

# Notice of meeting and agenda

## Finance and Resources Committee

**10.00am, Thursday 16 August 2018**

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**

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- 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**

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- 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**

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- 3.1 If any

## **4. Minutes**

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- 4.1 Minute of the Finance and Resources Committee of 12 June 2018 – submitted for approval as a correct record (circulated)

## **5. Forward planning**

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

## **6 Business Bulletin**

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- 6.1 Business Bulletin (circulated)

## **7. Executive decisions**

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- 7.1 Revenue Monitoring 2017/18 – Outturn Report – report by the Executive Director of Resources (circulated)
- 7.2 Revenue Monitoring 2018/19 – Month Three Position – report by the Executive Director of Resources (circulated)
- 7.3 Capital Monitoring 2017/18 – Outturn and Receipts – report by the Executive Director of Resources (circulated)
- 7.4 Capital Monitoring 2018/19 – Month Three Position – report by the Executive Director of Resources (circulated)
- 7.5 Chief Executive – Revenue Budget Monitoring 2018/19 – Month Three Position – report by the Executive Director of Resources (circulated)

- 7.6 Resources Directorate – Revenue Budget Monitoring 2018/19 – Month Three Position – report by the Executive Director of Resources (circulated)
- 7.7 Revenue Budget Framework 2018/23 – Locality Expenditure – report by the Executive Director of Resources (circulated)
- 7.8 Spend to Save Funding Application – Lagganlia Outdoor Centre – report by the Executive Director of Resources (circulated)
- 7.9 Treasury Management: Annual Report 2017/18 – report by the Executive Director of Resources (circulated)
- 7.10 Finance Policies – Assurance Statement – report by the Executive Director of Resources (circulated)
- 7.11 Internal Audit Update Report – 1 January to 31 July 2018 – referral from the Governance, Risk and Best Value Committee (circulated)
- 7.12 Proposed 2018/19 Citizen Engagement – report by the Chief Executive (circulated)
- 7.13 Workforce Dashboard – report by the Executive Director of Resources (circulated)
- 7.14 Commercial and Procurement Annual Report 2018 – report by the Executive Director of Resources (circulated)
- 7.15 Construction Charter – report by the Executive Director of Resources (circulated)
- 7.16 Extension to the Existing Property Repair and Maintenance Contracts – report by the Executive Director of Resources (circulated)
- 7.17 Extension to Health and Social Care Contracts – report by the Chief Officer, Edinburgh Health and Social Care Partnership (circulated)
- 7.18 Appointments to Working Groups 2018/19 – report by the Chief Executive (circulated)

## **8. Routine decisions**

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- 8.1 Proposed New Lease at 323 High Street, Edinburgh - report by the Executive Director of Resources (circulated)
- 8.2 Proposed New Lease of part of 249 High Street, Edinburgh (Advice Shop) – report by the Executive Director of Resources (circulated)
- 8.3 City Fibre Expansion Project – Proposed Ground Lease at New Mart Road, Edinburgh – report by the Executive Director of Resources (circulated)
- 8.4 Port Edgar Marina, South Queensferry – Proposed Lease to South Queensferry Sea Cadets – report by the Executive Director of Resources (circulated)

- 8.5 Proposed Sale of Former Public Convenience at 1 Gorgie Road – report by the Executive Director of Resources (circulated)
- 8.6 Award of Workplace Travel Planning Contract 2018/19 – report by the Executive Director of Place (circulated)
- 8.7 Contract for Care and Support Complex Needs – St Stephen’s Court - report by the Chief Officer, Edinburgh Health and Social Care Partnership (circulated)

## **9. Motions**

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9.1 If any

### **Laurence Rockey**

Head of Strategy and Insight

### **Committee Members**

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

### **Information about the Finance and Resources Committee**

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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**

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If you have any questions about the agenda or meeting arrangements, please contact Veronica Macmillan, Committee Services, City of Edinburgh Council, Business Centre 2.1, Waverley Court, 4 East Market Street, Edinburgh, EH8 8BG, Tel 0131 529 4283 or email [veronica.macmillan@edinburgh.gov.uk](mailto:veronica.macmillan@edinburgh.gov.uk)

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

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



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# Item 4.1 - Minutes

## Finance and Resources Committee

10.00am, Tuesday, 12 June 2018

### Present

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

### 1. Deputation – UNISON

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#### (a) Deputation – Revenue Budget Framework 2018/23: Progress Update

The Committee agreed to hear a deputation from Gerry Stovin from UNISON, in relation to the Revenue Budget Framework 2018/23: Progress Update.

The deputation made the following points:

- The Scottish Government had cut funding to Local Government by 9.6% since 2010 and there were projected further cuts to Edinburgh which would potentially have a detrimental effect on services.
- Further efficiency savings and savings through the transformation programme would only worsen the situation.
- Existing staff would have to bear the burden of delivering services, with some reporting that they felt increasingly demoralised and overworked.
- The Audit Commission reported concerns that many staff had intolerable workloads, which was leading to complaints from the public staff felt undervalued by management.
- The Council had a duty of care to staff and could not deliver the same services with far fewer resources.
- UNISON was not against progress or efficiency, but cuts should not be dressed up as efficiency.
- There were risks attached to failed transformation programmes and if any further programmes for change were predicated on huge financial cuts, they would not work.

- The Council could not sustain any further cuts and continue to provide services on the back of overworked staff.

UNISON would remain open to engaging with the Council in finding genuine new ways of working but would continue to campaign against funding cuts.

**(b) Deputation – Asset Management Strategy Transformation Programme Update**

The Committee agreed to hear a deputation from Gerry Stovin of UNISON in relation to the Asset Management Strategy Transformation Programme - Update.

The deputation highlighted the following:

- The report indicated that there was a move for a three-day cleaning regime across the establishment, which included schools.
- There were some positive aspects of the programme, such as the £120m for upgrading schools and making them safe. However, continual cuts had created a backlog.
- The improvements to schools would improve school life for children and were welcomed, but this should not go in parallel with cuts to cleaning services.
- Cleaning standards should be maintained and cutting cleaning in schools would jeopardise this.
- There was approximately 1000 cleaners, most of whom were women and were low paid. UNISON had to protect these workers and resist changes to their conditions.

UNISON asked the Committee to consider the proposals, especially in relation to the three-day cleaning proposals.

The Convener thanked the deputation for the presentations and invited it to remain for Committee's consideration of the reports by the Executive Director of Resources (items 2 and 3).

## **2. Revenue Budget Framework 2018/23: Progress Update**

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Committee considered a report which advised of the implications for the Council following announcement of the Local Government Finance Settlement on 14 December 2017.

### **Decision**

- 1) To note the overall impact of the proposed changes to a number of the baseline expenditure and income assumptions included within the 2018/23 revenue budget framework.
- 2) To note, nonetheless, the significant estimated remaining savings requirement across the overall period of the framework and the consequent intention to bring forward a Council-wide change strategy to the Committee's September 2018 meeting.

- 3) To agree that as part of next year's budget consultation details should be included of the proposals agreed in terms of how and when they would be rolled out.

(References – Act of Council (No 3), 22 February 2018; report by the Executive Director of Resources, submitted.)

#### **Declaration of Interests**

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

### **3. Asset Management Strategy Transformation Update**

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The Asset Management Strategy (AMS) was a significant programme within the wider Council Change Portfolio, aimed at achieving more effective and efficient use of the Council's asset base and associated service provision.

An overview was provided of the status of the programme to date and the work completed since the last reporting period.

#### **Decision**

- 1) To note the continued progress in each of the key Asset Management Strategy (AMS) Transformation Programme work streams.
- 2) To note that the AMS would undergo a mid-point review resulting in a re-profiling of how the approved savings would be delivered.
- 3) To approve the proposal to refresh the Council's Asset Management Strategy to reflect updated assumptions and the further and better information and intelligence gained since this was originally adopted in 2015.
- 4) To note the management information dashboard reports at Appendix 1 of the report.
- 5) To note the Measurement of Success Key Performance Indicators (KPI's) at Appendix 2 of the report.
- 6) To note the result of the recent Planned Preventative Maintenance spend in Appendix 3 of the report.
- 7) To agree that a workshop would be organised to discuss the Asset Management Strategy and the Committee Services (VM) would liaise with the Head of Property and Facilities Management (PW) to arrange suitable date and time and send out invites.

(References – Finance and Resources Committee 24 September 2015 (item 2); report by the Executive Director of Resources, submitted).

#### **Declaration of Interests**

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

## 4. Minutes

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### Decision

To approve the minutes of the Finance and Resources Committee of 27 March 2018 as a correct record.

## 5. Key Decisions Forward Plan

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The Finance and Resources Committee Key Decisions Forward Plan for August 2018 was submitted.

### Decision

To note the Key Decisions Forward Plan for August 2018.

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

## 6. Rolling Actions Log

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The Finance and Resources Committee Rolling Actions Log was submitted.

### Decision

- 1) To agree to close actions 3 and 7.
- 2) To otherwise note the Rolling Actions Log.

(Reference – Rolling Actions Log, submitted.)

## 7. Implementation of Full-Cost Charges in Care Homes for Older People Managed by the Council

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On 27 February 2018, the Corporate Policy and Strategy Committee approved the adoption of a new policy in respect of the setting and application of full-cost charges in care homes for older people managed by the Council. The new policy standardised the Council's approach in this area and ensured compliance with relevant legal requirements and statutory guidance going forward.

Details were provided of proposals to protect existing residents who currently paid full-cost charges and proposed increases for self-funding residents.

### Decision

To approve the proposed increase in care home charges for existing self-funding residents with effect from 1 September 2018 and to refer the report to Council for ratification of this change.

(References – Corporate Policy and Strategy Committee 27 February 2018 (item 6); report by the Chief Officer, Edinburgh Health and Social Care Partnership, submitted.)

### Declaration of Interests

Councillor Webber declared a non-financial interest in the above item as a member of Integrated Joint Board.

## 8. Rising School Rolls – Phase 6

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On 27 March 2018, the Finance and Resources Committee considered a report on Property Condition Project – Delivery Programme and approved that all future capital investment reports before any Committee of the Council, that had revenue implications and dependencies, be referred to the Finance and Resources Committee for approval.

The report specifically referred to the proposed new Queensferry High School and Rising Schools Rolls Phase 6. The financial business case for Queensferry High School was approved by Committee on 27 March 2018 and the report addressed the implications of Rising School Rolls - Phase 6.

### Decision

To note the report.

(References – Finance and Resources Committee, 27 March 2018 (item 17); report by the Executive Director of Resources, submitted.)

## 9. Spend to Save – Funding Applications

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As part of the approved budget motion for 2018/19, Council agreed in-principle use of the Spend to Save Fund to take forward investment in two projects concerned with LED lighting in public spaces and buildings (indicative allocation £0.300m) and cultural venue equipment (indicative allocation £0.200m) respectively.

In agreeing this in-principle funding, it was indicated that more detailed proposals would be reported to a subsequent meeting of the Finance and Resources Committee. Further details were provided of the projects concerned.

### Decision

- 1) To approve the Spend to Save applications detailed in the report.
- 2) To refer the report to Council for ratification of use of the Fund for the project(s) concerned.

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

## 10. Implementing the Programme for the Capital Coalition Commitments

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On 23 November 2017, the Council considered a report that detailed the approach to implementing the Programme for the Capital, including detail of the performance measures proposed for assessing progress against the 52 Commitments.

### Decision

To note the set of indicators in Appendix 1 of the report.

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

## 11. Lothian Buses Pension Fund

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Committee was advised of the proposal by the Lothian Pension Fund to assimilate the Lothian Buses Fund and it was requested that the Council acted as a guarantor for contributions to the Pension Fund, based on its shareholding in the company.

### Decision

- 1) To note the proposal by the Lothian Pension Fund to merge the Lothian BusesFund into Lothian Pension Fund.
- 2) To refer the report to Council for approval for the Council to act as a guarantor for contributions to the Pension Fund, in relation to the proportion of its shareholding.

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

### Declaration of Interests

Councillor Bridgman declared a financial in the above item as beneficiary of Lothian Buses Pension.

## 12. Workforce Dashboard

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A summary was provided of of workforce metrics for FTE, basic salary, new starts and leavers, monthly costs (overtime, agency, casual/supply, working time payments), absence, transformation/redeployment, risk, and performance, as detailed on the Finance and Resources Committee Workforce Dashboard, for the period of March 2018.

The report contained an analysis of workforce change observed since the previous period, January 2018 and monitored ongoing and emerging trends.

The Committee commended Council staff for delivering services under difficult circumstances.

### Decision

- 1) To note the workforce information contained in the dashboard.
- 2) To agree that the Head of Human Resources would meet with the Convener and Vice-Convener of the Committee to discuss digital connectivity in relation to staff working out with the office and lone workers.

(References – Finance and Resources Committee, 27 March 2018 (item 11); report by Executive Director of Resources, submitted.)

## 13. Embedding and Evaluating Our New Performance Framework

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Details were provided of work carried out by a group of colleagues and managers to transform and reinvigorate the approach to performance management and the new framework which was implemented in April 2017 at the Corporate Policy and Strategy Committee in December 2016.

## **Decision**

- 1) To note and be assured by the progress made to date to embed and monitor the performance framework and policy.
- 2) To note the plans to further evaluate the changes in practice and impact associated with the new performance framework, including focus groups, early adopter review meetings and insights from the Colleague Survey.

(References – Corporate Policy and Strategy Committee, 6 December 2016 (item 9); report by Executive Director of Resources, submitted.)

## **14. Annual Workforce Controls Report**

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An insight was provided into Council workforce metrics and trends for workforce Full Time Equivalent (FTE), new starts and leavers, basic salary, overtime costs, agency costs and sickness absence rates and reasons, for the period January to December 2017.

## **Decision**

- 1) To note the progress made to date and the workforce trends over the period January to December 2017.
- 2) To refer the report to Governance, Risk and Best Value Committee as part of its work programme.

(References – Finance and Resources Committee 23 February 2017 (item 11); report by Executive Director of Resources, submitted.)

## **15. Accounts Commission – Local Government in Scotland - Challenges and Performance 2018 – Referral from the Governance, Risk and Best Value Committee**

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The Governance, Risk and Best Value Committee on 5 June 2018 considered a report detailing the Accounts Commission's complementary, forward-looking report assessing councils' readiness to confront the growing challenges that lay ahead following its earlier Scotland-wide review of 2016/17 local government financial performance.

The report had been referred to the Finance and Resources Committee for its consideration.

## **Decision**

To note the report.

(References – Governance, Risk and Best Value Committee on 5 June 2018 (item 8); report by Chief Executive, submitted.)

## **16. Procurement Governance and Contract in Respect of Integrated Persons Administration and Payroll Software (Ref: CT0400) – Referral from the Pensions Committee**

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On 26 March 2018 the Pensions Committee considered a report on the governance



and procurement of service providers for the three pension funds. The report also advised of the approval of the award of contract for the delivery of the 'Integrated Pension Administration and Payroll Software System', which was done in accordance with the Council's urgency provisions.

The report was referred to the Finance and Resources Committee for information.

### **Decision**

To note the report.

(References – Pensions Committee on 28 March 2018 (item 16); report by Chief Executive, submitted.)

## **17. Kings Theatre – Request for Additional Capital Funding By Capital Theatres**

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Details were provided of a request for up to £5m additional capital funding, supported prudentially by Capital Theatres, towards redevelopment of the King's Theatre, subject to funding being raised to meet the remaining costs..

- 1) To approve the additional funding for the Kings Theatre from Capital Theatres.
- 2) To refer the decision to Council for ratification for the prudentially supported funding, noting that this would only be released to Capital Theatres if sufficient funds were raised to meet the overall costs of the project.
- 2) To agree that regular update reports would be brought to the Finance and Resources Committee.

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

## **18. City Deal New Housing Delivery Partnership Acquisition of Homes 2018/19**

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Details were provided of the way in which the new partnership would deliver affordable and low-cost housing. Approval was sought to transfer the first 105 mid-market rent homes developed on mixed tenure sites, as part of the Council's housebuilding programme, from the Housing Revenue Account (HRA) to the new mid-market rent LLP.

### **Decision**

- 1) To approve the transfer of 105 homes constructed as part the Council's housebuilding programme, from the Housing Revenue Account (HRA), to the Housing Delivery Partnership mid-market rent LLP in 2018/19.
- 2) To note the requirement for the Council:
  - (a) To lend up to approximately £13m to the mid-market rent LLP to purchase 105 homes.
  - (b) To provide a corresponding capital advance from the Loans Fund based on a repayment profile using the funding / income method, as set out in paragraph 3.12 of the report.

- (c) To amend the Loans Fund Repayment Policy to include the funding / income method repayment as set out in paragraph 3.14 of the report.

3) To refer the report to Full Council on 28 June 2018 for approval of the above.

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

## **20. Provisions of Registrar Services**

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At Council on 21 September 2017, Councillor Booth requested in a motion for a report which set out options for the future of Leith Registrar's Office and outline plans for any necessary public consultation on these options.

### **Decision**

- 1) To note the report.
- 2) To approve consolidation of Kirkliston Registrar office into the South Queensferry Registrar office to provide a unified service.
- 3) To approve that the marriage diary at Leith Registrar office be closed on each and every Tuesday and Wednesday excepting when either was on St Valentine's Day, a very popular marriage day.
- 4) To agree a report would be brought back to Committee reporting on registrar provision across the city.

(References – Act of Council (No 20), 21 September 2017; report by Executive Director of Place, submitted.)

## **21. Land at The Wisp – (Plot 3c)**

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Approval was sought to progress the disposal to Springfield Properties Plc on the terms outlined in the report by the Executive Director of Resources.

### **Decision**

To approve the disposal of the Plot 3c at The Wisp to Springfield Homes on the terms outlined in the report and on other terms and conditions to be agreed by the Executive Director of Resources.

(References – report by Executive Director of Resources, submitted.)

## **22. Land at Swanston Village – Proposed Garden Ground Sales**

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Approval was sought to dispose of the land on the terms and conditions outlined in the report by the Executive Director of Resources.

### **Decision**

To approve the sale of the four areas of land at Swanston Village on the terms and conditions outlined in the report and on other terms and conditions to be agreed by the Executive Director of Resources.

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

## **23. 4 Duncan Place – Community Asset Transfer Update**

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An update was provided for an asset transfer and on funding that had been awarded and further applied for, to enable the transfer of the Duncan Place Resource Centre to the Duncan Place Volunteer Management Committee (DPVMC) by Community Asset Transfer under Part Five of the Community Empowerment (Scotland) Act 2015.

### **Decision**

- 1) To note the progress to date and the updates provided in this report.
- 2) To approve, in principle, to the transfer of the property to Duncan Place Volunteer Management Committee subject to the conditions outlined in the report.

(References – Education, Children and Families Committee 6 October 2015 (item 4); report by Executive Director of Resources, submitted.)

## **24. Proposed Lease – Panumre St Ann’s 6 Gray’s Close South, Edinburgh**

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Approval was sought to lease the property at 6 South Gray’s Close to NHS Lothian (NHSL) for a period of 20 years at a peppercorn rent, with an option to extend the lease by 10 years, for the provision of the Edinburgh Inclusive Homelessness Service (EIHS). Approval was also sought to utilise part of the premises for use by the Council for the provision of EIHS services.

### **Decision**

- 1) To approve the lease of 6 South Gray’s Close to NHS Lothian (NHSL) on the main terms and conditions outlined in the report, including leasing back part of the property to the Council for the provision of services in relation to the Edinburgh Inclusive Homelessness Service, with other terms and conditions to be agreed by the Executive Director of Resources.
- 2) To note that there were concerns about the Council’s Concessionary Lets Policy in and that this would be discussed at the workshop on the Asset Management Strategy.

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

### **Declaration of Interests**

Councillor Webber declared a non-financial interest in the above item as she was a member of Integrated Joint Board.

## **25. Land at Dewar Place/Western Approach Road – Proposed Disposal**

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Committee was informed that Land at Dewar Place, alongside the Western Approach Road, was owned by Scottish Power Plc who had agreed to sell the land to a development consortium.

On 21 March 2018, the Development Management Sub-Committee issued a minded to grant decision for a mixed-use development to include hotel, office, retail and restaurant uses along with a pedestrian bridge link over the Western Approach Road.

Approval was sought to dispose of the land to Scottish Power Plc on the terms and conditions outlined in the report.

### **Motion**

To approve the disposal of 857 square metres at Dewar Place and airspace rights over the Western Approach Road to Scottish Power Plc on the terms outlined in the report and on any other terms and conditions to be agreed by the Executive Director of Resources, subject to a briefing being provided to elected members on active travel.

- Moved by Councillor Rankin, seconded by Councillor Donaldson

### **Amendment**

To approve the disposal of 857 square metres at Dewar Place and airspace rights over the Western Approach Road to Scottish Power Plc on the terms outlined in the report and on any other terms and conditions to be agreed by the Executive Director of Resources.

- Moved by Councillor Hutchison, seconded by Councillor Johnston.

### **Voting**

The voting was as follows:

For the motion	-	8 votes
		(Councillors Donaldson, Bridgman, Corbett Howie, Miller, Rankin, Ross and Watt.)
For the amendment	-	3 votes
		(Councillors Hutchison, Johnston and Webber)

### **Decision**

To approve the disposal of 857 sq m at Dewar Place and airspace rights over the Western Approach Road to Scottish Power Plc on the terms outlined in this report and on other terms and conditions to be agreed by the Executive Director of Resources, subject to a briefing note being provided to members on active travel.

(References – Development Management Sub-Committee 21 March 2018 (item 1); report by Executive Director of Resources, submitted.)

## **26. National Care Homes Contract – Outcome of Negotiations**

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Details were provided of the results of national negotiations led by COSLA to determine the National Care Home Contract (NCHC) terms and conditions for 2018/19. Taking account of the responsibilities of the Integrated Joint Boards (IJBs), the COSLA negotiating team included representation from IJB Chief Officers and IJB Finance Officers.

## **Decision**

- 1) To approve the baseline fee uplift of £0.8m (3.39%) for Edinburgh based care homes with effect from 9 April 2018.
- 2) To note that any enhanced payments made to care home providers in 2018/19 would be made on the basis of demonstrated quality
- 3) To approve the Edinburgh concession to the NCHC as set out in the main report.
- 4) To approve the application of a reduction of £25 per week on all rates for shared rooms.

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

## **Declaration of Interests**

Councillor Webber declared a non-financial interest in the above item as she was a member of Integrated Joint Board.

## **27. Appointment of Legal Advisors – Waiver Report**

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Approval was sought for a waiver of Contract Standing Orders for the appointment of Ashurst LLP for the delivery of legal services in connection with the Edinburgh schools closures.

### **Decision**

- 1) To approve the appointment of Ashurst LLP (Ashurst) for legal services provided to City of Edinburgh Council (CEC) in connection with the Edinburgh schools closures and the contract with the Edinburgh Schools Partnership.
- 2) To note that the nature of this service required the urgent appointment of legal advisors who were not conflicted with the various parties associated with the PPP relationship.
- 3) To note that the total costs associated with this Waiver would be up to £1m.

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

## **28. Edinburgh Shared Repairs Service (ESRS) – Programme Progress Report**

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A progress update was provided for the Edinburgh Shared Repairs Service (ESRS).

### **Decision**

- 1) To note the update on Edinburgh Shared Repairs Service (ESRS).
- 2) To note, and be assured by the management information dashboard report in Appendix 1 of the report.

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

## **29. Expansion of Early Learning and Childcare from 600-1400 hours by 2020 – Current Progress and Next Steps – Referral from the Education, Children and Families Committee**

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The Education, Children and Families Committee on 22 May 2018 considered the attached report by the Executive Director for Communities and Families providing an update on the expansion plan towards delivering 1140 hours of Early Learning and Childcare to all eligible 2, 3 and 4 year olds by August 2020.

The report was referred to the Finance and Resources Committee for information.

### **Decision**

To note the progress being made towards implementing the Early Learning Childcare Expansion Strategy.

(References – Education, Children and Families Committee 22 May 2018 (item 20); report by the Chief Executive, submitted.)

## **30. Family Support Volunteer Service to Safe Families for Children – Referral from the Education, Children and Families Committee**

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The Education, Children and Families Committee on 22 May 2018 considered the attached report by the Executive Director for Communities and Families seeking approval to award a contract for the provision of the Family Support Volunteer Service to Safe Families for Children Scotland.

The report was referred to the Finance and Resources Committee for approval of the award of the contract.

### **Decision**

To agree the award of the contract for the Family Support Volunteer Service to Safe Families for Children Scotland.

(References – Education, Children and Families Committee 22 May 2018 (item 21); report by the Chief Executive, submitted.)

## **31. Award of Festival Attraction Contract for the Summer Period in Princes Street Gardens**

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The Committee was asked to note the award of a Festival Attraction for the Summer Period in Princes Street Gardens to Kifdo Limited T/A M&D Events under urgency provisions.

The contract was initially for a period of 24 months from 28 May 2018 to 27 May 2020 with the option to extend for two further 12-month periods with a value of up to £1,090,000.00.

### **Motion**

- 1) To note the award of a Festival Attraction for the Summer Period in Princes Street Gardens to Kifdo Limited T/A M&D Events under urgency provisions.
  - 2) To note that the contract was initially for a period of 24 months from 28 May 2018 to 7 May 2020, with the option to extend for two further 12-month periods with a value of up to £1,090,000.00.
  - 3) To note that the decision on the contract award was made under urgency provisions as delays to the evaluation and clarification process meant that the attraction would not be able to start in summer 2018 if a decision was not made before 28 May 2018.
- Moved by Councillor Rankin, seconded by Councillor Donaldson

### **Amendment**

- 1) To note the award of a Festival Attraction for the Summer Period in Princes Street Gardens to Kifdo Limited T/A M&D Events under urgency provisions.
  - 2) To note that the contract was initially for a period of 24 months from 28 May 2018 to 7 May 2020, with the option to extend for two further 12-month periods with a value of up to £1,090,000.00.
  - 3) To note that the decision on the contract award was made under urgency provisions as delays to the evaluation and clarification process meant that the attraction would not be able to start in summer 2018 if a decision was not made before 28 May 2018.
  - 4) To note that the attraction would occupy the park for three months, that this was an unusually long period of time to allow an attraction to be installed on grass, and that parks and green space should ideally be protected from such events.
  - 5) To instruct officers to begin evaluation of alternative sites for an attraction including consideration of whether an attraction should be located on an area of hard standing and whether a more permanent attraction would be viable in a different location.
- Moved by Councillor Miller, seconded by Councillor Corbett

In terms of Standing Order 20 (7), the amendment was accepted as an addendum to the motion.

### **Decision**

- 1) To note the award of a Festival Attraction for the Summer Period in Princes Street Gardens to Kifdo Limited T/A M&D Events under urgency provisions
- 2) To note that the contract was initially for a period of 24 months from 28 May 2018 to 7 May 2020, with the option to extend for two further 12-month periods with a value of up to £1,090,000.00.
- 3) To note that the decision on this contract award was made under urgency provisions as delays to the evaluation and clarification process meant that the attraction would

not be able to start in summer 2018 if a decision was not made before 28 May 2018.

- 4) To note that the attraction would occupy the park for three months, that this was an unusually long period of time to allow an attraction to be installed on grass, and that parks and green space should ideally be protected from such events.
- 5) To instruct officers to begin evaluation of alternative sites for an attraction including consideration of whether an attraction should be located on an area of hard standing and whether a more permanent attraction would be viable in a different location.

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

### **32. Proposed Lease Extension at 44 High Street, Edinburgh**

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Approval was sought to grant a 25 year lease extension to B & GS Landa Limited. The lease was due to expire on 26 October 2018 and the tenant had requested a 25 year lease extension.

#### **Decision**

To approve a 25 year lease extension to B & GS Landa Limited of retail premises at 44 High Street, Edinburgh, on the terms outlined in the report and on other terms and conditions to be agreed by the Executive Director of Resources.

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

### **33. Proposed Lease Extension at 9 Cockburn Street, Edinburgh**

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Approval was sought to grant a 20 year lease extension to George Sinclair Forsyth MacDonald. The retail unit at 9 Cockburn Street was currently let to George Sinclair Forsyth MacDonald and traded as Underground Solu'shn. The lease was due to expire on 4 May 2018 and the tenant had requested a 20 year lease extension.

#### **Decision**

To approve a 20 year lease extension to George Sinclair Forsyth MacDonald of the retail premises at 9 Cockburn Street on the terms outlined in the report and on other terms and conditions to be agreed by the Executive Director of Resources.

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

### **34. Proposed Lease Extension at 41 Leith Street, Edinburgh**

---

Approval was sought to grant a 10 year lease extension to Stephen Coyle and Susan Kozlowski. The retail unit at 41 Leith Street was currently let to Stephen Coyle and Susan Kozlowski, and the lease was due to expire on 6 August 2021.

#### **Decision**



To approve a 10 year lease extension to Stephen Coyle and Susan Kozlowski of the retail premises at 41 Leith Street on the terms outlined in the report and on other terms and conditions to be agreed by the Executive Director of Resources.

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

### **35. Festival Theatre – 13-29 Nicholson Street - Proposed New 25 Year Lease**

---

Approval was sought to grant a new 25-year lease to Capital Theatres Limited. The current lease ended on 28 February 2017 and was continuing month to month at present, by tacit relocation (silent renewal). For CTL to continue to run the theatre effectively, the security of a long lease was required. .

#### **Decision**

To approve the lease of the Festival Theatre to Capital Theatres Limited (CTL) on the terms outlined in the report and on other terms and conditions to be agreed by the Executive Director of Resources.

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

### **36. Proposed New Lease of Land for a Community Garden at Murrayburn and Hailesland, Edinburgh**

---

Approval was sought to the grant of a 15-year lease to South West Edible Estates. Details were provided of the background context regarding the establishment of community gardens and their current relationship with the concessionary lets policy.

#### **Decision**

To approve the grant of a new 15-year lease to South West Edible Estates on the terms and conditions outlined in the report and on such other terms and conditions that may be proposed by the Executive Director of Resources.

(References – Finance and Resources Committee 24 September 2015 (item 2); report by the Executive Director of Resources, submitted.)

### **37. City Fibre Project, Proposed Ground Leases**

---

The city's existing 150 km full fibre network was to be expanded citywide to reach nearly every home and business. Through the deployment of additional infrastructure, entire communities and local businesses across Edinburgh would have access to unlimited bandwidth and Gigabit speed connectivity.

To facilitate the above, approval was sought to grant a two 20 year ground leases at Barnton Depot and Peffermill Industrial Estate to City Fibre Ltd on the terms and conditions outlined in the report.

#### **Decision**

To approve new 20 year ground leases to City Fibre Limited at Barnton Depot and Peffermill Industrial Estate on the terms outlined in the report and on other terms and conditions to be agreed by the Executive Director of Resources.

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

### **38. Proposed New Lease at Old Stamp Office Close, 221 High Street, Edinburgh**

---

Approval was sought to grant a 25 year lease to Tron Tourist Services Limited. The property at Old Stamp Office Close, 221 High Street, Edinburgh (also known as Lyon's Close, 215 High Street) was previously leased out as the Royal Mile Nursery. The tenant vacated the premises in January 2018.

#### **Decision**

To approve a new 25 year lease to Tron Tourist Services Limited of the premises at Old Stamp Office Close, Edinburgh, on the terms outlined in the report and on other terms and conditions to be agreed by the Executive Director of Resources.

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

### **39. Proposed Lease Extension at 45 Cockburn Street, Edinburgh**

---

Approval was sought to grant a 25 year lease extension to Sahin Vahap Firat on the terms and conditions outlined in the report. The lease was due to expire on 9 September 2018 and the tenant had requested a 25 year lease extension.

#### **Decision**

To approve a 25 year lease extension to Sahin Vahap Firat of retail premises at 45 Cockburn Street, Edinburgh, on the terms outlined in the report and on other terms and conditions to be agreed by the Executive Director of Resources.

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

### **40. Proposed Lease Extension at 47 Cockburn Street, Edinburgh**

---

Approval was sought to grant a 10 year lease extension to Pie In The Sky Limited. The retail unit at 47 Cockburn Street was let to Pie In The Sky Limited and traded as Pie In The Sky. The lease was due to expire on 7 June 2018 and the tenant had requested a 10 year lease extension.

#### **Decision**

To approve a 10 year lease extension to Pie In The Sky Limited of retail premises at 47 Cockburn Street, Edinburgh, on the terms outlined in the report and on other terms and conditions to be agreed by the Executive Director of Resources.

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

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

---

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

### **Decision**

To note the 20 transactions detailed in the Appendix to the report that had been concluded in terms of the Council's 'Scheme of Delegation to Officers'.

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

## **42. Framework Agreement for Support Buses**

---

Approval was sought to establish a Framework Agreement for the Supply of Supported Bus Services in the city, and to award seven providers a place on the Framework Agreement. The term of the Framework Agreement would be for four years, commencing 2 July 2018 to 1 July 2022.

### **Decision**

- 1) To approve the establishment of a Framework Agreement for Supported Bus Services for four years, commencing on 2 July 2018 to 1 July 2022 to the estimated value of £4,800,000.
- 2) To approve the award of a place on the Framework Agreement to the following seven providers:
  - Borders Buses Ltd
  - E & M Horsburgh
  - Edinburgh Coach Lines Ltd
  - Fife Scottish Omnibuses Ltd t/a Stagecoach East Scotland
  - First Scotland East Ltd
  - Lothian Buses
  - Romadero Ltd t/a Waverley Travel.

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

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

---

The Committee, under Section 50(A)(4) of the Local Government (Scotland) Act 1973, excluded the public from the meeting for the following item of business on the grounds that it involved the disclosure of exempt information as defined in Paragraphs 8 and 9 of Part 1 of Schedule 7(A) of the Act.

## **44. Urgent Care Home Capacity for Older People**

---

Committee considered a report on action taken under urgency provisions.

### **Decision**

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

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

### **Declaration of Interests**

Councillor Webber declared a non-financial interest in the above item as she was a member of Integrated Joint Board.

## **45. Award of Shared Housing Open Framework for the Provision of Temporary Accommodation – referral from the Housing and Economy Committee**

---

On the 7 June 2018 the Housing and Economy Committee considered a report by the Executive Director of Communities and Families that sought approval to award an open framework for the provision of temporary accommodation delivered through a shared housing model. Approval was sought for the additional spend.

### **Decision**

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

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

### **Declaration of Interests**

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

## **46. CGI UK Partnership Agreement Changes**

---

Committee considered a report on the CGI UK Partnership Agreement Changes.

### **Decision**

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

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

## **47. Settlement of Legal Expenses (NIL v City of Edinburgh Council)**

---

Committee considered a report on the settlement of legal expenses (NIL v City of Edinburgh Council).

### **Decision**

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

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

## Finance and Resources Committee – 16 August 2018

27 September 2018

Item	Key decisions	Expected date of decision	Wards affected	Director and lead officer	Council Commitments
1.	Submission of Carbon Reduction Commitment Annual Report	27 September 2018		Executive Director of Resources Lead Officer: Mairi Cruickshank/Paul Jones 0131 269 3863/0131 269 3607 <a href="mailto:mairi.cruickshank@edinburgh.gov.uk">mairi.cruickshank@edinburgh.gov.uk</a> <a href="mailto:paul.jones@edinburgh.gov.uk">paul.jones@edinburgh.gov.uk</a>	
2.	Council-Wide Change Strategy	27 September 2018		Executive Director of Resources Lead Officer: Hugh Dunn 0131 269 3150 <a href="mailto:hugh.dunn@edinburgh.gov.uk">hugh.dunn@edinburgh.gov.uk</a>	
3.	Workforce Dashboard	27 September 2018		Executive Director of Resources Lead Officer: Katy Miller 0131 269 5522 <a href="mailto:katy.miller@edinburgh.gov.uk">katy.miller@edinburgh.gov.uk</a>	
4.	Audited Annual Accounts and the Auditor's Report	27 September 2018		Executive Director of Resources Lead Officer: Hugh Dunn 0131 269 3150	

Item	Key decisions	Expected date of decision	Wards affected	Director and lead officer	Council Commitments
				<a href="mailto:hugh.dunn@edinburgh.gov.uk">hugh.dunn@edinburgh.gov.uk</a>	
5.	Asset Management Strategy Update	27 September 2018		Executive Director of Resources Lead Officer: Peter Watton 0131 329 5962 <a href="mailto:peter.watton@edinburgh.gov.uk">peter.watton@edinburgh.gov.uk</a>	
6.	Revenue Budget Updates – Launching Budget Engagement	27 September 2017		Executive Director of Resources Lead Officer: Hugh Dunn 0131 269 3150 <a href="mailto:hugh.dunn@edinburgh.gov.uk">hugh.dunn@edinburgh.gov.uk</a>	
7.	Consultants Costs	27 September 2018		Executive Director of Resources Lead Officer: Iain Shaw 0131 269 3117 <a href="mailto:iain.shaw@edinburgh.gov.uk">iain.shaw@edinburgh.gov.uk</a>	

## Finance and Resources Committee

16 August 2018

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
1.	23/02/2017	<a href="#">Strategic Direction for Tackling Homelessness</a>	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	December 2018		The Homelessness Task Force is due to report back with its final recommendations around future service delivery in December 2018. The most appropriate way to report back to F&R would be a referral of that report when it becomes available.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
2.	7 November 2017	<a href="#">Revenue Budget Framework 2018/23 – Mid-Year Review</a> -	To ask the Executive Director of Resources to prepare a four year plan to address the forecast savings gap, based on the wider themes set out in the report and taking into account the Council's priority outcomes.	Executive Director of Resources	30 September 2018		
3.	23 January 2018	<a href="#">Joint Consultative Group (JCG): Amendment of Constitution</a>	To agree that the Executive Director of Resources would provide Councillor Hutchison with the percentage of staff who were members of trade union and if non-union members of staff could be represented at the Joint Consultative Group.	Executive Director of Resources	As soon as possible	23 March 2018	Briefing note was circulated to Councillors – closed.
4.	27 March 2018	Asset Management Update	To note that an update on property survey would be reported within 2 cycles as part of the Asset Management update	Executive Director of Resources	16 August 2018	12 June 2018	Report considered by the Committee on 12 June 2018 – closed.



No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
5.	27 March 2018	<a href="#">Award of Contract for Lot 1 Managed Support Services: Children and Young People with Additional Support Needs and Lot 2 Family Support Volunteer Services</a>	To continue consideration of the award of a contract for Lot 2 to the next meeting of the Finance and Resources Committee	Executive Director of Communities and Families	12 June 2018	12 June 2018	Referral considered by the Finance and Resources Committee on 12 June 2018 – closed.
6.	27 March 2018	<a href="#">Sickness Absence Policy</a>	To note that, in addition to the standard review process, a report would be brought to committee 12 months after implementation of this policy to review its impact and make any further recommendations for potential improvement.	Executive Director of Resources	November 2019		This policy will be implemented in October 2018 and reviewed 12 months thereafter.
7.	27 March 2018	<a href="#">Queensferry High School</a>	To agree that a briefing would be provided to members on the financial and procurement model of the project.	Executive Director of Communities and Families	As soon as possible		Briefing note circulated to members – closed.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
8.	27 March 2018	<a href="#">Contract Awards and Procurement Programme (Period 1 July – 31 December 2018)</a>	To note that a further report would be submitted to the Committee in six months' time.	Executive Director of Resources	October 2018		F&R will consider the Commercial and Procurement Annual Report 2018 on 16 August – closed.  The next Contract Awards and Procurement Programme update for the period 1 January – 30 June, will be reported to F&R in October 2018
9.	12 June 2018	<a href="#">Revenue Budget Framework 2018-23 Update</a>	1) To agree that a briefing note would be circulated to members of the Committee containing a breakdown of the figures related to the 85% split between amber and green at paragraph 3.30 of the report.	Executive Director of Resources	As soon as possible		A briefing note to cover both points was circulated to members on 16 July 2018 - closed.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			2) To agree that a briefing note would be circulated to members of the Committee on the financial impact of delaying the implementation of the bin charge.				
10.	12 June 2018	<a href="#">Asset Management Strategy Transformation Programme - Update</a>	To agree that a workshop would be organised to discuss the Asset Management Strategy and Committee Services (VM) would liaise with the Head of Property and Facilities Management (PW) to arrange a suitable date and time and send out invites.	Executive Director of Resources (PW) Committee Services (VM)	As soon as possible		Workshop arranged 22 August 2018 – closed.
11.	12 June 2018	<a href="#">Workforce Dashboard</a>	1) To agree a briefing note would be circulated to members of the Committee on the redeployment of 5 members of staff.	Executive Director of Resources	As soon as possible	8 August 2018	Closed.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			2) To agree that the Head of Human Resources would meet with the Convener/Vice-Convener of the Committee to discuss digital connectivity in relation to staff working out with the office and lone workers.				
12.	12 June 2018	<a href="#">King's Theatre – Request for Additional Capital Funding by Capital Theatres</a>	To agree that a briefing note would be circulated to members on the present economic impact of the redevelopment.	Executive Director of Resources	As soon as possible	3 July 2018	Briefing note was circulated to members – closed.
13.	12 June 2018	<a href="#">Provisions of Registrar Services</a>	To agree a report would be brought back to Committee reporting on registrar provision across the city.	Executive Director of Place			<b>Recommended for closure.</b>  This activity will be picked up as part of the Council's wider Asset Management review and will be reported in due course.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
14.	12 June 2018	<a href="#">Land at the Wisp (Plot 3c) – Proposed Disposal</a>	To note that a report was brought to the Committee in 2011 and not in 2017 as stated at para 2.1 of the report, and to agree that the report would be corrected and passed to Committee Services.	Executive Director of Resources (GM) Committee Services (VM)	As soon as possible		Sent to Committee Services on 14/6/18 – closed.
15.	12 June 2018	<a href="#">Land at Dewar Place/Western Approach Road - Proposed Disposal</a>	Recommendations were approved in principal, subject to a briefing note being circulated to members on active travel.	Executive Director of Resources	As soon as possible	2 July 2018	Briefing note circulated to members – closed.
16.	12 June 2018	<a href="#">Expansion of Early Learning and Childcare from 600-1400 hours by 2020 – Current Progress and Next Steps</a>	To agree to provide a briefing to Councillor Johnston on the model for delivery of 1140 hours of childcare.	Executive Director for Communities and Families	As soon as possible		Arrangements are currently being made for officers to meet with Councillor Johnston.
17.	12 June 2018	<a href="#">Award of Festival Attraction Contract for the Summer Period in Princes</a>	1) To agree to circulate a briefing note to members on the length of time that the grass in Princes Street Gardens	Executive Director of Place	As soon as possible		This action is currently being progressed.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
		<a href="#">Street Gardens</a>	<p>would be out of use as a result of the Festival Contract.</p> <p>2) The Head of Place Management to investigate the policy on the use of greenspace for events and report back to Councillor Miller.</p>				



# Business bulletin

## Finance and Resources Committee

**10.00am, Thursday 16 August 2018**

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

# Finance and Resources Committee

Convener:	Members:	Contact:
<p>Convener Cllr Alasdair Rankin</p>  <p>Vice – Convener Councillor Donaldson</p> 	<ul style="list-style-type: none"> <li>▪ Councillor Bridgman</li> <li>▪ Councillor Campbell</li> <li>▪ Councillor Corbett</li> <li>▪ Councillor Hutchison</li> <li>▪ Councillor Johnston</li> <li>▪ Councillor Miller</li> <li>▪ Councillor Neil Ross</li> <li>▪ Councillor Watt</li> <li>▪ Councillor Whyte</li> </ul>	<p><a href="#">Veronica MacMillan</a> Tel: 0131 529 4283</p> <p><a href="#">Joanna Hamilton-Rigg</a> Service Policy Adviser Tel: 0131 529 5219</p>

Recent news	Background
<p><b>Community Asset Transfers – Annual report</b></p> <p>Under Section 95 of the Community Empowerment (Scotland) Act 2015, the Council will publish an annual return by 30 June, specifying certain Community Asset Transfer (CAT) activity and the steps taken to promote CAT with community bodies from the commencement of the Act on 23 January 2017 to 31 March 2018. The report has been published on the Council website and can be found at:</p> <p><a href="http://www.edinburgh.gov.uk/info/20029/have_your_say/772/community_asset_transfer">http://www.edinburgh.gov.uk/info/20029/have_your_say/772/community_asset_transfer</a></p> <p>The report only includes requests that have been considered by a Stage 2 panel (sustainable business case). In addition to the request formally reported, we also dealt with the following during the reporting period:</p>	<p>For further information:</p> <p><a href="#">Peter Watton</a>, Head of Property and Facilities Management</p> <p>Tel: 0131 529 5962</p>



40 initial enquiries – most requests requiring research and informal meetings with potential applicants

11 Stage 1 panels – convened to assess expressions of interest and to allow successful requests to proceed towards Stage 2

12 live cases are currently being considered, with the majority preparing their sustainable business cases for a Stage 2 panel submission

As noted in the report, a range of activities to promote and support CAT by community bodies have been undertaken and have been well received. We continue to provide support and guidance to community groups, council officials and elected members.

#### **Land at Dewar Place/Western Approach Road**

On the 12 June 2018 the Committee approved the disposal of land at [Dewar Place/Western Approach Road](#) subject to a briefing note being circulated to elected members on the future travel plan implications for the area concerned. The briefing note was circulated to elected members on 2 July 2018 for their consideration.

Members are asked to confirm that they are satisfied with the information provided in the briefing note and the approval of the disposal of land at Dewar Place/Western Approach Road.

