varies significantly and depends on factors including:

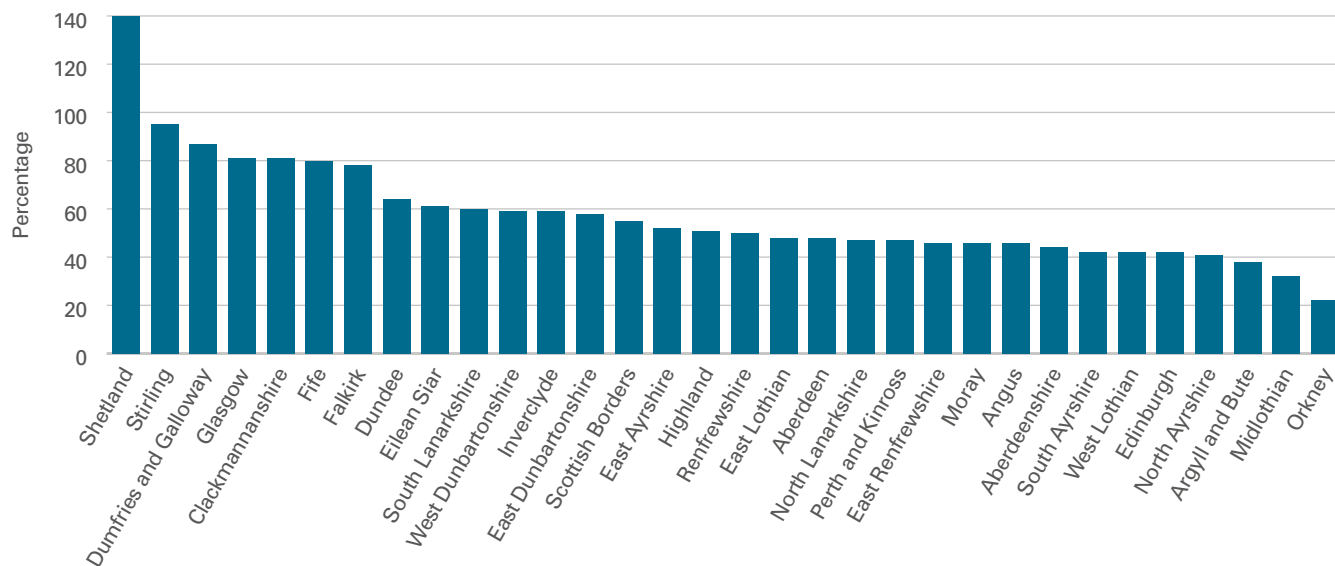
- performance of the pension funds of which they are members
- assumptions made by actuaries of the various funds
- the maturity of the council's membership (average age of pension scheme members)
- decisions made by councils to award discretionary benefits to staff retiring early.

**65.** Councils with larger pension liabilities will tend to have higher annual costs. The scale of the challenge for each council in meeting these costs can be illustrated by considering their pension liability in relation to their annual income ([Exhibit 13, page 26](#)).

## Exhibit 13

### Council pension liabilities (LGPS and discretionary benefits awarded), 2015/16

Councils' pension liabilities range from around 1.4 to 0.2 times their annual revenue incomes.



Source: Councils' audited accounts 2015/16

**66.** The LGPS is a funded pension scheme, where employers' and employees' contributions are invested to meet the cost of future benefits. For most councils, the estimated value of employees' benefits exceeds the current value of investments, leading to a net pension deficit. Councils' pension deficits reduced from £10.0 billion to around £7.6 billion during 2015/16 ([Exhibit 14, page 27](#)). This reduction is primarily due to actuarial calculations discounting the current value of what the funds will need to pay in the future. The factors contributing to this decrease include assumptions around inflation and salary increases decreasing and the discount rate increasing significantly.

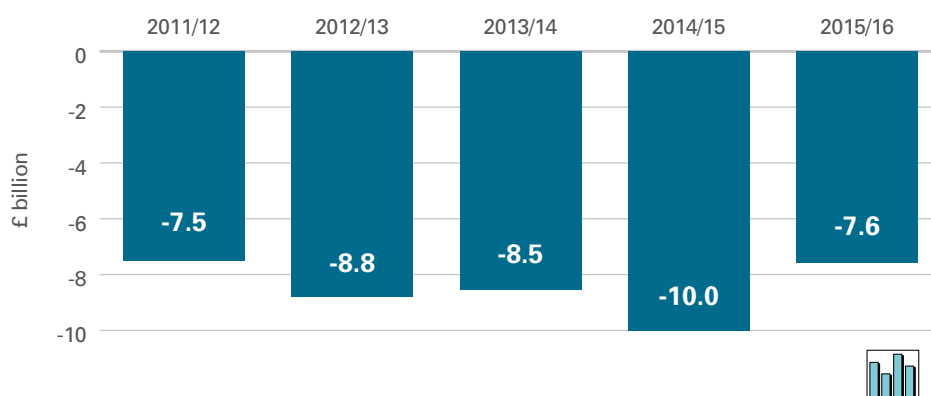
**67.** With increasing life expectancy, pension contributions have risen to help meet the increased cost of providing pension benefits. Employer contributions in respect of teachers increased by two per cent to 17.2 per cent in October 2016. Councils' contributions to the LGPS are reviewed every three years and will next be reviewed in 2017.

**68.** In 2015/16, the new 2015 LGPS was introduced. This sees pensions based on average career earnings and the pension retirement age linked to the state retirement age. The scheme includes a cost-sharing mechanism that limits employer costs to ensure it remains affordable. This cap is set by considering the cost associated with active members and will come into force when these reach a maximum of 17.5 per cent for the whole of the scheme (rather than for individual employers).

## Exhibit 14

### Pension deficits on councils' balance sheets, 2011/12 to 2015/16

Councils' pension deficits decreased in 2015/16, mainly owing to actuarial calculations discounting the value of future commitments.



Source: Councils' audited accounts 2011/12-2015/16

**69.** Alongside changes to the LGPS, pension auto-enrolment for existing and new employees is now in place. Traditionally there is high pension scheme membership among council staff but there will be additional costs associated with existing and new staff joining the pension scheme.

**70.** The councils that administer the 11 LGPS funds in Scotland have coped well with these changes. However, the scheme changes, combined with workloads associated with councils reducing their staffing costs through voluntary severance and having to administer added year payments, means there are ongoing administrative pressures.

**71.** We comment on the 11 LGPS funds, their accounts, governance and performance in a supplement to this report ([Supplement 2: Local Government Pension Funds 2015/16](#) )

## Good financial planning and management are required to ensure the impact of spending decisions is fully understood

**72.** Councils are developing their financial strategies and plans in an increasingly complex environment. It is imperative that long-term financial strategies (covering five to ten years) link spending to councils' strategic priorities and that spending plans are considered in this context.

**73.** The Commission recognises that the Scottish Government providing funding settlement figures for a single year (as in 2016/17 and 2017/18) presents challenges to councils updating medium-term financial plans and ensuring they have long-term financial strategies in place. Although we recognise changes in Scottish Government funding may alter assumptions in both the long and medium terms, the absence of indicative funding should not prevent councils projecting future income and spending, and planning accordingly.

**74.** Fourteen councils currently have long-term financial strategies in place while 15 others have at least a medium-term financial strategy (three to five years) linking their spending plans to their wider strategic priorities. Three councils (East Renfrewshire, Glasgow City and Highland) do not have a financial strategy covering the medium or long term.



**Do you have a long-term financial strategy covering five to ten years?**

**Are there clear links between the financial strategy and the vision for the future?**

**Is the long-term financial strategy supported by detailed plans covering a minimum of three years?**

**75.** Twenty-nine councils have either medium-or long-term financial plans that set out planned spending, the savings required and how they intend to use reserves to support spending. Two councils have financial plans covering less than three years (Falkirk and Glasgow City). Orkney Islands Council does not have a financial plan but has a medium term financial strategy and a change programme is in place to deliver the medium-term savings identified.

**76.** There should be very clear links between a council's medium-term financial plan and the annual budgets that councillors approve. Although councillors approve only the budget for a single year, this should be supported by indicative future spending plans that forecast the impact of relevant pressures for councils. Presenting a budget for a single year in isolation does not allow councillors to fully scrutinise the implications of spending decisions.

**77.** There is variation across councils in how they presented indicative future budgets to councillors alongside their 2016/17 budget. Twenty-three councils presented budgets up to 2018/19; four (Glasgow City, North Ayrshire, South Ayrshire and West Lothian) presented budgets up to 2017/18; and five (Aberdeen City, Angus, Dundee City, Orkney Islands and Renfrewshire) presented budget figures for 2016/17 only.

### **Councils face significant funding gaps over the next three years**

**78.** We asked auditors to provide information about budgets for 2016/17 and indicative plans for 2017/18 and 2018/19 that were presented to councillors when the 2016/17 budget was being approved ([Appendix \(page 34\)](#)). We focused on the largest elements of councils' budgets: the General Fund revenue budget; the level of approved savings within this budget; and the potential impact of this upon councils' General Fund reserves.

**79.** Within our analysis we have made several simplifying assumptions. We have only adjusted for savings approved in 2016/17 and further savings will have been identified. When approved these savings will offset future funding gaps. We have also assumed that any identified funding gaps will be met from General Fund reserves when councils' can also use other usable reserves to support spending. Finally, we have assumed that all General Fund reserves are available to close identified funding gaps when a significant proportion of these reserves may have already been allocated.

**80.** Where councils did not provide information to their auditors about their forecast General Fund budgets in 2017/18 and 2018/19, we made some assumptions from available information. Most councils that provided information up to 2018/19 are forecasting a continued reduction in revenue funding from the Scottish Government but with increases in council tax receipts. They are also forecasting that spending will increase. In particular, they anticipate rising demand on key services through demographic changes and generally assume wage inflation of between 1.0 and 1.5 per cent in both 2017/18 and 2018/19.

**81.** At the time of setting the 2016/17 budgets, councils anticipated an £87 million in-year shortfall between General Fund revenue income (excluding any use of reserves) and expenditure (after approving savings of £524 million). They planned to bridge the gap by using seven per cent of existing General Fund reserves, reducing them from £1.2 billion to around £1.1 billion by the end of 2016/17.

**82.** All councils have adequate reserve cover in 2016/17, meaning at the end of the year they will still have General Fund reserves they can use in future. The




