

Notice of meeting and agenda

Finance and Resources Committee

10.00am, Tuesday 7 November 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

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1. Order of business

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

2. Declaration of interests

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

3. Deputations

- 3.1 If any

4. Minutes

- 4.1 Minute of the Finance and Resources Committee of 27 October 2017 – (circulated) - submitted for approval as a correct record

5. Forward planning

- 5.1 Finance and Resources Committee Key Decisions Forward Plan January 2018 (circulated)
- 5.2 Finance and Resources Committee Rolling Actions Log (circulated)

6 Business Bulletin

- 6.1 None

7. Executive decisions

- 7.1 Revenue Budget Framework 2018/23 – Mid-Year Review - report by the Executive Director of Resources (circulated)

(**Note:** Continued from the meeting of the Finance and Resources Committee on 27 October 2017)
- 7.2 Approach to Citizen Engagement on 2018/19 Budget and Council Change Themes – report by the Chief Executive (circulated)

(**Note:** Continued from the meeting of the Finance and Resources Committee on 27 October 2017)
- 7.3 Revenue Monitoring 2017/18 – Month Five Position – report by the Executive Director of Resources (circulated)

- 7.4 Resources Directorate – Revenue Budget Monitoring 2017/18 - Month Five Position – report by the Executive Director of Resources (circulated)
- 7.5 Chief Executive - Revenue Budget Monitoring 2017/18 - Month Five Position – report by the Chief Executive (circulated)
- 7.6 Capital Monitoring 2017/18 – Half Year Position – report by the Executive Director of Resources (circulated)
- 7.7 Treasury Management: Mid-Term Report 2017/18 – report by the Executive Director of Resources (circulated)
- 7.8 Edinburgh Health and Social Care Partnership – Update on Financial Position of City of Edinburgh Council Services – report by the Interim Chief Officer, Edinburgh Health and Social Care Partnership (circulated)
- 7.9 Workforce Dashboard – August 2017 – report by the Executive Director of Resources (circulated)
- 7.10 Homelessness Prevention - Locality Support Services – Contract Ref: CT0266 – report by the Chief Executive (circulated)
- 7.11 Award of Contract for the Provision of Occupational Health Services and Employee Assistance Programme – report by the Executive Director of Resources (circulated)
- 7.12 Bus Tracker – Future Provision – report by the Executive Director of Place (circulated)
- 7.13 Award of Clerk of Works Framework – report by the Executive Director of Resources (circulated)
- 7.14 Boroughmuir High School, Viewforth, Bruntsfield: Update on Proposed Sale – report by the Executive Director of Resources (circulated)

Note: Councillors Cook and Main called for local Ward interest.

- 7.15 Open Framework Agreement for Learning and Development – Contract Ref: CT 2132 – report by the Executive Director of Resources (circulated)
- 7.16 Transport Infrastructure Framework – Award under Delegated Authority - report by the Executive Director of Place (circulated)

8. Routine decisions

- 8.1 Proposed Community Asset Transfer of Former Bothy at 26b Gilmerton Dykes Street, Edinburgh – report by the Executive Director of Resources (circulated)

Note: Councillors Cameron, Macinnes and Smith called for local Ward interest.

- 8.2 Proposed 5 Year Lease of Unit 1 The Clocktower, Flassches Yard, South Gyle Crescent, Edinburgh – report by the Executive Director of Resources (circulated)

Note: Councillors Aldridge and Brown called for local Ward interest.

- 8.3 Proposed 25 Year Lease of 27 Peffer Place, Edinburgh – report by the Executive Director of Resources (circulated)

Note: Councillors Kate Campbell, Mary Campbell, Child and Laidlaw called for local Ward interest.

- 8.4 Pupil Equity Funding Open Framework Agreement - report by the Executive Director of Communities & Families (circulated)

- 8.5 Adoption of the Scotland Excel Framework Agreement for Supply and Delivery of Personal Protective Equipment - report by the Executive Director of Place (circulated)

9. Motions

If any

Laurence Rockey

Head of Strategy and Insight

Committee Members

Councillors Rankin (Convener), Donaldson (Vice-Convener), Bridgman, Corbett, Howie, Hutchison, Johnston, Miller, Neil Ross, Watt and Whyte.

Information about the Finance and Resources Committee

The Finance and Resources Committee consists of 11 Councillors and is appointed by the City of Edinburgh Council. The Finance and Resources Committee usually meets every eight 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 Stuart McLean or Louise Williamson, Committee Services, City of Edinburgh Council, Business Centre 2.1, Waverley Court, 4 East Market Street, Edinburgh, EH8 8BG, Tel 0131 529 4106 / 0131 527 4264 or e-mail stuart.mclean@edinburgh.gov.uk / louise.p.williamson@edinburgh.gov.uk

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

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

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

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Finance and Resources Committee

10.00am, Friday 27 October 2017

Present

Councillors Rankin (Convener), Donaldson (Vice-Convener), Bridgman, Howie, Hutchison, Johnston, Main (substituting for Councillor Corbett) Miller, Neil Ross, Watt and Whyte.

1. Revenue Budget Framework 2018/23 – Mid Year Review

1.1 Unison – Deputation

The Committee agreed to hear a deputation from Gerry Stovin on behalf of Unison in relation to a report by the Executive Director of Resources on Revenue Budget Framework 2018/23.

Unison advised that they had grave concerns around the negative impact that the failed austerity agenda was having on services and staff.

Job insecurity, a year on year reduction in wages and a never-ending review culture was impacting negatively on staff's mental health. Elected members were asked to ensure that City of Edinburgh Council Officers were treated with dignity and respect during the budget process. The continuation of the austerity agenda would likely cause even greater pressures within care and related services.

Mr Stovin asked that members end the austerity agenda by investing in meaningful public services, to enable people to work and live in an environment that was not crumbling and cracking at the edges.

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

1.2 Report by the Executive Director of Resources

Approval was sought to release the draft 2018/19 budget framework for engagement, which included savings linked to a number of medium-term themes, totalling £20.9m.

Motion

- 1) To note the contents of the report by the Executive Director of Resources in the context of considering the Council's revenue budget framework.
 - 2) To approve the release for engagement of the draft proposals included in Appendix 2 of the report by the Executive Director of Resources which together provide the basis of an anticipated balanced position for 2018/19 as part of a longer-term framework.
 - 3) To authorise Executive Directors to take forward, in conjunction with Conveners and Vice-Conveners, any remaining detailed planning and development of the savings proposals contained within the budget framework including, where appropriate to a savings proposal, staff release and planning, development and consultation in accordance with the Council's Organisational Review procedure.
- moved by Councillor Rankin, seconded by Councillor Donaldson

Amendment

To defer consideration of the report by the Executive Director of Resources to the Finance and Resources Committee on 7 November 2017 to allow for further details to be included.

- moved by Councillor Hutchison, seconded by Councillor Whyte

Voting

The voting was as follows:

For the motion - 5 votes

For the amendment - 6 votes

(For the motion – Councillors Bridgman, Donaldson, Howie, Rankin, Watt)

(For the amendment – Councillors Hutchison, Johnston, Main, Miller, Neil Ross, Whyte)

Decision

To approve the motion by Councillor Hutchison.

Declaration of Interests

Councillor Main declared a non-financial interest in the above item as a board member of Festival City Theatres Trust.

Councillor Donaldson declared a non-financial interest in the above item as a member of Unison.

(References – Finance and Resources Committee 28 September 2017 (item 5); report by the Executive Director of Resources, submitted)

2. Minutes

Decision

To approve the minute of the Finance and Resources Committee of 28 September 2017 as a correct record.

3. Key Decisions Forward Plan

The Finance and Resources Committee Key Decisions Forward Plan for November 2017 to January 2018 was submitted.

Decision

To note the Key Decisions Forward Plan for November 2017 to January 2018.

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

4. Rolling Actions Log

The Finance and Resources Committee Rolling Actions Log was submitted.

Decision

- 1) To agree to close Action 2, Health and Safety Performance 2016.
- 2) To otherwise note the Rolling Actions Log.

(Reference – Rolling Actions Log, submitted.)

5. Capital Investment Framework 2018/19-2026/27

Details were provided regarding assumptions underpinning the Council's capital budget framework, the expenditure approved, the funding available and the capital expenditure priorities.

Decision

- 1) To note the contents of the report by the Executive Director of Resources in the context of considering the Council's capital budget framework.
- 2) To note that there was currently £7m of unallocated capital funding in 2021/22 and 2022/23.

- 3) To note that, in the absence of firm proposals to deliver a balanced position over the period of the 2018/23 revenue budget framework, no additional capital expenditure would be supported at present, where this creates revenue implications.
- 4) To note the priorities for additional capital investment, should additional grant funding become available.
- 5) To note that a further report on the capital investment framework would be considered by Finance and Resources Committee in January 2018.

(References – Finance and Resources Committee, 5 September 2017 (item 7); report by the Executive Director of Resources, submitted.)

6. Approach to Citizen Engagement on 2018-2019 Budget and Council Change Themes

Decision

To defer consideration of the report by the Chief Executive until the next meeting of the Finance and Resources Committee on 7 November 2017.

(Reference – report by the Chief Executive, submitted)

7. Leith Walk Phase 4 – Appointment of Land Engineering – referral from the Transport and Environment Committee

The Transport and Environment Committee on 5 October 2017 considered a report that outlined the circumstances surrounding the appointment and subsequent collapse of Land Engineering, the company responsible for undertaking the Phase 4 Leith Walk repairs between Pilrig Street and McDonald Road. The report was referred to the Finance and Resources Committee for consideration of improvements that may be introduced across the Councils wider procurement and contract management processes.

Decision

To note the referral report from the Transport and Environment Committee.

(References – Transport and Environment Committee, 5 October 2017 (item 14); referral report from the Transport and Environment Committee, submitted)

8. Internal Audit Quarterly Update Report: 1 January 2017 – 30 June 2017 – referral from the Governance, Risk and Best Value Committee

The Governance, Risk and Best Value Committee on 26 September 2017 considered a report which detailed the Internal Audit progress for the period 1 January 2017 to 30 June 2017. The report was referred to the Finance and Resources Committee on the recommendation that high risk findings from audit reports would be submitted to their parent Committee for information.

Decision

To note the audit reports with high risk findings concerning, Leavers Process, Property Maintenance, Health and Safety – Contractor Management, IT Disaster Recovery and Review of External Security.

(Reference – Governance, Risk and Best Committee, 26 September 2017 (item 4); referral report from the Governance, Risk and Best Value Committee, submitted)

Finance and Resources Committee

(January 2018)

Item	Key decisions	Expected date of decision	Wards affected	Director and lead officer	Council Commitments
1.	Barclay Review	23 January 2018		Executive Director of Resources Lead Officer: Fraser Rowson 0131 469 3166 fraser.rowson@edinburgh.gov.uk	
2.	Fountainbridge - Proposed Disposal of Land	23 January 2018		Executive Director of Resources Lead Officer: Graeme McGartland 0131 529 5956 graeme.mcgartland@edinburgh.gov.uk	
3.	Local Development Plan Action Programme	23 January 2018		Executive Director of Place Lead Officer: David Leslie 0131 529 3948 david.leslie@edinburgh.gov.uk	
4.	HRA Budget Strategy 2018/19 to 2023/24	23 January 2018		Executive Director of Place Lead Officer: Lisa Mallon 0131 529 6291 lisa.mallon@edinburgh.gov.uk	

Item	Key decisions	Expected date of decision	Wards affected	Director and lead officer	Council Commitments
5.	Asset Management Strategy	23 January 2018		Executive Director of Resources Lead Officer: Peter Watton 0131 529 5962 peter.watton@edinburgh.gov.uk	
6.	Proposed Lease Extension at Unit 33, The Loan, Viewforthbank Industrial Estate, South Queensferry, EH30 9SD	23 January 2017		Executive Director of Resources Lead Officer: Iain Lamont 0131 529 7610 iain.lamont@edinburgh.gov.uk	
7.	Affordable Homes Transfer Sites Update	23 January 2017		Executive Director of Place Lead Officer: Elaine Scott 0131 529 6790 elaine.scott@edinburgh.gov.uk Graeme McGartland 0131 529 5956 graeme.mcgartland@edinburgh.gov.uk	

Item	Key decisions	Expected date of decision	Wards affected	Director and lead officer	Council Commitments
8.	Edinburgh Shared Repairs Service and Legacy Report	23 January 2017		<p>Executive Director of Resources Lead Officer: Andrew Field 0131 529 7354 andrew.field@edinburgh.gov.uk</p> <p>Jackie Timmons 0131 529 4946 jackie.timmons@edinburgh.gov.uk</p>	
9.	Lauriston Castle Lodge House and Garden – Proposed Lease	23 January 2017		<p>Executive Director of Resources Lead Officer: Mark Borthwick 0131 529 2273 mark.borthwick@edinburgh.gov.uk</p>	
10.	Proposal to Review Policy and Procedure for Telecommunication Leases	23 January 2017		<p>Executive Director of Resources Lead Officer: Markus Kroner 0131 markus.kroner@edinburgh.gov.uk</p>	
11.	<p>Granton Waterfront - Proposed Purchase of National Grid Site to Accelerated Housing Led Regeneration</p> <p>B Agenda Item</p>	23 January 2018		<p>Executive Director of Place Lead Officer: Michelle Fraser 0131 529 3150 michelle.fraser@edinburgh.gov.uk</p>	

Finance and Resources Committee

7 November 2017

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
1	23/02/2017	Strategic Direction for Tackling Homelessness	To agree that the Head of Safer and Stronger Communities would report back to a future Committee on the impact the implementation of the new Homelessness Strategy would have on shortening the period of contract extensions.	Head of Safer and Stronger Communities	23 January 2018		Ongoing

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
2	5/09/2017	Revenue and Capital Budget Framework 2018/23 – Progress Update	To agree that a further report be submitted following the publication of the Scottish Government's response to the Barclay Review, and that this report would outline the implications for the council and service users.	Executive Director of Resources	23 January 2018		
3	28/09/2017	Revenue Budget Monitoring 2017/18 – Update	To note that the Interim Chief Officer of the Edinburgh Health and Social Care Partnership would provide a service-specific update to the Finance and Resources Committee on 7 November 2017.	Interim Chief Officer of the Edinburgh Health and Social Care Partnership	7 November 2017		This is recommended for closure.
4	28/09/2017	Revenue Budget Monitoring 2017/18 – Update	To note that a further, Council-wide update would also be brought to the Finance and Resources Committee's meeting on 7 November 2017.	Executive Director of Resources	7 November 2017		This is recommended for closure.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
5	28/09/2017	329 High Street – Update on Proposed Disposal (B Agenda)	To continue consideration of the report for 1 cycle.	Executive Director of Resources	7 November 2017		This is recommended for closure.
6	26/10/2017	Revenue Budget Framework 2018/23 – Mid Year Review	To defer consideration of the report by the Executive Director of Resources to the Finance and Resources Committee on 7 November 2017 to allow for further details to be included.	Executive Director of Resources	7 November 2017		This is recommended for closure.
7	26/10/2017	Capital Investment Framework 2018/19-2026/27	To note that a further report on the capital investment framework would be considered by Finance and Resources Committee in January 2018.	Executive Director of Resources	23 January 2018		

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
8	26/10/2017	Approach to Citizen Engagement on 2018-2019 Budget and Council Change Themes	To defer consideration of the report by the Chief Executive until the next meeting of the Finance and Resources Committee on 7 November 2017.	Chief Executive	7 November 2017		This is recommended for closure.

Finance and Resources Committee

10.00am, Tuesday, 7 November 2017

Revenue budget framework 2018/23 – mid-year review

Item number

Report number

Executive/routine

Wards

Council Commitments

Executive summary

At its meeting on 5 September 2017, members of the Finance and Resources Committee considered an update report on the Council's revenue budget framework, setting out revised savings requirements for the five-year period to 2022/23. This report highlighted an incremental savings requirement in 2018/19 of at least £11.3m but with the potential for this sum to increase significantly if sustainable means of addressing in-year pressures could not be identified.

In view of the underlying pressures within the Health and Social Care and Safer and Stronger Communities services, the draft budget framework for 2018/19 presents proposals, including savings linked to a number of medium-term themes, totalling £20.9m, sufficient to address these additional expenditure requirements on a sustainable basis. Members' approval is sought to issue these proposals for a period of public engagement prior to setting the Council's 2018/19 budget in February 2018.

In view of larger estimated savings requirements in subsequent years of the framework, however, the proposals are best viewed as a first step on a longer journey of service transformation.

Revenue budget framework 2018/23 – mid-year review

1. Recommendation

- 1.1 Members of the Finance and Resources Committee are asked to:
- 1.1.1 note the contents of this report in the context of considering the Council's revenue budget framework;
 - 1.1.2 approve the release for engagement of the draft proposals included in Appendix 2 which together provide the basis of an anticipated balanced position for 2018/19 as part of a longer-term framework; and
 - 1.1.3 authorise Executive Directors to take forward, in conjunction with Conveners and Vice-Conveners, any remaining detailed planning and development of the savings proposals contained within the budget framework including, where appropriate to a savings proposal, staff release and planning, development and consultation in accordance with the Council's Organisational Review procedure.

2. Background

- 2.1 In approving the 2016/17 budget, Council established the principle of a mid-year review, formally monitoring progress in the delivery of the Council's financial commitments and objectives and acting as an early warning system to highlight any potential in-year and future risks.
- 2.2 The first such review was considered by the Finance and Resources Committee on 29 September 2016 and was acknowledged as a positive and worthwhile enhancement to the budget process. This year's report therefore adopts a similar format and addresses, in turn, the following key areas:
- progress in delivering approved budget savings;
 - additional factors, or changes to existing assumptions, impacting on the budget framework;
 - progress in taking forward the actions included within the approved budget motion;
 - management of service-specific and corporate risks and pressures; and

- specific proposals/groups of proposals to form the focus of public engagement.
- 2.3 In addressing these points, members' attention is drawn to the budget framework progress update considered by the Finance and Resources Committee on 5 September 2017 which apprised members in detail of changes to budget framework expenditure and income assumptions.
- 2.4 The Committee is also reminded that the revenue framework is one of the key elements of the Council's integrated planning process, which will include:
- the Council's priorities, as set out in the recently-approved Council Business Plan;
 - key performance indicators and outcome measures detailed in the refreshed Council performance framework; and
 - the resources available to the Council to deliver its priorities and performance, as detailed through the budget setting and engagement process.

3. Main report

Delivery of approved budget framework savings

- 3.1 While the setting of the Council's budget signifies the formal approval of the proposals concerned, this ratification forms part of a much longer cycle of option development, public and service engagement, implementation and subsequent savings delivery. Regular progress updates on the delivery of all approved savings for 2017/18 have been considered by both the Corporate Leadership Team and elected members, including review by the Finance and Resources Committee and other relevant Executive Committees, as well as scrutiny by the Governance, Risk and Best Value Committee. As in 2016/17, this process began well in advance of budget approval in February and has proven effective in highlighting at an early stage potential barriers to full delivery and, where necessary, informing the subsequent development and assessment of alternative measures, whether at service-wide or Council-wide level.
- 3.2 As of the end of August and based on actions planned or already undertaken, of a total of £39.5m of approved savings in 2017/18, some 80% by value are on track to be delivered. The majority of savings not anticipated to be delivered are those of a transformational or demand-led nature within Health and Social Care, with the remainder representing savings within the Place Directorate linked to the Roads and Waste Services transformation plans.
- 3.3 Amber-assessed savings represent, in the main, those where interim or one-off funding solutions have been identified. As is crucial with all aspects of the budget framework, however, sustainable solutions are required to address any recurring shortfalls going forward and thereby maintain its integrity.

- 3.4 Members will also be aware that the most recent revenue monitoring update considered by the Finance and Resources Committee on 28 September 2017 pointed, without further remedial action, to a potential overall year-end overspend of £4.0m, representing the net effect of significant overspends in Health and Social Care (£9.1m) and Safer and Stronger Communities (£3.5m), offset by one-off savings (or savings already assumed in the budget framework in future years) of £8.6m.
- 3.5 In light of the projected position at that time, the report confirmed that a further tightening of financial and workforce controls had been implemented. Combined with a review of discretionary expenditure priorities, identification of additional income and active management of risks and pressures for the remainder of the year, a projected balanced position is now anticipated as set out within the month five-based report included elsewhere on today's agenda.
- 3.6 While the improvement in the overall projected position is to be welcomed, underlying pressures within the Health and Social Care and Safer and Stronger Communities services require to be addressed on a sustainable basis to ensure a stable longer-term financial position. The implications of this need for sustainability upon the savings requirement for 2018/19 and subsequent years are set out in the following sections.

Review of budget framework assumptions

- 3.7 At the Committee's meeting on 5 September 2017, members received a comprehensive overview of the conclusions of a review of the key expenditure and income factors impacting upon the Council's activities, taking account as appropriate of UK and Scottish Government policy announcements, economic forecasts and wider population trends. The net impact of these changes resulted in revised incremental and cumulative savings requirements as follows:

	Annual savings requirements	
	Incremental	Cumulative
	£m	£m
2018/19	11.3	11.3
2019/20	42.2	53.5
2020/21	38.1	91.6
2021/22	25.0	116.6
2022/23	25.0	141.6

- 3.8 The report emphasised, however, that the above requirements were predicated on the attainment of a balanced and sustainable position in 2017/18. The majority of measures identified in bringing expenditure back in line with budgeted levels in the current year are of a one-off nature or are already assumed in determining the savings requirements shown above. On this basis, the Council's financial strategy for 2018/19 also seeks the identification of savings sufficient to address the underlying structural pressures within Health and Social Care (£9.1m) and Safer and Stronger Communities (£3.5m) on a sustainable basis.

Health and Social Care

- 3.9 Members may be aware that previous years' resource allocations for Health and Social Care have been underpinned by the assumed delivery of significant transformation-related savings linked to improved demand management. These savings have, however, generally not been realised at the levels anticipated. While the provision of additional financial support from the Social Care Fund has mitigated the impact of these shortfalls, in view of the wider challenges facing the Council, a £3m savings target, representing savings originally planned for delivery in earlier years, has been set in 2018/19, with the development of a number of specific initiatives underway. A progress update in this area will be provided by the Interim Chief Officer of the Health and Social Care Partnership at this meeting, with further details provided during both the budget engagement period and prior to budget-setting in February 2018.
- 3.10 The Interim Chief Officer is also seeking nominations from each locality for a practitioner to take part in a pilot project, seeking to reduce levels of formal domiciliary care support for a small number of people by finding alternative ways to meet some of their needs, while ensuring that any risks to the individual are clearly understood and managed. Assuming the initiative is successful, when rolled out more widely, this should create some further capacity and/or financial savings. This personalisation ethos also underlies some longer-term savings initiatives and should therefore give an indication of their wider viability.
- 3.11 The Interim Chief Officer is also reviewing all uncommitted balances in the Social Care Fund and Integrated Care Fund, with a number of actions to review internal controls, improve management information and mitigate financial risks furthermore initiated.

Overall position

- 3.12 Taken together, the net impact of funding underlying pressures in Health and Social Care and Safer and Stronger Communities (£12.6m) and assumed savings in Health and Social Care (£3m) results in a revised savings requirement in 2018/19 of £20.9m. At this stage, the incremental requirements for subsequent years remain unchanged, resulting in a requirement of £101.2m by 2020/21 and £151.2m by 2022/23.
- 3.13 Although no other changes have been reflected within the framework at this time, a number of other factors have the potential to affect the overall savings requirement over the period of the framework, including:
- net costs arising from the progressive consolidation of the Living Wage within the Council's pay structures agreed as part of the employer's pay settlement for Local Government employees for 2017/18;
 - potential further increases in employer's superannuation contribution rates, particularly for teachers, from 2019/20;

- a number of potential direct or indirect welfare reform-related impacts upon the Council's expenditure or income streams, including changes resulting from the full roll-out of Universal Credit in June 2018, re-tendering of the Council's Private Sector Leasing and Temporary Accommodation contracts in April 2018 and other changes in eligibility for Housing Benefit support of costs incurred by the Council. The Council will continue to support local government-wide efforts to highlight the potential financial impacts of these changes and, where feasible, reconfigure services to mitigate their impact; and
- progress in realising the £9.6m of savings previously approved, or now anticipated, to be delivered in 2018/19 and 2019/20, particularly those relating to fundamental service redesign within the Customer and Property and Facilities Management functions of the Resources Directorate.

Government Grant funding

- 3.14 The determination of the level of grant funding support provided to the Council is the complex product of the operation of the Scottish Government's Fiscal Framework, taxation policy, national spending priorities and the intricacies of the Local Government Finance Settlement. This notwithstanding, local government-wide grant projections included within the recently-published *Fraser of Allander Institute Scotland's Budget Report 2017* were consistent with those assumed within the budget framework. The Institute's report concluded that there is a fundamental need to re-examine the balance and scale of public funding in Scotland, with the means of service delivery, prioritisation and a re-assessment of how resources are raised all likely to be required; continuing as before is not an option if Scotland's devolved budget is to be sustainable in the long term.
- 3.15 While forming part of the broader funding position for Local Government, there is also the potential for additional calls on the Council, either directly or indirectly, to result from changes to current Non-Domestic Rates charitable relief afforded to arm's length organisations, in particular Edinburgh Leisure and the Festival City Theatres Trust. The Scottish Government has confirmed that it will publish its response to the Barclay Review's recommendations in this area by the end of the year.
- 3.16 Following the initial announcement on 15 December 2016, a revised Local Government Finance Settlement was then issued on 2 February 2017, reflecting the provision of an additional £130m of assumed one-off revenue, and £30m capital, resources across Scotland, with Edinburgh's respective allocations being £9.998m and £2.278m. The Council's approved use of these funds is included in Appendix 1. Members are reminded that these sums are not included in the budget framework and that continuation of any of the sums listed would require a corresponding upward revision to the 2018/19 savings requirement and, by extension, the identification of additional savings.

Progress in delivery of further actions set out within budget motion

3.17 In addition to approving a range of specific savings proposals, the budget motion in February 2017 instructed officers to undertake a number of wider actions. Since that time, in response to these actions, progress has been made as follows:

- (i) on 20 July, the **City Region Deal** was signed by the UK and Scottish Governments, the Council Leader on behalf of the area's six participating local authorities and representatives of four area higher education institutions. The deal commits the two Governments and area partners, subject to the development of detailed business cases and appropriate governance arrangements, to over £1bn of investment spanning a number of key growth sectors across the region;
- (ii) continuing implementation of the Council's **transformation programme**, with planned savings delivered in the majority of areas and improvement plans being implemented in a number of key functions such as Waste Services, Roads and Health and Social Care;
- (iii) significant improvements in **maximising the level of income available to support delivery of key services**, including achieving the highest-ever Council Tax collection rate in 2016/17, initiating a fresh programme of verification for Council Tax Single Person Discount entitlement and generating additional capital receipts and rental income from more active marketing of the Council's property assets. Work is also underway to market retained civic facilities, particularly the City Chambers, more effectively. Although each is dependent upon enactment of Scottish Parliamentary legislation, the potential to introduce a Transient Visitor Levy and/or Workplace Parking Levy is furthermore being explored; and
- (iv) on-going review of the **effectiveness of the Council's operating structures**, including the community safety function, in the delivery of its priority outcomes. The Council is also actively considering re-introduction of an Empty Homes Officer funded from additional Council Tax revenues.

Management of risks and pressures

- 3.18 While the focus of the budget process is generally on the specific new measures that form the basis of elected member and public consideration, active management of risks and pressures is also vital to delivering a balanced budget and thereby maintaining financial stability. Executive Directors' responsibilities to manage such risks and pressures within a balanced overall position are enshrined within the Financial Regulations.
- 3.19 As outlined in the preceding sections, in-depth analysis of the current year's monitoring position points to structural shortfalls within both the Health and Social Care and Safer and Stronger Communities functions, recognised in the provision of gross additional funding of £12.6m for these services being incorporated in the budget framework.

- 3.20 A number of other Council services, particularly those within the Place Directorate, are experiencing pressures of a demand-led nature. The Executive Director of Place has, however, developed plans to return the Waste and Roads Services to a balanced position over the medium-term and, as a result of offsetting savings identified elsewhere within the Directorate, no additional provision has been incorporated within the budget framework at this time.
- 3.21 At a corporate level, the Council continues to operate in an inherently fluid and complex environment, influenced by decisions taken at local, Scottish and UK-wide level. The Council's recently-published Annual Audit Report concluded, however, that it has a well-developed financial strategy, a strong track record of delivering against its revenue budget (the balanced position achieved in 2016/17 was the tenth successive year in which expenditure had been maintained within budgeted levels) and effective wider financial management arrangements, including those relating to the management of financial risk, with the annual risks and reserves report considered by the Committee highlighted as an area of good practice.

Budget framework proposals

- 3.22 Members of the Committee have considered a number of recent reports setting out the current year's financial position. While, as noted in Paragraph 3.5, a balanced overall position is now being forecast in 2017/18, this is dependent upon use of one-off or other measures already assumed within the budget baseline. This stabilisation phase forms the first step of re-establishing Council-wide financial sustainability.
- 3.23 The second phase, that of consolidation, involves financial acknowledgement of the underlying structural deficits within the Health and Social Care and Safer and Stronger Communities services, developing proposals sufficient to address both these pressures and the pre-existing savings requirement. These proposals have been developed through a series of themed workstreams and are grouped accordingly in Appendix 2. Specific proposals to a total value of £17.756m have been identified, with the balance of £3.144m to be addressed through a number of Council-wide themes as set out within the appendix. These savings proposals have taken appropriate account of local and national policy commitments, thereby maximising the level of investment available for continued investment in priority outcomes.
- 3.24 Taken together, these proposals, if all approved and the associated savings delivered, would address in full the Council's anticipated savings requirement in 2018/19. Any proposals not taken forward would require the identification of alternative, or additional, savings in other areas of the framework.

- 3.25 Identifying and implementing proposals to a value of £20.9m will go a significant way towards retaining financial stability across the period of the budget framework. It is clear, however, that much more fundamental transformation will be required, including taking opportunities to maximise income, enhance commercial excellence and contract management, review workforce management, asset optimisation (including fleet and staff and client transport), share services, improve demand management and investing in preventative services and, ultimately, service prioritisation will be required if the Council is to address its longer-term financial challenges.
- 3.26 The start of this third transformational phase will be initiated in the latter part of 2018/19 and indicative savings linked to the wider themes outlined above should be seen in this light. It is anticipated that a more detailed pipeline of opportunities in these areas, alongside progress updates in savings initiatives underway within Health and Social Care, will be reported to members during the engagement period. Dependent upon the implementation of the approved savings and management of other risks and pressures, development of these opportunities may offer the potential for their acceleration into 2018/19, should this be required. Members are reminded, however, of the anticipated larger savings requirements in subsequent years of the framework and that the 2018/19 proposals are best seen as an initial step on a much longer journey.
- 3.27 The Committee initially considered the mid-year review at its meeting on 27 October 2017 but agreed that the release of the proposals for public engagement would be deferred to allow for the provision to members of additional detail of the savings comprising the 2018/23 revenue budget framework. Since that time, officer briefings have been held with all Groups and one-page templates for each proposal made available to all members of the Finance and Resources Committee with a view to allowing, subject to agreement, release of these further details immediately after today's meeting.
- 3.28 Subject to approval by the Committee, these proposals will now form the basis of a six-week period of engagement, the main elements of which are summarised in a report elsewhere on today's agenda. Members' approval is additionally sought to authorise Executive Directors to take forward, in conjunction with Conveners and Vice-Conveners, any remaining detailed planning and development of the savings proposals contained within the budget framework including, where relevant to a savings proposal, staff release, planning, development and consultation in accordance with the Council's Organisational Review procedure.

4. Measures of success

- 4.1 Relevant measures in setting the revenue budget include:

- 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 2018/19 and subsequent years to be set as part of a sustainable longer-term framework;
- Development of savings and investment options aligned to the Council's priority outcomes, with due opportunity provided for public consultation and engagement; and
- 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 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.
- 5.2 By adapting more prudent assumptions with respect to pay awards and grant funding levels, the budget framework offers elected members the potential to consider a wider range of savings and investment options should actual levels vary from these assumptions.

6. Risk, policy, compliance and governance impact

- 6.1 An annual report on the risks inherent in the budget process 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 proposals.
- 6.3 A summary of progress in respect of savings delivery is reported to the Finance and Resources Committee on a quarterly basis, with additional detail and commentary on risks, mitigations and alternative measures (as appropriate) reported to Executive Committees.

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 As in previous years, an extensive programme of engagement on the specific proposals and wider themes comprising the framework will be undertaken. A separate report on the approach to citizen engagement for the 2018/19 budget process is included elsewhere on today's agenda.

10. Background reading/external references

[Capital Coalition Budget Motion](#), City of Edinburgh Council, 9 February 2017

[Revenue and Capital Budget Framework 2018/23 – progress update](#), Finance and Resources Committee, 5 September 2017

[Revenue Budget Monitoring 2017/18 – Update](#), Finance and Resources Committee, 28 September 2017

[City of Edinburgh Council 2016/17 Annual Audit Report to the Council and the Controller of Audit](#) – referral from the Governance, Risk and Best Value Committee, Finance and Resources Committee, 28 September 2017

Fraser of Allander Institute – Scotland's Budget Report 2017, University of Strathclyde Business School, September 2017

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11. Appendices

Appendix 1 - Additional approved service investment, 2017/18

Appendix 2 – Budget Framework 2018/19 – proposals for public engagement

Allocation of additional revenue resources, 2017/18

Appendix 1

Theme	Summary description of investment	Allocation (£m)
Early intervention and prevention	Co-ordinated programme of workforce learning and development and targeted investment in preventative initiatives across the areas of children's services, mental health and homelessness services.	2.000
Pavement and road repairs	<p>Programme of targeted investment, informed by Road Condition Survey, including full-year funding for localities "hot" (permanent) repair squads and additional footways spend.</p> <p>The funding will increase investment in cycling-related provision by a further £0.250m, supplementing the additional spend underpinning the approved 10% budget commitment.</p>	2.500
Building maintenance and repairs	The additional funding will complement the existing strategy of prioritising available resources to prevent further deterioration of the Council's property estate.	2.000
Libraries	For 2017/18, existing opening hours will be maintained for a further year.	1.798
"Clean and green" – tenement recycling, waste services and energy initiatives	<p>Delivery of targeted deep-clean initiative to raise standards of street cleanliness in the city. This funding will improve the overall appearance of our streets while complementing the actions of the Waste and Cleansing Improvement Plan.</p> <p>Funding of £0.1m will be made available to support the Council take forward preparatory work linked to the Community Empowerment Act.</p> <p>A programme of sustainability-based projects will also be developed.</p>	1.500
Community events fund	A number of community events, including a mass participation cycling event and Edinburgh Urban Light Festival, will be supported.	0.200
TOTAL		9.998

2018/19 REVENUE BUDGET - PROPOSALS FOR PUBLIC ENGAGEMENT			Appendix 2
			£m
Overall savings requirement			23.900
Less revision to Health and Social Care additional funding assumption			-3.000
			20.900

Proposal description	Service area	Theme	£m
Additional capital recharge and rental income	Resources	Asset Optimisation	0.500
Fleet financing model	Place	Asset Optimisation	0.300
Community Recycling Centres	Place	Asset Optimisation	0.200
ICT Service Costs	Resources	Commercial Excellence and Contract Management	0.443
Roundabouts and Verge Advertising	Place	Commercial Excellence and Contract Management	0.300
Grants and Contract Management	Resources	Commercial Excellence and Contract Management	0.300
Commercial Excellence - third party spend	Resources	Commercial Excellence and Contract Management	0.250
Property Insurance Re-Tendering	Resources	Commercial Excellence and Contract Management	0.200
Occupational Health Procurement	Resources	Commercial Excellence and Contract Management	0.175
Sign Workshop	Place	Commercial Excellence and Contract Management	0.100
Customer Organisational Review	Resources	Effective and efficient services	0.444
Employee Savings - Customer - process automation	Resources	Effective and efficient services	0.300
Staffing and operational efficiencies within Early Years Services	Communities and Families	Effective and efficient services	0.885
Disabilities Day Services - Staffing Realignment	Health and Social Care	Effective and efficient services	0.650
Edinburgh Leisure	Communities and Families	Effective and efficient services	0.420
Home to school transport	Communities and Families	Effective and efficient services	0.400
Communities and Families – transformational efficiencies and budget realignment	Communities and Families	Effective and efficient services	0.200
Efficiencies in discretionary expenditure	Health and Social Care	Effective and efficient services	0.200
Budget realignment	Communities and Families	Effective and efficient services	0.245
Communications staffing	Chief Executive Directorate	Effective and efficient services	0.185
Learning and Development	Resources	Effective and efficient services	0.150

Proposal description	Service area	Theme	£m
Night Team	Safer and Stronger Communities	Effective and efficient services	0.255
Social Care Fund Inflationary Allocation	Heath and Social Care	Maximising Income	2.000
Council Tax - additional income	Resources	Maximising Income	1.335
Garden Waste	Place	Maximising Income	1.300
Grounds Maintenance - Edinburgh Leisure	Place	Maximising Income	0.375
Transport Policy Enforcement	Place	Maximising Income	0.200
Bus Lane Camera and Pay and Display	Place	Maximising Income	0.300
Edinburgh Shared Repairs Service (ESRS)	Resources	Maximising Income	0.100
Parking permits	Place	Maximising Income	0.100
Income from events in Ross Bandstand	Place	Maximising Income	0.050
Increased Ticket Price at Scott Monument	Place	Maximising Income	0.025
Strategy and Insight Organisational Review	Chief Executive Directorate	Service Transformation	1.040
Align Economic Development to new strategy	Place	Service Transformation	0.500
Business Support and Shared Services	Resources	Service Transformation	0.400
Creation of a Citywide Equity and Excellence Music Service	Communities and Families	Service Transformation	0.363
Public Transport Initiatives	Place	Service Transformation	0.350
Review of Legal Services Delivery - Resources	Resources	Service Transformation	0.200
Review of Legal Services Delivery - Health and Social Care	Health and Social Care	Service Transformation	0.200
Employee Savings - Property and Facilities Management	Resources	Workforce Management	0.539
Waste collection - shift patterns	Place	Workforce Management	0.498
Interim management savings	Resources	Workforce Management	0.200
Senior Management efficiencies	Communities and Families	Workforce Management	0.150
Employee Savings - Human Resources	Resources	Workforce Management	0.137
Employee Savings - Finance	Resources	Workforce Management	0.130
Employee Savings - Legal and Risk	Resources	Workforce Management	0.062

Proposal description	Service area	Theme	£m
Managing demands upon our services	Council-wide		3.144
Effectiveness and efficiency			
Maximising income and being commercial in focus			
Workforce modernisation			
Making better use of assets			
Collaboration and working in partnership			
Total			20.900

Finance and Resources Committee

10:00am, Tuesday, 7 November 2017

Approach to citizen engagement on 2018/19 budget and Council change themes

Item number	7.2
Report number	
Executive/routine	
Wards	

Executive Summary

This report outlines the Council's approach to budget engagement for the financial year 2018/19. This builds on the Council's reputation for meaningfully engaging citizens in decisions about spending and saving by continuing the open conversation that has been created in recent years to inform budget planning, service changes and policy areas.

The previous three year budget engagement exercises have generated almost 10,000 responses and reached over 600,000 individuals and organisations. An open dialogue was created to involve people in the budget planning process and change programme, while improving awareness and understanding of the financial challenges.

The key objectives are:

- to keep people engaged about the Council's budget position and the shape of change;
- to encourage and enable all sections of the population and the Council's partner organisations to have their say, using digital and face-to-face engagement methods; and
- to facilitate meaningful conversations with people in a positive and collaborative way, in order to develop solutions with them based on their needs and ideas.

Approach to citizen engagement on 2018/19 budget and the Council's change themes

1. Recommendations

- 1.1 It is recommended that the Committee:
 - 1.1.1 Approve the contents of the report and the approach for citizen engagement on the 2018/19 budget and subsequent years.
 - 1.1.2 Invite all political groups to engage with the citizen engagement process.

2. Background

- 2.1 Edinburgh is a great and growing city, home to more than half a million people, all of whom use services provided by the City of Edinburgh Council. From roads and street lighting, to schools, care for the elderly, and support for culture and leisure services, everyone who lives in Edinburgh, works here, or visits receives a service from the Council. The Council is committed to maintaining high quality services and meeting the needs of all residents and visitors.
- 2.2 The Council is also committed to investing in the future success of the city. This year the Council, along with surrounding local authorities and Universities, has successfully agreed a City Region Deal with national governments worth a total of £1.1bn. This significant investment will help transform the city delivering high quality jobs, a world leading data innovation centre, critically needed housing and transport improvements, a new skills programme, and a world class concert hall.
- 2.3 The Council has saved around £240m since 2012 by improving the way services are managed, enhancing access to services online and prioritising services. Even with these substantial savings, the Council continues to face challenges from the long-term budget pressures in the form of reduced or constrained funding, rising costs and rising demand for services. The Council estimates that it will need to save around £150m by 2023.
- 2.4 Meeting these challenges will require further change to the way services operate, it will require the Council to work more effectively with partners to meet the needs of shared customers, and it will require difficult decisions about the role of local government in the provision of some services.
- 2.5 It is therefore essential that citizens of Edinburgh and all other stakeholders have a voice in that process. In recent years, the Council has taken a progressive

approach to including citizens in the budget planning process; moving from a traditionally closed approach to an open and conversational style that is strategic and allows for creative input. This has meant a significant increase in participation levels and the relevance of feedback.