[Peter Watton](#), Head of Property and Facilities Management

Tel: 0131 529 5962

### **Forthcoming activities**

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# Finance and Resources Committee

10.00am, Thursday 16 August 2018

## Revenue Monitoring 2017/18 – outturn report

<b>Item number</b>	7.1
<b>Report number</b>	
<b>Executive/routine</b>	
<b>Wards</b>	n/a
<b>Council Commitments</b>	n/a

### Executive Summary

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The report sets out the provisional 2017/18 revenue outturn position for the Council based on the unaudited financial statements. This position shows an overall underspend of £2.416m, representing the eleventh successive year in which net expenditure has been maintained within approved levels.

## Revenue Monitoring 2017/18 – outturn report

### 1. Recommendations

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- 1.1 Members of the Finance and Resources Committee are asked to:
  - 1.1.1 note the contents of this report and the provisional revenue underspend of £2.416m for the year ended 31 March 2018;
  - 1.1.2 note that, after taking account of Council's previous approval to earmark £0.480m for additional roads investment and £0.100m for the City Vision, the remaining £1.836m has been set aside within the Council Priorities Fund;
  - 1.1.3 note the contributions in 2017/18 to and from the General Fund as detailed in the report;
  - 1.1.4 note that the Housing Revenue Account was balanced after making planned contributions of £10m towards in-year capital investment and £0.438m to the Renewal and Repairs Fund;
  - 1.1.5 note that the Common Good Annual Performance Report will be considered at the Committee's meeting on 27 September; and
  - 1.1.6 refer this report to the Governance, Risk and Best Value Committee as part of its workplan.

### 2. Background

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- 2.1 The Council's statement of accounts for 2017/18 was passed to the external auditor by the statutory deadline of 30 June. This report sets out the provisional outturn position for the revenue budget as detailed within the unaudited statement.
- 2.2 The unaudited financial statements were published on the Council website by 30 June 2018 and made available for public inspection from 2 July 2018 for 15 working days, in accordance with relevant regulations. A number of enquiries were received during this period and officers provided responses accordingly. It is, however, possible that objections to the accounts will be raised with the external auditor as part of the audit process.
- 2.3 As in previous years, the audited annual accounts and the auditor's report will be submitted initially to the Governance, Risk and Best Value Committee on 25 September 2018 and be presented for approval thereafter by the Finance and

Resources Committee on 27 September, thereby meeting the statutory requirement for the audited statements to be approved by members by 30 September.

### 3. Main report

#### Overall position

- 3.1 The unaudited outturn position for 2017/18 shows an overall underspend of £2.416m, equating to 0.26% of the Council's total net expenditure. Table 1 below summarises the outturn, with further details provided in Appendix 1. Achievement of a balanced outturn in 2017/18 represents the eleventh successive year in which expenditure has been maintained within budgeted levels.

**Table 1 – Summarised Unaudited Outturn Statement, 2017/18**

	<b>Revised Budget</b>	<b>Outturn</b>	<b>Outturn Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Service areas	822,581	822,082	(499)
Non-service specific budgets	150,158	146,194	(3,964)
Movement in reserves	1,137	3,591	2,455
Sources of funding	(973,876)	(974,285)	(409)
<b>In-year (surplus) / deficit</b>		<b>(2,416)</b>	<b>(2,416)</b>

- 3.2 As reported to the Finance and Resources Committee on 7 November 2017, in view of significant demand-led pressures apparent within both Health and Social Care and Safer and Stronger Communities during the year, £10.6m of additional funding was made available to these areas. In order to maintain overall expenditure within approved levels, however, offsetting savings, comprising a combination of assumed underspends in other service areas (£2.828m), reductions in loans charge expenditure (£1m), additional Council Tax income (£2.714m) and a number of one-off contributions from reserves (£4.058m) were identified and it is against these revised budgets that the variances shown above have therefore been presented.

#### Service area variances

- 3.3 Taking into account the provision of the net additional funding outlined above, the Council's main service areas showed an overall underspend of £0.499m during the year. Commentaries on the main factors comprising these variances, as well as material risks and pressures managed during the year, are included as Appendix 2.

## **Other areas**

3.4 In addition to the slight underspend across service areas noted above, a net underspend of £1.917m was also achieved across non-service and other corporately-managed budgets. The main elements comprising this outturn position were:

(i) **Loans charge expenditure (£1.217m underspend)**

The favourable variance was largely attributable to the Council's ongoing strategy of using available cash balances in lieu of undertaking external borrowing.

(ii) **Council Tax (£0.408m additional income)**

Increased property numbers and lower-than-budgeted levels of exemptions and discounts, linked to a focused review of Single Person Discount entitlement, contributed to a small favourable overall variance relative to the position assumed at the mid-year point. The in-year collection rate of 96.8% was also the highest achieved since the Council's formation in 1996.

(iii) **Council Tax Reduction Scheme (£2.455m underspend)**

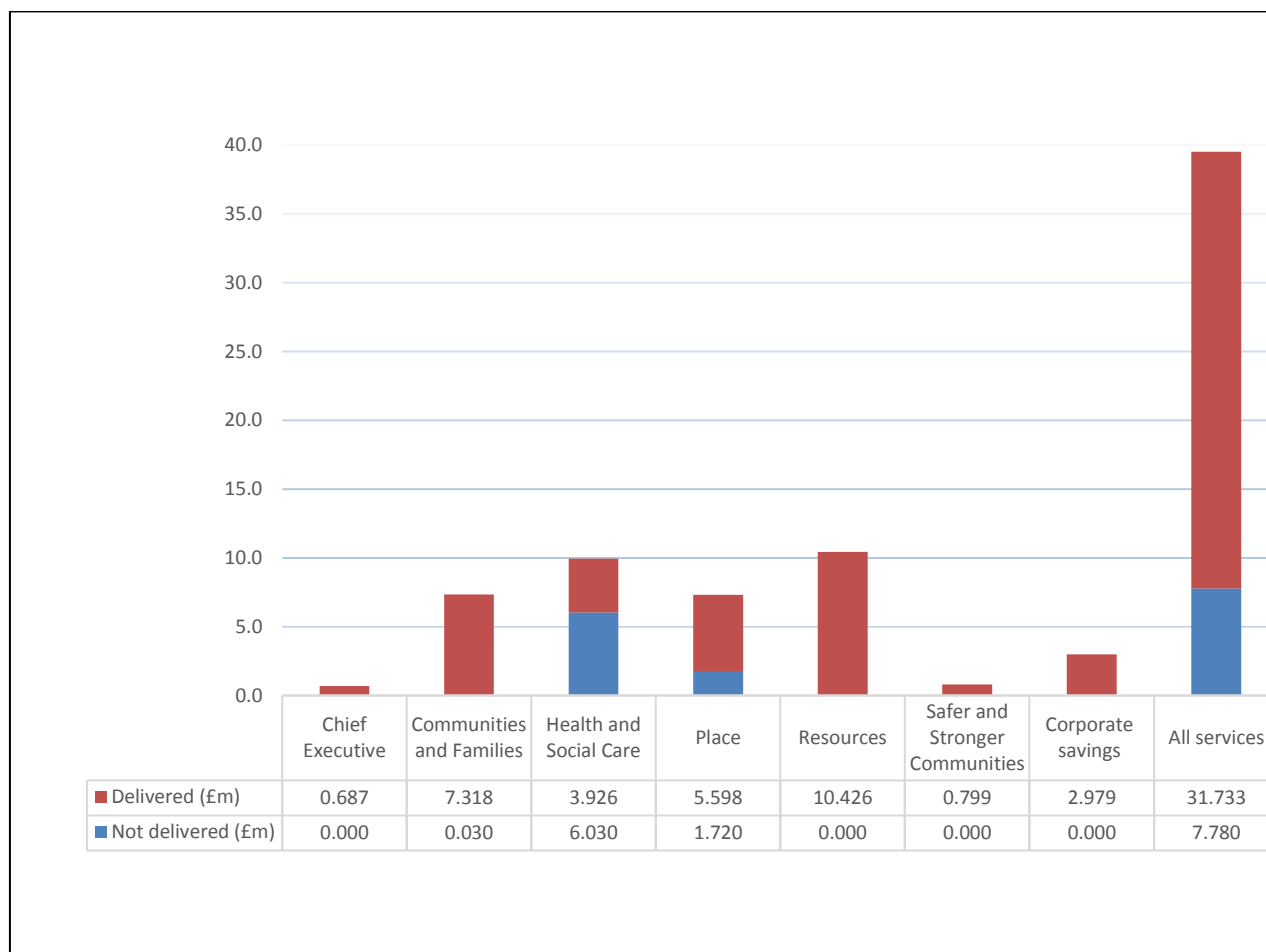
While the entirely demand-led nature of the scheme exposes the Council to risks, sums paid out in 2017/18 were lower than the equivalent level of budgetary provision. As in 2016/17, this underspend has been set aside within the Council's allocated reserves to address potential welfare reform-related pressures in future years, particularly given the full roll-out of Universal Credit with effect from October 2018.

3.5 As noted in the report to Council on 28 June 2018, the provisional Council-wide outturn also reflects impairment costs of £3.116m in respect of the EDI Group's transition strategy. As reiterated at that time, however, the wider strategy remains on schedule, with an estimated dividend to be paid to the Council, after repayment of all outstanding loan stock and share capital, of £8.5m and further sums receivable in respect of profit share for the Brunstane and Market Street projects.

### Approved budget savings delivery

3.6 As shown in Table 2 below, the final outturn position for 2017/18 indicates that 80% of approved savings by value were delivered, with those not achieved primarily attributable to slippage in transformation- and demand management-linked savings within Health and Social Care. A number of savings within the Environment Division of the Place Directorate were, as anticipated, not delivered during the year pending implementation of medium-terms plans geared towards securing financial sustainability in these areas.

**Table 2 – Delivery of approved budget savings, 2017/18**



3.7 The shortfall in delivery of savings in the areas concerned was offset by a variety of one-off mitigating management actions throughout the year, including further tightening of workforce and financial controls and prioritisation of discretionary expenditure.

### Transfer to Council Priorities Fund

3.8 At the meeting of Council on 28 June 2018, members approved the earmarking of an element of the provisional 2017/18 in-year underspend to support additional investment in the city's roads network (£0.480m) and enhanced engagement on the City Vision (£0.100m). The remaining £1.836m has been set aside within the Council Priorities Fund pending completion of the external audit process.

- 3.9 Members additionally approved, subject to the outcome of the audit process, an increase of £7.463m in the level of the Council's 2017/18 offer to the Edinburgh Integration Joint Board (EIJB). Approval of a revised offer at this level is implicit in the set-aside noted above.

#### **Staff release costs**

- 3.10 Given the stage of the Council's Transformation Programme, the level of expenditure associated with staff early release was, at £2.727m, considerably lower than in 2016/17.
- 3.11 Expressed on a cumulative basis, as of 24 May 2018, staff equivalent to 983FTE had left, or had confirmed leaving dates, through Voluntary Early Release or Voluntary Redundancy Arrangements as part of the wider Transformation Programme. The total release cost of these arrangements is £41.5m, with the associated payback period of 13.4 months consistent with the original planning assumptions.

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

- 3.12 In line with the HRA Business Plan, at the end of 2017/18 the HRA was balanced after making a contribution of £0.438m to the Renewal and Repairs Fund and £10m towards in-year capital investment, with sums also drawn down from the Fund during the year to meet the cost of approved projects. The funds held in the Renewal and Repairs Fund are earmarked for investment in existing housing stock and future capital investment in new homes through the Council's own housing development programme.

#### **Reserves**

- 3.13 As at 31 March 2018, the General Fund reserves had risen to £151.285m, an increase of £8.674m relative to the preceding year. Details of the opening and closing amounts in the General Fund, including earmarked balances, are shown in Appendix 3. The adequacy and appropriateness of the level of reserves continues to be reviewed annually by Council as part of the revenue budget-setting process.
- 3.14 The overall increase in reserves mainly reflects differences between the timing of receipt of external funding and the related expenditure. The overall increase also reflects, however, the in-year surplus transferred to the Council Priorities Fund noted at 3.8 above.
- 3.15 The unallocated General Fund balance remained unchanged at £13.025m, in line with the Council's medium-term strategy, and alongside a net increase in reserves held for specific purposes of £8.674m, is considered by officers to be consistent with the range and nature of risks to which it is exposed. The main elements of this movement in the level of earmarked reserves were:

#### Net contributions to reserves

- i. **Council Tax Discount Fund** - £3.198m - monies set aside as a result of reducing Council Tax second home and long-term empty property discounts from 50% to 10% as permitted in statute. While the Council has

subsequently approved the removal of the remaining 10% second home discount, the additional income concerned accrues to the General Fund. Use of the fund is prescribed by the Scottish Government and is restricted to supporting the development of affordable housing. These funds are allocated in the Council's approved house-building plan to seek to deliver 20,000 new affordable homes by the Council and its not-for-profit housing association partners over the next ten years;

- ii. **Council Priorities Fund** – the increase of £2.805m comprised a combination of (i) approved funding of £1.70m to support future priorities, (ii) the additional in-year revenue surplus of £2.416m and (iii) the application of net funding totalling £1.311m, primarily the drawdown of the audited surplus for 2016/17. As noted above, in approving the report on the Unaudited Accounts considered by Council on 28 June 2018, members subsequently earmarked £0.580m of this sum and there are a number of further commitments on the restated balance of £7.111m going forward;
- iii. **Balances set aside for specific investment** – the increase of £14.990m includes various additional contributions for specific projects received prior to and during 2017/18 that were set aside in the year, including for welfare reform and planned future service transformation. The sum also includes the £2.682m of General Revenue Funding paid by the Scottish Government in 2017/18 but received in respect of 2018/19; and
- iv. **Devolved School Management** – in accordance with relevant Scottish Government guidance, £3.578m of the Council's Pupil Equity Fund (PEF) allocation for the 2017/18 financial year has been carried forward, with the aim that these funds be used by the end of the 2017/18 academic year. Given the acknowledged need to put in place appropriate supporting arrangements in the Fund's first year of operation, however, guidance makes provision, in exceptional circumstances, for a further carry-forward into the 2018/19 academic year should this be required.

#### Net contributions from reserves

- i. **Dilapidations** - net reduction of £7.267m – contractual sums due were paid during the year in respect of the Council's waste disposal arrangements and renunciation of the Council's lease for 1A Parliament Square;
- ii. **Lothian Buses** – net reduction of £3.407m – in accordance with the earlier decision of Council, costs associated with necessary Stage 2 land acquisition and other preparatory and scoping works were incurred during the year prior to the taking of a final decision on the proposed tram extension to Newhaven in Autumn 2018; and



- iii. **Spend to Save/similar projects** – net reduction of £4.110m – sums were drawn down in the year to support upfront investment in a number of eligible projects, including the Re:fit energy efficiency programme and Routesmart vehicle management system for the Waste Service. £2.047m of funding relating to the former BT Efficiency Fund has now also been reclassified within “balances set aside for specific investment” above.

### **Common Good**

- 3.16 During 2017/18, the Common Good Fund incurred an overall deficit of £0.015m, primarily due to essentially-fixed levels of associated governance costs and limited investment income. A more detailed commentary on the outturn and related current financial and other issues will be included within the Common Good Annual Performance Report to be considered at the Committee’s following meeting on 27 September 2018.

## **4. Measures of success**

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

## **5. Financial impact**

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

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

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

## **7. Equalities impact**

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

## 8. Sustainability impact

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

## 9. Consultation and engagement

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

## 10. Background reading/external references

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- 10.1 [Unaudited Annual Accounts 2017/18](#), City of Edinburgh Council, 28 June 2018
- 10.2 [Revenue Monitoring 2017/18 – Month Five Position](#), Finance and Resources Committee, 7 November 2017
- 10.3 [Revenue Monitoring 2017/18 – Month Eight Position](#), Finance and Resources Committee, 23 January 2018

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## 11. Appendices

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One - Unaudited Revenue Budget Outturn Statement, 2017/18

Two – Service Outturn Commentaries, 2017/18

Three – Transfers to and from usable reserves, 2017/18

## Unaudited Revenue Budget Outturn Statement, 2017/18

	Approved Budget	Monitoring Adjustment	Revised Budget	Outturn	Outturn Variance
	£000	£000	£000	£000	£000
<b>Service areas</b>					
Services reporting to Chief Executive	11,388	(368)	11,020	11,019	(1)
Communities and Families	342,953	(1,000)	341,953	342,940	987
Health and Social Care	185,810	7,100	192,910	193,273	363
Place	70,449	-	70,449	70,447	(2)
Resources	172,662	(1,460)	171,202	170,304	(898)
Safer and Stronger Communities	27,806	3,500	31,306	30,470	(836)
Lothian Valuation Joint Board	3,741	-	3,741	3,629	(112)
<b>Service areas total</b>	<b>814,809</b>	<b>7,772</b>	<b>822,581</b>	<b>822,082</b>	<b>(499)</b>
<b>Non-service specific areas</b>					
Loan Charges	112,762	(1,000)	111,762	110,545	(1,217)
Other non-service specific costs	18,516	-	18,516	19,604	1,088
Council Tax Reduction Scheme (Note 1)	26,672	-	26,672	24,217	(2,455)
Early Release Costs	2,815	-	2,815	2,727	(88)
Net Cost of Benefits	(62)	-	(62)	(625)	(563)
Interest and investment income	(9,545)	-	(9,545)	(10,274)	(729)
<b>Non-service specific areas total</b>	<b>151,158</b>	<b>(1,000)</b>	<b>150,158</b>	<b>146,194</b>	<b>(3,964)</b>
<b>Movements in reserves</b>					
Net contribution to / (from) earmarked funds (Note 1)	7,001	(4,058)	2,943	5,397	2,455
Contribution to / (from) Repair and Renewals Fund	93	-	93	93	-
Contribution to / (from) Capital Fund	(1,899)	-	(1,899)	(1,899)	-
<b>Movements in reserves total</b>	<b>5,195</b>	<b>(4,058)</b>	<b>1,137</b>	<b>3,591</b>	<b>2,455</b>
<b>Sources of funding</b>					
General Revenue Grant	(345,757)	-	(345,757)	(345,757)	-
Non-Domestic Rates	(355,063)	-	(355,063)	(355,063)	-
Council Tax	(270,342)	(2,714)	(273,056)	(273,465)	(409)
<b>Sources of funding total</b>	<b>(971,162)</b>	<b>(2,714)</b>	<b>(973,876)</b>	<b>(974,285)</b>	<b>(409)</b>
<b>In-year (surplus) / deficit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,416)</b>

Note 1 – uncommitted funds linked to the in-year underspend in respect of the Council Tax Reduction Scheme of £2.455m were transferred to an earmarked reserve.

### Service outturn commentaries

**Services reporting to the Chief Executive** – after taking account of the agreed contribution to offset overspends in other areas, the services reporting to the Chief Executive showed a balanced position for the year.

**Communities and Families** (£0.987m overspend, representing 0.3% of net service budget) – as set out within the Revenue Monitoring report considered by the Finance and Resources Committee on 7 November 2017, those Executive Directors projecting a balanced or underspend position were requested to identify additional savings opportunities to offset pressures in Health and Social Care and Safer and Stronger Communities, with Communities and Families' share of these additional savings being £1m. While the Executive Director was committed to identifying these further savings, increasing underlying pressures across a number of areas of activity during the remainder of the financial year meant that a small underspend was achieved against the core service budget but with the additional savings requirement not met. As such, the overall year-end position showed a £0.987m overspend against the revised budget.

The main pressures apparent within the service during the year included greater use of out-of-Council area placements linked to accommodating a number of Unaccompanied Asylum-Seeking Children (UASC) within the city, increased demand for other residential care placements and costs of Home to School transport. Mitigating measures identified included savings within the Early Years, fostering and day care service areas and application of Home Office funding for UASC.

**Health and Social Care** (£0.363m overspend, representing 0.2% of net service budget) – in light of significant demand-led pressures and non-delivery of £6.03m of planned transformational-related purchased savings, £7.1m of additional funding was made available to support the service during the year and the outturn is expressed after provision of these sums. The movement between the Period 8 forecast and year-end outturn primarily reflected an under-recovery of Intensive Housing Benefit income from providers of £0.5m.

Subject to the outcome of the audit process, the Council approved in June an increase in the level of its offer to the EIJB for 2017/18 by £7.463m in line with actual expenditure incurred.

**Place** (£0.002m underspend) – the Environment Division of the Directorate continued to be subject to significant pressures during the year, with additional employee costs and higher-than-anticipated Landfill Tax expenditure both apparent pending the phased introduction of the actions underpinning the Service Improvement Plan. Roads Services similarly continued to experience pressures with regard to the underlying reduction in the volume of rechargeable works.

Over the medium term, concerted action is clearly required to address these underlying structural deficits. In 2017/18, however, combination of additional parking income, Directorate-wide vacancy control, use of service reserves and savings against the additional investment approved as part of the budget allowed expenditure to be maintained within approved levels.

**Resources** (£0.898m underspend, representing 0.5% of net service budget) – following the emergence of significant demand-led pressures elsewhere within the Council, the Executive Director of Resources was requested to deliver a minimum of £1.46m of additional savings, with these subsequently primarily delivered through a combination of employee cost savings, accelerated telecoms and ICT-related procurement savings and application of the Customer Transformation Programme contingency.

The confirmed service outturn reflected further one-off savings within Property and Facilities Management, HR Learning and Development and staff vacancy control across the service.

**Safer and Stronger Communities** (£0.836m underspend, representing 2.7% of net service budget) - significant service pressures resulted from the removal with effect from April 2017 of temporary accommodation management fees from Housing Benefit eligibility, combined with changes to the benefits cap, which also impact on Housing Benefit income.

Demand for Bed and Breakfast (B&B) and Short Term Let (STL) accommodation continued to rise during the year, due to increasing average length of stay and a shortage of available move-on accommodation. B&B usage in 2017/18 was 217,188 bed-nights, compared with 173,337 in 2016/17 (25% increase). STL usage in 2017/18 was 71,510 bed-nights, compared with 60,219 in 2016/17 (19% increase).

As a consequence of these pressures, the service consistently presented a projected net overspend of £3.5m and was provided with corresponding corporate support. At the end of the financial year, however, Housing Benefit income levels exceeded forecasts, resulting in an overall £2.7m overspend. For presentational purposes, however, after taking account of the £3.5m of in-year corporate support provided, a year-end underspend of £0.8m was reported.

**Lothian Valuation Joint Board (LVJB) Requisition** (£0.112m underspend, representing 3% of net requisition) – in line with the Board's approved revenue budget strategy for 2017/18, a one-off refund of £0.112m was paid to the Council from the Board's unallocated reserve during the year.

**Net cost of benefits** (£0.563m underspend) – improved processes for Housing Benefit overpayment recovery resulted in an underspend during the year. Going forward, however, there remains some uncertainty as to how the current arrangements may be affected when Housing Benefit falls fully within the scope of Universal Credit.

**TRANSFERS TO AND FROM USABLE RESERVES**

	Balance at 31-Mar-17 £000	Transfers Out 2017/18 £000	Transfers In 2017/18 £000	Balance at 31-Mar-18 £000
<b>Balances Set Aside to Manage Financial Risks and for Specific Investment</b>				
Balances set aside for specific inv.	25,659	(8,813)	23,803	40,649
Contingency funding, incl workforce	18,094	0	49	18,143
Council Priorities Fund	4,886	(1,312)	4,117	7,691
Dilapidations fund	12,344	(9,267)	2,000	5,077
Insurance funds	14,667	(17)	1,225	15,875
	<u>75,650</u>	<u>(19,409)</u>	<u>31,194</u>	<u>87,435</u>
<b>Balances Set Aside from Income Received in Advance</b>				
Licensing and Registration income	3,093	(272)	259	3,080
Lothian Buses	3,795	(3,587)	180	388
Other minor funds	236	(18)	0	218
Pre-paid PPP monies	2,155	0	412	2,567
Recycling monies	1,161	(464)	0	697
Council Tax Discount Fund	24,234	0	3,198	27,432
Unspent grants	2,934	(2,722)	1,662	1,874
City Strategic Investment Fund	6,180	(768)	49	5,461
	<u>43,788</u>	<u>(7,831)</u>	<u>5,760</u>	<u>41,717</u>
<b>Balances Set Aside for Investment in Specific Projects which will Generate Future Savings</b>				
Savings set aside for IT projects	2,046	(2,068)	22	0
Energy efficiency	98	0	80	178
Salix / CEEF	1,324	(1,324)	197	197
Spend to save	3,992	(1,026)	9	2,975
	<u>7,460</u>	<u>(4,418)</u>	<u>308</u>	<u>3,350</u>
<b>Balances Set Aside under Devolved School Management Scheme and Pupil Equity Fund</b>				
Devolved School Management	<u>2,688</u>	<u>(2,688)</u>	<u>5,758</u>	<u>5,758</u>
<b>Unallocated General Reserve</b>	<u>13,025</u>	<u>0</u>	<u>0</u>	<u>13,025</u>
<b>Total General Reserve</b>	<u>142,611</u>	<u>(34,346)</u>	<u>43,020</u>	<u>151,285</u>

# Finance and Resources Committee

10.00am, Thursday 16 August 2018

## Revenue Monitoring 2018/19 – month three position

Item number	7.2
Report number	
Executive/routine	
Wards	n/a
Council Commitments	n/a

### Executive Summary

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The report sets out the projected revenue budget position for the year based on analysis of period two data. Service areas have identified a number of significant pressures, particularly in demand-led areas, together totalling £15.2m and prompt and effective implementation of planned and additional mitigating actions will therefore be required to maintain expenditure within approved levels.

## Revenue Monitoring 2018/19 – month three position

### 1. Recommendations

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- 1.1 Members of the Finance and Resources Committee are asked to:
  - 1.1.1 note that a number of significant pressures have been highlighted by Executive Directors, such that an overall year-end overspend of £7.720m, after taking account of current mitigating actions and assuming no further mitigating actions were taken, is forecast as of month three;
  - 1.1.2 note that in light of this projected position, all Executive Directors and the Chief Officer of the Edinburgh Health and Social Care Partnership have been required to identify, as a matter of urgency, further proposed actions to bring their respective budgets into balance by the year-end;
  - 1.1.3 note the balanced projected position on the Housing Revenue Account (HRA) after making a £9.25m planned contribution towards housing investment; and
  - 1.1.4 refer this report to the Governance, Risk and Best Value Committee as part of its work programme.

### 2. Background

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- 2.1 This report sets out the projected overall three-month position for the Council's 2018/19 revenue expenditure budget based on analysis of actual expenditure and income to the end of May 2018.

### 3. Main report

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- 3.1 This report represents the first quarterly revenue monitoring report for 2018/19. 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 As of period three, an overall overspend of £7.720m is forecast as shown in the table below. This variance reflects £15.175m of projected service expenditure in



excess of approved levels, partially offset by £7.455m of savings, or additional income, across a number of corporate budgets.

**Table 1 – 2018/19 Revenue Budget – Projected Expenditure**

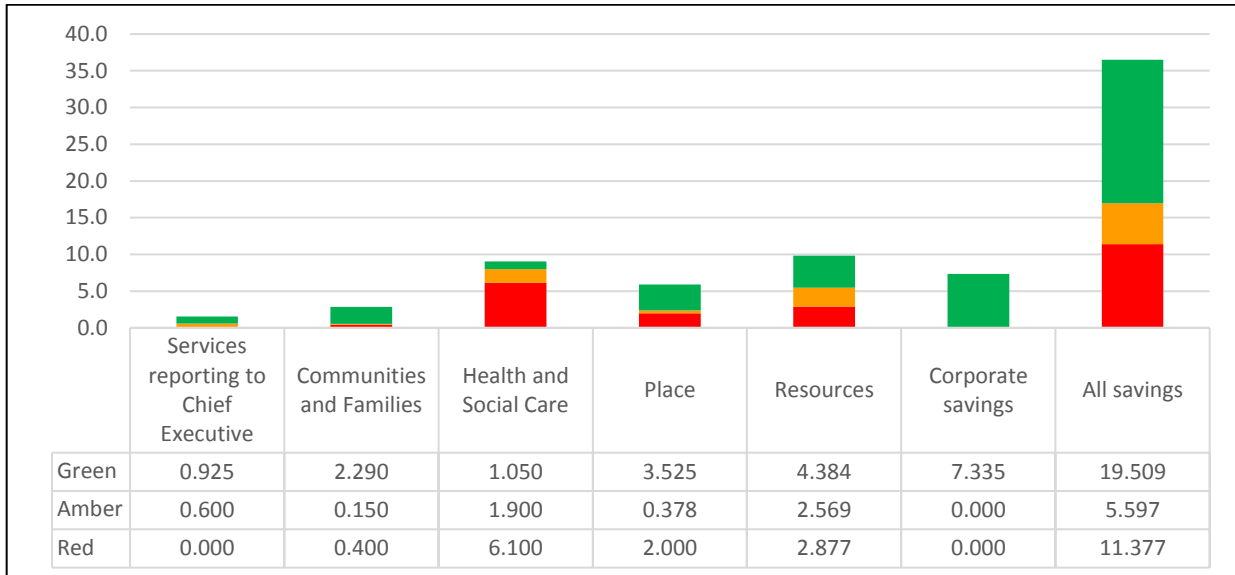
	<b>Revised Budget (£000)</b>	<b>Period Budget (£000)</b>	<b>Period Actual (£000)</b>	<b>Period Variance (£000)</b>	<b>Projected Outturn (£000)</b>	<b>Outturn Variance (£000)</b>
Service areas	814,102	210,151	218,174	8,023	829,277	15,175
Non-service specific areas	174,244	n/a	n/a	n/a	170,244	(4,000)
Movements in reserves	(9,211)	(8,901)	(8,901)	0	(11,666)	(2,455)
Sources of funding	(979,135)	(291,974)	(291,974)	0	(980,135)	(1,000)
<b>In-year (surplus) / deficit</b>					<b>7,720</b>	<b>7,720</b>

- 3.4 In light of this overall position, all Executive Directors have been required to identify, as a matter of urgency, further proposed actions to bring their respective budgets into balance by the year-end. An update on these proposed actions and wider management of risks and pressures will be reported to the Finance and Resources Committee’s meeting on 11 October 2018.
- 3.5 In view of significant savings requirements in future years, Executive Directors should aim to address in full the in-year variances set out within this report. Should sufficient measures not be forthcoming, however, they should nonetheless identify savings, the full-year effect of which will be consistent with the 2019/20 service expenditure baseline included in the budget framework report considered by the Committee on 12 June 2018. This is particularly important given that savings in corporate areas in 2018/19 are either one-off in nature i.e. transfers from reserves or are assumed to underpin subsequent years’ savings requirements.
- 3.6 The emphasis should, in the first instance, be on balancing the overall budget in 2018/19 through the identification of mitigating measures within service areas. As part of re-establishing the stability of the budget framework going forward, however, members may wish to earmark, should this be necessary, the residual 2017/18 underspend of £1.836m that has been transferred to the Council Priorities Fund. Availability of this sum is subject to the outcome of the external audit process.

## Delivery of approved savings

- 3.7 The approved budget for 2018/19 was predicated on the delivery of £36.5m of service-specific and corporate savings. As of the end of June, the overall RAG assessment of these savings indicates that, on the basis of actions planned or already undertaken, some 69% are on target to be delivered as shown in the chart below.

**Chart 1 - RAG assessment of approved budget savings (£m), 2018/19 – June 2018**



- 3.8 Those savings assessed as red, by the Finance Division, at this stage are as follows:

### 3.8.1 Communities and Families

**Home to School Transport** – while a number of relevant workstreams are progressing, due to increases in underlying service demand, the budgeted saving of £0.4m will not be delivered and alternative mitigating measures are being sought.

### 3.8.2 Health and Social Care

**Asset-based approach to demand management** – “capacity-releasing” savings of £3m. As of the end of June, only around 100 of the planned 1,600 reviews to facilitate delivery of this saving had been undertaken;

**Service transformation - Self-Directed Support (SDS)** - £1m of approved savings predicated on offsetting disinvestment of in-house services as a result of expansion of SDS. As yet, there is no tangible progress towards delivery of this saving;

**Workforce management savings** – while a number of proposed actions totalling £1.1m have been identified by the Partnership Management Team, none of these has been implemented to date; and

**Homecare re-ablement** – no substantive progress has been made thus far in developing specific plans to deliver the £1m of assumed savings in this area.

### 3.8.3 Place

**Roundabouts and verge advertising** – delivery of this £0.35m saving is dependent upon further negotiation of contractual advertising arrangements. Subject to this outcome, an accompanying implementation plan will then be developed;

**Align Economic Development to new strategy** – while a project team has been developing a delivery plan, realisation of the associated £0.6m saving is dependent upon approval and implementation of the plan. On this basis, the saving is assessed as red at this time;

**Garden waste charging** – following the end of the initial registration period, overall scheme sign-up is slightly above the levels assumed in the associated business case. While this level of participation, if sustained, will by extension result in delivery of the corresponding approved full-year saving, apportionment of relevant income in line with the revised implementation date results in a £0.6m in-year pressure;

**Public transport initiatives** – while relevant project work is underway, a specific implementation plan to deliver the approved saving of £0.35m requires to be developed; and

**Fleet financing model** - delivery of £0.2m of the approved total saving of £0.5m is assessed as red pending development of the second phase of the fleet re-procurement programme.

### 3.8.4 Resources

**Asset Management Strategy and review of Property and Facilities Management** – corresponding plans require to be developed to deliver the combined approved savings of £2.877m on a sustainable basis.

- 3.9 The above savings assessments have been reflected in the wider outturn commentaries included in the following sections.

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

- 3.10 In accordance with Council's recent decision to transfer leadership of the Safer and Stronger Communities function to the Executive Director of Communities and Families, the corresponding income and expenditure projections set out below reflect this change.
- 3.11 Across the Directorate's functions, at this stage £9.8m of net budget pressures are being projected as a result of increasing costs in several demand-led areas of service. The main service areas affected include temporary accommodation, home-to-school transport, rising school rolls, community access to schools and the increased use of out-of-Council area placements linked to accommodating a number of Unaccompanied Asylum-Seeking Children (UASC) within the city.
- 3.12 The Executive Director of Communities and Families is fully committed to making all efforts to identify mitigations to reduce the emerging pressures and a strategy

has been developed to identify and implement management actions required to address these. This will include additional vacancy control measures, a review of reserves, identification of income generation opportunities, an examination of the scope to stop or reduce planned levels of expenditure and the identification of any spend-to-save opportunities. Given the magnitude of these as-yet unmitigated pressures, however, there is the potential for a significant level of overspend, estimated at £5m at this stage.

### **Health and Social Care**

- 3.13 As of Period 3, an overall overspend of £6.1m is projected. This financial forecast takes account of anticipated delivery of £2.950m of the £9.050m savings plans underpinning the approved budget but reflects slippage of £6.1m across the projects noted at 3.8.2 above. The forecast outturn is also reliant on the management and mitigation of further risks noted in the following sections.
- 3.14 Of the £9.050m of approved savings, £5.050m are “cash-releasing” with a further £4m targeting the release of additional capacity to meet demand through the review of existing packages of care and delivery of productivity/efficiency improvements in the internal Homecare/Reablement service. The delivery of these savings is overseen by the Savings Governance Board. Given the extent of approved savings assigned a red status, however, urgent action is required to accelerate implementation or to agree alternative mitigating actions.
- 3.15 Service volumes purchased through Care at Home increased by c. 7% during 2017/18 and expenditure incurred through Direct Payments and Individual Service Funds by c. £5m. The provisional budget for 2018/19 does not reflect any assumption of increases in service volumes/financial commitments beyond those made in 2017/18. There are furthermore no additional financial resources available to increase existing packages or take on new packages unless offset by reductions or ending of other packages. Given the significant growth in overall service volumes apparent in recent years, the on-going appropriateness of these assumptions is being kept under regular review and will be considered as part of the October update to the Committee.
- 3.16 The approved budget also assumes an additional contribution of £4m from NHS Lothian (NHSL) to foster additional capacity. The findings of a study on sustainable community support give significant weight to the additional contribution request and NHSL will present a paper to its Finance and Resources Committee on 25 July outlining the potential benefits. Confirmation of the funding from EIJB is also dependent on the outcome of this meeting. There is furthermore a shortfall of £0.5m in the funding contribution assumed by CEC from the IJB to offset the costs of additional community capacity for which slippage on projects will require to be identified.

### **Place**

- 3.17 As of period 3, the Executive Director of Place continues to report significant gross pressures within, in particular, the Environment and Roads functions. Given that

these pressures were addressed in large part through one-off mitigations in 2017/18, over the medium term, concerted action is clearly required to address these underlying structural deficits on a sustainable basis and this forms parts of the respective Improvement Plans.

- 3.18 Of the £11.4m of gross pressures, mitigating actions have been identified to address £4.6m of these and a number of further proposals are currently being verified. At this stage, however, based on the best assessment of these proposals, their likely deliverability and associated savings, a residual shortfall of £3m exists.

### **Resources**

- 3.19 Based on analysis of period two data and an assessment of the in-year deliverability of the savings proposals approved as part of the 2018/19 revenue budget, overall expenditure is anticipated to exceed budgeted levels by £1.075m. This sum represents the residual pressure, net of recurring and non-recurring mitigating actions, for the Asset Management Strategy. At this stage, no firm additional proposals have been developed to address this residual pressure on a sustainable basis and, as such, an overspend of this level is currently being forecast.
- 3.20 The Executive Director of Resources is committed to identifying sustainable measures to maintain overall expenditure within approved levels and the Directorate's Senior Management Team is continuing to examine opportunities to realise savings, whether through reductions in expenditure or increases in income, such that a balanced position is achieved by the year-end.

### **Services reporting to the Chief Executive**

- 3.21 While work is continuing to identify means to deliver the full saving associated with the Strategy and Insight Division's Organisational Review, at this stage a balanced position is forecast.

### **Non service-specific budgets**

- 3.22 In view of the significant projected overspends within frontline service areas, non service-specific budgets continue to be examined on a regular basis to identify any potential savings in expenditure or additional income.
- 3.23 Updated analysis of the size and profile of the Council Tax base, taking account of property numbers, discounts and exemptions (the last-mentioned in the context of increased but proportionate scrutiny of Single Person Discount entitlement) indicates that in-year income is forecast to exceed budgetary assumptions by £1m.
- 3.24 A report elsewhere on today's agenda sets out the realigned 2018/23 Capital Investment Programme (CIP). In view of the combined effect of the 2017/18 outturn, revised CIP and the on-going strategy of using available cash balances in lieu of external borrowing, in-year savings of £3m relative to the level of budgetary provision are now anticipated.
- 3.25 A separate report on the meeting agenda provides a detailed commentary on the revenue outturn for 2017/18. The report notes that, in view of the in-year

underspend in sums paid out as part of the Council Tax Reduction Scheme, £2.455m was set aside within an allocated reserve to address potential welfare reform-related pressures in subsequent years. Given the on-going financial pressures being experienced with regard to temporary accommodation-related expenditure highlighted earlier in this report, it is proposed that this sum be drawn down in full in 2018/19 to mitigate these.

- 3.26 In accordance with the principles of prudent financial management, the Council's budget includes a degree of inflationary contingency consistent with the nature and profile of its contracts and other purchasing arrangements. Analysis of projected spend and relevant applicable inflation rates indicates that £1m of the total level of provision is available to offset, on a one-off basis, pressures within frontline service areas. The non-recurring nature of this and the corporate contributions outlined in the preceding paragraphs re-emphasises, however, the importance of identifying sustainable measures going forward.

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

- 3.27 At month 3, the HRA is forecasting a balanced position. As set out in the approved HRA Budget, it is expected that a £9.250m contribution to housing improvement will be able to be made from in-year rentals received. This contribution is, however, dependent on the mitigation of key risks.
- 3.28 In addition, there remain significant budget pressures relating to housing repairs and maintenance. Furthermore, with the roll-out of Universal Credit starting in 2018/19, there is a risk that the income assumptions made in the HRA budget do not come to fruition. These key risk areas will continue to be monitored closely and reported to the Housing and Economy Committee as appropriate.

## **4. Measures of success**

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- 4.1 Achieving a balanced overall budget outturn position for 2018/19 and successful delivery of approved savings and key service performance indicators.

## **5. Financial impact**

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- 5.1 The report's contents point to a potential in-year overspend, highlighting the importance of prompt action to bring expenditure back in line with 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**

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- 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 to identify at an early stage where corrective action is required.

## **7. Equalities impact**

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- 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**

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- 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**

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- 9.1 In view of the overall projected position set out within this report, 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

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10.1 [Capital Coalition Budget Motion](#), City of Edinburgh Council, 22 February 2018

10.2 Service monitoring statements for period three

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## 11. Appendices

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One – 2018/19 Revenue Budget – projected expenditure analysis



	Revised Budget	Period Budget	Period Actual	Period Variance	Projected Outturn	Outturn Variance
	£000	£000	£000	£000	£000	£000
<b>Service areas</b>						
Services reporting to Chief Executive	9,243	2,372	2,307	(65)	9,243	0
Communities and Families	383,466	95,712	98,209	2,497	388,466	5,000
Health and Social Care	198,359	54,902	56,791	1,889	204,459	6,100
Place	58,498	16,031	16,882	851	61,498	3,000
Resources	160,961	40,240	43,091	2,851	162,036	1,075
Lothian Valuation Joint Board	3,575	894	894	0	3,575	0
<b>Service areas total</b>	<b>814,102</b>	<b>210,151</b>	<b>218,174</b>	<b>8,023</b>	<b>829,277</b>	<b>15,175</b>
<b>Non-service specific areas</b>						
Loan Charges	112,473				109,473	(3,000)
Other non-service specific costs less sums to be disaggregated:	28,980	n/a	n/a	n/a	27,980	(1,000)
- Pay award contingency (including Living Wage)	6,432				6,432	0
- Apprenticeship Levy	1,857	446	443	(3)	1,857	0
- Early Learning and Childcare	1,176				1,176	0
- Carbon Tax	1,159				1,159	0
- Non-Domestic Rates (poundage uplift)	500				500	0
- Energy	500				500	0
- Discretionary Rates	350				350	0
Council Tax Reduction Scheme	26,672	n/a	n/a	n/a	26,672	0
Staff early release costs	3,200	n/a	n/a	n/a	3,200	0
Net Cost of Benefits	(62)	n/a	n/a	n/a	(62)	0
Interest and investment income	(8,993)	0	0	0	(8,993)	0
<b>Non-service specific areas total</b>	<b>174,244</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>170,244</b>	<b>(4,000)</b>
<b>Movements in reserves</b>						
Net contribution to / (from) earmarked funds	(9,211)	(8,901)	(8,901)	0	(11,666)	(2,455)
<b>Movements in reserves total</b>	<b>(9,211)</b>	<b>(8,901)</b>	<b>(8,901)</b>	<b>0</b>	<b>(11,666)</b>	<b>(2,455)</b>
<b>Sources of funding</b>						
General Revenue Grant	(355,601)	(136,090)	(136,090)	0	(355,601)	0
Non-Domestic Rates	(340,474)	(85,119)	(85,119)	0	(340,474)	0
Council Tax	(283,060)	(70,765)	(70,765)	0	(284,060)	(1,000)
<b>Sources of funding total</b>	<b>(979,135)</b>	<b>(291,974)</b>	<b>(291,974)</b>	<b>0</b>	<b>(980,135)</b>	<b>(1,000)</b>
<b>In-year (surplus) / deficit</b>	<b>0</b>	<b>(90,500)</b>	<b>(82,479)</b>	<b>8,021</b>	<b>7,720</b>	<b>7,720</b>

# Finance and Resources Committee

10.00am, Thursday, 16 August 2018

## Capital Monitoring 2017/18 – Outturn and Receipts

Item number 7.3

Report number

Executive/routine

Wards

Council Commitments

### Executive summary

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The final General Fund outturn shows that in 2017/18, the Council required an advance from the Loans Fund of £14.516m. This funded capital investment of £145.462m after receipt of grants of £102.233m and capital income, net of transfer to the Capital Fund, of £28.713m. This position is subject to the external audit process which will be completed in September 2018.

The current approved Capital Investment Programme (CIP) 2018-2023 projects an over programming position over the five-year period of £15.0m.

The final Housing Revenue Account (HRA) capital investment programme shows that in 2017/18, the HRA required a prudential borrowing advance from the Loans Fund of £35.078m. This funded capital investment of £72.816m after the receipt of grants of £5.050m and other capital income of £32.688m.

## Capital Monitoring 2017/18 – Outturn and Receipts

### 1. Recommendations

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- 1.1 Members of the Finance and Resources Committee are requested to:
- 1.1.1 Note the 2017/18 final unaudited capital positions on the General Fund and Housing Revenue Account (HRA);
  - 1.1.2 Note that budgets for lending to Edinburgh Living from 2019-20 onwards are based on the pipeline of development and will be subject to annual approval from Finance and Resources Committee and Council;
  - 1.1.3 Approve the revised Capital Investment Programme for 2018-2023; and
  - 1.1.4 Refer the report to the Governance, Risk and Best Value Committee as part of its work-plan.

### 2. Background

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- 2.1 This report presents the final outturn on the Council's Capital Programme for 2017/18, including details of capital receipts and slippage / acceleration on projects within the Capital Investment Programme.

### 3. Main report

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- 3.1 The outturn position is detailed in Appendix 1 and summarised in the table below.