---

**Is the long-term financial strategy supported by detailed plans covering a minimum of three years?**

---



---

**Do financial plans set out the implications of different levels of income, spending and activity?**

---

**Is there a clear link between the council's revenue plans and the budget information you are asked to approve?**

---



---

**Do financial plans identify the differences between income and expenditure for the next three years?**

---

**Do you know the actions being taken to close the funding gap?**

---

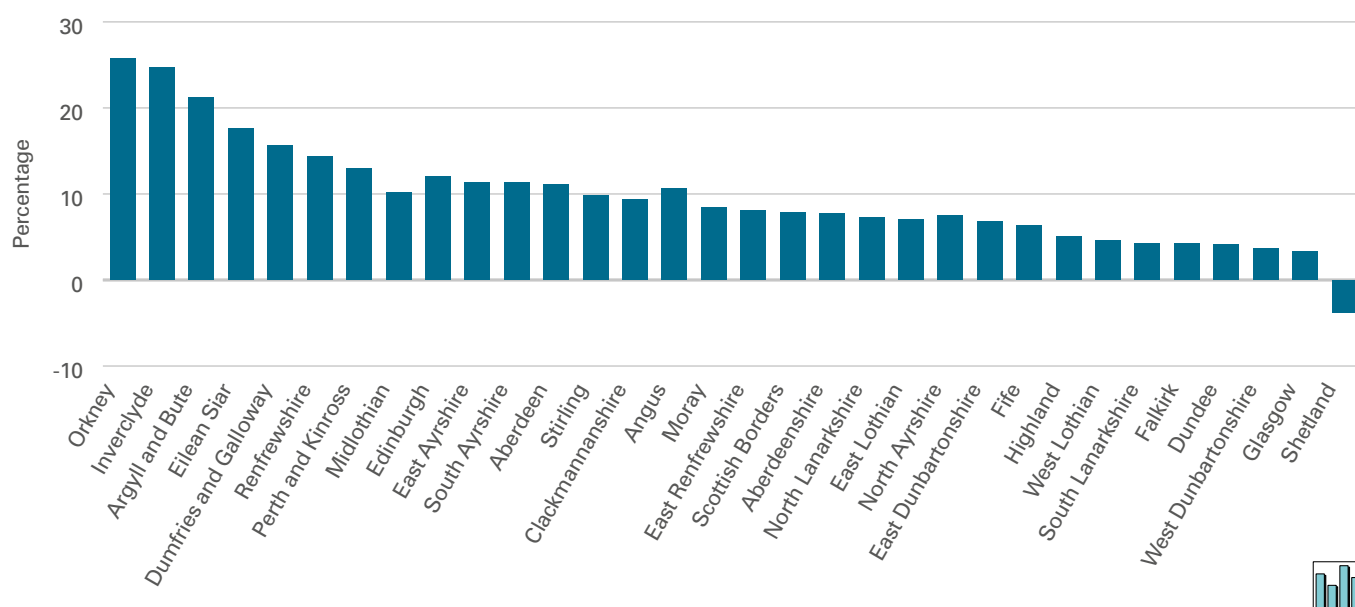


exception is Shetland Islands Council, but only because of the way it classifies its sizeable reserves as opposed to any financial difficulties or it approving an unbalanced budget. General Fund reserves at the end of 2015/16 were equivalent to nine per cent of councils' overall income from the Scottish Government, NDR, council tax and council housing rents ([paragraph 48](#)). Adjusting for reserves that councils planned to use in 2016/17 reduces this to just over eight per cent ([Exhibit 15](#)). Councils will also have already allocated a proportion of their available reserves for specific purposes, and therefore what remains available as a contingency to support services will be significantly less.

## Exhibit 15

### 2015/16 General Fund reserves as a percentage of councils' income, adjusted for planned reserve use in 2016/17

The level of reserves held as a percentage of income varies widely among councils.



Note: Shetland Islands Council classifies its reserves differently. This is not an indication of financial difficulties or an unbalanced budget.  
Source: Councils' audited accounts 2015/16 and auditor returns

**83.** Seventeen councils planned to use reserves to balance their budget in 2016/17. This ranged from Moray Council planning to use 28 per cent of reserves to Dumfries and Galloway Council intending to use less than one per cent.

**84.** Excluding Shetland Islands Council, two councils (Falkirk and South Lanarkshire) forecasted a funding gap in excess of their General Fund reserves in 2017/18. A further 11 councils currently forecast a funding gap in excess of their General Fund reserves in 2018/19. Our analysis therefore indicates that by 2018/19, over a third of councils will face a funding gap that exceeds their General Fund reserves. We recognise that since setting their 2016/17 budgets this position will have changed as councils have continued to identify other savings to address funding gaps.



## Exhibit 16

### Council budget information for 2016/17, 2017/18 and 2018/19

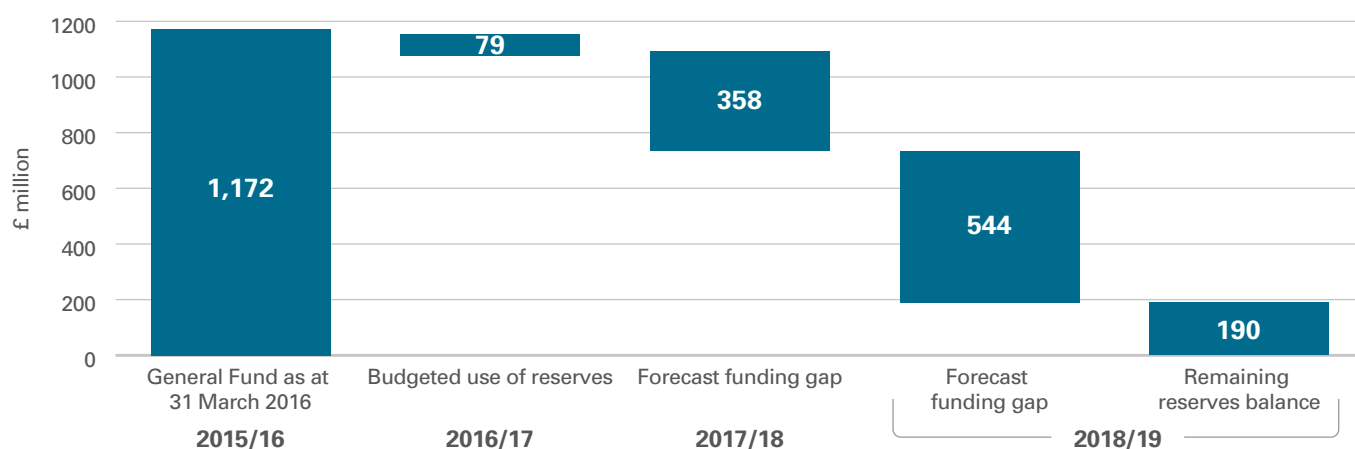
Councils planned to use £79 million of reserves in 2016/17 and forecast significant funding gaps in the following two years. There were significant forecasted funding gaps across the 23 councils that approved their 2016/17 budgets accompanied by indicative plans for the next two years.

	2016/17 (32 councils)	2017/18 (27 councils)	2018/19 (23 councils)
	Budget	Forecast funding position	Forecast funding position
Income	£11.94 billion	£10.32 billion	£7.85 billion
Expenditure	£12.01 billion	£10.65 billion	£8.25 billion
Budgeted use of reserves/ Forecast funding gap	£79 million	£323 million	£402 million

After applying assumptions derived from completed returns to estimate the position for councils that did not provide information for all three years, we estimated the following position:

	2016/17	2017/18	2018/19
	Budget	Forecast funding position	Forecast funding position
Income	£11.94 billion	£11.82 billion	£11.72 billion
Expenditure	£12.01 billion	£12.18 billion	£12.27 billion
Budgeted use of reserves/ Forecast funding gap	£79 million	£358 million	£544 million

The potential impact on General Fund reserve balances is illustrated below, assuming that further savings are not approved and funding gaps are met from General Fund reserves. A proportion of these reserves, however, will have already been allocated for other purposes.



Note: Total figures subject to rounding.

Source: Councils' audited accounts 2015/16 and auditor returns



**85.** The level of General Fund reserves as a percentage of General Fund revenue expenditure would fall from 9.1 per cent at the end of 2016/17 to 1.5 per cent at the end of 2018/19 if all funding gaps had to be met from General Fund reserves. This reflects the need for councils to draw on a significant proportion of reserves if further savings are not identified and approved ([Exhibit 16, page 30](#)).

### Councils need to appraise all possible options to address forecasted funding gaps

**86.** Councils need to make significant savings to address forecasted funding gaps without significantly reducing reserves in the next three years to support recurring spending. Councils' ability to make savings will be influenced by a range of factors, including:

- the level of savings they have already made and the extent of their plans for transforming how services are delivered
- national policy commitments for example, around education
- demographic changes increasing demand for services such as social care
- the costs of servicing debt, such as PPP/PFI/NPD revenue payments relating to school buildings.

**87.** In total, net spending on education, social work and interest payments on external debt equates on average to almost 75 per cent of local government income from general revenue grants, NDR, council tax and council housing rents. The variation across councils is shown in ([Exhibit 17, page 32](#)). Councils with a higher proportion of spending on education, social work and debt repayment may face greater challenges in generating their required savings, and potentially face making more significant savings in other areas. This highlights the importance of councils appraising all possible options for delivering their broad range of services. Recent Best Value audits have shown councils relying on incremental savings rather than considering service redesign options. The Commission is of the view that this is neither sufficient nor sustainable given the scale of the challenge facing councils.

### Councillors should understand how the plans and budgets they are approving will affect the financial position of their council

**88.** Throughout this report, we ask councillors and officers to be clear about how their financial strategies, plans and agreed budgets affect their council's financial position. We would expect the following to form part of an assessment of the short and medium-term financial sustainability:

- confirmed and indicative changes in Scottish Government funding to councils
- how to avoid any short-term budget pressures, such as significant overspending in services that could result in the financial position of councils deteriorating
- whether future financial plans provide sufficient spending information to be considered when approving budgets.

**89.** In the medium to long term, we would also expect the presence of long-term financial plans, and the assumptions these make, to be taken into account alongside the following factors:




---

**Do you know what plans there are to redesign services and deliver savings?**

**Are savings plans realistic within agreed timescales?**

**Are all savings clearly identified and categorised as recurring or non-recurring (i.e. one off) savings?**

**Is the council reliant on non-recurring savings?**

**Do you know what will happen to the reserves if savings are not made?**

---



---

**Do you feel you have the knowledge and expertise to scrutinise your finances effectively?**

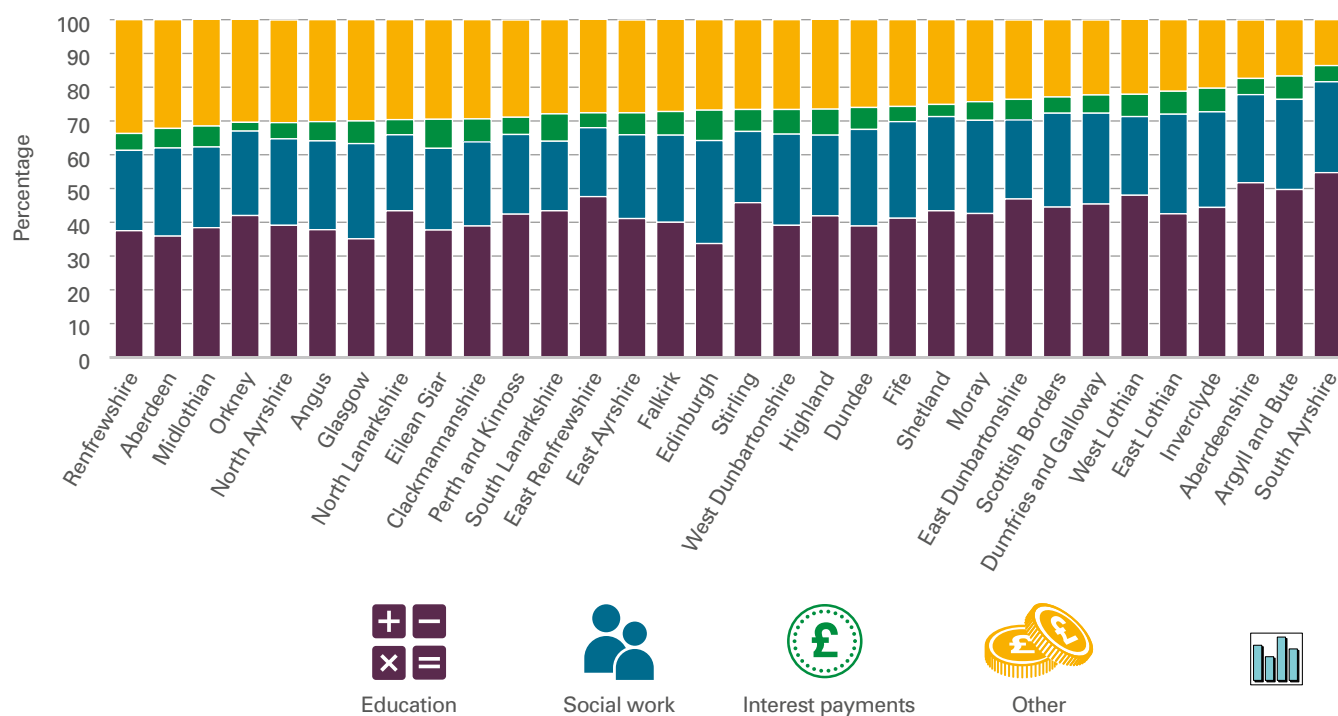
---

- current reserve levels and how these will be used to support service transformation and delivery while continuing to provide a suitable level of contingency
- expected demand and ongoing cost pressures, including councils' pension obligations, and how these are likely to impact on the services councils need to deliver
- the impact options for investing in assets (such as buildings) will have on both councils' debt and available income, taking into account ongoing servicing costs.