- 2.6 The insight has revealed the level of public awareness into the number and range of services the Council provides, what matters to residents, their priorities, and willingness to pay for services and higher Council Tax to protect essential services. The feedback and ideas have also informed policy development, and service design where significant savings have been identified.
- 2.7 In 2017/18, the Council invested over £900 million supporting delivery of frontline services, focusing on what residents said are important, for example:
 - 2.7.1 £227m on schools, including £164m for teachers and £19m for support assistants;
 - 2.7.2 over £70m on children's social work and more than £170m for care services for older people and those with physical and/or learning disabilities;
 - 2.7.3 £8m towards providing high-quality leisure facilities in the city through Edinburgh Leisure;
 - 2.7.4 £42m on recycling, waste and street cleaning;
 - 2.7.5 more than £25m on the city's roads and pavements;
 - 2.7.6 over £6m supporting a wide range of festivals and events within the city – bringing £313m to the city's economy;
 - 2.7.7 £125m on housing services; and
 - 2.7.8 plans to build 2 new secondary and 10 new primary schools by 2021.
- 2.8 The Council has been a pioneering local authority in Scotland, being the first to use a number of online tools, and globally one of the most successful in terms of total response received through them. Communication campaigns supporting the budget engagement process have received industry recognition. And increasingly the Council has brought partners into the budget engagement process to further broaden its reach.
- 2.9 The approach for this year's engagement on the 2018/19 budget aims to build on this good practice by keeping citizens and the Council's partners engaged on the Council's financial position; inviting them to be part of the conversation; and feeding into the budget decision making process and forward planning.

3. Main report

Budget and change themes

- 3.1 The Council needs to make around £21m of savings in 2018/19 as part of a longer-term budget framework. Specific proposals for 2018/19 and broad themes to

address subsequent years' requirements will be considered at the Committee on 7 November. The proposals are around on six broad themes:

- 3.1.1 Service Transformation, for example;
 - a) Developing a partnership model across localities to deliver an effective and efficient integrated service that meets the needs of citizens and communities;
 - b) Considering what services would be better delivered at a local, City and regional level; and
 - c) Changing the balance between internal and external delivery of services in key areas, such as legal advice.
- 3.1.2 Effective and efficient services, for example;
 - a) Focusing services on proactive, preventative design and delivery;
 - b) Using technology more effectively, including enhanced online experience for citizens to engage with the Council, report problems and make more transactions online; and
 - c) Redesigning services to improve efficiency, such as route management for waste collection;
- 3.1.3 Maximising income – this includes proposals to setting fair and competitive prices for events and services such as a workplace parking levy, charging for garden waste collections, and roundabouts and verge advertising.
- 3.1.4 Workforce management – this includes improving the way we work together to deliver a one Council approach, managing employee performance, and better supporting the health and wellbeing of employees. This are also includes reviewing the costs of delivering some services and seeking to further reduce overtime and agency worker expenditure.
- 3.1.5 Commercial excellence and contract management - taking opportunities to review contracts with major third-party suppliers and ensuring that these deliver maximum value for money. For example, re-tendering our property insurance arrangements and delivering better value from our ICT contracts.
- 3.1.6 Asset optimisation ensuring we achieve best value from the Council's capital assets, including buildings and the vehicle fleet. This includes, for example, reviewing our fleet financing approach, rationalising further the number of buildings, sharing office space and letting space on a commercial basis.
- 3.2 The engagement will focus on the long-term issues facing the Council seeking input from citizens and service users to better understand how we can minimise impacts of budget reductions as well as develop creative solutions to reimagine services.
- 3.3 In this context, the Council continues to engage citizens, staff, partner organisations and all other stakeholders in a conversation about what shared priorities are and feedback on the change themes. The engagement will take place over 6 weeks, starting on 8 November and closing on 19 December.

Engagement methods

- 3.4 Participants will be able to participate through:
 - 3.4.1 Online survey (www.edinburgh.gov.uk/playyourpart) hosted on the Council's consultation hub, paper survey, telephone, email and letter for responding to the Council's budget proposals;
 - 3.4.2 A series of face to face meetings and events will take place in each locality to reach local community groups, organisations and individuals. Over 900 groups and organisations (including the voluntary sector and organisations representing people with protected characteristics) will be asked to engage their members and participate in the form of group discussions and/or workshops. In recent years, this approach has provided a constructive and meaningful way of understanding the potential problems with savings proposals and identifying solutions;
 - 3.4.3 An extensive social media campaign will take place, encouraging people to take part in the online engagement tools and public events. This includes Facebook and Twitter adverts in addition to frequent posts and budget related themed conversations. Those who complete the online survey can share the information through their own Twitter and Facebook networks;
 - 3.4.4 A webcast Question Time Event will take place again. Last year, this event was attended by 80 people, 250 watched it live and 1648 watched the archive. It has been well covered by the media and drew a lot of interest and lively debate. Members of the public are invited to submit questions using #playyourpart, in advance and on the night. These will be discussed on the night by a panel of councillors in front of a live audience;
 - 3.4.5 Leaflets will be distributed to all libraries, community groups and centres, Council offices, sports and leisure facilities and to partner organisations, for example, GPs; and
 - 3.4.6 We will work with the Evening News and other media to outline our financial position as well as spending and saving proposals to encourage people to engage with them.
- 3.5 The principles of the approach are to:
 - 3.5.1 Support creative problem solving and open discussions rather than just accepting or opposing a position that is put forward;
 - 3.5.2 Ensure meaningful engagement for all amounts of time invested – it should be possible to give feedback and ideas in one minute on your phone as well as two hours in a workshop;
 - 3.5.3 Ensure inclusivity at all levels so everyone who wishes to participate is able to understand and access information and engagement channels; and to;
 - 3.5.4 Be up-front about what we can't change and why.

Other sources of citizen insight and involvement in local spending

- 3.6 The Council's annual residents satisfaction survey (Edinburgh People Survey) will be carried out from mid-September to end of November reaching a representative sample of 5200 residents. This survey asks residents about their satisfaction with services, their quality of life and priorities for investment in their local area. This information will be used along with operational insight and complaints data to further support the budget planning process by highlighting areas for investment and resourcing.
- 3.7 Residents will also be able to have a say on how a proportion of the Council's budget is spent locally through participating in the Council's participatory budgeting programme.

4. Measures of success

- 4.1 Ensure every Edinburgh resident and other stakeholders have the opportunity to take part in the engagement activities, by making the engagement questions available in suitable formats and channels.
- 4.2 The number of individuals reached by the budget messages and the number of respondents will be monitored in real time, to check the coverage of location and demographic characteristics. Effort will be increased during the engagement period to target any under-represented areas or groups.
- 4.3 Feedback on the approach will be recorded in a lessons learned log to refine the approach and inform future engagement exercises.

5. Financial impact

- 5.1 Printing of budget information materials for engagement on the 2018/19 budget will be around £10,000, this is in-line with previous years' costs for this activity. It is further estimated that around 200 hours of staff time would be required to run and report on the engagement – shared between Strategy & Insight, Communications and Finance.

6. 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.

7. Equalities impact

- 7.1 The Council will take all reasonable steps to ensure wide awareness and access to the engagement process. Any citizen who has any additional needs will be fully supported to engage in the process.
- 7.2 Services and partner organisations will be consulted on the overall approach to engagement and appropriate methods for making consultation accessible to all.

8. Sustainability impact

- 8.1 Impacts of this project are positive and it is expected that this project will contribute to the development of skills and provide experience to participants, while generally increasing community engagement.

9. Consultation and engagement

- 9.1 Elected members, services and partner organisations will be consulted on the overall approach and appropriate methods, ensuring that every effort is made to maximise reach and participation. The approach will also be informed by lessons learned and good practice from previous budget engagement exercises.

10. Background reading/external references

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11. Appendices

None.

Finance and Resources Committee

10.00am, Tuesday, 7 November 2017

Revenue Monitoring 2017/18 – month five position

Item number 7.3

Report number

Executive/routine

Wards

Council Commitments

Executive summary

Members considered an interim period five-based revenue monitoring update at the Finance and Resources Committee's meeting on 28 September 2017. While underlying pressures within Health and Social Care and Safer and Stronger Communities contributed to a projected overall overspend, net of mitigating actions, of £4m, the report indicated that a further tightening of financial and workforce controls had been introduced in September 2017. Alongside prioritisation of discretionary expenditure and anticipated additional income, implementation of these actions contributes to a projected overall position by the year-end that is now balanced. Attainment of this outcome is, however, dependent upon active management of risks and pressures for the remainder of the year.

Revenue Monitoring 2017/18 – month five position

1. Recommendations

- 1.1 Members of the Finance and Resources Committee are asked to:
 - 1.1.1 note that, in light of the further tightening of financial and workforce controls, additional anticipated income and prioritisation of discretionary expenditure, a balanced position for the year is now projected by the year-end;
 - 1.1.2 note that attainment of this position will require active management of risks and pressures, particularly those of a demand-led nature, for the remainder of the year;
 - 1.1.3 note the balanced position projected on the Housing Revenue Account (HRA) after making a £11.58m planned contribution towards housing investment;
 - 1.1.4 consider the Spend to Save application in respect of the Edinburgh International Climbing Arena and, subject to approval, refer this decision to Council for ratification of use of the Fund; and
 - 1.1.5 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 2017/18 based on analysis of period five data.

3. Main report

- 3.1 This report represents the second quarterly revenue monitoring report for 2017/18. 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.
- 3.2 A complementary schedule of meetings, aligned to the Council's revised Committee structure, has also been developed at which more detailed, service-specific commentaries will be considered.

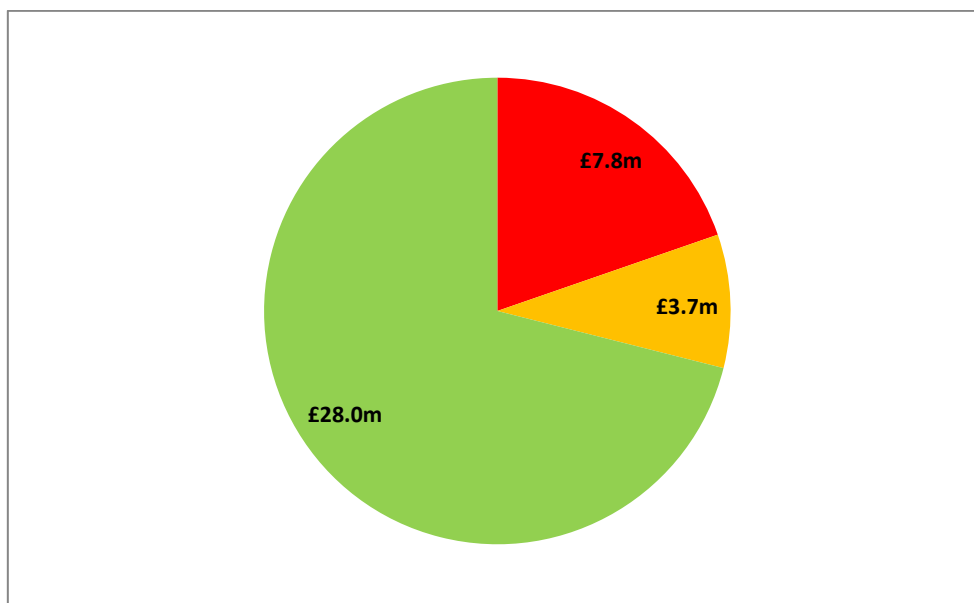
Overall position

- 3.3 Members considered an interim period five-based revenue monitoring update at the Finance and Resources Committee's meeting on 28 September 2017. The report indicated a projected overall year-end overspend of £4m, representing the net effect of significant overspends in Health and Social Care (£9.1m) and Safer and Stronger Communities (£3.5m) offset by one-off savings (or savings already assumed in the budget framework in future years) of £8.6m.
- 3.4 In light of the projected position at that time, the report indicated that a further tightening of financial and workforce controls had been introduced. Alongside prioritisation of discretionary expenditure, anticipated additional income and active management of risks and pressures for the remainder of the year, implementation of these actions contributes to a projected overall position that is now balanced by the year-end. A high-level service analysis is included as Appendix 1, with details of the mitigating actions or savings set out in the relevant following sections. Attainment of this position will require sustained and proactive management of known and emerging risks and pressures across all service areas throughout the remainder of the year. A progress update will therefore be provided as part of the period eight-based report to be considered at the Committee's next meeting on 23 January 2018.
- 3.5 In interpreting this overall position, it should be noted that of the total of £10.6m of underlying net pressures within Health and Social Care and Safer and Stronger Communities, £2.63m are being addressed by means of one-off reductions or slippage in expenditure, £3.91m by savings already assumed or included within the budget framework baseline for 2018/19 and the remaining £4.06m by one-off use of reserves. The assessed on-going implications of current-year pressures have therefore been reflected within the revenue budget framework as reported to the Finance and Resources Committee on 27 October.

Savings delivery

- 3.6 The approved budget for 2017/18 was predicated on the delivery of £39.5m of service-specific and corporate savings. As of September, the overall RAG assessment of these savings indicates that, on the basis of actions planned or already undertaken, some 80% are on target to be delivered in full as shown in the chart below.

RAG assessment of approved budget savings, 2017/18 – September 2017



- 3.7 The majority of the red-assessed savings are those of a transformational or demand-led nature within Health and Social Care, with the remainder representing savings within the Place Directorate linked to the Roads and Waste Services transformation plans.
- 3.8 Amber-assessed savings represent, in the main, those where interim or one-off funding solutions have been identified pending development of sustainable means of delivering the savings concerned.
- 3.9 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 also noted below.

Service-specific budgets - Communities and Families

- 3.10 As of period five, subject to on-going work reviewing the delivery of approved savings and the effectiveness of planned mitigating actions in respect of any material shortfalls, the Executive Director of Communities and Families is committed to delivery of an overall underspend of £1.0m in 2017/18.
- 3.11 A prioritised review of discretionary spend and the one-off service investment approved as part of the budget has also been undertaken, resulting in the identification of a £1m reduction in expenditure, included in the overall outturn above, that is available to offset net pressures apparent elsewhere within the Council.
- 3.12 This position is, however, dependent in particular upon management of a number of demand-led service pressures identified within the directorate budget, including increased use of out-of-Council area accommodation placements and transitional costs arising from the transfer of non-core hour management of school sports facilities to Edinburgh Leisure.

Health and Social Care

- 3.13 The month five outturn forecast reflects significant demand-led pressures within Health and Social Care, showing a gross overspend of £11.9m. This forecast position takes account of the delivery of £3.9m of savings associated with the organisational review but includes £6.03m of slippage on planned transformation-related purchasing savings.
- 3.14 In addition to the non-delivery of savings of £6.03m, the growth in demand for care at home services, coupled with increases in direct payments and individual service funds has resulted in projected expenditure exceeding budget in these areas by £3.8m, after the application of £2.2m of recurring funding from the Social Care Fund (SCF) approved by the Edinburgh Integration Joint Board (EIJB). In recognising the financial impacts of demographic growth, however, a recommendation will be made to the EIJB's meeting on 17 November 2017 to release from the SCF on a recurring basis the £2m provision for additional inflation, reducing the overall overspend in this area to £1.8m.
- 3.15 Other smaller pressures and savings across the Health and Social Care budget are projected to deliver £0.6m of net savings to offset the above pressures, bringing the forecast overall overspend to £7.1m.
- 3.16 In recognition of the severity of the overall service projection, the Financial Update considered by the Integrated Joint Board on 22 September set out the main elements of a two-month fundamental re-assessment and re-focusing of the Edinburgh Integration Joint Board's plans, centred upon performance, quality and affordability as a route towards re-establishing financial stability. The Interim Chief Officer of the Edinburgh Health and Social Care Partnership will attend the Committee's meeting to provide an overview of the emerging conclusions from this work.
- 3.17 In the interim, work is being progressed to identify and implement remedial measures to address the projected overspend, including additional controls on recruitment and agency spend. Business cases and detailed implementation plans for a number of transformation-based initiatives are being developed. A Savings Governance Board has also been created to monitor delivery of the projects and workstreams which form part of the financial recovery plan and to consider additional savings proposals.

Place

- 3.18 In addition to implementation of the £7.3m of newly-approved savings for delivery in 2017/18, mitigating actions require to be identified to address a number of carried-forward or in-year budget pressures affecting, in particular, the Waste and Roads Services functions.
- 3.19 As of period five, the Executive Director of Place has identified net budget pressures of £4.43m (including those in respect of approved savings delivery). A corresponding set of actions has now been developed to offset these

pressures fully and while a number of risks remain around their subsequent delivery, a break-even position is being forecast at this time. Progress will continue to be reported in respect of delivery of these mitigating actions.

Resources

- 3.20 Based on analysis of the period five position, the Resources Directorate is projecting an overall underspend of £1.46m, reflecting the combined impact of measures to offset projected overspends in other areas of the Council. These savings primarily comprise a combination of acceleration of an element of procurement-related savings initially planned for delivery in 2018/19, a reduced assumed funding requirement for the Customer Transformation programme and one-off employee cost savings. A small number of savings shortfalls are being mitigated by non-recurring measures pending the development of sustainable proposals to be implemented from 2018/19.

Chief Executive (excluding Safer and Stronger Communities)

- 3.21 The period five-based forecast for services reporting directly to the Chief Executive reflects an overall underspend of £0.368m, representing employee costs arising from vacant posts within the Strategy and Insight and Communications functions. All savings measures approved as part of the 2017/18 are on track to be delivered in full.

Safer and Stronger Communities

- 3.22 Significant service pressures are being faced as a result of temporary accommodation management fees being removed from Housing Benefit eligibility with effect from April 2017, combined with changes to the benefits cap which also impact on Housing Benefit income. These pressures are being exacerbated by increasing demand for both Bed and Breakfast and Short-Term Let accommodation as a result of longer average lengths of stay and a shortage of available “move-on” accommodation.
- 3.23 The total projected unfunded budget pressure is currently £8.5m which is partially offset by mitigations totalling £5.0m, resulting in a net residual unfunded budget pressure of £3.5m. Following the Council-wide review of discretionary expenditure, £0.17m of uncommitted one-off service investment has been identified that is available to mitigate the overall service overspend to £3.33m.
- 3.24 The Acting Head of Safer and Stronger Communities remains fully committed to making all efforts to identify mitigations to reduce the pressure. There is, however, limited scope to achieve this, given the size of the pressure relative to the net budget available. A balanced budget position is not therefore expected to be deliverable by the end of 2017/18.

Corporate budgets

- 3.25 The update report considered by the Finance and Resources Committee on 28 September 2017 indicated that a review of the size and profile of the Council Tax base, taking into account property numbers and bands, Single Person

Discount entitlement and recent years' collection rates, pointed to an increase in projected Council Tax income in 2017/18 of £2m. Based on the most current data, it is now estimated that a further £0.54m of additional income is available to offset pressures elsewhere within the Council.

- 3.26 Based on an analysis of anticipated in-year capital spend and continuation of the policy of no new external borrowing, loans charge savings of £1m relative to budgeted levels are also anticipated.
- 3.27 In both of the above areas, in-year monitoring will continue over the remainder of the year to determine whether any further savings relative to budget might become available.
- 3.28 Following the conclusion of the 2016/17 audit and ratification by Council of the annual accounts, approval has been secured to apply the 2016/17 underspend (£1.058m) and sums previously earmarked in respect of (i) welfare reform-related changes (£2m) and (ii) works in buildings sharing similar design characteristics to the Council's PPP1 schools (£1m) in the current year. Taken together, these measures address £4.058m of net expenditure pressures elsewhere, allowing a balanced overall position to be projected.

Other areas

Housing Revenue Account

- 3.29 A balanced position is forecast after making a required £11.58m contribution to fund future delivery of the affordable housing strategy as set out in the HRA business plan, subject to repairs and maintenance expenditure being kept within budgeted levels.

Spend to Save application

- 3.30 Members of the Committee may be aware that the Council operates a spend to save fund, whereby upfront revenue investment is provided to support the taking forward of projects that will deliver savings in subsequent years. This investment is then repaid according to savings profiles agreed upon approval of the project concerned, allowing the fund to support eligible schemes on an ongoing basis.
- 3.31 An application has been received from Edinburgh Leisure (EL) in respect of installing a mains sewer connection for the Edinburgh International Climbing Arena (EICA), further details of which are provided in Appendix 3. While operated by EL, the EICA is owned by the Council and the proposed investment will enhance a Council-owned asset. The installation cost of the connection is estimated at £0.437m, with consequent annual savings of £0.09m, resulting in a 4.9-year payback period. EL has confirmed that, should the actual cost exceed this level, the excess will be met directly by EL. Members of the Committee are asked to consider this application and, if approved, refer the decision to Council for ratification of use of the Fund.

4. Measures of success

- 4.1 Achieving a balanced overall budget outturn position for 2017/18 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 for the year whilst highlighting the importance of active management of risks and pressures in maintaining expenditure within approved levels.
- 5.2 The Council's Financial Regulations set out Executive Directors' responsibilities in respect of financial management, including regular consideration of their service budgets.

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 2017/18 savings are 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 The Chief Executive has tasked Executive Directors with identifying mitigating actions to address in-year pressures and to review opportunities for additional savings proposals. This process has resulted in an improvement in the month five position relative to that projected at period three and, subject to management of other risks and pressures, attainment of a balanced position by the year-end.
- 9.2 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 regular consultation and engagement.

10. Background reading/external references

Service monitoring statements for period five.

[Approved 2017-18 - 2020-21 Revenue Budget and 2017-18 -](#)

[2021 Capital Investment Programmes - plans for supplementary investment](#) – 23 March 2017

[Revenue Monitoring 2017-18 - month three position](#) – 5 September 2017

[Revenue Budget Monitoring 2017- 18 - update](#) – 28 September 2017

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11. Appendices

Appendix 1 – Service analysis, Period 5

Appendix 2 – 2017/18 budget savings RAG assessment – savings assessed as red in part or in full

Appendix 3 – Spend to Save funding application – Edinburgh International Climbing Arena

REVENUE MONITORING 2017-18PERIOD 5 REPORTSERVICE ANALYSIS

Account	Revised Budget £000	Budget to Date £000	Actual to Date £000	Variance to Date		Projected Outturn £000	Projected Variance	
				£000	%		£000	%
Communities and Families	341,818	149,545	151,464	1,919	1.3%	340,818	(1,000)	(0.3%)
Place	64,042	26,684	29,624	2,940	11.0%	64,042	0	0.0%
Resources	165,635	69,769	68,371	(1,398)	(2.0%)	164,175	(1,460)	(0.9%)
Health and Social Care	184,123	75,305	79,175	3,870	5.1%	191,223	7,100	3.9%
Chief Executive	11,088	5,784	5,634	(150)	(2.6%)	10,720	(368)	(3.3%)
Safer and Stronger Communities	25,857	12,684	15,247	2,563	20.2%	29,187	3,330	12.9%
Valuation Joint Board Requisition	3,741	1,559	1,559	0	0.0%	3,741	0	0.0%
General Fund Services Subtotal	796,304	341,330	351,074	9,743	2.9%	803,906	7,602	1.0%
Other income and expenditure								
Net Cost of Benefits	(62)	(26)	100	126	n/a	(62)	0	0.0%
Early Release Costs	1,500	625	1,428	803	0%	1,500	0	0.0%
Other non-service specific costs	23,639	9,850	5,773	(4,076)	0%	23,639	0	0.0%
Interest and investment income	(8,811)	0	0	0	0%	(8,811)	0	0.0%
Loan Charges	115,019	0	0	0	0%	114,019	(1,000)	(0.9%)
Contributions to Earmarked Funds	6,137	0	0	0	0%	3,137	(3,000)	(48.9%)
Return of 2016/17 surplus from Council Priorities Fund	0	0	0	0	0%	(1,058)	(1,058)	n/a
Income from Council Tax	(266,342)	(110,976)	(110,976)	0	0%	(268,886)	(2,544)	(1.0%)
- Council tax reduction scheme	23,277	9,699	9,699	0	0%	23,277	0	0.0%
General Revenue Grant	(335,598)	(139,833)	(139,833)	0	0%	(335,598)	0	0.0%
Distribution from NDRI pool	(355,063)	(147,943)	(147,943)	0	0%	(355,063)	0	0.0%
In-year overspend / (underspend)	0	(37,273)	(30,678)	6,596	2.9%	0	0	n/a

BUDGET SAVINGS RAG ASSESSMENT, SEPTEMBER 2017 - APPROVED PROPOSALS WITH ANY ELEMENT CURRENTLY ASSESSED AS RED

Appendix 2

			RAG Status (insert relevant element of saving under each heading. These amounts should be shown net of any assumed mitigating action)				
Savings description	Service area	Approved level of saving, 2017/18 (£000)	Red	Amber	Green	Basis of current status, including brief details of confirmed or planned mitigating actions	Planned actions and associated timescales for delivery of savings
Reablement 1	Health and Social Care	630	630	0	0	Business cases for savings yet to be finalised and actioned	Work is currently being progressed to achieve the approved savings via agreed business cases for proposals focussed on asset-based assessment, support planning and brokerage, telecare, etc. Work has also begun to identify further opportunities, both centrally and through locality management for schemes that include: targeted reviews to reduce cost of care packages; business process redesign and; tackling delays across the system.
Telecare	Health and Social Care	960	960	0	0	Business cases for savings yet to be finalised and actioned	
Review Team	Health and Social Care	300	300	0	0	Business cases for savings yet to be finalised and actioned	
Support planning and brokerage	Health and Social Care	2,880	2,880	0	0	Business cases for savings yet to be finalised and actioned	
Review of financial allocation system	Health and Social Care	750	750	0	0	Business cases for savings yet to be finalised and actioned	
Reablement 2	Health and Social Care	510	510	0	0	Business cases for savings yet to be finalised and actioned	
Total Health and Social Care			6,030				
Place	Environment	1,720	1,720			At this stage, a number of Environment-related savings are assessed as "red" pending continuing work on improvement plans for Roads and Waste Services.	
Total Place		1,720	1,720	0	0		
Total all areas			7,750				

Spend to Save proposal - Edinburgh International Climbing Arena - connection to main sewer

Appendix 3

Project	Description	Outcome	Coalition Pledges and Council Outcomes	Funding	Risk	Payback Period
Edinburgh International Climbing Arena (EICA) - connection to main sewer	<p>The EICA is managed on the Council's behalf by Edinburgh Leisure. EICA was originally constructed without a connection to the mains sewerage system. The current system of waste removal involves EL pumping the waste to a holding tank, where it is uplifted by a private contractor by tanker on average two to three times per day. This has significant on-going cost implications and is not environmentally-friendly.</p> <p>The proposal is to create a permanent connection to the mains sewerage system using the nearby farmer's field. Heads of terms have been agreed in principle. Construction is planned between January and March so that the farming business will not be affected.</p>	Net annual savings of £0.09m will be generated. The proposal will also reduce energy costs and emissions associated with pumping effluent to the holding tank and subsequent uplift by tanker.	A Resilient City – our built and natural environment is protected and enhanced - Edinburgh is clean, attractive and well looked-after	£437,000	Low	4.9 years

Finance and Resources Committee

10.00am, Tuesday, 7 November 2017

Resources Directorate - Revenue Budget Monitoring 2017/18 - Month Five position

Item number	7.4
Report number	
Executive/routine	Routine
Wards	City-wide
Council Commitments	

Executive Summary

The report sets out the projected five-month revenue monitoring position for the Resources Directorate, based on actual expenditure and income to the end of August 2017 and expenditure and income projections for the remainder of the financial year.

£1.460 million of in-year savings have been identified for the Resources Directorate revenue budget for 2017/18 to mitigate budget pressure elsewhere in the Council's 2017/18 revenue budget. The attainment of this position is subject to undertaking ongoing action to deliver approved savings together with active management of risks and pressures.

Resources Directorate - Revenue Budget Monitoring 2017/18 - Month Five position

1. Recommendations

- 1.1 It is recommended that the Finance and Resources Committee notes:
 - 1.1.1 Resources Directorate is currently projecting a £1.460 million underspend for 2017/18; 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 2017/18 based on the position after five months of the financial year.

3. Main report

Month Five Position

- 3.1 Resources Directorate revenue budget for 2017/18 is £165.559 million. The budget is stated after inclusion of approved savings of £10.426 million.
- 3.2 The period five projection reflects an underspend of £1.460 million across the Resources Directorate, following an exercise to identify in-year savings, including acceleration of 2018/19 savings delivery.
- 3.3 Savings identified in 2017/18 are:
 - 3.3.1 Customer - £0.500 million - one-off saving from use of transformation contingency;
 - 3.3.2 Finance - £0.085 million – one-off employee cost saving from turnover;
 - 3.3.3 HR - £0.150 million – one-off saving from review of Leadership and Development costs;
 - 3.3.4 ICT - £0.443 million – acceleration of savings from 2018/19 from mobile telephones contract and fixed line costs;

- 3.3.5 Property and Facilities Management - £0.260 million - one-off savings from employee costs and ICT project slippage for Edinburgh Shared Repairs service;
- 3.3.6 Service-wide - £0.022 million – saving from pause in recruitment activity.
- 3.4 An analysis of the projection by service area is provided in Appendix 1.
- Savings Implementation Plans**
- 3.5 The revenue budget approved by Council on 9 February 2017 requires Resources Directorate to achieve incremental savings of £10.426 million in 2017/18. These are detailed in Appendix 2.
- 3.6 Savings implementation plans have been developed and revenue budget monitoring reports are considered by Resources Management Team on a regular basis.
- 3.7 The Asset Management Strategy savings target of £0.8 million is forecast to be achieved from additional rental income. The Asset Management Strategy programme is continuing to develop sustainable plans to achieve savings from organisational redesign, estate rationalisation and rental income, to meet savings targets of £5.8 million in 2018/19 and a further £0.4 million for 2019/20 – a cumulative total of £6.2 million by 2019/20.
- 3.8 Internal recoveries of employee costs by Legal Services is forecast to be achieved within the income target for 2017/18. This position is subject to a risk of under-recovery, if rechargeable work is not as high as anticipated. The achievement of the income target will continue to be tracked monthly.
- 3.9 Customer savings targets for 2017/18 are on course to be achieved. Savings are mainly forecast to be achieved from a reduction in employee costs in Business Support and Transaction processing and through improved Council Tax collection. £0.932 million of savings will be achieved from one-off measures prior to implementation of business cases for printing (annual savings £0.432 million) and robotics (annual savings £0.500 million) in 2018/19.

Risks

- 3.10 There remain several significant financial risks in the Resources Directorate revenue budget for 2017/18. Key risks are:
- 3.10.1 the Council's ICT contract with CGI Limited is subject to ongoing volume usage diligence. Following diligence, there is a risk that contract volumes are at variance with contract assumptions. Contract diligence and the consequent financial impact continues to be progressed;
- 3.10.2 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 2017/18, full realisation of savings targets will continue to be tracked and reported to service management teams. Alternative savings

measures will be developed, where a risk emerges as to the achievement of existing savings proposals. A change to the implementation plans for the printing and robotics projects has occurred due to slippage in delivery of information from suppliers. This required identification of one-off mitigating measures, which were achieved through management of other smaller transformation initiatives and vacant posts; and

3.10.3 under-recovery of Council Tax and Non-Domestic Rates intervention income. Income will be monitored for the remainder of the year, although the level of actual income achieved in any year is not known with full certainty until the year end.

Contingency Planning

3.11 A service contingency of £0.126 million will be used to mitigate any residual service financial risks in 2017/18.

4. Measures of success

4.1 Resources Directorate final outturn for 2017/18 is within budgeted levels and contributes at least £1.460 million to mitigate Council budget pressures.

5. Financial impact

5.1 The report projects Resources Directorate outturn budget performance to be £1.460 million less than 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 2017/18 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 2017/18 revenue budget.

10. Background reading/external references

[Revenue budget framework 2017/21 – update](#): City of Edinburgh Council, 9 February 2017

[Revenue and Capital Budget Framework 2017/21 – further update](#): City of Edinburgh Council, 9 February 2017

[Resources Directorate - Revenue Budget Monitoring 2017/18 - Month Three position](#): Finance and Resources Committee, 5 September 2017

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11. Appendices

Appendix 1 - Resources Directorate Revenue Budget Monitoring 2017/18 - Month Five position

Appendix 2 - Resources Directorate - Approved Revenue Budget Savings 2017/18.

Appendix 1

Resources Directorate

Revenue Budget Monitoring 2017/18

Month Five position

Forecast Revenue Outturn by Service Area

	Revised Budget	Projected Outturn	Projected Variance	Adverse / Favourable
	£'000	£'000	£'000	
Customer	25,958	25,458	(500)	FAV
Finance	5,999	5,914	(85)	FAV
Human Resources	5,246	5,096	(150)	FAV
Legal and Risk	1,262	1,262	0	-
Property and Facilities Management	96,046	95,786	(260)	FAV
Directorate and service-wide costs	944	944	0	-
ICT	29,978	29,535	(443)	FAV
Service Wide, including contingency	126	104	(22)	FAV
Total Net Expenditure	165,559	164,099	(1,460)	FAV

Appendix 2

Resources Directorate: Approved Revenue Budget Savings 2017/18

Service	Saving Description	2017/18 £'000	Red/Amber/Green assessment
Service-wide	Employee turnover savings	339	
Service-wide	Agency staffing	422	
Service-wide	Income	74	
Service-wide	Develop workforce plans and review staffing mix	230	
Service-wide	Other staffing savings	68	
Property and Facilities Management	Asset Management Strategy	800	
Property and Facilities Management	Savings in borrowing support	50	
Customer	Business Support	3,712	
Customer	Customer Services	1,844	
Customer	Customer Services – Printing and Robotics business cases	932	Slippage on business case implementation fully mitigated in 2017/18.
Customer	Efficiencies across Customer Services	302	
Finance	Audit fee saving	65	
Finance	Finance employee cost savings	376	
Finance	Commercial and Procurement Services employee cost savings	231	
Human Resources	Human Resources employee cost savings	101	
Legal and Risk	Internal Audit and Risk employee cost savings	32	
Legal and Risk	Legal Services increased internal income recharges	290	Internal recharge income target being tracked monthly.
ICT	Digital and ICT employee cost savings	548	
Service-wide	Additional income	10	
	TOTAL	10,426	

Finance and Resources Committee

10.00am, Tuesday, 7 November 2017

Chief Executive - Revenue Budget Monitoring 2017/18 - Month Five position

Item number	7.5
Report number	
Executive/routine	Routine
Wards	City-wide
Council Commitments	

Executive Summary

The report sets out the projected five-month revenue budget monitoring position for services reporting directly to the Chief Executive, based on actual expenditure and income to the end of August 2017 and expenditure and income projections for the remainder of the financial year.

£0.368 million of in-year savings have been identified for services reporting directly to the Chief Executive for 2017/18 to mitigate budget pressure elsewhere in the Council's 2017/18 revenue budget. The attainment of this position is subject to undertaking ongoing action to deliver approved savings together with active management of risks and pressures.

Chief Executive - Revenue Budget Monitoring 2017/18 - Month Five 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 a £0.368 million underspend for 2017/18; 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 2017/18 for services reporting directly to the Chief Executive, excluding Safer and Stronger Communities, based on the position after five months of the financial year.
- 2.3 A separate report on the projected five-month revenue monitoring position for Safer and Stronger Communities will be presented to Culture and Communities Committee on 14 November 2017.

3. Main report

Month Five Position

- 3.1 The revenue budget for 2017/18 for services reporting directly to the Chief Executive is £11.086 million. The budget is stated after inclusion of approved savings of £0.687 million.
- 3.2 The period five projection reflects an underspend of £0.368 million following an exercise to identify in-year savings, including acceleration of 2018/19 savings delivery, to mitigate budget pressure elsewhere in the Council's 2017/18 revenue budget.
- 3.3 Additional savings identified in 2017/18 are:
 - 3.3.1 Strategy and Insight - £0.316 million – employee cost savings from vacant posts;

3.3.2 Communications - £0.052 million - employee cost saving from a vacant post.

3.4 An analysis of the projection by service area is provided in Appendix 1.

Savings Implementation Plans

3.5 The revenue budget approved by Council on 9 February 2017 requires achievement of incremental savings of £0.687 million in 2017/18 for services reporting directly to the Chief Executive. These are detailed in Appendix 1.

3.6 Savings implementation plans have been developed and revenue budget monitoring reports are considered by service management teams on a regular basis.

3.7 Savings are forecast to be fully achieved in 2017/18 and are classified as 'green'.

Risks

3.8 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 2017/18 is within budgeted levels and contributes at least £0.368 million to mitigate Council budget pressures.

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 2017/18 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 2017/18 revenue budget.

10. Background reading/external references

[Revenue budget framework 2017/21 – update](#): City of Edinburgh Council, 9 February 2017

[Revenue and Capital Budget Framework 2017/21 – further update](#): City of Edinburgh Council, 9 February 2017

[Chief Executive - Revenue Budget Monitoring 2017/18 - Month Three position](#): Finance and Resources Committee, 5 September 2017

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11. Appendices

Appendix 1 – Chief Executive Revenue Budget Monitoring 2017/18 - Month Five position

Appendix 2 – Chief Executive - Approved Revenue Budget Savings 2017/18.

Appendix 1

1. Chief Executive Revenue Budget 2017/18 - Month Five 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	1,051	999	(52)	FAV
Strategy and Insight	9,798	9,482	(316)	FAV
Total Net Expenditure	11,086	10,718	(368)	FAV

2. Chief Executive: Approved Revenue Budget Savings 2017/18

Service	Saving Description	2017/18 £'000	Red/Amber/Green assessment
Chief Executive - service-wide	Employee turnover savings	167	
Chief Executive - service-wide	Agency staffing	69	
Chief Executive - service-wide	Workforce savings	10	
Strategy and Insight	Transformation and Business Change – employee cost savings	317	
Strategy and Insight	Members' Services – employee cost savings	107	
Strategy and Insight	Other staffing savings	17	
	TOTAL	687	

Finance and Resources Committee

10.00am, Tuesday 7 November 2017

Capital Monitoring 2017/18 – Half Year Position

Item number 7.6

Report number

Executive/routine

Wards

Council Commitments

Executive Summary

The month five position shows that the Council is projected to require loans fund advances of £40.600m and will be in receipt of grants and capital income amounting to £106.170m. Together this will fund projected capital investment of £146.770m. Loans fund advances are projected to be £4.601m lower than the revised budget as a result of anticipated slippage in the delivery of the capital investment programme partly offset by delayed receipts from asset sales.

The HRA capital investment programme is projecting to require loans fund advances of £36.329m and will be in receipt of grants and capital income amounting to £35.012m. Together this will fund projected capital investment of £71.341m. Loans fund advances are projected to be £6.663m lower than the revised budget as a result of anticipated slippage in the delivery of the capital investment programme.

Capital Monitoring 2017/18 – Half-Year Position

1. Recommendations

- 1.1 Members of the Finance and Resources Committee are requested to:
- 1.1.1 Note the projected capital outturn position on the General Fund and HRA at month five;
 - 1.1.2 Note the prudential indicators at month five; and
 - 1.1.3 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 half-year position (based on month five data) and the projected outturn for the year.

3. Main report

Existing Capital Plans

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

	Outturn Variance at Month Five	Outturn Variance at Month Three	Movement from Month Three
	£000	£000	£000
Net (slippage) / acceleration in gross expenditure	(11,860)	(8,334)	(3,526)
Net (surplus) / deficit in capital receipts and grant income	7,259	3,236	4,023
Net increase / (decrease) in loans fund advances	(4,601)	(5,098)	497

- 3.2 The position at month five can be seen in Appendix 1, which shows expenditure on the Capital Investment programme of £146.770m funded by grants and other capital income of £106.17m and loans fund advances of £40.600m.
- 3.3 The forecast currently includes an anticipated payment of £14.21m for ICT assets under the Council's contract with CGI. A detailed exercise is currently underway to determine the appropriate contractual arrangements and accounting treatment for these assets.
- 3.4 Members should note that in any given year, variance against budget will occur due to delays or unforeseen circumstances outwith the control of the Council. Whilst known variances to the delivery of the programme advised by Executive Directors have been incorporated into the revised Programme referred to in 3.1, an assumption of further slippage in the Programme of 2.5% of the revised budget, amounting to £3.966m has been made at this early stage in the financial year. This general provision and specific project variances will be kept under review throughout the remainder of the year and amended as appropriate.
- 3.5 Explanations for significant slippage and accelerations projected at month five are presented in Appendix 2.

Capital receipts / grant income

- 3.6 Projected capital receipts from the sale of surplus assets of £11.337m are lower than budget by £7.536m for 2017/18 as a result of changes in anticipated settlement dates and the phasing of receipts which are now expected to be received in future years.
- 3.7 Members should also be aware that the value and timing of capital receipts can be impacted by a number of factors including abnormal costs arising from survey results and offers contingent on planning approvals. Any further revisions to the receipts programme will be reported within future capital monitoring reports.

Prudential Indicators

- 3.8 The Prudential Indicator monitoring at month 5 is shown in Appendix 3.

Housing Revenue Account (HRA)

- 3.9 The Housing Revenue Account is forecasting slippage in gross expenditure of £6.663m (8.5%) at month five (balance position at month three). The full HRA capital investment budget position is shown in Appendix 4. At month five, the forecast is gross expenditure of £71.341m, capital receipts and grant income of £35.012m and loans fund advances of £36.329m.
- 3.10 The projected outturn at month five is based on an assessment of the various risks identified and their impact on in-year delivery. The annual expenditure on the House Building Programme is projected to be £5.436m less than originally forecast, primarily due to delays in securing statutory consents for construction work at North

Sighthill, small sites and Greendykes. Greendykes was also subject to a value engineering exercise due to high tender price. Despite the delay, the budgets for individual house building projects will still be spent in full as part of the three year rolling programme. The remainder of the slippage is linked to the extensive engagement of owners and legal process for buybacks under the Regeneration Programme taking longer than initially projected.