	<b>Final Outturn Variance</b>	<b>Outturn Variance at Month Nine</b>	<b>Movement from Month Nine</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Net (slippage) / acceleration in gross expenditure	(15,061)	(28,058)	12,997
Net (surplus) / deficit in capital receipts and grant income	9,664	16,604	(6,940)
Net (slippage) / acceleration in Capital receipts income transferred to Capital Fund	5	(809)	814
<b>Net increase / (decrease) in capital advance requirement</b>	<b>(5,392)</b>	<b>(12,263)</b>	<b>6,871</b>

- 3.2 As presented in the table at 3.1 above, the final outturn reports £15.061m slippage on gross expenditure on projects, compared to estimated slippage of £28.058m at month nine. Net capital receipts and grant income were less than the budgeted level by £9.664m which was an improvement on the position projected at month nine (slippage £16.604m).
- 3.3 The drawdown of government grants for specific projects totalling £2.428m, including the City Observatory and Broomhouse Community Hub were delayed in line with the delays of delivery and expenditure on the projects which is noted in Appendix 2.
- 3.4 The net effect of the variances presented in table 3.1 above, is a decrease of £5.392m in the amount that the Council requires to borrow corporately to support its capital programme relative to budget assumptions.
- 3.5 Explanations for significant slippage and accelerations in year are included in Appendix 2. Where applicable, variances on individual projects have been categorised and summarised to provide further analysis of the net slippage position.
- 3.6 The 2017/18 budget was realigned in respect of the changes in the delivery expectations of projects reported at the month 9 position and the impact included in the Capital Investment Programme 2018-2023 approved by Council in February 2018.
- 3.7 Slippage in the delivery of capital projects can be as a result of various factors. Delays in securing confirmation or the unavailability of external funding to deliver individual projects and programmes remains a factor in the ability of the Council to take these forward within the originally planned timescales. In 2017/18 this impacted the early years' improvement project with the full extent of funding not being announced by the Scottish Government until May 2018 and the requirement to review the scope of a number of smaller projects.
- 3.8 The on-going transformation programme of the Council can also impact on revisions to the scope or delivery mechanism of projects, including the depots rationalisation programme in 2017/18. The ICT contract with CGI originally assumed a payment at the start of the contract for capital assets. However, changes in the delivery model has resulted in payments being instead aligned with milestone delivery targets.
- 3.9 The Council has identified challenges within service resources to design infrastructure projects which were reported to Transportation and Environment Committee on 1 March 2018 along with the actions being taken to mitigate them. This along with reported issues within the Planning and Building control service have impacted in the ability to deliver a number of projects.
- 3.10 The net slippage on gross expenditure represents a 9.38% variance against the revised budget which has increased compared to a 1.09% variance in the 2016/17 outturn position. The centralised capital monitoring team will continue

to work with service areas to tackle optimism bias within the programme along with promoting delivery.

- 3.11 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. The impact of this type of slippage has been minimised this year due to acceleration or better than anticipated progress elsewhere in this programme. However, the ability to minimise in future years is dependent on how 'shovel-ready' projects are to allow for acceleration in any given year.
- 3.12 The General Fund outturn shows that, in 2017/18, the Council was required to draw down advances from the Loans Fund of £14.516m. This position is subject to the external audit process which will be completed in September 2018.

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

- 3.13 A detailed list of capital receipts, including those ring-fenced for specific projects is shown in Appendix 3.
- 3.14 A total of £14.968m receipts income was generated from asset sales in 2017/18 compared to a budget of £25.468m. This deficit reflects receipts which are now expected to settle later than originally expected and that assets may now be transferred to the HRA rather than sold. Members should however note that the transfer of the sites to the HRA generates a debt transfer and as such reduces the overall capital financing requirement of the General Fund.
- 3.15 No sites were transferred to the HRA during 2017/18 and agreement on transfer dates, conditions and values on sites approved by Finance and Resources Committees are being progressed.

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

- 3.16 As can be seen in Appendix 4, the HRA outturn position reports gross expenditure of £72.816m compared to projected expenditure of £69.070m at month nine and budget of £78.004m.
- 3.17 Capital receipts and grant income of £37.738m were received, which is £2.726m in excess of the budget of £35.012m (£39.751m forecast at month nine).
- 3.18 The HRA required a prudential borrowing advance from the Loans Fund of £35.078m.
- 3.19 The slippage position was mainly in the house building programme caused by delays in securing statutory consents.
- 3.20 Explanations for significant slippage and accelerations in year are included in Appendix 5. Where applicable, variances on individual projects have been categorised and summarised to provide further analysis of the net slippage position

### **Revised Capital Investment Programme 2018-2023**

- 3.21 The Capital Investment Programme (CIP) approved by Council in February 2018 was based on an interim budget which included net slippage and acceleration at month nine.

- 3.22 The remainder of slippage and acceleration since the month nine position has been carried forward in the capital programme. The revised CIP for 2018-2023, including actual net slippage from 2017/18 is shown in Appendix 6.
- 3.23 The CIP has been realigned and re-phased to ensure that individual project cash flows reflect the most up to date projections. The centralised capital monitoring team within Finance has worked closely with project managers to ensure that optimism bias has been avoided where possible. Project managers have been asked to consider risk issues such as adverse weather or other uncontrollable factors that can impact on delivery and to build this into budgeted cash flows.
- 3.24 Where block budgets exist, project managers have been asked to phase budgets according to the stage of individual projects within the block.

### **Capital Budget Framework 2018-2023 update**

- 3.25 Council approved the five-year capital programme for the period 2018-2023 in February 2018. At a general level, the ability to commit additional investment over and above that included in the current programme remains difficult due to:
- Uncertainty over future level of General Capital Grant;
  - The large number of capital receipts underpinning the existing capital programme or earmarked to supplement planned repairs and maintenance through use of the Capital Fund and providing funding towards future LDP Infrastructure requirements;
- 3.26 The Revenue Budget Framework approved by Council in February 2018 included revenue provision to support the following capital investment:
- Infrastructure - £56m
  - Local Development Plan - £35m
  - City Region Deal - £21m, and
  - Asset Management Works - £48.90m.
- 3.27 As part of the 2018-2023 CIP, Executive Directors identified their respective top priorities, highlighting unfunded pressures totalling around £450m and officer recommendations for the use of the resources identified in 3.24 above were approved by Council in February 2018.
- 3.28 In May 2018, the Scottish Government confirmed additional awards to the Council for Management Development Funding for 2018-2019 and a multi-year funding package for the delivery of the Expansion of Early Learning and Childcare in Scotland – Action Plan and have been included in the revised CIP.
- 3.29 The Management Development Funding specific grant for 2018-2019 has increased by £13.319m to £41.269m.
- 3.30 The Expansion of Early Learning and Childcare in Scotland – Action Plan included capital funding for the City of Edinburgh Council of £39.480m over 4 years.

- 3.31 Figures for lending to Edinburgh Living LLP from 2019-20 onwards are based on the pipeline of development and will be subject to annual approval from Finance and Resources Committee and Council. The figures shown are therefore indicative.
- 3.32 Further work has identified that the Communal Bin upgrade project does not fully meet capital expenditure criteria. The project has been removed from the CIP but will still be delivered within the revenue service utilising resources from the Capital Fund which had previously been approved to support the CIP.
- 3.33 The level of General Capital Grant funding in 2018/19 at £49.405m is a reduction from the 2017/18 level of £53.696m.
- 3.34 As no firm allocations have been advised by the Scottish Government beyond this, an estimate of each year's General Capital Grant Settlement has been factored in for the periods 2019/20 to 2022/23 based on a prudent estimate of the possible Scotland-wide funding.
- 3.35 The Finance Settlement on 14 December 2017 confirmed that a deferred £10.264m allocation from 2016/17 will now be paid in 2019/20.
- 3.36 Current indications suggest that the next Scottish Government Finance Settlement will be announced in December 2018.
- 3.37 Any confirmed changes in grant funding will be considered by Members, taking cognisance of capital priorities as part of the 2019/20 budget framework process.

## **4. Measures of success**

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- 4.1 Completion of capital projects as budgeted for in the revised 2018/19 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**

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- 5.1 The final General Fund outturn shows that in 2017/18, the Council required an advance from the Loans Fund of £14.516m which funded capital investment of £145.462m after receipt of capital income and grants of £130.946m. This level of borrowing was £5.392m less than budgeted.
- 5.2 The final HRA capital outturn shows that in 2017/18, the HRA required prudential borrowing of £35.078m which funded capital investment of £72.816m after receipt of capital income and grants of £37.738m. This level of borrowing was £7.914m less than budgeted.

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

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- 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**

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- 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**

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

## **9. Consultation and engagement**

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



## 10. Background reading/external references

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- 10.1 [Capital Investment Programme 2018-19 - 2022-23](#) City of Edinburgh Council, 22 February 2018
- 10.2 [Capital Monitoring 2017-18 - Month Nine Position](#) Finance and Resources Committee, 23 January 2018

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## 11. Appendices

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- Appendix 1 – Capital Monitoring 2017/18 – Final Position – General Fund
- Appendix 2 – Slippage and Acceleration on General Fund Capital Projects 2017/18
- Appendix 3 – Capital Receipts Schedule 2017/18
- Appendix 4– Capital Monitoring 2017/18 – Final Position – HRA
- Appendix 5 – Slippage and Acceleration on HRA Capital Projects 2017/18
- Appendix 6 - Revised Capital Investment Programme 2018-2023

## Capital Monitoring 2017/18

### General Fund Summary

#### Outturn Position - Unaudited

Expenditure	Revised Budget at Period 9	Adjustments	Revised Budget	Outturn 2017/18	Variance	
	£000		£000	£000	£000	%
Communities and Families	41,831	1,070	42,901	35,989	(6,912)	-16.11%
Edinburgh IJB	367	333	700	496	(204)	-29.14%
Place	98,163	2,028	100,191	91,737	(8,454)	-8.44%
Resources - Asset Management Works	10,843	28	10,871	10,990	119	1.09%
Resources - Other	15,738	(9,878)	5,860	3,503	(2,357)	-40.22%
Safer and Stronger Communities	1,125	(1,125)	-	-	-	0.00%
Trams	-	-	-	2,383	2,383	n/a
Council Wide Projects	-	-	-	364	364	n/a
<b>Total Gross Expenditure</b>	<b>168,067</b>	<b>(7,544)</b>	<b>160,523</b>	<b>145,462</b>	<b>(15,061)</b>	<b>-9.38%</b>

#### Income

<i>Capital Receipts</i>						
General Services	18,844	3,711	22,555	12,664	(9,891)	-43.85%
Ringfenced Asset Sales	3,699	(2,676)	1,023	1,023	-	0.00%
Asset Sales to reduce Corporate borrowing	1,890	-	1,890	1,281	(609)	-32.22%
<i>Total Capital Receipts from Asset Sales</i>	<b>24,433</b>	<b>1,035</b>	<b>25,468</b>	<b>14,968</b>	<b>(10,500)</b>	<b>-41.23%</b>
Less additional receipt income to capital fund	(5,559)	809	(4,750)	(4,755)	(5)	0.11%
<i>Available Capital Receipts from Asset Sales</i>						
Developer and other Contributions	8,756	6,539	15,295	18,491	3,196	20.90%
Capital Grants Unapplied Account drawdown	9	-	9	9	-	0.00%
<i>Total Capital Receipts</i>	<b>27,639</b>	<b>8,383</b>	<b>36,022</b>	<b>28,713</b>	<b>(7,309)</b>	<b>-20.29%</b>
<i>Grants</i>						
Scottish Government General Capital Grant	53,708	-	53,708	53,696	(12)	-0.02%
Management Development Funding	29,115	11,578	40,693	40,693	-	0.00%
Early Years and Childcare - Expansion	2,504	-	2,504	2,584	80	3.19%
Other Specific Government Grants	6,702	986	7,688	5,260	(2,428)	-31.58%
<i>Total Grants</i>	<b>92,029</b>	<b>12,564</b>	<b>104,593</b>	<b>102,233</b>	<b>(2,360)</b>	<b>-2.26%</b>
<b>Total Income</b>	<b>119,668</b>	<b>20,947</b>	<b>140,615</b>	<b>130,946</b>	<b>(9,669)</b>	<b>-6.88%</b>

<b>Balance to be funded through Loans Fund Advance</b>	<b>48,399</b>	<b>(28,491)</b>	<b>19,908</b>	<b>14,516</b>	<b>(5,392)</b>	<b>-27.08%</b>
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**CAPITAL MONITORING 2017/18 - Outturn**  
**Slippage and Acceleration on General Fund Projects**

Slippage on projects is shown as a negative value, while acceleration, overspends and reprofiles to future years are shown as positive values.

**Key to variance category**

<i>Type</i>	<i>Explanation</i>
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.
5. Projected Underspend on a project	Projects where the final outturn is expected to be below budget.
6. Budget reprofiled into future years	Budget reprofiled to future years post period 9

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.

	<b>Outturn</b>	<b>Period 9</b>	<b>Movement</b>	<b>Explanations for Significant Slippage / Acceleration</b>	<b>Variance</b>
	<b>£000</b>	<b>£000</b>	<b>between</b>		<b>Category</b>
			<b>periods</b>		
			<b>£000</b>		
<b><u>Communities and Families</u></b>					
Early years 2020	-3,127	-2,669	-458	Programme has slipped due to working to reach agreement from Scottish Government re total available funding to meet extended nursery hours	3
Duncan Place	900	0	900	Acceleration of project	4
New Craigmillar High School	-573	0	-573	Delays due to availability of total funding for the project	3
Hunter Hall Cycle Hub And Pitch	-48	-1,017	969	Programme has slipped due to a review of the scope of the project with consideration to the Jack Kane centre	6
New Meadowbank Sport Centre	124	-1,539	1,663	The project budget was realigned to reflect the changes in the scope and delivery of the project	6
Open Libraries Solutions	0	-340	340	Budget reprofiled to 2018/19 relating to delays in recruitment of the project manager	6
George IV Bridge Library - Enhancement Works	0	-365	365	Budget reprofiled to 2018/19. Project on hold awaiting further funding	6
New Queensferry HS	606	205	401	External fees for HUB -funding decision made after year end	4
St John's PS	-2,256	1,429	-3,685	The acceleration anticipated at month 9 was delayed due to adverse weather condition	1
St Crispin's New Wave 3 school	-932	0	-932	Slippage due to delay in the start of the project	2
Portobello Demolition	37	0	37		4
New Primary schools	-331	0	-331	Delays in start of new primary schools	2
Rising School Rolls	-858	1,146	-2,004	The acceleration anticipated at month 9 was delayed due to adverse weather condition	4
Net (slippage) / acceleration on various projects	-454	31	-485		2
<b>Total Communities and Families</b>	<b>-6,912</b>	<b>-3,119</b>	<b>-3,793</b>		

	Outturn £000	Period 9 £000	Movement between periods £000	Explanations for Significant Slippage / Acceleration	Variance Category
<b><u>Edinburgh Integrated Joint Board</u></b>					
New Care Home	-532	0	-532	Increased funding from the settlement of ring fenced receipt from the sale of Ravensglass Hostel, net of cost of sales.	1
Net (slippage) / acceleration on various projects	328	125	203		4
<b>Total Edinburgh Integrated Joint Board</b>	<b>-204</b>	<b>125</b>	<b>-329</b>		
<b><u>Place</u></b>					
Water of Leith Phase 2	0	-4,500	4,500	Projected underspend on delivery of the project. Proposals for the allocation of this underspend were approved as part of the 2018/19 budget process and the budget realigned.	6
Water of Leith Phase 1	56	-319	375	The profile of retention and compensation settlements payable is uncertain	6
Link to Edinburgh Royal Infirmary	-975	0	-975	Excess of provision made for contractor claim following settlement	3
Roads Asset Management plan	-1,533	-1,633	100	Delay due to significant adverse weather conditions in last 3 months of the year	1
Bankhead Depot	-2,983	0	-2,983	Delays due to securing planning consent	2
Seafield Waste Transfer Depot	-777	0	-777	Delays resulting from the changes in the scope and delivery of the project	2
Old City Observatory	-832	0	-832	Delays in project delivery as a result of contractor performance	2
Cycle Projects	-734	0	-734	Delays in project delivery as a result of internal staff shortages for project management and design.	2
Broomhouse Community Hub	-726	0	-726	Delays in Broomhouse Community Centre Ltd signing construction contract preventing the drawing down of grant	2
Cammo	-658	0	-658	Service did not plan any eligible works for this ringfenced budget	2
Burnshot Bridge	-352	0	-352	Underspend on demolition phase of the original bridge. This residual budget will be used for the reconstruction phase.	2
Salvesen Steps	-532	0	-532	Delays as result of agreement on final designs and funding package.	2
Waterfront Green Space	-230	0	-230	The service department are uncertain as to the scope and nature of the project	2
Mortonhall Memorialisation	-174	0	-174	Delay in payment of 2nd instalment for Memorial statue	3
Niddrieburn Park	-107	0	-107	Delays due to lack of external funding. Project scope has been revised.	2
Street Lighting	60	-218	278	Projection amended October 2017	6
Street Lighting - LED	-108	-945	837	Revised Forecast from Project Management team due to re-profiling of works	6
Saughton Park - HLF	1,289	0	1,289	Acceleration of project in advance of receipt of external funding from HLF	3
Traffic Signals Renewal	86	-650	736	Delay in 4 schemes, resulting in delay in being delivered until early 2018	6
Leith Improvement Programme - Core	0	-1,443	1,443	Realignment to fit with the tram project	6
Road Safety and Active Travel	0	-1,561	1,561	Delays in project delivery as a result of internal staff shortages and reprioritisation of projects.	6
St Andrew Square Bus Station	0	-201	201	Delays to the tender process and appointment expected to extend to next financial year	6
Bus Priority Schemes/Bus Shelters	73	-474	547	Installation works of bus shelters to be delivered over financial years, with full payment not being made until works are complete.	6

	Outturn £000	Period 9 £000	Movement between periods £000	Explanations for Significant Slippage / Acceleration	Variance Category
Localities	-381	-498	117	Consideration of competing demands	6
Net (slippage) / acceleration on various projects	1,084	-161	1,245		6
<b>Total Place</b>	<b>-8,454</b>	<b>-12,603</b>	<b>4,149</b>		
<b>Resources - Asset Management Works</b>					
Slippage across the Asset Management Works programme	119	-537	656		2
<b>Total Resources - Asset Management Works</b>	<b>119</b>	<b>-537</b>	<b>656</b>		
<b>Resources - Other</b>					
ICT	-3,386	-10,830	7,444	Delays in implementation of ICT transformation change projects	6
249 High Street - reconfiguration	1,162	0	1,162	Acceleration of project delivery in advance of ringfenced capital receipt	4
Net (slippage) / acceleration on various projects	-133	-147	14		6
<b>Total Resources - Other</b>	<b>-2,357</b>	<b>-10,977</b>	<b>8,620</b>		
<b>Safer and Stronger Communities</b>					
CCTV City Wide	0	-1,125	1,125	Project delayed due to review of project scope	6
<b>Total Safer and Stronger Communities</b>	<b>0</b>	<b>-1,125</b>	<b>1,125</b>		
<b>Tram</b>					
Tram Phase 1 - Airport to York Place	1,603	0	1,603	Further provision for potential costs due to contractors or suppliers from	3
Developers Contributions - Future Phases	780	0	780	Recognition of the unbudgeted receipt and investment of developers contributions to future phases	3
<b>Total Tram Projects</b>	<b>2,383</b>	<b>0</b>	<b>2,383</b>		
<b>Council Wide / Corporate Projects</b>					
Demolition of Former Leith Depot	362	0	362	The project costs will be met from the appropriate service budgets when the decision on the use of the site is confirmed	4
Net (slippage) / acceleration on various projects	2	178	-176		4
General Slippage across the programme (2.5%)	0	0	0	This is now reflected more accurately against individual projects rather than a general assumption across the whole programme.	1
<b>Total Council Wide / Corporate Projects</b>	<b>364</b>	<b>178</b>	<b>186</b>		
<b>Total for all Services</b>	<b>-15,061</b>	<b>-28,058</b>	<b>12,997</b>		
<b>Summary of Variance Category</b>					
1	Slippage due to unforeseen delays	-4,321	-204	-4,117	
2	Slippage due to optimistic budget	-9,529	-506	-9,023	
3	Slippage due to timing of payments	-1,177	-2,669	1,492	
4	Acceleration on a project	2,539	1,654	885	
5	Projected final underspend	0	0	0	

**Variance  
Category**

	<b>Outturn £000</b>	<b>Period 9 £000</b>	<b>Movement between periods £000</b>	<b>Explanations for Significant Slippage / Acceleration</b>
6	-2,573	-26,333	23,760	
	<u>-15,061</u>	<u>-28,058</u>	<u>12,997</u>	

**CAPITAL MONITORING 2017/18 - Outturn**  
 General Fund - Land and Property Asset Sales

Asset Sales	£000s	£000s
199/1 St John Road	41	
Broomhouse Road South	35	
44 - 50 Torphicen St - overage	362	
3 Royal Garden Terrace	195	
50 Brandon Terrace	80	
79 Portobello High Street	69	
7 - 13 Niddrie Mains Road	500	
The Wisp, land	100	
King Stables Road	8,755	
Lothian Chambers, lease grassum	2,811	
48 - 52 Seaview Crescent	650	
South Gyle, overage	87	
432 Lanark Road	617	
Various minor land transactions	121	
Various equipment sales	406	
Various vehicle sales	139	
	<hr/>	
Total Land and Property Asset Sales		<hr/> <u>14,968</u> <hr/>

Note: the above figures are net of cost of sales

**CAPITAL MONITORING 2017/18**  
**Housing Revenue Account Summary**  
**Outturn Position - Unaudited**

	Revised Budget £000	Outturn £000	Variance	
			£000	%
Gross Expenditure	78,004	72,816	-5,188	-6.7%
Total Gross Expenditure	78,004	72,816	-5,188	-6.7%

<b>Income</b>				
Capital Receipts	-11,400	-6,984	4,416	-38.7%
Developers and Other Contributions	-16,537	-25,704	-9,167	55.4%
Specific Capital Grant	-7,075	-5,050	2,025	-28.6%
Total Income	-35,012	-37,738	-2,726	7.8%

<b>Loans Fund Advances</b>				
Loans Fund Advances	42,992	35,078	-7,914	-18.4%
Total	42,992	35,078	-7,914	-18.4%



**CAPITAL MONITORING 2017/18 - Outturn**  
**Slippage and Acceleration on Housing Revenue Account (HRA) 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.

	Outturn £000	Period 9 £000	Movement between periods £000	Explanations for Significant Slippage / Acceleration	Variance Category
<b><u>Housing Revenue Account</u></b>					
Housing Investment on Existing Homes	1,366	-1,689	3,055	The programme was projected to under spend in 2017/18. Other improvement schemes were accelerated, most notably to empty homes to bring them promptly back into use. £0.6m in the revised budget was earmarked for a mixed tenure pilot. It was based on the original scope of upgrading three blocks in Dumbryden area. The scope of the pilot has since been expanded to include whole block re-design, place making in the wider area and one pilot area in each locality. This expanded scope has resulted in longer lead in time to contractor appointment and delaying the associated project spend.	1
Neighbourhood Improvement Programme	-963	-800	-163	The Neighbourhood Improvement Programme was projected to under spend by £0.8m. However, all identified projects will be delivered in line with the priorities agreed with local teams and neighbourhood governance.	2
Regeneration Programme	-611	-1,000	389	The underspend in the Regeneration Programme was due to extensive engagement of owners and legal process for buybacks taking longer than initially projected and recent identification of asbestos at St Stephen's Court, which delays the project and spend.	1
Service Transformation	-1,415	-1,415	0	The Broadband Pilot, which forms part of the service transformation programme and aims to provide high speed broadband to around 1,200 homes in North Edinburgh, has been delayed. Tenders received from contractors failed to meet the project specifications and alternative delivery models are being explored.	1

	<b>Outturn £000</b>	<b>Period 9 £000</b>	<b>Movement between periods £000</b>	<b>Explanations for Significant Slippage / Acceleration</b>	<b>Variance Category</b>
House Building Programme	-4,105	-5,067	962	The annual expenditure on the House Building Programme is projected to under spent by £4.1m which was 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.	1
Net (slippage) / acceleration on various projects	540	1,037	-497		4
<b>Total Housing Revenue Account</b>	<b>-5,188</b>	<b>-8,934</b>	<b>3,746</b>		

#### Summary of Variance Category

1	Slippage due to unforeseen delays	-4,765	-9,171	4,406
2	Slippage due to optimistic budget	-963	-800	-163
3	Slippage due to timing of payments	0	0	0
4	Acceleration on a project	540	1,037	-497
		<b>-5,188</b>	<b>-8,934</b>	<b>3,746</b>

**REVISED  
CAPITAL INVESTMENT  
PROGRAMME 2018-2023**  
(Incorporating slippage from 2017/18)

**REVISED CAPITAL INVESTMENT PROGRAMME 2018-2023****SUMMARY OF EXPENDITURE AND RESOURCES - GENERAL SERVICES**

2018-2023	Revised Budget	Revised Indicative Budget				Total £000
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	
<b>Expenditure</b>	<b>246,282</b>	<b>225,746</b>	<b>219,944</b>	<b>147,923</b>	<b>170,279</b>	<b>1,010,174</b>
<b>Resources</b>						
<b>Capital receipts</b>						
General asset sales	11,715	6,318	3,000	3,000	3,000	27,033
Less additional receipt income transferred to capital fund	(809)	0	0	0	0	(809)
Ring-fenced asset sales	6,395	10,000	0	0	0	16,395
Capital Fund drawdown	14,782	2,811	0	0	0	17,593
Developers and other contributions	2,319	585	0	0	0	2,904
Capital Grants Unapplied account	3,451	0	0	0	0	3,451
Total receipts	37,853	19,714	3,000	3,000	3,000	66,567
<b>Capital Grants</b>						
<b>Government Grants</b>						
General Capital Grant	49,405	48,264	38,000	38,000	38,000	211,669
Specific Capital Grants	55,125	14,500	10,000	0	0	79,625
Total Grants	104,530	62,764	48,000	38,000	38,000	291,294
<b>Loans Fund Advances</b>						
Support brought forward	5,392	0	0	0	0	5,392
Prudential framework						
- Through council tax	7,000	56,000	84,000	8,000	5,900	160,900
- Lending	45,078	25,160	57,542	73,665	117,879	319,324
- Departmentally supported	31,400	58,915	61,400	0	0	151,715
Total Loans Fund Advances	88,870	140,075	202,942	81,665	123,779	637,331
Over / (under)-programming	15,029	3,193	(33,998)	25,258	5,500	14,982
<b>Total Resources</b>	<b>246,282</b>	<b>225,746</b>	<b>219,944</b>	<b>147,923</b>	<b>170,279</b>	<b>1,010,174</b>

Grant funding from 2019/20 onwards are based on prudent estimates.

**REVISED CAPITAL INVESTMENT PROGRAMME 2018-2023**

<b><u>SUMMARY OF EXPENDITURE</u></b>	Revised Budget 2018/19  £000	Indicative				<b>Total Budget 2018-2023 £000</b>
		Revised Budget 2019/20 £000	Revised Budget 2020/21 £000	Revised Budget 2021/22 £000	Revised Budget 2022/23 £000	
<b>General Services</b>						
Communities and Families	54,597	53,550	31,167	14,207	165	<b>153,686</b>
Edinburgh Integration Joint Board	2,727	1,528	5,000	5,000	-	<b>14,255</b>
Place	110,084	98,368	96,235	29,535	31,785	<b>366,007</b>
Resources - Other	16,221	-	-	-	-	<b>16,221</b>
Resources - Asset Management Works						
- Communities and Families	14,972	16,652	1,766	1,025	1,000	<b>35,415</b>
- Edinburgh Integration Joint Board	511	96	-	-	-	<b>607</b>
- Place	1,269	668	-	-	-	<b>1,937</b>
- Resources - Corporate Property	823	396	-	-	-	<b>1,219</b>
- Not yet allocated to services	-	12,188	28,234	24,491	19,450	<b>84,363</b>
Lending	45,078	25,618	57,542	73,665	117,879	<b>319,782</b>
Local Development Plan - unallocated		16,682				<b>16,682</b>
<b>Total General Services</b>	<b>246,282</b>	<b>225,746</b>	<b>219,944</b>	<b>147,923</b>	<b>170,279</b>	<b>1,010,174</b>

**REVISED CAPITAL INVESTMENT PROGRAMME 2018-2023**

<b><u>COMMUNITIES AND FAMILIES</u></b>	<b>Revised Budget 2018/19</b>	<b>Revised Budget 2019-20</b>	<b>Revised Budget 2020-21</b>	<b>Revised Budget 2021-22</b>	<b>Revised Budget 2022-23</b>	<b>Total Budget 2018-2023</b>
	£000	£000	£000	£000	£000	£000
<b><i>Early years Learning and Childcare</i></b>						
Longstone PS nursery	4	0	0	0	0	4
Granton early years Centre	383	0	0	0	0	383
Davidson's Mains PS nursery	209	0	0	0	0	209
Corstorphine PS nursery	37	0	0	0	0	37
Ferryhill PS Nursery	282	0	0	0	0	282
Tynecastle PS Nursery	191	0	0	0	0	191
Blackhall Nursery	15	0	0	0	0	15
Early years unallocated	16,392	14,500	10,000	0	0	40,892
<b><i>Early years total</i></b>	<b>17,513</b>	<b>14,500</b>	<b>10,000</b>	<b>0</b>	<b>0</b>	<b>42,013</b>
<b><i>Primary schools</i></b>						
Upgrade kitchens - free school meals initiative	44	0	0	0	0	44
Cramond PS FSM Kitchen	25	0	0	0	0	25
East Craigs PS FSM Kitchen	21	0	0	0	0	21
Sciennes PS FSM Kitchen	28	0	0	0	0	28
Towerbank PS FSM Kitchen	11	0	0	0	0	11
Waterfront PS	19	0	0	0	0	19
Victoria PS Replacement	607	5,775	2,382	0	0	8,764
Broomhill PS	0	4,375	1,848	0	0	6,223
New South Edinburgh Primary	1,670	8,613	2,410	1,542	0	14,235
<b><i>Primary schools total</i></b>	<b>2,425</b>	<b>18,763</b>	<b>6,640</b>	<b>1,542</b>	<b>0</b>	<b>29,370</b>
<b><i>Secondary schools</i></b>						
Liberton high school replacement gym	70	0	0	0	0	70
Replacement Queensferry High School	4,348	3,000	0	0	0	7,348
New Craigmillar High School	573	0	0	0	0	573
<b><i>Secondary schools total</i></b>	<b>4,991</b>	<b>3,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,991</b>

**REVISED CAPITAL INVESTMENT PROGRAMME 2018-2023**

<b><u>COMMUNITIES AND FAMILIES</u></b>	<b>Revised Budget 2018/19</b>	<b>Revised Budget 2019-20</b>	<b>Revised Budget 2020-21</b>	<b>Revised Budget 2021-22</b>	<b>Revised Budget 2022-23</b>	<b>Total Budget 2018-2023</b>
	£000	£000	£000	£000	£000	£000
<b>Community centres</b>						
Duncan Place	326	0	0	0	0	326
<b>Community centres total</b>	<b>326</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>326</b>
<b>Children's services</b>						
Heather Vale YPC	13	0	0	0	0	13
Oxgangs New YPC	655	0	0	0	0	655
<b>Children's services total</b>	<b>668</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>668</b>
<b>Other projects</b>						
Gaelic PS Playground	25	0	0	0	0	25
Kirkliston primary school - development works	73	0	0	0	0	73
<b>Other projects total</b>	<b>98</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>98</b>
<b>Rising School Rolls</b>						
Rising school rolls general	17	1,206	0	0	0	1,223
Roseburn PS RSR4	50	0	0	0	0	50
Liberton PS RSR5	91	0	0	0	0	91
Corstorphine HS RSR5	45	0	0	0	0	45
Queensferry PS RSR6	1,384	0	0	0	0	1,384
Trinity PS RSR6	839	0	0	0	0	839
Davidson's Mains PS RSR 6	31	0	0	0	0	31
Stockbridge PS RSR6	827	0	0	0	0	827
St Margaret's PS Extn RSR6	487	0	0	0	0	487
Currie PS RSR6	1,087	0	0	0	0	1,087
Granton PS RSR6	689	0	0	0	0	689
Boroughmuir High School - Additional Places	100	2,200	1,862	0	0	4,162
Rising School Rolls Phs 5 Gen	2,227	0	0	0	0	2,227
<b>Rising School Rolls Total</b>	<b>7,874</b>	<b>3,406</b>	<b>1,862</b>	<b>0</b>	<b>0</b>	<b>13,142</b>
<b>Wave three school projects</b>						
Boroughmuir High School replacement	1,238	0	0	0	0	1,238

**REVISED CAPITAL INVESTMENT PROGRAMME 2018-2023**

<b><u>COMMUNITIES AND FAMILIES</u></b>	<b>Revised Budget 2018/19</b>	<b>Revised Budget 2019-20</b>	<b>Revised Budget 2020-21</b>	<b>Revised Budget 2021-22</b>	<b>Revised Budget 2022-23</b>	<b>Total Budget 2018-2023</b>
	£000	£000	£000	£000	£000	£000
James Gillespies campus	5	0	0	0	0	5
Portobello High School replacement	125	0	0	0	0	125
St Crispin's Special School replacement	1,039	11,017	0	0	0	12,056
St John's Primary new wave 3 School	6,546	171	0	0	0	6,717
New park former Portobello HS	998	0	0	0	0	998
Wave three inflation contingency	2,913	0	0	0	0	2,913
<b>Wave three school projects total</b>	<b>12,864</b>	<b>11,188</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24,052</b>
<b>Wave four school projects</b>						
Wave 4 Replacement High School	0	0	12,500	12,500	0	25,000
<b>Wave four school projects total</b>	<b>0</b>	<b>0</b>	<b>12,500</b>	<b>12,500</b>	<b>0</b>	<b>25,000</b>
<b>Libraries</b>						
Open Plus Library Self Service Kiosks	350	0	0	0	0	350
Peoples Network	40	0	0	0	0	40
Self service terminals	16	0	0	0	0	16
Drum Brae Library	6	0	0	0	0	6
George IV Bridge Library-enhancement works	365	0	0	0	0	365
<b>Libraries projects total</b>	<b>777</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>777</b>
<b>Sports</b>						
3G pitch Mally Park	(20)	0	0	0	0	(20)
Queensferry Recreation project	3	0	0	0	0	3
Craiglockhart Tennis Centre	285					285
Edinburgh Leisure New Meadowbank Sports Centre	215	165	165	165	165	875
Hunter Hall cycle hub and pitch	4,395	2,528	0	0	0	6,923
	1,065	0	0	0	0	1,065
<b>Sports projects total</b>	<b>5,943</b>	<b>2,693</b>	<b>165</b>	<b>165</b>	<b>165</b>	<b>9,131</b>



**REVISED CAPITAL INVESTMENT PROGRAMME 2018-2023**

<b><u>COMMUNITIES AND FAMILIES</u></b>	<b>Revised Budget 2018/19</b>	<b>Revised Budget 2019-20</b>	<b>Revised Budget 2020-21</b>	<b>Revised Budget 2021-22</b>	<b>Revised Budget 2022-23</b>	<b>Total Budget 2018-2023</b>
	£000	£000	£000	£000	£000	£000
<b><i>Safer and Stronger Communities</i></b>						
CCTV Capital	1,125	0	0	0	0	1,125
<b><i>Safer and Stronger Communities Projects</i></b>	<b>1,125</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,125</b>
Cost of Asset Sales	(7)	0	0	0	0	(7)
<b><i>Total Communities and Families</i></b>	<b>54,597</b>	<b>53,550</b>	<b>31,167</b>	<b>14,207</b>	<b>165</b>	<b>153,686</b>

**REVISED CAPITAL INVESTMENT PROGRAMME 2018-2023**

<b><u>EDINBURGH INTEGRATION JOINT BOARD</u></b>	<b>Revised Budget 2018/19</b>	<b>Revised Budget 2019-20</b>	<b>Revised Budget 2020-21</b>	<b>Revised Budget 2021-22</b>	<b>Revised Budget 2022-23</b>	<b>Total Budget 2018-2023</b>
	£000	£000	£000	£000	£000	£000
<b><i>Care homes</i></b>						
New care home	2,812	1,528	5,000	5,000	0	14,340
<b><i>Care homes total</i></b>	<b>2,812</b>	<b>1,528</b>	<b>5,000</b>	<b>5,000</b>	<b>0</b>	<b>14,340</b>
<b><i>Other projects</i></b>						
Oxgangs day centre	10	0	0	0	0	10
Developer Contributions	5					5
<b><i>Other projects total</i></b>	<b>15</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>15</b>
Cost of Asset Sales	(100)	0	0	0	0	(100)
<b><i>Total Edinburgh Integration Joint Board</i></b>	<b>2,727</b>	<b>1,528</b>	<b>5,000</b>	<b>5,000</b>	<b>0</b>	<b>14,255</b>

**REVISED CAPITAL INVESTMENT PROGRAMME 2018-2023**

<u>PLACE</u>	Revised Budget 2018-19	Revised Budget 2019-20	Revised Budget 2020-21	Revised Budget 2021-22	Revised Budget 2022-23	Total Budget 2018-2023
	£000	£000	£000	£000	£000	£000
<b>Environment</b>						
<u>Waste services</u>						
Zero Waste: Millerhill - Capital contribution	0	28,000	0	0	0	28,000
<b>Waste Total</b>	<b>0</b>	<b>28,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>28,000</b>
<u>Parks and green spaces</u>						
HLF - Saughton Park	(917)	0	0	0	0	(917)
Cammo Settlement	658	0	0	0	0	658
Waterfront Green Space	230	0	0	0	0	230
Salvesen Steps	532	0	0	0	0	532
Fair A Far Weir	35	0	0	0	0	35
Parks including Replacement Play Park Equipment	99	182	200	200	200	881
<b>Parks Total</b>	<b>637</b>	<b>182</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>1,419</b>
<u>Depot Review</u>						
Bankhead depot	3,847	10,600	0	0	0	14,447
Bankhead ERS depot	153	0	0	0	0	153
Russell road depot	0	1,963	0	0	0	1,963
Seafield depot - Ph 1	7	0	0	0	0	7
Seafield depot - Ph 2	1,403	763	0	0	0	2,166
	<b>5,410</b>	<b>13,326</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>18,736</b>
<u>Fleet</u>						
Vehicle Purchase	1,072	0	0	0	0	1,072
	<b>1,072</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,072</b>
<u>Cemeteries &amp; Crematorium</u>						
Mortonhall Memorialisation	149	0	0	0	0	149
<b>Cemeteries and Crematorium Total</b>	<b>149</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>149</b>
<b>Environment Total</b>	<b>7,268</b>	<b>41,508</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>49,376</b>
<b>Housing and Regeneration</b>						
Stair Lighting	202	0	0	0	0	202
Travelling People's site	14	0	0	0	0	14
Home owners adaptation grants	1,086	1,000	1,000	1,000	1,000	5,086
Broomhouse Community Hub	727	0	0	0	0	727
Development Funding Grant	41,269	0	0	0	0	41,269
<b>Housing and Regeneration Total</b>	<b>43,298</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>47,298</b>

**REVISED CAPITAL INVESTMENT PROGRAMME 2018-2023**

<u>PLACE</u>	<b>Revised Budget 2018-19</b>	<b>Revised Budget 2019-20</b>	<b>Revised Budget 2020-21</b>	<b>Revised Budget 2021-22</b>	<b>Revised Budget 2022-23</b>	<b>Total Budget 2018-2023</b>
	£000	£000	£000	£000	£000	<b>£000</b>
<b>Transport and Planning</b>						
<i>Roads, Structures &amp; Flood Prevention</i>						
North Bridge Major Refurbishment	12,532	3,572	5,300	0	0	21,404
Burnshot Bridge	1,042	1,397	0	0	0	2,439
Water of Leith - phase 1	263	0	0	0	0	263
Water of Leith - phase 2	2,897	0	0	0	0	2,897
Bridge strengthening	1,520	873	0	0	0	2,393
	<b>18,254</b>	<b>5,842</b>	<b>5,300</b>	<b>0</b>	<b>0</b>	<b>29,396</b>
<i>Roads Asset Management Plan</i>						
Bus Stop Investment	357	0	0	0	0	357
Right first time carriageway and foot	382	0	0	0	0	382
LDP Roads Obligations (exc WETA)	500	1,000	1,000	2,000	2,000	6,500
West Edinburgh Transport Appraisal (WETA)	0	0	4,000	5,000	7,000	16,000
Capital Gullies	180	0	0	0	0	180
Roads, Pavements and Public Realm	0	1,500	1,500	1,500	1,750	6,250
Carriageway / footway works [block]	12,649	20,488	12,085	13,585	13,585	72,392
	<b>14,068</b>	<b>22,988</b>	<b>18,585</b>	<b>22,085</b>	<b>24,335</b>	<b>102,061</b>
<i>Street Lighting &amp; Traffic Signals</i>						
Traffic signals (renewal)	993	0	0	0	0	993
Street lighting	1,876	2,031	1,500	1,500	1,500	8,407
Street lighting - City wide LED replacement	5,500	17,589	0	0	0	23,089
	<b>8,369</b>	<b>19,620</b>	<b>1,500</b>	<b>1,500</b>	<b>1,500</b>	<b>32,489</b>
<i>Roads &amp; Network</i>						
UTMC and parking guidance	221	0	0	0	0	221
St Andrew Square public realm	437	0	0	0	0	437
Link to Royal Infirmary (NBR Bridge)	804	0	0	0	0	804
Public Realm Grassmarket	0	1,000	1,000	1,000	1,000	4,000
	<b>1,462</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>5,462</b>
<i>Policy &amp; planning</i>						
Road safety	766	0	0	0	0	766
20mph speed limiting [block]	559	0	0	0	0	559
Walking projects [block]	663	0	0	0	0	663
A71 Dalmahoy Junction Upgrade	384	0	0	0	0	384
Frederick Street - Hanover Street	59	0	0	0	0	59
Tram Development	200	0	0	0	0	200
Edinburgh Gateway Tram Stop	5	0	0	0	0	5

**REVISED CAPITAL INVESTMENT PROGRAMME 2018-2023**

<u>PLACE</u>	Revised Budget 2018-19	Revised Budget 2019-20	Revised Budget 2020-21	Revised Budget 2021-22	Revised Budget 2022-23	Total Budget 2018-2023
	£000	£000	£000	£000	£000	£000
Cycle projects [block]	1,800	0	0	0	0	1,800
St Andrew Square bus station	176	0	0	0	0	176
Bus priority schemes / bus shelters	751	0	0	0	0	751
Bustracker- RTI extension	69	0	0	0	0	69
P-R Improvements	30	0	0	0	0	30
Bus Lane Camera Enforcement	200	0	0	0	0	200
Developer Contributions	539	0	0	0	0	539
B924 pedestrian crossing	5	0	0	0	0	5
Road safety, cycling and public transport	0	1,750	1,750	1,750	1,750	7,000
	<b>6,206</b>	<b>1,750</b>	<b>1,750</b>	<b>1,750</b>	<b>1,750</b>	<b>13,206</b>
<i>Transport - City Centre</i>						
Rose Street - public realm	489	0	0	0	0	489
Leith Walk Constitution Street	50	160	0	0	0	210
	<b>539</b>	<b>160</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>699</b>
<i>Localities Projects</i>						
South East Locality	598	0	0	0	0	598
North East Locality	956	0	0	0	0	956
North West Locality	639	0	0	0	0	639
South West Locality	317	0	0	0	0	317
	<b>2,510</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,510</b>
<i>Transport Other</i>						
Tram Lifecycle Replacement	0	1,000	1,000	1,000	1,000	4,000
<b>Transport and other infrastructure total</b>	<b>51,408</b>	<b>52,360</b>	<b>29,135</b>	<b>27,335</b>	<b>29,585</b>	<b>189,823</b>
<b>Museums and Arts</b>						
Calton Hill redevelopment	1,264	0	0	0	0	1,264
Kings Theatre Contribution	5,500	500	1,000	1,000	1,000	9,000
Leith Theatre	500	500	0	0	0	1,000
IMPACT	500	2,500	2,000	0	0	5,000
Usher Hall - PA System	25	0	0	0	0	25
Custom House Acquisition	50	0	0	0	0	50
Scott Monument	69	0	0	0	0	69
Museum of Edinburgh	10	0	0	0	0	10
City Arts Centre Café - Kitchen	25	0	0	0	0	25
City Arts Centre - Fifth Floor	8	0	0	0	0	8
City Arts Centre - Frontage	70	0	0	0	0	70
Contingency	1	0	0	0	0	1
<b>Museums and Arts Total</b>	<b>8,022</b>	<b>3,500</b>	<b>3,000</b>	<b>1,000</b>	<b>1,000</b>	<b>16,522</b>

**REVISED CAPITAL INVESTMENT PROGRAMME 2018-2023**

<b>PLACE</b>	<b>Revised Budget 2018-19</b>	<b>Revised Budget 2019-20</b>	<b>Revised Budget 2020-21</b>	<b>Revised Budget 2021-22</b>	<b>Revised Budget 2022-23</b>	<b>Total Budget 2018-2023</b>
	£000	£000	£000	£000	£000	<b>£000</b>
<b>Strategic support</b>						
City dressing programme Castlebrae Business Centre	156	0	0	0	0	156
Refurbishment	(93)					(93)
The Causey Project	25					25
St James GAM - Public Realm	0	0	61,400	0	0	61,400
Picardy Place	0		1,500			1,500
CWSS - Promenade	0	0	0	0	0	0
<b>Strategic support total</b>	<b>88</b>	<b>0</b>	<b>62,900</b>	<b>0</b>	<b>0</b>	<b>62,988</b>
Place - contingency	0	0	0	0	0	0
<b>Total Place</b>	<b>110,084</b>	<b>98,368</b>	<b>96,235</b>	<b>29,535</b>	<b>31,785</b>	<b>366,007</b>

**REVISED CAPITAL INVESTMENT PROGRAMME 2018-2023**

<b>RESOURCES - OTHER</b>	<b>Revised Budget 2018/19</b>	<b>Revised Budget 2019-20</b>	<b>Revised Budget 2020-21</b>	<b>Revised Budget 2021-22</b>	<b>Revised Budget 2022-23</b>	<b>Total Budget 2018-2023</b>
	£000	£000	£000	£000	£000	£000
<b>ICT Function</b>						
ICT Contract	14,216	0	0	0	0	14,216
<b>ICT function Total</b>	<b>14,216</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14,216</b>
<b>Property and Facilities Management</b>						
249 High Street						
Reconfiguration	338	0	0	0	0	338
Leith Walk Community Hub	1,407	0	0	0	0	1,407
<b>PFM Total</b>	<b>1,745</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,745</b>
<b>General</b>						
Print Unit Equipment	17					17
Wi-fi Vouchers Programme	243	0	0	0	0	243
<b>Resources General Total</b>	<b>260</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>260</b>
<b>Total Resources - Other</b>	<b>16,221</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16,221</b>

<b>LENDING</b>	<b>Revised Budget 2018/19</b>	<b>Revised Budget 2019-20</b>	<b>Revised Budget 2020-21</b>	<b>Revised Budget 2021-22</b>	<b>Revised Budget 2022-23</b>	<b>Total Budget 2018-2023</b>
	£000	£000	£000	£000	£000	£000
National Housing Trust 3	32,208	4,718	4,042	0	0	40,968
Edinburgh Living LLP	12,870	20,900	53,500	73,665	117,879	278,814
<b>Total Lending</b>	<b>45,078</b>	<b>25,618</b>	<b>57,542</b>	<b>73,665</b>	<b>117,879</b>	<b>319,782</b>

**REVISED CAPITAL INVESTMENT PROGRAMME 2018-2023**

<b>RESOURCES - ASSET MANAGEMENT WORKS</b>	<b>Revised Budget 2018-19</b>	<b>Indicative Budget 2019-20</b>	<b>Indicative Budget 2020-21</b>	<b>Indicative Budget 2021-22</b>	<b>Indicative Budget 2022-23</b>	<b>Total Budget 2018-2023</b>
	£000	£000	£000	£000	£000	£000
<b>Communities and Families</b>						
Boilers	487	58	0	0	0	545
Doors & Windows	619	1,480	10	0	0	2,109
Fabric Enhancement	7,331	10,541	691	25	0	18,588
Fabric upgrade	365	900	35	0	0	1,300
Fire Safety	1,025	927	610	600	600	3,762
M&E Upgrade	3,374	1,705	20	0	0	5,099
Roof & Rainwater	528	152	0	0	0	680
Stonework	246	189	0	0	0	435
Water Quality	997	700	400	400	400	2,897
<b>Total for Communities and Families</b>	<b>14,972</b>	<b>16,652</b>	<b>1,766</b>	<b>1,025</b>	<b>1,000</b>	<b>35,415</b>
<b>Edinburgh Integration Joint Board</b>						
Fabric Enhancement	29	0	0	0	0	29
Fire Safety	25	36	0	0	0	61
Boilers	457	60	0	0	0	517
<b>Total for Edinburgh Integration Joint Board</b>	<b>511</b>	<b>96</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>607</b>
<b>Place</b>						
Boilers	445	365	0	0	0	810
Fire Safety	277	182	0	0	0	459
M&E Upgrade	128	0	0	0	0	128
Fabric Enhancement	334	116	0	0	0	450
Roof & Rainwater	10	3	0	0	0	13
Water Quality Improv	75	2	0	0	0	77
<b>Total for Place</b>	<b>1,269</b>	<b>668</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,937</b>
<b>Resources - Corporate Property</b>						
Boilers	375	18	0	0	0	393
Fire upgrade	93	96	0	0	0	189
Fabric Enhancement	7		0	0	0	7
M&E Upgrade	347	282	0	0	0	629
Windows & Doors	1		0	0	0	1
<b>Total for Resources - Corp. Property</b>	<b>823</b>	<b>396</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,219</b>
<b>Funding not yet allocated to projects</b>	<b>0</b>	<b>12,188</b>	<b>28,234</b>	<b>24,491</b>	<b>19,450</b>	<b>84,363</b>
<b>Total Asset Management Works</b>	<b>17,575</b>	<b>30,000</b>	<b>30,000</b>	<b>25,516</b>	<b>20,450</b>	<b>123,541</b>



# Finance and Resources Committee

10.00am, Thursday 16 August 2018

## Capital Monitoring 2018/19 – Month Three Position

Item number	7.4
Report number	
Executive/routine	
Wards	
Council Commitments	

### Executive Summary

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The month three position shows that the Council is projected to require loans fund advances of £92.210m and will be in receipt of grants and capital income amounting to £128.434m. Together this will fund projected capital investment of £220.664m. Loans fund advances are projected to be lower than the revised budget as a result of an anticipation of general slippage in the programme.