## Exhibit 17

### Percentage of councils' income spent on education, social work and interest payments, 2015/16

Savings may be more difficult to identify where councils devote more spending to education, social work and paying interest on their external debt.








Notes: 1. Figures are from councils' accounts and include interest payments totalling £814 million, including annual interest costs associated with PFI/PPP/NPD projects. 2. The £1.5 billion debt servicing costs quoted elsewhere are on a funding basis and are not directly comparable for the purposes of this analysis and includes the annual repayments of debt related to PFI/PPP/NPD projects. 3. For the purposes of this analysis net spending on social work services includes money directed to and from Integration Authorities.

Source: Councils' audited accounts 2015/16

# Endnotes



- ◀ 1 Most of the increase in service income is due to a £371 million increase in social work and social care income because of how councils have accounted for money being returned to councils from the new Integration Joint Boards (IJBs) which are now responsible for local health and social care.
- ◀ 2 Funding allocations up to 2012/13 have been adjusted to remove funding for police and fire. Responsibility for these services transferred from local to central government in April 2013. From 2013/14, revenue funding includes payments for council tax reduction, replacing council tax benefit previously coming from the UK Government.
- ◀ 3 Councils contribute to Integration Authorities (IAs), and receive money back to provide services on behalf of the IA. Social Work income in the accounts may be inflated depending on how councils have recorded this income received from the IA.
- ◀ 4 [\*How councils work: an improvement series for councillors and officers – Charging for services: are you getting it right?\*](#) , Audit Scotland, October 2013.
- ◀ 5 [\*Health and social care integration\*](#) , Audit Scotland, December 2015; and [\*Social work in Scotland\*](#) , Audit Scotland, September 2016.
- ◀ 6 [\*Managing early departures from the Scottish public sector\*](#) , Audit Scotland, May 2013.
- ◀ 7 [\*Borrowing and treasury management in councils\*](#) , Audit Scotland, March 2015.

# Appendix

## Methodology of funding gaps analysis



There are challenges in analysing budget information for individual councils to provide a comparative picture across local government. This is mainly due to variations in the way councils prepare and present budget information and the terminology used to define funding gaps. In discussions with local auditors and wider stakeholders we have designed our approach to try and address these challenges.

To allow a more consistent comparison among councils, we have revised how we define a funding gap. Previously the Commission identified a budget shortfall as the difference between income and expenditure, and a funding gap to be any remaining difference once savings approved by councillors have been taken into account (for example, service redesign, approved savings or use of reserves). Feedback from auditors and wider stakeholders suggested these definitions did not accurately reflect how councils refer to a funding gap.

As part of our 2015/16 audit work, we issued an information request to auditors. This focused on councils' General Fund revenue budgets for 2016/17, their budgeted use of reserves and forecasted differences between income and expenditure. We also requested information about approved savings and the main assumptions in respect of the forecasted figures.

In this analysis, we have focused on councils' General Fund budgets and the difference between income (excluding income drawn from reserves) and expenditure (reduced only for approved savings). This allows us to report on the budgeted use of reserves in 2016/17. Forecasted differences between income and expenditure in 2017/18 and 2018/19 then represent the forecasted funding gap, better reflecting the feedback we received about how this term is generally used.

The revised approach provides greater clarity about each council's plans and of the current position of the sector. We asked auditors to provide the level of savings formally approved by councils as part of the 2016/17 budget-setting process. This will include specific savings as well as general efficiencies. While it is expected that councils will continue to identify and approve further savings, the forecast funding gaps for 2017/18 and 2018/19 represent what councils currently forecast they will need to reduce expenditure by or finance from their reserves, ahead of formally approving further savings for these years.

We have applied common assumptions to allow the position of all 32 councils to be reported for years where individual councils did not supply information. Using information supplied by the other councils, we derived and applied:

- a reduction in income of 1.10 per cent and an expenditure increase of 1.16 per cent in 2017/18
- a reduction in income of 0.89 per cent and an expenditure increase of 0.66 per cent in 2018/19.

# Local government in Scotland

# Financial overview

## 2015/16

This report is available in PDF and RTF formats, along with a podcast summary at:

[www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk) 

If you require this publication in an alternative format and/or language, please contact us to discuss your needs: 0131 625 1500

or [info@audit-scotland.gov.uk](mailto:info@audit-scotland.gov.uk) 

For the latest news, reports and updates, follow us on:



Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN

T: 0131 625 1500 E: [info@audit-scotland.gov.uk](mailto:info@audit-scotland.gov.uk) 

[www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk) 

ISBN 978 1 911494 11 9

This publication is printed on 100% recycled, uncoated paper



# Finance and Resources Committee

10.00am, Thursday, 19 January 2017

## Housing Property, Repairs and Maintenance Award of Framework Agreement.

Item number	7.14
Report number	
Executive/routine	Executive
Wards	All

### Executive Summary

---

This report seeks Committee approval to award a multi-lot framework agreement to the most economically advantageous organisations, identified within this report, following a competitive tendering process. The framework consists of 13 lots for reactive repairs and maintenance to Council homes.

The framework will provide back up support required by Housing Property in times of high demand, emergencies, and planned work to repair and maintain the Councils 20,000 housing stock. The term of the framework will be two years, with the option to extend annually for a further two years.

The framework value across all lots is £5,020,000 per annum.

### Links

---

Coalition Pledges	<a href="#">P28</a>
Council Priorities	<a href="#">CP12</a>
Single Outcome Agreement	<a href="#">SO4</a>

## Housing Property Repairs and Maintenance – Award of Framework Agreement

### 1. Recommendations

---

It is recommended that the Finance and Resources Committee:

- 1.1 Approves the award of Lot 1 Asbestos Works, as part of the Framework, to Aspect Contracts Ltd and Enviraz (Scotland) Ltd; at an estimated contract value of £40,000 per annum.
- 1.2 Approves the award of Lot 2 Electrical Works, as part of the Framework, to Response Building Maintenance Services (Scotland) Limited, First Call Trade Services Limited and Blackbourne Limited; at an estimated contract value of £200,000 per annum.
- 1.3 Approves the award of Lot 3 Floor Covering Works, as part of the Framework, to Forth Furnishings Ltd, Ideal Flooring Solutions Ltd and UK Soft Furnishings Ltd; at an estimated contract value of £210,000 per annum.
- 1.4 Approves the award of Lot 4 Gas Repair & Maintenance Works as part of the Framework to Dalex Systems Ltd, Gas Call Services Ltd and T B MacKay Energy Services Ltd; at an estimated contract value of £975,000 per annum.
- 1.5 Approves the award of Lot 5 General Building Repair Works, as part of the Framework, to Saltire Roofing & Building Limited, James Breck Ltd and Firstcall Trade Services Limited; at an estimated contract value of £400,000 per annum.
- 1.6 Approves the award of Lot 6 Plastering Works, as part of the Framework, to Saltire Roofing & Building Limited, Response Building Maintenance Services (Scotland) Ltd and Clark Contracts Ltd; at an estimated contract value of £205,000 per annum.
- 1.7 Approves the award of Lot 7 Plumbing Works, as part of the Framework, to Saltire Roofing & Building Limited, Response Building Maintenance Services (Scotland) Ltd, and T B Mackay Energy Services Limited; at an estimated contract value of £850,000 per annum.
- 1.8 Approves the award of Lot 8 Preservation Works, as part of the Framework, to Stewart Preservation Ltd, Clark Contracts Ltd and Firstcall Trade Services Limited; at an estimated contract value of £150,000 per annum.
- 1.9 Approves the award of Lot 9 Roofing and Associated Works, as part of the Framework, to Saltire Roofing & Building Limited, Apex Developments Ltd and James Breck Ltd; at an estimated contract value of £202,500 per annum.



- 1.10 Approves the award of Lot 10 Scaffolding Works, as part of the Framework, to Saltire Roofing & Building Limited, Apex Developments Ltd and Form Access Ltd; at an estimated contract value of £600,000 per annum.
- 1.11 Approves the award of Lot 11 Jetting, CCTV Surveys & Drainage Works, as part of the Framework, to Castlebrae Drainage (Lanes Group) and J B Bell & Company; at an estimated contract value of £212,500 per annum.
- 1.12 Approves the award of Lot 12 Painting & Decorating Works, as part of the Framework, to Bell Decorating Group Limited, Novus Property Solutions Limited and Mitie Property Services (UK) Ltd; at an estimated contract value of £750,000 per annum.
- 1.13 Approves the award of Lot 13 Windows & Doors Replacement Works, as part of the Framework, to Response Building & Maintenance (Scotland) Limited, Firstcall Trade Services Limited and H & J Martin Ltd; at an estimated contract value of £225,000 per annum.
- 1.14 Notes the contract period is two years with the option to extend annually for a further two years. The overall framework value, including extensions, is estimated at £20,080,000.
- 1.15 Notes the contract values identified above are reflective of historical spend on these services over the previous three financial years, and that the scope of works may fluctuate subject to budget allocation. It should be noted 20% volume uplift has been added to all lots in order to cover any increased work flow or other departmental usage.

## **2. Background**

---

- 2.1 Housing Property repair and maintain the Councils housing stock of approximately 20,000 homes. In times of high demand, emergencies, and planned work it is necessary to engage back up support from external contractors to ensure service delivery when Housing Property resources are not available.
- 2.2 To allow the Council to meet statutory duties and provide tenants with an expected level of service, it is necessary to have Framework Contractors in place to undertake repairs and maintenance work. The Framework will be in place for two years, with an option to extend for a further two years, undertaken at 12 month intervals and subject to annual review.

## **3. Main report**

---

- 3.1 The City of Edinburgh Council wishes to appoint a number of suitably qualified and experienced back up contractors to carry out the repairs and maintenance works.

- 3.2 The tender and evaluation process was conducted in accordance with Council Contract Standing Orders, Public Contracts (Scotland) Regulations 2012 and EU Procurement Directives.
- 3.3 On 2 November 2015, the Council undertook a full tender exercise by placing a contract notice on the Public Contracts Scotland Portal as a two stage process.
- 3.4 The lots advertised as City of Edinburgh Council Repair & Maintenance Works Framework were:
- Lot 1 Asbestos Works
  - Lot 2 Electrical Works
  - Lot 3 Floor Covering Works
  - Lot 4 Gas Repair & Maintenance Works
  - Lot 5 General Building Repair Works.
  - Lot 6 Plastering Works
  - Lot 7 Plumbing Works
  - Lot 8 Preservation Works
  - Lot 9 Roofing and Associated Works
  - Lot 10 Scaffolding Works
  - Lot 11 Jetting, CCTV Surveys and Drainage Works
  - Lot 12 Painting and Decorating Works
  - Lot 13 Window and Door Replacement Works
- 3.5 The aim of the Pre-Qualification Questionnaire (PQQ) evaluation process was to allow the Council to identify suitably qualified and experienced bidders to be invited to tender. The organisations selected at the PQQ stage were then invited to bid in March 2016 and tenders were returned on 31 May 2016.
- 3.6 Tender submissions were evaluated by a technical evaluation panel. This places an emphasis on quality, as well as price, with the aim of selecting the most economically advantageous tenders for each of the 13 lots. A cost quality ratio of 70% (cost) and 30% (quality) was applied to all lots.
- 3.7 As the Council has a requirement to carry out a significant volume of reactive repairs and planned maintenance within a defined budget, it was crucial that there was an emphasis on cost, whilst ensuring that the contractor's proposals and procedures were of high quality. Consequently, a minimum quality threshold was set in order to discount organisations failing to meet the quality standards and key outcomes set out in the tender document.
- 3.8 The quality analysis was based on weighted award criteria questions, which were scored using a 0 to 10 matrix. Following completion of the quality analysis, tenders that passed the minimum threshold of 50 marks for quality were subject to cost analysis.
- 3.9 All the bids submitted were based on a Contractors Percentage Adjustment (CPA) and a notional sum of hourly rates. The tender results for each lot are set out below.