4. Measures of success

- 4.1 Completion of capital projects as budgeted for in the revised 2017/18 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 2017/18 general fund outturn outlines loans fund advances of £40.600m. The overall loan charges associated with this over a 20-year period would be a principal amount of £40.600m, interest of £26.430m, resulting in a total cost of £67.030m 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 £1.050m, followed by an annual cost of £3.299m for 20 years.
- 5.2 The projected 2017/18 HRA outturn outlines loans fund advances of £36.329m. The overall loans charges associated with this over a 20-year period would be a principal amount of £36.329m, interest of £23.650m, resulting in a total cost of £59.979m based on a loans fund rate of 5.1%. The loan charges will be interest only in the first year, at a cost of £0.939m followed by an annual cost of £2.952m for 20 years.
- 5.3 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.
- 8.1 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.
- 8.2 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- Outturn and Receipts](#) Finance and Resources Committee, 5 September 2017

Stephen S Moir

Executive Director of Resources

Contact: Denise Pryde, Senior Accountant

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11. Appendices

Appendix 1 - Capital Monitoring 2017/18 – General Fund

Appendix 2 - Slippage and Acceleration on Projects

Appendix 3 - Prudential Indicators 2017/18

Appendix 4 - Capital Monitoring 2017/18 - HRA

Capital Monitoring 2017/18

General Fund Summary

Period 5

Expenditure	Approved Budget £000	Adjusts £000	Revised Budget £000	Actual to Date £000	Projected Outturn £000	Projected Variance £000 %	
Communities and Families	32,243	4,660	36,903	11,307	34,866	(2,037)	0.00%
Chief Executive	1,125		1,125	-	1,125	-	0.00%
Edinburgh IJB	134	(18)	116	13	116	-	0.00%
Place	127,259	(33,128)	94,131	26,551	88,274	(5,857)	0.00%
Resources - Asset Management Works	11,132	(247)	10,885	4,475	10,885	-	0.00%
Resources - Other	-	15,470	15,470	538	15,470	-	0.00%
City Wide / Corporate Projects				2	-	-	0.00%
General slippage across programme			-		(3,966)	(3,966)	
Total Gross Expenditure	171,893	(13,263)	158,630	42,886	146,770	(11,860)	-7.48%
Capital Income							
<i>Capital Receipts</i>							
General Services	18,936	(63)	18,873	34	11,337	(7,536)	-39.93%
Ringfenced Asset Sales	7,880	(4,410)	3,470	257	3,470	-	0.00%
Less additional receipt income to capital fund	(5,559)	-	(5,559)	-	(5,559)	-	0.00%
Asset Sales to reduce Corporate borrowing	1,406	484	1,890	-	1,890	-	0.00%
Less Fees Relating to General Receipts	-	-	-	(22)	-	-	#DIV/0!
<i>Total Capital Receipts from Asset Sales</i>	<i>22,663</i>	<i>(3,989)</i>	<i>18,674</i>	<i>269</i>	<i>11,138</i>	<i>(7,536)</i>	<i>-40.36%</i>
Developer and other Contributions	174	2,417	2,591	2,292	2,868	277	10.69%
Capital Grants Unapplied Account drawdown	-	9	9	-	9	-	0.00%
Total Capital Receipts	22,837	(1,563)	21,274	2,561	14,015	(7,259)	-34.12%
<i>Grants</i>							
Scottish Government General Capital Grant	53,708	(12)	53,696	22,373	53,696	-	0.00%
Cycling, Walking and Safer Streets	683	-	683	-	683	-	0.00%
Management Development Funding	29,115	-	29,115	5,997	29,115	-	0.00%
Early Years and Childcare - Expansion	-	2,504	2,504	-	2,504	-	0.00%
Other Specific Government Grants	-	6,157	6,157	-	6,157	-	0.00%
Total Grants	83,506	8,649	92,155	28,370	92,155	-	0.00%
Total Capital Income	106,343	7,086	113,429	30,931	106,170	(7,259)	-6.40%
Balance to be funded through loans fund advances	65,550	(20,349)	45,201		40,600	(4,601)	-10.18%

CAPITAL MONITORING 2017/18 - Period 5**Slippage and Acceleration on Projects**

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

Key to variance category

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

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

	Period 5 £000	Period 3 £000	Movement between periods £000	Explanations for Significant Slippage / Acceleration	Variance Category
<u>Communities and Families</u>					
Early years 2020	-2,591	0	-2,591	Programme has slipped due to working to reach agreement from Scottish Government re total available funding to meet extended nursery hours	2
Hunter Hall Cycle Hub And Pitch	-1,017	0	-1,017	Programme has slipped due to working to reach a decision on what is going to happen to the Jack Kane centre	2
New Queensferry HS	103	0	103	External fees for HUB -decision as to how funded is still being negotiated	4
St John's PS	1,500	0	1,500	Reflects latest cash flow from QS- school progressing better than anticipated	4
Portobello Demolition	43	0	43	Overspend to be met for future years budgets	4
New Primary schools	10	0	10	Initial fees for new Primary schools to be met from future years budget	4
Net (slippage) / acceleration on various projects	-85	0	-85		4
Total Communities and Families	-2,037	0	-2,037		
<u>Place</u>					
Water of Leith Phase 2	-4,500	-4,500	0	Projected underspend on delivery of the project	2
Leith Improvement Programme - Core	-1,126	0	-1,126	Realignment to fit with the tram project	3
St Andrew Square Bus Station	-176	0	-176	Delays to the tender process and appointment expected to extend to next financial year	3
Bus Priority Schemes/Bus Shelters	-249	0	-249	Installation works of bus shelters to be delivered over financial years, with full payment not being made until works are complete.	3
Net (slippage) / acceleration on various projects	194	0	194		2
Total Place	-5,857	-4,500	-1,357		

	Period 5 £000	Period 3 £000	Movement between periods £000	Explanations for Significant Slippage / Acceleration	Variance Category
<u>Council Wide / Corporate Projects</u>					
Net (slippage) / acceleration on various projects	0				
General Slippage across the programme (2.5%)	-3,966	-3,834	-132		1
Total Council Wide / Corporate Projects	-3,966	-3,834	-132		
Total for all Services	-11,860	-8,334	-3,526		
Summary of Variance Category					
1 Slippage due to unforeseen delays	-3,966	-3,834	-132		
2 Slippage due to optimistic budget	-7,914	-4,500	-3,414		
3 Slippage due to timing of payments	-1,551	0	-1,551		
4 Acceleration on a project	1,571	0	1,571		
	-11,860	-8,334	-3,526		

Appendix 3

PRUDENTIAL INDICATORS 2017/18 - Period 5

Indicator 1 - Estimate of Capital Expenditure

	2016/17	2017/18	2017/18	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22
	Actual	Estimate	Forecast	Estimate	Forecast	Estimate	Forecast	Estimate	Forecast	Estimate	Forecast
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Council Wide / Corporate Projects	1,184	0	0	0	0	0	0	0	0	0	0
Unallocated funding - indicative 5 year plan 2019/20	0	0	0	0	0	0	0	0	0	7,000	7,000
Chief Executive	838	1,125	1,125	0	0	0	0	0	0	0	0
Communities and Families	41,816	34,993	34,866	28,895	30,932	17,850	17,850	2,485	2,485	165	165
Edinburgh Integration Joint Board	4,527	302	116	2,069	2,069	1,528	1,528	0	0	0	0
Place	90,704	90,571	88,274	86,315	87,672	76,622	76,622	85,277	85,277	19,835	19,835
Resources	0	15,470	15,470	0	0	0	0	0	0	0	0
Resources - Asset Management Works	18,908	10,885	10,885	7,706	7,706	25,360	25,360	14,000	14,000	14,000	14,000
General slippage across programme (2.5%)	0	0	-3,966	0	3,966	0	0	0	0	0	0
Total General Services	157,977	153,346	146,770	124,985	132,345	121,360	121,360	101,762	101,762	41,000	41,000
Housing Revenue Account	43,627	78,004	71,341	100,933	107,596	97,414	97,414	105,849	105,849	147,388	147,388
Total	201,604	231,350	218,111	225,918	239,941	218,774	218,774	207,611	207,611	188,388	188,388

The 'estimate' figures relate to those reported in the prudential indicators as part of the rolled forward CIP approved in September 2017. Differences between these and the 'forecast' figures relate to slippage or acceleration detailed on Appendix 1, 2 and 4.

Indicator 2 - Ratio of Financing Costs to Net Revenue Stream

	2016/17	2017/18	2017/18	2018/19	2019/20	2020/21	2021/22
	Actual	Estimate	Forecast	Estimate	Estimate	Estimate	Estimate
	%	%	%	%	%	%	%
General Services	11.63	11.53	11.72	11.72	11.61	11.41	N/A
Housing Revenue Account	35.21	37.61	36.33	39.58	42.28	44.79	46.76

Forecast and estimates include the financing cost relating to the Tram (phase 1) project.

Figures for 2018/19 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 2020/21. HRA figures are based on the current business plan.

Appendix 3

Indicator 3 - Capital Financing Requirement

	2016/17 Actual £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	2021/22 Estimate £000	2021/22 Forecast £000
General Services (including finance leases)	1,250,818	1,252,162	1,221,975	1,240,074	1,209,711	1,233,444	1,204,581	1,225,033	1,197,670	1,149,788	1,123,925
Housing Revenue Account	364,934	398,199	382,988	436,411	427,316	487,275	478,180	524,056	514,961	583,836	574,741
Total	<u>1,615,752</u>	<u>1,650,361</u>	<u>1,604,963</u>	<u>1,676,485</u>	<u>1,637,027</u>	<u>1,720,719</u>	<u>1,682,761</u>	<u>1,749,089</u>	<u>1,712,631</u>	<u>1,733,624</u>	<u>1,698,666</u>

Forecasts include the capital financing requirement relating to PPP assets and Trams (Phase 1) project

Indicator 4 - Authorised Limit for External Debt

	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
Borrowing	1,970	1,960	1,990	1,900	1,800
Credit Arrangements	<u>220</u>	<u>200</u>	<u>200</u>	<u>230</u>	<u>220</u>
Total	<u>2,190</u>	<u>2,160</u>	<u>2,190</u>	<u>2,130</u>	<u>2,020</u>

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

Indicator 5 - Operational Boundary for External Debt

	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
Borrowing	1,580	1,570	1,610	1,600	1,590
Other Long-Term Liabilities	<u>220</u>	<u>200</u>	<u>200</u>	<u>230</u>	<u>220</u>
Total	<u>1,800</u>	<u>1,770</u>	<u>1,810</u>	<u>1,830</u>	<u>1,810</u>

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

Appendix 3

Indicator 6 - Impact on Council Tax and House Rents

	2017/18	2017/18	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22
	Estimate	Forecast	Estimate	Forecast	Estimate	Forecast	Estimate	Forecast	Estimate	Forecast
	£	£	£	£	£	£	£	£	£	£
for the band "D" Council Tax	9.17	0.02	13.68	-0.44	18.02	-1.38	N/A	-1.30	N/A	N/A
for the average weekly housing rents	-0.68	-0.21	-0.50	-0.54	0.55	-0.10	3.50	-0.09	N/A	N/A

In calculating the incremental impact of capital investment decisions on the band "D" Council Tax, investment decisions relating to National Housing Trust Phases and the St James GAM 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 2017.

Appendix 4

CAPITAL MONITORING 2017/18

Housing Revenue Account Summary

Period 5

	Revised Budget £000	Actual to Date £000	Projected Outturn £000	Projected Variance	
				£000	%
Gross Expenditure	78,004	16,154	71,341	-6,663	-8.5%
Total Gross Expenditure	78,004	16,154	71,341	-6,663	-8.5%

Income					
Capital Receipts	-11,400	0	-11,400	0	0.0%
Developers and Other Contributions	-16,537	-133	-16,537	0	0.0%
Specific Capital Grant	-7,075	-2,119	-7,075	0	0.0%
Total Income	-35,012	-2,252	-35,012	0	0.0%

Funding					
Loans Fund Advances	42,992		36,329	-6,663	-15.5%
Total	42,992		36,329	-6,663	-15.5%

Finance and Resources Committee

10.00am, Tuesday, 7 November 2017

Treasury Management: Mid-Term Report 2017/18

Item number 7.7

Report number

Executive/routine

Wards

Council Commitments

Executive Summary

The purpose of this report is to give an update on Treasury Management activity in 2017/18.

In accordance with the Strategy set in March 2017 the Council completed no borrowing during the first half of the financial year and continued to fund capital expenditure temporarily from cash deposits. This approach generates significant short-term savings in Loans Charges for the Council. In following this Strategy, account is also being taken of the likely movement in interest rates in the medium and longer term and the Council's future estimated borrowing requirement.

The investment return for 2017/18 continues to show out-performance against the Fund's benchmark, although very low in absolute terms, while maintaining the security of the investments as a priority.

Treasury Management: Mid-Term Report 2017/18

1. Recommendations

- 1.1 It is recommended that the Committee:
 - 1.1.1 notes the mid-term report on Treasury Management for 2017/18;
 - 1.1.2 notes the intention to exercise the option to opt up to professional status under MiFID II (Market in Financial Instruments Directive); and
 - 1.1.3 refers the report to City of Edinburgh Council for approval and subsequent referral by the City of Edinburgh Council to the Governance Risk and Best Value Committee for scrutiny.

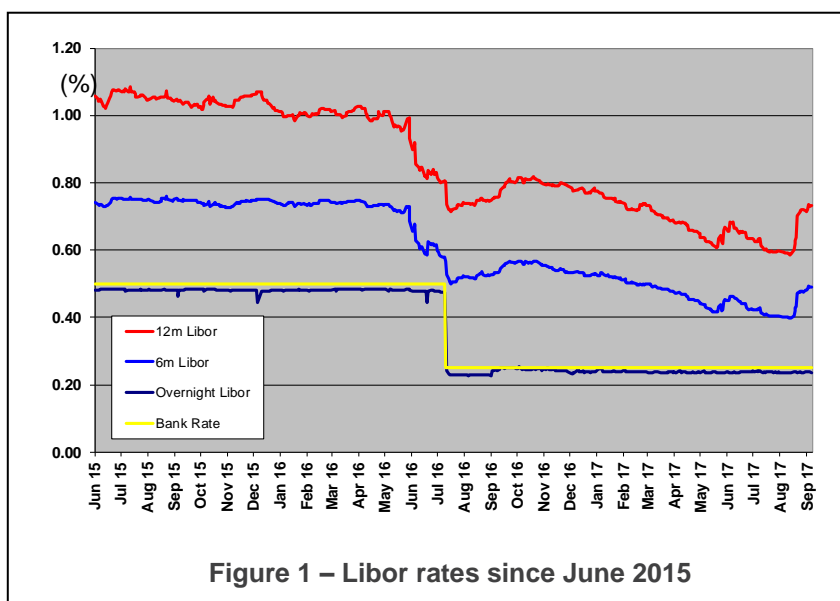
2. Background

- 2.1 The Council has adopted the CIPFA Code of Practice on Treasury Management in the Public Sector, and under the code, the mid-term report has been prepared setting out activity undertaken.

3. Main report

- 3.1 UK Interest Rates
 - 3.1.1 During the last six months, the Bank of England's (BoE) Monetary Policy Committee (MPC) maintained UK Bank Rate at 0.25% and Quantitative Easing (QE) at £435bn. However, interest rate expectations varied significantly over the six months. At the June meeting of the MPC, three members of the Committee - Kristin Forbes, Ian McCafferty and Michael Saunders - voted for a 0.25% increase in rates citing concerns about inflation. Indeed, one of the five who voted for no change, Andy Haldane the BoE Chief Economist/Executive Director of Monetary Analysis and Statistics, stated in a speech later in June that *"Provided the data are still on track, I do think that beginning the process of withdrawing some of the incremental stimulus provided last August would be prudent moving into the second half of the year."* Both the 5-3 vote and the speech by Mr Haldane were after the result of the UK General Election was known, although Mr Haldane suggested that the result did have a bearing on his decision to vote against an interest rate rise at the June meeting.

Although expectations of an increase had been raised, inflation turned down briefly following the June MPC meeting and market expectations of a rate rise diminished again.



As can be seen in Figure 1 Libor rates increased in the run up to the snap general election and the subsequent MPC meeting. However, rates reduced with the uncertainty surrounding Brexit which the election created and the fall in the rate of CPI. More recently rates have started to increase again as a result of further indications from MPC members that UK Bank Rate may rise sooner rather than later.

- 3.1.2 Table 1 gives a Reuters poll of up to 62 economists, taken 1st September, showing their forecasts for UK Bank Rate until Quarter 4 2018. This showed most economists polled believed that the UK Bank Rate will remain at 0.25% through to Q4 2018.

	2017		2018			
	Q3/17	Q4/17	Q1/18	Q2/18	Q3/18	Q4/18
Median	0.25	0.25	0.25	0.25	0.25	0.25
Mean	0.26	0.26	0.28	0.3	0.33	0.37
Mode	0.25	0.25	0.25	0.25	0.25	0.25
Min	0.25	0.25	0.25	0.25	0.25	0.25
Max	0.25	0.5	0.75	0.75	1	1
Count	62	59	56	56	52	49

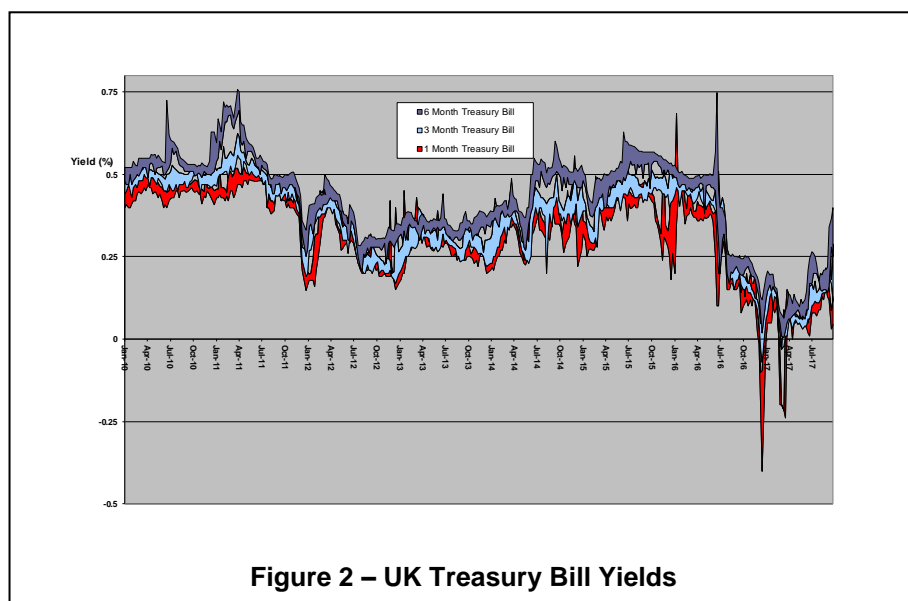
Table 1 – Economists' Forecasts for UK Bank Rate

Source: REUTERS

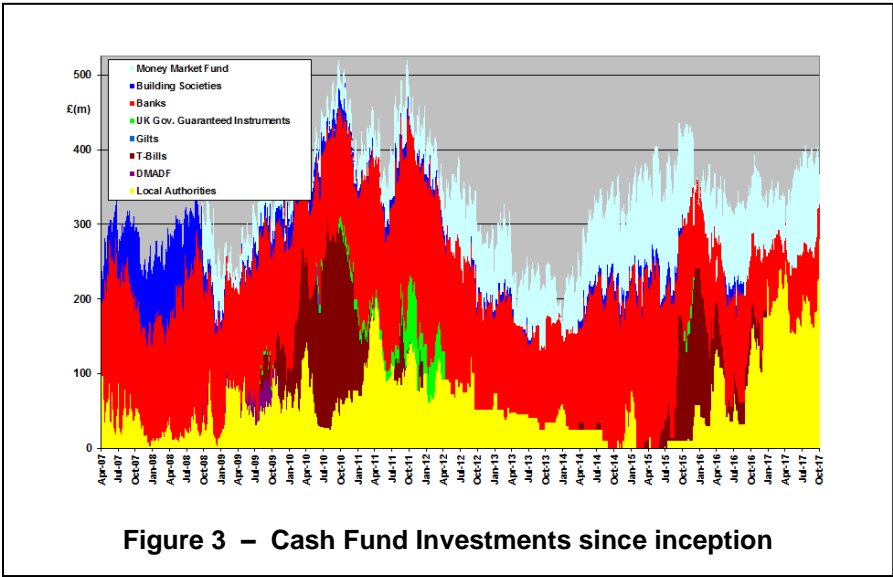
- 3.1.4 This poll was taken before the minutes of the 14th September meeting showed that interest rates may rise sooner than they had expected and also before the speech from MPC's external member Gertjan Vlieghe where he said *'that we are approaching the moment when Bank Rate may need to rise'*. A more up to date poll may show very different forecasts.
- 3.1.5 CPI was at 2.9% in August, above the Bank of England's 2% target and almost out of their +/- 1% range. While it is likely that the MPC would look through the current rate much of which is due to the depreciation of sterling, there are some genuine reasons for a modest increase in UK Bank Rate. In particular, reversing the 0.25% cut last August following the result of the EU Referendum would give the MPC scope to reduce it again should the outcome of Brexit negotiations not be favourable to the UK. Notwithstanding the likelihood of a reversal of the August 2016 cut in UK Bank Rate, it is still believed that the scope for any further increases in the UK thereafter is severely limited.

3.2 Investment Out-turn

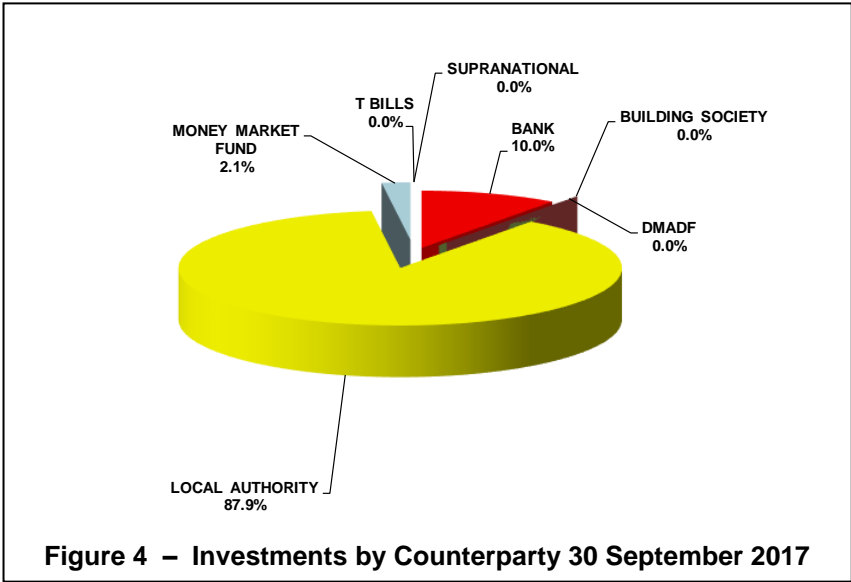
- 3.2.1 The Treasury Management strategy is to ensure that surplus funds are invested in accordance with the list of approved organisations for investment, minimising the risk to the capital sum and optimising the return on these funds consistent with those risks. The Cash Fund's Investment Strategy continues to be based around the security of the investments.
- 3.2.2 The rates achieved on the Council's call accounts remain low in line with UK Bank Rate. Rates achievable on UK Treasury Bills also remain low but as can be seen in Figure 2 below have increased in the six month maturity in the last couple of auctions. The auction at the end of September achieved a maximum rate of 0.40%.



3.2.3 Figure 3 below shows the distribution of Cash Fund deposits since inception.



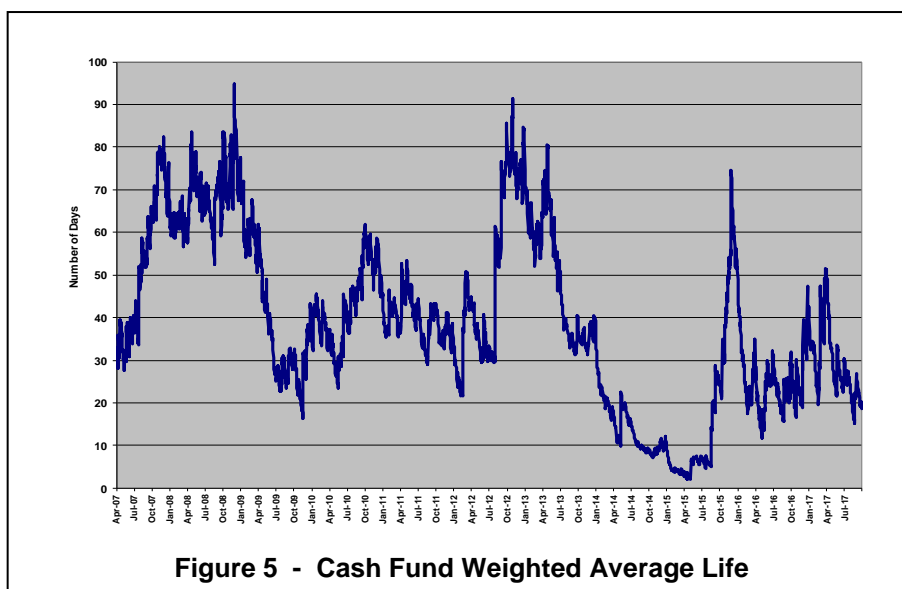
3.2.4 As shown in Figure 3, the first half of the year has been characterised by larger than usual lending to other local authorities. This was for a combination of reasons – the shortage of local authority funds at year end, the low rates on bank deposits which made local authority rates more attractive and the very low rates on UK Government Treasury Bills shown in Figure 2. As shown in Figure 4, just under 88% of the fund was invested in Local Authority deposits at the end of the six months. Just over 2% was invested with Money Market Funds and 10% with Banks in call accounts on instant access.



3.2.5 The Treasury section has been able to take advantage of a shortage of cash

in the market towards the mid-year point and achieve rates above call account levels on short fixed maturities with local authorities. These maturities are well placed to take advantage of any higher rates available should UK Bank Rate increase in November.

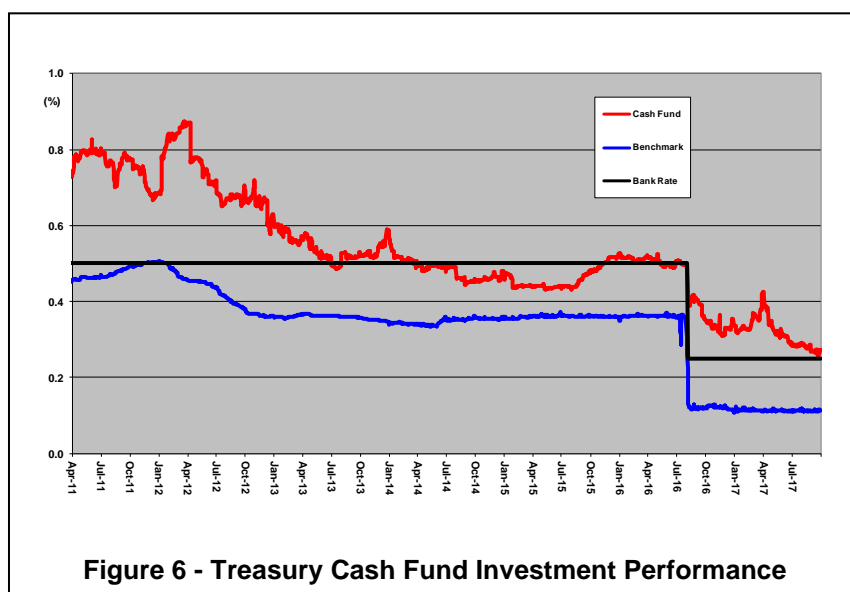
3.2.6 Figure 5 below shows the Weighted Average Life (WAL) – i.e. the average time to maturity of the Cash Fund investments since inception.



The WAL (weighted average time to the final maturity of investments) was down to 18 days at the mid year point. The decrease in the WAL is due to fixed deposits with Local Authorities being close to maturity. In addition we have provided notice monies to other authorities. It is therefore considered that the investments are positioned to take advantage of any rise in rates at the November MPC meeting.

3.3 Cash Fund Performance

3.3.1 The annualised rate of return for the Cash Fund for the six months to September 2017 was 0.30% against a benchmark of 0.11%. Figure 6 below shows the daily investment performance of the Cash Fund against its benchmark since April 2011.



3.3.2 The small peak in April was due to being able to take advantage of the good inter-authority rates on offer over the year end. However, most of these investments were only available with a relatively short maturity. A combination of the lower rates on offer at the start of the new financial year, and subsequently the positioning of the portfolio to not long past November has meant that the performance has edged back a little. However, it is still significantly above both the benchmark and the outperformance target set by Lothian Pension Fund.

3.4 Debt Management Activity

3.4.1 Debt Management strategy for 2017/18 as outlined in the Strategy Report was to continue to use the Council's investment balances to fund capital expenditure. The Council has undertaken no PWLB borrowing since December 2012. Appendix 1 shows the current debt portfolio.

3.4.2 Figure 7 below shows the PWLB borrowing rates since April 2005. The drop in rates following the result of the EU referendum, particularly at the longer end of the curve, have largely been reversed. However, the future course of these rates are heavily reliant on the outcome of the negotiations with the EU. While the "money for time" arrangement is still the most likely outcome, if there were to be no agreement, further QE would be a significant possibility.

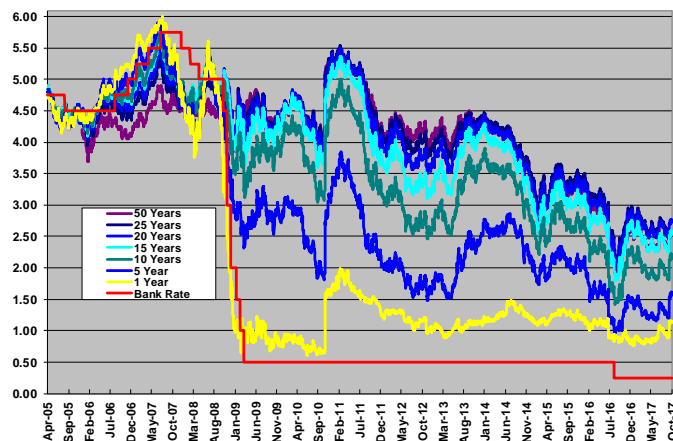


Figure 7 – PWLB Rates 2005 to Date

Source: ONS

3.4.3 Table 2 below shows a comparison of the projected cumulative capital expenditure to be funded by borrowing and the actual external debt. More detail on the Capital Advances, along with revised Prudential Indicators are contained in the Capital Monitoring – Half year Position elsewhere on this agenda.

Capital Advances v. External Debt	2016/17	2017/18	2018/19	2019/20	2020/21
	£000	£000	£000	£000	£000
Debt b/fd	1,351,885	1,299,901	1,245,546	1,260,586	1,307,005
Cumulative capital expenditure b/fd	1,424,418	1,415,106	1,412,202	1,452,146	1,505,567
Over / under borrowed b/fd	-72,533	-115,205	-166,656	-191,560	-198,562
GF capital financed by borrowing	48,324	40,600	55,397	60,132	62,242
HRA capital financed by borrowing	20,365	36,329	64,444	73,161	61,750
less scheduled repayments by GF	-62,006	-59,077	-58,206	-57,058	-60,008
less scheduled repayments by HRA	-13,033	-18,275	-20,116	-22,297	-27,069
less scheduled repayments by Former Joint Boards	-2,962	-2,481	-1,575	-517	-544
Underlying Need to Borrow	-9,312	-2,904	39,944	53,421	36,371
Plus total maturing debt	51,984	54,355	54,960	53,581	55,567
Total borrowing requirement	42,672	51,451	94,904	107,002	91,938
Indicative PWLB or short borrowing for year	0	0	70,000	100,000	100,000
Debt at end of the year	1,299,901	1,245,546	1,260,586	1,307,005	1,351,438
Cumulative capital expenditure	1,415,106	1,412,202	1,452,146	1,505,567	1,541,938
Cumulative over / under borrowed	-115,205	-166,656	-191,560	-198,562	-190,500

Table 2 - Summary of Capital Advances v. External Debt

- 3.4.4 This table shows that at the end of 2016/17, the Council had used £115m of its investment balances to temporarily fund capital expenditure which is £22m more than was shown in the out-turn report. The change is due to the Council's new external auditors requesting that the developers' contributions which were categorised as temporary loans be restated as capital received in advance. Therefore, temporary loans have been replaced with temporary internal borrowing and there is absolutely no difference in Treasury terms.
- 3.4.5 It is intended to continue the strategy of using investments to temporarily fund the Council's borrowing requirement giving a projected under borrowing of £166m at the end of the financial year. The requirement for other major projects such as the Edinburgh Homes project will be addressed as and when they become more certain.

3.5 MiFID II

- 3.5.1 MiFID (Market in Financial Instruments Directive) is the EU legislation that regulates firms who provide services to clients linked to 'financial instruments' (shares, bonds, units in collective investment schemes and derivatives), and the venues where those instruments are traded. Since it was brought in in 2007, UK local authorities have been categorised as 'per se professional' clients for MiFID scope business by virtue of being "Large Undertakings". However, following the global financial crisis, the European Commission instigated a review of MiFID due to perceived widespread mis-selling of financial products, including to local authorities and municipalities in continental Europe. The outcome of the review was a revised Directive, MiFID II and in July, the FCA published a policy statement setting out the final policies on a range of issues in the UK implementation of MiFID II, including the client categorisation of UK Local Authorities. From 3 January 2018, local authorities will by default be categorised as retail clients, and firms in the financial markets will no longer be able to categorise a local authority as a 'per se professional' client for MiFID or non-MiFID scope business.
- 3.5.2 A move to retail client status would mean that all financial services firms like banks, brokers, advisers and fund managers will have to treat local authorities the same way they do non-professional individuals and small businesses. Retail status would significantly restrict the range of financial institutions and instruments available to the Council. Under such a classification, the Council's ability to invest in regulated products such as such as Certificates of Deposit, Gilts, Bonds and investment funds, including Money Market Funds would be affected. Even if they were available, it is likely that the fees incurred would be significantly higher.
- 3.5.3 However the FCA's implementation of MiFID II allows for retail clients who meet certain conditions to elect to be treated as professional clients. When

being assessed by the financial institutions, the client must meet both quantitative and qualitative tests. The qualitative test requires an adequate assessment of the expertise, experience and knowledge of the client that gives reasonable assurance, in light of the nature of the transactions or services envisaged, that the client is capable of making his own investment decisions and understanding the risks involved. It is likely that this criteria will be applied to Elected Members as well as officers.

- 3.5.4 Building on the MiFID II work they had been doing on opting up for the Administering Authorities for LGPS (Local Government Pension Schemes) schemes, the LGA (Local Government Association) has produced some standard documentation for local authorities and market participants to use when assessing local authorities for opt up to professional status for their Treasury Management activities. The election to professional status must be completed with all financial institutions prior to the change of status on 03 January 2018, and it is the intention to seek elective professional client status for the Council with the full range of market participants.

4. Measures of success

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

5. Financial impact

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

6. Risk, policy, compliance and governance impact

- 6.1 The Council complies with the relevant CIPFA code of practice whilst undertaking Treasury Management activities. The significant financial risks associated with Treasury Management activities have been successfully managed during the first half of 2017/18.

7. Equalities impact

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

8. Sustainability impact

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

9. Consultation and engagement

9.1 None

10. Background reading/external references

10.1 None

Stephen S. Moir

Executive Director of Resources

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11. Appendices

Appendix 1: Outstanding Debt at 30 September 2017

Appendix 1: Outstanding Debt at 30 September 2017

Market Debt (non LOBO)

Loan Type	Start Date	Maturity Date	Principal Outstanding (£)	Interest Rate (%)	Annual Interest (£)
M	30/06/2005	30/06/2065	5,000,000.00	4.4	220,000.00
M	07/07/2005	07/07/2065	5,000,000.00	4.4	220,000.00
M	21/12/2005	21/12/2065	5,000,000.00	4.99	249,500.00
M	28/12/2005	24/12/2065	12,500,000.00	4.99	623,750.00
M	14/03/2006	15/03/2066	15,000,000.00	5	750,000.00
M	18/08/2006	18/08/2066	10,000,000.00	5.25	525,000.00
M	01/02/2008	01/02/2078	10,000,000.00	3.95	395,000.00
			62,500,000.00		2,983,250.00

Market Debt (LOBO)

Loan Type	Start Date	Maturity Date	Principal Outstanding (£)	Interest Rate (%)	Annual Interest (£)
M	12/11/1998	13/11/2028	3,000,000.00	4.75	142,500.00
M	15/12/2003	15/12/2053	10,000,000.00	5.25	525,000.00
M	18/02/2004	18/02/2054	10,000,000.00	4.54	454,000.00
M	28/04/2005	28/04/2055	12,900,000.00	4.75	612,750.00
M	25/02/2011	25/02/2060	15,000,000.00	7.801	1,170,150.00
M	25/02/2011	25/02/2060	10,000,000.00	7.801	780,100.00
M	26/02/2010	26/02/2060	5,000,000.00	7.817	390,850.00
M	26/02/2010	26/02/2060	10,000,000.00	7.817	781,700.00
M	01/07/2005	01/07/2065	10,000,000.00	3.86	386,000.00
M	24/08/2005	24/08/2065	5,000,000.00	4.4	220,000.00
M	07/09/2005	07/09/2065	10,000,000.00	4.99	499,000.00
M	13/09/2005	14/09/2065	5,000,000.00	3.95	197,500.00
M	03/10/2005	05/10/2065	5,000,000.00	4.375	218,750.00
M	23/12/2005	23/12/2065	10,000,000.00	4.75	475,000.00
M	06/03/2006	04/03/2066	5,000,000.00	4.625	231,250.00
M	17/03/2006	17/03/2066	10,000,000.00	5.25	525,000.00
M	03/04/2006	01/04/2066	10,000,000.00	4.875	487,500.00
M	03/04/2006	01/04/2066	10,000,000.00	4.875	487,500.00
M	03/04/2006	01/04/2066	10,000,000.00	4.875	487,500.00
M	07/04/2006	07/04/2066	10,000,000.00	4.75	475,000.00
M	05/06/2006	07/06/2066	20,000,000.00	5.25	1,050,000.00
M	05/06/2006	07/06/2066	16,500,000.00	5.25	866,250.00
			212,400,000.00		11,463,300.00

PWLB

Loan Type	Start Date	Maturity Date	Principal Outstanding (£)	Interest Rate (%)	Annual Interest (£)
M	09/10/2008	09/10/2017	5,000,000.00	4.39	219,500.00
M	03/04/1992	25/03/2018	30,000,000.00	10.875	3,262,500.00
M	23/04/2009	23/04/2018	15,000,000.00	3.24	486,000.00
M	17/09/1992	15/05/2018	8,496,500.00	9.75	828,408.75
M	09/06/2009	09/06/2018	5,000,000.00	3.75	187,500.00
M	17/09/1993	15/11/2018	5,000,000.00	7.875	393,750.00
M	23/03/1994	15/11/2018	5,000,000.00	8	400,000.00
M	14/03/1994	11/03/2019	2,997,451.21	7.625	228,555.65
M	18/10/1993	25/03/2019	5,000,000.00	7.875	393,750.00
M	30/03/2009	30/03/2019	5,000,000.00	3.46	173,000.00
M	21/04/2009	21/04/2019	10,000,000.00	3.4	340,000.00
M	23/04/2009	23/04/2019	5,000,000.00	3.38	169,000.00
A	12/11/2008	12/11/2019	1,332,622.66	3.96	67,596.76
M	23/03/1994	15/11/2019	5,000,000.00	8	400,000.00
M	07/12/1994	15/11/2019	10,000,000.00	8.625	862,500.00
A	01/12/2008	01/12/2019	1,316,942.90	3.65	61,641.34
M	01/12/2009	01/12/2019	5,000,000.00	3.77	188,500.00
M	14/12/2009	14/12/2019	10,000,000.00	3.91	391,000.00
M	15/02/1995	25/03/2020	5,000,000.00	8.625	431,250.00
M	21/04/2009	21/04/2020	10,000,000.00	3.54	354,000.00
M	12/05/2009	12/05/2020	10,000,000.00	3.96	396,000.00
M	21/10/1994	15/05/2020	5,000,000.00	8.625	431,250.00
M	07/12/1994	15/05/2020	5,000,000.00	8.625	431,250.00
M	21/11/2011	21/05/2020	15,000,000.00	2.94	441,000.00
M	16/08/1995	03/08/2020	2,997,451.21	8.375	251,036.54
M	09/12/1994	15/11/2020	5,000,000.00	8.625	431,250.00
A	10/05/2010	10/05/2021	2,015,869.88	3.09	73,129.21
M	21/10/1994	15/05/2021	10,000,000.00	8.625	862,500.00
M	10/03/1995	15/05/2021	11,900,000.00	8.75	1,041,250.00
M	12/06/1995	15/05/2021	10,000,000.00	8	800,000.00
M	02/06/2010	02/06/2021	5,000,000.00	3.89	194,500.00
M	16/08/1994	03/08/2021	2,997,451.21	8.5	254,783.35
M	28/04/1994	25/09/2021	5,000,000.00	8.125	406,250.00
M	23/04/2009	23/04/2022	5,000,000.00	3.76	188,000.00
M	12/06/1995	15/05/2022	10,200,000.00	8	816,000.00
M	14/06/2010	14/06/2022	10,000,000.00	3.95	395,000.00
M	31/03/1995	25/09/2022	6,206,000.00	8.625	535,267.50
M	16/02/1995	03/02/2023	2,997,451.21	8.625	258,530.17
M	24/04/1995	25/03/2023	10,000,000.00	8.5	850,000.00
M	05/12/1995	15/05/2023	5,200,000.00	8	416,000.00
M	20/09/1993	14/09/2023	2,997,451.21	7.875	236,049.28
M	20/09/1993	14/09/2023	584,502.98	7.875	46,029.61