The HRA capital investment programme is projecting to require loans fund advances of £20.742m and will be in receipt of grants and capital income amounting to £60.192m. Together this will fund projected capital investment of £80.934m. Loans fund advances are projected to be £1.672m lower than the revised budget as a result of changes to timescales for new homes developed through the Council's housebuilding programme being purchased by Edinburgh Living LLP.

## Capital Monitoring 2018/19 – Month Three Position

### 1. Recommendations

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- 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 three;
  - 1.1.2 Note the prudential indicators at month three;
  - 1.1.3 Note that the Head of Finance is closely monitoring the capital receipts position, and
  - 1.1.4 Refer the report to the Governance, Risk and Best Value Committee as part of its work-plan.

### 2. Background

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

### 3. Main report

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#### Existing Capital Plans

- 3.1 The month three budget position is based on the revised 2018-2023 Capital Investment Programme (CIP) incorporating slippage / acceleration from 2017/18. The detailed Capital Investment Programme can be seen in Appendix 5 of the Capital Monitoring 2017/18 – Outturn and Receipts report which is elsewhere on the agenda.
- 3.2 The position at month three can be seen in Appendix 1, which shows expenditure on the General Fund of £220.644m funded by grants and other capital income of £128.434m and loans fund advances of £92.210m.
- 3.3 In May 2018, the Scottish Government confirmed the additional awards to the Council for Management Development Funding for 2018-2019 and a multi-year funding package for the delivery of the Expansion of Early Learning and Childcare in Scotland – Action Plan which have been included in the revised CIP.
- 3.4 The Management Development Funding for 2018-2019 has increased by £13.319m to £41.269m.

- 3.5 The Expansion of Early Learning and Childcare in Scotland – Action Plan included capital funding of £39.480m. The grant allocations are profiled over 4 years, 2017/18 £2.58m, 2018/19 £12.40m, 2019/20 £14.50m and 2020/21 £10m and have been included in the revised CIP accordingly.
- 3.6 The Executive Director of Communities and Families reported his plans for the delivery of the expansion plan to the Education, Children and Families Committee on 14 August 2018. Appendix 2 of the report advised the Committee of the intended detailed capital investment plan. At this early stage, capital expenditure of £0.955m is anticipated for 2018/19 resulting in slippage against budget of £14.025m which is reflected in Appendix 1. There is also an assumption that the grant funding will also be carried forward.
- 3.7 Members should note that in any given year, variance against budget will occur due to delays or unforeseen circumstances out with 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 5% of the revised budget, amounting to £11.613m 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.

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

- 3.8 Projected capital receipts from the sale of surplus assets, including those ringfenced for specific projects, are anticipated to be achieved at the budgeted level of £18.11m.
- 3.9 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**

- 3.10 The Prudential Indicator monitoring at month three is shown in Appendix 2.

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

- 3.11 The Housing Revenue Account is not forecasting any slippage in gross expenditure at month three.
- 3.12 As reported to Finance and Resources on 12 June 2018, the HRA will receive capital receipts from Edinburgh Living LLP for the sale of completed homes of £15.18m in 2018/19, which exceeds the revised budget by £1.672m. This represents a change of profile of the pipeline of delivery and the total receipts achieved across the programme remain the same.
- 3.13 The full HRA capital investment budget position is shown in Appendix 3. At month three, the forecast is gross expenditure of £80.934m, capital receipts and grant income of £60.192m and loans fund advances of £20.742m.

## **4. Measures of success**

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- 4.1 Completion of capital projects as budgeted for in the revised 2018/19 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**

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- 5.1 The projected 2018/19 general fund outturn outlines loans fund advances of £92.210m. The overall loan charges associated with this over a 20-year period would be a principal amount of £92.210m, interest of £60.040m, resulting in a total cost of £152.250m 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 £2.370m, followed by an annual cost of £7.494m for 20 years.
- 5.2 The projected 2018/19 HRA outturn outlines loans fund advances of £20.742m. The overall loans charges associated with this over a 20-year period would be a principal amount of £20.742m, interest of £13.505m, resulting in a total cost of £34.247m based on a loans fund rate of 5.1%. The loan charges will be interest only in the first year, at a cost of £0.547m followed by an annual cost of £1.685m 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**

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- 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.

The nature of capital projects means that there is an inherent risk of delays or unforeseen circumstances out with the control of the Council.

## 7. Equalities impact

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- 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

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

## 9. Consultation and engagement

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

## 10. Background reading/external references

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- 10.1 [Capital investment programme 2018-19 - 2022-23](#) – City of Edinburgh Council, 22 February 2018
- 10.2 [City deal new housing delivery partnership acquisition of homes 2018/19](#) - Finance and Resources Committee, 12 June 2018
- 10.3 [Expansion of Early Learning and Childcare from 600 – 1140 hours by 2020. Current progress and next steps, report to Education, Children and Families Committee](#)

### **Stephen S. Moir**

Executive Director of Resources

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## 11. Appendices

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Appendix 1 - Capital Monitoring 2018/19 – General Fund

Appendix 2 - Prudential Indicators 2018/19

Appendix 3 - Capital Monitoring 2018/19 – HRA

## Capital Monitoring 2018/19

## General Fund Summary

## Period 3

Expenditure	Approved Budget £000	Adjusts £000	Revised Budget £000	Actual to Date £000	Projected Outturn £000	Projected Variance £000	Projected Variance %
Communities and Families	34,378	20,219	54,597	8,862	40,572	(14,025)	-25.69%
Edinburgh IJB	2,069	658	2,727	50	2,727	0	0.00%
Place	99,640	10,444	110,084	18,019	110,084	0	0.00%
Resources - Asset Management Works	18,537	(962)	17,575	1,236	17,575	0	0.00%
Resources - Other	10,830	5,391	16,221	321	16,221	0	0.00%
Lending	32,208	12,870	45,078	0	45,078	0	0.00%
General slippage in programme 5%					(11,613)	(11,613)	n/a
Council Wide Projects			0		0	0	0.00%
<b>Total Gross Expenditure</b>	<b>197,662</b>	<b>48,620</b>	<b>246,282</b>	<b>28,488</b>	<b>220,644</b>	<b>(25,638)</b>	<b>-10.41%</b>

## Income

<i>Capital Receipts</i>							
General Services	11,630	85	11,715	40	11,715	0	0.00%
Ringfenced Asset Sales	4,895	1,500	6,395	101	6,395	0	0.00%
<i>Total Capital Receipts from Asset Sales</i>	<i>16,525</i>	<i>1,585</i>	<i>18,110</i>	<i>141</i>	<i>18,110</i>	<i>0</i>	<i>0.00%</i>
Less additional receipt income to capital fund	(809)	0	(809)	0	(809)	0	0.00%
Drawdown from Capital Fund	15,439	(657)	14,782	0	14,782	0	0.00%
Developer and other Contributions	40	2,279	2,319	1,394	2,319	0	0.00%
Capital Grants Unapplied Account drawdown	2,504	0	3,451	0	1,902	(1,549)	-44.89%
<i>Total Capital Receipts</i>	<i>33,699</i>	<i>3,207</i>	<i>37,853</i>	<i>1,535</i>	<i>36,304</i>	<i>(1,549)</i>	<i>-4.09%</i>
<i>Grants</i>							
Scottish Government General Capital Grant	49,405	0	49,405	12,351	49,405	0	0.00%
Cycling, Walking and Safer Streets	691	0	691	0	691	0	0.00%
Management Development Funding	27,950	13,319	41,269	0	41,269	0	0.00%
Early Years and Childcare - Expansion	0	12,400	12,400	0	12,400	0	0.00%
Other Specific Government Grants	0	765	765	676	765	0	0.00%
Less Early Years Grant Carried Forward	0	0	0		(12,400)	(12,400)	n/a
<i>Total Grants</i>	<i>78,046</i>	<i>26,484</i>	<i>104,530</i>	<i>13,027</i>	<i>92,130</i>	<i>(12,400)</i>	<i>-11.86%</i>
<b>Total Income</b>	<b>111,745</b>	<b>29,691</b>	<b>142,383</b>	<b>14,562</b>	<b>128,434</b>	<b>(13,949)</b>	<b>-9.80%</b>

<b>Balance to be funded through Loans Fund Advance</b>	<b>85,917</b>	<b>18,929</b>	<b>103,899</b>		<b>92,210</b>	<b>(11,689)</b>	<b>-11.25%</b>
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Appendix 2

**PRUDENTIAL INDICATORS 2017/18 - Period 3**

**Indicator 1 - Estimate of Capital Expenditure**

	2017/18	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22	2022/23	2022/23
	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	364	0	0	0	0	0	0	0	0	0	0
Unallocated funding - LDP priorities	0	0	0	16,682	16,682	0	0	0	0	0	0
Lending	6,470	45,078	45,078	25,618	25,618	57,542	57,542	73,665	73,665	117,879	117,879
Communities and Families	35,989	54,597	40,572	53,550	67,575	31,167	31,167	14,207	14,207	165	165
Edinburgh Integration Joint Board	496	2,727	2,727	1,528	1,528	5,000	5,000	5,000	5,000	0	0
Place	85,267	110,084	110,084	98,368	98,368	96,235	96,235	29,535	29,535	31,785	31,785
Resources	3,503	16,221	16,221	0	0	0	0	0	0	0	0
Resources - Asset Management Works	10,990	17,575	17,575	30,000	30,000	30,000	30,000	25,516	25,516	20,450	20,450
Trams	2,383	0	0	0	0	0	0	0	0	0	0
General slippage / acceleration across programme (5%)	0	0	(11,613)	0	(376)	0	991	0	3,601	0	(1,118)
Total General Services	145,462	246,282	220,644	225,746	239,395	219,944	220,935	147,923	151,524	170,279	169,161
Housing Revenue Account	72,816	80,934	80,934	165,278	165,278	144,967	144,967	150,617	150,617	167,179	167,179
Total	218,278	327,216	301,578	391,024	404,673	364,911	365,902	298,540	302,141	337,458	336,340

The 'estimate' figures relate to those reported as part of the revised Capital Investment Programmes reported elsewhere on this agenda incorporating the final slippage and realignment after the outturn for 2017/18 . Differences between these and the 'forecast' figures relate to slippage or acceleration in the programmes for the General Fund and HRA detailed in Appendices 1 and 3.

The 'Lending' figures relate to lending by the Council to National Housing Trust (NHT) bodies and Edinburgh LLP. The LLP figures are based on a pipeline of development and will be subject to annual approval from Finance and Resources Committee and Council. The figures shown are indicative.

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

	2017/18	2018/19	2018/19	2019/20	2020/21	2021/22	2022/23
	Actual	Estimate	Forecast	Estimate	Estimate	Estimate	Estimate
	%	%	%	%	%	%	%
General Services	11.63	11.38	11.44	11.65	11.68	N/A	N/A
Housing Revenue Account	37.88	39.64	38.69	41.76	42.28	45.28	47.53

Figures for 2019/20 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 2022/23. HRA figures are based on the current business plan.



Appendix 2

**Indicator 3 - Capital Financing Requirement**

	2017/18	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22	2022/23	2022/23
	Actual	Estimate	Forecast	Estimate	Forecast	Estimate	Forecast	Estimate	Forecast	Estimate	Forecast
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
General Services (including finance leases)	1,128,518	1,123,368	1,111,679	1,217,813	1,205,824	1,259,886	1,248,889	1,215,639	1,208,243	1,148,746	1,140,232
Edinburgh Living LLP	0	12,870	12,870	33,614	33,614	86,647	86,647	159,189	159,189	275,105	275,105
NHT LLPs	66,725	98,933	98,933	103,651	103,651	107,693	107,693	107,693	107,693	107,693	107,693
Housing Revenue Account	380,621	377,505	375,833	431,583	431,583	460,266	460,266	482,172	482,173	483,252	483,252
<b>Total</b>	<b>1,575,864</b>	<b>1,612,676</b>	<b>1,599,315</b>	<b>1,786,661</b>	<b>1,774,672</b>	<b>1,914,492</b>	<b>1,903,495</b>	<b>1,964,693</b>	<b>1,957,298</b>	<b>2,014,796</b>	<b>2,006,282</b>

Forecasts include the capital financing requirement relating to PPP assets and advances to NHT and Edinburgh Living LLPs

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

	2018/19	2019/20	2020/21	2021/22	2022/23
	£m	£m	£m	£m	£m
Borrowing	1,955	1,999	2,054	2,014	1,961
Credit Arrangements	196	229	220	210	201
<b>Total</b>	<b>2,151</b>	<b>2,228</b>	<b>2,274</b>	<b>2,224</b>	<b>2,162</b>

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

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

	2018/19	2019/20	2020/21	2021/22	2022/23
	£m	£m	£m	£m	£m
Borrowing	1,475	1,599	1,744	1,804	1,861
Other Long-Term Liabilities	196	229	220	210	201
<b>Total</b>	<b>1,671</b>	<b>1,828</b>	<b>1,964</b>	<b>2,014</b>	<b>2,062</b>

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

Appendix 2

**Indicator 6 - Loans Charges Associated with net Capital Investment expenditure plans**

	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Loans Fund Pooled Interest Rate 5.1017%					
General Fund Services (excluding Lending)					
Loans Fund Advances in year	47,798	116,684	112,393	36,859	10,282
Year 1 - interest only	1,220	2,979	2,869	941	262
Year 2 - principal and interest	3,878	9,457	9,119	2,991	834
Housing Revenue Account (HRA)					
Loans Fund Advances in year (excluding borrowing for LLP programme **)	9,048	51,829	41,454	49,893	73,693
Year 1 - interest only	233	1,336	1,058	1,274	4,285
Year 2 - Core Programme - principal and interest	736	1,404	1,355	1,826	2,754
Year 2 - House Building Programme - principal and interest	0	2,286	1,625	2,236	3,216

The cost of servicing capital advances shown in this Indicator excludes those attributable to the advances to NHT and Edinburgh Livings LLPs as these are fully recoverable from those bodies.

## Appendix 3

**CAPITAL MONITORING 2018/19****Housing Revenue Account Summary****Period 3**

	Revised Budget £000	Actual to Date £000	Projected Outturn £000	Projected Variance	
				£000	%
Core Programme	39,408	4,087	39,408	0	0.0%
House Building	41,526	7,335	41,526	0	0.0%
<b>Total Gross Expenditure</b>	<b>80,934</b>	<b>11,422</b>	<b>80,934</b>	<b>0</b>	<b>0.0%</b>

<b>Income</b>					
Capital Receipts	(19,431)	(632)	(21,103)	(1,672)	8.6%
Developers and Other Contributions	(27,740)	(24)	(27,740)	0	0.0%
Specific Capital Grant	(11,349)	(225)	(11,349)	0	0.0%
<b>Total Income</b>	<b>(58,520)</b>	<b>(881)</b>	<b>(60,192)</b>	<b>(1,672)</b>	<b>2.9%</b>

<b>Loans Fund Advances</b>					
Loans Fund Advances	22,414		20,742	(1,672)	-7.5%
<b>Total</b>	<b>22,414</b>		<b>20,742</b>	<b>(1,672)</b>	<b>-7.5%</b>

# Finance and Resources Committee

10.00am, Thursday, 16 August 2018

## Chief Executive - Revenue Budget Monitoring 2018/19 - Month Three position

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

### Executive Summary

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The report sets out the projected three-month revenue budget monitoring position for services reporting directly to the Chief Executive, based on actual expenditure and income to the end of May 2018 and expenditure and income projections for the remainder of the financial year.

It is currently forecast outturn will be in line with the approved revenue budget for 2018/19. Savings of £1.525 million were approved by Act of Council in February 2018 for services reporting directly to the Chief Executive for 2018/19. The attainment of outturn in line with budget is subject to undertaking ongoing action to deliver approved savings together with active management of risks and pressures.

## Chief Executive - Revenue Budget Monitoring 2018/19 - Month Three position

### 1. Recommendations

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- 1.1 It is recommended that the Finance and Resources Committee notes:
  - 1.1.1 services reporting directly to the Chief Executive are currently projecting expenditure and income to be in line with the approved revenue budget for 2018/19 and
  - 1.1.2 the risks to the achievement of a balanced revenue budget projection.

### 2. Background

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- 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 2018/19 for services reporting directly to the Chief Executive, based on the position at the end of May 2018.

### 3. Main report

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#### **Month Three Position**

- 3.1 The revenue budget for 2018/19 for services reporting directly to the Chief Executive is £9.243 million. The budget is stated after inclusion of approved savings of £1.525 million.
- 3.2 The period three projection is for expenditure and income to be in line with the approved revenue budget for 2018/19.
- 3.3 An analysis of the projection by service area is provided in Appendix 1.

#### **Savings Implementation Plans**

- 3.4 The revenue budget approved by Council on 22 February 2018 requires achievement of incremental savings of £1.525 million in 2018/19 for services reporting directly to the Chief Executive. These are detailed in Appendix 1.
- 3.5 Savings implementation plans and revenue budget monitoring reports are considered by service management teams on a regular basis.

- 3.6 Savings forecast to be fully achieved in 2018/19 are classified as 'green' in Appendix 1. A saving forecast to be achieved through use of mitigating measures is classified as 'amber'.

### **Risks**

- 3.7 The revenue budget includes provision for increased income recoveries in Strategy and Insight of £0.6m through supporting strategic change and delivery activity. As increased income recoveries are planned to be implemented on a phased basis, in the event chargeable activity is less than anticipated, this saving will be achieved through management of currently-vacant posts.
- 3.8 While there is evidence of significant progress towards the achievement of all 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**

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- 4.1 Service final outturn for 2018/19 is within the approved revenue budget.

## **5. Financial impact**

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- 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**

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- 6.1 The delivery of expenditure within the approved revenue budget for 2018/19 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**

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- 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**

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- 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

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- 9.1 There is no direct relevance to the report's contents. The Council undertook a budget engagement exercise when developing the 2018/19 revenue budget.

## 10. Background reading/external references

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[Revenue Budget Framework 2018/23: Progress Report - referral from the Finance and Resources Committee](#) : City of Edinburgh Council, 22 February 2018

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## 11. Appendices

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Appendix 1 – Chief Executive Revenue Budget Monitoring 2018/19 - Month three position;  
Chief Executive - Approved Revenue Budget Savings 2018/19.

# Appendix 1

## 1. Chief Executive Revenue Budget 2018/19 - Month Three position

### Forecast Revenue Outturn by Service Area

	Revised Budget	Projected Outturn	Projected Variance	Adverse / Favourable
	£'000	£'000	£'000	£'000
Chief Executive	246	246	0	-
Communications	1,025	1,025	0	-
Strategy and Insight	7,972	7,972	0	-
<b>Total Net Expenditure</b>	<b>9,243</b>	<b>9,243</b>	<b>0</b>	<b>-</b>

## 2. Chief Executive: Approved Revenue Budget Savings 2018/19

Service	Saving Description	2018/19 £'000	Red/Amber/Green assessment
Strategy and Insight	Reviewing Strategy and Insight structures	440	
Strategy and Insight	Reviewing Strategy and Insight structures – increased recovery of income	600	To be achieved through vacancy management, in the event of under-recovery.
Strategy and Insight	Reviewing grants and contract management	300	
Communications	Reviewing Communications structures	185	
	<b>TOTAL</b>	<b>1,525</b>	



# Finance and Resources Committee

10.00am, Thursday, 16 August 2018

## Resources Directorate - Revenue Budget Monitoring 2018/19 - Month Three position

Item number	7.6
Report number	
Executive/routine	
Wards	City-wide
Council Commitments	

### Executive Summary

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The report sets out the projected three-month revenue monitoring position for the Resources Directorate, based on actual expenditure and income to the end of May 2018 and expenditure and income projections for the remainder of the financial year.

The Resources Directorate is currently projecting a budget pressure of £1.075m in the Property and Facilities Management Division for 2018/19 due to non-achievement of savings previously assumed from the Asset Management Strategy. The Resources Directorate is progressing the identification of savings measures to offset this budget pressure, both in-year and sustainably for the future, to achieve outturn expenditure in line with the approved revenue budget for 2018/19. The attainment of this position is subject to ongoing actions to deliver all other approved savings together with the active management of risks and pressures.

## Resources Directorate - Revenue Budget Monitoring 2018/19 - Month Three position

### 1. Recommendations

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- 1.1 It is recommended that the Finance and Resources Committee notes:
  - 1.1.1 The Resources Directorate is currently projecting a budget pressure of £1.075m for 2018/19;
  - 1.1.2 The Resources Management Team are progressing the identification of alternative savings measures to achieve outturn expenditure in line with the approved revenue budget for 2018/19. A progress update will be reported to Finance and Resources Committee in October 2018;
  - 1.1.3 the ongoing risks to the achievement of a balanced revenue budget projection for the Directorate.

### 2. Background

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- 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 currently projected outturn for the Resources Directorate revenue budget for 2018/19 based on the position after three months of the financial year.

### 3. Main report

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#### Month Three Position

- 3.1 The Resources Directorate revenue budget for 2018/19 is £160.861m, which incorporates a series of Council wide costs, such as the PPP Schools, rates and utilities expenditure for the operational estate, the external audit fee and the ICT contract.
- 3.2 The period three projection reflects a currently forecast budget pressure of £1.075m arising due to non-achievement of savings previously assumed through the Asset Management Strategy.

- 3.3 The additional Asset Management Strategy savings target for 2018/19 is £4.2m. £1.092m of this additional target is forecast to be securely achieved in 2018/19. A further £0.770m is being progressed towards full delivery in 2018/19.
- 3.4 There is currently a forecast shortfall in Asset Management Strategy savings of £2.338m, which has arisen due to:
- 3.4.1 changes in the FM operating model, from the original FM Services assumed model used to set savings targets;
  - 3.4.2 an increase in the size of floor area of the Council estate supported by FM Services compared to the original FM Services assumed model;
  - 3.4.3 Estate Rationalisation savings being less than planned.
- 3.5 Measures to partially address the budget pressure totalling £1.263m have been identified by the Property and Facilities Management Senior Management Team. These include favourable variances being forecast for utility expenditure and Investment Estate rental income. The Property and Facilities Management Senior Management Team is progressing with identification of other savings measures to achieve outturn expenditure in line with the approved revenue budget for 2018/19. The Executive Director of Resources has also instructed Heads of Service to identify additional savings, in-year, across the Resources Directorate to mitigate this pressure. A further progress update will be reported to Finance and Resources Committee in October 2018.
- 3.6 All other Divisions within Resources Directorate are currently forecasting outturn expenditure within the approved revenue budget for 2018/19. An analysis of the projection by Division is provided in Appendix 1.

### **Savings Implementation Plans**

- 3.7 The revenue budget approved by Council on 22 February 2018 requires Resources Directorate to achieve incremental savings of £9.830m in 2017/18. These are detailed in Appendix 2.
- 3.8 Revenue budget monitoring reports are actively considered by the Resources Management Team on a monthly basis.
- 3.9 As noted at paragraph 3.4, there is currently a shortfall of £2.338m in savings forecast against the assumed Asset Management Strategy savings target of £4.2m for 2018/19. This shortfall is partially mitigated by £1.263m of measures, as identified at paragraph 3.5. Work is ongoing to fully mitigate this shortfall in 2018/19.
- 3.10 The incremental Customer Services savings targets of £1.944m are on course to be achieved. £1.2m of savings, previously planned to be achieved through Process Automation and a Review of Business Support and Shared Services are now forecast to be achieved through vacancy management in Customer and additional external funding for statutory burdens.

- 3.11 Savings implementation in Finance, Human Resources and Legal and Risk has been progressed, with the achievement of savings targets either fully achieved or being satisfactorily progressed.

### **Risks**

- 3.12 Financial risks in the Resources Directorate revenue budget for 2018/19 are:

3.12.1 Asset Management Strategy savings not being fully achieved or mitigated by alternative savings measures. The Resources Management Team is progressing the achievement of all savings targets or identifying mitigating measures where savings targets are not forecast to be fully achieved in 2018/19. Full realisation of savings targets will continue to be tracked and reported to Resources Management Team; and

3.12.2 Internal recoveries of employee costs by Legal Services is subject to a risk of under-recovery, if rechargeable work is not as high as anticipated. The achievement of the income target is tracked monthly.

### **Contingency Planning**

- 3.13 Resources currently has a Directorate-wide contingency of £0.126m to mitigate residual service financial risks in 2018/19, which the Executive Director has not allocated at this point in the financial year.

## **4. Measures of success**

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- 4.1 The Resources Directorate final outturn for 2018/19 is within the approved revenue budget.

## **5. Financial impact**

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- 5.1 The report currently forecasts Resources Directorate projected outturn budget performance to be £1.075m greater than the approved budget. Attainment of a balanced position is the subject of continuing work to identify mitigating measures, active management of financial risks and taking timely remedial action, where any further adverse variances become apparent.

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

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- 6.1 The delivery of expenditure within the approved revenue budget for 2018/19 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 2018/19 revenue budget.

## 10. Background reading/external references

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[Revenue Budget Framework 2018/23: Progress Report - referral from the Finance and Resources Committee](#) : City of Edinburgh Council, 22 February 2018

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## 11. Appendices

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Appendix 1 - Resources Directorate Revenue Budget Monitoring 2018/19 - Month Three position

Appendix 2 - Resources Directorate - Approved Revenue Budget Savings 2018/19.

# Appendix 1

## Resources Directorate

### Revenue Budget Monitoring 2018/19

#### Month Three position

#### Forecast Revenue Outturn by Service Area

	Revised Budget	Projected Outturn	Projected Variance	Adverse / Favourable
	£'000	£'000	£'000	
Customer Services and Information Technology	49,940	49,940	0	-
Finance	6,192	6,192	0	-
Human Resources	4,887	4,887	0	-
Legal and Risk	1,113	1,113	0	-
Property and Facilities Management	98,750	99,825	1,075	ADV
Directorate and service-wide costs	203	203	0	-
Service-wide savings and contingency	(225)	(225)	0	-
<b>Total Net Expenditure</b>	<b>160,860</b>	<b>161,935</b>	<b>1,075</b>	<b>ADV</b>

# Appendix 2

## Resources Directorate: Approved Revenue Budget Savings 2018/19

Service	Saving Description	2018/19 £'000	Red/Amber/Green assessment
Customer Services and IT	Reviewing Customer Service structures	444	Green
Customer Services and IT	Automating major processes and transactions for citizens	300	Green
Customer Services and IT	Process Automation Phase 1	800	Amber
Customer Services and IT	Reviewing Business Support and Shared Services	400	Amber
Customer Services and IT	Improving the costs of external ICT services	443	Green
Customer Services and IT	Technology savings (ICT)	600	Green
Finance	Managing major contracts and external spend	250	Green
Finance	Reviewing Finance and Procurement structures	130	Green
Human Resources	Managing Learning and Development expenditure	150	Green
Human Resources	Reviewing Human Resources	137	Amber
Human Resources	Improving occupational health and wellbeing support for staff	175	Green
Legal and Risk	Reviewing Legal and Risk structures	62	Amber
Legal and Risk	Reducing external legal spend	200	Amber
Property and FM Services	Asset Management Strategy (total of £4.200m)	1,092	Green
		770	Amber
		2,338	Red
Property and FM Services	Staff turnover	539	Red
Property and FM Services	Additional capital recharge and rental income	500	Green
Property and FM Services	Revised property insurance arrangements	200	Green
Property and FM Services	Edinburgh Shared Repair Services income	100	Green
Service-wide	Reducing interim management expenditure	200	Amber

	<b>TOTAL</b>	<b>9,830</b>	
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# Finance and Resources Committee

10.00am, Thursday 16 August 2018

## Revenue Budget Framework 2018/23 – Locality Expenditure

Item number	7.7
Report number	
Executive/routine	
Wards	All
Council Commitments	n/a

### Executive Summary

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At the meeting of Council on 3 May 2018, members approved a motion from Cllr Graczyk seeking further detail on current relative expenditure across the city's four localities and potential opportunities to devolve further sums for decision-making at a local level.

Council approved a two-stage approach to addressing the motion, with details of current spend by locality and clarification of existing locally-devolved budgets to be brought to the Finance and Resources Committee meeting on 16 August 2018 and opportunities to reconsider current allocations and/or devolve additional budgets to be considered at the Committee's meeting on 11 October.

The report provides a contextual, but heavily caveated, analysis of current spend across the city's localities to serve as a starting point for further discussion in considering how the Council's expenditure is best aligned to its priorities and relative levels of need across the city.

## Revenue Budget Framework 2018/23 – Locality Expenditure

### 1. Recommendations

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- 1.1 It is recommended that members of the Finance and Resources Committee:
- 1.1.1 Note the contents of this report and that a further, complementary report outlining potential changes to existing arrangements will be brought to the Committee's meeting on 11 October.

### 2. Background

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- 2.1 At the meeting of Council on 3 May 2018, members approved a motion from Cllr Graczyk seeking further detail on current relative expenditure across the city's four localities and consideration of potential opportunities to devolve further sums for decision-making at a local level.
- 2.2 Specifically, in approving Cllr Graczyk's motion, Council agreed to:
- a) note that under the newly-formed four localities structure, the total devolved budget represents less than 1% of the total Council budget, including the Neighbourhood Environmental Programme and Community Grant Fund;
  - b) recognise that it has been over ten years since there has been a funding methodology review to address this historical imbalance;
  - c) further recognise that funding allocations should be fair and equitable while providing value for money for taxpayers in Edinburgh;
  - d) call for a report in one cycle to the Finance and Resources Committee on exploring the clear factors influencing the budget allocations and its context;
  - e) requests that said report includes, but is not limited, to:
    1. the current spend on Council services in each locality broken down by service area;
    2. clarification of current funding allocation methodology being used and what budget is currently devolved to Localities;
    3. consideration of best methodology and compatibility of allocation of funding between the four Localities;

4. consideration on what further budgets could be devolved to support the key purpose of the four Local Improvement Plans, including reduction of poverty and inequality;
  5. consideration on whether resources should be balanced geographically and allocated according to need or as equality of funding between the Localities; and
  6. consideration for revised allocation methodology to be based on the Scottish Index of Multiple Deprivation (SIMD) data.
- 2.3 In acknowledging the level of accompanying analysis required, Council approved a two-stage approach to addressing the motion, with details of current spend by locality and clarification of existing locally-devolved budgets to be brought to the Finance and Resources Committee meeting on 16 August 2018 and opportunities to reconsider current allocations and/or devolve additional budgets to be considered at the Committee's meeting on 11 October.

### **3. Main report**

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- 3.1 A key element of the Council's Transformation Programme was an enhanced emphasis on locality-based working, with the insight gained used to deliver more locally-focused and responsive services and invest more effectively in early intervention and preventative activity. The recent development of Local Improvement Plans (LIPs) for each area of the city furthermore facilitates improved public sector integration and better outcomes for those individuals and communities, both of place and interest, experiencing the greatest inequality, founded upon an understanding of their needs, circumstances and aspirations.
- 3.2 As the Council's service delivery model evolves, it is appropriate to review its budgetary approaches to ensure that these are suitably aligned and serve to maximise investment in those areas best contributing to the delivery of its priority outcomes. While, in some cases, budgetary responsibility is already aligned to specific localities, in general terms, the Council's budget currently operates on a *functional* basis.
- 3.3 Given this, the following analysis necessarily makes a number of assumptions on how expenditure allocations analysed by locality are best calculated. As such, it is most appropriately seen as providing a contextual, but heavily caveated, analysis of current spend across the city's localities, based in part on facilities' physical location within the city. It is better seen, therefore, as a starting point for further discussion in considering how the Council's expenditure is best aligned to its priorities and relative levels of need across the city.
- 3.4 The analysis takes as its baseline the 2017/18 outturn and seeks to align expenditure, wherever possible, to the locality in which it is incurred. In interpreting the analysis, however, it is important to bear in mind a number of important caveats, including but not limited to those noted below:

- (i) **the location of a facility may not correspond to where the benefits accrue.** School catchment areas, for example, may and do cross locality boundaries, particularly in the case of the city's denominational and Gaelic Medium schools. Those attending early learning and childcare facilities may similarly live outside the locality concerned or even the city itself, particularly for facilities located within the city centre;
- (ii) **a number of facilities are intended to serve the city as a whole but are, by definition, located within an individual locality.** Larger office and civic buildings, such as the City Chambers and Waverley Court, have not been allocated to a locality on this basis. Similarly, some elements of expenditure, such as the Council's investment in the city's annual festivals and events programme, do not afford benefits on a location-specific basis and, arguably, provide greater benefit to those living outside the city altogether;
- (iii) **funding allocations reflect differing relative levels of need within the city.** The North West locality, for example, has by some margin the largest road length within the city. It also has the largest population, with 28.7% of the city-wide total as opposed to only 22.5% residing in North East. Based on the Scottish Index of Multiple Deprivation (SIMD), however, there are proportionately more than three times as many income-deprived individuals living within North East as South East. This emphasises the paramount importance of allocating available resources in accordance with underlying need;
- (iv) **while the demand, and by extension the associated expenditure, for some services follows a regular pattern, for others, particularly those of an individual-specific nature, expenditure trends are not as easily predicted and follow the individual.** Expenditure associated with fostering and temporary accommodation reflects this pattern. Out-of-Council care placements also present challenges in terms of geographical classification and have been included in the "unallocated" category on this basis.

3.5 While allocation of revenue costs to specific localities requires a number of underlying assumptions to be made, in general terms it exhibits less variation than capital expenditure which can reflect considerable year-on-year fluctuations depending on the location of large building and infrastructural projects such as schools, flood prevention and transport schemes. On this basis, the locality spend analysis below focuses on revenue expenditure but with some existing examples of locally-devolved capital budgets noted in the subsequent sections.

## Net revenue expenditure by locality, 2017/18

- 3.6 Subject to the caveats noted in the preceding sections, Finance officers have undertaken an analysis of actual revenue spend incurred in 2017/18 and, wherever possible and appropriate to the nature of the service, allocated this to one of the city's localities. Total spend allocated in this way amounts to 72.2% of overall service expenditure and is summarised by service area in the table below.

	<b>NW</b>	<b>NE</b>	<b>SW</b>	<b>SE</b>	<b>Support</b>	<b>Unallocated</b>	<b>Total</b>
<b>Service area</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Communities and Families	79,403	54,749	60,124	53,582	15,657	109,895	373,410
Health and Social Care	49,618	38,680	48,585	38,866	17,524	0	193,273
Place	19,341	18,218	16,518	13,411	0	2,959	70,447
Resources	25,536	26,084	27,456	20,704	70,524	0	170,304
Chief Executive	0	0	0	0	11,019	0	11,019
	<b>173,898</b>	<b>137,731</b>	<b>152,683</b>	<b>126,563</b>	<b>114,724</b>	<b>112,854</b>	<b>818,453</b>

<b>Population</b>	141,718	114,061	109,990	133,041
<b>Per capita spend</b>	£1,227	£1,208	£1,388	£951

- 3.7 Expenditure facilitating the wider delivery of the Council's services, including most head office functions, is not allocated and has instead been classified as "support" within the analysis. Similarly, expenditure incurred in the discharging of the Council's statutory duties but where its geographical incidence cannot be predicted with accuracy (particularly social care placements, which may be outside the relevant locality of the benefiting individual or even outside the city) has been classified as "unallocated". Expenditure relating to the provision of city-wide services by third parties, such as the Council's service payment to Edinburgh Leisure, is also included within this heading.
- 3.8 Members will note that, based on the assumptions set out within previous sections, relative expenditure in South West is higher than in the other three localities, with the South East locality showing the lowest relative expenditure. Based on proxies of relative deprivation as measured by the SIMD, this latter finding is not unexpected, as it will reflect both lower relative need and, in some cases, monetary contributions from service users. The relatively higher spend in South West is attributable in part to the location of some large school and social care facilities and not felt to be indicative of underlying disparities in the application of needs-based formulae. Given that this is the first such assessment undertaken, however, the approach will be refined for subsequent years' analyses.

### Extent of currently-devolved budgets to localities

- 3.9 Cllr Graczyk's motion also requested clarification on the current extent of services and budgets managed on a locality basis, including those where the allocation of these funds is also determined locally. As is outlined in the preceding sections, the current allocation of funding is essentially *needs-based*. This said, implicit in this is an attentiveness to differing relative need for some non-universal services as

manifested across different areas of the city, particularly in Health and Social Care and Children's Services.

### **Capital expenditure**

- 3.10 The only capital budgets which are devolved to localities for decision-making are those of the Neighbourhood Environmental Programme (NEP). The allocation to the localities NEPs is approved annually by the Transport and Environment Committee and, for 2018/19, this was reported on 1 March 2018. Each Neighbourhood Partnership is allocated an equal sum, which for 2018/19 is £0.050m.
- 3.11 Over and above the NEPs allocation, funds are earmarked for localities to identify the locations at which specific roads and transport works are required within their own areas. These are:
- Dropped kerb crossings (up to £0.020m per locality);
  - Drainage works (gully tails and frames - up to £0.045m per locality); and
  - Bus Stop refurbishment (up to £0.060m per locality).
- 3.12 The above funding is from the Roads and Pavements block allocation and localities can influence where the work is undertaken but cannot utilise the resources for any other purpose.
- 3.13 All other refurbishment or construction work within the Capital Investment Programme is on a city-wide condition and needs basis and not localities-based.

### **Revenue - Health and Social Care**

- 3.14 The Health and Social Care management structure is split into (i) four Localities, (ii) Strategy and Planning and (iii) Central Services. All staffing, non-staffing and income budgets are devolved to cost centre level. While services provided are to a large extent demand-led, managers work with NHS Lothian colleagues to deploy overall resources effectively across and within localities.
- 3.15 The service's purchasing budget of circa £160m is currently sitting within service-defined sectors and requires to be re-aligned to the locality structure. This process is, however, well underway and forms part of a co-ordinated delivery approach with NHS Lothian partners, allowing budget management and control to be exercised at locality level. This involves significant changes to the SWIFT case information and management system but is expected to be completed later in the calendar year.

### **Place - Community Grants Fund**

- 3.16 As in 2017/18, the approved budget for 2018/19 includes £0.406m to support operation of a Community Grants Fund across each locality, with the allocations to each calculated with reference to relative shares of the city's population.

## **Other services**

- 3.17 While the underlying needs basis of existing budgetary allocations reflects localities' differing profiles and challenges, no other budgets are explicitly managed, or allocated, by locality at present.

## **Further work**

- 3.18 Cllr Graczyk's motion asked that officers review the effectiveness of existing budgetary arrangements in addressing poverty and inequality across the city's localities. Building on this initial analysis, a further report will therefore be brought to the Committee's meeting on 16 October 2018, setting out any potential or recommended changes consistent with this objective.

## **4. Measures of success**

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- 4.1 The Council's budgetary arrangements contribute positively to wider priority outcomes of reducing relative levels of poverty and inequality within the city.

## **5. Financial impact**

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- 5.1 There are no direct financial impacts as a result of this report, although more focused investment in localities has the potential to contribute positively to the effectiveness of wider preventative and early intervention-based initiatives across the city.

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

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- 6.1 The Terms of Reference for Locality Committees make explicit provision for the assumption of additional budget-related decision-making powers.

## **7. Equalities impact**

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- 7.1 There are no direct equalities impacts as a result of this report, although more effective and outcome-focused investment in localities has the potential to reduce inequality and poverty within the city.

## **8. Sustainability impact**

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- 8.1 There are no direct carbon, climate change adaptation or sustainable development impacts as a result of this report.

## **9. Consultation and engagement**

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- 9.1 At this stage, there is no direct relevance to the report's contents although changes to existing budgetary arrangements could form part of future years' consultation and engagement.

## 10. Background reading/external references

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- 10.1 [Motion by Cllr Graczyk](#) (Item 9.22), City of Edinburgh Council, 3 May 2018

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## 11. Appendices

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None



# Finance and Resources Committee

10.00am, Thursday 16 August 2018

## Spend to Save funding application – Lagganlia Outdoor Centre

<b>Item number</b>	7.8
<b>Report number</b>	
<b>Executive/routine</b>	Executive
<b>Wards</b>	n/a
<b>Council Commitments</b>	n/a

### Executive Summary

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The report presents for members of the Committee's consideration an application for £40,000 of Spend to Save funding to facilitate the construction of a purpose-built outdoor learning resource at the Lagganlia Outdoor Centre. The proposed facility will enhance the range of facilities available to school and other visiting groups, supplement existing classroom capacity and additionally provide a bad-weather resource.

The proposed Spend to Save contribution of £40,000 would supplement other confirmed funding sources of £260,000, with the investment then repaid over a period of no longer than four years through additional venue hire income.

## Spend to Save funding application – Lagganlia Outdoor Centre

### 1. Recommendations

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- 1.1 It is recommended that members of the Finance and Resources Committee:
- 1.1.1 Consider the undernoted Spend to Save application and, subject to approval, refer this decision to Council for ratification of use of the Spend to Save Fund.