- 3.10 The scores achieved in the quality/cost evaluation are outlined in the tables below. The Council identified a maximum of three organisations would be appointed for each lot in the contract notice. Where this has not been possible due to an insufficient number of tender returns or an insufficient number of compliant bids, the Council has appointed two contractors.
- 3.11 Where organisations have a “0.0” score for price (Lots 10 Scaffolding Works and Lot 12 Painting & Decorating Works) this is due to their quality submission failing to achieve the pre-set quality threshold of 50 marks.

Organisations failing to achieve the 50 mark threshold were not considered further for appointment and their fee bid was not reviewed.

### **Lot 1 Asbestos Works**

Tenderer	Price Score	Quality Score	Overall Tender	Overall Rank
Aspect Contracts Ltd	67.03	23.25	90.28	1
Enviraz (Scotland) Ltd	68.02	21.45	89.47	2

### **Lot 2 Electrical Works**

Tenderer	Price Score	Quality Score	Overall Tender	Overall Rank
Response Building Maintenance Services (Scotland) Ltd	70.00	18.00	88.00	1
Firstcall Trade Services	60.19	20.40	80.59	2
Blackbourne	57.24	22.34	79.58	3
Bidder 4	40.40	20.55	60.95	4
Bidder 5	36.50	17.85	54.35	5

**Lot 3 Floor Coverings Works**

Tenderer	Price Score	Quality Score	Overall Tender	Overall Rank
Forth Furnishings	70.00	22.20	92.20	1
Ideal Flooring	57.95	23.10	81.05	2
UK Soft Furnishings	48.41	15.45	63.86	3
Bidder 4	46.96	15.90	61.36	4
Bidder 5	36.87	19.50	56.37	5

**Lot 4 Gas Repair & Maintenance Works**

Tenderer	Price Score	Quality Score	Overall Tender	Overall Rank
Dalex Systems Ltd	69.36	22.80	92.16	1
Gas Call Services Ltd	66.42	21.00	87.42	2
T B MacKay Energy Services Ltd	63.45	22.05	85.50	3
Bidder 4	37.77	23.25	61.02	4

**Lot 5 General Building Repair Works**

Tenderer	Price Score	Quality Score	Overall Tender	Overall Rank
Saltire Roofing & Building Ltd	69.85	23.25	93.10	1
James Breck Ltd	63.73	15.00	78.73	2
Firstcall Trade Services	58.27	17.10	75.37	3
Bidder 4	46.52	17.55	64.07	4
Bidder 5	46.21	15.15	61.36	5
Bidder 6	36.48	19.35	55.83	6

**Lot 6 Plastering Works**

Tenderer	Price Score	Quality Score	Overall Tender	Overall Rank
Saltire Roofing & Building	67.78	23.85	91.63	1
Response Building Maintenance Services (Scotland) Ltd	69.56	21.00	90.56	2
Clark Contracts	68.23	19.95	88.18	3
Bidder 4	59.76	21.00	80.76	4
Bidder 5	45.18	17.40	62.58	5

**Lot 7 Plumbing Works**

Tenderer	Price Score	Quality Score	Overall Tender	Overall Rank
Saltire Roofing & Building Ltd	70.00	22.65	92.65	1
Response Building Maintenance Services (Scotland) Ltd	67.81	21.60	89.41	2
T B Mackay Energy Services Ltd	58.35	22.35	80.70	3
Bidder 4	46.05	20.40	66.45	4
Bidder 5	43.81	21.90	65.71	5
Bidder 6	41.60	20.69	62.29	6

**Lot 8 Preservation Works**

Tenderer	Price Score	Quality Score	Overall Tender	Overall Rank
Stewart Preservation Ltd	69.46	15.45	84.91	1
Clark Contracts	64.43	16.05	80.48	2
Firstcall Trade Services	63.70	15.90	79.60	3
Bidder 4	50.86	18.00	68.86	4

**Lot 9 – Roofing & Associated Works**

Tenderer	Price Score	Quality Score	Overall Tender	Overall Rank
Saltire Roofing & Building Ltd	69.85	22.50	92.35	1
Apex Developments Ltd	68.32	18.30	86.62	2
James Breck Ltd	58.58	16.65	75.23	3
Bidder 4	44.22	19.80	64.02	4
Bidder 5	24.52	20.40	44.92	5

**Lot 10 – Scaffolding Works**

Tenderer	Price Score	Quality Score	Overall Tender	Overall Rank
Saltire Roofing & Building Ltd	70.00	20.85	90.85	1
Apex Developments Ltd	68.12	18.00	86.12	2
Form Access Ltd	51.09	20.85	71.94	3
Bidder 4	40.33	21.60	61.93	4
Bidder 5	0.00	11.10	11.10	5

*“0.0” score for price failed quality threshold*

### **Lot 11- Jetting CCTV Surveys & Drainage Works**

Tenderer	Price Score	Quality Score	Overall Tender	Overall Rank
Castlebrae Drainage (Lanes Group)	70.00	24.45	94.45	1
J B Bell & Co	50.60	21.30	71.90	2

### **Lot 12 Painting & Decorating Works**

Tenderer	Price Score	Quality Score	Overall Tender	Overall Rank
Bell Group	70.00	18.60	86.60	1
Novus Property Solutions	54.43	18.00	72.43	2
MITIE Property Services	45.48	20.40	65.88	3
Bidder 4	35.58	19.50	55.08	4
Bidder 5	0.00	7.20	7.20	5

*"0.0" score for price failed quality threshold*

### **Lot 13 – Windows & Doors Replacement Works**

Tenderer	Price Score	Quality Score	Overall Tender	Overall Rank
Response Building & Maintenance Ltd	70.00	24.00	94.00	1
Firstcall Trade Services	53.91	22.95	76.86	2
H & J Martin Ltd	44.45	22.05	66.50	3

## **4. Measures of success**

---

- 4.1 The success of the framework will be measured by Key Performance Indicators (KPIs).

- 4.2 KPIs will ensure that strict contract management and performance monitoring is maintained for all maintenance and improvement works carried out on behalf of the Council. KPIs will measure:
- Commercial Management
  - Response Times
  - Health & Safety
  - Customer Care
  - Community Benefits

## **5. Financial impact**

---

- 5.1 The cost will be accommodated in the existing Housing Revenue Account (HRA) Capital Budget.
- 5.2 The estimated contract value of each of the 13 lots is reflective of historical spend, over the previous three financial years, for these services. Naturally, the scope of works may fluctuate subject to budget allocation. Contract spend across the 13 lots will be monitored on a quarterly basis.
- 5.3 It is anticipated that significant financial savings, between approximately 3% and 5%, will be delivered through the new framework. This will be achieved by rationalising the number of suppliers, consolidating spend, realising volume discounts, and promoting contract compliance.
- 5.4 The costs associated with procuring this contract are estimated to be between £20,000 and £35,000.

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

---

- 6.1 Whilst previous repair and maintenance contractors were procured by Housing Property, this framework succeeds in bringing together service requirements to allow for economies of scale, improved contract management opportunities, and the ability to build a long term working relationship with each contractor.
- 6.2 The risk of not approving the framework could be the Council failing to comply with Contract Standing Orders, European procurement rules, and as the current contracts will expired, the delivery of services. Subsequently, this may result in the Council not being able to meet its agreed coalition pledges and statutory duties.

## **7. Equalities impact**

---

- 7.1 The proposals in the report will have a positive impact on the quality of Council homes and in turn tenants' quality of life.
- 7.2 Investing in repairing and improving the condition of existing homes will increase energy efficiency and reduce fuel poverty.



- 7.3 The adaptation works within the framework will ensure Council homes meet the needs of older and disabled tenants, allowing them to remain in their homes longer.

## **8. Sustainability impact**

---

### **Environmental Benefits**

- 8.1 The contractors must procure timber from legal and well managed forests, which are certified under third part schemes and comply with the criteria set in the UK Government Timber Procurement Policy. Evidence on compliance will be provided at the quarterly review meetings.

### **Community Benefits**

- 8.2 The Council aims to maximise the social, economic, and environmental benefits from its procurements (known as 'Community Benefits') by incorporating Community Benefit Clauses within its contracts. These benefits are delivered by suppliers in addition to meeting the core requirements of the contract or agreement.
- 8.3 In the procurement of Frameworks, Community Benefits are not requested 'up front' as there is no guarantee to any contractor of any works being commissioned to their organisation. Instead, the focus is on encouraging Community Benefits through individual contracts subsequently awarded through Mini Competition or Direct Award.
- 8.4 Accordingly, Commercial and Procurement Services (CPS) has developed a community benefit points system to be utilised as work is awarded. The Community Benefits schedule for this Framework is appended to report. The schedule outlines a number of suggestions for contractors, however, organisations will be encouraged to innovate and tailor benefits as appropriate.
- 8.5 Through the development of a points system, CPS is promoting and encouraging fairness, particularly for those SMEs which normally have to compete with larger organisations in the delivery of these Community Benefits.
- 8.6 The Council will operate a Community Benefits Points system (CBP) for all awarded works for this framework.
- 8.7 The points system will apply when works are awarded to a contractor for the duration of the framework. Contractors will be required to deliver Community Benefits such as carrying out a workshop in a School or Community Centre in Edinburgh, linked to the curriculum for excellence; or, sponsorship of a local organisation on the basis of points accrued annually or by mutual consent. Delivery may be expected for up to two years after the expiry of the framework. Please refer to appendix 2 Community Benefit Points Redemption Values.

## 9. Consultation and engagement

---

- 9.1 A review of the current arrangements including spend analysis and stakeholder engagement took place in September 2015. This included undertaking consultation with other local authorities and housing associations to review best practice for repairs within Council owned domestic properties to help shape the procurement strategy and process. Engagement was carried out with Contract Managers and Commercial and Procurement Services with lessons learned from the current arrangement also taken into account.

## 10. Background reading/external references

---

Not applicable.

### Paul Lawrence

Executive Director for Place

Contact: Susan Mooney, Head of Housing and Regulatory Services

E-mail: [susan.mooney@edinburgh.gov.uk](mailto:susan.mooney@edinburgh.gov.uk) | Tel: 0131 529 7320

## 11. Links

---

<b>Coalition Pledges</b>	P28 – Further strengthen our links with the business community by developing and implementing strategies to promote and protect the economic well being of the city.
<b>Council Priorities</b>	CP12 - A built environment to match our ambition.
<b>Single Outcome Agreement</b>	SO4 - Edinburgh's communities are safer and have improved physical and social fabric.
<b>Appendices</b>	Appendix 1 – Summary of Tendering and Tender Evaluation Process. Appendix 2 - Community Benefits Relative Points Redemption Value

## Appendix1 – Summary of Tendering and Tender Evaluation Processes.

Contract	Lot 1 – Asbestos Works
Contract Period (including any extensions)	2+1+1
Estimated Lot Value	£160,000
Standing Orders Observed	2.4 Requirement to advertise 5.1.b Selection of the most economically advantageous tender
Portal used to advertise	Public Contracts Scotland & <a href="http://www.edin-tend.co.uk">www.edin-tend.co.uk</a>
EU Procedure Chosen	Restricted
Invitations to tender issued	6
Tenders returned	4
Tenders fully compliant	2
Recommended suppliers	Aspect Contracts Ltd and Enviraz (Scotland) Ltd
Primary criterion	Most economically advantageous tender (MEAT)
Evaluation criteria and weightings and reasons for this approach	30% Quality, 70% Price Implementation & Delivery of Contract – 20% Communication, Monitoring & Dispute Resolution– 15% Meeting KPI's & Targets– 20% Meeting Response Times – 20% Health & Safety – 15% Community Benefits – 5% Workplace Matters – 5%
Evaluation Team	Senior Surveyor– Housing Asset Management Assistant Quantity Surveyor– Housing Asset Management Team Manager – Edinburgh Building services