PWLB Cont'd

Loan Type	Start Date	Maturity Date	Principal Outstanding (£)	Interest Rate (%)	Annual Interest (£)
M	08/05/1996	25/09/2023	10,000,000.00	8.375	837,500.00
M	13/10/2009	13/10/2023	5,000,000.00	3.87	193,500.00
M	05/12/1995	15/11/2023	10,000,000.00	8	800,000.00
M	10/05/2010	10/05/2024	10,000,000.00	4.32	432,000.00
M	28/09/1995	28/09/2024	2,895,506.10	8.25	238,879.25
M	14/05/2012	14/11/2024	10,000,000.00	3.36	336,000.00
A	14/12/2009	14/12/2024	5,675,883.92	3.66	225,543.38
M	17/10/1996	25/03/2025	10,000,000.00	7.875	787,500.00
M	10/05/2010	10/05/2025	5,000,000.00	4.37	218,500.00
M	16/11/2012	16/05/2025	20,000,000.00	2.88	576,000.00
M	13/02/1997	18/05/2025	10,000,000.00	7.375	737,500.00
M	20/02/1997	15/11/2025	20,000,000.00	7.375	1,475,000.00
A	01/12/2009	01/12/2025	9,032,895.69	3.64	353,219.53
M	21/12/1995	21/12/2025	2,397,960.97	7.875	188,839.43
M	21/05/1997	15/05/2026	10,000,000.00	7.125	712,500.00
M	28/05/1997	15/05/2026	10,000,000.00	7.25	725,000.00
M	29/08/1997	15/11/2026	5,000,000.00	7	350,000.00
M	24/06/1997	15/11/2026	5,328,077.00	7.125	379,625.49
M	07/08/1997	15/11/2026	15,000,000.00	6.875	1,031,250.00
M	13/10/1997	25/03/2027	10,000,000.00	6.375	637,500.00
M	22/10/1997	25/03/2027	5,000,000.00	6.5	325,000.00
M	13/11/1997	15/05/2027	3,649,966.00	6.5	237,247.79
M	17/11/1997	15/05/2027	5,000,000.00	6.5	325,000.00
M	13/12/2012	13/06/2027	20,000,000.00	3.18	636,000.00
M	12/03/1998	15/11/2027	8,677,693.00	5.875	509,814.46
M	06/09/2010	06/09/2028	10,000,000.00	3.85	385,000.00
M	14/07/2011	14/07/2029	10,000,000.00	4.9	490,000.00
E	14/07/1950	03/03/2030	3,159.72	3	100.48
M	14/07/2011	14/07/2030	10,000,000.00	4.93	493,000.00
E	15/06/1951	15/05/2031	3,281.02	3	103.70
M	06/09/2010	06/09/2031	20,000,000.00	3.95	790,000.00
M	15/12/2011	15/06/2032	10,000,000.00	3.98	398,000.00
M	15/09/2011	15/09/2036	10,000,000.00	4.47	447,000.00
M	22/09/2011	22/09/2036	10,000,000.00	4.49	449,000.00
M	10/12/2007	10/12/2037	10,000,000.00	4.49	449,000.00
M	08/09/2011	08/09/2038	10,000,000.00	4.67	467,000.00
M	15/09/2011	15/09/2039	10,000,000.00	4.52	452,000.00
M	06/10/2011	06/10/2043	20,000,000.00	4.35	870,000.00
M	09/08/2011	09/02/2046	20,000,000.00	4.8	960,000.00
M	23/01/2006	23/07/2046	10,000,000.00	3.7	370,000.00
M	23/01/2006	23/07/2046	10,000,000.00	3.7	370,000.00
M	19/05/2006	19/11/2046	10,000,000.00	4.25	425,000.00

PWLB Cont'd

Loan	Start	Maturity	Principal	Interest	Annual
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Type	Date	Date	Outstanding (£)	Rate (%)	Interest (£)
M	07/01/2008	07/01/2048	5,000,000.00	4.4	220,000.00
M	27/01/2006	27/07/2051	1,250,000.00	3.7	46,250.00
M	16/01/2007	16/07/2052	40,000,000.00	4.25	1,700,000.00
M	30/01/2007	30/07/2052	10,000,000.00	4.35	435,000.00
M	13/02/2007	13/08/2052	20,000,000.00	4.35	870,000.00
M	20/02/2007	20/08/2052	70,000,000.00	4.35	3,045,000.00
M	22/02/2007	22/08/2052	50,000,000.00	4.35	2,175,000.00
M	08/03/2007	08/09/2052	5,000,000.00	4.25	212,500.00
M	30/05/2007	30/11/2052	10,000,000.00	4.6	460,000.00
M	11/06/2007	11/12/2052	15,000,000.00	4.7	705,000.00
M	12/06/2007	12/12/2052	25,000,000.00	4.75	1,187,500.00
M	05/07/2007	05/01/2053	12,000,000.00	4.8	576,000.00
M	25/07/2007	25/01/2053	5,000,000.00	4.65	232,500.00
M	10/08/2007	10/02/2053	5,000,000.00	4.55	227,500.00
M	24/08/2007	24/02/2053	7,500,000.00	4.5	337,500.00
M	13/09/2007	13/03/2053	5,000,000.00	4.5	225,000.00
M	12/10/2007	12/04/2053	5,000,000.00	4.6	230,000.00
M	05/11/2007	05/05/2057	5,000,000.00	4.6	230,000.00
M	15/08/2008	15/02/2058	5,000,000.00	4.39	219,500.00
M	02/12/2011	02/12/2061	5,000,000.00	3.98	199,000.00
			1,005,654,117.89		54,210,901.68

SALIX

Loan Type	Start Date	Maturity Date	Principal Outstanding (£)	Interest Rate (%)	Annual Interest (£)
E	07/01/2015	01/09/2021	315,828.56	0	0.00
E	31/03/2015	01/04/2023	1,081,738.44	0	0.00
E	22/09/2015	01/10/2023	285,739.61	0	0.00
			1,683,306.61		0.00

Finance and Resources Committee

10.00am, Tuesday 7 November 2017

Edinburgh Health and Social Care Partnership – Update on Financial Position of City of Edinburgh Council Services

Item number	7.8
Report number	
Executive/routine	
Wards	
Council Commitments	

Executive Summary

At its meeting on 28 September, the Finance and Resources Committee considered an update on the in-year, Council-wide revenue monitoring for 2017/18. Based on projections at month 5 and taking account of mitigating actions identified, the report advised of a potential full-year overspend of £9.1m for Health and Social Care. The projected overspend reflected significant demand-led pressures, together with £6.0m of slippage on planned demand management savings initiatives. The forecast represented an increase of £2m compared to the period 3 position, and reflected service levels at period 5, with no provision for any further uplift in activity. Given the seriousness of this position, members of the Committee asked the Interim Chief Officer of the Edinburgh Health and Social Care Partnership to provide a service-specific update to the Committee on 7 November.

Work to identify and deliver appropriate mitigating actions is continuing apace. This report notes an improvement in the projected overall in-year position, albeit highlighting further pressures in Health and Social Care that will require concerted and sustained action to regain financial stability. Several management actions have been initiated and these are detailed in the report. Significant and long-standing pressures are evident in the current financial position. Returning to balance will require major redesign of services, radical changes in thinking and approach, and the involvement of all partners and stakeholders.

Edinburgh Health and Social Care Partnership – Update on Financial Position of City of Edinburgh Council Services

1. Recommendations

- 1.1. The Finance and Resources Committee is asked to:
 - 1.1.1. note the current financial forecast for Health and Social Care, which is based on current levels of service delivery
 - 1.1.2. note the potential additional cost of unmet need
 - 1.1.3. note the range of mitigation measures instigated by the Interim Chief Officer
 - 1.1.4. note that work is ongoing to assess the level of increasing demand and unmet need and to evaluate opportunities for financial savings and demand management, and that the Interim Chief Officer will provide regular updates on progress to the Finance and Resources Committee
 - 1.1.5. refer this report to the Governance, Risk and Best Value Committee as part of its work programme.

2. Background

- 2.1 At its meeting on 28 September, the Finance and Resources Committee considered the in-year, Council-wide revenue monitoring report for 2017/18. Based on projections of expenditure and income and taking account of mitigating actions identified, the report highlighted a potential full year overspend of £9.1m for Health and Social Care. Given the seriousness of this position, members of the Committee asked the Interim Chief Officer of the Edinburgh Health and Social Care Partnership to provide a service specific update to the Finance and Resources Committee on 7 November.

3. Main report

- 3.1 In recognition of the level of concern about the financial position, the Interim Chief Officer undertook to provide a service-specific update to the Finance and Resources Committee as a matter of priority. The Partnership faces considerable

pressures to meet financial targets, deliver approved savings programmes and operate within established budgets. It also faces significant levels of unmet need, which, if addressed with current models of provision, would increase pressure on the financial position.

- 3.2 Increasing demand, failure to implement previously approved savings / demand management programmes, together with significant and growing waits for assessment and service have placed extreme strain on the budget. The Partnership faces growing numbers of people waiting for services. As of 16 October 2017, 169 people were delayed in hospital, 700 people were waiting in the community for c7,000 hours of service and assessments were outstanding for 1,836 people.
- 3.3 These demand-led pressures and non-delivery of approved savings are reflected in the latest year-end forecast position for the Partnership's Health and Social Care services, which shows an overspend of £9.1m. This is after application of a £2.25m allowance for demographic growth from the Edinburgh Integration Joint Board (EIJB) and demonstrates a deterioration from the position reported at month 3. A summary is given in table 1 below:

	Period 5 Forecast Variance
Employees	(£1.0m)
Purchasing	£9.75m
Transport	£0.25m
Supplies (Legal)	£0.4m
Transfer Payments	£0.2m
Income	(£0.5m)
Net Expenditure	£9.1m

Table 1: Health and Social Care forecast outturn 2017/18

- 3.4 This forecast reflects service levels at period 5 and *does not* include provision for any further uplift in activity, either in terms of increased baseline demand or through addressing the waiting lists.
- 3.5 The EIJB will review the extent to which uncommitted financial plan funding can be reprioritised in year. A proposal to release a further £2m from inflation provisions that are no longer required to partly offset the financial implications of demographic growth will be presented to the EIJB on 17 November. If agreed, this would reduce the projected overspend to £7.1m. Work is continuing to identify further opportunities to reduce the level of projected overspend.
- 3.6 Members will be aware that the most recent Council-wide revenue monitoring update considered by the Finance and Resources Committee on 28 September 2017 indicated that without further remedial action, there would be a potential

overall year-end overspend of £4.0m, representing the net effect of significant overspends in Health and Social Care (£9.1m) and other Council services (£3.5m), offset by one-off savings (or savings already assumed in the budget framework in future years) of £8.6m.

- 3.7 In light of the projected position at that time, the report confirmed that a further tightening of financial and workforce controls had been implemented. When combined with a review of discretionary expenditure priorities, the identification of the proposed additional contribution of £2m from the Social Care Fund, and active management of risks and pressures for the remainder of the year, it is anticipated that this will allow a projected balanced position for the Council to be reported to the Finance and Resources Committee's November meeting.
- 3.8 While the improvement in the overall projected position of the Council is to be welcomed, underlying pressures in Health and Social Care require to be addressed on a sustainable basis to ensure a stable longer term financial position. The Council's financial strategy for 2018/19, as reported to Finance and Resources Committee on 27 October 2017, seeks the identification of savings sufficient to address the underlying structural pressures of £7.1m in Health and Social Care. Specific savings proposals totalling £1.1m relating to disability day services alignment, discretionary expenditure, and legal services have been identified, and are included in the Council's proposals for budget engagement. A £3m savings target for Health and Social Care, representing savings originally planned for delivery in earlier years, has been set for 2018/19, and updates on development of specific initiatives will be provided through regular reports to Committee. The net effect of the above additional funding and assumed additional savings would result in an uplift of £3m in the Council's baseline offer to the EIJB for 2018/19, with compensating savings proposed across other Council services.
- 3.9 It is in this context that the Council Leadership Team and Partnership Senior Management Team have identified a series of mitigating actions. Some of these initiatives will deliver reductions in the cost base, whilst others will support the management of capacity, seeking to increase service delivery without additional costs. An important element of this approach is the reinvigoration of previously agreed schemes (reablement, telecare and brokerage), together with development of a pipeline of prioritised projects. Specifically, the Interim Chief Officer, supported by the Senior Management Team, has:
- 3.9.1 developed and agreed a "Statement of Intent", which sets out the challenges facing the Partnership and begins to articulate how efforts will be prioritised to tackle them
- 3.9.2 established a Savings Governance Board, chaired by the Interim Chief Finance Officer for the Edinburgh Integration Joint Board with a remit to support the development and oversee the implementation of the savings and recovery programme across all Partnership services; membership of the board includes senior leadership from the Partnership, with support from

finance staff from the Council and NHS Lothian and an experienced Council project manager.

- 3.9.3 *Targeted reablement* – the criteria for entry to the reablement service, which had been relaxed in response to delayed discharge pressures, has been reinstated. Locality Managers have been tasked with discharging those services users who have been reabled successfully into mainstream services and ensuring only new service users who meet the criteria enter the reablement service. As a result, the average package of care should be reduced in line with the target of 45%. Benefits are currently tracking at 49%. There is an additional opportunity to reduce the unit cost of the service through improved productivity. The proposal for this is being developed and is anticipated to realise in year benefits.
- 3.9.4 *Telecare* – a detailed implementation plan is being developed to provide telecare services to new service users each month, thereby reducing reliance on care at home and care and support services. The project delivery team is working with locality teams to identify the cohorts of service users and accelerate progress.
- 3.9.5 *Support planning and brokerage* – three interrelated work streams have been developed in the scope of this scheme. First, delivery plans are being finalised for the North-East locality test of change, which focuses on developing the asset-based approach to assessment and support planning for a targeted number of people. The scope includes older people, people with learning disabilities, physical disabilities and mental health problems, and is due to ‘go live’ from 4 December.
- 3.9.6 *Care at home and care and support services* – pending full implementation of the schemes detailed above, Locality Managers have been tasked with reviewing all extant packages of care. This incorporates a review of all high cost packages of care, sleepover arrangements, overnight services and a parallel review of the productivity of in house services. Work has been commenced to consider alternative models to address the contractual issues and increase capacity.
- 3.9.7 *Workforce* – as above, there are several strands to this work stream, including: the instigation of staffing controls, with all vacancies being authorised by the executive management team; increased controls over the use of all supplementary staffing, with all requests for agency cover now signed off by Cluster Managers; “star chambers” held with care homes to address budget overspends; a review of the options to support robust rota management; scrutiny of all current vacancies and fixed-term contracts with a view to identifying potential efficiencies; and an acceleration of appropriate elements of the phase 3 organisational review.
- 3.9.8 *Development of specific savings initiatives* – as noted in paragraph 3.8, a savings target of £3m is assumed in the Council’s budget proposals for

2018/19, and specific initiatives will be developed with updates provided to Committee. Areas under consideration include: further staff savings through enhanced workforce controls; comprehensive review of charges; a review of services, including homecare and reablement; and a review of grants.

- 3.9.9 *Supplies and procurement* – a General Supplies Group, supported by Procurement, will be established with a remit to ensure best value is delivered for all products that are either high volume/low cost or high cost/low volume. A one-off review of inventory will be undertaken and opportunities to introduce a “top-up” system in care homes will be investigated. A similar approach has yielded results previously in NHS Lothian, and this project will be supported by senior managers from the Royal Infirmary of Edinburgh.
- 3.9.10 *Internal controls* – a number of actions have been initiated to strengthen internal controls: an internal audit review to assess the adequacy and effectiveness of controls established across Health and Social Care to support home care service delivery has been added to the 2017/18 internal audit plan at the request of the Interim Chief Officer and Council Head of Finance; work is underway to develop a weekly management dashboard highlighting movements in service volumes; a monthly process to cleanse commitment data in Swift has been agreed to support financial monitoring; and weekly reports are now being issued to Locality Managers providing details of all new commitments approved through Direct Payments and Individual Service Funds.
- 3.9.11 The Interim Chief Officer has initiated a review of all uncommitted funds within the Social Care Fund and Integrated Care Fund and an update will be reported to the EIJB on 17 November.
- 3.9.12 An Assessment and Review Board has been established, and this group will lead on the development of a plan to prioritise outstanding assessments. An update on this matter, including proposed funding arrangements, will be reported to EIJB on 17 November.
- 3.9.13 *Budget realignment and budgetary control* – work is ongoing to realign budgets, expenditure and commitments to reflect new organisational structures to provide the basis for effective ongoing financial management by senior managers.
- 3.9.14 *Other schemes* – several miscellaneous projects are also underway, including a targeted exercise to increase clawback of direct payments that are no longer required; a review of transport arrangements in line with the Council-wide transformation project, and scrutiny of all discretionary expenditure.
- 3.10 The cost of assessing and providing services for all the people who are waiting is significant. It is not possible to estimate the exact figure with accuracy, given that: needs change over time; some assessments will result in no service being required

and others will lead to a wide range of demand; however, an initial estimate indicates that costs might be in the region of £20m over two financial years.

4. Measures of success

- 4.1 Achieving a balanced overall budget outturn position for 2017/18 at the same time as delivering key service performance indicators carries a high risk. The measure of success is therefore defined as ensuring no additional growth in the overspend and reducing costs wherever possible.

5. Financial impact

- 5.1 Delivery of a balanced budget in any given year is contingent on the development and subsequent delivery of robust savings, alongside management of all risks and pressures, particularly those of a demand-led nature.
- 5.2 The Council's Financial Regulations set out Chief Officer, Executive Director and Senior Manager responsibilities in respect of financial management, including regular consideration and ongoing active management of delegated service budgets.

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. Despite this overview, however, it is not possible to mitigate all the risks associated with the delivery of a balanced budget when this is constrained by the reductions in public expenditure required by the government's financial settlements.
- 6.2 Regular updates on the financial position will be considered by the Partnership management team, Council Leadership Team, Council Committees and the EIJB.

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 The Corporate Leadership Team has formally reviewed and discussed the in-year monitoring position and year-end projection. The Chief Executive has tasked Executive Directors with identifying mitigating actions to address in-year pressures and to review opportunities for additional savings proposals.
- 9.2 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 regular consultation and engagement.

10. Background reading/external references

- 10.1 [Revenue Budget Monitoring 2017/18](#) – update: Report to Finance and Resources Committee, 28 September 2017

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11. Appendices

None

Finance and Resources Committee

10.00am, Tuesday, 7 November 2017

Workforce Dashboard – August 2017

Item number	7.9
Report number	
Executive/routine	
Wards	

Executive Summary

The workforce dashboard for August 2017 indicates there were increases in employee numbers and associated costs due to planned staffing requirements. The increase in on-payroll employees was primarily associated with Communities and Families, particularly within schools arising from the utilisation of the additional Pupil Equity Fund allocation. In addition, the need to cover employee holidays in some key services, such as Health and Social Care, and other short term seasonal resource requirements during the peak tourist period occurred, leading to the overall rises reported.

Workforce Dashboard – August 2017

1. Recommendations

- 1.1 To review and note the workforce information contained in the dashboard.

2. Background

- 2.1 At its meeting on 5 September 2017 the Finance and Resources Committee asked that the workforce dashboard be reported every two months.

3. Main report

- 3.1 The attached dashboard (Appendix 1) provides workforce information on:
- the number of Full Time Equivalent (FTE) staff employed by the Council, the type of contract they are employed through and the turnover of new starts and leavers;
 - trends on absence rates, including the top five reasons for both short and long-term absence;
 - the cost of the pay bill, including the cost associated with new starters and leavers;
 - insight relating to the Council's new performance framework, launched earlier this year, including the percentage of annual conversations that are currently recorded on the system and the number of Conversation Spotlight workshops that have been delivered, along with the associated summary feedback received from employees who have attended the course;
 - the number of Voluntary Early Release Arrangement/Voluntary Redundancy (VERA/VR) leavers and associated cumulative budget savings; and
 - the number of redeployees and associated costs.
- 3.2 The August 2017 dashboard shows an increase in FTE of 428 made up of a combination of permanent, temporary and fixed term contracts of employment. 389 FTE were in Communities and Families of which 343 FTE were in primary and secondary schools. This was anticipated due to the recent Pupil Equity Funding allocated to education.

- 3.3 The workforce FTE increase has an associated increase of £10.7m to the pay bill for August 2017. This equates to an approximate annual salary of £25k per new starter which would be in line with the majority of new roles, e.g. probationary teacher starting salary is £22,216. Increased costs also include the national cost of living pay award for local government employees being implemented retrospectively.
- 3.4 There has also been an increase in agency costs in August 2017. The greatest cost increase is for the ASA agency, mostly utilised in health and social care and, particularly in-home care provision, where statutory requirements require that holidays and absences must be covered.
- 3.5 The August dashboard further reports a cost increase from June 2017 for both casual and supply hours worked. This is expected due to cover for holidays, e.g. locum/intermittent social care and for seasonal service delivery, e.g. cultural venues for the festivals.
- 3.6 The total spend in the August 2017 period for Working Time Payments and overtime payments includes the back-dated pay award to 1 April 2017.
- 3.7 In order that the Council can make informed decisions on its recruitment plans, the HR service is working with senior managers to produce detailed information on permanent, fixed term and agency recruitment. Whilst this work is being completed there will continue to be limited recruitment in areas such as schools, social workers and roles funded by the Housing Revenue Account, however a recruitment pause has been applied for all other roles, with enhanced controls being operated by Executive Directors.
- 3.8 The rolling absence rate for the Council remains relatively static at 5.31%, down from 5.33%. The focus continues to be on reducing this figure through the activities previously reported, including updating the Council's occupational health and employee assistance programme provision, which forms a separate report to the committee. It is important to note that absence levels attributable to stress has increased by 0.5% since June. The absence workstream will pull together all research and activity to date to focus on absence hot spots and prevention and wellbeing approaches within the Council.
- 3.9 The total number of employees on the redeployment register has reduced to 35 from 60 since June. There are 16 people in non-funded posts, a reduction of 8 since June 2017.
- 3.10 Current organisational reviews are:
- Facilities Management (Janitorial staff);
 - Family and Household Support within Safer and Stronger Communities; and
 - Executive Support within Customer.
- 3.11 Reviews of Health and Social Care (Phase 3), Facilities Management (Cleaners) and Strategy and Insight are currently in the planning stage.

- 3.12 People accounting for 942.4 FTE are confirmed as leaving the Council through VERA/VR arrangements. This equates to £35.3m recurring savings.
- 3.13 The 35 employees currently on the redeployment register, represents an annual salary cost of £1.4m.
- 3.14 The Career Transition Service continues to support those on the redeployment register, and those subject to organisational reviews, through recruitment and selection training and career counselling.
- 3.15 The “Looking Ahead” recorded completion rates for the new performance framework are low. Line managers have been tasked with ensuring completion and recording in the myPeople system for all employees in Grades 5 to 12 posts by the end of October 2017. The emphasis to date has been on ensuring having meaningful conversations have been taking place between managers and their direct reports. The focus in future will be to ensure these are also properly recorded.
- 3.16 Conversation Spotlight sessions continue to be held across the Council and feedback is consistently positive from those managers attending this training. Following discussions at the Corporate Leadership Team, these sessions will now become more targeted to services areas that will gain the greatest benefit from becoming full and early adopters of the new performance framework approach.

4. Measures of success

- 4.1 That, where possible, the Council achieves the necessary employee reductions by voluntary means and delivers the Council Business Plan commitment of no compulsory redundancies.
- 4.2 The costs of unfunded individuals are managed as robustly as possible.
- 4.3 That the monitoring of appropriate workforce data and information will evidence that the Council is on track to achieve targeted budget savings.
- 4.4 That lost working time due to sickness absence is managed and within our target of 4.0%.
- 4.5 All employees have a ‘looking forward’ conversation to set their performance objectives and development priorities for this performance year.

5. Financial impact

- 5.1 The confirmed reductions from voluntary severance arrangement will achieve recurring annualised cost savings (including national insurance and pensions) of £35.3m.

6. Risk, policy, compliance, and governance impact

- 6.1 The voluntary severance releases are essential to ensure that the Council can manage and plan the people impact of achieving the planned business change and associated savings.

7. Equalities impact

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

8. Sustainability impact

- 8.1 There is no sustainability impact of this report.

9. Consultation and engagement

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

10. Background reading/external references

- 10.1 [Managing Workforce Change – Workforce Dashboard Report to Finance and Resources Committee on 5 September 2017](#)

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11. Appendices

Appendix 1 – Finance and Resources Committee Workforce Dashboard

Finance and Resources Committee

10am, Tuesday, 7 November 2017

Homelessness Prevention – Locality Support Services – Contract Ref: CT 0266

Item number	7.10
Report number	
Executive/routine	
Wards	
Council Commitments	9

Executive Summary

This report seeks the approval of the Finance and Resources Committee to award contracts to Ypeople / Sacro and Four Square for the provision of Locality Support Services for Homelessness Prevention. The contracts will run from 1 March 2018 for a period of three years, with annual options to extend for a maximum of two further years.

The contracts will replace contracts for pilot projects that commenced on 13 October 2014, subsequently extended, and will terminate on 28 February 2018.

The total estimated value of the contracts, including extension is £9,810,225 (£1,962,045 per annum). Compared to the contract costs of the pilot projects (£2,227,617 per annum), this will represent a saving of £1,327,860 over five years (£265,572 per annum).

Homelessness Prevention – Locality Support Services – Contract Ref: CT 0266

1. Recommendations

It is recommended that the Finance and Resources Committee:

- 1.1 Approves the award of contracts to Ypeople / Sacro and to Four Square for the provision of Locality Support Services for Homelessness Prevention from 1 March 2018 for a period of three years, with annual options to extend for a maximum of two further years.

2. Background

- 2.1 The Homelessness Prevention Commissioning Plan, approved by Corporate Policy and Strategy Committee on 6 September 2011, set out the need to prevent homelessness wherever possible and was part of the Council's wider City Housing Strategy 2012-2017.
- 2.2 Homelessness prevention services are intended to help service users set up and maintain appropriate accommodation; avoid eviction or loss of accommodation; and prepare for and/or maintain living independently.
- 2.3 The service was designed for people who are 16 years and older and who are at risk of becoming homeless, are homeless or have recently experienced homelessness.
- 2.4 On 30 September 2014, Finance and Resources Committee approved the award of contracts for pilot projects for the provision of housing support services as part of the Homelessness Prevention workstream. The contracts commenced on 13 October 2014 and were initially intended to run for 18 months.
- 2.5 The contracts were subsequently extended to allow for extensive co-production prior to the procurement of new contracts and the contracts will now end on 28 February 2018.

3. Main report

- 3.1 On 15 January 2016, the Council published a Future Contract Opportunity (FCO) notice on Public Contracts Scotland (PCS), providing information about its intention to undertake procurement of support services for homelessness prevention. Forty responses were received, registering interest in the opportunity.
- 3.2 In addition to the co-production which had been carried out during the pilot phase, a further co-production briefing meeting took place with elected members and incumbent and potential service providers on 24 August 2016.
- 3.3 This was followed by a co-production workshop with service providers on 11 November 2016, which was attended by over thirty participants and included representatives from fifteen different organisations and stakeholders from internal Council services. The topics for this event included current and future outcomes, access to services and types of support provision. The outcomes from the workshop were circulated to all interested parties on 23 December 2016.
- 3.4 Based on the outcomes from the workshop on 11 November 2016, a survey of service users was undertaken and 71 completed surveys were subsequently returned by service users. A follow-up event for service users was held on 14 February 2017 and was attended by ten service users.
- 3.5 The service users were given the opportunity to speak about their experiences of the existing support services, including how it helped them, what was important about the support they received and what could be changed or done differently in future. This feedback from service users was used to develop the specification for the new contract.
- 3.6 A further stakeholder event with incumbent service providers and other interested parties was held on 1 March 2017. The topics, suggested by stakeholders, included assessment processes, early intervention support provision, visiting support provision and locality working. Stakeholders were also asked for their suggestions on how to improve services. Following this feedback the improvement work focussed on person centred support, outcome measures, innovation and worker flexibility.
- 3.7 In accordance with the requirements Public Contracts (Scotland) Regulations 2015 “Light Touch” regime. the Council published a Contract Notice on the Public Contracts Scotland (PCS) website. and an Invitation to Tender (ITT) on the Public Contracts Scotland - Tender (PCS-T) website.
- 3.8 A total of 31 organisations registered interest and accessed the ITT.
- 3.9 A provider briefing meeting was held on 23 June 2017 to inform interested parties about the requirements and about the related technical details of tendering on Public Contracts Scotland - Tender (PCS-T).
- 3.10 Information about tendering and the tender evaluation process is contained in Appendix 1.

- 3.11 A total of five tenders were received by the closing date of 17 July 2017.
- 3.12 One of the tenders scored zero against five of the seven questions in the technical (quality) evaluation. The tenderer was therefore disqualified in accordance with the Instructions to Tenderers. The reason for the unsatisfactory scores appears to have been a fundamental misunderstanding of both the requirements and how to respond to the ITT.
- 3.13 The recommendation for award of contracts is based on the completed evaluation scores for the other four tenders as detailed below:

Provider	Quality (out of 60)	Price (out of 40)	Total (out of 100)
Ypeople Sacro	55.50	40.00	95.50
Four Square	52.50	39.15	91.65
Provider C	49.50	36.06	85.56
Provider D	46.50	36.18	82.68

- 3.14 The two preferred bidders achieved the highest scores for both quality and price. Information about offer prices is contained in Appendix 1.
- 3.15 To mitigate against risk, as stated in the tender documentation, the Council will not award a contract for provision of the service in more than three of the four localities to any one tenderer.
- 3.16 Therefore, a contract will be awarded to Ypeople / Sacro for provision of the service in three localities and a contract will be awarded to Four Square for provision of the service in one locality.

4. Measures of success

- 4.1 The contracts are aligned to the four geographical localities and thereby facilitate local accountability and good governance.
- 4.2 The contracts are awarded based on the most economically advantageous tenders that met the qualitative, technical and commercial requirements.
- 4.3 The services help to achieve a sustainable Edinburgh, because service users will receive support to set up and maintain appropriate accommodation; avoid eviction or loss of accommodation; and prepare for and/or maintain living independently.
- 4.4 The Council achieves improvements in service provision and value for money by taking account of information obtained from monitoring the pilot projects and from the coproduction process.
- 4.5 The Council achieves compliance with procurement legislation, regulations, policies and procedures relating to responsible expenditure of public monies.

5. Financial impact

- 5.1 The total estimated value of the contracts, including extensions, is £9,810,225 (£1,962,045 per annum). Compared to the pilot projects (£2,227,617 per annum) this represents a saving of £1,327,860 over five years (£265,572 per annum).
- 5.2 The cost associated with procuring these contracts is estimated at between £20,001 and £35,000.

6. Risk, policy, compliance and governance impact

- 6.1 The contracts to be awarded are compliant with procurement regulations and the Council's Contract Standing Orders (CSOs).
- 6.2 The risk of legal challenge relating to contractual arrangements for the provision of these homelessness prevention support services will thereby be reduced.
- 6.3 The contracts are aligned with the four geographical localities and facilitate local accountability and good governance.

7. Equalities impact

- 7.1 An Equalities and Rights Impact Assessment (ERIA) was undertaken for the Homelessness Prevention Commissioning Plan, which was approved by the Policy and Strategy Committee on 6 September 2011.
- 7.2 An ERIA was undertaken prior to the procurement of these contracts and has subsequently been updated, to reflect the current position.

8. Sustainability impact

- 8.1 The impacts of this report in relation to the three elements of the Climate Change (Scotland) Act 2009 Public Bodies Duties have been considered, and the outcomes are summarised below.
- 8.2 The proposals in this report will neither reduce nor increase carbon emissions.
- 8.3 The need to build resilience to climate change impacts is not relevant to the proposals in this report because there are no related matters for consideration.
- 8.4 The proposals in this report will help achieve a sustainable Edinburgh, because service users will receive support to set up or maintain appropriate accommodation; avoid eviction or loss of accommodation; and prepare for and / or maintain living independently.
- 8.5 Environmental good stewardship is not considered to impact on the proposals in this report, because there are no related matters for consideration.

- 8.6 Relevant Council sustainable development policies have been taken into account and are noted at background reading later in this report.
- 8.7 The preferred bidders have offered to provide a range of community benefits related to the contracts, including opportunities for apprenticeships, student placements, training and work experience. The designated contract manager in Homelessness Services will be responsible for monitoring the delivery of these community benefits.

9. Consultation and engagement

- 9.1 Throughout the pilot and co-production process a range of consultation has taken place with existing providers, potential providers, other stakeholders and service users to ensure that the specifications developed would achieve the goals of person centred services that achieve both outcomes and value for money.

10. Background reading/external references

- 10.1 *Contract Award for Homelessness Prevention – Advice and Support Services Pilot*, Finance and Resources Committee, 30 September 2014, Item 7.10
- 10.2 *Review of the Implementation of the Homelessness Prevention Commissioning Plan and Extension of Contracts*, Finance and Resources Committee, 2 February 2016, Item 7.5
- 10.3 *Homelessness Prevention – Review of Advice and Support Pilot*, Finance and Resources Committee, 18 August 2016, Item 7.18
- 10.4 *City Housing Strategy 2012-2017*, Health, Social Care and Housing Committee, 13 December 2011, Item 11

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11. Appendices

Appendix 1

Summary of Tendering and Tender Evaluation Processes

Appendix 1

Summary of Tendering and Tender Evaluation Processes

Contract	Homelessness Prevention – Locality Support Services - Contract Ref: CT 0266		
Contract period (including any extensions)	1 April 2018 to 31 March 2023		
Estimated contract value	£9,810,225 (including extensions)		
Standing Orders observed	2.5 EU Principles have been applied 2.13 Commercial and Procurement Services provided resource to undertake tendering 3.2 Director has responsibility for all contracts tendered and led by their Directorate 5.1 Tenders evaluated on basis of most economically advantageous tender		
Portal used to advertise	Public Contracts Scotland - Tender		
EU Procedure chosen	Open Procedure		
Tenders returned	5		
Tenders fully compliant	5		
Recommended suppliers	Ypeople / Sacro Four Square		
Primary criterion	Most economically advantageous tenders to have met the qualitative and technical specification.		
Evaluation criteria and weightings and reasons for this approach	Quality 60% Price 40%		
	Quality was considered more important than price in the context of the service.		
	Service Delivery		25%
	Organisational structure plan relating to delivery of the service		10%
	Arrangements for performance management		15%
	Practical support to service users		25%
	Application of lessons learned in the context of future service delivery		10%
	Fair Work Practices		10%
	Community Benefits		5%
Evaluation Team	Council officers from Homelessness Services with relevant experience.		
Consideration of procurement methodology and processes to ensure SME friendly	An open procurement procedure was used, which meant that any provider could register interest and submit a tender. A provider briefing meeting was held on 23 June 2017 to inform interested parties about the requirements and about the related technical details of tendering on Public Contracts Scotland – Tender (PCS-T).		

	Services were split into localities to reduce contract size and improve access to SME's	
Prices (per service user)	Ypeople / Sacro	
	Visiting Support	£1,304.76
	Early Intervention / Mediation	£945.00
	Four Square	
	Visiting Support	£1,350.00
	Early Intervention / Mediation	£900.00
	Provider C	
	Visiting Support	£1,455.00
	Early Intervention / Mediation	£1,018.50
	Provider D	
	Visiting Support	£1,450.00
	Early Intervention / Mediation	£1,015.00

Finance and Resources Committee

10.00am, Tuesday, 7 November 2017

Award of Contract for the provision of Occupational Health Services and Employee Assistance Programme

Item number	7.11
Report number	
Executive/routine	
Wards	
Council Commitments	

Executive summary

This report seeks the approval of the Finance and Resources Committee to award the contract for the provision of Occupational Health (OH) services and Employee Assistance Programme (EAP) to People Asset Management Limited (PAM).

The contract term will be three years with an option to extend for a further 12-month period. The total maximum estimated value of this contract, including extensions, is £3.5 million which is based upon the Council's current utilisation levels.

Savings are expected of approximately £175k per annum (£700k over the 48 months of the contract, including the extension period).

Award of Contract for the provision of Occupational Health Services and Employee Assistance Programme

1. Recommendations

- 1.1 It is recommended that the Finance and Resources Committee approves the award of a contract for Occupational Health Services and Employee Assistance Programme to People Asset Management Limited, (PAM) from 8 January 2018 to 7 January 2021 with the option to extend for a further 12 months.

2. Background

- 2.1 The Council currently has a contract with Health Management Ltd (A MAXIMUS Company), (HML), through a Framework for OH services with Government Procurement Service (GPS), (now known as Crown Commercial Services) (CCS). This contract was awarded in October 2013 for a three-year term with an optional 12-month extension. The extension option was exercised in October 2016 and operated under the existing contract terms and conditions, with a further extension approved between October 2017 and January 2018, pending the award of a new contract.
- 2.2 In addition to the contract with HML, the Council has a contract for EAP with Rehab Works, (trading as Workplace Wellness, formerly known as Right Corecare Limited). The current contract is in place until 5 January 2018.
- 2.3 The Council requires these services to meet its statutory obligations in respect of the management of employee health, safety and wellbeing and to deliver on its wider commitment to the health and wellbeing of its employees.
- 2.4 The retendering and subsequent award of this contract is to work with one single provider for OH and EAP services. This will reduce costs whilst improving service provision and improving value for money by:
- setting clear Key Performance Indicators (KPIs) for the service provision;
 - maximising efficiencies and economies of scale by offering the OH and EAP service provision as part of the same package;
 - delivering a high quality, responsive and cost-effective service;
 - support the reduction of sickness absence through focussing on interventions related to illnesses and helping employees back to work; and

- ensuring the Council Leadership Team (CLT) and Wider Leadership Team (WLT) are committed to, and aligned with, our new approach to prevention of absence and actively promoting the OH service and the EAP.

3. Main report

Occupational Health Services and Employee Assistance Programme

- 3.1 HML have been the Council's primary supplier of OH services since October 2013. Alongside this, Rehab Works, (trading as Workplace Wellness) have provided an EAP since January 2014.
- 3.2 There are likely to be TUPE implications associated with the transfer of this contract, with any relevant HML staff transferring to PAM. This will be managed and agreed, post contract award, by HML and PAM. This does not create any direct liabilities or impact for the Council.
- 3.3 A full implementation plan will be developed to ensure a successful transition to the new contract. This will include:
- a detailed implementation plan in readiness for the start of the new contract;
 - updates to key stakeholders including Councillors, the Corporate Leadership Team (CLT), Wider Leadership Team (WLT) and Trade Unions;
 - communications to all staff;
 - development of robust governance and contract management and insightful/management information; and
 - appropriate training for line managers, to ensure the services are promoted and utilised effectively.

Procurement Approach

- 3.4 The completion of a mini competition for OH and EAP services through the Crown Commercial Service (CCS) Framework was required to determine best value for Occupational Health Services, Employee Assistance Programmes and Eye Care (Ref:RM3795).
- 3.5 This Framework was awarded following a national competition for central and local government and agencies with the contract being divided into four Lots:

LOT	DESCRIPTION
1	Full Service Occupational Health Services and Employee Assistance Programmes
2	Occupational Health Services only
3	Employee Assistance Programme only
4	Eye Care

- 3.6 The CCS Framework bids were evaluated on the most economically advantageous tender with the evaluation criteria for Lots One to Three being, Quality 60% and Price 40%, with the Council opting for Lot One. As per the terms of the Framework, for further competition, we could modify the evaluation percentage weightings using a variance level of +/- 10%.
- 3.7 A delay in the CCS Framework contract award resulted in a reduced procurement timeframe. Following the initial analysis of the Framework bids, Commercial and Procurement Services (CPS) together with Human Resources conducted pre-market engagement with the three suppliers awarded onto Lot One of the Framework to get clearer answers from bidders around quality and price.
- 3.8 The mini competition was published on 29 August 2017 via the Quick Quote facility on Public Contracts Scotland to the three suppliers who were awarded a place on the CCS Framework for Lot one.
- 3.9 Following the deadline of 12 September 2017, two tender submissions were received, which were then independently scored and checked for compliance by suitably qualified evaluators. The third tenderer declined on the basis of not having the capacity at that time to submit a bid.
- 3.10 To identify the tender offering best value, the tender evaluations included an emphasis on quality as well as price as per the terms of the Framework. As the contracting authority, we were able to modify the percentage weighting to meet our requirements using a variance level of +/- 10% which resulted in the split being Quality 50%/Price 50%. The cost/quality ratio was set to reflect the Council's need to provide quality services at the most economical price. A summary of the tender process is set out in Appendix 1.
- 3.11 The tender results for the two tenders received are as follows:

Bidders	Quality Score (50%)	Price Score (50%)	Totals
PAM	39	50	89
Bidder 2	36.25	39.68	75.93

- 3.12 The outcome of the tender evaluation is that PAM submitted the most economically advantageous tender and is the preferred bidder.
- 3.13 The successful bid from PAM, based upon the Council's indicative spend for OH and EAP services over the previous financial year, projects a cost saving of £700K (16.7%) over the entire contract period.
- 3.14 The contract will be managed by Human Resources which will track benefits and work in partnership with PAM to develop and enhance management information and reporting throughout the life of the contract to enable continuous improvement on both sides.

4. Measures of success

- 4.1 By awarding this contract there will be:
- significant cost saving for the Council on overall spend on OH and EAP services; and
 - agreed KPIs with PAM which will be monitored to ensure contracted levels of service are achieved. (see Appendix 2).