### 2. Background

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- 2.1 Members of the Committee will be aware of a number of recent approved uses of the Council's Spend to Save Fund which provides upfront revenue investment to support the taking forward of projects that will deliver savings in subsequent years.
- 2.2 Applications for use of the Fund should meet three main criteria:
- (i) the expenditure should be one-off (i.e. non-recurring) in nature;
  - (ii) the nature and value of the investment should be clearly shown, along with an indication of how it contributes to delivery of one or more of the Coalition's commitments or overarching Council outcome themes; and
  - (iii) the benefits of the investment, both financial and (where applicable) non-financial should be set out, along with an indication of the anticipated savings expressed in current-day prices. In general terms, the resulting payback period should be no longer than five years, although equally as important is the robustness of the underlying business case.
- 2.3 Following approval by the Finance and Resources Committee and subsequent ratification by Council in June 2018 of a total of £0.5m of investment in additional LED lighting and equipment upgrades at the Usher Hall, the uncommitted balance on the Spend to Save Fund currently stands at £0.7m.

### 3. Main report

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#### Lagganlia Outdoor Centre

- 3.1 The Lagganlia Outdoor Centre was opened by the Duke of Edinburgh on 30 June 1970. The land and original buildings were gifted to the citizens of Edinburgh by the philanthropist George Boyd Anderson as part of his vision to give the young people

of Edinburgh an opportunity to ski, a vision which also included the building of Hillend Dry Ski Slope on the outskirts of Edinburgh (at the time of its construction, the longest dry ski slope in Europe).

- 3.2 The Centre aims to give individuals the opportunity to grow in confidence and develop personally through the medium of outdoor activities and adventures. For Scottish schools/colleges, it delivers many aspects of the Curriculum for Excellence and for all groups offers high-quality residential opportunities for full-board outdoor learning courses and expeditions. The Centre also has self-catering accommodation where groups can hire an instructor/guide for a day activity of their choice. For special group events, the Centre furthermore offers day visitor activities and some conference-type facilities.
- 3.3 Approximately 100 pupils (10 groups of 10 participants) visit Lagganlia for a residential experience each term-time week. 2017/18 visitor statistics recorded 3,500 pupil attendances, with 1,867 from City of Edinburgh schools. In line with increasing school roll trends, residential attendance is growing year on year, with the facility heavily booked up to two years in advance. Lagganlia also provides residential resource to the Duke of Edinburgh programme.

#### **Proposed development of outdoor learning resource**

- 3.4 The new development will create a purpose-built outdoor learning resource. The cabin-style building will be located at the foot of the Centre's existing dry ski slope, with its primary purpose to provide a snow sports teaching area, changing facility and equipment store. The building has, however, been designed as a flexible space to allow multifunctional use enabling additional revenue streams. The proposed facility will therefore enhance the range of facilities available to school and other visiting groups, supplement existing classroom capacity and additionally provide a bad-weather resource.
- 3.5 Holiday and weekend availability will be targeted for commercial growth. The Cairngorms National Park attracted 1.8 million visitors in 2017, with the top attractions for these visitors being walking, snow sports and cycling. Winter usage of the new development will therefore be focused on snow sports whilst the day lodge can be used during all seasons by walkers, water sports participants, cyclists and other organisations.
- 3.6 The day lodge will complement the existing on-site accommodation. The five lodges currently lack a central venue/meeting space. Creation of this resource would therefore bring added value to the estate, widening the appeal of accommodation bookings. The development would also enable the venue to be marketed for conferences, training weekends and events. There is considerable potential to target the wedding market, as venues of this nature are limited in and around the location.

#### **Estimated costs and repayment of investment**

- 3.7 Centre staff have worked closely with Property and Facilities Management colleagues within the Council to develop robust cost estimates for the new facility.

- 3.8 The total construction cost of the project is estimated to be £300,000, including a 14% contingency fund. It is proposed that this total be met from the following sources:
- (i) the £107,000 of remaining funds in the Boyd Anderson Trust, the use of which was earmarked for construction of the facility by the Finance and Resources Committee on 23 January 2018;
  - (ii) a further £153,000 from the outdoor centre reserve, representing funds derived from previous years' surpluses; and
  - (iii) a £40,000 contribution which, subject to approval of this application, will be met from the Spend to Save fund.
- 3.9 After consultation with potential users, including firm intentions from a number of specific groups, it is estimated that the new facility will generate additional income of £35,000 per year. Annual running costs over the building's lifecycle (including energy, rates and maintenance expenditure) are estimated to be approximately £12,500, leaving additional income of £22,500 to repay the spend to save investment and invest in other small improvements at the centre to maintain existing facilities and their resulting competitiveness in the wider outdoor activity market.
- 3.10 The minimum proposed annual repayments of £10,000 provide some contingency should subsequent income and/or running cost assumptions vary from those above. Opportunities will be examined, however, to accelerate repayment wherever possible, such that the Spend to Save Fund may invest in further eligible projects.
- 3.11 Construction time for the facility is estimated at between four and five months. Subject to the Committee's approval and onward ratification by Council, it is intended that the facility be available for the latter half of the Winter 2018/19 season.

## **4. Measures of success**

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- 4.1 Subject to approval, the project will deliver the financial and service benefits set out within the business case.

## **5. Financial impact**

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- 5.1 Assuming approval, £0.040m of funding will be drawn down from the Spend to Save fund, with this investment then repaid over no more than four years, based on total projected lifecycle costs. This sum can be fully accommodated based on current Fund commitments.

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

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- 6.1 The projections within the business case have been subject to review by both Finance and Property Management staff and incorporate an element of contingency in allowing the Fund investment to be repaid, should actual costs or income vary from these assumptions.
- 6.2 The proposed facility will contribute positively to the Council's aims of delivering a healthier city for all ages and, in particular, for children and families.

## **7. Equalities impact**

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- 7.1 Decked access to the ski slope, disabled changing facilities and an increased equipment store will support additional needs participation.
- 7.2 Friends of Lagganlia is a registered charity formed by a group of individuals who believe in the powerful impact that outdoor learning residentials can have on the personal and social development of young people. In these difficult financial times, more and more people from disadvantaged backgrounds may be excluded from accessing the benefits of residential experiences. Friends of Lagganlia initially aims to:
  - (i) raise funds to set up a bursary scheme to allow children to join their classmates on a school residential, where cost would otherwise be a barrier to participation; and
  - (ii) consider requests from Lagganlia for financial assistance towards improving the quality of the outdoor learning experience at the Centre.

## **8. Sustainability impact**

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- 8.1 The proposed lodge will be constructed with local materials and make use, wherever possible, of renewable energy sources, either specifically or as part of plans for the wider Lagganlia site.

## **9. Consultation and engagement**

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- 9.1 [Planning permission for the scheme](#) was granted by Highland Council in September 2017.

## 10. Background reading/external references

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- 10.1 [Winding Up of Boyd Anderson Charitable Trust](#), Finance and Resources Committee, 23 January 2018.

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## 11. Appendices

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- 11.1 None.

# Finance and Resources Committee

10.00am, Thursday, 16 August 2018

## Treasury Management: Annual Report 2017/18

Item number	7.9
Report number	
Executive/routine	
Wards	
Council Commitments	

### Executive Summary

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

The Strategy approved in March 2017 stated there would be no borrowing completed during the financial year and capital expenditure would be funded temporarily from investments. This overall approach was implemented and generated significant short-term savings in Loans Charges for the Council and forms part of a successful and sustainable long-term borrowing strategy.

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

## Treasury Management: Annual Report 2017/18

### 1. Recommendations

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- 1.1 It is recommended that the Committee:
- 1.1.1 Notes the Annual Report on Treasury Management for 2017/18; and
  - 1.1.2 Refers the report to Council for approval and subsequent referral by Council to the Governance, Risk and Best Value Committee for their scrutiny.

### 2. Background

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

### 3. Main report

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#### 3.1 Key Points

- 3.1.1 The key points in this report are that:
- For the fourth year in a row, the Council's capital repayments were greater than its new capital expenditure funded by borrowing, so the Council's need to borrow reduced by £29.0m during the year;
  - £53m of PWLB and £1m of market debt naturally matured during the year and was not replaced, reducing overall borrowing costs to the Council;
  - the Council continued its successful medium-term strategy of funding capital expenditure from a reduction in temporary investments and at the end of the financial year the Council's external borrowing was £139m under its Capital Financing Requirement;
  - the Council has not borrowed PWLB or market debt since December 2012; and
  - the average interest rate on the Cash Fund for the year was 0.38%, which continued to outperform the benchmark, which was 0.22% for the year.



## 3.2 Prudential Indicators

### (a) Prudential Indicator 1 - Estimate of Capital Expenditure

This gives a breakdown of the actual capital expenditure incurred during 2017/18.

	2016/17 Actual £'000	2017/18 Original £'000	2017/18 Revised £'000	2017/18 Actual £'000
<b>General Services</b>				
Chief Executive	1,184	1,125	0	0
City Strategy and Economy	838	0	0	0
Communities and Families	41,816	27,278	36,118	35,989
Edinburgh Integrated Joint Board	4,527	108	302	496
Place	90,704	125,659	86,071	91,737
Resources	0	0	15,470	3,503
Resources - Asset Management Works	18,908	11,132	10,885	10,990
Recommended Expenditure Priorities	0	4,202	0	0
Unallocated	0	2,278	0	0
General Slippage across programme	0	0	-3,834	0
Trams	0	0	0	2,383
Council Wide Projects	0	0	0	364
<b>Total General Services Capital Expenditure</b>	<b>157,977</b>	<b>171,782</b>	<b>145,012</b>	<b>145,462</b>
Housing Revenue Account	43,627	79,459	79,459	72,816
<b>Total</b>	<b>201,604</b>	<b>251,241</b>	<b>224,471</b>	<b>218,278</b>

**Table 1 – Capital Expenditure 2017/18**

The capital programme is re-phased annually once the unaudited out-turn of the previous year is known. The original estimates above reflect the budget position as reported in the Treasury Strategy in March 2017, with the revised figures representing the projected position reported to the Finance and Resources Committee in September 2017 following the re-phasing of the programme.

The following table shows how the £218.3m of capital expenditure incurred in 2017/18 was funded:

	Gen Services £'000	HRA £'000	CEC Total £'000	Police £'000	Fire £'000	Total £'000
Net Cap Adv (01/04/17)	1,034,448	363,833	1,398,281	14,198	1,043	1,413,522
Gross Cap Ex	145,462	72,816	218,278	0	0	218,278
Cap Income	130,946	37,738	168,684	0	0	168,684
Net Cap Ex	14,516	35,078	49,594	0	0	49,594
Capital Repaid	-57,810	-18,290	-76,100	-1,758	-724	-78,582
Net Cap Adv (01/04/18)	991,154	380,621	1,371,775	12,440	319	1,384,534

**Table 2 – Source of Funding for Capital Expenditure 2017/18**

The CEC Total column shows expenditure of £218.3m being partly funded by capital grants and capital receipts, leaving £49.6m to be funded by borrowing. However, the Council repaid principal of £76.1m for previous capital advances, giving a net reduction in the need to borrow of £26.5m. In addition, previous capital advances of £2.5m were repaid on behalf of the former Police and Fire joint boards, giving a total reduction in the need to borrow of £29.0m.

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

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

	2016/17 Actual %	2017/18 Estimate %	2017/18 Revised %	2017/18 Actual %
General Services	11.63	11.78	11.72	11.63
Housing Revenue Account	35.21	37.61	36.33	37.88

**Table 3 – Ratio of Financing Costs to Net Revenue Stream**

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

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

	2016/17 Actual £'000	2017/18 Original £'000	2017/18 Revised £'000	2017/18 Actual £'000
General Services (incl. finance leases)	1,250,818	1,272,527	1,222,218	1,195,243
Housing Revenue Account	364,934	398,199	391,106	380,621
<b>Total</b>	<b>1,615,752</b>	<b>1,670,726</b>	<b>1,613,324</b>	<b>1,575,864</b>

**Table 4 – Capital Financing Requirement**

The reduction in the out-turn is mainly due to the reduction in General Services underlying need to borrow as for the fourth year in a row, repayments for previous capital advances were greater than new capital advances.

In preparing Tables 4 and 5, all finance lease liabilities have been included for both current and prior year figures as required by the new Borrowing

Regulations in Scotland, rather than other long-term liabilities as defined by CIPFA's Prudential Code.

	<b>2016/17</b>	<b>2017/18</b>
	<b>Actual</b>	<b>Actual</b>
	<b>£'000</b>	<b>£'000</b>
General Services Capital Advances	1,034,931	991,154
HRA Capital Advances	364,934	380,621
<b>Total CEC Borrowing CFR</b>	<b>1,399,865</b>	<b>1,371,775</b>
Other Finance Lease Liabilities	215,887	204,089
<b>Total CEC Debt CFR</b>	<b>1,615,752</b>	<b>1,575,864</b>

**Table 5 – Split of Capital Financing Requirement**

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

### 3.3 Borrowing Overview

3.3.1 The Council's treasury advisors, Arlingclose, have provided the following economic commentary for the year:

*"2017-18 was characterised by the push-pull from expectations of tapering of Quantitative Easing (QE) and the potential for increased policy rates in the US and Europe and from geopolitical tensions, which also had an impact. The UK economy showed signs of slowing with latest estimates showing GDP, helped by an improving global economy, grew by 1.8% in calendar 2017, the same level as in 2016. This was a far better outcome than the majority of forecasts following the EU Referendum in June 2016, but it also reflected the international growth momentum generated by the increasingly buoyant US economy and the re-emergence of the Eurozone economies.*

*The inflationary impact of rising import prices, a consequence of the fall in sterling associated with the EU referendum result, resulted in year-on-year CPI rising to 3.1% in November before falling back to 2.7% in February 2018. Consumers felt the squeeze as real average earnings growth, i.e. after inflation, turned negative before slowly recovering. The labour market showed resilience as the unemployment rate fell back to 4.3% in January 2018. The inherent weakness in UK business investment was not helped by political uncertainty following the surprise General Election in June and by the lack of clarity on Brexit, the UK and the EU only reaching an agreement in March 2018 on a transition which will now be span Q2 2019 to Q4 2020. The Withdrawal Treaty is yet to be ratified by the UK parliament and those of the other 27 EU member states and new international trading arrangements are yet to be negotiated and agreed.*

*Economic activity in the Eurozone gained momentum and although the European Central Bank removed reference to an 'easing bias' in its market communications and had yet to confirm its QE intention when asset purchases end in September*

2018, the central bank appeared some way off normalising interest rates. The US economy grew steadily and, with its policy objectives of price stability and maximising employment remaining on track, the Federal Reserve Open Market Committee (FOMC) increased interest rates in December 2017 by 0.25% and again in March, raising the policy rate target range to 1.50% - 1.75%. The Fed is expected to deliver two more increases in 2018 and a further two in 2019. However, the imposition of tariffs on a broadening range of goods initiated by the US, which has led to retaliation by China, could escalate into a deep-rooted trade war having broader economic consequences including inflation rising rapidly, warranting more interest rate hikes.

Gilt yields displayed significant volatility over the twelve-month period with the change in sentiment in the Bank of England’s outlook for interest rates. The yield on the 5-year gilts which had fallen to 0.35% in mid-June rose to 1.65% by the end of March. 10-year gilt yields also rose from their lows of 0.93% in June to 1.65% by mid-February before falling back to 1.35% at year-end. 20-year gilt yields followed an even more erratic path with lows of 1.62% in June, and highs of 2.03% in February, only to plummet back down to 1.70% by the end of the financial year.”

3.3.2 Figure 1 below shows the comparison of UK and US gilt yields. This shows that the significant divergence which arose in the latter part of 2016 increased further during 2017/18. The US economy has continued to recover with the Federal Reserve increasing its interest rate on three occasions during the 2017/18 financial year leading to a further de-coupling of UK and US short term interest rates.

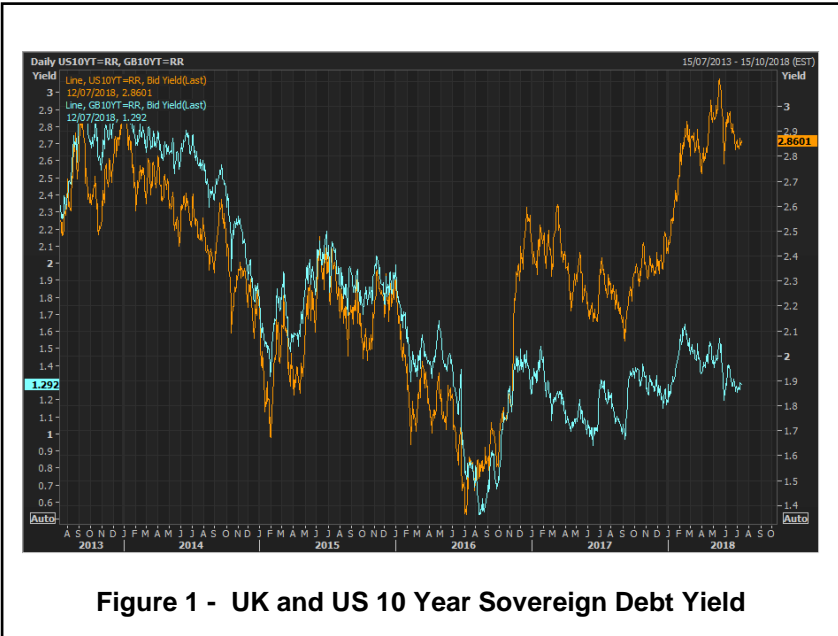
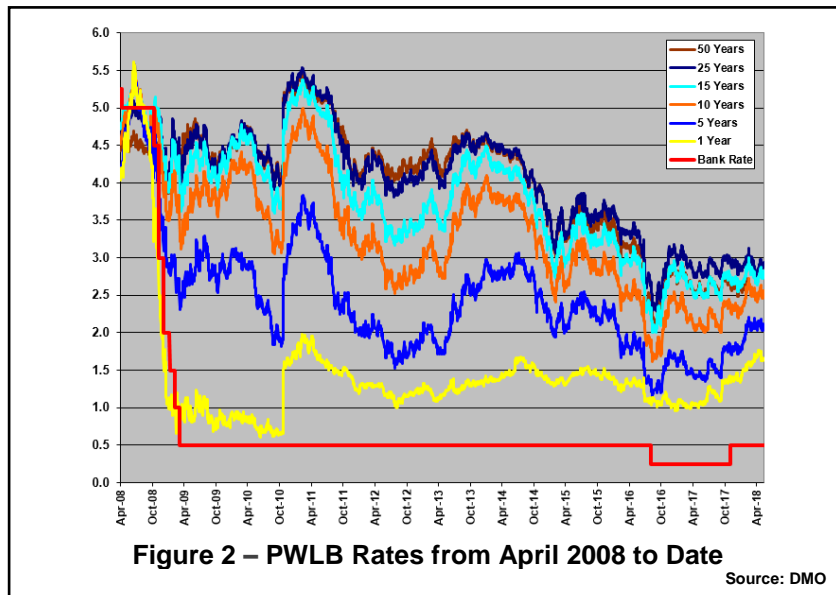


Figure 1 - UK and US 10 Year Sovereign Debt Yield

3.3.3 Figure 2 shows PWLB borrowing rates since 2008. This clearly shows an increase, particularly in the short dates, towards the financial year end. This was due partly to a rise in bond yields globally, and partly to market sentiment pointing towards a rise in UK Bank Rate in May, although the rise didn’t materialise.



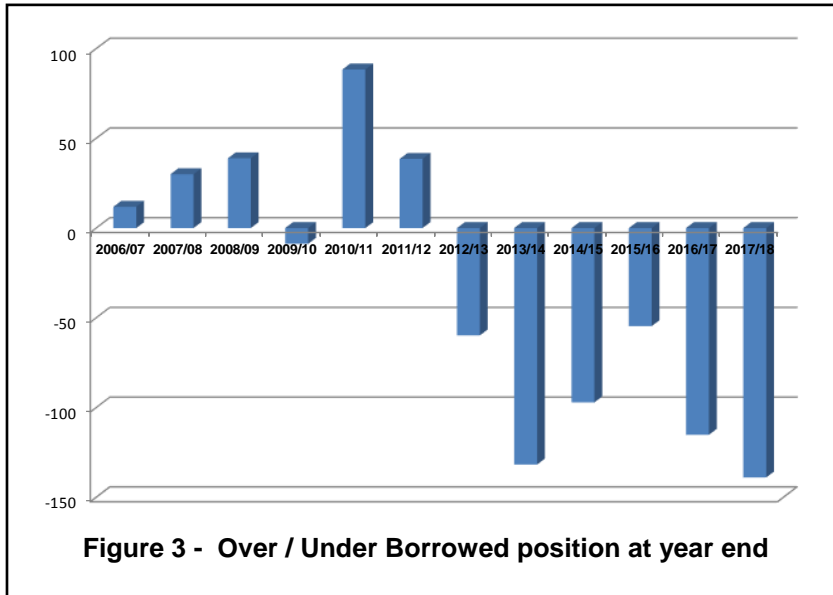
3.3.4 The strategy for 2017/18 approved in March 2017 was to continue to fund capital expenditure in the short term by reducing the level of temporary investments. Other than a small amount of interest free loans taken in 2015 there has been no borrowing completed since December 2012. However, as detailed in Table 2, the total underlying need to borrow fell by £29.0m during the year. Table 6 below summarises the outstanding debt portfolio during the year.

Type of Loan	Balance	Borrowing	Borrowing	Balance
	01.04.2017	Raised	Repaid	31.03.2018
	£m	£m	£m	£m
PWLB - fixed	1,022.166	0.000	-53.052	969.114
PWLB - variable	0.000	0.000	0.000	0.000
Salix Finance Ltd	1.835	0.000	-0.303	1.532
Market	275.900	0.000	-1.000	274.900
	<u>1,299.901</u>	0	-54.355	1,245.545
Capital Advances	<u>1,415.106</u>			<u>1,384.534</u>
Under-borrowed	<u>115.205</u>	Under-borrowed		<u>138.989</u>

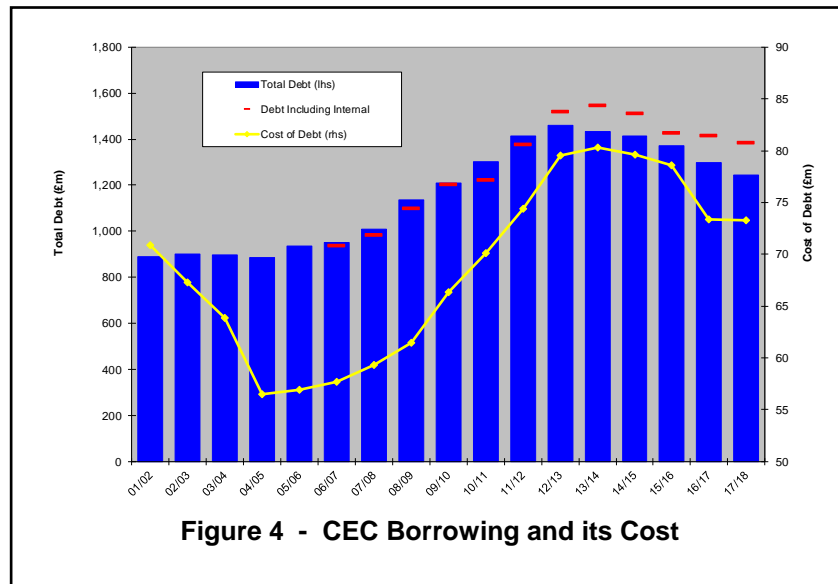
**Table 6 – Outstanding Debt Portfolio 2017/18**

3.3.5 £53.052m of PWLB and £1m of Market debt naturally matured during the year, and this was not replaced. The Council's borrowing therefore fell by £54.355m over the year.

3.3.6 The net capital advances fell by £29.0m. The Council's under-borrowed position increased from £115m to £139m. Figure 3 below shows how much the Council has been over or under borrowed at financial year end since 2006/07.



3.3.7 2017/18 was the fourth year in a row that the repayment of previous capital advances were greater than new capital advances funding by borrowing, reducing the Council’s underlying need to borrow. This, and the under-borrowing strategy to not replace maturing debt, has meant that over the last four years the Council’s external debt has fallen by £192m. Figure 4 below shows the Council’s total borrowing and cost of the borrowing.

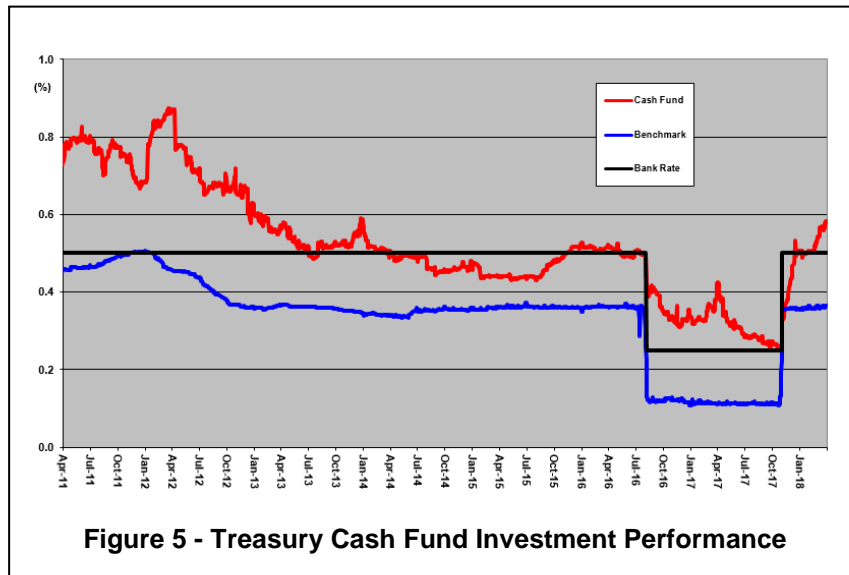


3.3.8 The total interest cost in servicing the Council’s debt remained at £73m.

### 3.4 Investment Out-turn 2017/18

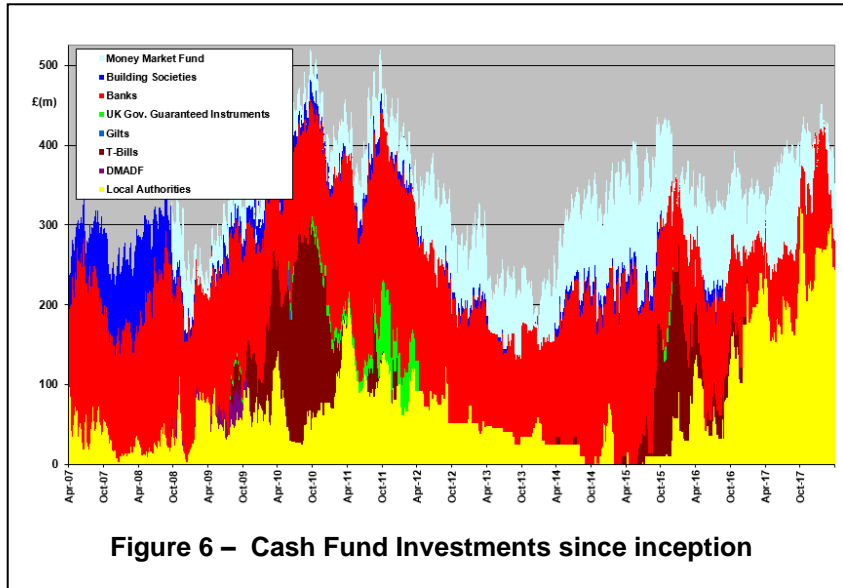
3.4.1 The Council’s money is invested via the Treasury Cash Fund. The Cash Fund encompasses a number of organisations, including Lothian Pension Fund. Interest is accrued on a monthly basis and performance is evaluated against a benchmark, which is 7-day LIBID.

3.4.2 Figure 5 below shows the investment performance since April 2011.

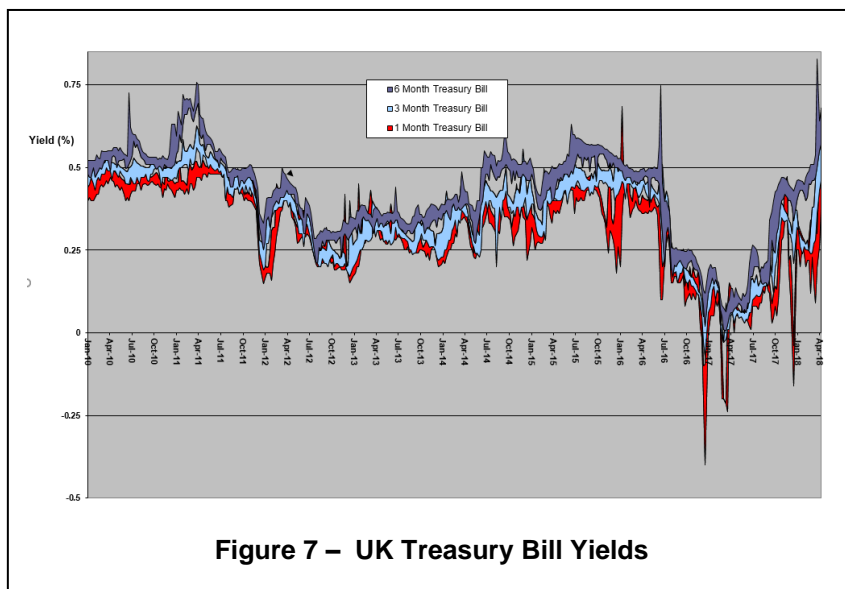


3.4.3 The average interest rate on the Fund for the year was 0.38%, which continued to outperform the benchmark which was 0.22% for the year. The Fund generated income of just under £950k for the financial year to CEC.

3.4.4 The emphasis remained on security during the financial year with the return of the principal sum being the main concern. With the Strategy being around the security of the investments, Cash Fund money invested with banking institutions was held on instant access call and a large percentage of the fund was held with other Local Authorities on short term fixed deposits. Figure 6 below shows the distribution of the Cash Fund investments since April 2007



3.4.5 As can be seen in Figure 7 the rates on offer on Treasury Bills increased towards the end of the financial year as at that time there was an increased possibility of a rise in UK Bank Rate, however, rates being achieved with Local Authority deposits were more attractive than Treasury Bills. At the end of the financial year the Council had £244m on deposit with other Local Authorities. Some additional commentary on local authorities as an asset class was included in the 2018/19 Annual Treasury Strategy.

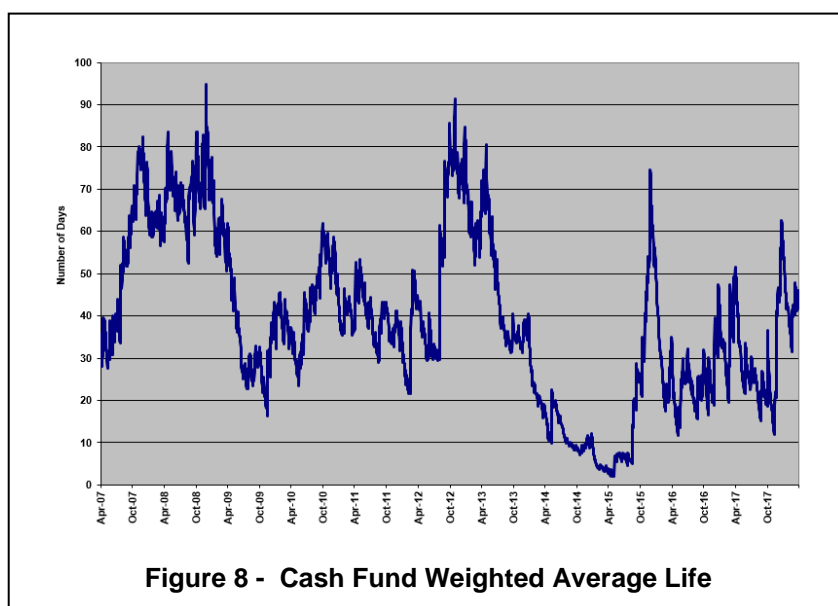


3.4.6 The Bank of England’s Monetary Policy Committee (MPC) increased Bank Rate by 0.25% in November 2017. It was significant in that it was the first-rate hike in ten



years, although in essence the MPC reversed its August 2016 cut following the EU referendum result. The February Inflation Report indicated the MPC was keen to return inflation to the 2% target over a more conventional (18-24 month) horizon with 'gradual' and 'limited' policy tightening.

3.4.7 As the Cash Fund's Investment Strategy is based around the security of the investments the weighted average life (WAL) is fairly short at 45 days, as can be seen in Figure 8. This also means the fund can react quickly to any change in UK Bank Rate. The WAL of only 11 days on the day of the MPC meeting in November meant the fund was perfectly placed to take advantage of the rise in UK Bank Rate. Thereafter the cash fund used the inter-authority market to lengthen the portfolio duration again.



**Figure 8 - Cash Fund Weighted Average Life**

### 3.5 Significant Post End of Year Events

3.5.1 The 2018/19 Treasury Strategy Report showed that the Council's underlying need to borrow was projected to increase by £427m between 2018/19 and 2022/23. Over the same period £258m of the Council's debt naturally matures, giving a total borrowing requirement of £685m over the five years. In line with the strategy approved the intention is to address this requirement (subject to appropriate rates being available) by:

- Funding the 2018/19 requirement by continuing to use cash deposits;
- Borrowing for each tranche of LLP housing subject to business cases meeting the set criteria;
- Reviewing options of locking out interest rates in advance of expenditure; and
- Seeking to mitigate risk on other major projects as the requirement becomes more certain.

### 3.6 Conclusions

- 3.6.1 The Strategy set in March 2017 regarding borrowing was fully implemented.
- 3.6.2 The investment return for 2017/18 continued to show out-performance against the Fund's benchmark, although low in absolute terms, while maintaining the security of the investments.
- 3.6.3 Significant work is being undertaken to implement the approved 2018/19 borrowing strategy, particularly in relation to mitigating the Council's future interest rate risk.

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

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- 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**

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- 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**

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- 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 2017/18.

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

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

#### **8. Sustainability impact**

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

## **9. Consultation and engagement**

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9.1 None

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

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10.1 None

### **Stephen S. Moir**

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## **11. Appendices**

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Appendix 1 - Debt portfolio

## Appendix 1: Debt outstanding

PWLB PROFILE	START DATE	MATURITY DATE	PRINCIPAL OUTSTANDING £	INTEREST RATE %	ANNUAL INTEREST £
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	1,076,445.62	3.96	57,745.68
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	1,062,994.17	3.65	52,619.92
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	1,777,198.88	3.09	65,921.74
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
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
PWLB	START	MATURITY	PRINCIPAL	INTEREST	ANNUAL

PROFILE	DATE	DATE	OUTSTANDING £	RATE %	INTEREST £
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	5,343,622.56	3.66	213,708.47
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	8,574,733.44	3.64	336,986.91
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	3,033.31	3	96.69
M	14/07/2011	14/07/2030	10,000,000.00	4.93	493,000.00
E	15/06/1951	15/05/2031	3,163.83	3	100.19
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
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
<b>PWLB</b>	<b>START</b>	<b>MATURITY</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>ANNUAL</b>
<b>PROFILE</b>	<b>DATE</b>	<b>DATE</b>	<b>OUTSTANDING</b>	<b>RATE</b>	<b>INTEREST</b>

			£	%	£
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
			969,114,653.91		

**NON LOBO**

PROFILE	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

LOBO PROFILE	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	7.34	586,806.99
M	25/02/2011	25/02/2060	10,000,000.00	7.34	391,204.66
M	26/02/2010	26/02/2060	5,000,000.00	7.31	191,151.09
M	26/02/2010	26/02/2060	10,000,000.00	7.31	382,302.20
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		9,891,964.94

**SALIX**

FIXED/ VAR	START DATE	MATURITY DATE	PRINCIPAL OUTSTANDING £	INTEREST RATE %	ANNUAL INTEREST £
F	07/01/2015	01/09/2021	276,349.99	0	0.00
F	31/03/2015	01/04/2023	991,593.57	0	0.00
F	22/09/2015	01/10/2023	263,759.64	0	0.00
			1,531,703.20		0.00



# Finance and Resources Committee

10.00am, Thursday 16 August 2018

## Finance Policies – Assurance Statement

<b>Item number</b>	7.10
<b>Report number</b>	
<b>Executive/routine</b>	
<b>Wards</b>	n/a
<b>Council Commitments</b>	n/a

### Executive Summary

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

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

In order that Council policies remain current and relevant, all Executive Directors and Heads of Service are required to review those falling within their respective remits on an annual basis. This report sets out the main results of the most recent year's review for policies falling within the remit of the Finance Division of the Resources Directorate.

## Finance Policies – Assurance Statement

### 1. Recommendations

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- 1.1 It is recommended that members of the Finance and Resources Committee:
- 1.1.1 note and be assured that the Finance policies detailed in this report have been reviewed and are considered to remain current, relevant and fit-for-purpose.

### 2. Background

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

### 3. Main report

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

#### **Financial Regulations**

- 3.3 The City of Edinburgh Council operates within a clear framework that governs and guides the decisions made by the Council and its officers and ensures that robust, clear and accountable arrangements are in place. The Council's Financial Regulations form an integral part of this framework, with their content reviewed on an at-least a six-monthly basis.

- 3.4 The [Regulations](#) outline, at a summarised level, the arrangements the Council has put in place to discharge its responsibilities under section 95 of the Local Government (Scotland) Act 1973. Section 95 states that every local authority shall make arrangements for the proper administration of its financial affairs and shall secure that the proper officer of the authority (termed the Section 95 Officer) has responsibility for the administration of those affairs. The Council's designated Section 95 Officer is the Head of Finance.
- 3.5 A number of amendments to the Regulations' content, primarily clarifying Executive Directors' budgetary responsibilities and accountabilities and ensuring continuing alignment to the Council's organisational structures, were approved by Council on 28 June 2018. These changes formed part of [the wider annual review of the Council's Operational Governance Framework](#), reported alongside proposed changes to political management arrangements, which also encompassed revisions to a number of related documents, specifically the Procedural Standing Orders for Council and Committee Meetings, Committee Terms of Reference and Delegated Functions, Scheme of Delegation to Officers and Contract Standing Orders.
- 3.6 The Financial Regulations are supplemented by a more detailed set of Finance Rules outlining the procedures to be adopted across a wide range of finance-related activity including budget monitoring, income collection, supplier payment, treasury management and insurance. Having previously been fully updated in June 2016, a further parallel review has recently been undertaken, with the refreshed version published on the Council's intranet. Internal hyperlinks have also been added to the Finance Rules to improve accessibility and more quickly locate relevant guidance.

#### **Contract Standing Orders and Guidance on the Appointment of Consultants**

- 3.7 As with the Financial Regulations above, the Council's [Contract Standing Orders](#) (CSOs) and [Guidance on the Appointment of Consultants](#) form part of the Council's core set of governance-related documents. The contents are subject to regular scrutiny and review, with briefing sessions held for both staff and elected members.
- 3.8 The CSOs apply (with certain exceptions) to all contracts made by or on behalf of the Council for the procurement of the execution of works, the supply of goods and materials and/or the provision of services. The overarching aim of both the Standing Orders and Guidance on the Appointment of Consultants is to improve purchasing controls such that Best Value is delivered and the Council's statutory obligations are observed.
- 3.9 Following the coming into force of The Procurement Reform (Scotland) Act 2014, Public Contracts (Scotland) Regulations 2015 and Procurement (Scotland) Regulations 2016, the CSOs were fully updated and approved by Council in June 2016 to ensure continuing compliance with legislative requirements. The opportunity was also taken to provide greater clarity on the appropriate use of waivers and improved guidance on the role of co-production in the purchasing and delivery of community services.

- 3.10 As part of the Council-wide governance review reported to Council in June 2018, a number of minor changes were made to the CSOs as follows:
- (i) including a requirement for Executive Directors and relevant contract managers to comply with the good-practice guidelines contained within the Contract Management Manual. The complementary establishment of a dedicated Contract and Grant Management team within the Finance Division is intended to embed effective contract and supplier management, thereby securing best value through continuous improvement and on-going alignment to wider strategic objectives;
  - (ii) updating the responsibilities of Executive Directors to ensure that all relevant checks relating to tax legislation, in particular IR35, as well as all necessary disclosure checks, are made prior to contract award; and
  - (iii) updating the responsibilities of Executive Directors to meet the legal requirement to publish contract notices, particularly in cases of direct awards.

### **Anti Money-Laundering Policy**

- 3.11 While less formal arrangements were already in operation, the Corporate Policy and Strategy Committee approved the Council's [Anti Money-Laundering Policy](#) on 13 May 2014. The policy sets out procedures for mitigating the risk that money-laundering affects the Council's activities and monitoring their effectiveness. Where relevant activity is suspected, however, the policy also clarifies reporting routes and the resulting investigative action that will be undertaken.
- 3.12 The contents of the policy have previously been communicated to staff in those areas most susceptible to money-laundering activity. Subsequent review of its content in July 2018 has confirmed its continuing relevance and that, other than minor updating to maintain alignment with evolving organisational structures, no substantive changes are required at this time.

### **Fraud Prevention Policy**

- 3.13 The Council's [Policy on Fraud Prevention](#) was approved by the Finance and Resources Committee on 31 October 2013. This policy is supplemented on an annual basis by a review of external fraud prevention and detection activity, with the 2017/18 Fraud Prevention and Detection Annual Report planned for consideration by the Finance and Resources Committee later in the year.
- 3.14 The Fraud Prevention policy forms part of the core set of employee policies and, as such, was included in the mandatory policy refresh in September 2016, whereby all staff were required to confirm that they had read and understood its contents. This assurance has been strengthened by further targeted training in areas more susceptible to fraud-related activity.
- 3.15 Awareness of the policy, in addition, forms part of staff induction procedures, with a corresponding e-learning module also available. As with the anti-money laundering policy, its contents primarily comprise guiding principles and reporting procedures

and, as such, following review and updating for revised organisational structures, these remain relevant to all staff, with no substantive changes required. An update to the complementary [Anti-Bribery Policy](#) was approved by the Corporate Policy and Strategy Committee on 28 March 2017.

- 3.16 The Council additionally has a Counter Fraud Group with the aim of better bringing together both internal and external (i.e. customer-facing) fraud prevention, detection and monitoring activity.

### **Corporate Debt Policy**

- 3.17 The Council's [Corporate Debt Policy](#) was approved by the Corporate Policy and Strategy Committee on 3 September 2013. The policy covers the principal income streams of Council Tax, Non-Domestic Rates, house rents and sundry (miscellaneous) debt and outlines how the Council will seek to strike an appropriate balance between the financial needs of the Council and the social needs of its customers.
- 3.18 The policy's content was the subject of in-depth elected member consideration as part of a cross-party member-officer working group, with [the principal recommendations of the group approved by elected members](#) on 9 June 2015. This review resulted in a number of primarily stylistic changes to the policy's contents, with the underlying principles having been assessed to remain sound.
- 3.19 Further minor changes have been made in the intervening period to ensure the policy's continuing relevance to the Council's activities and organisational structures. This year's Corporate Debt Policy Annual Report was considered by the Corporate Policy and Strategy Committee on 7 August 2018 and identified no specific operational matters that required the content to be updated.

### **Corporate Charging Policy**

- 3.20 In recognising the need for greater consistency and transparency in the setting of charges for Council services, the Council's [Corporate Charging Policy Framework](#) was approved by the Finance and Resources Committee on 5 June 2014. One change effected by approval of the policy was the application of an inflation-linked uplift to charges for all services unless prevented by the existence of pre-existing plans, legal requirements or other compelling service considerations. This change was once again reflected in the February 2018 budget motion and a comprehensive [register of fees and charges](#) levied by the Council has subsequently been published on the Council's website.
- 3.21 In common with most of the other policies falling within the Finance remit, the Corporate Charging Policy primarily sets out broad principles and these remain valid, with no substantive changes required at this time. A review will, however, be undertaken to ensure that charging decisions continue to be taken in accordance with the Policy's principles.

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

- 3.22 While not considered policies in the sense of the others included within this document, the [Annual Treasury Strategy](#) was approved by Council on 15 March 2018 and the [Council's Risks and Reserves Strategy](#) approved as part of setting the Council's 2018/19 budget on 22 February 2018. Review of the existing policies to ensure their on-going applicability was implicit in these reports.

## **4. Measures of success**

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

## **5. Financial impact**

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

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

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

## **7. Equalities impact**

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

## **8. Sustainability impact**

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

## **9. Consultation and engagement**

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

## 10. Background reading/external references

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- 10.1 [Review of Political Management Arrangements](#), City of Edinburgh Council, 28 June 2018
- 10.2 Reference to specific Finance policy-related reports are included within the main report

**Stephen S. Moir**  
**Executive Director of Resources**

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## 11. Appendices

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One – Assured Policies

## Appendix 1 – Assured Policies

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<b>Policy title:</b>	Financial Regulations
<b>Approval date:</b>	<i>25 October 2012 (date of original approval)</i>
<b>Approval body:</b>	<i>Council</i>
<b>Review process:</b>	<i>Content fully reviewed by Head of Finance, liaising as appropriate with section contacts as part of parallel updating of Finance Rules</i>
<b>Change details:</b>	<p><i>The most recent changes mainly reflect clarification of Executive Directors' budgetary responsibilities and accountabilities and other minor amendments to reflect recent organisational changes.</i></p> <p><i>These revisions were approved by Council on 28 June 2018. An updated set of Finance Rules was also published on the Council's intranet in early 2018.</i></p>

<b>Policy title:</b>	Contract Standing Orders and Guidance on the Appointment of Consultants
<b>Approval date:</b>	<i>25 October 2012 (date of original approval)</i>
<b>Approval body:</b>	<i>Council</i>
<b>Review process:</b>	<i>Content reviewed by the Chief Procurement Officer, liaising as appropriate with senior service contacts and the Head of Legal and Risk</i>
<b>Change details:</b>	<p><i>As with the Financial Regulations, a number of minor changes, clarifying Executive Directors' responsibilities and accountabilities with regard to contract management, contract award notice publication and confirming the tax status of individuals to be engaged are set out.</i></p> <p><i>While not yet agreed and, as such, on a six-month pilot basis, a number of changes to delegated authority in respect of consultancy, services and supplies and works thresholds were also approved by Council on 28 June 2018.</i></p>



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

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

<b>Policy title:</b>	Corporate Debt Policy
<b>Approval date:</b>	<i>3 September 2013 (with a number of subsequent amendments)</i>
<b>Approval body:</b>	<i>Corporate Policy and Strategy Committee</i>
<b>Review process:</b>	<i>Content reviewed by policy authors</i>
<b>Change details:</b>	<i>The policy's contents were reviewed as part of production of the 2017/18 Corporate Debt Policy Annual Report but no changes are assessed to be required at this time.</i>

<b>Policy title:</b>	Corporate Charging Policy Framework
<b>Approval date:</b>	<i>5 June 2014</i>
<b>Approval body:</b>	<i>Finance and Resources Committee</i>
<b>Review process:</b>	<i>Content fully reviewed in light of Council policy, legislative requirements and wider policy environment</i>
<b>Change details:</b>	<i>No substantive changes at this time</i>

# Finance and Resources Committee

10.00am, Thursday 16 August 2018

## Internal Audit Update Report: 1 January – 31 July 2018 – referral from the Governance, Risk and Best Value Committee

Item number	7.11
Report number	
Wards	All

### Executive summary

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The Governance, Risk and Best Value Committee on 31 July 2018 considered a report which detailed the Internal Audit progress for the period 1 January to 31 July 2018

The report has been referred to the Finance and Resources Committee on the recommendation that high and medium risk findings from audit reports be submitted to their parent Committee for information.