Contract	Lot 2 – Electrical Works
Contract Period (including any extensions)	2+1+1
Estimated Lot Value	£800,000
Standing Orders Observed	2.4 Requirement to advertise 5.1.b Selection of the most economically advantageous tender
Portal used to advertise	Public Contracts Scotland & <a href="http://www.edin-tend.co.uk">www.edin-tend.co.uk</a>
EU Procedure Chosen	Restricted
Invitations to tender issued	6
Tenders returned	5
Tenders fully compliant	5
Recommended suppliers	Response Building Maintenance Services (Scotland) Ltd, FirstCall Trade Services Limited, Blackburne
Primary criterion	Most economically advantageous tender (MEAT)
Evaluation criteria and weightings and reasons for this approach	30% Quality, 70% Price Implementation & Delivery of Contract – 20% Communication, Monitoring & Dispute Resolution– 15% Meeting KPI's & Targets– 20% Meeting Response Times – 20% Health & Safety – 15% Community Benefits – 5% Workplace Matters – 5%
Evaluation Team	Senior Electrical Engineer – Housing Property Contract Supervisor – Housing Property Team Leader – Housing Property

Contract	Lot 3 – Floor Covering Works
Contract Period (including any extensions)	2+1+1
Estimated Lot Value	£840,000
Standing Orders Observed	2.4 Requirement to advertise 5.1.b Selection of the most economically advantageous tender
Portal used to advertise	Public Contracts Scotland & <a href="http://www.edin-tend.co.uk">www.edin-tend.co.uk</a>
EU Procedure Chosen	Restricted
Invitations to tender issued	8
Tenders returned	5
Tenders fully compliant	5
Recommended suppliers	Forth Furnishing, Ideal Flooring and UK Soft Furnishings
Primary criterion	Most economically advantageous tender (MEAT)
Evaluation criteria and weightings and reasons for this approach	30% Quality, 70% Price Implementation & Delivery of Contract – 20% Communication, Monitoring & Dispute Resolution– 15% Meeting KPI's & Targets– 20% Meeting Response Times – 20% Health & Safety – 15% Community Benefits – 5% Workplace Matters – 5%
Evaluation Team	Operations Manager – Housing Property Assistant Quantity Surveyor– Housing Property Team Manager – Housing Property

Contract	Lot 4 – Gas Repair & Maintenance Works
Contract Period (including any extensions)	2+1+1
Estimated Lot Value	£3,900,000
Standing Orders Observed	2.4 Requirement to advertise 5.1.b Selection of the most economically advantageous tender
Portal used to advertise	Public Contracts Scotland & <a href="http://www.edin-tend.co.uk">www.edin-tend.co.uk</a>
EU Procedure Chosen	Restricted
Invitations to tender issued	6
Tenders returned	4
Tenders fully compliant	4
Recommended suppliers	Dalex Systems Ltd, Gas Call Services Ltd and T B MacKay Energy Services Ltd
Primary criterion	Most economically advantageous tender (MEAT)
Evaluation criteria and weightings and reasons for this approach	30% Quality, 70% Price Implementation & Delivery of Contract – 20% Communication, Monitoring & Dispute Resolution– 15% Meeting KPI's & Targets– 20% Meeting Response Times – 20% Health & Safety – 15% Community Benefits – 5% Workplace Matters – 5%
Evaluation Team	Operations Manager – Housing Property Contract Supervisor – Housing Property Gas Team Manager – Housing Property

Contract	Lot 5 – General Building Repair Works
Contract Period (including any extensions)	2+1+1
Estimated Lot Value	£1,600,000
Standing Orders Observed	2.4 Requirement to advertise 5.1.b Selection of the most economically advantageous tender
Portal used to advertise	Public Contracts Scotland & <a href="http://www.edin-tend.co.uk">www.edin-tend.co.uk</a>
EU Procedure Chosen	Restricted
Invitations to tender issued	7
Tenders returned	6
Tenders fully compliant	6
Recommended suppliers	Saltire Roofing & Building Ltd, James Breck Ltd and Firstcall Trade Services Limited
Primary criterion	Most economically advantageous tender (MEAT)
Evaluation criteria and weightings and reasons for this approach	30% Quality, 70% Price Implementation & Delivery of Contract – 20% Communication, Monitoring & Dispute Resolution– 15% Meeting KPI's & Targets– 20% Meeting Response Times – 20% Health & Safety – 15% Community Benefits – 5% Workplace Matters – 5%
Evaluation Team	Programme Manager – Housing property Surveyor – Housing property Building Surveyor – Housing property

Contract	Lot 6 – Plastering Works
Contract Period (including any extensions)	2+1+1
Estimated Lot Value	£820,000
Standing Orders Observed	2.4 Requirement to advertise 5.1.b Selection of the most economically advantageous tender
Portal used to advertise	Public Contracts Scotland & <a href="http://www.edin-tend.co.uk">www.edin-tend.co.uk</a>
EU Procedure Chosen	Restricted
Invitations to tender issued	8
Tenders returned	5
Tenders fully compliant	5
Recommended suppliers	Saltire Roofing & Building , Response Building Maintenance Services (Scotland) Ltd and Clark Contracts Ltd
Primary criterion	Most economically advantageous tender (MEAT)
Evaluation criteria and weightings and reasons for this approach	30% Quality, 70% Price Implementation & Delivery of Contract – 20% Communication, Monitoring & Dispute Resolution– 15% Meeting KPI's & Targets– 20% Meeting Response Times – 20% Health & Safety – 15% Community Benefits – 5% Workplace Matters – 5%
Evaluation Team	Operations Manager – Housing Property Team Manager – Housing Property Building Surveyor – Housing Property



Contract	Lot 7 - Plumbing Works
Contract Period (including any extensions)	2+1+1
Estimated Lot Value	£3,400,000
Standing Orders Observed	2.4 Requirement to advertise 5.1.b Selection of the most economically advantageous tender
Portal used to advertise	Public Contracts Scotland & <a href="http://www.edin-tend.co.uk">www.edin-tend.co.uk</a>
EU Procedure Chosen	Restricted
Invitations to tender issued	6
Tenders returned	6
Tenders fully compliant	6
Recommended suppliers	Saltire Roofing & Building Ltd, Response Building Maintenance Services (Scotland) Ltd and T B Mackay Energy Services Ltd
Primary criterion	Most economically advantageous tender (MEAT)
Evaluation criteria and weightings and reasons for this approach	30% Quality, 70% Price Implementation & Delivery of Contract – 20% Communication, Monitoring & Dispute Resolution– 15% Meeting KPI's & Targets– 20% Meeting Response Times – 20% Health & Safety – 15% Community Benefits – 5% Workplace Matters – 5%
Evaluation Team	Operations Manager – Housing Property Team Manager – Housing Property Contract Manager – Housing Property

Contract	Lot 8 – Preservation Works
Contract Period (including any extensions)	2+1+1
Estimated Lot Value	£600,000
Standing Orders Observed	2.4 Requirement to advertise 5.1.b Selection of the most economically advantageous tender
Portal used to advertise	Public Contracts Scotland & <a href="http://www.edin-tend.co.uk">www.edin-tend.co.uk</a>
EU Procedure Chosen	Restricted
Invitations to tender issued	4
Tenders returned	4
Tenders fully compliant	4
Recommended suppliers	Stewart Preservation Ltd, Clark Contracts Ltd and Firstcall Trade Services Limited
Primary criterion	Most economically advantageous tender (MEAT)
Evaluation criteria and weightings and reasons for this approach	30% Quality, 70% Price Implementation & Delivery of Contract – 20% Communication, Monitoring & Dispute Resolution– 15% Meeting KPI's & Targets– 20% Meeting Response Times – 20% Health & Safety – 15% Community Benefits – 5% Workplace Matters – 5%
Evaluation Team	Programme Manger – Housing Property Building Surveyor – Housing Property Team Manager – Housing Property

Contract	Lot 9 – Roofing and Associated Works
Contract Period (including any extensions)	2+1+1
Estimated Lot Value	£810,000
Standing Orders Observed	2.4 Requirement to advertise 5.1.b Selection of the most economically advantageous tender
Portal used to advertise	Public Contracts Scotland & <a href="http://www.edin-tend.co.uk">www.edin-tend.co.uk</a>
EU Procedure Chosen	Restricted
Invitations to tender issued	6
Tenders returned	5
Tenders fully compliant	5
Recommended suppliers	Saltire Roofing & Building Ltd, Apex Developments Ltd and James Breck Ltd
Primary criterion	Most economically advantageous tender (MEAT)
Evaluation criteria and weightings and reasons for this approach	30% Quality, 70% Price Implementation & Delivery of Contract – 20% Communication, Monitoring & Dispute Resolution– 15% Meeting KPI's & Targets– 20% Meeting Response Times – 20% Health & Safety – 15% Community Benefits – 5% Workplace Matters – 5%
Evaluation Team	Senior Surveyor – Housing Property Team Manager – Housing Property Surveyor – Housing Property

Contract	Lot 10 – Scaffolding Works
Contract Period (including any extensions)	2+1+1
Estimated Lot Value	£2,400,000
Standing Orders Observed	2.4 Requirement to advertise 5.1.b Selection of the most economically advantageous tender
Portal used to advertise	Public Contracts Scotland & <a href="http://www.edin-tend.co.uk">www.edin-tend.co.uk</a>
EU Procedure Chosen	Restricted
Invitations to tender issued	6
Tenders returned	5
Tenders fully compliant	4
Recommended suppliers	Saltire Roofing & Building Ltd, Apex Developments Ltd and Form Access Ltd.
Primary criterion	Most economically advantageous tender (MEAT)
Evaluation criteria and weightings and reasons for this approach	30% Quality, 70% Price Implementation & Delivery of Contract – 20% Communication, Monitoring & Dispute Resolution– 15% Meeting KPI's & Targets– 20% Meeting Response Times – 20% Health & Safety – 15% Community Benefits – 5% Workplace Matters – 5%
Evaluation Team	Senior Surveyor – Housing Property Surveyor – Housing Property Team Leader – Housing Property

Contract	Lot 11 - Jetting CCTV Surveys & Drainage Works
Contract Period (including any extensions)	2+1+1
Estimated Lot Value	£850,000
Standing Orders Observed	2.4 Requirement to advertise 5.1.b Selection of the most economically advantageous tender
Portal used to advertise	Public Contracts Scotland & <a href="http://www.edin-tend.co.uk">www.edin-tend.co.uk</a>
EU Procedure Chosen	Restricted
Invitations to tender issued	5
Tenders returned	2
Tenders fully compliant	2
Recommended suppliers	Castlebrae Drainage (Lanes Group) and J B Bell & Co
Primary criterion	Most economically advantageous tender (MEAT)
Evaluation criteria and weightings and reasons for this approach	30% Quality, 70% Price Implementation & Delivery of Contract – 20% Communication, Monitoring & Dispute Resolution– 15% Meeting KPI's & Targets– 20% Meeting Response Times – 20% Health & Safety – 15% Community Benefits – 5% Workplace Matters – 5%
Evaluation Team	Surveying Team Leader – Housing Property Emergency Responsive Team Manager– Housing Property Team Leader – Housing Property

Contract	Lot 12 – Painting & Decorating Works
Contract Period (including any extensions)	2+1+1
Estimated Lot Value	£3,000,000
Standing Orders Observed	2.4 Requirement to advertise 5.1.b Selection of the most economically advantageous tender
Portal used to advertise	Public Contracts Scotland & <a href="http://www.edin-tend.co.uk">www.edin-tend.co.uk</a>
EU Procedure Chosen	Restricted
Invitations to tender issued	8
Tenders returned	5
Tenders fully compliant	4
Recommended suppliers	Bell Decorating Group Limited, Novus Property Solutions Limited and Mitie Property Services (UK) Ltd
Primary criterion	Most economically advantageous tender (MEAT)
Evaluation criteria and weightings and reasons for this approach	30% Quality, 70% Price Implementation & Delivery of Contract – 20% Communication, Monitoring & Dispute Resolution– 15% Meeting KPI's & Targets– 20% Meeting Response Times – 20% Health & Safety – 15% Community Benefits – 5% Workplace Matters – 5%
Evaluation Team	Operations Manager – Housing Property Team Manager – Housing Property Team Leader – Housing Property

Contract	Lot 13 – Windows & Doors Replacement
Contract Period (including any extensions)	2+1+1
Estimated Lot Value	£900,000
Standing Orders Observed	2.4 Requirement to advertise 5.1.b Selection of the most economically advantageous tender
Portal used to advertise	Public Contracts Scotland & <a href="http://www.edin-tend.co.uk">www.edin-tend.co.uk</a>
EU Procedure Chosen	Restricted
Invitations to tender issued	7
Tenders returned	3
Tenders fully compliant	3
Recommended suppliers	Response Building & Maintenance (Scotland) Ltd, Firstcall Trade Services Limited and H & J Martin Ltd
Primary criterion	Most economically advantageous tender (MEAT)
Evaluation criteria and weightings and reasons for this approach	30% Quality, 70% Price Implementation & Delivery of Contract – 20% Communication, Monitoring & Dispute Resolution– 15% Meeting KPI's & Targets– 20% Meeting Response Times – 20% Health & Safety – 15% Community Benefits – 5% Workplace Matters – 5%
Evaluation Team	Quantity Surveyor – Housing Property Building Surveyor – Housing Property Senior Surveyor – Housing Property

## Appendix 2 Community Benefits Relative Points Redemption Value

Table 1 Community Benefits and Relative Points System

The table below indicates the Community Benefit Points (CBP). Points will be awarded in relation to the value of works awarded through each mini competition or direct award.