5 Financial impact

- 5.1 The estimated contract value is £3.5million. This sum is indicative of average spend based on a monthly average for OH and EAP services. Contract spend and utilisation of the EAP service will be monitored on an ongoing basis to promote the service and encourage uptake.
- 5.2 The prices are fixed for the life of the contract and for any extensions.
- 5.3 The successful bid from PAM, based upon the Council's indicative spend for OH and EAP services, projects a cost saving of £700K over the contract period including extension. This cost saving represents a direct comparison between our current spend and PAM's tender.
- 5.4 The costs associated with procuring this contract are estimated at between £20,001-£35,000.

6 Risk, policy, compliance, and governance impact

- 6.1 A full implementation plan will be developed to ensure a successful transition to the new contract.
- 6.2 Human Resources will work with line managers, trade unions and Communications to drive compliance and the use of one supplier by introducing clearer guidelines to all staff.
- 6.3 Human Resources will work with the preferred supplier to ensure success in meeting all OH and EAP demands.
- 6.4 Human Resources will take overall responsibility for managing the contract and implementing control and governance monitoring.

7 Equalities impact

- 7.1 An Equality and Rights Impact Assessment (ERIA) has been completed and there are no direct impacts arising from this report.

8 Sustainability impact

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

9 Consultation and engagement

- 9.1 Commercial and Procurement Services has been engaged in the procurement of this service contract.
- 9.2 The Corporate Leadership Team has been consulted upon and advised about this procurement.
- 9.3 Consultation and engagement with Trade Unions has been undertaken via the Partnership at Work forum and will be an ongoing requirement following this procurement.
- 9.4 Consultation with staff via a wellbeing survey to inform the needs from this service.

10 Background reading/external references

- 10.1 Advisory, Conciliation and Arbitration Service (ACAS) Managing Staff Absence: A step by step guide <http://www.acas.org.uk/index.aspx?articleid=4206>
- 10.2 Chartered Institute of Personnel and Development (CIPD) Absence Measurement and Management: <https://www.cipd.co.uk/knowledge/fundamentals/relations/absence/factsheet>

Stephen S. Moir

Executive Director of Resources

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11. Appendices

Appendix 1 - Summary of Tendering and Tender Evaluation Processes

Contract	Occupational Health and EAP services
Contract period (including any extensions)	3+1 to commence on 8 January 2018
Estimated contract value	£3.5 million (Total including extension)
EU Procedure chosen	Mini Competition utilising Crown Commercial Services (CCS) Framework RM3795 – Occupational Health Services, Employee Assistance Programmes and Eye Care Services
Invitation to tender issued	3
Tenders returned	2
Recommended supplier	People Asset Management Limited (PAM)
Primary criterion	Most economically advantageous tender (MEAT)
Evaluation criteria and weightings and reasons for this approach	Occupational Health and EAP services (Lot 1)
	Quality 50%
	Price 50%
	Quality
	Management Referrals 16%
	Health Surveillance 10%
	Physiotherapy 12%
	Counselling Sessions 5%
	Wellbeing App 1%
	OH & EAP combined 1%
	functionality
	Management Advice 5%

Evaluation Team	Head of Human Resources Employee Relations and Reward Senior Manager Health and Safety Senior Manager Employee Relations Consultant
Procurement Costs	£20,001-£35,000

Appendix 2 – Key Performance Indicators

Occupational Health

Online Portal

- Online Portal to be available fifty-two (52) weeks a year, Monday to Friday 08:00 to 18:00, excluding Public and Bank Holidays, except for agreed downtime and maintenance which will be agreed with the Council at least seventy-two (72) hours in advance of such work being carried out.

Telephone Support Services

- All telephone support line Services to be available Monday to Friday 08:00 to 18:00, fifty-two (52) weeks a year (or as defined by the Council) excluding public and bank holidays.
- All calls to be answered within five (5) rings.

Case Management

- Occupational Health Advisor or Occupational Health Physician face to face consultation to be held and report to be provided within 10 working days of Council referral (including confirmation of appointment to the employee and line manager).
- Occupational Health Advisor telephone consultation to be held and report to be delivered within four (4) working days of Council referral.
- Occupational Health Physician telephone consultation to be held and report to be delivered within seven (7) working days of Council referral.
- All written case reports to be right first time (with correct level of information and details).

Health Surveillance and Fitness for Task

- All health surveillance, monitoring and specialist fit for task assessments and reports to be completed within ten (10) working days of referral.

Pre-Appointment and Pre-Enrolment Checks

- Delivery of report to Council following online screening within twenty four (24) hours.

Physiotherapy

- Appointment and first face-to-face physiotherapy session to take place within seven (7) calendar days of referral.

Complaints

- All customer Complaints to be acknowledged within one (1) Working Day of receipt.
- Customer complaints to be resolved within ten (10) working days.

Contract Management

- All invoices right first time, provided with supporting Data and received at the agreed times.
- Account management support available Monday to Friday 8am - 6pm with responses to queries from the Council within one (1) Working Day.

Management Information

- Management Information delivered at agreed periods with Council (defined at Call Off stage).

Employee Assistance Programme

Telephone Support Services

- All telephone support line Services to be available twenty-four (24) hours a day, seven (7) days a week, three hundred and sixty-five (365) days a year.
- Urgent or 'red flag' cases will be matched immediately for telephone support.
- All calls to be answered within five (5) rings.
- Call abandonment rate to be less than two (2)%.
- Call-back to Council by EAP adviser (not including counselling), following initial contact to take place within four (4) hours of first contact or next Working Day if agreed by Council.
- Initial call back to Council following triage, to take place within two (2) hours.
- All queries not requiring counselling Services to be completed within twenty-four (24) hours.

Online Portal

- Online Portal to be available twenty-four (24) hours a day, seven (7) days a week, three hundred and sixty five (365) days a year a day except for agreed downtime and maintenance which will be agreed with the Council at least seventy two (72) hours in advance of such work being carried out.

Counselling Services

- Counselling Services to be available twenty-four (24) hours a day, seven (7) days a week, three hundred and sixty five (365) days a year.
- Urgent or red flag cases will have first face to face counselling session offered within twenty four hours of first contact (if need determined).
- All counselling appointments (telephone, e-counselling or face to face) to be arranged within 48 hours of first contact.
- Initial counselling session to take place within 5 days of first contact.

Trauma and Critical Incident Support

- Where critical incident procedures have been invoked, all employees must have access to designated telephone support within two (2) hours of notification.

- A workplace site presence with the appropriate number of skilled Supplier Personnel available within forty-eight (48) hours.

Complaints

- All complaints to be acknowledged within one (1) Working Day of receipt.
- All Complaints to be updated at an interval of every two (2) Working Days.

Contract Management

- All invoices right first time, provided with supporting data and received at the agreed times.
- Account management support available Monday to Friday 8am - 6pm with responses to queries from the Council within one (1) Working Day.

Management information

- Management Information delivered at agreed periods with Council (defined at Call Off stage).

Finance and Resources Committee

10.00am, Tuesday, 7 November, 2017

Bus Tracker - Future Provision

Item number	7.12
Report number	
Executive/routine	
Wards	
Council Commitments	

Executive Summary

Edinburgh's Real Time Passenger Information (RTPI) system, Bustracker, is provided by French based company Cofely Ineo. Real time prediction is provided for all bus stops served by Lothian Buses and is now integrated with SEStran Bustracker to provide for stops served by First Bus and Stagecoach. RTPI is available via website, smartphone applications and 400 on-street signs. The system has worked reliably for over 12 years and has made a significant contribution to increased public transport patronage.

The purpose of this report is to recommend that Committee approves a waiver to extend the existing contract with Cofely Ineo to the end of 2018, at a value of approximately £675,000. Further payments of approximately £125,000 must be paid to Bridge Radio, OFCOM and Arqiva to continue full operation of the current system until the end of 2018. This will ensure the system continues to operate until the implementation of a replacement solution.

Bus Tracker – Future Provision

1. Recommendations

- 1.1 It is recommended that Committee authorises maintenance payments to the end of 2018 at an approximate cost of £800,000 to allow the Bustracker system to continue operating until the implementation of a replacement solution.

2. Background

- 2.1 The existing contract with Cofely Ineo has expired but has continued to operate under the terms of the original contract. This proposed interim arrangement provides for continuing operation and maintenance under existing terms, which were developed through the initial OJEU competitive procedure.
- 2.2 In the interests of transparency and compliance with the waiver process outlined within the Council's Contract Standing Orders, this report sets out the interim solution that is already in place. Contract Standing orders (CSOs) state that, for services in excess of £25,000, a public advertisement followed by an invitation to tender should be carried out before the award of contract. Under Paragraph 9, the CSOs can be waived if justified as a legislative exemption, or in the Council's best interests.
- 2.3 A new contract was not put in place, prior to expiry of the original contract, because it is not yet clear exactly what is required, and the development of technology in this area is fast moving. Ongoing information provision and system maintenance can only be met by the existing supplier without significant change to existing infrastructure and any change carries significant risk of reduced service reliability. For these reasons it is considered that a waiver is justified in the Council's best interests.
- 2.4 This report seeks Committee authorisation for a waiver to continue payment while an appropriate replacement is agreed.
- 2.5 The system's success is largely due to close partnership working with Lothian Buses. It is investigating newer tracking equipment for installation on its buses and any new arrangement for provision of RTP1 will need to accommodate this.

- 2.6 In order to reduce the cost to the Council, Cofely Ineo has agreed to freeze the FR/UK indexes and EUR/GBP exchange rate based on 1 January 2017 values. For example, if the Council can raise an order to cover the 2nd, 3rd and 4th quarters of 2017, the amounts payable would be based on 1 January 2017 indexes/rates.

3. Main report

- 3.1 Bustracker has been operating successfully since 2004. Although the system is open to all bus operators, only Lothian Buses invested in the tracking equipment. They installed all necessary Automatic Vehicle Location (AVL) equipment on their entire fleet and this provides a comprehensive fleet management system. The Council operates the RTPI side of the project, using data fed from the AVL system.
- 3.2 The RTPI has a positive reputation due to the accuracy of data.
- 3.3 The AVL/RTPI system is a specialist product which has been maintained by the system supplier since commissioning. Recent market testing showed that maintenance by a third party would be possible but as an interim arrangement would be impractical, costly and would introduce significant risks.
- 3.4 The system software is owned by the system supplier and any transition from existing supplier to new supplier is likely to result in significant disruption of service.
- 3.5 Bustracker is based on a combination of complex hardware, software, communications systems and transport databases. It is important to note that it is a “live” system which is used to manage the bus network 24/7. It requires the ongoing, day-to-day commitment of the project partners to deliver a high quality effective service.
- 3.6 Bustracker is one of the most successful public transport projects delivered by the City of Edinburgh Council. This is supported by system coverage and the level of use by the public:
- RTPI 24/7 for the entire Lothian bus fleet (approximately 700 buses – including tourist services);
 - RTPI for every stop in the Lothian Buses’ network – over 2,700 bus stops;
 - 425 on-street RTPI signs - with continued requests for more; and
 - approximately 12 million RTPI information requests per month on web, mobile and smartphone app services.
- 3.7 Although the existing level of use is already extremely high, web statistics suggest it is still increasing.

- 3.8 Bespoke smartphone applications target specific markets and continue to be developed. For example, Lothian Buses' own Smartphone app includes easy to use "Take Me Home" functions which:
- use smartphone GPS positioning to identify your current location;
 - provide a web based journey planning tool to plan your route from your current location to your "home"; and
 - predict the journey time to reach a destination.
- 3.9 Bustracker is integrated with SEStran Bustracker. Both systems are provided by Cofely Ineo. The SEStran system has covered much of the First and Stagecoach fleet in its area and our integration work allows RTPI predictions for relevant services to be added to on-street signs in Edinburgh.
- 3.10 The original Bustracker tender process was subject to the EU OJEU "restricted" procedure. The process was administered by the Council Commercial and Procurement Services with the support of the Bustracker Project Team. The original tender included both maintenance and the option of system expansion from the outset.
- 3.11 This recognised the complexity and specialist nature of the system and the fact that AVL/RTPI systems are not manufactured to a rigid EU or UK standard or specification. They are compliant with electrical and safety standards but the component parts, system software and overall system functionality is defined by the supplier and the needs of their customers.
- 3.12 The approach taken also satisfied the business needs of bus operator partners (both Lothian Buses and First Bus were involved in the procurement process). They were investing in the project with the aim of making Bustracker one of their key business systems. They therefore needed assurance that the system would be reliably maintained and supported from the outset.
- 3.13 As there were no obvious third party maintenance or support alternatives, maintenance costs were included in the financial assessment.
- 3.14 The approach taken also ensured that the Council did not experience the problems faced by other Local Authorities. Some Local Authorities appointed on the basis of capital costs and subsequently found themselves in a weak position when they had to negotiate maintenance, software licences and system development costs with a single supplier - the successful tenderer.
- 3.15 The current system is based on two contractual agreements between:
- The City of Edinburgh Council and Cofely Ineo - covering the supply and maintenance of the Bustracker system; and
 - The City of Edinburgh Council and Lothian Buses - covering the responsibilities of each partner regarding financial contributions, system administration operation and ongoing maintenance.

- 3.16 The Bustracker system was successfully delivered under the terms of the contract. It has been developed significantly in terms of functionality and continues to operate well. It is clear that the project is still following the principles set out in the terms of the Main Contract and the separate Agreement between the City of Edinburgh Council and Lothian Buses.
- 3.17 This approach has produced a successful AVL/RTPI system. Lothian Buses has made a significant contribution and have been and will continue to be consulted on any proposed changes to the maintenance regime.
- 3.18 An analysis of actions under the maintenance contract clearly demonstrates that the maintenance activity is much more than simply keeping the existing infrastructure and systems operational with occasional increases in the quantity of “units” (buses, signs etc) installed.
- 3.19 A major part of the maintenance activity has been to expand the capacity, functionality and performance of the system to satisfy the requirements and aspirations of the Council, Lothian Buses and the travelling public who use the system.
- 3.20 Cofely Ineo continue to perform well, actively monitoring the system with a dedicated team. They frequently identify problems and resolve issues without the travelling public being aware. Any issues reported by Council officers are dealt with swiftly and professionally.
- 3.21 Indicative costs collected from a recent soft market testing exercise of suppliers able to supply the same or similar products showed that Cofely Ineo remain good value for money with competitive pricing within the market.
- 3.22 Bustracker operates with radio communication. In addition to system operation and maintenance costs associated with Cofely Ineo; costs associated with radio site rental and licence fees must also be covered until a new arrangement is in place. These costs are payable to Bridge Radio, OFCOM and Arqiva.

Future Arrangements

- 3.23 Atkins Consultants have been assigned to assist with a full system audit and production of an options appraisal.
- 3.24 To assess the future RTPI options for the Council, the following tasks were undertaken by Atkins:
- Assessment of current ongoing RTPI system requirements from the Council and Lothian Buses;
 - Understanding the bus operators current RTPI infrastructure; and
 - Consideration of several viable RTPI options against the stakeholder requirements, their associated risks and the costs of implementation.
- 3.25 A report will be submitted to Transport and Environment Committee on 1 March 2018 on the recommended option as detailed in the Atkins report.

4. Measures of success

- 4.1 Continued accurate and reliable operation of the Bustracker system.

5. Financial impact

- 5.1 Quarterly payments to Cofely Ineo totalling approximately £675,000 will secure maintenance to the end 2018. The costs detailed cover a cross over period between migrating from the INEO system to a new system.
- 5.2 An allowance should be made for additional operating costs to cover amendments and developments that are not covered by general maintenance and improve system performance.
- 5.3 Payments of approximately £125,000 must be paid to Bridge Radio, OFCOM and Arqiva to continue full operation of the current system until the end of 2018.
- 5.4 Costs can be met from the Public Transport budget.

6. Risk, policy, compliance and governance impact

- 6.1 The recommendation in this report is consistent with existing policies and aspirations of the Council.
- 6.2 Compliance with the Council's waiver procedure under the Contract Standing Orders enhances transparency and measures of compliance.
- 6.3 Objective PubTrans5 of the current Local Transport Strategy applies to the issues addressed in this report.

PubTrans5: The Council will seek to ensure a good waiting environment at bus stops, including shelter and seating wherever necessary and possible. Relevant and up to date information will be provided.
- 6.4 The contract was originally tendered through OJEU procedure, and the risk of challenge in continuing with existing arrangements is deemed to be low due to the existing operating software belonging to Cofely Ineo. This software is commercially sensitive and not transferable to a new system operator. It is important that the procurement exercise is developed to ensure the industry is not excluded in any future tender.
- 6.5 Any disruption in service is a significant risk to Council reputation and partnership working with Lothian Buses.

7. Equalities impact

- 7.1 Continued provision or enhancement of the quality of life of users through the enhancement of access to employment, educational, leisure and shopping opportunities.
- 7.2 Withdrawing the service would particularly affect vulnerable users who rely on the reassurance provided by accurate RTPI.

8. Sustainability impact

- 8.1 The impacts of this report in relation to the three elements of the Climate Change (Scotland) Act 2009 Public Bodies Duties have been considered, and the outcomes are summarised below:
 - The proposals in this report will reduce carbon emissions by reducing dependence on transport by private car and encourage public transport use.
 - The proposals in this report will lessen the threat of climate change by making the customer journey more enjoyable on more sustainable public transport.
 - The proposals in this report will help achieve a sustainable Edinburgh because the system is open to all and promotes the use of sustainable transport.
 - The proposals in this report will help achieve a sustainable Edinburgh because of enhancing the quality of life of users through the enhancement of access to employment, educational, leisure and shopping opportunities.
- 8.2 Environmental good stewardship is not considered to impact on the proposals in this report because no natural resources will be used as part of the proposals

9. Consultation and engagement

- 9.1 Further consultation with other partners and users will be undertaken where appropriate.

10. Background reading/external references

- 10.1 None

Paul Lawrence

Executive Director of Place

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11. Appendices

None.

Finance and Resources Committee

10.00am, Tuesday, 7 November 2017

Award of Clerk of Works Framework

Item number	7.13
Report number	
Executive/routine	
Wards All	
Council Commitment:	28

Executive summary

This report seeks Committee approval to award a framework agreement for Clerk of Work Services to the organisations identified as offering the most economically advantageous bids, following a competitive tendering process. The framework consists of eight providers for the inspection of capital works supporting the Council to deliver construction, maintenance and repair programmes.

It is anticipated the framework will commence in December 2017 for a period of two years with the option to extend annually for a further two years.

The estimated value of the framework is £4m over the four-year contract period.

Finance and Resources Committee

Award of Clerk of Works Framework

1. Recommendations

- 1.1 That Committee:
 - 1.1.1 Approves the award of a framework agreement for Clerk of Works Services to BHL Consultancy Ltd, Clerk of Works Inspection Services, D A Gilmour, GHPC Group, Hickton, IMG Quality Control, Long O Donnell Associates and Ross Quality Control for an estimated £1,000,000 per annum;
 - 1.1.2 Notes the contract values above are reflective of an estimation of required Clerk of Works Services and may therefore fluctuate depending on the Council's Construction Works programme over the next four years; and
 - 1.1.3 Delegates authority to the Executive Director or Head of Service of the relevant Directorate or Service in accordance with the Scheme of Delegation for the awarding of mini competitions or direct awards call offs which are undertaken using the framework.

2. Background

- 2.1 The Council requires contractors to support and supplement the existing in-house Clerk of Works and to represent the interests of the Council to ensure that contractors perform in line with industry recognised quality standards, contract drawings and specifications.
- 2.2 At present, the Council is utilising a range of organisations to deliver Clerk of Works services through procured contractual arrangements, primarily Quick Quotes.
- 2.3 Property and Facilities Management, supported by the Commercial and Procurement team, has undertaken a review of the current arrangements with the aim to consolidate current requirements into one framework providing suitably experienced and qualified inspection services, maximising economies of scale, improving contract management efficiencies and rationalising the volume of ad-hoc procurement processes and arrangements in place.

3. Main report

- 3.1 The Council is seeking approval to appoint a number of suitably qualified and experienced Clerk of Works to carry out construction works inspections for an undefined programme of construction, maintenance and repairs predominantly for its corporate estate. The tender and evaluation process was conducted in accordance with Council Contract Standing Orders, Public Contracts (Scotland) Regulations 2015 and EU Procurement Directives.
- 3.2 On 9 August 2017, the Council undertook a full tender exercise by placing a contract notice on the Public Contracts Scotland Portal.
- 3.3 Following tender returns on 22 August 2017, 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 based on a ratio of 60% quality and 40% cost. The quality/cost ratio was determined as the Council has a requirement to ensure that the crucial quality element was of primary concern due to recommendations in the Independent Inquiry into the Construction of Edinburgh Schools (IICES) report.
- 3.4 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% were subject to a cost analysis.
- 3.5 All the bids submitted were based on a notional number of hourly rates for the services covering a range of Clerk of Work disciplines and grades which may be required under the Framework Agreement. The lowest notional cost for providing various works packages was awarded the full 40 available marks for cost with the other bids being scored on a pro rated basis. The tender results are set out below. Further information on the tendering process is available within Appendix 1.
- 3.6 The Council sought 10 organisations for appointment onto the framework, and therefore, as all 8 bidding organisations have demonstrated the necessary quality requirements, all bidding organisations are recommended for appointment onto the framework. The price scores differ significantly within the organisations largely due to the director's hourly rates within the organisations. The Council will very rarely require the services of a director for their requirements. The Building Clerk of Works and Mechanical and Electrical Clerk of Works rates are comparable and acceptable to the Council.
- 3.7 When a requirement for a Clerk of Works is identified, the Council will have the option to Direct Award to the most appropriate organisation making an assessment of availability, experience in the building and works type, cost and previous performance. Mini competitions may take place between the organisations to drive further efficiencies on cost.

- 3.8 The successful bidders have been identified by organisation name in the table below.

Tenderer	Price 40%		Quality 60%	Overall Tender	Rank
	Price	Price Scoring	Score		
Ross Quality Control	£33,744	30.3	50.4	80.7	1
IMG Quality Control	£25,560	40	35.4	75.4	2
GHPC Group	£35,200	29.05	45.6	74.65	3
D A Gilmour	£32,900	31.08	42.6	73.68	4
Hickton	£43,860	23.31	48.6	71.91	5
Clerk of Works Inspection Services	£27,640	36.99	34.8	71.79	6
Long O Donnell Associates	£38,800	26.35	42.6	68.95	7
BHL Consultancy	£48,780	20.96	34.2	55.16	8

4. Measure of success

- 4.1 The Clerk of Works framework will benefit from a suite of Key Performance Indicator's (KPI's) to facilitate the management of the framework and ensure service quality.
- 4.2 The provision of this framework will ensure that the Council has the capacity to deliver Clerk of Works services across its projected Capital project portfolio and in line with the related recommendations of the IICES report, February 2017, by Professor Cole. A key focus of the recommendations being, the delivery of construction quality.

5. Financial impact

- 5.1 The estimated value of the framework is £4m over the 4-year contract period. The majority of works will be funded by Capital Works budgets across the Council.
- 5.2 The contract value is reflective of an estimation of required Clerk of Works Services and may therefore fluctuate depending on the Council's Construction Works programme over the next four years.
- 5.5 The costs associated with procuring this contract are estimated to be up to £10,000.

6. Risk, policy, compliance and governance impact

- 6.1 Whilst previous Clerk of Works services were procured on a departmental basis, using a variety of contracting arrangements, the collective use of this framework across the Council will provide city wide benefits such as reduction in rates by approximately 9% due to economies of scale, an ability to undertake demand management through more open communication and resource planning.
- 6.2 The risks associated with not approving the framework could result in the Council failing to administer the necessary requirements to ensure site and building safety across major and minor works projects. This could result in the Council not being able to meet its agreed coalition pledges and statutory duties.
- 6.3 Not approving the framework could lead to a reduction in customer satisfaction, negative publicity and damage to the Council's reputation.
- 6.4 The use of Clerk of Works Services is a direct recommendation in the IICES report. The approval of this framework represents a significant action in the effective implementation of this recommendation.

7. Equalities impact

- 7.1 Investing in new buildings, altering and extending existing stock and improving the external environment will have a positive impact on users and local communities. As well as this it assures service users that buildings have been constructed and/or repaired in compliance with industry good practice and thorough checks.
- 7.2 Investing in Council facilities will improve the quality of life of Edinburgh residents.

8. Sustainability impact

- 8.1. The Council will operate a Community Benefits Points system (CBP) for all direct awards and mini competitions for this framework.
- 8.2 The CBP will apply when work packages are awarded to a contractor. 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.

9. Consultation and engagement

- 9.1 As Clerk of Works organisations within Scotland and the UK are limited and as demand is increasing following the recommendation in the Independent Enquiry into the Construction of Edinburgh Schools Report, Commercial and Procurement Services undertook extensive market research and engagement with the market during the tender period to ensure they were fully engaged in the process.

10. Background reading/external references

- 10.1 [Report of the Independent Inquiry into the Construction of Edinburgh Schools, February 2017](#)

Stephen S. Moir

Executive Director of Resources

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11. Appendices

Appendix 1 – Summary of Tendering and Tender Evaluation Processes

Appendix 1: Summary of Tendering and Tender Evaluation Processes

Contract	Clerk of Works Framework Agreement
Contract period	2 years + 1 year + 1 year
Contract value	£4,000,000 (estimated)
EU Procedure chosen	Open
Tenders returned	8
Recommended supplier	BHL Consultancy, Clerk of Works Inspection Services, D A Gilmour, GHPC Group, Hickton, IMG Quality Control, Long O Donnell Associates and Ross Quality Control
Primary criterion	Most economically advantageous tender to have met the qualitative and technical specification of the client department
Evaluation criteria and weightings	60% Quality, 40% Price Framework Delivery Team – 35% Clerk of Works Methodology – 25% Framework Challenges – 25% Community Benefits – 15%
Evaluation Team	Officers from the Capital Programme Team

Finance and Resources Committee

10.00am, Tuesday, 7 November 2017

Boroughmuir High School, Viewforth, Bruntsfield: Update on Proposed Sale

Item number	7.14
Report number	
Executive/routine	Executive
Wards	10 – Meadows/Morningside
Council Commitments	

Executive Summary

On 13 May 2015, the Finance and Resources Committee approved the disposal of the existing Boroughmuir High School to CALA Management Limited (CALA). The bid was subject to numerous conditions including planning permission for residential development.

A report for approval of the planning consent by CALA was submitted to the Development Management Sub-Committee, on 28 April 2017, but was refused. CALA appealed this decision, which was dismissed and the application refused on 14 August 2017.

CALA has subsequently revised the development proposals to address the concerns raised by both the Development Management Sub-Committee and the appeal decision. This report seeks Committee approval to proceed with the sale to CALA on the revised offer and the terms and conditions outlined in the report.

Boroughmuir High School, Viewforth, Bruntsfield: Update on Proposed Sale

1. Recommendations

1.1 That Committee:

- 1.1.1 Approves to continue with the sale of Boroughmuir High School, Viewforth, Bruntsfield to CALA Management Limited on the terms outlined in this report and on other terms and conditions to be agreed by the Executive Director of Resources.

2. Background

- 2.1 On 12 December 2013, the Council approved that the estimated £5m receipt from the sale of the existing Boroughmuir High School would be used as part funding for the new school at Fountainbridge.
- 2.2 Following a successful marketing process, and analysis of the 20 bids that were received, CALA Management Limited (CALA) were selected as the preferred bidder. The terms and conditions of that bid were as follows:
 - Price: £14.525m subject to a minimum guaranteed net price of £13m, payable in two tranches;
 - Overage: 50% of additional profit where average sales rate exceeds £405 per sq ft;
 - Use: 100 residential apartments comprising one, two and three bedrooms; and,
 - Conditions: Planning permission, Title, structural survey and abnormal ground conditions.
- 2.3 The sale was challenged by a counter offer from Out of the Blue, however, on 13 May 2015, the Finance and Resources Committee approved the following motion:
 1. To approve the recommendations in the report, and note that there was a significant number of unfunded capital investment priorities across the Council, as outlined in Appendix 2 of the report *Capital Investment Programme 2015-16 to 2019 -20* considered by the Finance and Resources Committee on 15 January 2015.

2. To recognise that the Capital Investment Programme was dependent on capital receipts and that the realisation of additional receipts would enable the Council to address further infrastructure requirements.
 3. To note that the Council was also committed to re-provide facilities at Leith Primary, given the forced closure of the Duncan Place building.
 4. To agree that any additional funding received from the sale of the Boroughmuir site (beyond the sum already allocated to the provision of the new school) should be used to provide funding to these priorities.
 5. To agree that the additional funding should be prioritised toward: (a). the site acquisition for a long-term solution to rising rolls in south Edinburgh and (b). the re-provision of facilities at Leith Primary school.
 6. To note that funding the site acquisition for a long-term solution to rising rolls in south Edinburgh would allow Health and Social Care to move forward with the provision of a new care home in the city and therefore welcomed the Capital Coalition's continuing commitment to tackle the issue of rising rolls in our schools; invest in school buildings, and provide better care for our most vulnerable residents.
 7. To note the Council's ongoing support to developing arts and cultural spaces in Edinburgh, as shown by projects such as the ongoing in transforming the old North British Rubber Company building in Fountainbridge into an arts centre some 600m away from the Boroughmuir site.
 8. To recognise Out of the Blue's desire to provide further arts, cultural and social space within Edinburgh and requested that Council officers met with Out of the Blue to discuss how they could work in partnership to achieve our joint aims.
 9. To request an updated Capital Investment report was presented to the Finance and Resources Committee in Autumn 2015 outlining incoming receipts and projects to be prioritised through the budget process.
- 2.4 CALA subsequently submitted a planning application for the conversion of the main existing school building to 87 residential units. The annexe would be converted to 8 affordable units. A further 20 affordable units would be developed in a new 6 storey tenement on the site.
- 2.5 On 28 April 2017, the Development Management Sub-Committee refused the application. The principal reason was that the proposed new build tenement would have a detrimental impact on the setting of the existing listed school building and the wider Conservation area.
- 2.6 CALA submitted an appeal to the Scottish Government against the decision. This was dismissed by the Reporter on 14 August 2017, supporting the reasons for refusal given by the Development Management Sub-Committee.
- 2.7 CALA has reviewed their proposals for the building and submitted an alternative proposal to the Council.

3. Main report

- 3.1 Following further discussion with the Housing, Planning and Transportation services, CALA have prepared a revised proposal. The proposal retains 87 units within the school building and 8 affordable units within the annexe block. The new build block has been reduced in size to provide 9 affordable units.
- 3.2 The proposal will deliver 17 affordable units as against a policy requirement of 26 and CALA propose to meet the shortfall by way of a commuted sum.
- 3.3 The proposed amendments have a cost implication to the price to be paid for the site. In addition to a reduction in the number of units, use of stone and slate to the proposed affordable block has increased development costs.
- 3.4 CALA has submitted a revised offer of £11.7m to purchase the site. This price is net of all abnormal costs and is subject only to planning consent being achieved for the revised scheme. This represents a reduction of £1.3m from the previous guaranteed minimum price of £13m.
- 3.5 An overage provision, whereby the Council will receive 50% of additional profit where average sales rates exceed £405 per square feet remains.
- 3.6 The amended price, on a net and weighted basis, is still above any of the other bids that were received following the original marketing.
- 3.7 Should the Council not wish to continue with the disposal to CALA, the option exists to remarket the property. However, this option carries a number of risks:
 - 3.7.1 With the exception of planning permission, the revised bid from CALA removes all other suspensive conditions. Any new bid for the site, following remarketing, would be subject to these conditions which would delay the timescale for the disposal;
 - 3.7.2 There is still a risk over achieving planning consent, however, this risk is mitigated by the revised scheme taking into account the issues for the original refusal. A remarketing of the site may result in an alternative redevelopment proposal with increased planning risk;
 - 3.7.3 CALA have proposed a minimum guaranteed price whereas any bid received following a remarketing of the property would be subject to deductions for abnormal costs as the preferred bidder works through their due diligence; and
 - 3.7.4 The timescale for a fresh marketing campaign would further delay the projected date for obtaining a capital receipt by between 18 and 24 months. This will result in substantial holding costs to the Council for the building which will shortly be vacated.
- 3.8 As a remarketing of the property will result in increased risk to the Council in terms of the timing and level of capital receipt, the option to remarket the property is not recommended.

4. Measures of success

- 4.1 A successful sale of the building will produce a capital receipt to part fund the new Boroughmuir High School. A listed building will be renovated into high quality residential apartments.

5. Financial impact

- 5.1 A capital receipt of £5.85 million will be obtained in financial year 2018/19 and a guaranteed further receipt of £5.85 million in 2020/21.
- 5.2 From the first tranche payment, £5.0 million has been approved as a contribution towards the construction of the new school facility. Of the remaining £6.7m, £2m has been ring fenced for the new Leith Primary School Gym and nursery, which is under construction, with the remainder set aside as a contribution towards the site purchase for rising rolls in south Edinburgh.
- 5.3 An ongoing and considerable maintenance liability will be removed from the Council's revenue budget.

6. Risk, policy, compliance and governance impact

- 6.1 There is a risk that CALA do not receive planning consent for the amended scheme. This will result in increased maintenance costs and a delay in realising the capital receipt.

7. Equalities impact

- 7.1 An Equality and Rights Impact Assessment has been carried out.
- 7.2 The disposal will lead to the redevelopment of a prominent and historic institutional building within the city centre. This will enhance the feeling of security for neighbouring residents and promote health and well-being.
- 7.3 The redevelopment of the site will create economic benefits for the city and will create employment which will enhance the rights of residents to productive and valued activities.
- 7.4 The redevelopment of the area will have a temporary adverse effect on the surrounding residential area, however this will be mitigated as much as possible by any contractor. The potential level of investment in the site, and the creation of high quality accessible apartments justify any short terms adverse impacts.

8. Sustainability impact

- 8.1 The proposed development will incorporate sustainable methods of construction and will meet current building standards.

9. Consultation and engagement

- 9.1 Ward Councillors have been consulted on the recommendations of the report.

10. Background reading/external references

- 10.1 None.

Stephen S. Moir

Executive Director of Resources

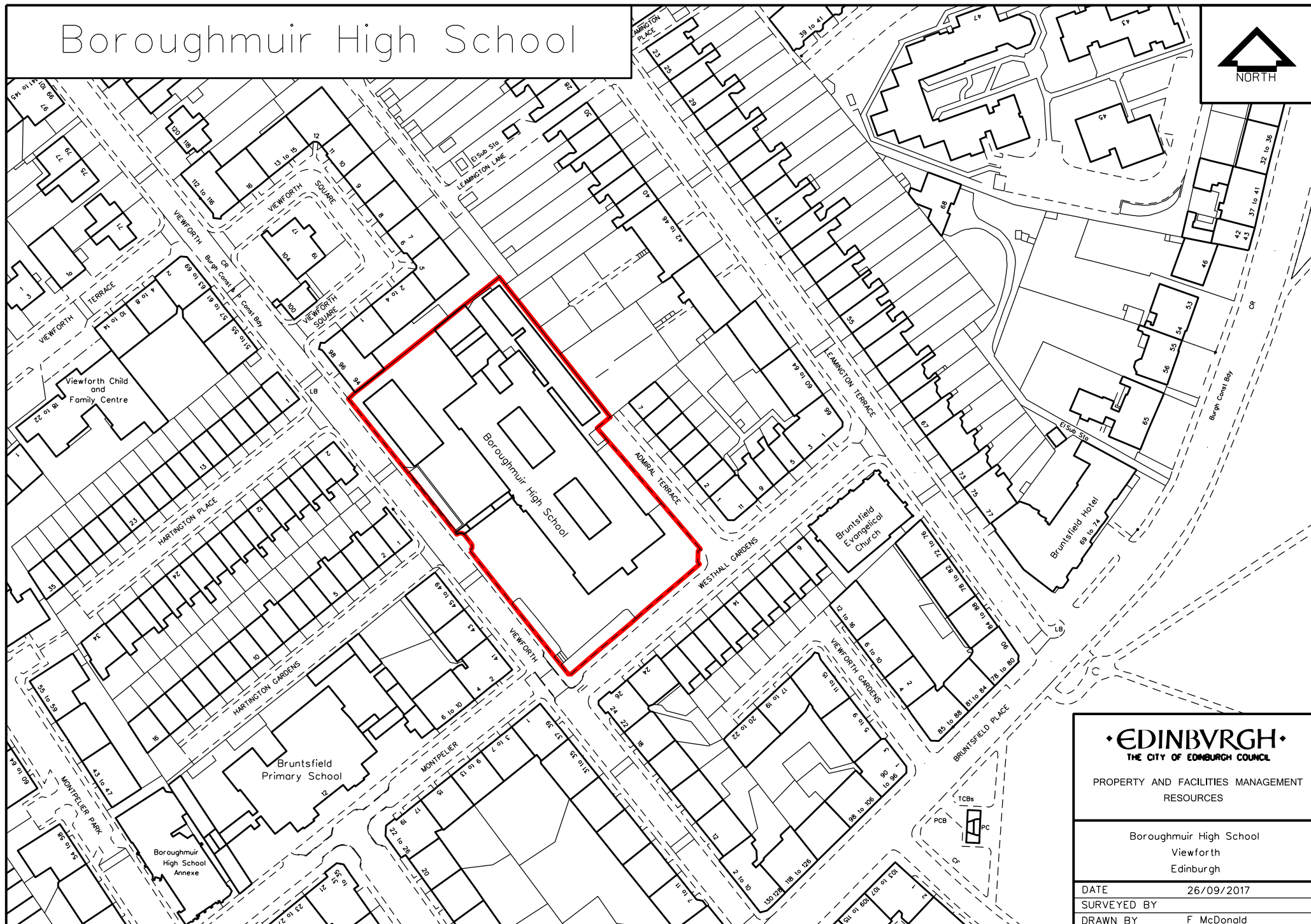
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11. Appendices

Appendix 1 - Location/Site Plan.

Boroughmuir High School



AREA SHOWN DELINEATED RED - 0.880 ha (2.175 Acre), or thereby

• EDINBURGH •
THE CITY OF EDINBURGH COUNCIL

PROPERTY AND FACILITIES MANAGEMENT
RESOURCES

Boroughmuir High School
Viewforth
Edinburgh

DATE 26/09/2017

SURVEYED BY

DRAWN BY F McDonald

FILE NO.

NEG. NO. NT 2472/A3/1566

Finance and Resources Committee

10.00am, Tuesday, 7 November 2017

Open Framework Agreement for Learning and Development – Contract Ref: CT 2132

Item number 7.15

Report number

Executive/routine

Wards

Council Commitments

Executive Summary

This report seeks the approval of the Finance and Resources Committee to establish an Open Framework Agreement for Learning and Development. The term of the framework agreement will be three years, with the option to extend for up to a further twelve months.

The framework agreement is the result of a collaborative procurement, led by the City of Edinburgh Council, in partnership with East Lothian Council, Midlothian Council, West Lothian Council, Fife Council, Scottish Borders Council and the Scottish Parliamentary Corporate Body.

The total estimated value of contracts that may be awarded by the partner authorities under the framework agreement, including any extension, is £10m. The Council's estimated spend is £2.5m, based on circa £600,000 to £650,000 per annum.

Open Framework Agreement for Learning and Development – Contract Ref: CT 2132

1. Recommendations

- 1.1 It is recommended that the Finance and Resources Committee approves the establishment of an Open Framework Agreement for Learning and Development and the award onto the framework agreement of the providers for specific Lots as listed at Appendix 1 of this report. If approved, the framework will start operation in January 2018 and would run for a period of three years, with the option to extend for a further 12 months.
- 1.2 Note that new providers will be added during the term of the Open Framework Agreement at no additional cost to the Council.

2. Background

- 2.1 The Council spend on external training requirements for staff and volunteers is estimated to be around £1.5m per annum.
- 2.2 The Council has several contracts with various providers and previously established a framework agreement for training related to further and higher education, which enabled contracts to be placed efficiently, effectively and economically.
- 2.3 However, there is a wide range of other learning and organisational development requirements, which place a disproportionate administrative burden on staff in terms of the resource required to undertake individual procurements and place contracts.
- 2.4 It is recognised that there is potential to achieve savings and efficiency gains from strategic rather than tactical procurement where spend can be aggregated, such as for learning and development. However, it is difficult to anticipate all of the Council's learning and development needs, particularly as some of those needs may change to take account of organisational transformation or legislative change.
- 2.5 Recent changes to procurement regulations in the Public Contracts (Scotland) Regulations 2015 provide an opportunity to adopt non-standard procedures to procurement of "Social and Other Specific Services", including training services, as long as the approach does not breach the principles of transparency and equal treatment of economic operators.