# Terms of Referral

## Internal Audit Update Report: 1 January – 31 July 2018

### Terms of referral

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- 1.1 On 31 July 2018, the Governance, Risk and Best Value Committee considered a summary of the findings and status of work from the Internal Audit plan of work. Additional reviews were to be added to the plan where considered necessary to address any emerging risks and issues identified during the year, subject to formal approval by the relevant committee.
- 1.2 The report by the Chief Internal Auditor indicated that Internal Audit recruitment had been successful and the team now expected to be at full complement by the beginning of October 2018.
- 1.3 Work had commenced on the 2018/19 annual plan, however, delivery had been impacted by the ongoing resourcing challenges. It had been agreed with PwC that resources would be provided in August to support delivery of three 2018/19 reviews.
- 1.4 The Governance, Risk and Best Value Committee agreed:
  - 1.4.1 To note the risks associated with the 21 High rated findings raised in the 17 Council reports.
  - 1.4.2 To note that the 2 Lothian Pension Fund reports had been presented to the Pensions Committee for scrutiny
  - 1.4.3 To refer the 6 reports noted in Appendix 1 as potentially being of interest to the Audit and Risk Committee of the Edinburgh Integration Joint Board (EIJB), to that Committee.
  - 1.4.4 To note that no reports were referred by the EIJB Audit and Risk Committee to the Governance Risk and Best Value Committee at their meetings in February, March and May 2018.
  - 1.4.5 To note the current position with resources and successful recruitment.
  - 1.4.6 To note the progress with the 2018/19 annual plan and recent IA priorities.
  - 1.4.7 To ask for an update to the next meeting on the ability of the 18/19 Plan to deliver its outcomes.

- 1.4.8 To refer the audit report on CCTV noted in Appendix 1 to the CCTV Working Group for consideration.
- 1.4.9 To refer the high and medium risk findings to each executive committee as appropriate.
- 1.4.10 To ask for a further report on the processes involved for making changes to the 2017/18 Internal Audit Plan.

## For Decision/Action

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- 2.1 The Finance and Resources Committee is asked to note the attached audit reports with high and medium risk findings concerning Phishing Resilience, CGI Contract Management and Health and Social Care Purchasing Budget Management.

## Background reading / external references

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[Webcast of Governance, Risk and Best Value Committee – 26 September 2017](#)

### **Laurence Rockey**

Head of Strategy and Insight

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## Links

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### **Appendices**

Appendix 1 – Internal Audit Quarterly Update Report: 1 January 2017 – 31 June 2018 – report by the Executive Director of Resources

# Governance, Risk and Best Value Committee

10.00am, Tuesday 31 July 2018

## Internal Audit Update Report: 1 January – 31 July 2018

Item number 7.2  
Report number  
Executive/routine  
Wards  
Council Commitments

### Executive Summary

This report provides details of Internal Audit (IA) reviews completed in the period; recent changes to the 2017/18 IA plan; and updates on resourcing; commencement of the 2018/19 Internal Audit plan; and IA priorities.

Internal Audit has now issued a total of 33 2017/18 audit reports to the City of Edinburgh Council (the Council) the Lothian Pension Fund (LPF) and the Edinburgh Integration Joint Board (EIJB), with 19 issued between 1 January and 31 July 2018. This included 15 reports for the Council; 2 for LPF; and 2 for the EIJB.

Of the 19 reports issued to the Council, two have been presented separately to the Committee for scrutiny. The remaining 17 reports include 65 findings (21 High; 34 Medium; and 10 Low).

A total of 6 reports are recommended for referral from the GRBV to the EIJB Audit and Risk Committee. No reports have been referred by the EIJB Audit and Risk Committee during the period.

IA recruitment has been successful and the team is now expected to be at full complement by the beginning of October 2018.

Work has commenced on the 2018/19 annual plan, however, delivery has been impacted by ongoing resourcing challenges. It has been agreed with PwC that resources will be provided in August to support delivery of three 2018/19 reviews.

## Internal Audit Update Report: 1 January – 31 July 2018

### 1. Recommendations

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- 1.1 Committee is recommended to:
  - 1.1.1 Note the risks associated with the 21 High rated findings raised in the 17 Council reports and consider if further clarification or immediate follow-up is required with responsible officers for specific items;
  - 1.1.2 Note that the 2 LPF reports have been presented to the Pensions Committee for scrutiny;
  - 1.1.3 Refer the 6 reports noted in Appendix 1 as potentially being of interest to the EIJB Audit and Risk Committee;
  - 1.1.4 Note that no reports were referred by the EIJB Audit and Risk Committee to GRBV at their meetings in February; March and May 2018.
  - 1.1.5 Note the current position with resources and successful recruitment; and
  - 1.1.6 Note progress with the 2018/19 annual plan and recent IA priorities.

### 2. Background

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- 2.1 Internal Audit is required to deliver an annual plan of work, which is scoped using a risk-based assessment of Council activities. Additional reviews are added to the plan where considered necessary to address any emerging risks and issues identified during the year, subject to approval from the relevant Committees.
- 2.2 IA progress and a summary of findings raised in the reports issued are presented to the Governance, Risk, and Best Value Committee quarterly.
- 2.3 All audits performed for the Lothian Pension Fund (LPF) are subject to separate scrutiny by the Pension Audit Sub-Committee and the Pensions Committee, and are included in this report for completeness.
- 2.4 Audits performed for the Edinburgh Integration Joint Board (EIJB) are presented to the EIJB Audit and Risk Committee for scrutiny, with any reports that are relevant to the Council subsequently referred to the GRBV Committee.

- 2.5 Audits performed for the City of Edinburgh Council (the Council) that are relevant to the EIJB will be recommended for referral to the EIJB Audit and Risk Committee by the GRBV Committee.

### **3. Main report**

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#### **Audit Findings for the period**

- 3.1 A total of 33 2017/18 audit reports have now been issued to the to the Council (27); LPF (4); and the EIJB, with 23 issued between 1 January and 15 July 2018.
- 3.2 This included 19 reports for the Council; 2 for LPF; and 2 for the EIJB.
- 3.3 Of the 19 reports issued to the Council, the Building Standards, and Edinburgh Building Services (Housing Property Services) reports have been presented separately to the Committee for scrutiny.
- 3.4 The remaining 17 Council reports included a total of 65 findings (21 High; 33 Medium; and 10 Low). The majority of the findings raised (40%) were included in the Care Homes Assurance (4 High; 12 Medium; 4 Low) and Drivers Health and Safety (3 High and 6 Medium) audits. Details of completed reports are included at Appendix 1, with individual reports provided in Appendix 2 (following the order in Appendix 1).
- 3.5 The 2 LPF reports have been presented to the Pensions Audit Committee for scrutiny. These reports included a total of 11 findings (4 High; 3 Medium; and 4 Low).
- 3.6 The 2 EIJB reports were presented to the July EIJB Audit and Risk Committee, and it was agreed that these should be referred to the GRBV.

A total of 6 Council reports are recommended for referral from the GRBV to the EIJB Audit and Risk Committee (refer Appendix 1).

#### **Changes to the 2017/18 IA Plan**

- 3.7 The Health and Social Care Partnership Care Inspectorate Follow-up review that was included in the 2017/18 audit plan has been replaced with a review of the Edinburgh Mela Ltd at the request of management, given the significant reputational risks associated with the Council's decision to provide funding to support the Mela festival. Given resource constraints it was not possible in the timescales available to undertake both reviews.
- 3.8 It is expected that the Mela Ltd review will be completed in early July. This review has no impact on the Council's 2017/18 Internal Audit annual opinion.

#### **Resourcing**

- 3.9 Recruitment has been successful with offers now accepted for all vacant roles
- 3.10 It is expected that the IA team will be at full complement by the beginning of October, with new team members joining on a phased basis (aligned with notice periods) from July onwards.

#### **Progress with 2018/19 Annual Plan**



- 3.11 Work on the 2018/19 annual plan has commenced with one audit currently in progress.
- 3.12 Progress with the 2018/19 plan has been impacted by ongoing resourcing challenges, and the priorities noted below.
- 3.13 It has been agreed with PwC that resources will be provided in August to support delivery of three 2018/19 audits.

#### **Internal Audit Priorities**

- 3.14 Focus for the last quarter has been directed at finalising the audit reports for the 2017/18 annual plan; recruitment; and launching the new automated follow-up process.
- 3.15 The new system will be launched Council wide in early July, with training delivered during the weeks of 25 June and 2 July focusing on the role and importance of IA; rebranding IA as 'your safety net'; sharing examples of best practice when finalising audit reports and providing updates and evidence to support closure of findings; and introducing the new system.

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

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- 4.1 Once implemented, the recommendations contained within these reports will strengthen the Council's control framework.

### **5. Financial impact**

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- 5.1 No direct financial impact.

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

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- 6.1 Internal Audit findings are raised as a result of control gaps or deficiencies identified during audits. If agreed management actions are not implemented to support closure of Internal Audit findings, the Council will be exposed to the risks set out in the relevant Internal Audit reports.

### **7. Equalities impact**

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- 7.1 Not applicable.

### **8. Sustainability impact**

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- 8.1 Not applicable.

## 9. Consultation and engagement

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9.1 Not applicable.

## 10. Background reading/external references

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10.1 [Building Standards Audit Report to GRBV 8 May 2018](#)

10.2 [Housing Property Audit Report to GRBV 5 June 2018](#)

### **Lesley Newdall**

Chief Internal Auditor

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## 11. Appendices

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Appendix 1 Summary of IA reports issued and findings raised during the period and recommendations for referral to the EIJB Audit and Risk Committee.

Appendix 2 Audit reports issued in period 1 January 2018 to 31 July 2018

## Appendix 1 – Summary of IA reports issued and findings raised during the period and recommendations for referral to the EIJB Audit and Risk Committee.

		Findings Raised				Refer to EIJB
Audit Review	High	Medium	Low	Totals		
<b>Council Wide</b>						
1.	Drivers Health and Safety	3	6	0	9	Y
2.	Phishing Resilience	2	1	0	3	Y
<b>Safer and Stronger Communities</b>						
3.	CCTV Infrastructure	2	0	0	2	N
<b>Resources</b>						
4.	CGI Contract management	0	2	0	2	N
<b>Communities and Families</b>						
5.	Foster Care Review	1	2	1	4	N
<b>Strategy and Insight</b>						
6.	Resilience Assurance	2	2	1	5	Y
7.	Project Benefits Realisation	2	0	0	2	Y
<b>Health and Social Care – note that both reviews include management actions owned by Resources (Customer)</b>						
8.	Care Homes	4	12	4	20	Y
9.	Social Work Centre Bank Account Reconciliations	2	0	0	2	Y
10.	Review of Social Care Commissioning	1	1	0	2	*
11.	Health and Social Care Purchasing Budget Management	4	0	0	4	*
<b>Place</b>						
12.	Port Facility Security Plan	1	4	1	6	N
13.	H&S Waste and Recycling	0	4	2	6	N
<b>Lothian Pension Fund</b>						
14.	Payroll Outsourcing	1	0	1	2	N
15.	Pensions Tax	1	1	0	2	N
<b>Totals</b>		<b>26</b>	<b>35</b>	<b>10</b>	<b>71</b>	

\* Reports referred to the Governance, Risk and Best Value Committee from the Edinburgh Integration Joint Boards Audit and Risk Committee

**Appendix 2 – Audit reports issued in period 1 January 2018 to 31 July 2018**

# ***The City of Edinburgh Council***

## **Internal Audit**

### **Phishing Resilience**

Final Report

12 July 2018

ICT1702

## Contents

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This internal audit review is conducted for the City of Edinburgh Council under the auspices of the 2017/18 internal audit plan approved by the Governance, Risk and Best Value Committee in March 2017. The review is designed to help the City of Edinburgh Council assess and refine its internal control environment. It is not designed or intended to be suitable for any other purpose and should not be relied upon for any other purpose. The City of Edinburgh Council accepts no responsibility for any such reliance and disclaims all liability in relation thereto.

The internal audit work and reporting has been performed in line with the requirements of the Public Sector Internal Audit Standards (PSIAS) and as a result is not designed or intended to comply with any other auditing standards.

Although there is a number of specific recommendations included in this report to strengthen internal control, it is management's responsibility to design, implement and maintain an effective control framework, and for the prevention and detection of irregularities and fraud. This is an essential part of the efficient management of the City of Edinburgh Council. Communication of the issues and weaknesses arising from this audit does not absolve management of this responsibility. High and Critical risk findings will be raised with senior management and elected members as appropriate.

# 1. Background and Scope

## Background

Phishing attacks are the most common form of cyber threat used against organisations. Phishing attacks involve an attacker sending emails designed to convince the recipient that they need to open an attachment or click on a spoof or hoax web page link. The attachments and links are often designed to either install malicious software (malware) which then infiltrates organisational networks, or trick the user into entering sensitive information (such as a username or password) providing the attacker with subsequent access to sensitive and confidential information.

In October 2017 Hamilton Academical Football Club was affected by a phishing attack and was ultimately defrauded of circa £1M.

Ransomware is a particularly destructive form of malware that catastrophically struck the NHS in May 2017 (the 'WannaCry' attack). The WannaCry malware encrypted data on infected computers and demanded a ransom roughly equivalent to £230 per computer to release the data. This prevented more than one third of English NHS trusts from accessing their systems, resulting in at cancellation of least 6,912 patient appointments, including operations.

The Scottish Government was also hit by two separate ransomware cyber attacks in 2016/17 at the Student Awards Agency Scotland and the National Records of Scotland, with hackers targeting official computers; encrypting sensitive data; and demanding money for the files to be unlocked.

"Whaling" is a unique form of phishing that specifically targets executives and senior management who hold power in organisations; with a significant public profile; and complete access to sensitive data. The term "whaling" refers to the seniority of the targets relative to targeted in typical phishing attacks. The objective of a whaling attack is to trick an executive into revealing personal or corporate data, often through email and website spoofing.

Whaling attacks are more difficult to detect than typical phishing attacks as they are highly personalised and sent to selected targets. Whaling attacks can rely solely on social engineering to fool their targets, and in some cases, will use hyperlinks or attachments to infect victims with malware or solicit sensitive information. Due to the high returns achievable from whaling, cyber criminals spend significant time and effort constructing attacks so that they appear legitimate. Attackers often source information from social media such as Facebook, Twitter, and LinkedIn, profiling targets' company information, job details, and names of co-workers or business partners. Whaling is becoming more successful, and as a result there has been an increase in its popularity.

There has also been a dramatic increase in the last two years in targeted fraud cases where cyber criminals send legitimate-looking emails imitating a real person known to the target. These attacks are known as business email compromise (BEC) fraud, and involve the attacker asking the victim to make bank transfers to accounts under the attacker's control. The sophisticated nature of the campaign highlights the investment that cyber attackers will make to successfully compromise their target.

Given the significant risks and impacts associated with phishing, it is essential that the Council operates effective cyber security technology controls, supported by a strong and effective cultural awareness of phishing to ensure that all employees can identify (or at least question) and report suspicious e mails.

Given the increasing sophistication of phishing and cyber security attacks, it is also important that the Council can analyse the volume and nature of attacks reported in order to ensure that cyber security controls can be appropriately enhanced to ensure that they remain effective.

Finally, it is essential that the Council has established adequately designed cyber security controls that operate effectively to meet the requirements of the [Scottish Government Public Sector Action Plan for Cyber Resilience](#) published in November 2017.

## Scope

The objective of this review was to test the knowledge and awareness of phishing across a randomly selected sample of Council employees; Elected Members; and Member's Services teams using a mass phishing simulation technique, and assess the adequacy and effectiveness of established processes enabling employees to report receipt of suspicious e mails.

It should be noted that processes applied by CGI on behalf of the Council in relation to phishing e mails reported by employees were specifically exclude from the scope of this review.

PwC were engaged to perform this work under the terms of our Internal Audit co-source arrangements.

### E mail design

Our approach involved designing and issuing three separate phishing scenarios across a random sample of employees. The e mails used in the exercise were tailored to differing degrees of sophistication. The first and second scenarios were limited in sophistication and were designed to test user susceptibility to phishing emails branded by 3rd party entities. These e mails were purportedly issued by:

- a fictitious company named G-Vouchers offering lucrative discounts on popular items; and
- A fictitious courier service named Secure Courier Co. who claimed they had failed to deliver the targeted users package.

The third scenario was specifically designed to simulate whale (also referred to as spear) phishing and targeted Council Executives; Heads of Service; Locality Managers and (importantly) Executive and Business Support Assistants who have access to and manage senior management e mail accounts.

The design of this e mail simulated a genuine internal Freedom of Information (FOI) request, with only a minor misspelling in the sender's e mail address (foi-requests@edinbrgh.org.uk) enabling recipients to identify it as a potential phishing request. Copies of all three e mails sent are included at [Appendix 2 – Simulated Phishing e mails](#).

### Sampling

A random sample of 6,017 employees (circa 45% of Council employees with e mail accounts) was selected using an extract from the Council's Global Address List. Further Details of the sample selected are included at [Appendix 3 – Sample of Employees Targeted](#)

The phishing e mails were sent to the employees included in the sample between 24 and 26 January 2018, and results as at 2 February 2018 recorded and analysed to determine:

- The total volume of clicks and responses across the sample of employees; and
- The total number of employees who took appropriate action to report receipt of a suspected phishing e mail.

### Scope Limitations

As there is currently no single source of employee data that completely and accurately replicates the Council's organisational structure, it was not possible to perform detailed analysis of phishing



responses across Directorates; Service Areas or employee groups (for example Elected Members and their business support teams; locality teams; or executive support teams).

Consequently, our results are split between learning and teaching employees (who have unique e mail addresses) and other Council employees, with some further manual analysis performed to identify any Corporate Leadership team members or Heads of Service and their executive support teams, and Locality managers who had actioned the phishing e mails.

It should be noted that phishing simulations usually target a smaller sample of employees (circa 500), in comparison to the Council's sample population of circa 6,000 employees given the potential risk employees become aware of larger scale exercises as they progress. This risk was addressed by issuing the e mails over a short time horizon.

## 2. Executive summary

### Total number of findings

Critical	-
High	2
Medium	1
Low	-
Advisory	-
<b>Total</b>	<b>3</b>

### Summary of findings

#### Phishing Responses

The results of the phishing simulation demonstrate that that the Council could potentially be exposed to cyber security risk with 9% (528) of the sample either clicking on the links or responding to the phishing e mails.

A significant weakness was identified in relation to knowledge and awareness of whale phishing amongst the Council's senior management and their support teams (who have access to and manage senior management's e mail accounts), with a 29% response rate to the sophisticated whale phishing simulation.

The outcomes of the remaining two scenarios (which were very limited in sophistication) are aligned with the average response rate of 10% when compared to similar organisations, and demonstrated a moderate degree of security awareness from targeted employees.

Learning and teaching staff accounted for 54% (282) of responses to the voucher and parcel delivery scenarios, with 46% (240) from the remaining employees sampled. A summary of the results per simulation is included at Table 1 below:

*Table 1: Summary of phishing simulation outcomes*

Scenario	Sample Population	Out of Office Responses	Final Sample	Clicked / Replied		Total Responses (%)
				Learning and Teaching	Other	
1) G Voucher Discounts	2,997	198	2,799	113 (4%)	117 (4%)	8%
2) Secure Courier – Failed Delivery	2,999	117	2,882	169 (6%)	123 (4%)	10%
3) Freedom of Information (whale phishing simulation)	21	-	21	6		29%
Totals	6,017			528		9%

### Reporting Phishing

Employees who neglect to challenge suspicious emails also increase the Council's exposure to cyber crime as the Council cannot perform analysis on the volume and nature of e mails received, and implement appropriate measures to ensure that cyber security controls remain effective.

Our results demonstrated that only 1.4% of the 91% of employees who did not respond to the phishing e mails proactively reported receipt of a suspicious e mail. Review of historic reporting monthly reporting volumes established that these were lower than would normally be expected (an average of 17 incidents reported per month between January 2016 and January 2017) given the increasing volume and sophistication of phishing and cyber security attacks.

Additionally, review of the 'report phishing' guidance published on the Orb (the Council's Intranet) established that it cannot be easily located and that the process to report a suspicious e mail is unclear. This could potentially be the root cause of the low volume of suspicious e mails reported by employees.

Finally, there is currently no single source of employee data that completely and accurately replicates the Council's organisational structure, enabling analysis of employee e mail addresses to support future identification of employee groups for targeted ongoing cyber security training and future phishing simulation testing.

Consequently, 2 High and 1 Medium rated Findings have been raised. It is essential that these weaknesses are addressed in a time manner to ensure that the Council meets the requirements of the Scottish Government Public Sector Action Plan for Cyber Resilience.

Our detailed findings and recommendations are laid out at Section 3: [Detailed findings](#).

# 3. Detailed findings

## 1. Targeted Training

### Finding

The Council's ICT team has been running a "Stop Think Connect" cyber security awareness programme across the Council which has clearly had a positive impact as 91% of employees did not respond to the simulated phishing e mails.

However, our testing identified a significant lack of knowledge and awareness of whale phishing across Council Executives; Heads of Service; Locality Managers and (importantly) Executive and Business Support Assistants (who have access to and manage senior management e mail accounts) with a 29% response rate to the Freedom of Information whale phishing simulation. These responses included:

- One Corporate Leadership Team member;
- One Head of Service and one Locality Manager;
- One Senior Executive Assistant and one Executive Assistant; and
- One Modern Apprentice

Whilst it is expected that Senior Management will delegate access to, and management of, e mail accounts to their Executive and Business Support Assistants, they must ensure that these employees have a strong knowledge and awareness of phishing enabling them to take appropriate action and prevent inappropriate responses that could expose the Council to risk of cyber attacks.

Additionally, there is currently no mandatory phishing and cyber security training in place for all Council employees who have e mail accounts.

### Business Implication

- Risk that the Council is exposed to malware or ransomware attacks that could infect technology networks; and
- Risk that commercial or employee sensitive information is disclosed to cyber criminals by Senior Management.

### Finding Rating

**High**

### Action plans

#### Recommendation

1. Targeted whale phishing training should be designed and provided to Council Executives; Heads of Service; Locality Managers and (importantly) Executive and Business Support Assistants on an ongoing basis; and
2. Generic phishing / cyber security training should be developed and included within induction and ongoing mandatory training for all employees with Council e mail accounts;
3. Phishing / cyber security training should be reviewed and updated annually to ensure that the training content remains aligned with the increasing sophistication of attacks experienced within the Council and across other public sector bodies; and

#### Responsible Officer

Neil Dumbleton,  
Enterprise Architect

4. Ongoing phishing simulation testing exercises should be designed and implemented across all employees and contractors with Council e mail addresses, with the results recorded and analysed to identify and address target training requirements.

**Agreed Management Action**

**Estimated Implementation Date**

1. a) Accepted. A Members Briefing email was issued to Councillors and CLT members on 22/3/18. We have provided targeted training to the senior leaders group, using the term spear fishing as we feel this is most appropriate but explained how prominent people are at risk. The term whale phishing is described in our recent awareness poster. We would look to have this marked as completed.

1. Completed  
31 August 2018 for IA validation and closure

b) Targeted training in Cyber-Security for a wide range of staff roles is a Public Sector Action Plan for Cyber Resiliency (PScAP) requirement.

2. a) Completed  
31 August 2018 for IA validation and closure

ICT and Learning and Organisational Development (L&OD) attended at a workshop with Scottish Government in May 2018, and we believe that our training plans take account of all SG guidance. We subsequently demonstrated our training to them and they would like us to create guidance for Cyber Catalysts.

2b and c) 28 September 2019

We have a training and awareness plan for 2018. This has been issued to the new Cyber and Information Security Steering Group for further comment.

2d) 28 September 2018

2. a) The Phishing Awareness Course developed in conjunction with Learning and Organisational Development has been released via an e mail that includes a link to the training course to:

3. 28 September 2019

- All staff
- Targeted version to senior leaders
- Targeted version to ICT.

4. 31 October 2018

We believe the training course is suitable for varied users, and have adopted an approach where we use the same course for all users but adapt / flavour the communications to bring it alive for the target groups. We would look to deliver this to (say) finance and legal next. Feedback on the course has been overwhelming positive and we would look to have this marked as completed.

Until the fourth finding in this report is addressed which will provide a full population of employees; and their roles and position within the Council combined with their e mail addresses, we remain dependent on existing data such as manual lists and e mail distribution lists to ensure that the course is targeted at appropriate groups of employees.

b) Ongoing training is also a requirement of the Public Sector cyber action plan. ICT now has a Training and awareness plan that exceeds the commitment here. We are on target to deliver this commitment.

c) There is a requirement for the preparation of training courses. Completion of this audit action is subject to assistance from L&OD or a third party and identification of budget.

Resources have so far been available from L&OD to support the Training & Awareness plan. If they are not we would look to escalate. The need for increased awareness is a key theme of the CISSG. We are on target

to deliver this commitment before 28th September so no extension is requested.

d) Consideration will be given to the Council adopting this as mandatory training with output of discussions being provided to internal audit by ICT. The issue of making training mandatory has been raised with L&OD, and a meeting will be arranged to discuss.

3. Accepted. Once such courses are agreed ICT will ensure these are updated annually (or earlier depending on NSCS guidance changes or in response to incidents) in line with best practice advice and e.g. in-line with PScAP recommendations. The courses will be reviewed and updated by the first anniversary date of their release.
4. ICT will prepare costed proposals for ongoing phishing simulation tests. A change request has been raised with CGI to obtain the “utility” costs for an ongoing targeted simulation phishing service. The utility cost (e.g. cost per exercise per 1000 staff) will support implementation of flexible simulation exercises. We can aim for both a series of exercises e.g. one every 4 months OR carry out exercises on demand, say in response to a specific incident. If costed proposals are not feasible, alternative options will be explored.

### 3. Reporting Phishing

#### Finding

##### Reporting Culture

Whilst our testing confirmed that 91% of employees in our sample did not respond to the simulated phishing emails, there was no corresponding increase in the volume of suspicious emails reported as only 1.4% of the 91% of employees proactively reported receipt of a suspicious e mail either via phone or e mail to the CGI helpdesk.

CGI has also confirmed that:

- an average of 17 suspected phishing e mails per month were reported to the Service Desk in the period January 2016 to November 2017;
- 10 suspected phishing e mails were reported in December 2017; and
- 7 were reported in January 2018

##### Phishing Guidance

A review of the ‘report phishing’ guidance published on the Orb (the Council’s Intranet) established that it cannot be easily located and that the process to report a suspicious e mail is unclear. Specifically:

- The process for reporting phishing is not included prominently on the Orb – the ‘report it’ box on the home page does not include any links to the report phishing process (refer [Orb Home Page](#));
- The process to report phishing does not feature prominently on the ICT home page. Users must navigate their way to the ICT security link via a series of three clicks (from the main Orb home page) to find any references to e mail security; phishing and ransomware. This contrasts with only one click required on a phishing e mail link that could infect Council networks with malware;
- The process for reporting suspicious e mails in the e mail / security phishing page is unclear. Whilst the page includes a contact number and e mail address, it does not specify whether the e mails

should be forwarded or included as an attachment to enable further analysis and investigation (refer [E mail Security / Phishing Guidance](#));

- There is no specific telephone number or e mail address dedicated to reporting suspected phishing e mails. The current telephone number included in the Orb directs employees to the Council’s ICT Security Manager (who may not always be available to take calls) or to a generic ICT security e mail inbox. This is likely to cause confusion as the phishing and ransomware awareness images on laptop start up screens include a phone number and e mail address for the CGI service desk; and
- The final page of the phishing guidance page on the Orb includes a link to an online form ([Related Items – Online Forms on Phishing Page](#)) which is a form that should be used to report a data protection breach, and makes no specific reference to phishing.

Finally, whilst functionality is available to include a "report phishing" icon in the Microsoft Outlook e mail toolbar, enabling users to report receipt of suspicious e mails via one click directly from their inbox, this is not included in the version used by the Council.

Business Implication	Finding Rating
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The Council has insufficient data to monitor the volume and nature of phishing attacks targeted specifically against the Council, and ensures that cyber security controls remain sufficiently effective to combat potential cyber security attacks.

**High**

Action plans
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Recommendation	Responsible Officer
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1. Phishing Guidance on the Orb should be reviewed and refreshed with the links to the revised guidance and ‘report phishing’ telephone numbers and e mail addresses featured prominently on the home page;
2. The revised report phishing process should include step by step guidance to support employees in reporting suspicious e mails and sending them to ICT for further investigation and analysis;
3. Analysis of the nature and volume of phishing attacks reported by employees should be performed and reported to the relevant ICT governance forum; and
4. ICT should investigate and implement (if feasible) the “report phishing” icon in the Microsoft Outlook e mail toolbar. Implementation should be supported by relevant guidance on the Orb.

Neil Dumbleton,  
Enterprise Architect for all actions.

Agreed Management Action	Estimated Implementation Date
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1. and 2 - Accepted – these recommendations will both be fully implemented
3. a) Accepted in principle but there are practical constraints. Reports of phishing attempts are made to the CGI Service Desks. To provide analysis, CGI will need to extract data from the call centre records and provide data to the Council’s Security Working Group (SWG). Delivery of such data for existing metrics is subject to an overdue audit already, and this additional analysis might be at a cost to the Council.  
  
We have a commitment from CGI that they will produce the figures. We did this through the Security Working Group and not the change request process as the latter has not been effective in the past.

1. and 2 Completed  
31 August 2018 for IA validation and closure
3. a and b) 31 March 2019
4. 20 December 2019



b) If the proposal(s) are acceptable and are approved by the Council, we will aim for provision of phishing analysis to and review by the Security Working Group by March 2019.

4. CGI has agreed to add the icon as part of the EU/Office 365 roll out for both corporate and Learning and Teaching employees, and will amend the core functionality to report phishing attempts to their helpdesk. The risk is not that they don't accept doing it, but that the 0365 project is delayed. We understand this is a firm commitment with target completion date for June 2019.

#### 4. Employee Data

##### Finding

As part of the Public Sector Action Plan for Cyber Resiliency (published November 2017) The Scottish Government will seek assurances from Scottish public bodies that they have in place appropriate staff training, awareness-raising and disciplinary processes about cyber resilience for staff at all organisational levels (key action 6).

This, together with key action 4, which requires the Council to obtain appropriate independent assurance of critical cyber security controls by end October 2018, will require the Council to identify the full population of employees with e mail addresses and perform analysis of their roles, groups, and levels across the organisation (for example, Elected Members and their support teams; all executive support teams; heads of service; and locality employees).

There is currently no single source of employee data that accurately replicates the Council's organisational structure, enabling simple identification of groups of employees for targeted training or future phishing simulation exercises.

A data extract from the Council's global address list was used to select a random sample of employees for inclusion in the current phishing simulation, with the intention of selecting samples based on Directorates; Service Areas; and other groups so that results could be analysed in detail and provided to these groups for review and action (where appropriate).

This was not possible due to the quality of information recorded in the GAL which included a significant volume of both incomplete and factually inaccurate entries, and prevented accurate analysis.

##### Business Implication

It may not be possible to meet the requirements of the Scottish Government's Public Sector Action Plan for Cyber Resiliency.

##### Finding Rating

**Medium**

##### Action plans

##### Recommendation

1. An appropriate system solution (for example a database) that accurately reflects the Council's organisation structure and includes details of all employees with Council e mail addresses should be identified and implemented;
2. The content of the system should be structured to enable analysis of employees at Directorate; Service; and relevant group levels (for example Elected Members; localities; executive assistants) to support future identification of employee groups for targeted ongoing cyber security training and future phishing simulation testing;

##### Responsible Officer

1. to 4 Neil Dumbleton, Enterprise Architect with support from Katy Miller, Head of Human Resources.

3. An appropriate owner for the system will be established; and
4. Change management processes (linked to employee changes such as new starts; leavers; and movements within the Council) will be established and implemented to ensure that employee data is completely and accurately maintained.

**Agreed Management Action**

**Estimated Implementation Date**

The iTrent system (owned by HR) holds details of the organisational structure and the location and reporting lines all for all permanent and fixed term employees. It also has the capacity to record e mail addresses, however this functionality is not consistently used at present. The iTrent system will therefore be used to provide employee data for future phishing simulations once the following actions have been completed.

29 March 2019

1. An automated download of all permanent and fixed term employee e mail addresses will be extracted from active directory and uploaded into the iTrent system;
2. Appropriate reconciliations and checks will be performed to ensure that the data has transferred completely and accurately;
3. A process will be established to ensure that e mail addresses for all new employees is automatically uploaded into iTrent monthly, with appropriate reciliations and checks performed on the data; and
4. A process will be established and tested to confirm that e mail addresses for all agency employees can be provided to support future phishing simulations.

As agency employee data is not recorded in the iTrent system, details of agency employees and contractors, their e mail addressed will be extracted from the active directory application which is used to populate the global address list (GAL).

As line managers are responsible for ensuring that details provided to establish agency / contractor e mail accounts are complete and accurate, and updated to reflect any movement within the Council, there is a risk that the data used to support phishing simulations may not fully complete and accurate.



# Appendix 1 - Basis of our classifications

Finding rating	Assessment rationale
<b>Critical</b>	<p>A finding that could have a:</p> <ul style="list-style-type: none"> <li>• <b>Critical</b> impact on operational performance; or</li> <li>• <b>Critical</b> monetary or financial statement impact; or</li> <li>• <b>Critical</b> breach in laws and regulations that could result in material fines or consequences; or</li> <li>• <b>Critical</b> impact on the reputation or brand of the organisation which could threaten its future viability.</li> </ul>
<b>High</b>	<p>A finding that could have a:</p> <ul style="list-style-type: none"> <li>• <b>Significant</b> impact on operational performance; or</li> <li>• <b>Significant</b> monetary or financial statement impact; or</li> <li>• <b>Significant</b> breach in laws and regulations resulting in significant fines and consequences; or</li> <li>• <b>Significant</b> impact on the reputation or brand of the organisation.</li> </ul>
<b>Medium</b>	<p>A finding that could have a:</p> <ul style="list-style-type: none"> <li>• <b>Moderate</b> impact on operational performance; or</li> <li>• <b>Moderate</b> monetary or financial statement impact; or</li> <li>• <b>Moderate</b> breach in laws and regulations resulting in fines and consequences; or</li> <li>• <b>Moderate</b> impact on the reputation or brand of the organisation.</li> </ul>
<b>Low</b>	<p>A finding that could have a:</p> <ul style="list-style-type: none"> <li>• <b>Minor</b> impact on the organisation's operational performance ; or</li> <li>• <b>Minor</b> monetary or financial statement impact; or</li> <li>• <b>Minor</b> breach in laws and regulations with limited consequences; or</li> <li>• <b>Minor</b> impact on the reputation of the organisation.</li> </ul>
<b>Advisory</b>	<p>A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.</p>

# Appendix 2 – Simulated Phishing e mails

## 1. G Vouchers

**From:** G-Vouchers Deals [mailto:deals@goupon-vouchers.co.uk]

**Sent:** 18 January 2018 10:36

**To:** City of Edinburgh Council Employee

**Subject:** Best Of This Week! Up to 60% Off Toys and Electronics!

# G-VOUCHERS



Sphero Star Wars BB-8 with Droid Trainer

£130 ~~£78~~

[View Deal](#)



Samsung Gear S2 Classic Smartwatch

£349 ~~£140~~

[View Deal](#)



PS4 1TB Star Wars Battlefront 2 Deluxe Bundle

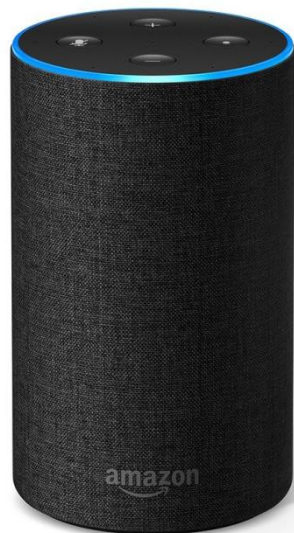
£280 ~~£120~~

[View Deal](#)

Bose QuietComfort 35 Wireless Headphones 2

£330 ~~£148~~

[View Deal](#)



Amazon Echo 2nd Generation

£70 ~~£40~~

[View Deal](#)

Need help? Have feedback? Feel free to [contact us](#).

You are receiving this email because The City of Edinburgh Council is signed up to receive exclusive dicounts from G-Vouchers.

If you prefer not to receive future G-Vouchers emails of this type, you can always unsubscribe with [one click](#).

If you'd like to manage your other subscriptions, [click here](#).

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## 2. Secure Courier

**From:** Secure Courier Co. [mailto:yourdelivery@data-scout.co.uk]  
**Sent:** 18 January 2018 10:34  
**To:** City of Edinburgh Council Employee  
**Subject:** ACTION REQUIRED: Package delivery failed



Dear XXXX,

Subject: Delivery Status Changed  
Date: March 20, 2017

Your package could not be delivered by our courier service.

REASON: INVALID POSTCODE  
PARCEL #: 541874072  
SHIPPING SERVICE: PRIORITY MAIL  
BOX SIZE: XL

To reschedule a delivery, please [click here.](#)

Thank you for using our services.

Kind Regards,  
*The Secure Courier Co. team*

This is an automated reply, so please do not reply to this mailing address.

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This message may contain confidential information. If you are not the intended recipient please inform the sender that you have received the message in error before deleting it. Please do not disclose, copy or distribute information in this e-mail or take any action in reliance on its contents, To do so is strictly prohibited and may be unlawful. Thank you for your co-operation.

Secure Courier Co. is the leading secure couriser service promoting sustainable solutions and independent edge delivery management solutions for the rapid despatch market. Secure Courier Co. is approved for exchanging customer data within Secure Courier Co. to monitor parcel status. For more information and to find out how you can switch, visit <http://www.secure-courier.co.uk>

This email has been checked for viruses. However, Secure Courier Co. and its constituent companies cannot accept responsibility for loss or damages arising from the use of this email or attachments and we recommend that you subject these to your virus checking procedures prior to use.

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## 3. Freedom of Information

**From:** FOI Admin [mailto:foi-requests@edinbrgh.org.uk]  
**Sent:** 18 January 2018 11:13  
**To:** City of Edinburgh Council Employee  
**Subject:** [Action Required]: FOI Request

### Request Assignment Form

The summary below provides details of an **FOISA** request for information that has been allocated to your service area for action. Please treat with high importance as statutory timescales apply.

**Stage 1:- Please consider the requests and questions listed below and respond to the Information Rights Officer within 5 days of receipt of this request.**

**Stage 2:- Please respond by providing the requested information to the Information Rights Officer by no later than day 15.**

### Request summary

Cost, health and safety.

Please reply to this email with each section completed.

Please return authorised by **DATE HERE**  
Finance team have advised this should be assigned to Health and Safety

Please can you provide me with the total number and total cost of equipment (furniture, computer and other aids) purchased in 2016, to make reasonable adjustments required by the Equality Act 2010.

### Stage 1

#### Request assessment

Each request has to be initially assessed. This will help your service area deal with the request more effectively, and ensure that the Council can meet its statutory obligations under compliance legislation.

Please consider the points listed below and respond to the Information Rights Officer within 5 days of receipt of this request.

1. To ensure that statutory timescales can be met, it is important that information requests are assigned to the correct service area. Can you confirm that you hold the requested information in whole or in part? If in part or no, please suggest areas where the information may be held.  
If your response is that no information is held which would fulfil this request in whole or in part please record below.

--

2. Under FOI legislation we can seek clarification and further details if we are not clear about what is being asked for (e.g. date range). Please indicate if you require further clarification?

--

**Stage 2**

After responding, please continue to collate the requested information, unless instructed otherwise by the Information Rights Officer. **Please return requested information to the Information Rights Officer by no later than day 15.**

If you do not respond, we will assume that the requested information will be provided in full and returned to the Information Rights Officer by no later than day 15.

When providing the requested information, it would be helpful if you could provide an estimate of the total time taken to deal with the request. This will be used for performance and monitoring purposes.

# Appendix 3 – Sample of Employees Targeted

Area	Sample Selected	Scenario
Corporate Leadership Team	4	FOI Request
CLT Support	5	FOI Request
Heads of Service / Locality Managers	7	FOI Request
Heads of Service Support	5	FOI Request
Teaching and Learning	1,198	G Vouchers
Teaching and Learning	1,199	Secure Courier – Failed Delivery
Other Employees	1,799	G Vouchers
Other Employees	1,800	Secure Courier – Failed Delivery
Totals	6,017	



# ***The City of Edinburgh Council***

## **Internal Audit**

### **CGI Contract Management – Programme Management**

Final Report

6 July 2018

ICT1702



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This internal audit review is conducted for the City of Edinburgh Council under the auspices of the 2017/18 internal audit plan approved by the Governance, Risk and Best Value Committee in March 2017. The review is designed to help the City of Edinburgh Council assess and refine its internal control environment. It is not designed or intended to be suitable for any other purpose and should not be relied upon for any other purpose. The City of Edinburgh Council accepts no responsibility for any such reliance and disclaims all liability in relation thereto.

The internal audit work and reporting has been performed in line with the requirements of the Public Sector Internal Audit Standards (PSIAS) and as a result is not designed or intended to comply with any other auditing standards.

Although there are a number of specific recommendations included in this report to strengthen internal control, it is management's responsibility to design, implement and maintain an effective control framework, and for the prevention and detection of irregularities and fraud. This is an essential part of the efficient management of the City of Edinburgh Council. Communication of the issues and weaknesses arising from this audit does not absolve management of this responsibility. High and Critical risk findings will be raised with senior management and elected members as appropriate.

# 1. Background and Scope

## Background

CGI is the City of Edinburgh Council's (the Council's) strategic technology service provider to whom the Council has outsourced operational management and delivery of its key ICT systems and infrastructure.

The Council's ICT vision is to deliver technology solutions that are based on understanding and responding to customer needs. The ICT & Digital (ICT&D) transformation programme (the Programme) is therefore aligned with the Council's strategic objectives and comprises a number of significant transformational technology projects designed to deliver the vision, and circa 500 smaller projects and change requests. The Council is fully dependent on CGI as their technology partner to deliver the Programme.

Since the contract commenced in 2015, CGI has underperformed on agreed contractual commitments. Transformation projects have often missed the original delivery dates, and, in some cases, the revised delivery date. This has meant that the Council has been unable to realise the benefits and/or savings envisaged.

As a result of performance issues experienced, the Council has escalated the situation to CGI Senior Management, and the Council's Governance, Risk, and Best Value Committee and, in January 2018, the framework governing management of the CGI relationship and their delivery of the Programme was refreshed.

At the time that this review commenced (April 2018), the Council and CGI had been developing improved programme monitoring governance processes for 3 months and ICT management had advised that governance practices had improved.

A review of Project and Programme Management and Benefits Realisation was completed in January 2018, and raised a High rated finding in relation to programme management. The agreed management response included an action to implement and embed standard programme management standards and processes, including RAID management and reporting across the Council's Portfolio of Change.

Management has advised that Programme reporting (including the risks; issues; and dependencies or RAID log) is consolidated with progress reporting for each of the projects included in the Council's Portfolio of Change, and forms part of the ongoing reporting provided to the Council's Change Board.

## Scope

Given the criticality of Programme delivery for the Council, this review was scoped to assess the adequacy of the design of the Council's refreshed governance model in place to oversee CGI Programme delivery during the period January – March 2018, during April 2018.

## Scope Limitations

Note that scope was limited as follows:

1. only the governance processes in place to monitor CGIs delivery of the transformation programme were included, other aspects of CGIs project management and service delivery were excluded from scope; and
2. due to the short timeframe under review and the ongoing development of governance processes and controls in place, this review was limited to an assessment of the design of governance controls. It was not possible to test their operating effectiveness.

To the extent that documentation for individual projects was reviewed in relation to the governance processes described, this review targeted the following 2 projects selected based on their stage of completion and stakeholder group impacts:

- Customer Transformation; and
- End User Computing.

## 2. Executive summary

### Total number of findings

Critical	-
High	-
Medium	2
Low	-
Advisory	-
<b>Total</b>	<b>2</b>

### Summary of findings

Our review confirmed that the Council's refreshed governance model established to enable oversight of CGI Programme delivery is generally well designed with some moderate control gaps. Consequently, two medium and one low rated finding has been raised.