Annual Value of Contract	CBP (Points)
Up to £5,000	1
£5,001 to £10,000	2
£10,001 to £15,000	3
£15,001 to £20,000	4
£20,001 to £25,000	5
£25,001 to £50,000	10
£50,001 to £100,000	20
£100,001 to £150,000	30
£150,001 to £200,000	40
£200,001 to £250,000	50
£250,001 to £350,000	70
£350,001 to £500,000	100
£500,001 to £750,000	150
£750,001 to £1,000,000	200
£1,000,001 to £1,500,000	300
£1,500,001 to £2,000,000	400

All values stated relate to the annual value of the works awarded through the framework in a 12 month period. Where annual works are below the value of £50,000, your points will be accumulated until you achieve an accumulative 10 points, which is the minimum number of points by which Community Benefits will be realised.

Points will be reviewed regularly as agreed with the Contract Administrator e.g. every 3, 6, or 12 month period, the total spend for each supplier over this period will be accumulated and points scored accordingly as per table 1, please see the example below.

Example of work awarded over a 12 month period:

Title	Winning Tenderer	Value	Occurrence	Total Value of Works
Awarded Work	Supplier A	£2,000	50	£100,000
Awarded Work	Supplier A	£2,500	35	£87,500
Awarded Work	Supplier C	£1000	1	£10,000

this would therefore result in:

Title	Total Value Over Set Period	CBP Points Accumulated
Supplier A	£193,500	40
Supplier B	£60,000	10



Supplier C	£50,000	10
------------	---------	----

*\*Community Benefit Points may be banked for 12 months to allow points accumulation to deliver a higher level of benefit.*

Where a successful contractor has been awarded to more than one lot within the Framework, points may be accumulated by mutual consent.

### **Improving Education**

Title	Credits	Notes
2 School site visits per year.	5	
Carry out a workshop in a School or Community Centre in Edinburgh linked to curriculum for excellence	5	
Work placement for a minimum of 5 days for an S3 or S4 pupil in an Edinburgh School either in Construction or Office based. Arranged through the Employability & Skills Team at CEC	5	
Work experience of a minimum of 5 days for unemployed person (not necessarily young person). Arranged through the Employability & Skills Team at CEC	5	
Supported Training/work experience for people with disabilities or other disadvantaged groups	5	
Local College Site Visits	10	
Extended work placement for a minimum of 15 days for a school pupil at an Edinburgh School.	10	
Participating in schools careers days.	20	
Construction Curriculum Support Activities: Individual or Group Engagement– e.g. 2 a Year across a range of local school, for the duration of the Framework	25	
Donating tools and materials to local schools	30	
Providing construction safety education to school children on its own or as part of a wider safety education session	30	

### **Improving Employability**

Title	Credits	Notes
Extended work placement for a minimum of 15 days for a school pupil at an Edinburgh School.	15	
Provide one-to-one mentoring to a young person from Edinburgh	15	

– one hour per month for 12 months		
Training for existing workforce	20	
Promotion of job opportunities through local agencies	20	
Promotion of Women in Construction	100	
Working with external training providers to highlight career opportunities and run training and skills courses.	100	
Re-employ a 3rd year unemployed / transferred apprentice	200	
Re-employ a 2nd year unemployed / transferred apprentice	300	
Apprentice Start opportunities – Arranged through the Employability & Skills Team at CEC	400	

### **Supply Chain**

Title	Credits	Notes
Offer sub-contracting opportunities in an open transparent way, to local SME's holding promotional events in the local area	150	
Provide training or mentoring for staff in the supply chain	100	
SMEs – advice on how to tender / “Joint Ventures” to tender for sections of work	100	

### **Community**

Title	Credits	Notes
Community consultation, engagement and strengthening community relations	10	
Area tidy-up campaigns.	15	
Community enhancement - resources provided for community facilities (e.g. playgrounds, habitat enhancements, environmental improvements) and initiatives (e.g. energy efficiency)	15	
Sponsorship of local organisations	20	
Sponsoring local community events including festivals, 10k fun runs, family fun days out etc.	20	

# Finance and Resources Committee

10.00am, Thursday, 19 January 2017

## Edinburgh Shared Repairs Service (ESRS) Award of Framework Agreement.

Item number	7.15
Report number	
Executive/routine	
Wards	All

### Executive Summary

---

This report seeks Committee approval to award a multi lot framework agreement to the most economically advantageous organisations identified, following a competitive tendering process. The framework consists of 4 lots for micro and minor works for Roofing and Stonework, to enable Edinburgh Shared Repairs Service (ESRS) to carry out statutory repairs on private property in Edinburgh.

The term of the framework will be two years with the option to extend annually for a further two years.

The value between the 4 lots will be approximately £5m per annum although it is anticipated this will not be realised until well into 2018/19 due to the newness of the service

### Links

---

Coalition Pledges	<a href="#">P28</a>
Council Priorities	<a href="#">CP12</a>
Single Outcome Agreement	<a href="#">SO4</a>

## Edinburgh Shared Repairs Service (ESRS) – Award of Framework Agreement

### 1. Recommendations

---

- 1.1 It is recommended that the Finance and Resources Committee:
  - 1.1.1. Approves the award of Lot 1 Roofing – Micro Works up to £10k as part of the Framework to James Breck Ltd, Saltire Roofing & Building and Apex Developments Ltd at an estimated contract value of up to £500k per annum.
  - 1.1.2. Approves the award of Lot 2 Stonework – Micro Works up to £10k as part of the Framework to James Breck Ltd, Apex Development Ltd and Forth Stone Ltd at an estimated contract value of up to £500k per annum.
  - 1.1.3. Approves the award of Lot 3 Roofing & Stonework – Minor Works up to £50k as part of the Framework to Watson and Lyall Ltd, James Breck Ltd, Go-Wright Ltd, Apex Development Ltd, G Grigg and Sons and Forth Stone Ltd at an estimated contract value of £2m per annum.
  - 1.1.4. Approves the award of Lot 4 Roofing & Stonework – Minor Works up to £250k as part of the Framework to Watson and Lyall Ltd, James Breck Ltd, Go-Wright Ltd, Apex Development Ltd, G Grigg and Sons and Campbell & Smith Construction Group at an estimated contract value of £2m per annum.

### 2. Background

---

- 2.1 ESRS is a new service the Council has developed since September 2015. The service will be fully operational in April 2017. ESRS objectives are as follows:
  - 2.1.1 To help maintain the fabric of the city, the conservation of the built heritage and protection of health and safety;
  - 2.1.2 To support, encourage and enable owners to proactively take responsibility for planning and organising repairs and maintenance;
  - 2.1.3 To intervene when owners have exhausted all other reasonable means of agreeing and undertaking a repair; and
  - 2.1.4 To effectively manage the Council's financial and reputational risk as it carries out its statutory duties and powers.
- 2.2 In order to enable the Council to meet statutory duties and provide property owners with an expected level of service, it is necessary to have Framework Contractors in place to undertake common repair work. The Framework will be in place for two years, with an option to extend annually for a further two years subject to annual review.

- 2.3 It is anticipated that the Framework will be operational from April 2017.

### 3. Main report

---

- 3.1 The City of Edinburgh Council wishes to appoint a number of suitably qualified and experienced contractors to carry out the common repair works upon enforcement of statutory notices on private property.
- 3.2 The tender and evaluation process was conducted in accordance with Council Contract Standing Orders, Public Contracts (Scotland) Regulations 2012 and EU Procurement Directives.
- 3.3 On 30 November 2015, the Council undertook a full tender exercise by placing a contract notice on the Public Contracts Scotland Portal as a two stage process.
- 3.4 The lots advertised were:
- 3.4.1 City of Edinburgh Council Edinburgh Shared Repairs Service Framework:
- Lot 1 Roofing works up to £10k;
  - Lot 2 Stonework up to £10k;
  - Lot 3 Roofing & Stonework up to £50k; and
  - Lot 4 Roofing & Stonework up to £250k.
- 3.5 The aim of the Pre-Qualification Questionnaire (PQQ) evaluation process was to allow the Council to identify suitably qualified and experienced bidders to be invited to tender. The organisations selected at the PQQ stage were then invited to bid on 31 August 2016 and tenders were returned on 17 October 2016.
- 3.6 Tender submissions were evaluated by a technical evaluation panel. The evaluation placed an emphasis on quality, as well as price, with the aim of selecting the most economically advantageous tenders for each of the four lots. A cost quality ratio of 60% cost and 40% quality was applied to all lots.
- 3.7 As the Council's ESRS workload is predominantly repairs on historic buildings, most predating 1920, it was important that there was an emphasis on quality whilst still providing a competitive cost for the works to owners. The cost incurred by the Council of all statutory repairs is recoverable from owners upon completion of the works. The legislation used to recover costs is the City of Edinburgh District Council Order Confirmation Act 1991.
- 3.8 The quality analysis was based on weighted award criteria questions, which were scored using a 0 to 10 matrix. Following completion of the quality analysis, tenders that passed the minimum threshold of 50 marks for quality were subject to cost analysis.
- 3.9 All the bids submitted were based on a schedule of rates with the bidders providing a Contractors Percentage Adjustment (CPA), notional provisional sums and a notional sum for dayworks. The tender results for each lot are set out in Appendix 1.

### 4. Measures of success

---

- 4.1 The success of the framework will be measured by Key Performance Indicators (KPIs).
- 4.2 KPIs will ensure that strict contract management and performance monitoring is maintained for all maintenance and improvement works carried out on behalf of the Council. KPIs will measure:
- Commercial Management;
  - Schedule;
  - Health and Safety;
  - Works Quality;
  - Customer Care; and
  - Community Benefit Delivery.

## **5. Financial impact**

---

- 5.1 The contractor costs will be accommodated in the existing ESRS Revenue Budget. These costs are recoverable under the City of Edinburgh District Council Order Confirmation Act 1991.
- 5.2 The estimated contract value of each of the four lots is reflective of historical spend for these services when the previous statutory repairs service was operational. Contract spend across the four lots will be monitored on a quarterly basis.
- 5.3 The costs associated with procuring this contract are estimated to be between £20,000 and £35,000.

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

---

- 6.1 Whilst previous contractor frameworks were procured by the former Property Conservation Service, this framework succeeds in bringing together service requirements to allow for economies of scale, improved contract management opportunities and the ability to build a long term working relationship with each contractor. This framework includes a schedule of works however it also allows for a competitive pricing element when each project is procured using mini competition. This approach allows project prices to reflect market demands.
- 6.2 Awarding this framework will ensure compliance with the Councils contract standing orders, European procurement rules, coalition pledges, our statutory duties and continued delivery of the service.