3. Main report

- 3.1 To address current and future unknown training requirements a different approach was needed. Using the flexibility provided in the new regulations an “open” framework agreement that would provide the flexibility to enable procurement of a wide range of training courses from a wide range of providers was considered the best option. The “open” criteria allows providers to apply to join the framework agreement after commencement, providing they meet the qualification criteria, similar to a Dynamic Purchasing System.
- 3.2 Neighbouring local authorities and other public bodies have similar learning and organisational development requirements and were invited to collaborate in the procurement.
- 3.3 On 20 April 2017, the Council published a Prior Invitation Notice (PIN) on the Public Contracts Scotland (PCS) website and a total of 169 potential providers expressed interest.
- 3.4 The partner authorities, in addition to the City of Edinburgh Council, comprise East Lothian Council, Midlothian Council, West Lothian Council, Fife Council, Scottish Borders Council and the Scottish Parliamentary Corporate Body.
- 3.5 On 15 June 2017, the Council published a Contract Notice on the PCS website on behalf of the partner authorities. A total of 205 potential providers registered interest and a total of 113 responses were received before the tender deadline on 24 July 2017.
- 3.6 Award of providers onto the framework agreement is based on evaluation of qualification criteria contained in the European Single Procurement Document (ESPD). Providers were required to include examples of technical and professional ability related to the Lot(s) for which they wished to be registered on the framework agreement. These examples were scored and those achieving a minimum score of 2 were considered to have met the selection criteria. Overall, 110 suppliers met the minimum criteria and have been awarded onto the framework.
- 3.7 There are 17 Lots in total, details of which are in the table below. (Further description of Lots is provided at Appendix 2 of this report)

Lot No	Item	No. of Providers
1	Administration and Business Support	23
2	Community Learning and Development	12
3	Community Safety and Public Protection	3
4	Disabilities	6

5	Driving	5
6	Health and Social Care	36
7	Finance	6
8	Health and Safety	19
9	Housing	4
10	Information and Communication Technology (ICT)	11
11	Leadership and Management	57
12	Learning and Teaching	14
13	Libraries	0
14	Programme and Change Management	14
15	Parks & Greenspace, Roads and Transport	6
16	eLearning	18
17	Further and Higher Education Qualifications	20

- 3.8 A summary of the tender process is provided at Appendix 3 of this report.
- 3.9 Although no providers have been awarded onto Lot 13 (Libraries), it is expected that related requirements will be met by sourcing from other lots.
- 3.10 Lots 6 and 11 (Health & Social Care and Leadership & Management) have a large number of awarded providers, because they cover a comparatively wide range of learning and development opportunities.
- 3.11 Awarding a large number of potential providers onto the framework agreement will ensure that the wider geographical area is adequately covered and that there is sufficient capacity to meet the requirements of all of the participating authorities.
- 3.12 The call-off methodology that will be used by the partner authorities, in awarding business through the framework agreement, will be as follows: The authorities will tender individual requirements by Lot. For lots with a large number of awarded providers, there will be the option to use a two-stage process, whereby providers will firstly be asked to indicate whether they are interested in a specific requirement and only those who express interest will be invited to take part in a mini competition.
- 3.13 There will be a quality threshold of 50% for mini-competitions and any offers scoring below 50% overall for quality will not be eligible for an award of contract.

- 3.14 Contracts will be awarded on the basis of Most Economically Advantageous Tender with 30% of the overall evaluation score given to quality and 70% of the overall evaluation score given to price (quality:price ratio).
- 3.15 The framework agreement will be contract managed by the Council's Learning and Organisational Development Senior Manager.

4. Measures of success

- 4.1 The framework agreement can readily be used to undertake mini-competitions for contracts to meet specific requirements in a reduced timescale.
- 4.2 Providers can apply to be accepted onto the framework agreement after it has commenced and will be accepted if they meet the stated qualification criteria. This facilitates unrestricted access and maximises options for the framework users.

5. Financial impact

- 5.1 There are no direct savings from this establishment of the Open Framework Agreement.
- 5.2 Savings that are achieved by the Council will be established as the results of mini-competitions are known and HR will liaise with Corporate Finance to monitor and report these.
- 5.3 The costs associated with procuring this framework agreement are estimated to be from £10,001 to £20,000.

6. Risk, policy, compliance and governance impact

- 6.1 There are no policy, compliance or governance impacts arising from this report.
- 6.2 Legal advice was sought to review the approach taken outside of standard procurement procedure ensuring it would meet the regulation principles. The risk to challenge of the procedure is considered low as it falls within the scope of the new 'light touch' regime.

7. Equalities impact

- 7.1 There are no direct equality and rights impacts arising from this report.

8. Sustainability impact

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

- 8.2 Community benefits will be sought, delivered and reported as appropriate and in line with Council policy during the mini-competition stage of future call-offs from the framework.

9. Consultation and engagement

- 9.1 The Council consulted neighbouring local authorities and a collaborative procurement was subsequently undertaken.

10. Background reading/external references

- 10.1 None.

Stephen S. Moir

Executive Director of Resources

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11. Appendices

Appendix 1 - Providers and Lots

Appendix 2 - Summary of the tender process

Appendix 3 - Description of Lots

Appendix 1 - Providers and Lots

PROVIDERS	LOTS
4Cstrategies	11
Achieve Training Ltd	1, 2, 11, 12, & 14
Action Provocateurs Limited	1 & 11
Alison Knights Psychology	6, 11 & 12
Allanpark Consultants Ltd	9 & 11
Alpha Training Safety Solutions Limited	8
Animate Consulting Ltd	2 & 11
ASK Europe	1 & 11
Aurion Learning	16
Aviour Ltd	1, 6, 8, 11, 14 & 17
Borders College	6, 8 & 17
Bray Leino Learning	1, 10, 11 & 16
Brigid Russell Coaching Limited	11
CALM Training	6
Camilla Training Aspects Ltd	5, 8, 15 & 17
Catalyst Mediation	11
CITI	14
City of Glasgow College	1, 2, 6, 7, 8, 15 & 17
Coaching for Success	11
Community Law Advice Network	6
Connect Three Solutions	11 & 14
Crimson Kite Consultancy	1 & 11
Deegankerr Consulting	11

DriveTech	5
Eco Drama	12
eCom Scotland Ltd	16
Edinburgh College	1, 2, 6, 7, 8, 10, 11, 14, 15 & 17
Edinburgh Napier University	6, 10, 11, 14 & 17
Eliesha Training Ltd	11
Elite Training and Consultancy Ltd	10, 11 & 14
Etopia Solutions Ltd	10
Fife College	1, 2, 3, 4, 6, 8, 9, 10, 11, 12, 14, 15 & 17
First Response Training and Consultancy Services Limited	6 & 8
Forde Training Services	5, 8, 15 & 17
Forensic Focus Limited	1, 3, 6, 8, 11, 14 & 17
Forum Interactive Consultants Ltd	11
Future Proof Learning	1 & 11
Geelox Limited	8 & 11
Gemm Ltd	11
Good Practice Ltd	1, 11 & 16
GreenCross Training	6 & 8
GTG Training Ltd	5, 8, 11 & 17
H&W Forestry Services	15
Health in Mind	6
Heldercorp Limited	11
ILX Group Plc	14
Instinctively Wild Services CIC	2, 6 & 12

IOM Consulting Ltd	8
J K Business Services Ltd	1, 7, 11 & 16
Jenison	16
Judith Brotherton (Self-employed)	11
Kaplan Financial	7 & 11
Knxia Limited	1, 6, 8, 10 & 11
Learning Nexus	16
Learnpro	16
Live Mindfully Ltd	6
McSence Limited	1, 2, 6, 8 & 11
MediaCorp Online Ltd	16 & 17
Mindstretchers Ltd	6 & 12
Mobedia Ltd	16
Myra Young Assessment	12
New Media Warehouse trading as Synergy Learning	16
Newleaf Associates	1 & 11
NSPCC	2
Ogilvie Ross LLP	1 & 11
Parity Professionals Limited	11
PhysiCare Ltd	4, 6, 8, 16 & 17
pitchblue LLP	11
Place2Be	6 & 12
Positive People Development (Scotland) Ltd	1, 11 & 12
ProjectScotland	11

QA	1, 10, 11, 14 & 16
Quarriers	4 & 6
Queen Margaret University, Edinburgh	4, 6, 11, 14 & 17
Quest (Scotland) Ltd	1, 3, 10, 11, 12 & 17
Remploy Limited	4 & 6
Rewards Training Recruitment Consultancy (Scotland)	1, 11 & 17
Robertson Training Ltd	1 & 11
Sage Qualifications Ltd	7 & 16
Scottish Community Development Centre	2
SHARE	9 & 17
Shelter Scotland	6, 9, 16 & 17
Shirlaws Coaching (UK) Ltd	11
Social Enterprise Academy	11
St Andrew's First Aid Training and Supplies Ltd	2, 6 & 8
St Andrews Management Centre Ltd	7, 11 & 14
StayAhead Training	10
Steve Radcliffe Associates	11
Stroke Association	6
The Change Maker Group	1, 11 & 14
The Elm Design Co	16
The Hive of Wellbeing Ltd	11 & 12
The Keil Centre	11
The Learning Zoo Ltd	12

The Mudd Partnership Ltd	11
The Open University	6 & 17
The Princes Trust	2, 6 & 12
The Social Care Training Hub	6 & 16
The Spark (Scottish Marriage Care)	6
The Taylor Clarke Partnership Ltd	11
Time2Train Ltd	5
Training for Care	6 & 17
UK Health Enterprises (UKHE) - Emcare & Stewart First Aid Training	6 & 8
University of Edinburgh Business School	11
Waves Training Solutions Ltd	11
WEA Scotland	2, 4, 6 & 10
West Lothian College	6, 11 & 17
With Kids	6 & 12
Woodgate Consulting	16
YSC Scotland	11

Appendix 2 - Description of Lots

- Lot 1 Administration and Business Support
including: Customer Service
Induction
Personal Effectiveness
Policies and Procedures
- Lot 2 Community Learning and Development (CLD)
- Lot 3 Community Safety and Public Protection
- Lot 4 Disabilities
including: Quality Impact Assessment
See Hear Training
- Lot 5 Driving
including: Young Drivers
Advanced Driving
Large Goods Vehicles
Minibuses
Reversing Assistant
Certificate of Professional Competence (CPC)
- Lot 6 Health and Social Care
including: Early Years and Childcare
Essential Learning for Care (skills, knowledge, codes of practice)
Health and Wellbeing (mindfulness, personal resilience, mental health awareness)
Looked After Children (LAC)
Social Care (moving & handling, personal safety, first aid, dementia, food hygiene, infection control, prevention & management of aggression & violence, medication, stroke awareness, falls prevention, end of life care)
Social Work
- Lot 7 Finance
- Lot 8 Health and Safety
- Lot 9 Housing
- Lot 10 Information and Communication Technology (ICT)
including: IT literacy, basic IT skills, applications training, advanced ICT
- Lot 11 Leadership and Management
including: Coaching and Mentoring
Facilitation
Simulation (role plays, practice sessions)
Mediation Skills

Business Continuity (including planning and exercises)

Lot 12 Learning and Teaching

including: Additional Support for Learning (ASL)
Learning and Teaching in Schools
Teacher CPD

Lot 13 Libraries

Lot 14 Programme and Change Management

including: Project Management
PRINCE 2

Lot 15 Parks & Greenspace, Roads and Transport

including: Plant and Machinery (abrasive wheels, excavators, grass cutting tools), Gardening

Lot 16 eLearning

including: Content management provision
Design of bespoke elearning modules

Lot 17 Further and Higher Education Qualifications

including: SVQs, HNCs, Degrees, Post Graduate Awards

Appendix 3 - Summary of the Tender Process

Tender	Open Framework Agreement for Learning and Development – Contract Ref: CT 2132
Framework Agreement Period	1 December 2017 to 30 November 2020 with the option to extend for a further twelve months
Estimated value of contract	£10,000,000 (total including extension)
Standing Orders observed	Open Procedure
EC Directives	2004/18/EC
Tenders Returned	113
Tenders fully compliant	113
Recommended Providers	See Appendix 1 (total: 110 providers)
Primary Criterion	Evaluation of Qualification Criteria
Evaluation criteria and weightings and reasons for this approach	Award onto the framework agreement is based on evaluation of qualification criteria. Mini-competitions will be weighted Quality (30%) Price (70%) and there will be a quality threshold of 50% as described in the report.
Evaluation Team	Council officers from HR with learning and development responsibilities.

Finance and Resources Committee

10.00am, Tuesday, 7 November 2017

Transport Infrastructure Framework – Award under Delegated Authority

Item number	7.16
Report number	
Executive/routine	Executive
Wards	All
Council Commitments	16, 19

Executive Summary

This report seeks the approval of the Committee to delegate authority to the Executive Director of Place to award a multi-lot framework agreement to the most economically advantageous organisations identified following a competitive tendering process, in order to achieve a contract start date of 3 January 2018.

The framework consists of eight lots for an undefined programme of capital works to support the City of Edinburgh Council (the Council) in delivering its carriageway and footway construction, maintenance and repair programmes.

Delegated authority is being sought to ensure that the framework can be awarded in December. Any delay is likely to impact the Council's capital programme and reduce the Council's ability to deliver maintenance schemes.

Transport Infrastructure Framework – Award under Delegated Authority

1. Recommendations

- 1.1 It is recommended that the Finance and Resources Committee:
 - 1.1.1 delegates authority to the Executive Director of Place to award the framework to the most economically advantageous organisations identified following a competitive tendering process;
 - 1.1.2 notes that the contract value is estimated to be between £40 - £60m over four years;
 - 1.1.3 notes the contract values are reflective of historical spend on these services over the previous four financial years, and that the scope of works may fluctuate subject to budget allocation and funding approvals; and
 - 1.1.4 notes that these awards will be reported to Finance and Resources Committee under the half yearly procurement report for Awards of Contract.

2. Background

- 2.1 The Council's Transport Design and Delivery and Localities teams are responsible for the construction and maintenance of the city's road network. Works are designed and managed by these teams and the works are carried out through a mix of Edinburgh Road Services and external contractors.
- 2.2 At present, the Council is utilising its own framework to deliver services from external contractors.
- 2.3 The Service Area and Commercial and Procurement Services (CPS) have undertaken a review of the current arrangements with the aim of improving the running of the framework including the amalgamation of some lots and the addition of new lots.
- 2.4 Key Performance Indicators (KPIs) and Terms and Conditions have also been reviewed to improve contract management.

- 2.5 On the [10 August 2017](#), Transport and Environment Committee approved the Roads Improvement Plan. Part of the plan incorporates the assessment of contract delivery options to improve our capital investment in our roads and transport infrastructure. In particular this includes market testing to assess the viability of procuring a prime contractor. The interim procurement of the Transport Infrastructure Framework allows this assessment to take place whilst also ensuring that we have effective mechanisms in place to deliver transport infrastructure projects.

3. Main report

- 3.1 The Council wishes to appoint a number of suitably qualified and experienced contractors to carry out an undefined programme of construction, maintenance and repairs of its road network. The tender and evaluation process is being conducted in accordance with Council Contract Standing Orders and Public Contracts (Scotland) Regulations 2015.
- 3.2 On 1 May 2017, the Council undertook a full tender exercise by placing a contract notice on the Public Contracts Scotland Portal as a two-stage process.
- 3.3 The lots advertised were:
- a. Lot 1 Carriageway, Footway and Cycleway Construction and Redesign (including public realm and paved areas)
 - b. Lot 2 Major Carriageway and Footway Maintenance (Schemes greater than approximately £150,000 value)
 - c. Lot 3 Minor Carriageway and Footway Maintenance (Schemes up to approximately £150,000 value)
 - d. Lot 4 Surface Treatments
 - e. Lot 5 Carriageway and Footway Patching, Resurfacing and Associated Works
 - f. Lot 6 Installation/Removal of Road Markings - Provision of Daily Squad
 - g. Lot 7 Street Lighting Works
 - h. Lot 8 Maintenance of Surface Water Drainage Systems and Associated Works
- 3.4 Bidders were invited to complete the European Single Procurement Document on 1 May 2017 with deadline for submission on 31 May 2017.
- 3.5 The selection process was to allow the Council to identify suitably qualified and experienced bidders to be invited to tender. The organisations selected at this stage were then invited to bid on 19 October 2017 and tenders will be returned on 1 December 2017.
- 3.6 Tender submissions will be 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 eight lots. A cost quality ratio of 70% cost and 30% quality will be applied to all lots.

- 3.7 Following completion of the quality analysis, tender submissions are subject to a cost analysis. The cost analysis establishes the full price of tenders considering responses to the Schedule of Rates provided in the tender package. The lowest priced bid is allocated the 70% cost ratio. All other bids are scored on a pro rata basis against the lowest bid.
- 3.8 The quality scores are then combined with the scores from the cost analysis to derive an overall score for each bidder out of a maximum of 100.
- 3.9 Evaluation is expected to be completed by 6 December 2017.
- 3.10 The previous framework expired on 20 October 2017. A number of schemes were tendered through the existing framework and awarded before the end of the contract. Other schemes are being designed so that they can be tendered immediately once the new framework is awarded.
- 3.11 Due to the expiry of the previous framework and the Finance and Resources Committee dates, delegated authority is sought to ensure a contract is in place by 3 January 2018.
- 3.11 When the outcome of the procurement process is reached, a procurement report will be submitted to the Executive Director of Place for approval.

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 Compliance.
 - Health and Safety (HSE) Compliance.
 - Technical/Quality – Defects.
 - Programming.

5. Financial impact

- 5.1 The estimated contract value of each of the lots is reflective of historical spend for these services over the previous four financial years. Contract spend will be monitored on an ongoing basis.
- 5.2 It is estimated financial efficiencies will be delivered through the new framework of circa £1m over the contract duration through rationalising the number of suppliers, consolidating spend and promoting contract compliance. The Council will use mini competitions to drive additional value.

- 5.3 It is recognised, by the Service Area, that Contract Management resource will be required to manage this framework and comply with reporting requirements, monitor and manage the performance of the framework contractors and to ensure contract compliance and best practice is utilised for each mini competition.
- 5.4 Transport Infrastructure and Localities already have a framework management system in place, with each lot having a dedicated lot manager to support project managers and an overall framework manager.
- 5.5 The costs associated with procuring this contract are estimated at £20,001 - £35,000.

6. Risk, policy, compliance and governance impact

- 6.1 The risk of not approving the framework could be the Council failing to comply with Contract Standing Orders, Public Contracts (Scotland) Regulations 2015 and the delivery of services, as current contracts have expired. This could result in the Council not being able to meet its agreed council commitments and statutory duties.
- 6.2 Not approving the framework could lead to a reduction in customer satisfaction, possible negative publicity and damage to the Council's reputation.

7. Equalities impact

- 7.1 The proposals and recommendations described in this report could contribute to the public sector general equality duty to advance equality of opportunity. An Equality and Rights Impact Assessment (ERIA) has been completed for the Transport Infrastructure Framework and no equalities or right impacts have been identified in relation to this report.
- 7.2 An ERIA is completed prior to budget allocation for the capital programme.

8. Sustainability impact

- 8.1 The impacts of this report in relation to the three elements of the Climate Change (Scotland) Act 2009 Public Bodies Duties have been considered, and the outcomes are summarised below.
- The proposals in this report will increase carbon emissions because it will encourage people to travel however this impact will be addressed by the delivery of active travel schemes through the framework.
 - The proposals in this report will increase the city's resilience to climate change impacts because the framework will allow for the delivery of improvements to existing drainage systems and the construction of SUDS thus preparing and building resilience to climate change impacts such that Edinburgh is seen by potential investors as a safe place to do business.

- The proposals in this report will help achieve a sustainable Edinburgh because they will enhance the Council's ability to meet the needs of people in local communities, promote personal wellbeing, social inclusion and cohesion and will strengthen interaction between local communities and Council.

Environmental Benefits

- 8.2 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.
- 8.3 Contractors are required to carry out their works in a way that has no or minimal pollution, ecological and environmental impacts

Community Benefits

- 8.4 The Council will operate a Community Benefits Points system (CBP) for all direct awards and mini competitions for this framework.
- 8.5 The points system will apply when work packages 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 based on points accrued annually or by mutual consent. Delivery may be expected up to two years after the expiry of the framework.
- 8.5 A list of the community benefits is contained in Appendix 2.

9. Consultation and engagement

- 9.1 Engagement was carried out with Transport Infrastructure, Localities and CPS.
- 9.2 Lessons learned workshops took place with users of the previous framework and anonymous surveys were sent to framework users and contractors. This consultation allowed us to identify areas of the previous framework that worked well and what areas required improvement.
- 9.3 Other Councils were contacted and asked about their procurement models, further engagement took place with Glasgow City Council as they operate a similar multi lot framework.

10. Background reading/external references

None.

Paul Lawrence

Executive Director of Place

Contact: Cliff Hutt, Infrastructure Manager

E-mail: cliff.hutt@edinburgh.gov.uk | Tel: 0131 469 3751

11. Appendices

Appendix 1 – Summary of Tendering and Tender Evaluation Processes

Appendix 2 – Community Benefits List.

Appendix 1: Summary of Tendering and Tender Evaluation Processes

Contract	Transport Infrastructure Framework
Contract period (including any extensions)	2+1+1
Framework value	Estimated at £40m - £60m
EU Procedure chosen	Restricted
Invitations to tender issued	56
Tenders returned	Not known at present
Recommended supplier	Not known at present
Primary criterion	Most economically advantageous tender to have met the qualitative and technical specification of the client department
Evaluation criteria and weightings	<p>30% Quality, 70% Price</p> <p>Health and Safety - 25%</p> <p>Quality – 20%</p> <p>Delivery of The Contract – 10%</p> <p>Approach -10%</p> <p>Meeting Key Performance Indicators & Targets - 10%</p> <p>Multi Lot/Multi Work Package Management – 5%</p> <p>Business Continuity – 5%</p> <p>The Environment & Sustainability – 5%</p> <p>Community Benefits – 5%</p> <p>Fair Work Practises – 5%</p>
Evaluation Teams	Evaluation Team will consist of suitably qualified Council Officers including Engineers, Senior Engineers, Professional Officers and Transport Managers

Appendix 2 Community Benefits Relative Points Redemption Value

The Council operates a Community Benefits Points system (CBP) for all direct awards and mini competitions under this framework. The following points system will apply when Providers are admitted to the framework. Providers will be required to deliver Community Benefits during the year the points are accrued or the year following that unless otherwise agreed in advance by the Council.

All Community Benefits must be agreed with The City of Edinburgh Councils Representative.

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

Table 2 – Community Benefits

The tables below show the Community Benefits that will be delivered and their points value.

Improving Education

Title	CBP (Points)
2 School or college site visits per year or participating in schools or college careers days	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).	5
Supported Training/work experience for people with disabilities, looked after children, young carers or other disadvantaged groups	10
Construction Curriculum Support Activities: Individual or Group Engagement	5 per occurrence
Donating tools and materials to local schools	5 (per £200 value)
Providing construction safety education to school children on its own or as part of a wider safety education session	5 per occurrence

Improving Employability

Title	Credits
Work Placement for a supported person for a minimum of 5 days and supply PPE	10
Extended work placement for a minimum of 15 days for a school pupil at an Edinburgh School and supply PPE	10
Provide one-to-one mentoring to a young person from Edinburgh – one hour per month for 12 months	15
Training for existing workforce	20
Promotion of job opportunities through local agencies	10

Promotion of Women in Construction through specific sponsored events or workshops including events in schools, colleges or universities.	50
Working with external training providers to highlight career opportunities and run training and skills courses.	100
Supported employment for people with disabilities or other disadvantaged groups and supply PPE	150

Supply Chain

Title	Credits
Offering Small and Medium Enterprises and Voluntary Sector organisations opportunities to provide goods and/or services	30
Promotion from supply chain to suppliers, subcontractors on the use of SME's, Social Enterprises, Supported Businesses, Third Sector Organisations	20
Provide training or mentoring for staff in the supply chain	50
SME's – advice on how to tender / "Joint Ventures" to tender for sections of work	100
Offer sub-contracting opportunities in an open transparent way, to local SME's holding promotional events in the local area	150

Community

Title	Credits
The staff of suppliers undertaking volunteering within communities	10 per occurrence
Community consultation, engagement and strengthening community relations	20
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 per £500 in value
Sponsorship of local organisations, i.e. breakfast club, youth group, football team	15 per £500 in value

Sponsoring local community events including festivals, 10k fun runs, family fun days out etc.	15 per £500 in value
Suppliers using community venues for meetings or functions or other uses	5
<p>Back to School Bank</p> <p>A charity which aims is to provide a School Uniform for children who need help getting a new school uniform as a result of poverty in Edinburgh</p>	5 to 100
<p>Sponsorship of Edinburgh Leisure's Positive Destinations Project. Positive Destinations helps groups of young people learn new skills for the job market. It uses the capacity of sport to transform lives, increase motivation, encourage learning and support personal development.</p> <p>The project is targeted at young people Not in Employment, Education or Training (NEET) and aims to give young people an invaluable insight and experience in the sport and leisure industry. It will also help to instil each young person with work-based skills and work place values which are vital when moving into future employment.</p> <p>www.edinburghleisure.co.uk/positive-destinations.</p>	5 to 100

Finance and Resources Committee

10.00am, Tuesday, 7 November 2017

Proposed Community Asset Transfer of former bothy at 26b Gilmerton Dykes Street, Edinburgh

Item number	8.1
Report number	
Executive/routine	Routine
Wards	16 - Liberton/Gilmerton
Council Commitments	

Executive summary

The Friends of Burdiehouse Burn Valley Park (FBBVP) have applied to purchase the former bothy located at the entrance to Burdiehouse Burn Valley Park, Gilmerton Dykes Street, via Community Asset Transfer.

This report seeks authority to dispose of the property to FBBVP on the terms outlined in the report.

Proposed Community Asset Transfer of former bothy at 26b Gilmerton Dykes Street, Edinburgh

1. Recommendations

1.1 That Committee:

- 1.1.1 Approves the disposal of the former bothy at 26b Gilmerton Dykes Street to the Friends of Burdiehouse Burn Valley Park, on the terms set out in this report and on such other terms and conditions to be agreed by the Executive Director of Resources.

2. Background

- 2.1 The former Bothy at 26 Gilmerton Dykes Street extends to 42.6sqm (459sqft) or thereby, with a site area of 102sqm (1100sqft) or thereby as shown hatched red on the attached plan at Appendix 1. The bothy is in a poor state of repair.
- 2.2 The Friends of Burdiehouse Burn Valley Park (FBBVP) is a registered charity and limited company and has requested to purchase the asset through the Community Asset Transfer process in accordance with the Community Empowerment (Scotland) Act 2015.

3. Main report

- 3.1 FBBVP have had informal use of the bothy for the purposes of a meeting point and to store tools. The friends group assist, on a voluntary basis, the Natural Heritage Service, with the upkeep and improvement of the park and surrounding environment.
- 3.2 The Council received a Stage 1 Community Asset Transfer (CAT) application from FBBVP to purchase the bothy. The group's aim is to continue to promote community access to the park through education and events. Their intention is to acquire the bothy and carry out an extensive refurbishment programme. The bothy would remain a community asset to further promote the activities of the group.
- 3.3 In accordance with Council policy on CAT's, a panel committee was formed to assess the viability of the application. The panel consisted of elected members, representatives from the Operational Estates Team, Council Service Area (Place), Edinburgh and Lothians Greenspace Trust, and the Community Ownership Support Service.

- 3.4 FBBVP was encouraged to progress to the Stage 2 application which involves submitting a business case, valuation, refurbishment plans, and evidencing thorough community consultation.
- 3.5 A Stage 2 application was received and the proposal assessed in accordance with the CAT policy scoring matrix. The result was rated a 'strong' to a 'very strong' submission. The panel committee reconvened to consider the proposal and it was decided, via a unanimous vote, to recommend the application for approval. The Stage 2 application is attached at Appendix 2.
- 3.6 Provisionally agreed terms for the disposal of the property are as follows:
- | | |
|-------------|--|
| Purchaser: | FBBVP |
| Price: | £5,000 |
| Conditions: | The transfer is subject to FBBVP obtaining funding |
| Fees: | The purchaser is to meet the Council's reasonable legal and surveyor's cost |
| Clawback: | In accordance with the Community Empowerment (Scotland) Act 2015, in the event of the community body being wound up, the property could transfer to another community body or charity deemed appropriate by the Scottish Ministers and failing this, revert to the Scottish Ministers themselves |
- 3.7 The purchase price reflects a valuation from an RICS Registered Valuer and, whilst it was produced for the applicant, it is suitable as a joint valuation and is considered to reflect an accurate market valuation of the property.

4. Measures of success

- 4.1 The disposal will remove the bothy from Council responsibility and the associated liability of holding costs and repairs.
- 4.2 The property will be refurbished and brought back into beneficial economic and community use.

5. Financial impact

- 5.1 A capital receipt of £5,000 will be received in financial year 2017/18.
- 5.2 The sale of the bothy would remove a potential financial burden from the Council in terms of repair, maintenance and security.

6. Risk, policy, compliance and governance impact

- 6.1 There is a risk that the sale does not complete. This is the same for any offer to purchase. Scrutiny of the bid was carried out by the panel in accordance with the CAT policy.

7. Equalities impact

- 7.1 A successful refurbishment of the semi derelict property would provide a place for the community to be involved in productive and valued activities like bird watching and gardening and enhance the rights to physical security.
- 7.2 The restoration of the site will encourage the participation, influence, and voice of nearby residents and community users of the park by providing a sheltered centre where the community can partake in learning activities.
- 7.3 The location of the building allows ease of access to the Burdiehouse Burn Valley Park and would encourage walking and healthy activity.

8. Sustainability impact

- 8.1 The sale of the bothy will increase its resilience to climate change impacts because the refurbished building will be more robust. The existing building is dilapidated and is vulnerable to weather conditions such as high winds and heavy rain. As such, adverse weather could potentially cause significant damage to the building and its surroundings. This could impact negatively on social sustainability through wind/water and damage to the equipment stored inside. The continuation of the building and its services to the park will help to maximise the use and enjoyment of urban greenspace.
- 8.2 The sale of the bothy will help achieve a sustainable Edinburgh because the group will use natural resources wisely through improved water efficiency through the introduction of a recycled water tank.
- 8.3 The sale of the bothy will increase carbon emissions because there will be an increase in carbon emissions associated with the refurbishment of the building. This impact will be addressed by minimising materials used for the upkeep of the building.

9. Consultation and engagement

- 9.1 Consultation was undertaken through the CAT committee panel. The panel consisted of various stakeholders, councillors and community groups, which ensured broad analysis and guidance and eventual recommendation for approval of the application. The panel included elected members, the Edinburgh

Green Belt Trust, the Community Ownership Support Service, Parks and Greenspace and the Council operational estates team's officers.

- 9.2 Extensive local community consultation was undertaken by FBBVP, which is set out in the report in Appendix 3.

10. Background reading/external references

- 10.1 None.

Stephen S. Moir

Executive Director of Resources

Contact: Shaun Crosby, Estates Surveyor

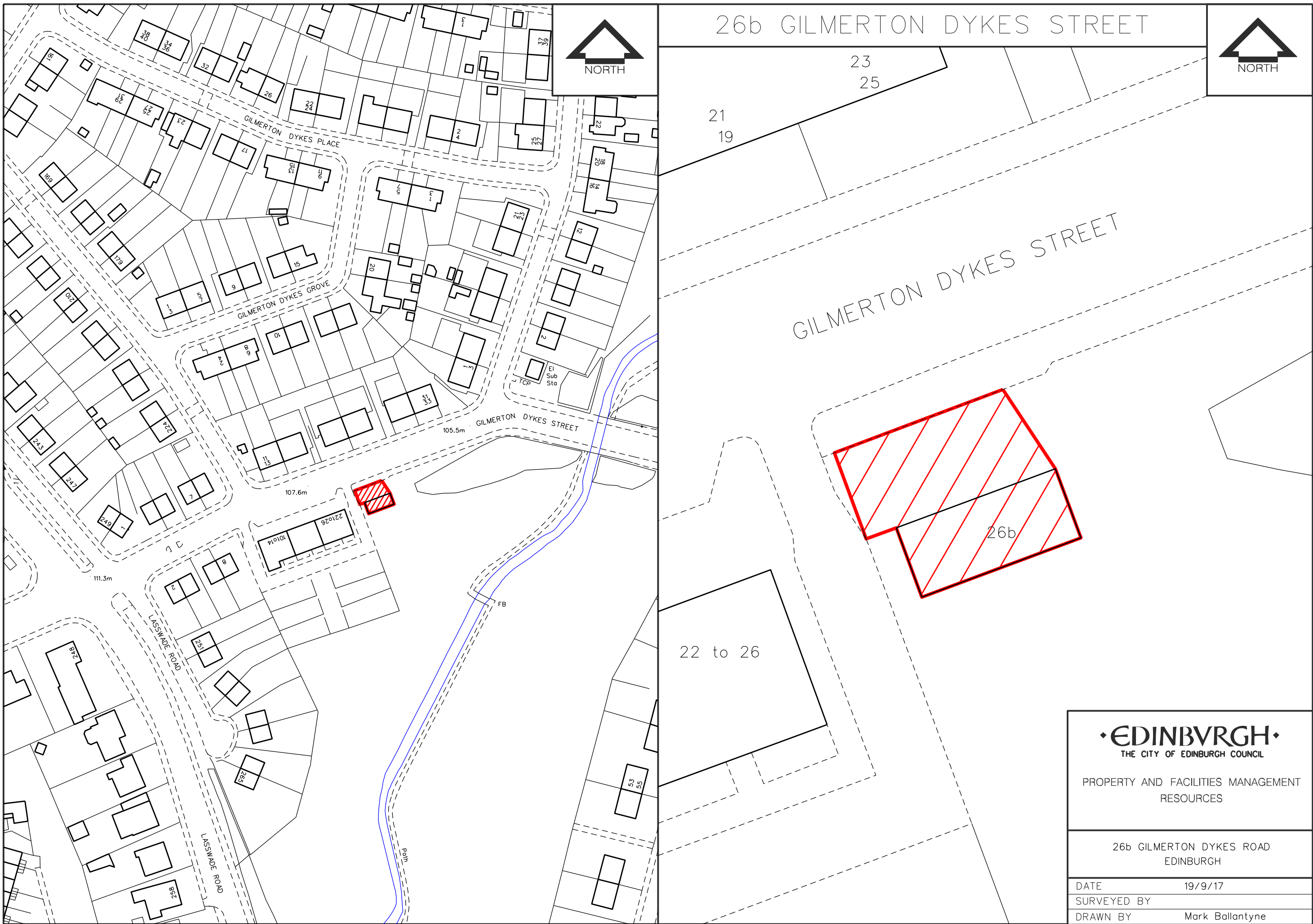
E-mail: shaun.crosby@edinburgh.gov.uk | Tel: 0131 469 5228

11. Appendices

Appendix 1 – Site Plan

Appendix 2 – Stage 2 Application

Appendix 3 – Community Consultation Report



LOCATION PLAN

PHOTOGRAPHICALLY REDUCED NOT TO SCALE

SITE PLAN

<div>•EDINBURGH•</div> <div>THE CITY OF EDINBURGH COUNCIL</div> <div>PROPERTY AND FACILITIES MANAGEMENT RESOURCES</div>	
26b GILMERTON DYKES ROAD EDINBURGH	
DATE	19/9/17
SURVEYED BY	
DRAWN BY	Mark Ballantyne
SCALE	N.T.S.
NEG. NO.	A3/1835

THIS MAP IS REPRODUCED FROM ORDNANCE SURVEY MATERIAL WITH PERMISSION OF ORDNANCE SURVEY ON BEHALF OF THE CONTROLLER OF HER MAJESTY'S STATIONARY OFFICE CROWN COPYRIGHT. UNAUTHORISED REPRODUCTION INFRINGES CROWN COPYRIGHT LICENCE NUMBER 100023420. CITY OF EDINBURGH 2013 AND MAY LEAD TO PROSECUTION OR CIVIL PROCEEDINGS.

APPENDIX 2

APPLICATION FOR THE TRANSFER OF AN ASSET CURRENTLY OWNED BY THE CITY OF EDINBURGH COUNCIL

Request to the Council

1.

Are you requesting the transfer of a building as currently owned by the City of Edinburgh Council

YES

Are you requesting the transfer of a piece of land as currently owned by the City of Edinburgh Council

NO

2

Please identify the building and/or piece of land that is the subject of your request:

NAME: Gilmerton Bothy

ADDRESS: 29b Gilmerton Dykes Street, Edinburgh

POSTCODE: EH17 8LQ

MAP REFERENCE: (please attach a map indicating the location of the building/land – this is in order that all parties are clear on the nature of the request)

2a

VALUE

Have you sought an independent financial assessment of the value for the building/land?

If so please identify the source and the estimated value (Note: because your request concerns a public asset, references to the source(s) and value(s) may be referenced in reports to council committee(s) in reference to your submission:

Source: Allied Scotland chartered surveyors, 22-24 Walker Street, Edinburgh EH3 7HR

Estimated value (£) 5,000

3

Please detail below the nature of the request to the Council (please indicate one only in each section):

3a

Total transfer of the building/land identified in 2 above to the organisation as identified in part A below:

YES

Gradual transfer of the building/land identified in 2 above to the organisation as identified in part A below:

NO

3b

Combination of the total transfer of a building and associated land identified in 2 above to the organisation as identified in part A below:

NO

Combination of the gradual transfer of a building and associated land identified in 2 above to the organisation as identified in part A below:

NO

3c

Other arrangements that you wish to propose for the building/land associated with asset transfer (please complete as necessary out with items 3a-b above)

3d

Please confirm below the sum that you are prepared to pay for the building/land that you have identified in item 2 above

£5,000

4

Please summarise below how you intend to use the Council building/land to and related timescale:

FBBVP Articles of association state our objects are to;

- (1) The advancement of community development (including the advancement of urban regeneration) within the Community; The maintenance and growth of wildlife and plantlife, including the supporting environment and infrastructure within the boundaries of the local nature reserve; To promote and encourage the enjoyment of the Park by local community and general public and so on.

Gilmerton Bothy will be used as a base to promote these objects. We will do this by first purchasing the Bothy and then carrying out an extensive refurbishment over the following 12 months. Gilmerton Bothy will be a community asset and facility used by the Friends and other schools and green groups, for training and meetings.

5

Date of Submission to the Council: ADD DATE

PART A – About your organisation

A1.1

Organisation Name, Location and geographic areas of current operation:

Friends of Burdiehouse Burn Valley Park (FBBVP), south Edinburgh and specifically within the bounds of Burdiehouse Burn local nature reserve.

A1.2

Organisation postal address:

The Secretary
Friends of Burdiehouse Burn Valley Park
3 Moredun Park Drive
Edinburgh EH17 7ER

A1.3

Organisation Contact details for this request:

Name: Bruce Bennet

E-mail: bruce.bennet52@gmail.com

Tel. Number: 07768 657115

A1.4

Organisational Governance – State the type of organisation you are for example, a registered charity or a registered company. If your agency is not a registered charity or company, please state if you have a **Constitution / Statement of Aims / Memorandum and Articles** (relevant documents must be supplied on request)

Registered charity and a registered limited liability company. Documents available on request.

A1.5

OSCR Registration Number (if your organisation is a charity registered in the UK and/or Scotland):

SCO40288

A1.6

Companies House Registration Number if applicable

SC570236

PART B – Your proposal for use of the asset

In summary, please answer the following questions relating to your proposal (please ensure that you attach your full Business Plans as this will provide further detail)

NOTE: the term 'the asset or asset' means the Council-owned asset which is the focus of your submission

Assessment of the operational and market environment

B1

Please summarise below any history that your organisation has for; (i) delivering good quality services, (ii) meeting the needs of your community and (ii) enabling sustainable growth of your organisation?

Answer: FBBVP is a constituted group supporting the Natural Heritage Service (NHS) deliver a high quality park and local nature reserve (LNR) for the benefit of the people of South Edinburgh. Our group has been run on voluntary basis for 10 years by people living within walking distance of the Park. This can be evidenced by NHS officers and the 2016 Green Flag Award. Gilmerton Bothy is designed as a low running cost community asset that is sustainable for the foreseeable future.

B2

Is there a strong business-fit between the core objectives of your organisation and the proposed use of the asset?

Answer: A very strong business fit between our core objectives and that of the Park owners Edinburgh Council. FBBVP has been using the NHS Bothy for the last 10 years and it is accepted by all parties that the proposed use is an appropriate development of a declining asset.

B3

How will your organisation's current operational capacity and financial turnover be affected by taking forward your proposals for the asset?

Answer: As a volunteer committee and membership organisation our operational capacity will remain unchanged but the numbers of people involved in our core activity will increase. Financially there are very modest planned expenditure (running costs) and another modest increase in income from room rental. We do not envisage building any substantial reserves.

B4

Please evidence below, the strength of leadership and skills of the Board and staff of your organisation to maximise the prospects of the asset? If the skills are not currently in place, please describe how you intend to address this.

Answer: We have no staff and no plans to have paid employees for the foreseeable future. We consider we have a strong committee with a broad range of skills, from business to managerial to wild and plantlife specialists. All committee members work on a voluntary basis and live within walking distance of the Park.

B5

Please detail how you intend to evidence long-term community benefit arising as a result of the proposed asset transfer?

Answer: More community involvement making FBBVP a stronger local group with increased membership and greater participation in activities and increasing FBBVP's capacity make a

positive impact on Park eg fundraising for park facilities, infrastructure, enhancing Park's biodiversity. We consider it is the role of NHS to evidence long-term community benefit, in particular increased numbers of Park users. However we have the resources to evidence some aspects of community benefit. These are;

1. Groups using Gilmerton Bothy and increased Friends usage (numbers)
2. Annual programme of walks and activity days (attendance count and photographic)
3. Annual spring clean (several sessions and photographic)
4. Capital fundraising for various improvements (signposts, children's forestry play)

B7

Please summarise below the partners involved in your proposal, describing the current and future strength of partnership work in the context of the submission and if so, is this influencing the operational arrangements for the asset?

Answer: No influence in operational arrangements. FBBVP works in partnership with;

1. Natural Heritage Service
2. Edinburgh Parks Forum
3. Edinburgh & Lothian Green Belt Trust
4. Duke of Edinburgh Award (schools, scouts and guides)
5. Forest School, Liberton Primary
6. Wild Reekie environmental volunteers

B8

Please describe the governance arrangements which will oversee the operations of the asset. If this is to be separate to arrangements for your organisation, please provide further description and include diagrams if necessary. Please also describe how accountability for the asset will be provided for.

Answer: No separate arrangements, governance by the FBBVP committee. Committee background are;

Chairperson: Public relations consultant and senior manager

Secretary: CEO of charity for people with learning disabilities and autism

Treasurer: Business & engineering background

Member: Retired librarian

Member: Educational consultancy and training

Member: Education civil servant

Member: Specialist in fungi and wildlife

Member: Community activist

B9

Please evidence how you know that your proposals for the use of the asset are supported by and meet the needs of the wider community and City.