This outcome reflects the governance improvements implemented in the first quarter of 2018; management's awareness of the gaps in the design of the governance framework, and the ongoing need for improvement; and the significant level of effort in early 2018 to improve the relationship between the Council and CGI. Specifically:

- Senior CGI staff assigned to the Programme have changed entirely in 2018 following escalations to the CGI CEO at the end of 2017;
- CGI performance issues have been escalated by senior management to the Council's Governance, Risk and Best Value Committee;
- a 3 day off-site Council and CGI working group was held at the end of April, resulting in a number of agreed collaborative actions for change;
- ICT has improved the escalation process with additional fortnightly programme status and fortnightly risk review meetings to focus on some of the detail that is causing delays and poor quality deliverables; and
- ICT have worked with CGI to improve the quality of governance documentation through improved templates and quality review activities.

The need to further improve the recently refreshed CGI governance model is reflected in our first Medium finding, which identifies the need to clearly define how the model will operate, and the requirement to set expectations regarding the quality and timeliness of documentation to be provided by CGI to governance forums. There is also opportunity to move towards a more effective partnership working model via co location (where possible).

Our second Medium finding highlights the need to ensure that all relevant Council employees have access to update the ICT and Digital programme (the Programme) risks, issues and dependencies (RAID) log maintained by CGI, and that CGI are clear on the Council's expectations regarding its completeness and quality.

The content of the RAID log should also be improved to provide a more holistic view of risks, issues and dependencies across the Programme, providing the Council's Change Board with a clearer view of their potential impact across the entire Portfolio of Change.

We also noted a general lack of reporting to governance on benefits realisation. As this has already been raised in our review of Project and Programme Management and Benefits Realisation, completed in January 2018, it has not been raised again.

Our detailed findings and recommendations are laid out at Section 3: [Detailed findings](#).

# 3. Detailed findings

## 1. Joint governance model

### Finding

Whilst the Programme governance reset has been beneficial and successful with a clear governance structure defined supported by good quality terms of reference, we have identified the following areas where further improvement is required:

#### Operating model definition and documentation

There is a written, mutual understanding of the combined CEC and CGI operating model (as documented in the Operational Framework Document), however, details in the governance section of the document are sparse.

During the review we noted the following ambiguities in the current governance process:

- lack of clarity on the process for collating and reporting Programme risks to governance committees;
- ICT staff performing quality review tasks that we would anticipate CGI would perform internally – e.g. relating to risk documentation, report preparation, dashboard template design; and
- a plan to bolster PMO capability within the ICT team where this is a service provided by CGI.

#### Quality of Governance Documentation *(note that these issues are self-identified by ICT)*

- papers are not always submitted by CGI on the agreed mailing date which undermines the effectiveness of the process as there is insufficient time for ICT to review the papers in advance of scheduled meeting dates;
- the Programme dashboard presented at the Programme Board is not a holistic view of the Programme, but a compilation of several project dashboards. This does not enable the Board to focus on the overall effectiveness and status of transformation including interdependencies between projects. Additionally, the quality of the RAID log taken to this Board should also be improved (as per finding 2 in this report)
- the Programme Board is a one hour meeting which does not provide sufficient time to review all of the transformation work in progress; and
- the Partnership Board reviews a report that is one month old i.e. the details discussed are not current but are statuses as at one month prior.

### Business Implication

- Potential duplication of effort; additional costs; and lack of clarity re roles and responsibilities;
- effectiveness of programme delivery could be adversely impacted if governance processes do not operate effectively; and
- the Council’s ability to deliver transformation is not optimised.

### Finding Rating

**Medium**

### Action plans

#### Recommendations

1. The revised governance operating model should be fully documented and agreed with CGI. The model should cover committee operating rhythms; roles and responsibilities of key staff; PMO responsibilities and

#### Responsible Officer

Derek Masson,  
Programme and Delivery  
Manager, ICT Solutions

<p>deliverables; detailed governance processes; risk reporting and benefit monitoring; and the requirement to regularly review and refresh terms of reference and meeting schedules for the governance bodies;</p> <ol style="list-style-type: none"> <li>A more relevant cut off date should be agreed for papers to be presented to governance committees;</li> <li>Sufficient time should be afforded to Programme Board meetings to allow for full review, discussion, and challenge on the papers provided by CGI; and</li> <li>Information should be presented at a Programme level in dashboard form, providing a holistic view across the Programme, to enable effective review, challenge and escalation where appropriate.</li> </ol>	
<p><b>Agreed Management Action</b></p>	<p><b>Estimated Implementation Date</b></p>
<ol style="list-style-type: none"> <li>Recommendation agreed. In partnership with CGI, the existing Governance Operational Framework document will be expanded to include detailed coverage of the areas highlighted above;</li> <li>Recommendation agreed. A governance papers receipt tracker will be created, with any issues arising reported to the Partnership Board. Reporting packs are produced as at relevant month end, however, an addendum will be created to cover any significant updates relevant to the interim period between month end and the required date of the governance papers submission;</li> <li>Recommendation agreed. The duration of the Programme Board meetings will be extended to two hours; and</li> <li>Recommendation agreed. Programme Governance reporting will be presented to the Programme Board in a dashboard format.</li> </ol>	<p>31 October 2018</p> <p>31 October 2018 (Commencing as per September month end reporting pack.)</p> <p>31 August 2018</p> <p>31 October 2018</p>

## 2. Completeness and quality of Programme RAID log

### Finding

Programme risks, issues, and dependencies are recorded in and reported from the CGI risk management system (RiskIT) by CGI project teams. Council staff do not have access to this system, and are secondary users of Excel excerpts generated from RiskIT provided by CGI. Consequently, Council employees are unable to contribute directly to a single source RAID log for the Programme

The RAID log provided by CGI, is a compilation of individual CGI project level technology RAID logs, with no clear evidence of programme level RAID entries or RAID entries which are non-technology items. The resulting output is, therefore, not a holistic CGI Transformation Programme RAID log.

The ICT team has identified a need to improve the quality of CGI RAID documentation to enable better understanding and communication between CGI; ICT; Council project teams and effective reporting to governance committees.

Our review of RAID logs dated March 2018, supports this view and identified the following issues with the RAID log content:

- poorly defined / ambiguous language;
- lack of explicit response - i.e. treat, accept, avoid or monitor;

- lack of clear actions with deadlines; and
- inconsistencies in the quality and type of information captured

CGI is the owner of the Programme RAID log and is responsible for quality of documentation. The Council does have a responsibility, however, to ensure that the content is of sufficient quality to enable effective reporting, monitoring and decision making.

ICT has implemented a fortnightly risk review meeting, providing a dedicated forum for ICT and CGI to review RAID logs together. However, improved quality at source is still something that CGI and CEC should work on.

**Business Implication**

**Finding Rating**

- The RAID log is incomplete;
- No holistic view of risks; assumptions; issues and dependencies across the Programme, and lack of understanding of the content of the RAID log and any potential impact on project / Programme delivery; and
- Risk of incomplete or inaccurate reporting to the Council’s Change Board.

**Medium**

**Action plans**

**Recommendation**

**Responsible Officer**

1. All CGI and Council project and programme management employees should have access to and be able to contribute to one single consolidated Technology Transformation Programme RAID log;
2. An agreed format for the structure of the RAID log and quality of content should be agreed between the Council and CGI. If possible, the structure of the RAID log should be aligned with the RAID log produced for the Council's Portfolio of Change;
3. ICT should provide robust ongoing challenge re the quality of RAID documentation, and where this isn't of sufficient quality, should request review and revision by CGI; and
4. ICT should liaise with the Council’s Strategic Change and Delivery Team to ensure that the refreshed ICT & Digital Programme RAID documentation is fully aligned with existing RAID reporting across the Council’s Portfolio of Change, supporting ongoing consolidation of RAID reporting for presentation to the Council’s Change Board.

Derek Masson,  
Programme and Delivery  
Manager, ICT Solutions

**Agreed Management Action**

**Estimated Implementation Date**

1. Recommendation agreed. The option for all CGI and Council project and programme management employees to be granted access to RiskIT, for the purposes of contributing to a single Programme RAID log will be explored. Failing this, an alternative means will be found to satisfy the requirements of the recommendation.
2. Recommendation agreed. Agreement will be reached between CGI and the Council on the structure and required content quality of the Programme RAID log. This will be recorded in a document which will also include risk parameter definitions and be approved by the Programme Board.

All actions to be completed by 31 October 2018.



3. Recommendation agreed. Ongoing challenge regarding the quality of the Programme RAID log will be facilitated at the bi-weekly Programme Risk meetings, with appropriate escalation to the Programme Board if required.
4. Recommendation agreed. ICT Solutions will liaise with the Council's Strategic Change and Delivery Team with a view to ensuring the RAID reporting across the Technology Transformation Programme is fully aligned with existing RAID reporting across the Council's Portfolio of Change.

# Appendix 1 - Basis of our classifications

Finding rating	Assessment rationale
<b>Critical</b>	<p>A finding that could have a:</p> <ul style="list-style-type: none"> <li>• <b>Critical</b> impact on operational performance; or</li> <li>• <b>Critical</b> monetary or financial statement impact; or</li> <li>• <b>Critical</b> breach in laws and regulations that could result in material fines or consequences; or</li> <li>• <b>Critical</b> impact on the reputation or brand of the organisation which could threaten its future viability.</li> </ul>
<b>High</b>	<p>A finding that could have a:</p> <ul style="list-style-type: none"> <li>• <b>Significant</b> impact on operational performance; or</li> <li>• <b>Significant</b> monetary or financial statement impact; or</li> <li>• <b>Significant</b> breach in laws and regulations resulting in significant fines and consequences; or</li> <li>• <b>Significant</b> impact on the reputation or brand of the organisation.</li> </ul>
<b>Medium</b>	<p>A finding that could have a:</p> <ul style="list-style-type: none"> <li>• <b>Moderate</b> impact on operational performance; or</li> <li>• <b>Moderate</b> monetary or financial statement impact; or</li> <li>• <b>Moderate</b> breach in laws and regulations resulting in fines and consequences; or</li> <li>• <b>Moderate</b> impact on the reputation or brand of the organisation.</li> </ul>
<b>Low</b>	<p>A finding that could have a:</p> <ul style="list-style-type: none"> <li>• <b>Minor</b> impact on the organisation's operational performance ; or</li> <li>• <b>Minor</b> monetary or financial statement impact; or</li> <li>• <b>Minor</b> breach in laws and regulations with limited consequences; or</li> <li>• <b>Minor</b> impact on the reputation of the organisation.</li> </ul>
<b>Advisory</b>	<p>A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.</p>

# Appendix 2 – Terms of Reference

To: Stephen Moir, Executive Director, Resources  
Bruce Strang, Chief Information Officer

From: Lesley Newdall, Chief Internal Auditor

Date: 19<sup>th</sup> March 2018

This review is being undertaken as part of the 2017/18 internal audit plan approved by the Governance, Risk & Best Value Committee in March 2017.

## Background

CGI are the City of Edinburgh Council's (the Council's) strategic technology service provider and the Council have outsourced operational management and delivery of its key ICT systems and infrastructure to CGI.

The Council's ICT vision is to deliver technology solutions that are based on understanding and responding to customer needs. The ICT & Digital (ICT&D) transformation programme (the Programme) is therefore aligned with the Council's strategic objectives and comprises a number of significant transformational technology projects designed to deliver the vision, and circa 500 smaller projects and change requests. The Council is fully dependent on CGI as their technology partner to deliver the transformation programme.

Since the contract commenced, CGI have underperformed on agreed contractual commitments. Transformation projects have often missed the original delivery dates, and, in some cases, the revised delivery date and this has meant that the Council has been unable to realise the benefits and/or savings envisaged. As a result of performance issues experienced, the Council has escalated the situation to CGI Senior Management, and the Council's Governance, Risk, and Best Value Committee and, in January 2018, the framework governing management of the CGI relationship and their delivery of the Programme was refreshed.

## Scope

Given the criticality of the Council's ability to deliver the Programme, this audit has been scoped to assess the effectiveness of the Council's approach to managing the contractual relationship with CGI, with specific focus on the Council's refreshed governance model and processes that facilitate oversight of the CGI Programme delivery.

To the extent that documentation for individual projects requires to be reviewed in relation to the governance processes described, this review will be targeted at the following 3 projects selected based on their stage of completion and stakeholder group impacts:

- Barclay Card;
- Customer Transformation; and
- End User Computing.

## Limitations of Scope

- Interviews and follow up meetings with stakeholders will be limited to those we determine to be key or where we require further information to clarify processes and controls; and

- Only those processes, controls and activities within the control of the Council are included in scope. We will not review or comment on processes, controls or activities that are owned by CGI.

### Approach

Our review will involve:

1. Desktop review of governance framework documents;
2. Discussion with the ICT management team and project stakeholders to understand the operation of the new governance framework across the Programme and individual projects; and
3. Review of Programme and project documentation that supports operation of the governance framework.

Sub-process	Focus Area
Programme governance	<p>We will:</p> <ul style="list-style-type: none"> <li>• Review the new CGI governance framework applied by the Council and CGI with focus on oversight of CGI programme delivery;</li> <li>• Assess how the governance framework is designed to identify and escalate risks, issues, and dependencies in CGI's Programme delivery;</li> <li>• Determine that governance arrangements specify clear roles and responsibilities at all levels for both the Council and CGI and allows for effective and timely decision making throughout the duration of the Programme; and</li> <li>• Obtain and review a sample of key documents to confirm that the Programme governance framework is effectively and consistently applied.</li> </ul>
Project Costs	<p>We will:</p> <ul style="list-style-type: none"> <li>• Consider how the governance framework ensures that costs associated with change requests are either covered by the output based specification (OBS) aspect of the CGI contract, or should be separately costed on a commercial basis;</li> <li>• Confirm that the governance framework includes monitoring of CGI costs across the programme;</li> <li>• Sample test costs associated with the three technology projects in scope to confirm that all additional costs in relation to CGI deliverables have been reviewed and approved by the Council; and</li> <li>• Verify that there is an audit trail from the additional billed costs sampled (above) to approved change order or budget variance order.</li> </ul>
Risks, Issues and Dependencies	<p>We will:</p> <ul style="list-style-type: none"> <li>• Obtain and review the Programme risk, issues and dependencies register(s);</li> <li>• Assess how the Council confirms that Programme risks, issues and dependencies are effectively identified; assessed; escalated; managed and mitigated by CGI;</li> <li>• Review the Council's process for monitoring Programme risks, issues and dependencies to ensure they are actioned appropriately prior to closure; and</li> <li>• To validate understanding obtained above, obtain and review risk, issues and dependencies registers for three technology projects and sample test a subset of key risks, issues and dependencies to ensure that they are</li> </ul>

	appropriately managed and escalated through both the project and Programme governance structure as required.
Resource planning	<p>We will:</p> <ul style="list-style-type: none"> <li>• Determine how the Council ensures that CGI has allocated appropriate resources across the Programme and to individual projects;</li> <li>• Review how issues in resource planning and resource utilisation are escalated through governance; and</li> <li>• Test for three technology projects that resource issues have been escalated in line with the governance model.</li> </ul>

### Internal Audit Team

Name	Role	Contact Details
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### Timetable

Fieldwork Start	20 <sup>th</sup> March 2018
Fieldwork Completed*	13 <sup>th</sup> April 2018
Draft report to Auditee**	13 <sup>th</sup> April 2018
Response from Auditee	27 <sup>th</sup> April 2018
Final Report to Auditee	4 <sup>th</sup> May 2018

\* Agreed timescales are subject to the following assumptions:

- All relevant documentation, including source data, reports and procedures, will be made available to us promptly on request.
- Staff and management will make reasonable time available for interviews and will respond promptly to follow-up questions or requests for documentation.

- The subset of stakeholders selected for follow-up discussions will be available to conduct these discussions during weeks commencing 3rd April and 9<sup>th</sup> April.

\*\* Draft report will be in the form of draft findings on 13<sup>th</sup> April. Draft report will be available on 20<sup>th</sup> April.

# ***The City of Edinburgh Council***

## **Internal Audit**

**EIJB1701 – Health and Social Care Partnership  
Purchasing Budget Management**

Final Report

20 July 2018

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This internal audit review is conducted for the Edinburgh Integration Joint Board under the auspices of the rebased 2017/18 internal audit plan approved by the Audit and Risk Committee in December 2017. The review is designed to help the Edinburgh Integration Joint Board assess and refine its internal control environment. It is not designed or intended to be suitable for any other purpose and should not be relied upon for any other purpose. The Edinburgh Integration Joint Board accepts no responsibility for any such reliance and disclaims all liability in relation thereto.

The internal audit work and reporting has been performed in line with the requirements of the Public Sector Internal Audit Standards (PSIAS) and as a result is not designed or intended to comply with any other auditing standards.

Although there is a number of specific recommendations included in this report to strengthen internal control, it is management's responsibility to design, implement and maintain an effective control framework, and for the prevention and detection of irregularities and fraud. This is an essential part of the efficient management of the Edinburgh Integration Joint Board. Communication of the issues and weaknesses arising from this audit does not absolve management of this responsibility. High and Critical risk findings will be raised with senior management and elected members as appropriate



# 1. Background and Scope

## Background

In April 2014, the Scottish Government enacted new legislation, [the Public Bodies \(Joint Working\) \(Scotland\) Act 2014](#) (the Act) that required all Health Boards and Local Authorities in Scotland to integrate their health and social care services for adults.

This resulted in the creation of the Edinburgh Joint Integration Board (EIJB) which is responsible for commissioning; directing; and governing; the activities of the Edinburgh Health and Social Care Partnership (the Partnership). The Partnership comprises NHS Lothian, and the City of Edinburgh Council who work together to deliver health and social care services for adults across the City.

Four localities were established across Edinburgh in May 2017 to enable delivery of Partnership services, with emphasis on anticipatory planning for people's care needs and their long-term support in the community. Each locality is responsible for establishing and managing the resources required to support service delivery, including financial planning and management.

## Directions

The Act places an obligation on Integration Joint Boards to issue directions to the Partnership to ensure effective implementation of health and social care strategic plans. To date, the EIJB has issued the following financial directions to the Partnership.

1. **EIJB Direction 2 – Integrated structure** - the City of Edinburgh Council and NHS Lothian are directed to complete the implementation of Phase 2 of the integrated structure; including final assessment of budgetary position and establishment of budgets held on a locality basis; and
2. **EIJB Direction 3 – Key processes**
  - (b) redesign the referral process including the integration of Social Care Direct; and
  - (f) review and simplify the Funding Allocation System used to calculate indicative budgets

## Partnership Budget

The total Partnership budget for 2017/18 was £500M (2016/17 £676M). Of this, the total budget for social care services was £239M (2016/17 £190M), with the purchasing budget set at £148M (2016/17 £143M).

Social care services are predominantly delivered by the Council, with an approved purchasing budget for these services agreed at the start of each financial year. The main drivers of purchasing budget spend are:

- In house services – provision of in house services by the Partnership by CEC and NHS employees;
- Care at Home Contracts – provision of services with 3<sup>rd</sup> party suppliers to provide home care services;
- Block – provision of service via 3<sup>rd</sup> party suppliers with contracts based on pre-agreed volumes;
- Individual Service Funds (ISFs) – value of the care package is paid to a provider chosen by the client who then agrees with the provider how the care will be delivered;
- Direct Payments (DPs) – direct payment made to client who then arranges their own support; and
- Spot – spot purchasing of home care services from external 3<sup>rd</sup> parties when required.

## **Service Delivery and Technology Systems**

The Partnership is supported in social care service delivery by a number of established Council teams, for example; Business Support; Transactions; ICT Solutions; and Strategy and Insight. A full list of the teams contacted during the course of our audit review is included at [Appendix 3 – Partnership Support Teams](#).

The Partnership manages and records delivery of social care on Swift, an established Council care management database introduced in April 2006. All client information (for example assessment and personal support plans information) is recorded on Swift via the AIS (Adults Integrated Solutions) front end application. Swift also records financial data in relation to client financial assessments and external provider charges, and generates care payments and charges via an Oracle payment system interface. The system also supports service delivery planning and ongoing performance reporting.

Client assessment information is also maintained on the NHS 'TRAK' Patient Database, whilst the NHS 'Hospital Dashboard – Tableau' system is used to monitor hospital discharges where subsequent social care support may be required.

### **Scope**

This review was added to the 2017/18 EIJB internal audit plan following identification of a forecast overspend on the Partnership's home care purchasing budget of £12m for the 2017/18 financial year as at 31 August 2017. Initial analysis performed by finance confirmed that this appeared to be driven by increased demand for services and failure to deliver approved savings under the Health and Social Care Transformation Programme.

Our review assessed the adequacy and effectiveness of controls established across the Partnership to support service delivery by the Localities and demand management in line with approved financial budgets. Our full terms of reference are included at [Appendix 5](#).

A separate review of Social Care Commissioning has been completed as part of the EIJB 2017/18 Internal Audit plan.

## 2. Executive summary

### Total number of findings

<b>Critical</b>	-
<b>High</b>	4
<b>Medium</b>	-
<b>Low</b>	-
<b>Advisory</b>	-
<b>Total</b>	<b>4</b>

### Summary of findings

The forecast overspend on the Partnership's home care purchasing budget (£12M at 31 August 2017) has been addressed by obtaining £4.2M of recurring funding from the social care fund, and an additional one-off contribution of circa £7m from the Council.

Whilst this additional funding resolves the Partnership's 2017/18 budget position, it does not address the underlying root causes that contributed to the overspend. Council Finance senior management has advised that the Partnership has not achieved social care service delivery in line with agreed budgets since 2014/15, and attribute this to lack of strategic action to offset increasing ISF / DP growth (£16.6M in 2015/16 and £25.5M in 2017/18) and care at home demand; inability to deliver approved budget savings; and lack of implementation of both internal and external audit recommendations on both business and financial controls.

Our review has confirmed that Partnership management has not delivered against the financial directions (2 and 3) issued by the EIJB to the partnership organisations (the Council and NHSL), and identified four areas where significant and systemic operational and financial control weaknesses have adversely impacted upon purchasing budget spend. Consequently, four High rated findings have been raised.

Whilst noting that delivery against financial direction has not been achieved, it is acknowledged that the Partnership has been impacted by significant changes at senior management level, with three changes at Chief Officer level in the last year. A new senior management team has now been appointed and will focus on reviewing the current operational arrangements supporting service delivery.

The first High rated finding notes that as the Partnership's operating structure had not been finalised, financial budgets (including the locality purchasing budget) had not been devolved / allocated across the localities (as at December 2017), and that the client and cost data maintained in Swift was not aligned with the localities operating model. As a result, the Partnership has not yet met the requirements of the second EIJB direction (Integrated Structure), which required the establishment of locality budgets, and locality managers have been unable to effectively manage locality purchasing costs and budgets.

Management has advised that a 'purchasing realignment group' has been established and is working towards allocation of Partnership budgets across the localities.

Our second finding notes that there is currently no funding allocation model used across the Partnership as required by the third EIJB direction (Key Processes – part f). resulting in non-compliance with the requirements of the Social Care (Self-directed Support) (Scotland) Act 2013, as the range of care

options prescribed by the Act cannot be accurately costed to support client choices. This issue was raised as a High rated finding in our Self-directed Support Option 3 review completed in August 2016, and has not yet been resolved.

This finding also reflects weaknesses in the design of financial controls that should be applied end to end processes to ensure that care packages are accurately and consistently costed with variances appropriately approved; care payments are stopped upon cessation of the service; and that all charges for additional services are completely and accurately applied. This finding also highlights a lack of controls within the Swift system enabling care costs to be overwritten, and a lack of segregation of duties when processing Individual Service fund and Direct Payment payments that should be immediately addressed.

The scale and complexity of the operational structure and lack of understanding of holistic processes, responsibilities, and accountabilities of the teams supporting delivery of social care is reflected in our third finding. This finding highlights that end to end procedures supporting service delivery have not been established; the significant number of hand offs between teams involved; and high volumes of manual workarounds applied.

The need to implement a framework to support contract and grant management across the Partnership, with focus on improving controls supporting ongoing supplier and contract management is reflected in our fourth finding. Our main concerns here are that there are no clearly established delegated authorities supporting issue of contracts; contracts are currently being issued in the name of a former employee; contracts are not consistently priced; there is no clearly defined operational guidance supporting use of spot contracts; and no monitoring performed to confirm that the volume and cost of spot contracts is reasonable. Management has advised that a new Partnership contracts manager has recently been appointed who will be responsible for progressing work in these areas.

Effective financial and budget management is also an important element of commissioning, as budgets generally constrain capacity to deliver services. A separate review of social care commissioning (EIJB1702) was completed in June 2018, and the outcomes reported separately. The findings raised in the commissioning review in relation to maturity of social care commissioning; management capacity; and the need for clarity on roles and responsibilities should be considered in the context of addressing the findings raised in this report.

## Management Response

Whilst Partnership and Customer senior management recognise the need to address the financial control weaknesses identified, a wider review of both strategic (for example options in relation to Swift) and current operational service delivery arrangements is required, with appropriate project management resource and capacity to support this process.

In the interim, a Partnership working group will be established / existing working groups refreshed. This group will include Partnership senior management and representation from Finance; Customer; ICT; and Strategy and Insight. The group will ensure that these findings are included in the wider service delivery review, and incorporated into an overarching plan that focuses on delivery of strategic and operational service delivery solutions, with initial focus on addressing the supplier and contract management issues raised in Finding 4.

The Partnership working group will be established by the Chief Finance Officer by **28 September 2018** and the plan produced by **21 December 2018**. The plan will then be reviewed by IA to confirm that it addresses all findings raised in this report, and individual IA findings raised to support subsequent IA follow-up to ensure that the control gaps identified have been effectively addressed.

In the interim, control gaps that expose the Partnership to significant financial risk, or gaps that can be remediated in the short to medium term will be addressed. Management responses in relation to these and agreed implementation dates are included in the detailed findings at Section 3 below.

## 3. Detailed findings

### 1. Purchasing Budget Allocation

Findings	
<p>Whilst an overall Partnership purchasing budget has been established, the budget had not been appropriately devolved / allocated across the localities as at December 2017. Additionally, care package cost data maintained on the Swift system is not aligned with the localities operating model, and no locality financial management information is currently available.</p> <p>Locality Management has advised that they are aware of these issues.</p> <p>Finance senior management confirmed that a draft report was presented to the Partnership senior management team in April highlighting the need for alignment of financial budgets; income and cost centres with the localities operating model. The draft report notes that this exercise is a significant undertaking as it requires amendments to the general ledger; Swift; and other core financial systems.</p> <p>We understand that a 'purchasing realignment group' has been established to resolve allocation of budgets across the localities.</p>	
Business Implication	Finding Rating
<ul style="list-style-type: none"> <li>Failure to deliver against EIJB direction 2, which requires that budgets should be established and maintained on a locality basis; and</li> <li>Locality managers are unable to monitor actual in comparison to planned spend for their localities; and</li> <li>Budget overspends are not identified in a timely manner.</li> </ul>	<div style="background-color: red; color: white; padding: 10px; width: 60px; margin: 0 auto;">High</div>
Action plans	
Recommendation	Responsible Officer
<ol style="list-style-type: none"> <li>A detailed financial budget allocation delivery plan should be developed with defined timescales for each stage of the implementation of the locality operating model budgets.</li> <li>A consistently applied budget monitoring process should be clearly defined, documented, implemented, and communicated to all budget managers within the Locality operating model; with training provided to budget managers on how budgets should be managed.</li> <li>The budget monitoring process should include, but not be restricted to: <ul style="list-style-type: none"> <li>Agreement on how overspends should be managed against increasing demand for services;</li> <li>Responsibility for ongoing oversight of locality budgets and upward reporting to relevant governance forums / committees; and</li> </ul> </li> <li>A detailed plan should be developed and implemented, to ensure that the Swift system is updated so that H&amp;SC Swift system care costs and recharges are aligned with and set against the relevant locality budgets.</li> </ol>	<p>Chief Finance Officer</p>

Agreed Management Action	Estimated Implementation Date
These recommendations will be addressed within scope of the strategic management action detailed in the Executive Summary at Section 2.	

## 2. Financial Controls

### Findings

Our review identified a number of significant financial control gaps across the teams supporting delivery of social care by the Partnership, and the processes they apply:

#### 1) Funding allocation model

There is currently no funding allocation model established within the Partnership to ensure that budgets for packages of care are established and monitored based on an ongoing assessment of client needs.

Additionally, there is no evidence to confirm that each of the self-directed support options have been fully discussed with clients, and that they are given the opportunity to choose from the available self-directed support options.

This issue was raised as a High rated finding in our Self-directed Support Option 3 'Communication of the budget' review completed in August 2016, and has not yet been resolved.

#### 2) Delegated financial authorities

No clear delegated financial authorities have been established for approval of the cost of care packages or spot purchase contracts.

Our review established that a number of interim financial guidance documents have been issued, and that there is a lack of clarity re the actual authorisation limits that should be applied. Further details of the guidance that has been issued is included at [Appendix 2](#).

Additionally, the Service Matching Unit (SMU) is processing packages of care initiated by hospital occupational therapists with no independent approval of costs by localities. It was not possible to identify the total volume and costs of these care packages, as it is understood that there is no unique identifier allocated to these cases to confirm their source.

Review of approval of personal support plans for a sample of 20 Individual Service Fund (ISF) and Direct Payment (DP) cases in comparison to the approval limits included within interim financial approval process and the national care home nursing care rate (included within the two documents provided by management as being the current authorisation limits applied as detailed within appendix 2) identified:

- at least five cases that were not appropriately approved within the specified limits; and
- a further four cases where the personal support plan was signed off by either a Hub or Cluster Manager where the cost of care exceeded the £2K per week limit specified. We were unable to confirm whether additional levels of authorisation were required for these costs, as this was not detailed in the interim procedures.

#### 3) Charging Policy / Procedures

Charging policies to support consistent and accurate pricing and charging of social care services provided to clients in addition to their assessed needs have not been finalised. Whilst the Transaction Team confirmed draft charging procedures have been prepared, Partnership Senior Management has confirmed that there is currently no owner of charging policies and procedures,

Information regarding paying for care and the financial assessment process is available on the Council's external website at [Care and Support at Home](#), however we could not establish who owns this web



content and whether the charges specified are accurate. The details provided are not aligned with the information published on the Orb (refer: [receiving care and support at home](#) guidance dated 2013-14 which specifies a rate for £12.50 per hour for any chargeable services.

We did confirm that client charges are being applied on Swift, however, the completeness and accuracy of charges applied could not be confirmed due to lack of an established charging policy detailing the costs to be applied for additional services.

In addition; the Transactions Team confirmed that if an 'allocated worker' has incorrectly indicated whether an element of the support (to be provided) is chargeable, this results in the client either being billed in error or not at all. The Transactions Team indicated that they are not able to assess the completeness and accuracy of the billing report which is produced from the Swift System.

#### **4) Cessation of and reduction in service**

Notification of cessation of and reduction in service is not provided by Social Workers to Business Support in a timely manner, resulting in reliance on external providers to advise of changes in service, and overpayments that must be reclaimed retrospectively from the relevant providers.

All changes should be advised to Business Support by Social Workers via updated case notes on Swift. Notification can also be provided by General Practitioners and hospitals via a share point portal.

This process is not operating effectively partly due to the backlog of locality client reviews and issues regarding the timely update of the SharePoint portal.

Our sample testing identified two overpayments to the value of £14k that had not been reclaimed from external providers.

#### **5) Swift system controls**

Standard care cost rates specified in the 'guide to price' owned by the Partnership's contracts team-are not hard coded into the Swift system to ensure consistent costing of care packages. Our review also confirmed that care costs can be manually entered into Swift.

Additionally, there are no established system approval controls to prevent unauthorised creation or cancellation of services; or changes to the nature or cost of existing services.

Review of a sample of 20 provider rates noted on Personal Support Plans (10 ISFs; and 10 DPs) by the allocated Social Worker and approved by their line managers identified a number of differences between rates detailed in the guide to price; the rates recorded in Swift; and the rates noted on the support plans

We have been unable to confirm whether pricing approval controls are available within Swift, and have not been activated.

#### **6) Payment Controls**

A number of significant control gaps were identified in relation to the payment processes applied by Business Support and the Social Care Finance Transactions Team that require to be addressed, most notably key person dependency and lack of segregation of duties within the Transactions Team.

#### **Business Support - invoice processing and subsequent payment run**

- Significant volumes of queries are raised by Business Support on invoices received from suppliers where they do not include client names or reference numbers, and often include unusual service rates;
- Business Support have only a one hour window to review and process Care at Home invoices on Swift (we understand that this is attributable to a unique one hour window in Swift when invoice headers for Neighbourhood Care at Home Contract Providers can be created - the 'AGEN' hour) impacting their ability to address all invoice queries prior to payment;

- Checks carried out on pre-payment reports are minimal due to transaction volumes and resource constraints; and
- Business support highlighted that a number of providers charged higher rates over the festive period, that were not subject to formal approval.

#### **Individual Service Funds (ISFs) – Transactions Team**

- There is lack of segregation of duties and key person dependency associated with ISF payment processing as one employee is solely responsible for updating service details (including payments) on Swift, and the processing; reviewing; and approving the ISF payment run;
- There is no one else within the team with the knowledge and skills to perform these tasks and the responsible (part time) employee currently manages their annual leave to avoid the timing of payment runs;
- The team confirmed that varying rates are being agreed with ISF providers that are not aligned with the ‘guide to price’ owned by the contracts team;
- Checks carried out on pre-payment reports are minimal due to transaction volumes and resource constraints and
- Retrospective adjustments are required where a change to the nature or cost of the service provided, or a change in level of client contribution is not advised and processed in a timely manner, resulting in inaccurate payments to providers that have to be subsequently adjusted.

#### **Direct Payments – Transactions and Business Support Teams**

Direct Payments can either be loaded on to a payment card or paid directly into the client’s bank account. A review of client expenditure is performed to ensure that clients appropriately disburse funds to meet their assessed needs. Review of this process confirmed that:

- the Transactions team experienced difficulty in identifying new DP cases from Swift workflows as social workers use inconsistent narrative to describe the package of care;
- Checks carried out on pre-payment reports by the Transactions team are minimal due to transaction volumes and resource constraints;
- Reviews of quarterly client paper returns by Business Support (for funds paid directly into client bank accounts) to confirm appropriateness of expenditure for clients not using loaded payment were delayed by a quarter;
- There is no clearly defined methodology supporting sample selection and review of client paper returns within Business Support; and
- The Direct Payment reclaim figure for 2017/18 (reclaim of inappropriate expenditure by clients) was £1.5M.

It is understood that the Business Support is in the process of transferring clients who receive funds directly into their bank accounts on to prepaid cards, enabling more effective real time monitoring of client expenditure, and that submission of paper returns for funds paid directly into client accounts are moving from quarterly to six-monthly.

Business Implication	Finding Rating
<ul style="list-style-type: none"> <li>• Non-compliance with the requirements of the Social Care (Self-directed Support) (Scotland) Act 2013;</li> <li>• Financial decisions are made outwith approved authority levels;</li> <li>• Variations in cost of care are not appropriately authorised;</li> <li>• Income is not maximised</li> <li>• Clients are incorrectly charged for contributions to service provision;</li> </ul>	<div style="background-color: red; color: white; padding: 10px; width: 100px; margin: 0 auto;">High</div>



- Ineffective supplier management and overpayments for services provided;
- Inconsistent pricing applied to packages of care;
- Packages of care are overpriced;
- Potential risk of fraud;
- Inaccurate payments; and
- Direct Payment reclaims are not processed

### Action plans

#### Recommendation

#### Responsible Officer

1) A funding allocation model or alternative solution should be designed and implemented to ensure that clients are provided with details of their budget when considering their options, (as per legislative requirements), with evidence of budget discussion recorded on Swift;

2) Delegated financial authorities should be established and implemented across the Partnership. These will include (but should not be restricted to) responsibility for approval of care package costs originated from all sources; and details of approval for spot purchase contracts.

A process should also be established and implemented to ensure that evidence of approval in line with delegated authorities is recorded and retained.

An appropriate owner of delegated authorities should be established and timeframes established for their ongoing review and refresh;

3) A charging policy for services provided should be established and implemented across the Partnership. This should specify the charges to be applied for additional services provided.

A process should be established to confirm that these charges are consistently applied.

Charges currently published on the Council's website and on the Orb should be updated to reflect the revised charging policy, and refreshed in line with ongoing review and refresh of the policy.

An appropriate owner of the charging policy should be established and timeframes established for its ongoing review and refresh;

4) A process should be established to ensure that Business Support are advised re cessation of or reduction in services in a timely manner, either by social workers or third party providers;

5) Agreed provider rates should be automatically built into the Swift system. Where the 'alternative cost' field requires to be used, additional authorisation should be obtained in line with agreed delegated authorities.

6) Financial controls available within Swift System should be reviewed and implemented (where feasible) to ensure care costs either cannot be overwritten, or (where they are overwritten) a clear audit trail is available for review.

7) A communication should be sent to all providers specifying that invoices should include client names; reference numbers; and accurate hourly service rates charged;

4) 8 and 10 Neil Jamieson, Senior Manager, Customer

12) John Arthur, Senior Manager, Business Support

- 8) Appropriate sample based checks should be performed on pre-payment run reports to confirm the completeness and accuracy of invoices processed by all teams responsible for payments;
- 9) Business Support should escalate any rates applied by providers that are not aligned with agreed rates to management for approval in line with delegated authorities;
- 10) Key person dependency and segregation of duties issues within the Transactions team should be addressed immediately;
- 11) A standard process should be established to ensure that Direct Payment cases are clearly recorded on Swift with a unique identifier, enabling the Transactions team to easily identify them for inclusion in payment runs; and
- 12) A risk based approach should be designed; implemented; and consistently applied to support ongoing review of client paper based returns for Direct payments within the Business Support team, with all instances of inappropriate expenditure escalated for immediate reclaim.

**Agreed Management Action**

**Estimated Implementation Date**

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>1. Management has advised that they will 'risk accept' this recommendation on the basis that the Partnership is compliant with the spirit of SDS legislation as funding is being allocated on the basis of the SDS legislation. There is recognition that the evidence of conversations in relation to allocation of funding should be recorded and this will be addressed as part of the review of the Swift system.</li> <li>4. Process is in place for Care homes. Providers submit form with returns to identify changes of circumstances which would affect charging levels (e.g. hospitalisation). No further action required.<br/><br/>Transactions would expect that service authorisation would be achieved prior to the activity for financial assessment, otherwise the calculation would be inaccurate. This is a requirement of social workers. Actions will be addressed as part of wider strategic recommendation for the Partnership.<br/><br/>Early investigations are in place to determine the legitimacy of the charging team sitting within Business Support, and whether it would be more appropriate to bring this service within Transactions.<br/><br/>Due to inappropriate data base use by services in the past, some areas (Transactions Community Alarm Team) make it difficult to ascertain eligibility to continued service. Whilst this risk is mitigated by checks and balances, confident adherence will not be in place until this service is processed within SWIFT and linked to all other social services.</li> <li>8. A quality control framework for sample based checking that is aligned with the process applied to checking benefits payments will be developed (with support from the Quality Control team) and implemented. We will aim for the process to be implemented and operational by 21 December 2018, with a three month period to embed and final closure by 29 March 2019.</li> <li>10. The Transactions team have recently decided to apply additional resource to support this function immediately. As well as this, the Team Manager and Customer Manager will be looking across the entire team structure to ensure that segregation of duties is addressed sufficient resilience exists by cross training individuals to participate in the process.</li> </ul> | <ul style="list-style-type: none"> <li>1. N/A</li> <li>4. 31 January 2019 for decision re charging team; and<br/>29 March 2019 for SWIFT replacement</li> <li>8. 29 March 2019</li> <li>10. 31 October 2018</li> <li>12. 28 September 2018 for IA follow-up</li> </ul> |
|---|--|

12. The backlog has been addressed and the review process changed to review the full population of client returns every 6 months with effect from January 2018.

Recommendations 2 – 3; 5 – 7; 9; and 11 will be addressed within scope of the strategic management action detailed in the Executive Summary at Section 2.

### 3. Operational structure and processes

#### Findings

Our review confirmed that a significant number of Council teams are involved in supporting the Partnership with delivery of social care.

No holistic social care processes and supporting operational procedures have been established to ensure effective service delivery. The processes applied within individual teams are often complex, involving use of both Council and NHS systems; involve a significant number of hand offs between teams; and involve high volumes of manual workarounds.

A review of a sample of social care operational processes applied by the teams involved, confirmed that they are performed inconsistently and often without a full understanding of their overall purpose or objective, and that the volume of briefing emails issued detailing changes to procedures causes confusion for the teams performing the processes. Additionally, a number of links to procedural documentation on the Orb are broken, or documents have been removed and not replaced. Further detail is provided below:

#### 1. Locality Processes and Procedures

Draft Hub Standard Operating Procedures were created in December 2017 and have not yet been finalised. These provide a high-level overview of locality service delivery and are not supported by current detailed operational procedures.

#### 2. Service Matching Unit (SMU)

- End to end SMU procedures have not been fully reviewed and refreshed since 2012. The SMU Business manager did provide evidence of standalone procedures and process maps that had been reviewed and revised, however these were unclear, and have not been incorporated into end to end procedural documentation.
- Controls in relation to approval of packages of care by hospital Occupational Therapists (OTs) are unclear. The SMU Business Manager was unaware that there had been a 'verbal instruction' received from a locality manager which enabled SMU staff to process all service requests received from occupational therapists without approval. When this issue was identified, the SMU Business Manager issued an instruction to the SMU team limiting the number of hours that could be processed without approval to 18 hours, until the process is clarified.
- Additionally, an inconsistent approach was evident in relation to requests for care received from hospitals, and those received from Social Care Direct (SCD) or social workers, as hospital requests are not supported by a client assessment.

For hospital requests, SMU issues a memo to the third-party care provider asking them to contact the allocated worker directly if they require further information on client needs. There was also no process documentation evident detailing the process to be applied when sharing personal, sensitive client information with third-party providers.

#### 3. Social Care Direct (SCD)

- The need to review and update SCD processes supporting screening and allocation of care referrals to service areas was highlighted by Internal Audit in October 2015, as processes applied were

inconsistent and did not include 'trigger points' to ensure that clients remained informed of progress with their cases.

SCD processes have not yet been updated, and an SCD options appraisal (being completed by Strategy and Insight); that would improve how referrals are received, recorded, and responded to across the localities is understood to be 'ongoing'.

Additionally, existing SCD processes have been criticised by the Care Inspectorate and a number of issues were highlighted within the internal Partnership quality assurance report in December 2017.

- Our review also established instances where SCD are copying and pasting client information received from hospitals into the Swift system / Assessment of Needs Forms;

#### 4. Client Review Process

There is currently a significant backlog of client reviews to be completed across the localities; and completed reviews are not recorded consistently on Swift to support a clear audit trail between the review and subsequent changes to the nature and cost of care. Specifically:

- The 'Adult Care Service Reviews' procedure was last updated in December 2015. The procedure notes that the outcomes of the reviews would be recorded in the 'My Steps to Support Review Tool' on the Swift / AIS system or in a Case note titled 'Review Outcome' for ease of identification; and
- There was evidence supporting completion of client reviews in Swift, however, the outcomes and decisions are not always consistently recorded in the 'Outcomes' and 'Decisions' tabs within the system. Some review outcomes were included within case notes; however, these outcomes /decisions were not always clear due to the volume of information included within the case notes.

#### 5. Technology Issues

A number of the social care processes require creation of documents such as the Assessment of Needs through a mail merge function within the Swift system. This functionality does not work with Microsoft 2016, resulting in employees reverting to Microsoft 2013 to generate these documents. CGI has advised that this is unsustainable as Microsoft 2013 will become unsupported. No detailed timeframes have been confirmed.

Business Implication	Finding Rating
<ul style="list-style-type: none"> <li>• End to end processes supporting service delivery risks are not clearly understood and are not effectively managed;</li> <li>• Poor quality service for clients;</li> <li>• For care requests received from hospitals, providers may not fully understand the needs of the client and client needs may not be met;</li> <li>• Clients are not effectively matched with the most appropriate service provider;</li> <li>• Incorrect client data is copied into the Swift system and populated in Assessment of Needs Forms;</li> <li>• Potential breach of General Data Protection Requirements (effective 25 May 2018) if there is no established process supporting provision of client information to third parties in a secure and compliant manner;</li> <li>• Review outcomes are not identified and required changes in levels of care not communicated to care providers and associated costs revised;</li> <li>• There is no clear link from assessments through to revised personal support plans; changes in care provided; and the associated cost;</li> </ul>	<div style="background-color: red; color: black; padding: 10px; width: 60px; margin: 0 auto;">High</div>

<ul style="list-style-type: none"> <li>Current processes supporting generation of key documents via the mail merge process are unsustainable.</li> </ul>	
<b>Action plans</b>	
<b>Recommendation</b>	<b>Responsible Officer</b>
<p>1) A review of holistic social care processes should be performed from point of origination / referral to ongoing review and payment processes; and new processes designed and implemented.</p> <p>These processes should include (but not be restricted to) responsibilities and accountabilities and hand offs between the teams involved.</p> <p>Key controls and checks to be performed to confirm that service delivery is consistently recorded in Swift, costed, and processed completely and accurately should also be included in process documents;</p> <p>2) The process for recording client reviews in Swift should be specifically documented; implemented and consistently applied; and</p> <p>3) ICT should be formally engaged to ensure that an alternative solution is found for the generation of key client documents via Swift; prior to support for Microsoft 2013 being removed.</p>	
<b>Agreed Management Action</b>	<b>Estimated Implementation Date</b>
These recommendations will be addressed within scope of the strategic management action detailed in the Executive Summary at Section 2.	

#### 4. Supplier and Contract Management

##### Findings

A number of significant and systemic control weaknesses have been identified in relation to supplier and contract management where third-party providers are used to provide social care services.