## **7. Equalities impact**

---

- 7.1 An equalities impact assessment has been carried out and submitted to ERIA team, December 2016.

## 8. Sustainability impact

---

### Environmental Benefits

- 8.1 The contractors must procure timber from legal and well managed forests, which are certified under third party schemes and comply with the criteria set in the UK Government Timber Procurement Policy. Evidence on compliance will be required at the quarterly review meetings. Contractors must also supply waste management proposals for each work package.

### Community Benefits

- 8.2 The Council aims to maximise the social, economic and environmental benefits from its procurements (known as 'Community Benefits') by incorporating Community Benefit Clauses within its contracts. These benefits are delivered by suppliers in addition to meeting the core requirements of the contract or agreement.
- 8.3 In the procurement of Frameworks, Community Benefits are not requested 'up front' as there is no guarantee to any contractor of any works being commissioned to their organisation. Instead, the focus is on encouraging Community Benefits through individual contracts subsequently awarded through Mini Competition or Direct Award.
- 8.4 For this reason Commercial and Procurement Services (CPS) has developed a community benefit points system to be utilised as work is awarded. The Community Benefits schedule for this Framework outlines a number of suggestions for contractors, however, organisations will be encouraged to innovate and tailor benefits as appropriate.
- 8.5 In developing a points system, CPS has also encouraged fairness particularly for those smaller contractors which normally have to compete with larger organisations in the delivery of these Community Benefits.
- 8.6 The Council will operate a Community Benefits Points system (CBP) for all awarded works for this framework.
- 8.7 The points system will apply when works are awarded to a contractor for the duration of the framework, and contractors will be required to deliver Community Benefits such as carrying out a workshop in a School or Community Centre in Edinburgh linked to curriculum for excellence or sponsorship of a local organisation on the basis of points accrued annually or by mutual consent. Delivery may be expected up to two years after the expiry of the framework.
- 8.8 This procurement also includes placements for the St Marys Cathedral Apprenticeship Scheme, where and when appropriate we will ask contractors to facilitate work placements for apprentices of the scheme.

## 9. Consultation and engagement

---

- 9.1 A review of the current arrangements took place in August 2015. Engagement was carried out with ESRS Manager and Commercial and Procurement Services with lessons learned from the current arrangement taken into account along with spend analysis.

- 9.2 Commercial and Procurement Services and the ESRS conducted a bidders day in the City Chambers on 14 October 2015 to encourage contractors to tender for the framework.
- 9.3 Commercial and Procurement Services along with the Supplier Development Programme conducted training on how to complete procurement documents in the Lothian Chamber on 9<sup>th</sup> October 2015.

## 10. Background reading/external references

---

- 10.1 Not applicable.

### Hugh Dunn

Acting Executive Director of Resources

Contact: Jackie Timmons, Edinburgh Shared Repairs Manager

E-mail: Jackie.timmons@edinburgh.gov.uk | Tel: 0131 529 4946

## 11. Links

---

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



## Appendix 1 – Tender Outcomes

### Lot 1 Roofing Works up to £10k

Tenderer	Price Score	Quality Score	Overall Tender	Overall Rank
James Breck Ltd	56.74	29.40	86.14	1
Saltire Roofing & Building	48.98	32.60	81.58	2
Apex Developments Ltd	55.20	25.80	81.00	3

### Lot 2 Stonework's up to £10k

Tenderer	Price Score	Quality Score	Overall Tender	Overall Rank
James Breck Ltd	56.79	29.40	86.19	1
Apex Developments Ltd	52.56	25.80	78.36	2
Forth Stone Ltd	51.71	25.40	77.11	3

### Lot 3 Roofing & Stonework's up to £50k

Tenderer	Price Score	Quality Score	Overall Tender	Overall Rank
Watson and Lyall Ltd	59.18	25.40	84.58	1
James Breck Ltd	53.73	29.40	83.13	2
Go-Wright Ltd	51.33	28.40	79.73	3
Apex Developments Ltd	52.51	25.80	78.31	4
G. Grigg & Sons	51.97	26.20	78.17	5
Forth Stone Ltd	48.60	25.40	74.00	6
Bidder 7	45.78	27.20	72.98	7

**Lot 4 Roofing & Stonework's up to £250k**

Tenderer	Price Score	Quality Score	Overall Tender	Overall Rank
Watson and Lyall Ltd	59.18	25.40	84.58	1
James Breck Ltd	52.37	29.40	81.77	2
Go-Wright Ltd	50.45	28.40	78.85	3
Apex Developments Ltd	51.31	25.80	77.11	4
G. Grigg & Sons	50.64	26.20	76.84	5
Campbell & Smith Construction	47.99	27.20	75.19	6
Bidder 7	48.22	25.40	73.62	7
Bidder 8	41.42	25.00	66.42	8

# Finance and Resources Committee

10.00a.m, Thursday, 19 January 2017

## Proposed New Lease at 54 High Street, Edinburgh

Item number	8.1
Report number	
Executive/routine	Routine
Wards	11 – City Centre

### Executive Summary

---

The retail unit at 54 High Street is let to The Firm of Gold Brothers and trades as Edinburgh Scarf Company.

The existing lease is due to expire on 14 April 2018. For increased security of tenure the tenant has requested a new 25 year lease prior to this date.

The report seeks approval to the grant of a new 25 year lease to The Firm of Gold Brothers on the terms and conditions outlined in the report.

### Links

---

Coalition Pledges	<a href="#">P15</a> , <a href="#">P28</a>
Council Priorities	<a href="#">CP5</a> , <a href="#">CP7</a> , <a href="#">CP8</a>
Single Outcome Agreement	<a href="#">SO1</a>

## Proposed New Lease at 54 High Street, Edinburgh

### 1. Recommendations

---

#### 1.1 That Committee:

- 1.1.1 Approves a new 25 year lease to The Firm of Gold Brothers of retail premises at 54 High Street, 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 shop premises at 54 High Street extends to 43.09 sq m (464 sq ft) or thereby and is shown outlined in red on the attached plan.
- 2.2 Since October 2008 the property has been let to The Firm of Gold Brothers who operate a retail business selling a range of woollen accessories and trade as Edinburgh Scarf Company. The current rent is £23,740 per annum.

### 3. Main report

---

- 3.1 The existing lease expires on 14 April 2018 and The Firm of Gold Brothers has requested that the Council grant a new 25 year lease to be effective from 1 April 2017.
- 3.2 The tenant has fulfilled all their legal and financial obligations in terms of the existing lease.
- 3.3 The following terms have been provisionally agreed:
  - Subjects: Retail shop at 54 High Street, Edinburgh;
  - New Lease: 25 years from 1 April 2017 until 31 March 2042;
  - Tenant Break Option: 1 April 2027;
  - Rent: £36,800 per annum (current market rental value);
  - Rent Reviews: Reviewed on each fifth anniversary to open market rental value;
  - Use: Class 1 Retail Use;
  - Repairs: Full repairing and maintaining obligation; and

- Other terms: As contained in a standard commercial lease.

#### **4. Measures of success**

---

- 4.1 Granting a new 25 year lease will allow the business to continue its long term financial planning and in turn sustain employment for its workers.

#### **5. Financial impact**

---

- 5.1 An increase in rent of £13,060 per annum to the General Property Account.

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

---

- 6.1 This is a new 25 year lease to the existing tenant. The existing tenant has been trading from the property since October 2008. It is considered there 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 An enhancement of rights has been identified as through a new lease, it will ensure that The Firm of Gold Brothers can continue to plan both financially and in terms of developing their business. This will allow them to continue to provide a high level of service and experience to their employees and customers. This directly links to an enhancement of the following rights namely (i) Legal Security, (ii) Education and Learning and (iii) Productive and Valued Activities.
- 7.3 A possible infringement has been identified in that by offering a new lease rather than placing the retail premises on the open market upon lease expiry, there is no opportunity for other occupiers who may wish 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

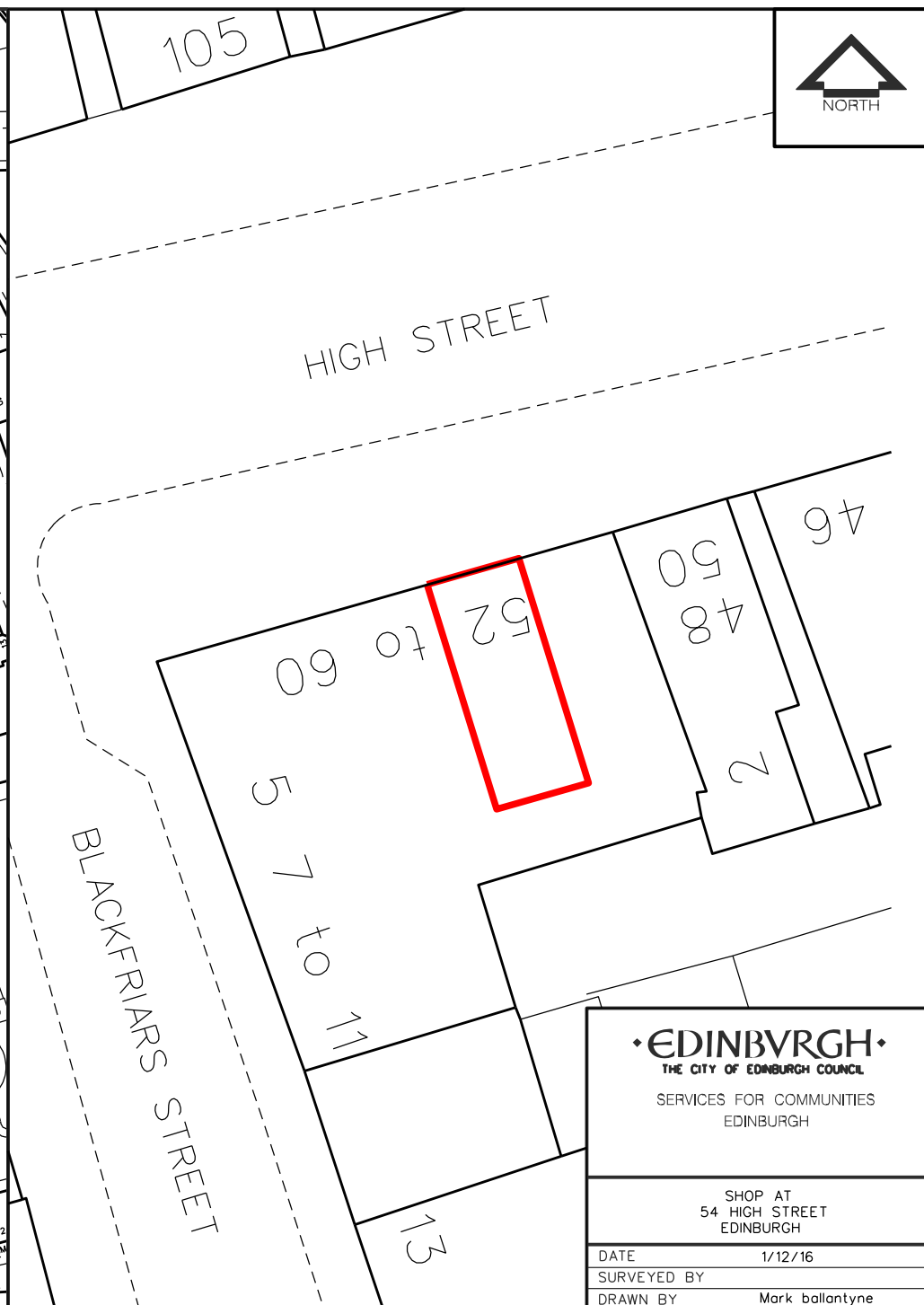
Contact: Iain E Lamont, Estates Surveyor

E-mail: [ian.lamont@edinburgh.gov.uk](mailto:ian.lamont@edinburgh.gov.uk) | Tel: 0131 529 7610

## 11. Links

---

<b>Coalition Pledges</b>	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.
<b>Council Priorities</b>	CP5 – Business growth and investment. CP7 – Access to work and learning. CP8 – A vibrant, sustainable local economy
<b>Single Outcome Agreement</b>	SO1 – Edinburgh's economy delivers increased investment, jobs and opportunities for all.
<b>Appendices</b>	Location Plan.