Answer:

Please see attached Community Consultation

B10

Where applicable, please detail how your proposals for use of the asset will enhance the existing use of the building/land

Answer: Gilmerton Bothy is in a derelict state, with water leakage and no utility connections. We intend to carry out extensive improvements to bring this asset back into use for the wider community. Please see attached architect and business plans for more details on works.

B11

Please outline how your proposals take account of the influence of local and city market forces and (i) if so are there plans in place to ensure that your proposals for the use of the asset are competitive in order to sustain the asset, (ii) if not please explain why.

Answer: There is not a competitive market for environmental voluntary work in this area.

B12

If suitable, is there marketing and development plan in place for the asset for the next five years? If so, please provide further details in relation to your approach

Answer: No marketing and development plans are envisaged. We assume that a gradual growth of our social media newsletter, an email and face to face campaign to encourage use of Gilmerton Bothy and our existing programme of walks and activities will be sufficient.

B13

Please detail evidence of support from the appropriate Neighbourhood Partnership, Councillors and other community leaders and other relevant interests?

Answer: Stage one of our application process received endorsement from;

Cllr Keith Robson (Chair)	Sarah Burns – South Neighbourhood Manager
Cllr Norma Austin Hart	Jessica Morgado – Senior Natural Heritage Officer
Nicky Donald – Community Ownership Support Service	
Charlie Cumming – Edinburgh Green Belt Trust	

Our recent July 2017 AGM was attended by Councillor Derek Howie, with apologies from Councillor McInnes and Cameron. The main speaker was Gareth Barwell, Head of Places at City of Edinburgh Council.

B14

Are there any objections to your proposals for the asset that you are aware of? If yes please detail these and how your organizations is dealing with these, if no then please detail how you would handle any concerns should these develop in the future.

Answer:

Please see attached Community Consultation and the positive local responses.

B15

In relation to your plans for the asset, is the proposed income dependent upon; (i) a single income source, (ii) a dominant income source or (iii) multiple, but inter-dependent sources of income? Please detail below.

Answer: Multiple sources of income that are not inter-dependent.

1. Rental income from various green groups, schools and Duke of Edinburgh award
2. Fundraised income from FBBVP events and grant applications
3. Membership fees and donations

B16

In relation to your plans for the asset, are the sources of income sustainable, i.e.; likely to persist over the next few years, or are short-term, or will there be a need for subsidy from another source for example the parent organisation or public funds?

Answer: There will be no need for subsidy as our project is low cost and sustainable.

B17

In relation to your plans for the asset, please evidence any trading and other efforts to generate income. Please include any anticipation of bidding for public sector grants/contracts or other funding?

Answer: There are no planned trading activities other than generating modest amounts of room rental.

B18

Please describe below the financial relationship between your organisation and your plans for use of the asset. Please include details about implications that there may be for your organization and the asset and how you will manage any risks identified.

Answer: FBBVP will appoint three committee members as Directors of a limited liability company who will hold the asset in perpetuity. With suitable insurance we do not envisage any risks for FBBVP.

B19

Has your organisation ever been investigated on the basis of poor financial management or failure to demonstrate good organisational governance?

Answer: NO

B20

Does your organisation currently have operational capital, if yes is this being applied as part of the request, if no, will the proposed asset provide for a financial asset or liability?

Answer: FBBVP holds a cash reserve of circa £1200 at July 2017 and do not intend to apply any as operational capital. Gilmerton Bothy will be an asset as we anticipate raising funds to cover whole purchase and building works.

B21

Is the request for asset transfer being made in order to add to an existing property asset portfolio for the purposes of continued trading?

Answer: NO

B22

Please indicate with an example where the financial aspects of your proposal has been successfully applied elsewhere?

Answer: There are no other examples we are aware of.

B23

Please identify if; (i) your proposals for impacts upon the finances of your organisation and (ii) plans for mitigation if negative issues arise concerning cash-flow, liquidity or financial capacity issues that may impact upon the request?

Answer: There are no financial impact upon our organisation as if we don't have any funds we won't spend any funds. The only fixed outgoings are calor gas heating and batteries for lighting that if needed, the membership could cover with a modest appeal.

B24

How do you intend to continue to operate should any income related to the proposed building/land not be generated as planned? Have you plans for alternative forms of income and/or alternative business model should income streams not continue?

Answer: As previously mentioned we can cover all running costs for the foreseeable future.

B25

What are your plans for the proposed asset should your organisation incur operational difficulties or cease to trade?

Answer: The property will be donated to another organisation with similar ethos, probably the Edinburgh Green Belt Trust.

B26

How have you factored in the impact of the total 'on-costs' for the asset for your organisation, i.e. repair, maintenance, insurance, energy requirements?

Answer: Yes

B27

Please summarise below how you have factored in the following in regards to your proposals for use of the asset; market awareness, sales and other income generation opportunities.

Answer: See income and expenditure spreadsheet attached

PART C - Sustainability Impacts

C1

In considering your proposals it is important that the impacts of proposals for use of the asset on the City's economy, community-wellbeing and environment are identified.

Please detail below the impacts upon the following:

C2

Please detail below what you think are the benefits to Edinburgh economy, please outline both positive and negative benefits that you think may occur:

Answer: Edinburgh's economy is dependent on retaining workers in a pleasant environment that includes opportunities to explore nature. BBVP is one of the premier local nature reserves for South Edinburgh on people's doorstep. Tourism is another major employer in the city and again a well maintained, wildlife rich asset improves the perception of the city, encouraging more tourists. On a more functional sphere, if FBBVP didn't take over Gilmerton Bothy then the Council would have additional demolition costs to find from it's stretched budget and it reinstates a local eye sore. FBBVP can't think of any negative benefits to the economy for this project.

C3

Please detail below what you think are the benefits to community wellbeing, please outline both positive and negative benefits that you think may occur: for example; what the impacts on the local community will be:

Answer: The greatest benefit to community wellbeing relates to health, with a green space providing many opportunities for young and old to exercise and enjoy the benefits of fresh air. Isolation and loneliness may be alleviated by those community members who join in our walks and activities. Friends members constant focus on the Park has improved it's safety and our ongoing motorbike campaign an indication of our effectiveness in providing another safe space for the community. More community involvement making FBVVP a stronger local group with increased membership and greater participation in activities and increasing FBVVP's capacity make a positive impact on Park eg fundraising for park facilities, infrastructure, enhancing Park's biodiversity. FBBVP can't think of any negative benefits to community wellbeing.

C4

Please detail below what you think are the benefits to the City environment – please outline both positive and negative benefits that you think may occur:

Answer: This is where we can have the greatest impact on South Edinburgh and City of Edinburgh Council's environmental strategy. Our work with Gilmerton Bothy as a base will improve the wild life and plantlife in BBVP local nature reserve. We are working with specialists to build up a base line record of species in the Park. Currently 410 species and going up every year helped by our habitat improvements. For example Buglife, a national charity will carry out some detailed survey work that will increase our count by probably 50 species. FBBVP can't think of any negative environmental impact from our work.

PART D – Summary Budget Information

D1

If appropriate, please summarise the budget arrangements for the requested building/land:

See budget attachments spreadsheet

PART E - Other Issues relating to your request

Current financial and other support from the City of Edinburgh Council

E1

Please identify below any investment that your organisation currently receives from the Council: NONE

E2

Please identify below any investment that your organisation has attracted from the Council in regards to the proposed transfer of the building/land identified in item 2 above: NONE

E3

Please identify below any investment in kind that your organisation currently receives from the Council in regards to the proposed transfer of the building/land identified in item 2 above:
NONE

E4

If receiving investment or other financial support as above, is it anticipated that this will continue for the future and be of benefit in regards to your proposals for the building/land?

Added Social Value

E4

Please summarise below any additional social added value that your proposals may generate (for example; this may include volunteering, new services, improved trading or other initiatives)

We anticipate increasing the number of volunteers supporting the Park, increase the tasks we can carry out by having a secure wind and waterproof store, provide a venue for other groups with an interest in wildlife/ environment/ green initiatives

For example we are going to be working with schools to develop murals in the underpass sections of the Park, providing an improved environment and a way to engage young people in the Park.

Submission Checklist

Please check that you have included the following as part of the accompanying information to your stage 2 submission:

Full Business Plan (including financial plans) for the use of the Council-owned building or land

YES

Most recent Full Year Accounts for your organisation

YES

Articles of Association/ Constitution/Governance Document for your organisation

YES

Supporting material from community members or other interests

Available on request from 4 local Councillors, voluntary groups and Neighbourhood officers.

Have you read the Council Interim Policy on Asset Transfer Policy

YES

Have you read the Guidance for completing the application?

YES

Are you able to prepare public briefing material on your proposal and present at committee

YES

Signing Off

Please get the following to sign-off your application*:

Signature

Chairperson of your organisation

NAME: Donald Anderson

DATE:

Senior Director/Committee Member

NAME/POSITION: Karen Sales, Committee member

DATE:

Name of person submitting the application:

NAME/POSITION: Bruce Bennet, Secretary

DATE:

* Signatories in signing the above assess that the information contained within the application form is accurate at the time of submission. In addition, should their request be successful, conditions of transfer will be the subject of separate legal agreement(s) with the Council.

Friends of Burdiehouse Burn Valley Park – Community Purchase of ‘The Bothy’

Public Consultation Report

DONALD ANDERSON
JULY 2017



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Introduction

‘The Bothy’ is a former council storage facility which has been used as the base for The Friends of Burdiehouse Burn Valley Park (the Friends group) for a decade as the base for their activities. The Friends works closely with the City of Edinburgh Council to help look after and improve the park. After a period of steadily growing their support the Friends group is looking to purchase the Bothy, secure the funds to upgrade it and use it as an enhanced permanent base for the group to facilitate a wider and more diverse range of activities that include using the Bothy as a promotional and educational resource.



There is no proposal to change the nature of the use of the Bothy, nor any change to its planning designation. The proposals simply envisage the Bothy being refurbished with enhanced facilities inside. Planning legislation ensures that local communities are appropriately consulted on major developments and some elements of the compulsory consultation process have been followed here where it was thought appropriate. However, because there is no planning issue or application, a significantly scaled down process has been used.



To our knowledge there has never been a single complaint from a member of the public about the activities of the Friends group. There are regular complaints and issues raised about park issues, e.g. litter and motorbiking, but this is to be expected. Therefore, it is perhaps not surprising therefore that the response was generally positive.

Public Consultation

Summary

The public consultation on the park focused on four specific aspects. Firstly, the views were sought from the immediate neighbours of the Bothy through a leaflet drop, two drop in sessions were held in the Bothy itself, there was extensive advertising on Facebook and there was a new website established for the Friends group which featured information about the Friends. In addition, the issue was highlighted in the Friends regular newsletter. The consultation was not advertised in the local press - as would be a major planning application, but this was felt to be unnecessary.

Burdiehouse Burn Valley Park

Public Consultation - Bothy Purchase, Gilmerton Dykes.



Community Purchase of 'The Bothy' Gilmerton Dykes Street
Public Consultation Drop In Sessions - 15th/21st June

Drop in Sessions - This Thursday,
15th June and next Wednesday



Participation in formal planning consultation varies enormously, but on many 'major' developments only a few people engage in the process. A large response was not expected and this proved to be a realistic assessment of how many people might take part. The report was carried out on a pro-bono basis.



Consultation

Leaflet Drop to Local Residents

One of the key elements of any consultation process is to ensure that those most directly associated with the proposals is consulted about them. In this case the Friends group researched the streets around the development to establish how best to undertake this engagement. The Friends then produced and distributed a leaflet (appendix one) to around 150 houses (map, appendix 2) in the immediate vicinity of the Bothy. Copies of the leaflet were also left in the local newsagents which is the nearest shop to the Bothy itself and a popular shopping destination for locals.

The leaflet set out some basic information about the proposals, invited residents to attend the two drop-in sessions and gave the residents contact details in case they had any questions or comments. The residents were those who lived closest to the Bothy in the following streets:



- Gilmerton Dykes Street
- Gilmerton Dykes Crescent
- Gilmerton Dykes Place
- Gilmerton Dykes Grove

Drop in Sessions – 15th and 21st June

The sessions were held in the Bothy itself on the 15th and 21st of June from 6-8pm on both occasions. The events were advertised through the leaflet drop to local residents and were advertised by paid advert on Facebook. The adverts were targeted on local residents who lived within 1km of the park and covered all of the adjacent neighbourhoods, though it must be stressed that we cannot determine the proportion of local people on Facebook that were reached, however it is expected that a representative sample of locals and neighbourhoods was achieved. The sessions were held in the Bothy and some general background information on the work of the group was made available.

Feedback forms were provided at the sessions in order that residents could leave their views to be recorded as part of the consultation. Only three residents actually attended the sessions, but all of those who attended were positive about the proposals and their feedback forms are attached as appendix three.



The feedback from the consultation sessions was small, but this is perhaps not surprising. One conclusion that can be drawn from these sessions is that there are no local concerns about the activities of the Friends group. Had there been any significant concerns then issues would undoubtedly have been raised at the sessions directly, or it would have been raised through either social media or local elected members. Whilst the turnout was low, it was felt that the drop in sessions were a worthwhile initiative to see if local residents were interested in, or concerned about, the proposals. With hindsight, perhaps one drop in session would have been sufficient.

Public comments from feedback forms:

Comment - Resident, Gilmerton Dykes Place

'I love the park, it is rich with wildlife and so well looked after by the volunteers. It would be great to have the Bothy renovated and used more to look after the park (and also by other groups if agreed).'

Response: *This is a very positive and supportive comment.*

Comment - Resident, Gilmerton Dykes Place

'With the larger amount of flora and fauna 450+ species approx? it makes sense for the volunteers to have a central location to meet and store gear.'

Response: *This is a very supportive comment.*

Comment - Resident, Gilmerton Dykes Crescent

'Think it is brilliant that the Bothy is going to be revamped – long overdue. Hopefully the money can be obtained and (it can be) enjoyed by all the community. Hopefully all resident's views will be listened to and we are listened to regarding cutting grass during the summer season. The park should be enjoyable for all, not just wildlife.'

Response: This comment came from a resident who has previously expressed concern about the balance struck in the maintenance of the park between its use as a play area for children and the presence of trees, shrubs and long grass, particularly in relation to the 'Living Landscape' maintenance regime. Their views are not unique and the Friends Group always tries to emphasise the shared use of the park by people and wildlife. For obvious reasons, our newsletters mainly feature pictures of our events and of the wildlife of the park rather than pictures of children playing there (other than at our events). We do know, the park is regularly used by children of all ages as a play area and at times that can bring challenges – some trees get vandalised (as do the play facilities) and trollies regularly appear at 'the Dip' where there is an informal crossing point on the burn.

However, the Friends group believes very strongly in the shared use of the park by people of all ages and wildlife. We do not see a conflict between the two and we will always listen to and seek to support resident's concerns where we can. The fact that the park is an area of countryside that comes so close to people's houses makes the park a fantastic play area for children, and gives them easy opportunities to be and stay active in a way that will hopefully engender a love of open space for life. We are actively seeking support for park 'gym' facilities to be located in the park, for woodland play facilities at Moredun Wood, and are sympathetic to the request for a 'traditional' swing park somewhere in the area. This resident raises an important

point that represents the view of others and we will continue to respond positively to such concerns. Burdiehouse Burn Valley Park has south Edinburgh's only skatepark, which was deliberately installed to make the park attractive to children of all ages, and it has excellent play facilities as well. There could be improvements, but the park is unquestionably an excellent resource for encouraging and facilitating active play and that will continue.

In terms of the 'Living Landscape' approach to maintenance, we understand the concerns of residents, but we believe the approach works well in relation to Burdiehouse Burn Valley Park. We did support improvements last year in response to concerns, and the council responded positively to those requests. We will continue to review the operation of this initiative in partnership with the council and local residents.

Web Site

The Friends created a new website at the start of June to support the public consultation process. This features information about the consultation on the Bothy, and information about the drop in sessions. The website also contained a link for people to feed in their views about the proposals. The website has been publicised in our Newsletter which is circulated to over 250 stakeholders, and in our Facebook and Twitter posts.

The response was actually disappointing in that we had no responses via the email address posted on the web page. Perhaps this is because people find it easier to post on social media platforms like Facebook, rather than make a formal submission. Nevertheless, we do know that the website has seen some traffic as a result of the publicity and through links created in our Newsletter – which we can track.

That said, it should be remembered that the lack of a response could simply be either apathy regarding the proposals, or just passive support. What can be said is that had there been significant opposition to the proposals, we would undoubtedly had some feedback via the website, and the response to the website is another indication that there aren't any significant concerns either about the operation of the Friends group, or the purchase of the Bothy.



Social Media Advertising

The Friends group bought advertising space on Facebook for two adverts, and put up an additional post about the consultation process. The details from these posts is as follows:

- One paid advert was used to publicise the first event and this was targeted at residents who live within a 1km radius of the geographical centre of the park. This post reached 2,350 Facebook users in the area between the 13/15th June.
- A second post was published which was not a paid advert and this reached 467 people on Facebook. Unlike paid posts it is not possible to determine what proportion of these were local residents.
- A third advert was purchased that ran after the first event on the 15th of June and reached 1,399 local residents with an 1km radius centred on the park.



The adverts did encourage people to respond and directed people to the newly created website with a view to encouraging them to submit their views. Ultimately we didn't get any views submitted via the website, but the opportunity was there for those who chose to use it.

Facebook Comments and Responses

We analysed the Facebook feedback and comments on the posts. Some of these were frivolous – *'always thought the council used it to skive in'*, but others were more thoughtful.

Comment

One resident asked for details of *'what we planned to do with it?'* We replied to this post and the response was liked.

Response

'The plan is to apply for funding to purchase and refurbish it. It needs gutted and it needs a new roof as the current roof leaks. The intention is to use it as a base for the

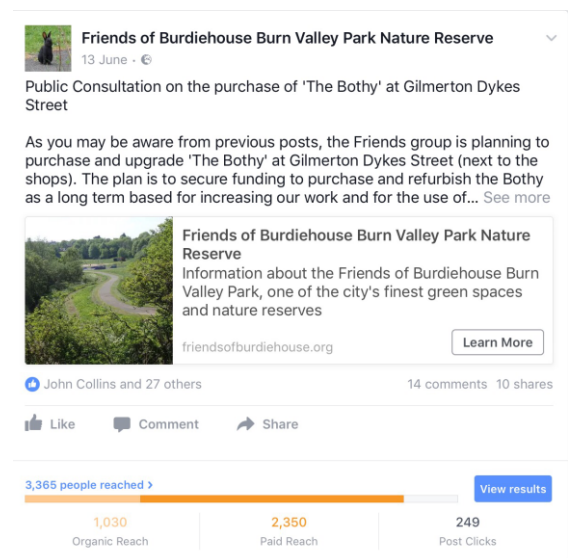
Friends group. By taking out the central wall we can create a bigger space and have a meeting space big enough for our committee meetings and to host events and activities. It can be used as a resource for the Friends and for community groups using the park. There's now a walking group for parents with buggies and that's just the kind of group that could use the Bothy too.

With a proper building we can put up displays and potentially have it available as an educational resource as well. The park has been used for Forest Schools by a couple of schools, but were keen to expand that.

As a small but active group we've done a lot of work in the park, but we do feel that we can expand that with a proper base for our activities. In addition we'll have a great big sign that will let everyone know where the Friends are based, and where people can go to help. We have lots of plans to grow what we do for the park and for the local community.

Comment

Another made a negative comment saying, 'Waste of Good Money'.



Response

To this we responded, 'Everyone's entitled to their opinion, but it will help look after one of the city's best parks and support our campaigns to stop dog fouling, littering and illegal motor biking. Most people have been very positive about the proposals, but thanks for giving your view.'

We cannot be certain, but this Facebook user's profile picture showed him sitting on a large motorcycle. We have had negative comments regarding our 'Ban the Bikes' campaign which sought to stop illegal and dangerous biking in the park. It may be that the campaign and the comment are related.

Comment

This appeared to provoke a change of heart and the resident responded, 'Yeah apologies for my comment as I've changed my views. Very good idea as the park needs a new identity and not for silly Anti-Social behaviour from these youths. Thanks very much.'

Comment

Another resident said, *‘Good idea I’ve never seen inside over my 40 years use it and enjoy it.’*

‘All best with your plans, sounds like something that would make a big difference for a modest outlay in today's terms.’

Response

‘Thank you very much for your support. Much appreciated.’

One resident was very negative.

Comment

‘Better of spending 40k on a proper swing park for our kids with slides and real swings for babys and older children or spend the 40k on sorting out the community centre so the kids can go socialise 👍’

Response

The Friends thought this was a perfectly understandable response and the request for swings was not unreasonable, so we said so. This did seem to change the perception of the person making the comment. *‘Thanks very much for the comment. There is one of the city's few skateparks and a great play area at the Dip in Burdiehouse. There was a play area at Burdiehouse Street with swings and a slide but this was taken out some time ago. The old community centre is being knocked down in the near future and that site would be suitable for play facilities. We would certainly welcome such a move. We are also looking to see if additional play facilities can be installed in some of the woodland areas.’*

The proposals to refurbish the Bothy would not come from council sources, so this is not an either, or situation. It is perfectly possible to push for a new play area and support the refurbishment of the Bothy. If you would like to organise a campaign to get a new play area, we would be happy to provide any support and advice we could. The park is a fantastic green space and there's plenty of room for play of all kinds. If you would like to see more, then please do get involved and we will try to support you.

What do you plan to do with it?:)

15 June · Like · Reply · Message · 1



Friends of Burdiehouse Burn Valley Park Nature Re...

The plan is to apply for funding to purchase and refurbish it. It needs gutted and it needs a new roof as the current roof leaks. The intention is to use it as a base for the Friends group. By taking out the central wall we can create a bigger space and have a meeting space big enough for our committee meetings and to host events and activities. It can be used as a resource for the Friends and for community groups using the park. There's now a walking group for parents with buggies and that's just the kind of group that could use the Bothy too.

With a proper building we can put up displays and potentially have it available as an educational resource as well. The park has been used for Forest Schools by a couple of schools, but were keen to expand that.

As a small but active group we've done a lot of work in the park, but we do feel that we can expand that with a proper base for our activities. In addition we'll have a great big sign that will let everyone know where the Friends are based, and where people can go to help. We have lots of plans to grow what we do for the park and for the local community.

Thanks again for making a comment. In terms of the community centre, we helped out by chairing a recent meeting about its future. There are repairs being carried out in the near future and it's an important community facility that we want to see maintained and improved. Again, there is no conflict between that and the plans for the Bothy.'

This elicited two more positive comments from the resident, who said,

Response

'Yeah it will look good.' 🍷, and *'I will do thanks for the information.'*

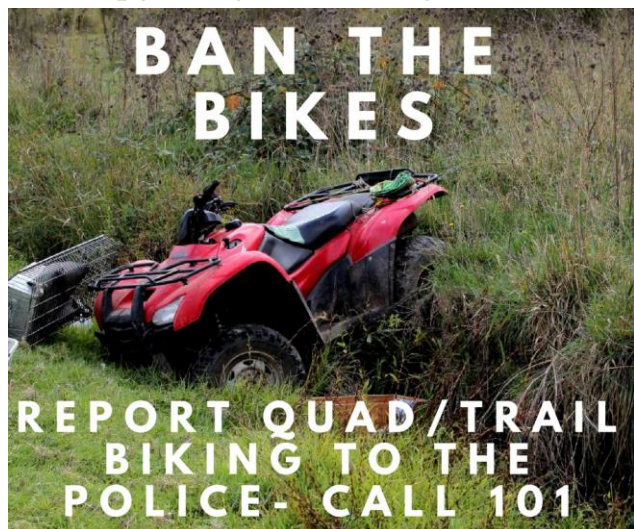
Another person was cynical about the costs of upgrading the building:

Comment

'40 grand to convert an already built concrete building having a laugh'

Response

'This is an initial estimate of the costs purchase and upgrade The Bothy. Hopefully we can do it for less, but apart from the shell, the roof and everything else needs renewed.'



to

Overall Analysis of Facebook Engagement

Generally, the response was very encouraging. The posts were seen by significant numbers of local residents, there were some very strong comments in support and some comments expressing concerns. On answering the negative points made by residents we were able to change two of the negative views into more positive responses. There were two particularly negative comments, one about the scale the cost estimates for refurbishment, and the other calling it a waste of money. This is not unexpected. The cost estimates are just that and we will see in due course how much is needed to bring the Bothy up to a proper standard. In terms of the resident that called it 'a waste of money', there will always be some people who are negative about any proposal and in terms of the Bothy we have had very few negative comments.

Also, we do suspect that that person's affinity with motorbikes may have coloured

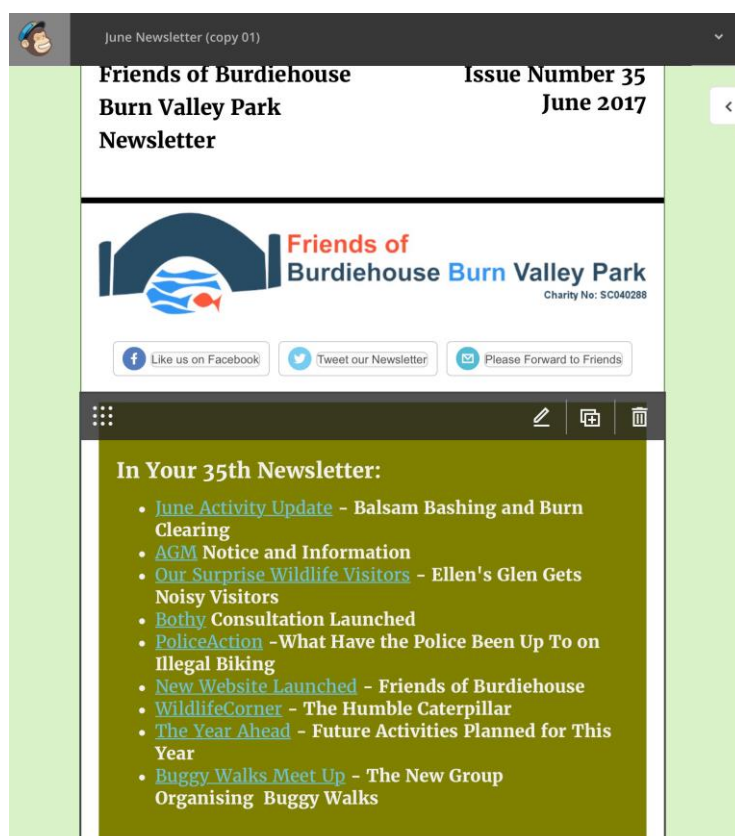
their views of the Friends group. The group has run a yearlong campaign to tackle illegal motorbiking in the park, which included a paid advert that reached 7,489 local residents and generated 92 likes, 48 posts with 42 shares. The response was overwhelmingly positive, but there were a number of very aggressive responses from some bikers and sympathisers.

In overall terms, the response to social media advertising was positive for the proposals.



Conclusions

The public consultation carried out by the Friends group reached those most affected by the use of the Bothy, and the same people will be affected by any increase in activity as a result of community purchase. The level of active engagement was quite low, but this level of engagement can actually occur in major development projects from time to time as well. Because there is no major physical change to the building and no change of designated planning use, perhaps the proposals were seen as benign by local residents – it would be impossible to say definitively. However, what can be said is that there is currently no significant body of opinion in the local area that is negative either about the Friends Group, or the proposals to take ownership of the Bothy.



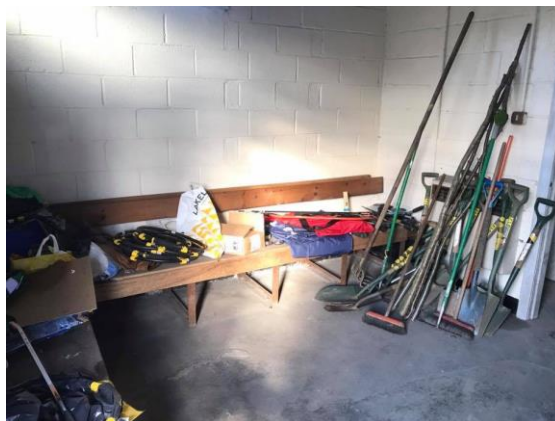
The drop in sessions were not well attended and this is perhaps another indication that the proposals have not sparked any particular controversy, though it is encouraging that those who attended the session were strongly supportive of the Friends group whilst not being members of it. Indeed, a couple of them expressed interest in getting involved after hearing more about the group.

The social media consultation was useful in terms of getting information through to a good cross section of the residents around the park in terms of age, economic status and in terms of park and non-park users. This was perhaps the most useful element of the consultation process.

It allowed people to easily ask and have responses to the proposals from the comfort of their own homes. Whilst a couple of people were unreservedly negative, there were some who were initially negative and became more positive once their concerns were addressed, and of course there were others who were strongly positive.

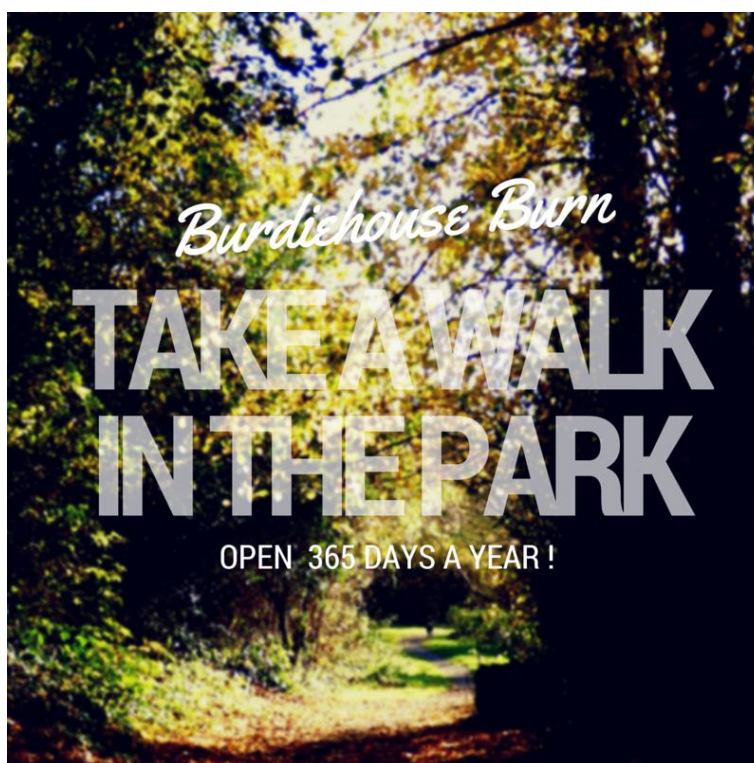
The public consultation did not actively seek the views of the community council at this stage. The Community Council has been one of our strongest local supporters and is a member of our Facebook group as well as a regular distributor of our Newsletter and social media posts. We are contacting the Community Council with a view to seeking its views before a decision is taken by the council as we believe they will be supportive of the principle, but interested in the details about the proposals.

The Friends of Burdiehouse Burn Valley Park is a small, but very active local environmental group and it is clear that it has some very strong local support and recognition, and also a small body of people who are either negative (perhaps on the basis of the 'Ban the Bikes' campaign) or simply cynical about this type of activity.



There is nothing to indicate any significant concerns about, never mind any opposition to the proposals for the Friends to acquire the Bothy, or their proposals to increase their activities in the park. On the contrary, it would appear that the group does have some very enthusiastic supporters who believe that the group's work should continue, should be supported and who are happy to support its purchase of the Bothy.

Donald Anderson, July, 2017



Appendix

Local Leaflet



Community Purchase of 'The Bothy' Gilmerton Dykes Street Public Consultation Drop In Sessions - 15th/21st June

**Drop in Sessions - This Thursday,
15th June and next Wednesday
the 21st June, 6pm to 8pm**

The Friends of Burdiehouse Burn Valley Park is proposing to purchase 'The Bothy' at Gilmerton Dykes Street (beside the shops). The purchase from the council is being done under Scottish community purchase powers. As part of that process we are consulting neighbours and community groups in the area. Key elements of the proposals are:

- ✓ Securing the Bothy as a base for the Friends group and for community use
- ✓ Securing funds to refurbish the Bothy which has fallen into disrepair
- ✓ Doing more work to improve the park

Come and Hear All About it

This week and next we will have someone at the Bothy to explain the proposals and answer any questions you may have. This is one of the best parks in Edinburgh and our aim is to make it even better. Come along and give us your views. If you have any questions email us at donaldcanderson@hotmail.co.uk.



Find out more about the Friends Group at our website at www.friendsofburdiehouse.org. See the work we do.



We're on Facebook too and on Twitter @FBbnp. We will be consulting widely on Twitter

Comments Sheet

Friends of Burdiehouse Burn Valley Park Drop in Session Comments Sheet

Thank you very much for coming to this drop in session. Please put your comments on this sheet and they will be used to help inform this consultation exercise. If you have any additional questions, please get in touch by emailing donald.anderson@hotmail.co.uk.

Name.....

Address.....
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Email address.....

I would like to receive the Friends Newsletter by email yes/no

My Comments – feel free to use the back of the sheet too

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Finance and Resources Committee

10.00am, Tuesday, 7 November 2017

Proposed 5 year lease of Unit 1 The Clocktower, Flassches Yard, South Gyle Crescent, Edinburgh

Item number	8.2
Report number	
Executive/routine	Routine
Wards	3 – Drum Brae / Gyle
Council Commitments	

Executive Summary

Unit 1 The Clocktower has been vacant since the lease to the previous tenant expired.

The property has been openly marketed for lease since May 2017 with a closing date on 18 September 2017 when one formal offer was received.

This report seeks approval to grant a new 5 year lease to Electric Vehicles (Scotland) Limited on the terms and conditions outlined in the report.

Proposed 5 year lease of Unit 1 The Clocktower, Flassches Yard, South Gyle Crescent, Edinburgh

1. Recommendations

- 1.1 That Committee:
 - 1.1.1 Approves a 5 year lease to Electric Vehicles (Scotland) Limited of Unit 1 The Clocktower, Flassches Yard on the terms outlined in this report and on other terms and conditions to be agreed by the Executive Director of Resources.

2. Background

- 2.1 The subject premises is a modern end terrace industrial unit extending to 651.34 sq m (7,011 sq ft) or thereby as shown outlined red on the attached plan.
- 2.2 It has been vacant since the lease to the previous tenant expired in August 2016 at that time, discussions took place with an alternative occupier who expressed an interest in taking over this lease. Proposed terms were agreed however the transaction did not progress due to the prohibitive cost of upgrading the electrical supply serving the building.
- 2.3 The property was placed on the open market for lease in May 2017. Following receipt of notes of interest a closing date was set for 18 September 2017, when one formal offer was received.

3. Main report

- 3.1 Following negotiations between the Council and Electric Vehicles (Scotland) Limited, the following terms have been provisionally agreed:
 - Subjects: Unit 1 The Clocktower (as outlined red on attached plan);
 - Lease term: 5 year lease from date of entry;
 - Rent: £52,500 per annum;
 - Incentives: No rent free period to be granted;
 - Rent Reviews: N/A;
 - Use: The sale and servicing of electric taxis;
 - Costs: Both parties to meet their own costs;

- Guarantee: A rental guarantee will be provided by The Union Motor Company Ltd for the period of this lease; and
- Other Terms: As contained in a standard commercial lease;

4. Measures of success

- 4.1 Granting a new 5 year lease of the premises will bring a vacant unit back into commercial use thus reducing the Council's vacant property costs and generating a rental income

5. Financial impact

- 5.1 The lease will generate a new rental income of £52,500 per annum payable to the General Property Account.
- 5.2 In addition a £25,000 per annum financial liability for vacant Non Domestic Rates will be removed.

6. Risk, policy, compliance and governance impact

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

7. Equalities impact

- 7.1 An Equality and Rights Impact Assessment has been carried out.
- 7.2 The letting of the property would bring a vacant unit back into commercial use. This letting will help provide for Edinburgh's economic growth and prosperity, while enhancing the right to productive and valued activities.
- 7.3 In a commercial property letting the main infringement of rights can often be claims by individuals who were not given the opportunity to lease or make an offer for the property. It is not considered to be the case in this instance. The property was fully and openly marketed over an extended period with a closing date set to receive offers, providing the best possible opportunity for every interested party to submit an offer.

8. Sustainability impact

- 8.1 There are no sustainability issues arising from this report.

9. Consultation and engagement

9.1 Ward councillors have been informed of the recommendations of the report.

10. Background reading/external references

10.1 None.

Stephen S. Moir

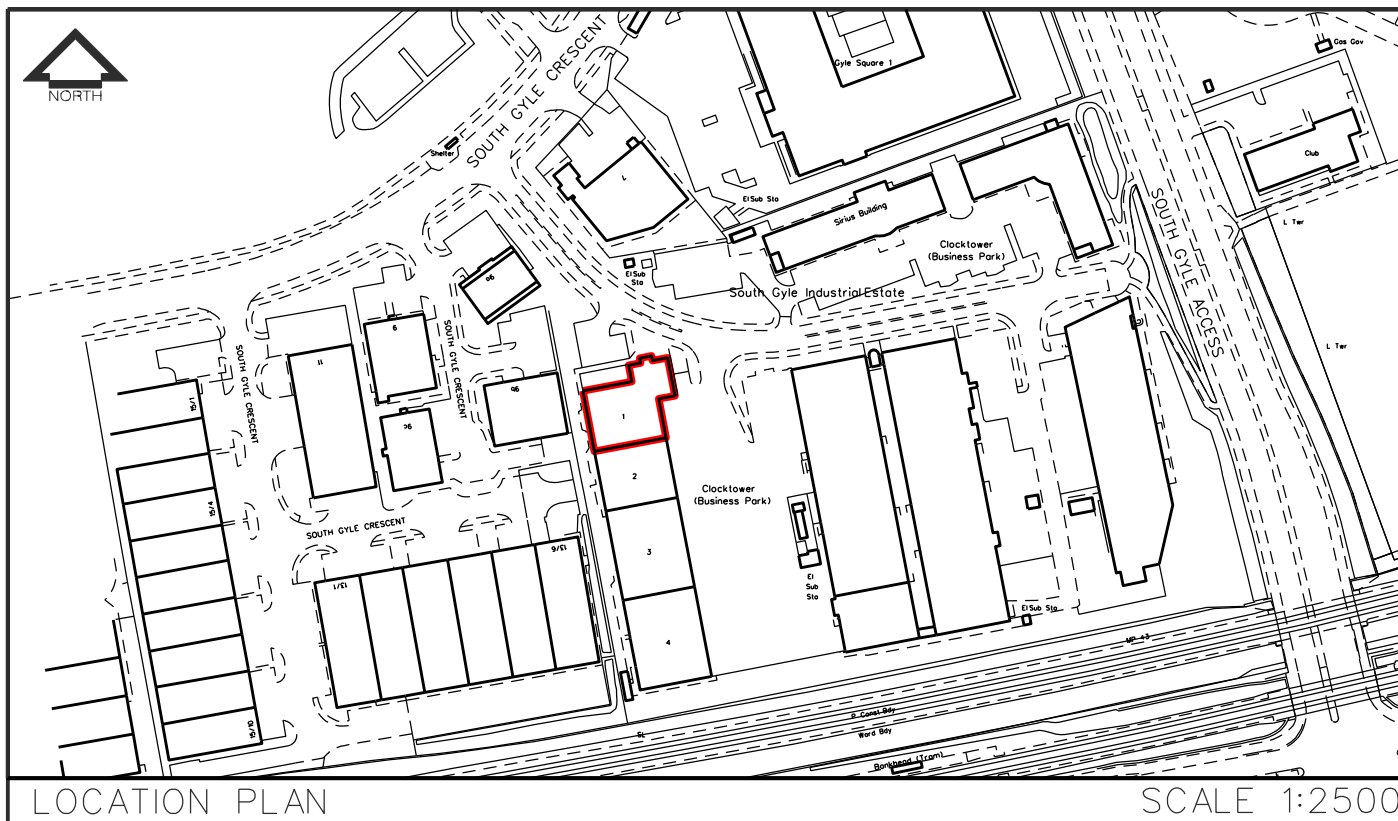
Executive Director of Resources

Contact: Stewart Irwin, Portfolio Officer

E-mail: stewart.irwin@edinburgh.gov.uk | Tel: 0131 529 4682

11. Appendices

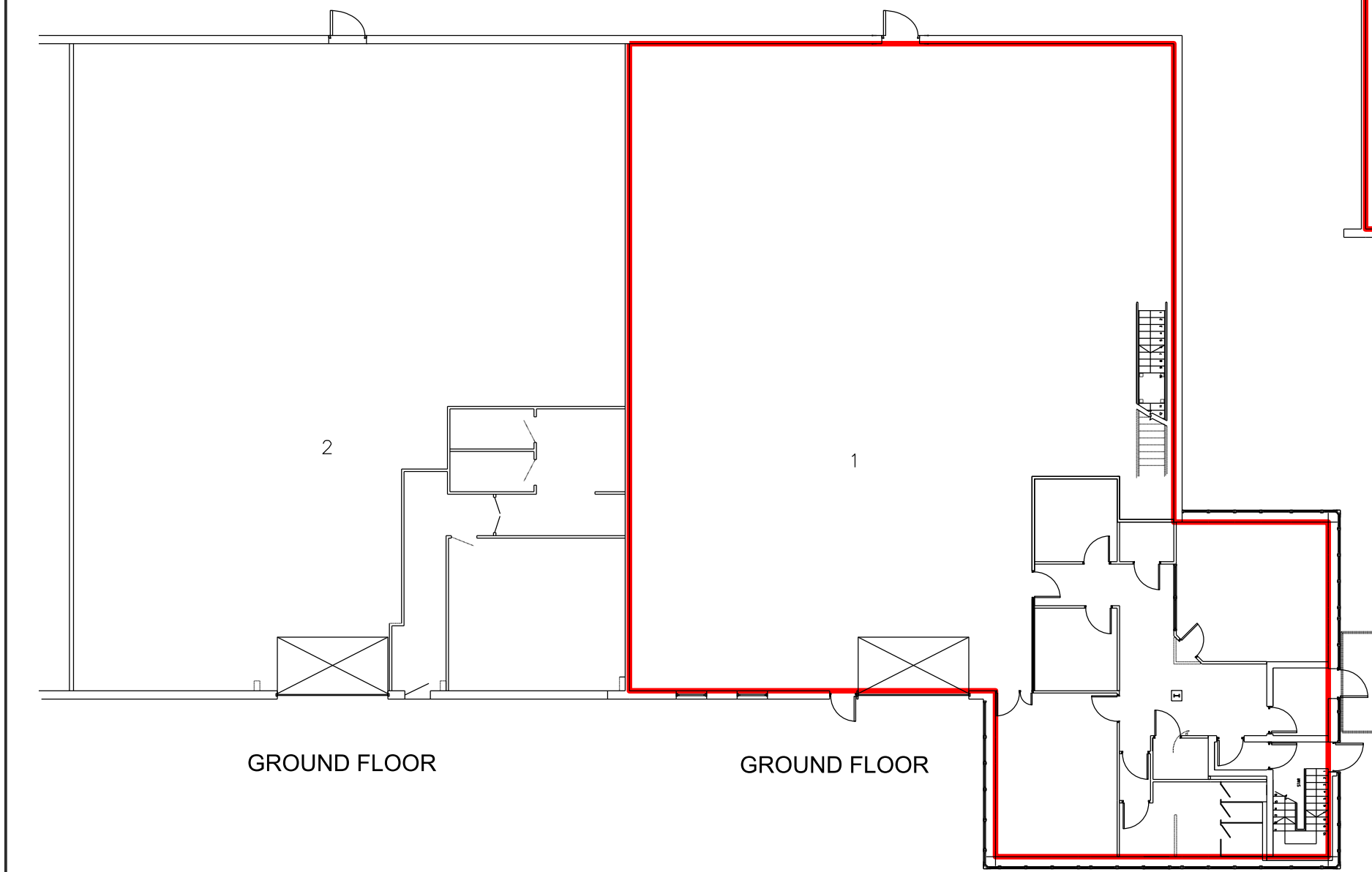
Appendix 1 - Location/Site Plan.