LOCATION PLAN

PHOTOGRAPHICALLY REDUCED NOT TO SCALE

SITE PLAN

• EDINBURGH •  
THE CITY OF EDINBURGH COUNCIL

SERVICES FOR COMMUNITIES  
EDINBURGH

SHOP AT  
54 HIGH STREET  
EDINBURGH

DATE 1/12/16

SURVEYED BY

DRAWN BY Mark ballantyne

SCALE 1:200 @ A3 SIZE

NEG. NO. A3/1720

# Finance and Resources Committee

10.00am, Thursday, 19 January 2017

## Proposed Lease Extension at 12 Dumbryden Road, Edinburgh

Item number	8.2
Report number	
Executive/routine	Routine
Wards	7 – Sighthill/Gorgie

### Executive Summary

---

The property at 12 Dumbryden Road is let to the Kurdish Initiative and is used as an office and meeting space.

The lease is due to expire on 31 March 2021 and the tenant has requested a five year lease extension effective from that date.

This report seeks approval to the grant of a five year lease extension on the terms and conditions outlined in the report.

### Links

---

Coalition Pledges	<a href="#">P15</a> , <a href="#">P31</a>
Council Priorities	<a href="#">CP4</a> , <a href="#">CP6</a> , <a href="#">CP8</a>
Single Outcome Agreement	<a href="#">SO4</a>



## Proposed Lease Extension at 12 Dumbryden Road, Edinburgh

### 1. Recommendations

---

#### 1.1 That Committee:

- 1.1 Approves a five year lease extension to the Kurdish Initiative of office premises at 12 Dumbryden 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 office premises at 12 Dumbryden Road extends to 84.53 sq m (910 sq ft) or thereby and is shown outlined in red on the attached plan.
- 2.2 Since 1 April 2016, the Kurdish Initiative has been the tenant at the property operating an office and meeting space for the community group. The current rent is £8,000 per annum.

### 3. Main report

---

- 3.1 The existing lease expires on 31 March 2021, and Kurdish Initiative has requested that the Council grant a five year lease extension from 1 April 2021. A rent review will be incorporated on 1 April 2021, which has been agreed in advance at £9,100 per annum.
- 3.2 The tenant has fulfilled all their legal and financial obligations in terms of the existing lease.
- 3.3 The following terms have been provisionally agreed:
  - Subjects: Property at 12 Dumbryden Road, Edinburgh;
  - Lease Extension: Five years from 1 April 2021 until 31 March 2026;
  - Rent Review: 1 April 2021 rent review agreed at £9,100 per annum;
  - Use: Office and Meeting Space; and
  - Other terms: As contained in the existing lease.

#### **4. Measures of success**

---

- 4.1 Granting a five year lease extension will allow the Kurdish Initiative to continue their long term financial planning for the community group and their investment into the property and surrounding land. This lease extension would also help maintain the support network for the Kurdish community in the Sighthill and Gorgie area.

#### **5. Financial impact**

---

- 5.1 An increase in rent of £1,100 per annum.

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

---

- 6.1 This is a five year lease extension to the existing tenant who has been operating from the property since April 2016. It is considered there 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 A lease extension will ensure that the Kurdish Initiative can continue to plan both financially and in terms of developing a support network for the community. This will allow the tenant to continue to provide a high level of service and support to their members. This directly links to an enhancement of the following rights namely (i) Legal Security, (ii) Education and Learning and (iii) Productive and Valued Activities.
- 7.3 A possible infringement has been identified in that by offering a lease extension to the current tenant rather than placing the property on the open market at lease expiry, there is no opportunity for other occupiers who may wish to lease the premises. However, given the established nature of the tenants business and the possible effect on it if a lease extension is not granted, the impact is considered to be proportionate and justifiable.

#### **8. Sustainability impact**

---

- 8.1 There are no sustainability issues arising from this report as the property has been leased out as an office/meeting space for many years and this is set to continue.

## 9. Consultation and engagement

---

9.1 N/A

## 10. Background reading/external references

---

10.1 N/A

### Hugh Dunn

Acting Executive Director of Resources

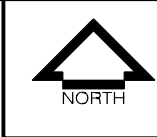
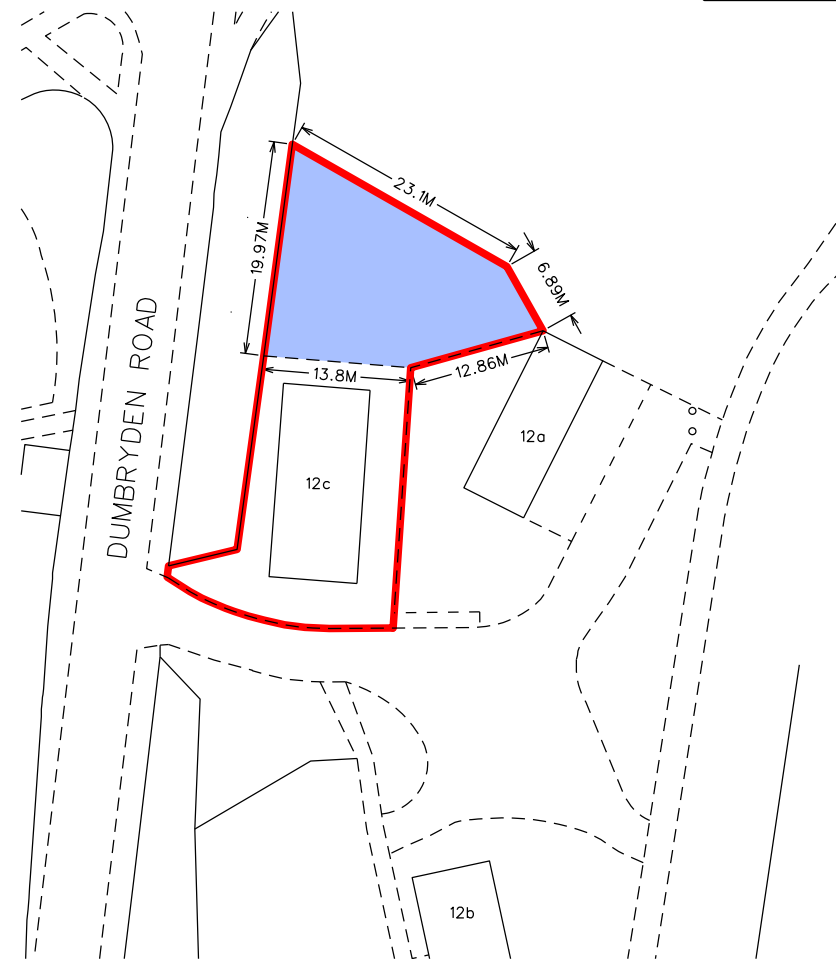
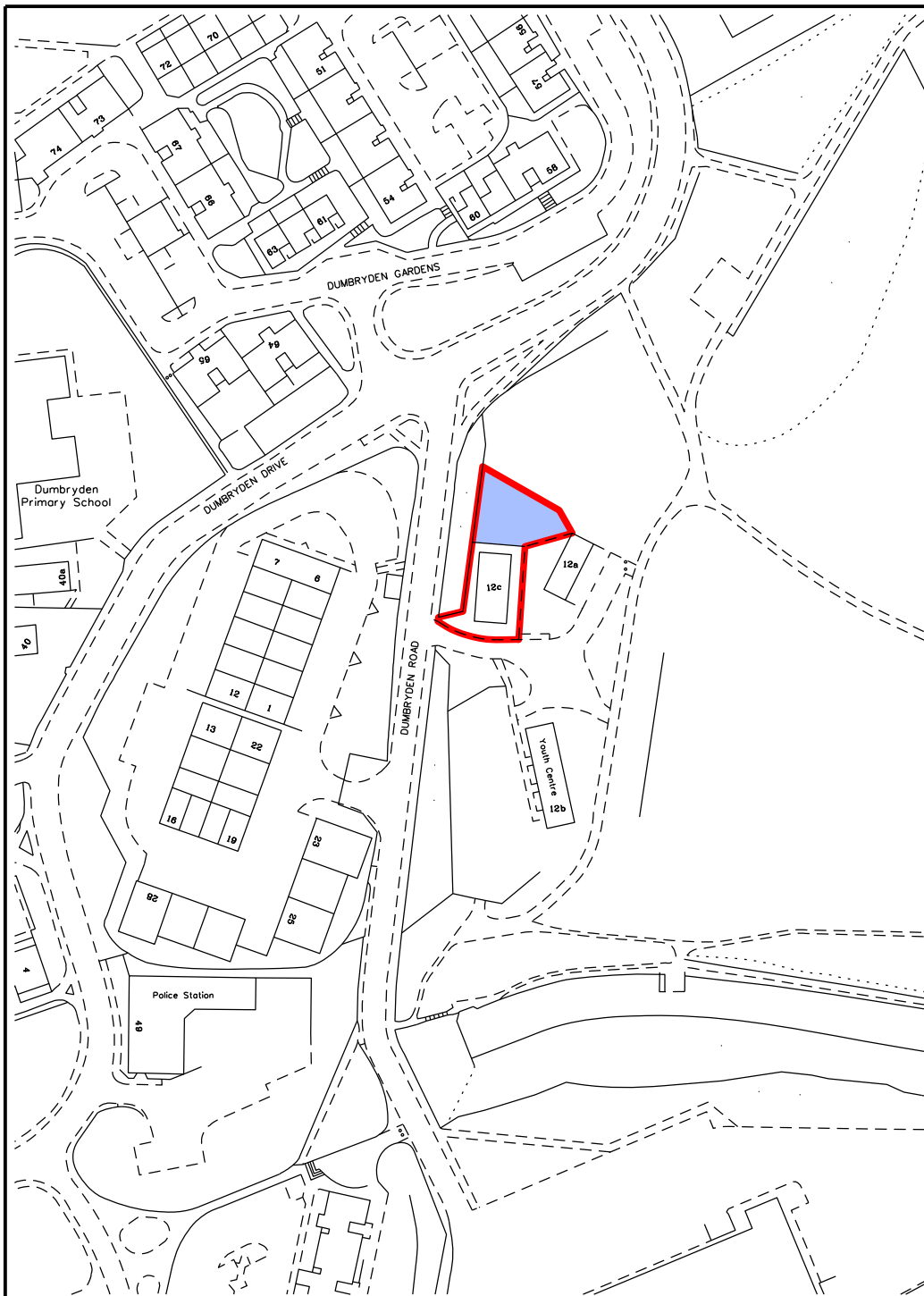
Contact: Stewart Irwin, Estates Surveyor

E-mail: [stewart.irwin@edinburgh.gov.uk](mailto:stewart.irwin@edinburgh.gov.uk) | Tel: 0131 529 5951

## 11. Links

---

<b>Coalition Pledges</b>	P15 – Work with public organisations, the private sector and social enterprise to promote Edinburgh to investors. P31 – Maintain our City's reputation as the cultural capital of the world by continuing to support and invest in our cultural infrastructure.
<b>Council Priorities</b>	CP4 - Safe and empowered communities CP6 – A creative, cultural capital CP8 – A vibrant and sustainable local economy
<b>Single Outcome Agreement</b>	SO4 – Edinburgh's communities are safer and have improved physical and social fabric.
<b>Appendices</b>	Location Plan.



LOCATION PLAN	PHOTOGRAPHICALLY REDUCED NOT TO SCALE	SITE PLAN
---------------	---------------------------------------	-----------

<b>• EDINBURGH •</b> THE CITY OF EDINBURGH COUNCIL CITY DEVELOPMENT EDINBURGH	
12c DUMBRYDEN ROAD EDINBURGH	
DATE	6/12/16
SURVEYED BY	
DRAWN BY	Mark Ballantyne
FILE NO.	
NEG. NO.	A3/920a

AREA SHOWN OUTLINED RED - 0.071 HA (0.175 ACRES)