LOCATION PLAN

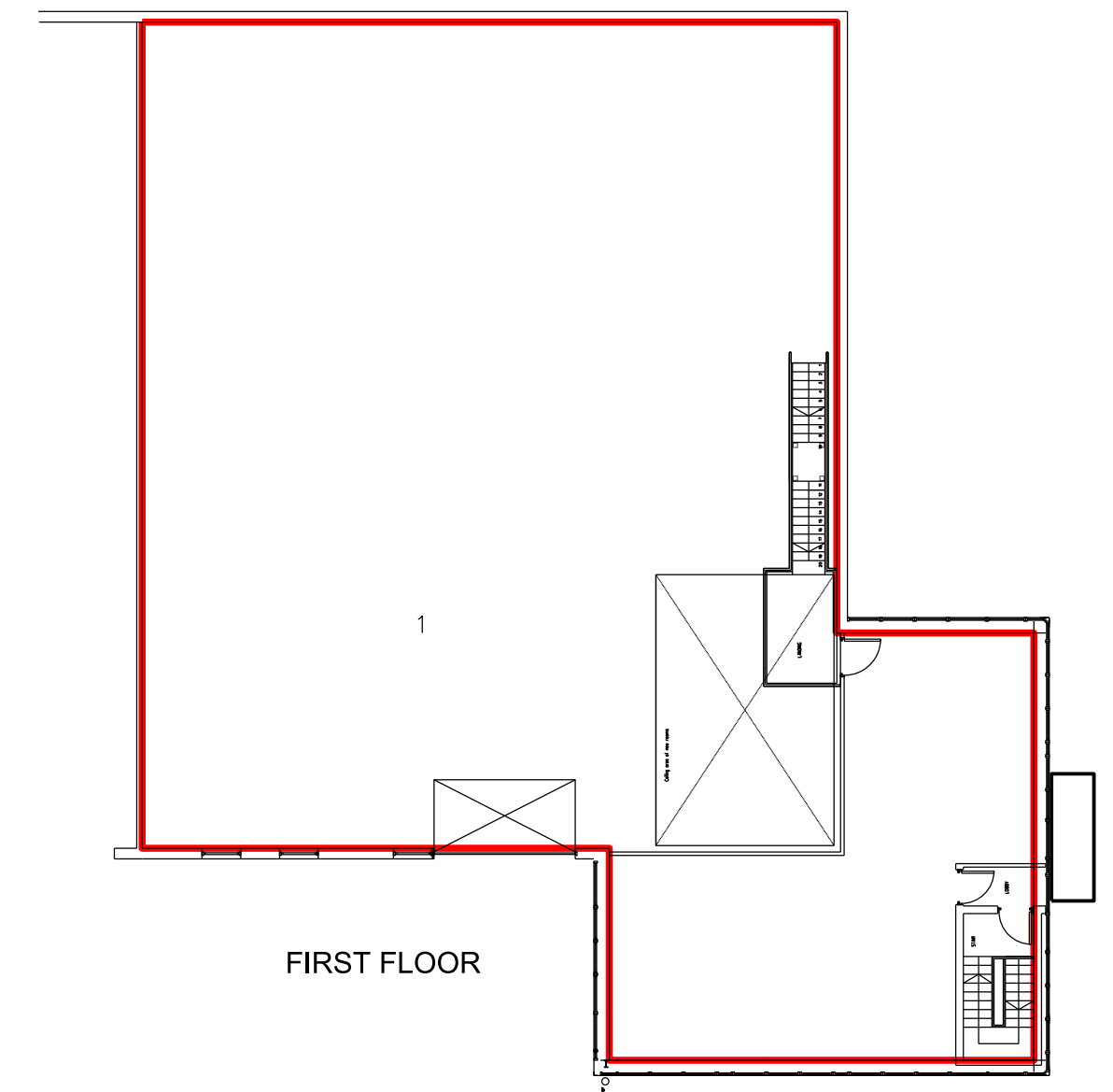
SCALE 1:2500

UNIT 1 CLOCKTOWER INDUSTRIAL ESTATE



GROUND FLOOR

GROUND FLOOR



FIRST FLOOR

SITE PLAN

PHOTOGRAPHICALLY REDUCED NOT TO SCALE

• EDINBURGH • THE CITY OF EDINBURGH COUNCIL	
PROPERTY AND FACILITIES MANAGEMENT RESOURCES	
UNIT 1 CLOCKTOWER INDUSTRIAL ESTATE SOUTH GYLE CRESCENT EDINBURGH	
DATE	21/9/17
SURVEYED BY	Third Party
DRAWN BY	Mark Ballantyne
SCALE	1:200 @ A3 SIZE
NEG. NO.	A3/1719

Finance and Resources Committee

10.00am, Tuesday, 7 November 2017

Proposed 25 year lease of 27 Peffer Place, Edinburgh

Item number	8.3
Report number	
Executive/routine	Routine
Wards	17 – Portobello/Craigmillar
Council Commitments	

Executive Summary

27 Peffer Place has been vacant since July 2017 when Skills Path, a City of Edinburgh Council (CEC) service was discontinued.

Two charitable organisations expressed interest in continuing similar services for people with additional support needs from the premises. Both organisations were invited to submit an offer at a formal closing date.

This report seeks approval to grant a new 25 year lease to Edinburgh Headway Group on the terms and conditions outlined in the report.

Proposed 25 year lease of 27 Pepper Place, Edinburgh

1. Recommendations

- 1.1 That Committee:
 - 1.1.1 Approves a 25 year lease to Edinburgh Headway Group at 27 Pepper Place on the terms outlined in this report, and on other terms and conditions to be agreed by the Executive Director of Resources.

2. Background

- 2.1 The premises at 27 Pepper Place form part of a terraced, single storey industrial estate and extends to 297.29 sq m (3,200 sq ft) or thereby, as shown outlined red on the attached plan.
- 2.2 The property was previously leased to the former Director of Services for Communities to accommodate the Skills Path scheme. The initial term of this lease expired and automatically continued on a month to month basis until July 2017. The passing rent paid by Skills Path was £24,000 per annum.
- 2.3 Edinburgh Headway Group and Upward Mobility provide similar services to Skills Path and prior to lease expiry, approached the Council to enquire about taking over the property.
- 2.4 A closing date was set for 6 September 2017 and both parties submitted a formal offer.

3. Main report

- 3.1 Following negotiations between the Council and Edinburgh Headway Group, the following terms have been provisionally agreed:
 - Subjects: 27 Pepper Place (outlined red on attached plan);
 - Lease term: 25 year lease from date of entry;
 - Break Options: Tenant only break on the 15th anniversary and a mutual break on the 20th anniversary (6 months' notice);
 - Rent: £25,000 per annum;
 - Incentives: 3 months rent free period, on entry;
 - Rent Reviews: Reviewed on each fifth anniversary to open market value. Upwards only;

- Use: Office / Workshop facilities to provide work rehabilitation day support services;
- Costs: Both parties to meet their own costs;
- Deposit: A 3 month rental deposit is to be paid prior to entry; and
- Other terms As contained in a standard commercial lease.

4. Measures of success

- 4.1 Granting a new 25 year lease of the premises will bring a vacant unit back into commercial use thus reducing the Council's vacant property costs and generating a rental income.
- 4.2 The occupier will provide a service to people with Acquired Brain Injury that may otherwise need to be provided by a Council service area.

5. Financial impact

- 5.1 The lease will generate a new rental income of £25,000 per annum payable to the General Property Account.
- 5.2 In addition a £15,000 per annum financial liability for vacant Non Domestic Rates will be removed.

6. Risk, policy, compliance and governance impact

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

7. Equalities impact

- 7.1 An equality and Rights Impact Assessment has been carried out.
- 7.2 The letting of the property would bring a vacant unit back into commercial use. This new letting will allow the proposed occupier to expand their services and assist more individuals living with Acquired Brain Injury to gain confidence, feel valued, benefit from improved physical and cognitive abilities and in time contribute back to society.
- 7.3 In a commercial property letting the main infringement of rights can often be claims by parties who were not given the opportunity to lease or make an offer for the property. It is not considered to be the case in this instance as a number of alternative properties were being marketed within the immediate vicinity.

8. Sustainability impact

- 8.1 There are no sustainability issues arising from this report.

9. Consultation and engagement

9.1 Ward councillors have been informed of the recommendations of the report.

10. Background reading/external references

10.1 N/A.

Stephen S. Moir

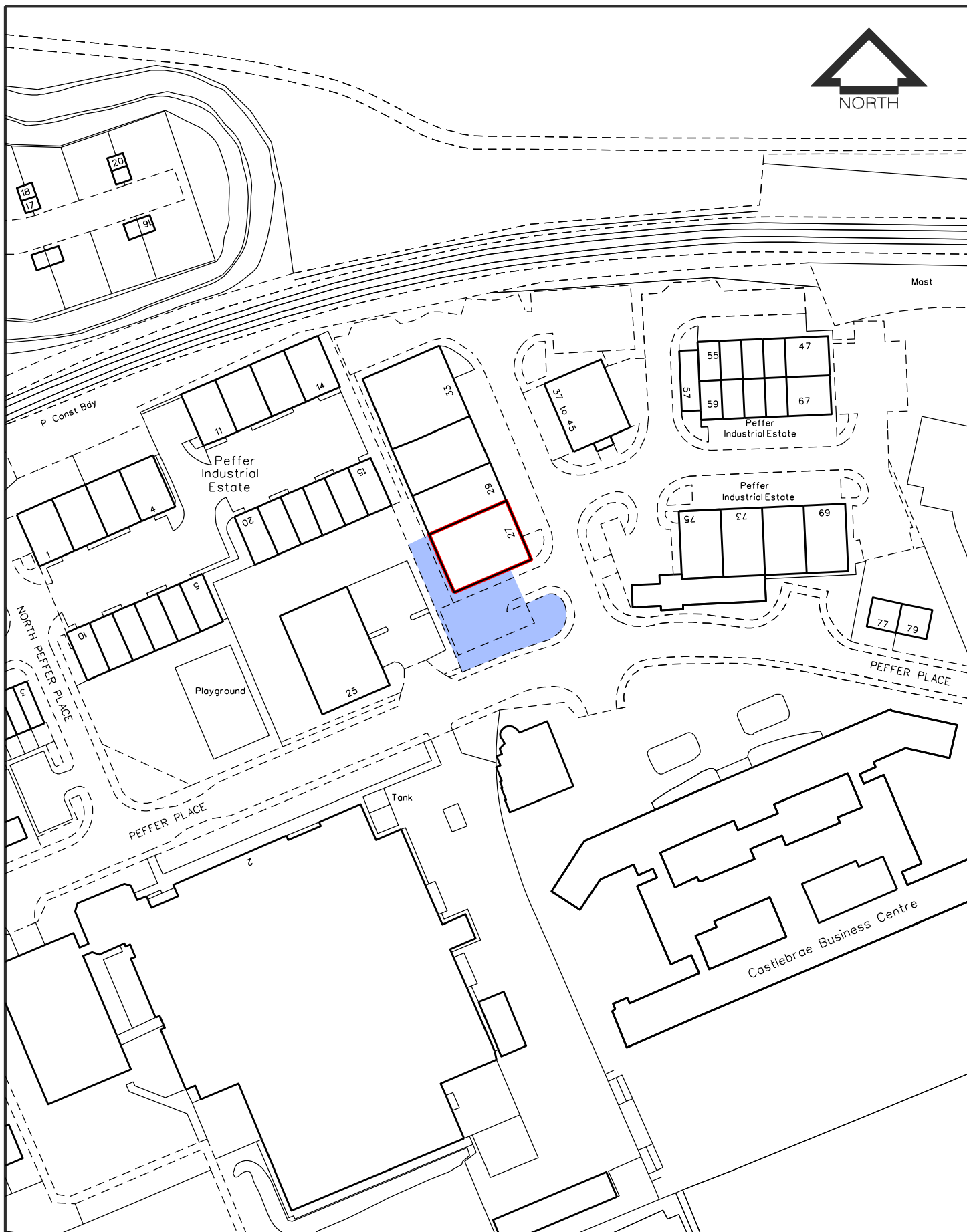
Executive Director of Resources

Contact: Andrew McCurrach, Portfolio Officer

E-mail: andrew.mccurrach@edinburgh.gov.uk | Tel: 0131 529 4682

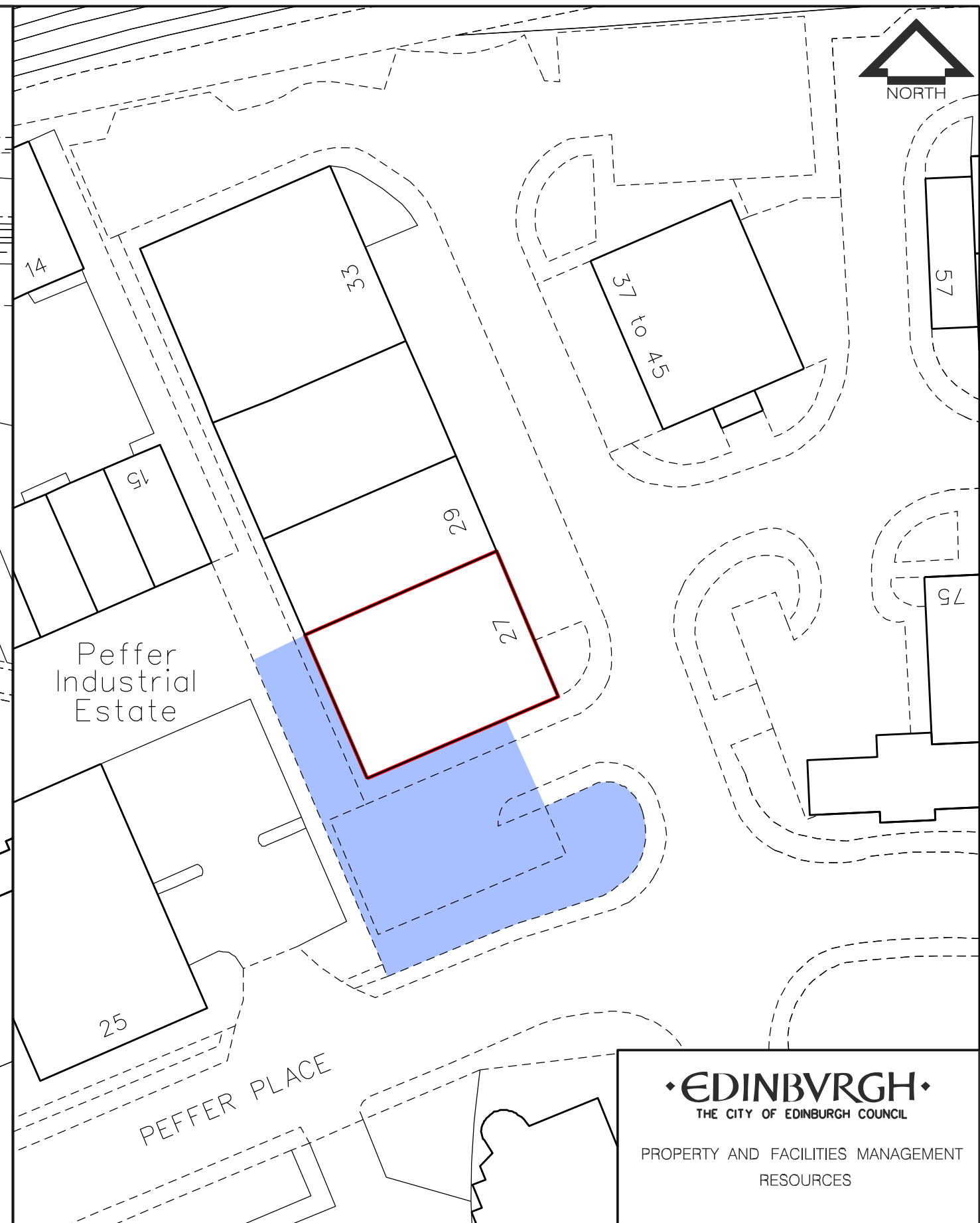
11. Appendices

Appendix 1 - Location/Site Plan



LOCATION PLAN

SCALE 1:1250



SITE PLAN

SCALE 1:500

THIS IS THE PLAN REFERRED TO IN THE FOREGOING MISSIVE AND IS
SIGNED AS RELATIVE THERETO.

Proper Officer SignatureDate.....

Tenant SignatureDate.....

•EDINBURGH•
THE CITY OF EDINBURGH COUNCIL

PROPERTY AND FACILITIES MANAGEMENT
RESOURCES

27 (Unit 4)
PEPPER PLACE INDUSTRIAL ESTATE
PEPPER PLACE
EDINBURGH

DATE	10/7/14
SURVEYED BY	
DRAWN BY	Mark Ballantyne
SCALE	1:500 @ A3 SIZE
NEG. NO.	A3/1487

Finance and Resources Committee

10.00, Tuesday 7 November 2017

Pupil Equity Funding Open Framework Agreement

Item number	8.4
Report number	
Executive/routine	
Wards	
Council Commitments	

Executive Summary

The Finance and Resources Committee is asked to note the approval of the award of an open framework for the provision of Pupil Equity Fund services, under the Urgency Provisions as detailed in Committee Terms of Reference and Delegated Functions.

The framework duration will be for 24 months, with an option to extend for up to a further two periods of 12 months each.

The total estimated value of the open framework to the Council, including extensions, is £4,000,000.

Finance and Resources Committee

Pupil Equity Funding Open Framework Agreement

1. Recommendations

- 1.1 That the Finance and Resources Committee note that the Convenor and Vice Convenor of the Finance and Resources Committee provided Delegated Authority to the Executive Director of Communities and Families to award an open framework to the service providers as listed in Appendix 2 for a maximum value of £4,000,000 under the Urgency Provisions as detailed in Committee Terms of Reference and Delegated Functions. The purpose of the open framework is to deliver services for Pupil Equity Funding. The open framework was awarded on 8 September 2017 for a period of two years with the option to extend for up to a further two periods of 12 months.

2. Background

- 2.1 The Scottish Government has committed to providing additional funding in the form of Pupil Equity Funding (PEF), to schools across Scotland as part of the Scottish Attainment Challenge Programme over the next few years. In April 2017, funding of £7.5M for 2017-2018 was directly allocated to Edinburgh Council schools with the aim of closing the poverty related attainment gap within schools. It is anticipated a similar level of funding will be provided annually throughout the duration of the current Scottish Government (next four years). Funding was allocated per school based on recipients of free school meals.
- 2.2 The Council's Commercial and Procurement Service (CPS) quickly recognised and responded to the need to work closely with schools to assist them in the purchasing of services, in addition to staffing resources, with their PEF monies. As the Scottish Government's Operational Guidance for PEF recognises the Council has statutory responsibilities to comply with procurement legislation and existing procurement procedures as well as to secure Best Value. At the same time, CPS recognised the need and the intent of the Scottish Government to leave the rationale to Head Teachers as to what is effective and provide for flexibility and local service provision.
- 2.3 In order to achieve these requirements CPS have consulted with Communities and Families, Finance, Legal and a core group of Head Teachers. The solution identified was to put in place a dynamic schools services framework. An open framework with a large choice of providers who could deliver improvements in

literacy, numeracy and health and wellbeing and dynamic in that providers could be added at regular intervals as they are identified by schools over the course of the four-year funding period.

- 2.4 The main purpose of this open framework is to support schools with PEF expenditure at the same time as complying with the procurement obligations of openness and transparency and ensuring appropriate terms and conditions and checks are put in place. Schools were asked to point existing or proposed providers to register on Public Contracts Scotland which gives access to public authority contract opportunities.

3. Main report

- 3.1 As this is a Social Care service, it was tendered in accordance with the 'light touch' regime and the Procurement Reform (Scotland) Act 2014, Public Contracts (Scotland) Regulations 2015, the 2016 Regulations and the Procurement of Care and Support Services 2016 (Best Practice). The requirements for Best Practice, openness, transparency and fair and equal treatment, has also ensured that the requirement complied with the Council's Standing Orders.
- 3.2 An open OJEU notice was published via Public Contracts Scotland on 22 June 2017 to invite a wide variety of providers to tender.
- 3.3 The framework is lotted in the following format:

Lot	Description
1	Activity Based Learning
2	Clubs (After School/ Breakfast)
3	Counselling, Support and Advice Services
4	Creative Engagement
5	External Tutors/ Additional Support
6	Mentoring
7	Pupil Workshops

- 3.4 A summary of the tender process is provided at Appendix 1 of this report.
- 3.5 Forty-nine organisations submitted their tenders by the deadline of 21 July 2017 and in total 123 different services were submitted.
- 3.6 Service providers were asked to provide a response to the following:

- 3.6.1 The service provision – how and what they will deliver, how they will engage pupils and a case study including resulting outcomes (50%);
- 3.6.2 How the service will close the attainment gap i.e. a method statement detailing how the service will lead to improvements in pupils in literacy, numeracy and/or health and wellbeing (30%);
- 3.6.3 Details on how the provider will communicate with the schools/s (20%).
- 3.7 The tender responses were evaluated and ranked based on most economically advantageous tender (MEAT), weighted 30:70 for quality and price. The framework will allow all providers who meet a minimum quality threshold to be admitted on to it.
- 3.8 Quality evaluations were completed by teachers and other council officers within Communities and Families.
- 3.9 The information supplied by providers will be shared with schools to allow the Headteachers to ensure the correct service is chosen to meet the requirements of their school. Headteachers will be able to use their discretion, knowledge and experience to select the most appropriate service provider given their knowledge of the child's circumstances and needs in order to provide the best outcome for each child. The ratio reflects that schools will be best placed to judge quality in this case.
- 3.10 Admission to the framework will not guarantee work and the Open Framework Agreement will be used at the discretion of schools. The Council will reopen the framework on six monthly periods for the duration of the agreement which shall enable new Service Providers to join the framework or current service providers to add additional services to the framework. This shall result in greater flexibility and choice for schools while providing opportunities for new and or smaller organisations to work with schools.
- 3.11 Schools will be able to direct award based on the pricing provided or complete a mini competition should this better suit their requirements.

4. Measures of success

- 4.1 The contract price is a fixed annual fee for the service for the duration of the contract, with greater understanding of the full costs being applied to the service(s).
- 4.2 The open framework encourages other providers to be part of the Pupil Equity Open Framework which will negate the need for waivers or separate contracts.
- 4.3 The open framework will allow the schools to determine which services are suitable for their school.
- 4.4 The open framework also allows micro and small to medium organisations the opportunity to advertise their services.

- 4.5 As part of the procurement process, the providers confirmed that they adhere to fair working practice policy.
- 4.6 CPS has been contacted by a number of other Councils requesting information on this procurement process therefore it is likely that this approach will be adopted by a number of other authorities.

5. Financial impact

- 5.1 Early stage discussions with schools have implied that the majority of funding will be spent on recruitment of extra staff which will not involve procurement (estimated £5.8M according to PEF forms). Other areas of spending will include services such as activity based learning, Counselling, ICT equipment and additional resources including goods. From this information, it was estimated that the open framework would be required to facilitate an estimated annual spend of £600K per annum on services.
- 5.2 However, as schools may require further resource, the open framework was advertised at £1,000,000 per annum. This will be reviewed on an annual basis.
- 5.3 Schools will have the opportunity to collaborate their requirements to make volume savings where service providers have allowed for this within their pricing structure.
- 5.4 The open framework allows for transparency of pricing for all Edinburgh schools, resulting in consistent pricing.
- 5.5 The costs associated with procuring this contract are estimated to be between £20,001 and £35,000.

6. Risk, policy, compliance and governance impact

- 6.1 The contracts to be awarded are compliant with procurement regulations using the Light Touch Regime and the Council's Contract Standing Orders (CSOs).
- 6.2 The risk of legal challenge relating to contractual arrangements for the provision of services to support schools aim of closing the poverty related attainment gap will thereby be reduced.
- 6.3 The risk of schools purchasing services without minimum standards and Council standard insurance requirements will thereby be reduced.
- 6.4 All service providers shall be signed up to the Council's Terms and Conditions, reducing risk to the Council and schools.

7. Equalities impact

- 7.1 As the aim of the attainment fund is to ensure equity to all Scottish Pupils, the risk of negative equality impact is low. However, an ERIA and a Privacy Impact Assessment is in process.

8. Sustainability impact

- 8.1 No significant environmental impacts are expected to arise from this contract.
- 8.2 This procurement has adhered to policy on Sustainable Procurement and the Scottish Governments guidance on Community Benefits.
- 8.3 Community benefits will be sought retrospectively on yearly basis from providers with whom the schools collectively spend above £50,000 per annum. The designated Contract Manager will be responsible for monitoring delivery and reporting of community benefits by individual providers.

9. Consultation and engagement

- 9.1 The co-production for this has been extensive:
- Interaction with Head teacher groups in March 2017 to ensure early engagement;
 - Murrayfield Event for both Providers and schools to engage;
 - Meetings with Business Managers Groups and the Council education team to ensure that communication to the schools is clear and consistent; and
 - Forms sent out to Head Teachers to request information on proposals for spending PEF.

10. Background reading/external references

- 10.1 Scottish Government Pupil Equity Fund Guidance.

Alistair Gaw

Executive Director for Communities and Families

Contact: Lorna Sweeney, Schools and Lifelong Learning Senior Manager

E-mail: Lorna.Sweeney@edinburgh.gov.uk | Tel: 0131 529 2217

11. Appendices

Appendix 1 - Summary of Tendering and Tender Evaluation Processes

Appendix 2 - List of Providers

Appendix 1 - Summary of Tendering and Tender Evaluation Processes

Contract Period	Commencement will be 8 September 2017 for an initial period of 24 months, with the option to extend for up to a further two periods of twelve months each, undertaken at the sole discretion of the Council.
Estimated value of contracts	Maximum £4,000,000 (including extensions)
Standing Orders observed	2.4 EU Principles have been applied 2.7 Commercial and Procurement Manager provided resource to undertake tendering 3.2 Director has responsibility for all contracts tendered and led by their Directorate 5.1(b) Tenders evaluated on basis of most economically advantageous tender
Governing UK Regulation	Procurement Reform (Scotland) Act 2014, Public Contracts (Scotland) Regulations 2015, the 2016 Regulations and the Procurement of Care and Support Services 2016 (Best Practice).
Tenders Returned	55 (49 organisations, 123 services)
Tenders fully compliant	54
Recommended Provider(s)	Please see Appendix 2
Primary Criterion	Most economically advantageous tender to have met the qualitative and technical specification
Evaluation criteria and weightings and reasons for this approach	Quality (30%) Price (70%)
Evaluation Team	Council officers from Communities and Families
Consideration of procurement methodology and processes to ensure SME friendly	Access to the Open Framework.

Appendix 2 List of Providers

Service Provider	Applicable Lots
Achieve Training	6,7,4 & 3
Action for Children	1,3,4 & 6
Apex Scotland	5,6 & 7
Barnardos	2, 3, 4, 5 & 6
Be Experimental	1 & 2
Bright Light Couples Counselling Lothian	3
Cannongate Youth	1, 3,4 & 7
Children 1st	3,5 & 6
Chroma	3, 4, 5 & 7
Citadel Youth	3 & 6
Community Help Initiative (CHAI)	3
CrossReach	3
Cyrenians	3, 5 & 7
Dundee Academy of Sport	1, 4 & 7
Eco Drama	1 & 4
Enable Scotland	2,3,4,6 & 7
Friends of the Award in Edinburgh and Lothians	1
Glasgow Science Centre	4 & 7
Impact Arts	1, 3 & 7
Lifelink	3
Move on	6 & 7
Multi Cultural Family Base	1 & 3
No Tosh Ltd	1, 4 & 7
People Know How	1, 4, 6 & 7
Pilton Community Health Project	3
Place2Be	3
Positive Realities	3 & 7
Quarriers	1, 3 & 7
Rathbone	3, 6 & 7
Rewise Learning Ltd	1, 4 & 7
Rural Urban Training	1 & 7
School of Hard Knocks	1, 6 & 7
Scottish Association for Mental Health	7
Screen Education	4
Skill Force Development	1
Smart Play Network	1 & 4
Springboard	1 & 7
Strange Town	4
The Broomhouse Centre	1, 2, 3, 4, 5 & 6
The Drama Studio	4
The Fruitmarket Gallery	1, 4, 6 & 7
The Junction Young People Health and Wellbeing	1, 3, 4 & 7
The Moment is Now	7
The Spark	3

Venture Scotland	1
Walk the Talk Studios Ltd	7
Westerhailes Youth Agency	3, 5, 6 & 7
With Kids	3 & 5

Finance and Resources Committee

10.00am, Tuesday, 7 November 2017

Adoption of the Scotland Excel Framework Agreement for Supply and Delivery of Personal Protective Equipment

Item number 8.5

Report number

Executive/routine

Wards

Council Commitments

Executive Summary

This report seeks approval of the Finance and Resources Committee to adopt the Scotland Excel Framework Agreement for Supply and Delivery of Personal Protective Equipment (PPE).

The new framework will continue to provide the council with a mechanism to procure a wide range of PPE, including, workwear, footwear, safety wear and hi visibility wear.

The term of the Framework will be two years with the option to extend until 28 February 2021. The value of the Framework has been estimated at £1,524,000.

Adoption of the Scotland Excel Framework Agreement for Supply and Delivery of Personal Protective Equipment

1. Recommendations

- 1.1 It is recommended that Committee approve the adoption and implementation of the Scotland Excel Framework Agreement for Supply and Delivery of Personal Protective Equipment from 7 November 2017 to 28 February 2019 with the option to extend to 28 February 2021.

2. Background

- 2.1 The Scotland Excel Framework for Personal Protective Equipment replaces a previous Framework Agreement utilised by the Council.
- 2.2 There is an on-going requirement to procure Personal Protective Equipment throughout the Council to adhere to Health and Safety requirements and staff well-being and covers a vast array of jobs.
- 2.3 Procurement of PPE through the Framework will ensure that purchased items will be fit for purpose and present best value for money having been competitively tendered for Councils across Scotland.

3. Main report

- 3.1 As part of the Scotland Excel (SXL) strategy development, the SXL User Intelligence Group (UIG) consisting of representatives from participating councils endorsed an alternative lotting structure which reduces the current lot numbers in the framework from four to two without reducing market capacity. These are: hazard items, footwear, workwear, hi visibility & weather wear.
- 3.2 The lotting structure is as follows:

Lot 1	Safety, work wear, weather wear and footwear
Lot 2	Catering/food Industry

- 3.3 Following publication of a Prior Information Notice (PIN), supplier meetings were held to share information on market trends and recent developments. This resulted in a requirement to promote Supported Businesses through framework suppliers. It was agreed that the optimal approach to the market, to meet the requirements of end user organisations, would be to conduct a process resulting in a multi-supplier award across two lots.
- 3.4 The Scotland Excel UIG agreed that the procurement process should follow a two-stage tendering procedure:
 - 3.4.1 Stage one, Qualification, was undertaken using the European Single Procurement Document (ESPD).
 - 3.4.2 Stage two of the process involved evaluation of the bidders' offers against the following criteria and weightings:
 - 3.4.2.1 Technical 40%
 - 3.4.2.2 Commercial 60%
- 3.5 The Contract Notice was published on Public Contracts Scotland (PCS) portal and subsequently uploaded to the Official Journal of the European Union on 24 November 2016. The tender documentation was made available for immediate download to bidders on 25 November 2016 via the Public Contracts Scotland Tenders (PCS-T) system.
- 3.6 The qualification stage of the ESPD required bidders to answer a number of qualification questions and minimum standards for insurance, financial standing, quality management, health and safety and environmental management.
- 3.7 Within the technical section, bidders were required to evidence their knowledge and experience by responding to scored criteria which included method statements, a range of job scenarios and fixed pricing.
 - 3.7.1 The method statements were assessed upon the bidders' responses to the following criteria: customer service; framework objectives; community benefits including sustainability; and added value.

The job scenarios were based upon mainstream council job roles e.g. Road/Construction worker, Refuse Collector and Catering assistant. Lot 1 had six scenarios and Lot 2 had one. Bidders were required to complete a list of fit-for-purpose PPE for each scenario and were scored based upon the suitability of their choice.
- 3.8 Bidders were also requested to provide set percentage discount structures against Recommended Retail Prices (RRP) and/or product catalogue prices for specific products or product ranges relating to each lot, as well as confirming which councils they were prepared to service

- 3.9 Following analysis of tenders received, Scotland Excel appointed a total of 21 suppliers across both lots, the high numbers reflect the geographical coverage required across Scotland and the varied types of workwear required.

4. Measures of success

- 4.1 This framework will provide the Council and other participating bodies with a mechanism to procure a wide range of Personal Protective Equipment (PPE) ranging from safety head, ear and eye wear, respirators, hi visibility clothing footwear, and safety clothing. A range of benefits can be reported in relation to price stability and community benefits.

5. Financial impact

- 5.1 The Council forecast value of this framework, including extensions, has been estimated at £1,524,000, with a saving of £13,000 for over the full contract period (including extensions). Approximately 0.85% savings against the previous contract.
- 5.2 All suppliers have agreed to the 12-month fixed price period from the beginning of the framework. A number of suppliers agreed to fixed pricing for 24 months, offer non-core discounts and/or offer annual rebates.
- 5.3 Price increases are subject to price reviews every six months to accommodate market fluctuations. All requests for price increases will be evaluated against prevailing market conditions and supporting documentary evidence.
- 5.4 Council spend on PPE will be managed by continuous review of demand to minimise spend.
- 5.5 The costs associated with procuring this contract are estimated at up to £10,000.

6. Risk, policy, compliance and governance impact

- 6.1 The Waste & Cleansing Services Team, will provide for the contract management of the contract due to being the highest spend area.

7. Equalities impact

- 7.1 The Equalities Rights Impact Assessment (ERIA) has identified no impact on the Councils specific public sector equality duties.

8. Sustainability impact

- 8.1 Bidders environmental assessments provided evidence that they were either members of the environmental management system, ISO14001 or that they work to an internally audited environmental management system. Others advised that they were working towards accreditation to ISO14001.
- 8.2 Within their ISO accreditation or own management system, bidders advised a range of environmental measures for their organisations, including: fuel reduction and energy efficiencies; minimising carbon footprint by reducing mileage consumption; identifying opportunities for waste reduction; recycling principles for waste.
- 8.3 Suppliers undertook to provide Community Benefits which will be monitored as Key Performance Indicators throughout the lifetime of the project. The range of benefits offered by bidders include - Lease all company vehicles, at additional expense, through a local Scottish Company who employ a large number of local people throughout the East of Scotland, textile repair service to local Boys Brigade companies and Scout Troops at greatly reduced rates, working with council Rapid Response Team helping communities in times of need, participating in the Scottish Government's "Developing the Young Workforce" scheme, assisting people back into work, etc.
- 8.4 Suppliers, as part of the sustainability method statement, bidders were asked to detail their current processes and procedures for recycling. They provided the following recycling methods: donating old and un-branded clothing to, e.g. Salvation Army; recycling footwear and clothing to clothing banks; re-using cardboard and bubble wrap; use of waste companies for chemical waste when required; and membership of recycling organisations were also mentioned – REPAK and National Waste & Recycling Association.
- 8.5 Sustainable Procurement Benefits (including Supported Business) - Bidders were also required as part of a method statement response to describe how they would ensure that products were ethically sourced. Their responses included: having accreditation to, e.g. Ethical Trade Initiative (ETI); members having detailed knowledge of their supply chains' ethical trading policy, requesting copies of these; requesting details of their membership to sustainable procurement schemes; and carrying out audit programmes on their supply chain and supported businesses with regular site visits.
- 8.6 In regard to Workforce Matters, bidders were asked to detail their structure for Fair Work Practices, in particular the Living Wage. Out of the 21 tenderers, 11 advised that staff are paid the Living Wage. Other tenderers stated they were working towards paying the Living Wage rate to all employees, whilst some advised that they were looking into accreditation of the Living Wage Foundation. Through regular review meetings with suppliers, Scotland Excel will monitor and encourage suppliers to pay Living Wage rates.

9. Consultation and engagement

- 9.1 A User Intelligence Group (UIG) consisting of procurement and technical representatives from the participating Councils was established to support the development of the procurement strategy and specification.
- 9.2 During the development of the procurement strategy, Scotland Excel consulted a wide range of stakeholders to inform the strategy including all Scottish Local Authorities, other Public Sector organisations and FIRA.

10. Background reading/external references

10.1 N/A

Paul Lawrence

Executive Director - Place

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11. Appendices

Appendix 1 – Summary of Tendering and Tender Evaluation Process

Appendix 2 – Scotland Excel Framework Scores

Appendix 1 – Summary of Tendering and Tender Evaluation Processes

Contract	CT2194 Scotland Excel Framework Agreement for Supply and Delivery of Personal Protective Equipment
Contract period (including any extensions)	02 June 2017 – 28 February 2021 (including 2 x 12 month extensions)
Estimated contract value	£1,524,000 (Total includes extensions)
Procurement Route chosen	Open
Tenders returned	31
Price/Quality ratio	Technical – 40% Commercial – 60%
Evaluation criteria and weightings and reasons for this approach	<p>Commercial – 60%</p> <p>The Commercial element of the tender was based upon a basket of commonly purchased items.</p> <p>Technical - 40%</p> <p>The technical elements of the tender were based upon the technical knowledge of specific job roles and providing suitable items that meet compliant standards including being suitable for a given scenario and meeting safety requirements.</p> <ul style="list-style-type: none"> •
Evaluation Team	Scotland Excel & Procurement and/or Technical Representatives from participating Councils.

Appendix 2 – Scotland Excel Framework Scores

Lot 1 PPE includes:
Eye and Ear Protection, Respirators/Safety Masks, Safety Head Wear,
Workwear, Hi Viz Wear, Footwear

<u>Tenderer</u>	<u>Technical Score</u>	<u>Commercial Score</u>	<u>Total Score</u>
Bunzl Greenham	32.50	59.04	91.54
WC Willis	32.00	58.00	90.00
Stax Direct	29.25	56.63	85.88
Arco Limited	35.00	50.63	85.63
Lion Safety	33.00	51.80	84.80
Cleaning & Wiping	33.00	51.48	84.48
JBS Group	37.50	46.55	84.05
Corston Sinclair	37.25	46.04	83.29
MWUK	38.13	44.32	82.45
Allison & Stiven	29.50	52.37	81.87
Protective Wear	30.00	51.68	81.68
McKinlay Workwear	26.63	54.25	80.87
Guthrie Group	30.25	49.73	79.98
Mo & Co	25.30	51.44	76.74
Ioma Clothing	29.50	46.70	76.20
Donside	30.15	45.96	76.11
D Gibson	35.50	39.85	75.35
Scott Direct	32.00	42.64	74.64
Unico	27.25	45.45	72.70
Rexel (UK)	27.00	44.31	71.31

Lot 2 PPE includes:
Catering and Food Industry

<u>Tenderer</u>	<u>Technical Score</u>	<u>Commercial Score</u>	<u>Total Score</u>
Allison & Stiven	36.00	59.00	95.00
Stax Direct	35.25	57.38	92.63
Lion Safety	36.50	52.40	88.90
Corston Sinclair	37.75	50.59	88.34
JBS Group	31.50	53.49	84.99
McKinlay Workwear	28.63	54.39	83.02
Bunzl Greenham	32.50	50.29	82.79
GTS Group	37.00	45.18	82.18