##### 1. Contract Authorisation

The register of 'Proper Officers' held by the Council's Committee Services Team has not been updated to reflect the Partnerships delegated authority for signing contracts under the Council's Scheme of Delegation. A number of contracts continue to be issued with manual signatures, and it is unclear whether these signatories have the required authority.

Additionally, a significant number of contracts (mainly Care at Home Contracts) are being issued with the electronic signature of a former employee. This issue was immediately escalated to the Interim Chief Officer when identified (5 January 2018) and has not yet been fully resolved. [Appendix 4 – Timeline – Electronic Signatures](#) includes details of the issue and progress and actions implemented to date.

##### 2. Contracts Team

The Partnership contracts team is responsible for procurement; agreeing rates with on contract and spot service providers; monitoring supplier performance; and also own the 'guide to price' which specifies the cost of services provided.

Review of the contracts team established that:

- they currently have no established operational processes and procedures;

- no clear approval and change management process has been established to support changes to the cost of services detailed in the guide to price. The rates included on the Orb are noted as April 2018 rates, however there is no clear audit trail supporting how these costs were established and approved;
- the 'guide to price' is not aligned with the service costs included in the Swift system;
- there is no defined ownership of and review of agreed third party supplier rates charged for cost of care, and no established maximum limits for off contract 'spot' purchases;
- no monitoring is performed on Individual Service Fund (ISF) care providers to ensure that clients are receiving the expected level of care. Effective monitoring of ISFs was raised as a High rated finding in the Personalisation and SDS (Self-Directed Support) – Stage 3 audit report issued in June 2015.
- Quarterly returns are received from ISF providers detailing how funds received have been disbursed on client care, but are not reviewed due to lack of resources. The Individual Service Fund Agreements request providers to submit quarterly returns, however, there are no detailed procedures specifying the checks to be performed; or when payments should be delayed (as specified in the Payment section of Provider agreements issued by the Contracts Team);  
Consequently, reliance is placed on client complaints or case reviews to identify instances where clients are not receiving the level of service specified within personal support plans. A review of 10 ISFs confirmed that six monthly case reviews had not been completed for 60% of our sample;

### **3. Care at Home Contract**

No formal process has been established to ensure that 'on contract providers' contact the Partnership to advise when the client has been unable or unwilling to accept the service for four consecutive weeks.

The current Care at Home Contract enables 'on contract providers' to continue to receive automatic payments (90% of the client's personal budget) during any length of temporary client absence (section 4.3.5), but does not include a formal definition of 'temporary'.

The contract also specifies (section 4.5.2) that if a client is unable or unwilling to accept the Service for four consecutive weeks and / or the provider believes that they can no longer meet the client's needs, then the provider should contact Social Care Direct to request a review.

Business Support identified one client who was in hospital for more than 3 months, where the provider had been paid £9K. Due to the backlog of reviews, it was unclear whether a review had been requested by the provider and not completed. Business Support persuaded the provider to refund part of the payment, however, the provider was under no contractual obligation to do so.

### **4. Spot Contracts**

Discussions with the teams involved in matching assessments to providers confirmed that a significant volume of spot contracts are issued to meet increasing demand for care. Review of processes supporting the issue of spot contracts confirmed that:

- review of a sample of Spot contracts issued on behalf of Partnership by the Service Matching Unit and Transactions team identified four different variations of the same contract that included different clauses. There is currently no established owner for the content of these contracts;
- there is no clear guidance available detailing when spot contracts should be used. Current practice is that where a package of care cannot be matched to an existing provider and no guide price is available for the service, then a spot contract should be used;
- no management information is available detailing the volume of spot contracts issued, as use of spot contracts and their associated costs are not recorded using a unique identifier in Swift;
- there is no established guidance on acceptable spot contract rates.



- review of a sample of spot contracts established that they do not consistently specify the rate applied for the cost of care. 60% of our sample of spot contracts simply included a weekly total;
- Electronically signed spot contracts are not consistently returned to business support by providers enabling subsequent validation of contract rates against invoices received prior to payment.

### Business Implication

### Finding Rating

- Contracts may not be legally enforceable;
- The contracts team is not operating and supporting the Partnership effectively;
- Inconsistent pricing applied to packages of care;
- Inability to confirm that client care needs are being effectively met by ISF service providers;
- Overpayment to 'on contract' where service has not been provided to clients for four consecutive weeks;
- Excessive use of spot contracts that are not appropriately priced;
- Inconsistent terms in spot contracts issued; and
- Spot contract rates are not validated prior to invoice payment;

**High**

### Action plans

#### Recommendation

#### Responsible Officer

A new framework to support management of contracts and grant across the partnership should be designed and implemented. This should include (but not be restricted to) the following areas:

- 1) Authorities for issuing contracts should be agreed across the Partnership and the register of proper officers updated to reflect the outcomes of this review;
- 2) Revised authorities for contract approval should be communicated and implemented across the Partnership;
- 3) A solution should be implemented to prevent issue of electronically signed contracts by former employees;
- 4) A process should be established to ensure that contract delegated authorities are revised to reflect all new starts and leavers;
- 5) A formal owner of contract authorities should be established and timeframes agreed for their ongoing review;
- 6) Procedures should be established to support the operation of the Partnership contracts team;
- 7) The 'guide to price' should be reviewed and updated to reflect current cost of care (including agreed third-party supplier and spot contract rates), with changes communicated across the Partnership. This document should be used as a single source of truth for pricing.

Costs of care per the guide to price should be updated in the Swift system.

An appropriate owner of delegated authorities should be established and timeframes established for their ongoing review and refresh.

A change management process should be established to support all future guide to price changes in line with approved delegated authorities, ensuring that the changes are also updated on Swift in a timely manner;

- 8) A process should be established to ensure that quarterly provider ISF returns are reviewed to confirm that clients are receiving the expected level of care.

The process should include a clear escalation procedure where it is identified that clients are not receiving the expected level of care.

The review performed should be a risk based sampling approach, with all results and actions taken clearly documented and retained;

- 9) The process for delaying payments to ISF providers should be clearly documented, and should include effective engagement with providers specifying ISF payments have been withheld;

- 10) A process should be established to ensure that the Partnership is advised of all instances of client hospitalisation that lasts for more than four weeks, so that appropriate payment adjustments can be agreed with on contract providers;

- 11) The spot contract template should be reviewed and refreshed, with support from Legal, to ensure that the content of all contracts issued is consistent, and includes specification of rates applied for cost of care in line with the guide to price.

A formal owner of the contract template should be established and timeframes agreed for ongoing review of the content;

- 12) Guidance should be established detailing when spot contracts can be used, and communicated across the partnership.

This guidance should include the requirement to use a unique identifier or field (if possible) on Swift to ensure that spot contracts can be easily identified;

- 13) Management information detailing the volume and value of spot contracts issues should be produced (at least monthly) and provided to budget managers; and

- 14) A process for review and retention of spot contracts should be established, enabling rates applied to be agreed to invoices processed by Business Support prior to invoice payment.

**Agreed Management Action**

**Estimated Implementation Date**

These recommendations will be addressed within scope of the strategic management action detailed in the Executive Summary at Section 2.



# Appendix 1 - Basis of our classifications

Finding rating	Assessment rationale
<b>Critical</b>	<p>A finding that could have a:</p> <ul style="list-style-type: none"> <li>• <b>Critical</b> impact on operational performance; or</li> <li>• <b>Critical</b> monetary or financial statement impact; or</li> <li>• <b>Critical</b> breach in laws and regulations that could result in material fines or consequences; or</li> <li>• <b>Critical</b> impact on the reputation or brand of the organisation which could threaten its future viability.</li> </ul>
<b>High</b>	<p>A finding that could have a:</p> <ul style="list-style-type: none"> <li>• <b>Significant</b> impact on operational performance; or</li> <li>• <b>Significant</b> monetary or financial statement impact; or</li> <li>• <b>Significant</b> breach in laws and regulations resulting in significant fines and consequences; or</li> <li>• <b>Significant</b> impact on the reputation or brand of the organisation.</li> </ul>
<b>Medium</b>	<p>A finding that could have a:</p> <ul style="list-style-type: none"> <li>• <b>Moderate</b> impact on operational performance; or</li> <li>• <b>Moderate</b> monetary or financial statement impact; or</li> <li>• <b>Moderate</b> breach in laws and regulations resulting in fines and consequences; or</li> <li>• <b>Moderate</b> impact on the reputation or brand of the organisation.</li> </ul>
<b>Low</b>	<p>A finding that could have a:</p> <ul style="list-style-type: none"> <li>• <b>Minor</b> impact on the organisation's operational performance; or</li> <li>• <b>Minor</b> monetary or financial statement impact; or</li> <li>• <b>Minor</b> breach in laws and regulations with limited consequences; or</li> <li>• <b>Minor</b> impact on the reputation of the organisation.</li> </ul>
<b>Advisory</b>	<p>A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.</p>

## Appendix 2 – Financial approval guidance applied across the Partnership

- An interim financial approval process (Purchasing budget - financial approval process and budget monitoring) was established in February 2016 and has not been reviewed. This document details the authorisation levels required to approve specific service types;
- Interim guidance (Assessment and Support Planning Guide) was issued in May 2017 and specified that the authorisation levels for seniors/first line social work managers was to be increased from £400 to £574 in line with the national care home residential home rate. A further change was implemented in June 2017; to £667 (the national care home nursing care rate);
- A briefing paper on the changes for social workers (New Hospital Processes and Standards 290517) was prepared by Cluster managers and issued via email in June 2017; and
- Whilst the June 2017 increase was reflected in Swift questionnaires, the May 2017 Interim guidance was not updated to reflect this change.

The Interim guidance was forward to Internal Audit by a number of managers as evidence of the current procedure applied across the Partnership. When IA queried the national care home rate used in April 2018 the “New Hospital Processes and Standards 290517” paper was provided.

# Appendix 3 – Partnership Support Teams

The table below provides details of teams involved in supporting delivery of social care who were engaged as part of the audit. Please note that this list is not exhaustive and may not be fully complete.

Team	Service Area	Location	Role and Responsibilities
<b>Locality Managers</b>	HSCP	Locality Offices	Lead and manage all locality services delegated to the Edinburgh Health and Social Care Partnership.
<b>Locality Hubs Managers</b>	HSCP	Locality Offices	<p>The Hub is a new operating model which assumes the role and remit of a number of different services, including Intermediate Care, Reablement and Sector Initial Intervention teams and what were previously hospital social workers.</p> <p>Hub teams work directly with the services detailed below to develop effective, person-centred care pathways, and are responsible for monitoring and reducing delayed discharge.</p> <ul style="list-style-type: none"> <li>• Early intervention,</li> <li>• &lt; 6weeks (level of care required)</li> <li>• Reablement</li> <li>• Intermediate Care</li> <li>• Step up and Step down</li> <li>• Range of voluntary organisations</li> </ul>
<b>Locality Cluster Managers</b>	HSCP	Locality Offices	<p>Responsible for a range of community and hospital based services providing assessment and care management services; community and district nursing; AHP services; and homecare services including the following:</p> <ul style="list-style-type: none"> <li>• Complex and continuing care</li> <li>• &gt; 6weeks (level of care required)</li> <li>• Care Homes, Care at Home, Social Work assessment and support</li> <li>• District Nursing, Therapies</li> <li>• Older People’s Mental Health</li> <li>• Carer support, respite services</li> <li>• Hosted services, pharmacy</li> </ul>
<b>Locality Mental Health &amp;</b>	HSCP	Locality Offices	Responsible for the performance, efficiency and development of the locality integrated mental health and substance misuse service:

Team	Service Area	Location	Role and Responsibilities
<b>Substance Misuse Manager</b>			<ul style="list-style-type: none"> <li>• Social work assessment and support, Mental Health Officer team,</li> <li>• Alcohol and drug prevention and rehabilitation services</li> </ul>
<b>Locality Development Manager</b>	HSCP	Locality Offices	Developed Draft Hub Standard Operating Procedures.
<b>Allocated Workers</b>	HSCP	Locality Offices	<p>Allocated workers include:</p> <ul style="list-style-type: none"> <li>• Senior Social Workers</li> </ul> <p>Responsible for the management of all social work teams; allocation of assessments; reviews; and other tasks across the community and hospital sites.</p> <ul style="list-style-type: none"> <li>• Social Workers</li> <li>• Occupational therapist</li> <li>• Community Care Assistant</li> </ul> <p>Responsible for assessments; support planning; and review of people in hospital and in the community.</p> <p>A number of allocated workers were contacted during the course of the audit review to clarify key stages of the end to end process.</p>
<b>Social Care Direct</b>	Resources	Waverley Court	All service referrals are processed through the Social Care Direct team. SCD, who log all referrals onto data systems and progress new referrals to Locality Hub
<b>Service Matching Unit</b>	HSCP	Locality Offices	Matches requests for Care at Home Services to third party providers.
<b>Contracts Team</b>	HSCP	Waverley Court	Responsible for negotiating contracts; monitoring supplier performance; and management of agreed third party provider rates.
<b>Business Support</b>	Resources	Waverley Court / Locality Offices	<p>Business Support provides a business partnering approach between Business Support and services promoting joint working to provide a strong and strategic centre supporting frontline services across the four localities. Responsibilities include:</p> <ul style="list-style-type: none"> <li>• Personal Support Plans</li> <li>• Spot Contracts</li> <li>• Payment of Invoices and</li> <li>• Direct Payments Quarterly Returns</li> </ul>

<b>Team</b>	<b>Service Area</b>	<b>Location</b>	<b>Role and Responsibilities</b>
<b>Customer Transactions Team</b>	Resources	Waverley Court	The transaction team supports the partnership by processing, issuing, and reviewing: <ul style="list-style-type: none"> <li>• Individual Service Funds</li> <li>• Direct Payments</li> <li>• Care Home Contracts</li> <li>• Spot Contracts</li> <li>• Payment of Invoices and</li> <li>• Individual Service Funds Quarterly Returns</li> </ul>
<b>Strategy and Insight</b>	Chief Executive's	Waverley Court	Provide management information / performance reports.
<b>Finance</b>	Resources	Waverley Court	Provides Financial and Budgetary Support to HSCP
<b>ICT Solutions</b>	Resources	Waverley Court	Provides IT support for the Swift system
<b>Financial Systems</b>	Resources	Waverley Court	Maintain user access to the Council's Frontier System (used for budget monitoring) and user information in respect of budget monitoring reports.
<b>Quality Assurance Service</b>	Safer and Stronger Communities	Waverley Court / Locality Offices	Currently supporting Locality teams in completing quality assurance assessments on their key processes; (i.e. screening, allocation, workload management, assessment, service matching, review, etc) which had been graded as being unsatisfactory by the Care Inspectorate and Healthcare Improvement Scotland as part of their Older People's Inspection of 2016.

# Appendix 4 – Electronic Signatures Timeline

Our review established that there were a number of third party contracts being issued on behalf of the Partnership that included the electronic signature of a Senior Manager who had left the organisation in December 2017.

The contract production process involves manually entering information into Swift which is then ‘merged’ into the standard contract documentation.

The electronic signature is embedded in the Swift system and is automatically applied via ‘print’ functionality. Contract documentation is then either printed or saved onto a local drive before being issued (either by post or through SharePoint) to the third-party provider.

A timeline of events from initial discovery of the issue to date is detailed below:

Date	Description of events
<b>05 January 2018</b>	Internal Audit site visit to the Service Matching Unit (SMU) identified that ‘SMU Spot Contracts were being issued to third party providers with the signature of former Senior Manager.
<b>09 January 2018</b>	Internal Audit met with SMU Business Manager who noted that the required change to the spot contracts would need to be completed through the Contracts Team. SMU Business Manager also noted that there would be other documents which held the Electronic Signature of Senior Managers.
<b>09 January 2018</b>	Internal Audit contacts SMU Business Manager and Contracts Officer to advise of the issue and to request that the signatures be updated. Advised via email by Contracts Officer that: “... it is the responsibility of the team using the spot documentation to arrange for the signature updates and that this would not be undertaken by the Contract team who are not involved with Spot Contracts”.
<b>09 January 2018</b>	Internal Audit wrote to Interim Chief Officer to highlight the issue and note that there may be other documents issued with historic electronic signatures.
<b>10 January 2018</b>	Interim Chief Officer issues instruction to all relevant staff regarding the use of the electronic signatures. <u>Action to be taken</u> The email noted that the use of the electronic signature should ‘cease immediately’ and that electronic signatures should only be used by a) current employees; and b) appropriately authorised individuals, i.e. consistent with standing orders.
<b>10 January 2018</b>	SMU Business Support Manager contacts ICT Solutions (Swift Team) with change request form to remove the electronic signature from relevant spot contracts. <u>Action to be taken</u> ICT Solutions (Swift Team) to remove signature from spot contracts.
<b>10 January 2018</b>	SMU Business Support Manager contacts each of the four ‘Locality Managers’ to request that they agree to the use of their ‘electronic signature’ for the Locality that they are responsible for.

Date	Description of events
10 January 2018	<p>Locality Manager notes that a check is required to ensure that the use of Locality Managers signatures is compliant with Standing Orders.</p> <p><u>Action to be taken</u></p> <p>The Senior Accountant, (Finance) was copied in to advise.</p>
10-12 January 2018	<p>Correspondence between the ICT Solutions (Swift Team) and the SMU Business Manager which highlighted difficulties in changing the electronic signature; as the document had been created in a 'bespoke format' and requests that staff manually "delete" the electronic signature from the document until the "issue can be fixed".</p> <p><u>Action to be taken</u></p> <p>SMU staff to manually 'delete' the electronic signature of the member of staff who has left the organisation from the 'spot contract'.</p>
17-23 January 2018	<p>SMU Business Manager advises Internal Audit of the interim process within the NE Locality and provides email evidence of some of the difficulties in the 'signing off' of the spot contracts which is causing slight delays.</p>
30 January 2018	<p>Internal Audit met with SMU Business Manager to discuss the interim process and discuss some of the difficulties that the team are having.</p> <p>Advised that one Locality manager had a 'question over the legality of using electronic signatures on spot contracts' and that the Cluster Managers in a separate Locality were signing off the spot contracts in the interim.</p>
01 February 2018	<p>Internal Audit contacted the Locality Manager's to establish whether there has been a decision on the SMU spot contract process.</p>
01 February 2018	<p>Internal Audit contacted two Cluster Managers who had previously been identified as signing off SMU spot contracts in the absence of the Locality Manager in order to establish the process being followed.</p>
02 February 2018	<p>Hub Manager NW Locality provides confirmation (via email) of the checks undertaken prior to signing off the SMU Spot Contract.</p>
07 February 2018	<p>Update provided by IA to the Interim Chief Officer which notes that there are ongoing challenges re the authorisation and signature of the contracts which is resulting in delays in obtaining care services from third party providers.</p>
07 February 2018  07 February 2018 cont.	<p>Operations Manager (Risk and Compliance) noted that contact had been made with SMU who confirmed that there are no outstanding 'spot purchasing' delays and provided details of interim arrangements in NW.</p> <p>Also noted that the Locality Managers Forum for 8<sup>th</sup> February had been cancelled and that the process for 'spot contracts' would be added to the agenda for the following week.</p> <p><u>Action to be taken</u></p> <p>The four Locality Managers to agree a process for the signing of SMU spot contracts at Locality Forum of 15 February 2018.</p>
07 February 2018	<p>SMU Business Manager requests confirmation from the Operations Manager (Risk and Compliance) of the process to be followed within NE Locality.</p>



Date	Description of events
	<p>Also requests confirmation that the current process followed in SE &amp; SW can continue, i.e. can the electronic signature (of the Senior Manager still in post) continue to be used.</p> <p>Operations Manager (Risk and Compliance) confirms that there is a requirement for all localities to agree on a consistent process and that the proposed process would be discussed at the Locality Managers Forum on 15 February 2018.</p>
<b>07 February 2018</b>	Executive Assistant to Health and Social Care NW Locality Manager confirms that there are no delays in the signing of Spot Purchase Contracts in NW but that there are delays in NE and that the Locality Manager is addressing these.
<b>07 February 2018</b>	Cluster Manager NW confirms that the process noted by the Operations Manager (Risk and Compliance) is the process being followed.
<b>07 February 2018</b>	<p>IA updated the Interim Chief Officer re lack of response from Locality Managers to previous audit correspondence of 01 February.</p> <p>Interim Chief Officer requested that Internal Audit contact the Operations Manager (Risk and Compliance) to take forward. This was completed and a meeting was held on 13 February 2018.</p>
<b>08 February 2018</b>	<p>IA established during site visit to Business Support area office that there are spot contracts issued via a completely different process from the spot purchase contracts which are processed by SMU although both sets of contracts are headed with the same form number / title.</p> <p>In terms of the signature; these spot contracts are printed in hard copy and signed by a Senior Manager and the third-party provider prior to the services being added to the Swift system; rather than being electronically signed by the Locality Manager.</p>
<b>09 February 2018</b>	<p>Three spot purchase contracts which were identified through a Business Support process walkthrough were queried with the SMU Business Manager as to why these spot contracts bypassed the SMU Team.</p> <p>The SMU Business Manager confirmed that one case was for a short-term emergency therefore the spot purchase was appropriate; but that she felt that the remaining two cases should have been processed by the SMU Team.</p>
<b>12 February 2018</b>	The SMU Business Manager provides IA with a breakdown of the difference in the spot purchase contract process between SMU, the Assessors (i.e. Allocated Worker) and Business Support Staff.
<b>13 February 2018</b>	<p>Meeting held between Internal Audit and Operations Manager (Risk and Compliance) to discuss the current position with the electronic signing of the SMU spot contracts. Internal Audit advised of the separate spot contract process established from Business Support site visit of 08 February 2018 (see note above).</p> <p>Operations Manager (Risk and Compliance) advised IA of the proposed interim spot contract process to be discussed at the Locality Managers Forum subject to Locality Managers agreement.</p>
<b>15 February 2018</b>	<p>IA attended the Locality Managers Forum with the Operations Manager (Risk and Compliance), Business Services Manager and each of the Locality Managers.</p> <p>Operations Manager (Risk and Compliance) discussed the proposed interim spot contract process. Locality Managers noted that they would require time to review the</p>



Date	Description of events
	<p>proposed process documentation presented at the meeting and that a decision would be made at the following weeks Locality Managers Forum.</p> <p>The SE Locality Manager noted that she was unaware that the electronic signature was being used for the signing of the SMU Spot Contracts.</p> <p>Email issued from Operations Manager (Risk and Compliance) to Locality Managers 16 February to confirm agreed actions from the meeting and request that a decision on the paper be made by 21 February 2018.</p>
<b>21 February 2018</b>	<p>Internal Audit identified during a walkthrough of the Individual Service Funds (ISFs) process within the Transactions Team (Resources) that the electronic signature for the former Senior Manager was still in use.</p>
<b>26 February 2018</b>	<p>Meeting held between Internal Audit and Operations Manager (Risk and Compliance) to discuss the current position with the electronic signing of the SMU spot contracts. The Operations Manager had advised that feedback had been received from three out of the four Locality Managers as one Manager was not available at the time.</p> <p>Operations Manager advised that she was meeting SMU Business Manager 27 February 2018 and Interim Chief Officer 28 February 2018 to discuss the new interim process.</p>
<b>27 February 2018</b>	<p>Internal Audit informs Operations Manager that ISFs are being electronically signed by former Senior Manager within the Transactions Team (Resources).</p> <p>Internal Audit met with the Transactions Team Manager to advise that Operations Manager had been informed and that the Operations Manager would be in contact regarding the proposed interim process.</p>
<b>27 February 2018</b>	<p>The Transactions Team Manager advised that there are thirteen Residential Care Home contracts and seven Financial Assessment documents and letters which are still using the electronic signature of the former Senior Manager.</p>
<b>27 February 2018</b>	<p>The Transactions Team Manager provides email evidence of correspondence issued to Locality Managers dated 19 January 2018 and 16 February 2018.</p> <p>A response was received to the email dated 16 February from the SE Locality Manager.</p>
<b>27 February 2018</b>	<p>Phone call from Operations Manager notes that ICT Solutions (Swift Team) have advised that a member of the team who has now left the Council had created the SQL signatures using Matrix Code.</p> <p>Replacement of the documents would be a complicated process as the 'whole programme' would need to be recreated. An acceptable work around is to be put in place.</p> <p>Locality Manager has noted that she is unaware that the electronic signatures were being used.</p>
<b>01 March 2018</b>	<p>The Transactions Team Manager confirmed that the list of Residential Care Home contracts and Financial Assessments had been passed to the Operations Manager and ICT Solutions (Swift Team) to be actioned (once process is agreed).</p>
<b>05 March 2018</b>	<p>Email correspondence between the Operations Manager and SE Locality Manager to obtain current position regarding the electronic signature on Care Home Contracts.</p>

Date	Description of events
	SE Locality Manager advised that she is liaising with Transactions Team Manager regarding this issue.
<b>16 April 2018</b>	<p>Transaction Team Manager contacted Internal Audit to advise that she had been in contact with the contracts Team and Legal regarding the use of electronic signatures. Legal have advised that the contracts can be produced with a named person who is a Designated Signatory printed on the contracts without the need to have a signature. However, the Transitions Team Manager noted that there is no current list of signatories in place.</p> <p>The Transactions Team Manager has noted that she is currently having to remove the former Senior Manager's Signature from the contracts and manually sign each one.</p>
<b>16 April 2018</b>	IA met with Interim Chief Officer and Operations Manager as part of initial audit close out meeting and advised them of the email received from the Transactions Team Manager. The Operations Manager agreed to take this forward.
<b>17 April 2018</b>	<p>IA met with Transactions Team Manager to discuss the closure of the audit review and the issue she had raised in respect of the electronic signatures.</p> <p>The Transactions Team Manager advised that she is not a Designated signatory but that there is no current list of Designated Signatories in place. It was established that ISFs were still being issued in the former Senior Manager's name. The Transactions Team Manager advised that this process would stop that day.</p>
<b>17 April 2018</b>	Email from IA to the Interim Chief Officer (HSCP) and Head of Customer Services and IT to advise of current position. It was suggested that a meeting be held by all relevant parties to discuss and agree a way forward. Both the Interim Chief Officer (HSCP) and Head of Customer Services agreed that this was the correct approach.
<b>20 April 2018</b>	<p>Operations manager has set up a 'Short Life Working Group' with the first meeting to be held on 23 April 2018 with the following members of the group required to attend:</p> <ul style="list-style-type: none"> <li>• SE Locality Manager (HSCP)</li> <li>• Operations Manager (HSCP)</li> <li>• ICT/Swift - Systems Development Team Lead (Resources)</li> <li>• Transaction Team Manager (Resources)</li> <li>• SMU Business Manager (HSCP)</li> <li>• Business Support – Business Services Manager and / or Business Support Manager. (Resources)</li> </ul> <p><u>Action to be taken</u></p> <p>Objective: to produce 'end to end' interim flow processes for Chief Officer and Head of Customer Services and IT approval.</p>
<b>23 April 2018</b>	Short life working group meeting held.
<b>26 April 2018</b>	<p>Operations Manager issued draft "Interim Purchase Budget Management Process for Localities" document to IA for comment.</p> <p>IA Comments were returned to the Operations Manager</p>
<b>02 May 2018</b>	Operations Manager issues the "Interim Purchase Budget Management Process

Date	Description of events
	for Localities” to all Cluster and Hub Managers within H&SCP via email.
<b>08-09 May 2018</b>	<p>ICT Solutions issue newly formatted draft contract documentation for consultation to Short Life Working Group.</p> <p><u>Action to be taken</u></p> <p>Short Life Working Group to provide confirmation that the newly formatted draft contract documentation can go ‘Live’ within the Swift system.</p>
<b>09 May 2018</b>	<p>IA contacted Legal Services to obtain confirmation of advice provided.</p> <p>Legal Services confirm that no written advice had been supplied to H&amp;SCP</p> <p>IA met with Senior Solicitor who advised that “all contracts must be signed by ‘Proper Officer’s’ who have the ‘delegated authority’ to sign contracts on behalf of H&amp;SCP. A register of proper officers is held by the “Committee Services” team.</p>
<b>09-10 May 2018</b>	<p>IA contacted Committee Services and requested sight of “Proper Officers’ register. Governance Manager confirmed that the Interim Chief Officer has delegated authority through the Council’s Scheme of Delegation; however, the register required to be updated in terms of subsequent delegation of authority by the Interim Chief Officer.</p>
<b>10 May 2018</b>	<p>At an introductory meeting with the newly appointed Chief Officer; IA updated Interim Chief Officer of current issue regarding delegated authority.</p>
<b>14 May 2018</b>	<p>Interim Chief Officer requests clarification from IA of the detail of the current issue which was provided via email.</p> <p>Operations manager contacted IA to confirm the detail of the delegated authority issue and provided the Interim Chief Officer with a detailed note of the issue.</p> <p>Interim Chief Officer confirmed that new Chief Officer and Chief Finance Officer will determine a way forward with the process.</p>
<b>17 May 2018</b>	<p>Operations Manager has advised IA that Legal advice has now been obtained. A letter requires to be produced by the Chief Officer for each of the ‘Proper Officers’ to give them the appropriate delegated authority to sign contracts. Once issued the letters require to be forwarded to Committee Services to allow them to update the ‘Proper Officers’ register.</p> <p>At this stage only, the Spot Contracts; Care Home Contracts and Individual Service Funds will be updated with the Interim Process / Delegated authority. An analysis requires to be undertaken to identify any other contracts or documents that are electronically signed.</p> <p>The above process requires to be discussed and agreed with the Partnership’s Chief Officer.</p>
<b>24 May 2018</b>	<p>Operations Manager issued email to Committee Services which includes Delegated Authority Letters for both Locality and Cluster Managers within the Partnership.</p>

# Appendix 5 – Terms of Reference

## Health and Social Care – Purchasing Budget Management

To: Michelle Miller, Interim Chief Officer, Edinburgh Health and Social Care Partnership  
Stephen Moir, Executive Director of Resources

From: Lesley Newdall, Chief Internal Auditor

Date: 23<sup>rd</sup> October 2017

Cc: Wendy Dale, Strategic Commissioning Manager, Edinburgh Health and Social Care  
Moira Pringle, Interim Chief Finance Officer, Edinburgh Integration Joint Board  
Hugh Dunn, Head of Finance  
Nicola Harvey, Head of Customer  
Laurence Rockey, Head of Strategy and Insight  
Health and Social Care Locality Managers.

This review has been added to the 2017/18 internal audit plan at the request of the Interim Chief Officer, Health and Social Care, and the Head of Finance.

### Background

The Edinburgh Health and Social Care Partnership (City of Edinburgh Council in partnership with NHS Lothian) is responsible for delivering care and meeting support needs across the City through the recently established Localities model.

The Partnership is committed to reducing delays and waiting times for assessment, care, treatment, and support, and providing the right care at the right time in the right place. Consequently, treatment and support should (where possible) be delivered in homes or in homely settings in the community, and hospital admissions minimised. Where hospital admission is necessary, this should take place in a timely way.

Four localities have been established to deliver these services with emphasis on anticipatory planning for people's care needs and their long-term support in the community.

Locality services are delivered via Hubs and Clusters. Hubs respond to initial service requests, avoid the need for hospital admission, and support the return home of people who have been in hospital. Clusters provide longer term care services and focus on prevention and early intervention,

Each locality is responsible for establishing and managing the resources required to support service delivery, including financial planning and management.

At 31<sup>st</sup> August, the forecast overspend on Health and Social Care home care purchasing was £12m for the 2017/18 financial year. Supporting analysis confirms that this appears to be driven by increased demand for services and failure to deliver approved savings under the Health and Social Care Transformation Programme.

The main drivers of increased purchasing costs are:

- In House – provision of in house services by the Partnership via CEC and NHS employees,
- Block – provision of service via 3<sup>rd</sup> party suppliers with contracts based on pre-agreed volumes,
- Individual Service Funds (ISFs) - value of the care package is paid to a provider chosen by the client who then agrees with the provider how the care will be delivered,
- Direct Payments (DPs)– direct payment made to client who then arranges their own support, and
- Spot – spot purchasing of home care services from external 3<sup>rd</sup> parties when required.

### Scope

Our review will assess the adequacy and effectiveness of controls established across Health and Social Care to support service delivery by the Localities and demand management in line with approved financial budgets, and will provide assurance over the following key Corporate Leadership Team (CLT) and Finance Risks:

- CLT (High): Health and Social Care - through either lack of CEC resource and/or provider capacity, the Council may be unable to secure appropriate contracts with its providers or deliver appropriate services as directed by the Integration Joint Board (IJB) As a result, we may be unable to deliver our own commitments as part of the Health and Social Care Partnership's strategic plan
- Finance (Medium): Approved savings, including procurement-related savings, are not delivered and/or risks and pressures not managed, resulting in service or Council-wide overspends

We will assess the design adequacy and operating effectiveness of the key controls supporting the processes detailed below:

1. Review and prioritisation of initial requests for assessment,
2. Management of waiting lists,
3. Completion, review, and approval of initial assessments, support plans, and future reviews, including costs,
4. Completeness and accuracy of care packages and costs recorded on Swift,
5. Cessation or reduction of service,
6. Completeness and accuracy of charging and payments made to clients and third-party suppliers, and
7. Ongoing budget management.

An early priority will be to review arrangements for assessment and authorisation of ISFs and DPs where increases in financial commitments are most material.

### Approach

Our audit approach is as follows:

- Obtain an understanding of the processes detailed above through discussions with key personnel, review of systems documentation and walkthrough tests;
- Identify the key risks associated with these processes;
- Evaluate the design of the controls in place to address the key risks; and
- Test the operating effectiveness of the key controls.

### Limitations of Scope

The following areas are specifically excluded from the scope of our review:

- Adequacy of the agreed 2017/18 Health and Social Care budget – this was subject to review by Internal Audit in May 2016.
- Compliance with the requirements of the (Self-directed Support) (Scotland) Act 2013 – whilst our scope will not assess full compliance with all requirements of the Act, any instances of non compliance identified from our testing will be raised.

The sub-processes and related control objectives included in the review are:

Sub - process	Control Objectives
1. Review and prioritisation of initial service requests	<ul style="list-style-type: none"> <li>• There is a clearly defined process for recording, assessing, and responding to all requests for assessments received.</li> <li>• The process includes guidance on how requests should be prioritised and a clear escalation process for critical or emergency requests and use of 'spot' contracts.</li> <li>• The process has been communicated across all Localities and is consistently applied.</li> </ul>

<b>Sub - process</b>	<b>Control Objectives</b>
	<ul style="list-style-type: none"> <li>• All requests are correctly prioritised in line with applicable guidance.</li> <li>• Prioritisation of requests is subject to management review and approval.</li> <li>• Requests are then either added to the waiting list, or assessment progressed.</li> </ul>
<p>2. Management of waiting lists (including provision of Performance Management Information)</p>	<ul style="list-style-type: none"> <li>• Localities operate waiting lists within approved tolerance limits.</li> <li>• There is a clearly defined process supporting client transfers from the waiting list to service providers.</li> <li>• The process has been communicated across all Localities and is consistently applied.</li> <li>• Waiting list management information (MI) is provided to all Locality managers on an ongoing basis, and consolidated MI provided to H&amp;SC Senior Management.</li> <li>• MI is reviewed and discussed at Locality and H&amp;SC management meetings and appropriate action taken to address any concerns.</li> </ul>
<p>3. Completion, review, and approval of initial assessments, support plans, and future reviews, including costs,</p>	<ul style="list-style-type: none"> <li>• There is a clearly defined process for completion of initial assessments, support plans and future reviews, including calculation of the cost of care.</li> <li>• Initial and ongoing care assessments are consistently performed and the outcomes recorded.</li> <li>• Clear guidance on cost of care calculation is available and consistently applied.</li> <li>• Cost of care is accurately calculated.</li> <li>• All SDS options (arranged and managed by the Council; ISFs; and DPs) are discussed with the client,</li> <li>• Where clients have requested provision of chargeable services, the associated charges are communicated and included in the cost of care.</li> <li>• There are clearly defined delegation and authorisation controls which identify the financial thresholds at which commitments should be escalated to more senior managers for authorisation.</li> <li>• Assessments, proposed care packages, and costs of care are consistently and thoroughly reviewed and approved by the relevant manager, with evidence of review retained There is an established process for dealing with assessment backlogs.</li> <li>• Volumes of assessment backlogs are monitored by Locality managers and H&amp;SC Senior Management.</li> </ul>
<p>4. Completeness and accuracy of care packages and costs recorded on Swift</p>	<ul style="list-style-type: none"> <li>• Details of the care package to be provided (including costs) are completely and accurately recorded on the Swift system.</li> <li>• Any subsequent changes made (and associated costs) are also recorded on Swift.</li> </ul>



Sub - process	Control Objectives
	<ul style="list-style-type: none"> <li>• There is a clear audit trail in Swift demonstrating that all care packages and costs have been reviewed and approved by managers.</li> </ul>
5. Cessation of Service	<ul style="list-style-type: none"> <li>• There is a clearly defined process supporting cessation or reduction of services on a temporary or permanent basis,</li> <li>• The process has been communicated across all Localities and is consistently applied.</li> <li>• Swift records are updated to record the change in service.</li> </ul>
6. Completeness and accuracy of charging and payments made to clients and third-party suppliers	<ul style="list-style-type: none"> <li>• All payments made (arranged and managed by the Council; ISFs; and DPs) have been checked to Swift prior to payment to confirm accuracy.</li> <li>• All charges to be applied to clients have been identified and completely and accurately invoiced,</li> <li>• All payments made to block 3<sup>rd</sup> party suppliers are in line with contractual terms and conditions.</li> <li>• Block payments are only authorised where service delivery volumes have been achieved.</li> <li>• Payments to spot 3<sup>rd</sup> party suppliers are only made when supported with payment requests that have been authorised in line with applicable authorities or standing orders.</li> </ul>
7. Ongoing budget management	<ul style="list-style-type: none"> <li>• Locality managers have clear visibility of their devolved care purchasing budgets.</li> <li>• Budgets are regularly monitored and reviewed and considered when making decisions in relation to demand and management of waiting lists.</li> <li>• Budget transfers are performed to address emerging overspends.</li> <li>• H&amp;SC senior management have clear visibility of the total H&amp;SC purchasing budget.</li> <li>• H&amp;SC regularly review the purchasing budgets and develop appropriate strategies, and agree and implement actions to deal with any significant variances.</li> </ul>

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### Internal Audit Team

Name	Role	Contact Details
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### Key Contacts

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Liz Davern	Team Manager, Transactions Social Care Finance, Customer, Resources	Key Contact	0131 553 8232

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### Timetable

Fieldwork Start	6 <sup>th</sup> November 2017
Fieldwork Completed	24 <sup>th</sup> November 2017
Initial Discussion – Draft Observations	30 <sup>th</sup> November 201
Submission of Draft Report	8 <sup>th</sup> December 2017
Response from Auditee	15 <sup>th</sup> December 2017
Final Report to Auditee	22 <sup>nd</sup> December 2017

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### Follow Up Process



Where reportable audit findings are identified, the extent to which each recommendation has been implemented will be reviewed in accordance with estimated implementation dates outlined in the final report.

Evidence should be prepared and submitted to Audit in support of action taken to implement recommendations. Actions remain outstanding until suitable evidence is provided to close them down.

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## Appendix 1: Information Request

It would be helpful to have the following available prior to our audit or at the latest our first day of field work:

- Details of the following processes and procedures:
  - Review and prioritisation of service requests;
  - Completion of initial and ongoing care assessments;
  - Calculation of all service support care package costs;
  - Delegated authorisation limits for financial commitments arising from care assessments;
  - Recording care packages and costs on Swift;
  - Payments process for all support services (both invoiced and non-invoiced);
  - Charging process;
  - Cessation of service and removal from Swift
- Details of waiting lists tolerances (e.g. maximum length of waiting lists; maximum time spent on waiting lists).
- Management information on waiting lists across the last year

This list is not intended to be exhaustive; we may require additional information during the audit which we will bring to your attention at the earliest opportunity.

# Finance and Resources Committee

10am, Thursday, 16 August 2018

## Proposed 2018/19 Citizen Engagement

<b>Item number</b>	7.12
<b>Report number</b>	
<b>Executive/routine</b>	
<b>Wards</b>	
<b>Council Commitments</b>	47, 48

### Executive Summary

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This report sets out the Council's approach to engaging with citizens and stakeholder groups in 2018/19 on the Council's proposed budget for the following year.

In 2018/19, the Council plans to use four main engagement methods:

- An issues paper which sets out the necessity for change;
- An online budget planner which allows participants to make decisions to balance the city's budget based on their own priorities and values;
- An offline, game-based approach to making collective decisions about local spending priorities; and
- A feedback mechanism for the specific 2019/20 budget proposals.

Through these approaches the Council seeks to raise awareness of:

- Financial, social, and demographic pressures;
- Potential for different approaches to delivering services;
- Opportunities for communities to exercise more direct control of appropriate local facilities;

And to further develop these as part of engagement activities in subsequent years to help build informed consent for changes to services the Council provides.

## Proposed 2018/19 Citizen Engagement

### 1. Recommendations

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- 1.1 Approve the approach for engagement with citizens and stakeholder organisations with a launch date of Monday 1 October and a close date of Friday 7 December – with the launch to be delayed if budget proposals are not approved at the Finance and Resources Committee Meeting on Thursday 27 September;
- 1.2 Note the plan to provide a further detailed report on future engagement for approval, alongside the results of the 2018/19 budget engagement, to the 24 January special Finances and Resources Committee;
- 1.3 Approve the procurement of Budget Simulator (£4,995) to deliver the online engagement element. This resource comes from the overall allocation for budget engagement.

### 2. Background

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- 2.1 The City of Edinburgh Council has, in recent years, engaged annually with citizens and stakeholder organisations as it plans changes to its budget. This engagement has taken a variety of forms as the Council has attempted to innovate, to deliver better information, and to obtain more meaningful feedback. The process of budget engagement has evolved as the needs of the organisation have evolved, and as access to technology made the niche engagement activity of a decade ago, into mainstream practice.
- 2.2 The public sector in the UK – in particular, those services provided by local government – has reduced in real terms, while demand for public sector services has increased as a result of demographic and social change. Edinburgh is similarly impacted, and the Council expects that it will face difficult decisions in the near future which cannot be addressed through incremental measures.
- 2.3 To meet pressures which are already present, the organisation needs to inform, to engage, and to obtain consent from citizens about the shape of local government and the role of the Council in providing these services. This is a profound challenge to the organisation, and we need to continue to evolve our approach.

### 3. Main report

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- 3.1 This programme of work relates specifically to engagement in financial year 2018/19, but this work is imagined as part of a multi-year strategic approach necessary to develop legitimacy and obtain consent for larger change programmes. A further report will be submitted to committee in early 2019 seeking approval for the subsequent stages of this work; this is specifically timed to allow elected members to judge the effectiveness of the 2018/19 engagement alongside the detailed change programme.
- 3.2 By engaging and involving citizens and stakeholder groups on its spending and saving priorities, the Council aims to:
  - 3.2.1 Increase awareness and understanding of the financial, social, and demographic pressures which will shape the future delivery of public services, especially those faced by local government;
  - 3.2.2 Increase awareness and understanding of potential different approaches to providing services and develop models which are acceptable to service users and citizens;
  - 3.2.3 Increase awareness and understanding of opportunities for communities and individuals to exercise more direct control of appropriate local facilities and services through volunteering;
  - 3.2.4 Through the above, create a broad agreement between the Council and its citizens about the scope and function of local government, and the role and responsibilities of citizens.
- 3.3 These aims will be progressed during the 2018/19 engagement by achieving the following objectives:
  - 3.3.1 Communicate the Council's current budget position and the clear and imminent decisions it is proposing to take to balance its 2019/20 budget;
  - 3.3.2 Obtain informed feedback on local and city-wide services and priorities from a broad diversity of citizens; and
  - 3.3.3 Communicate the Council's longer-term plan to increase meaningful engagement with citizens and stakeholder organisations.

#### **Methods**

- 3.4 Engagement in 2018/19 will be organised around four main activities:
  - 3.4.1 The development of an issues paper which presents the evidence base and makes the case for necessary change in the planning and delivery of public services;
  - 3.4.2 An online budget planner similar in scope to that used in previous budget engagements, but building on the lessons learned in these processes;
  - 3.4.3 an offline, game-based approach to making collective decisions about local spending priorities. Strategy and Insight will conduct some group activities

directly and will support localities to host these discussions amongst local networks; and

3.4.4 a feedback mechanism for the specific 2019/20 budget proposals.

### **Issues Paper**

- 3.5 Strategy and Insight intends this engagement to be part of a multi-year activity that builds towards a new compact between citizens and the Council. An essential foundation to this discussion and agreement is the development of an evidence base which articulates the necessity of change, and the impossibility of business as usual in the long term.
- 3.6 Rather than recreate this information each year, the Council will produce a single paper which will be referenced throughout this engagement period. Much of the narrative of this report has already been created in previous years by Finance, Communications, and Strategy and Insight.
- 3.7 Options for creating this paper in the most engaging and accessible formats will be explored by Communications.

### **Online planner**

- 3.8 The Council will present all discretionary budget spend for all services using the online tool Budget Simulator – please see [demonstration version](#) for functionality. This exercise was undertaken during the previous administration of the Council to provide longer-term priorities for saving and investment.
- 3.9 The online planner was more successful at reaching all age groups than online surveys, and was especially successful at encouraging participation amongst age groups younger than those normally interested in Council budgets.
- 3.10 The lessons learned from previous experience of presenting the budget in this way were:
- 3.11 The number of services (or sliders) presented is important. Too many results in exhaustion, too few makes decisions feel insubstantial. In 2018/19, the Council budget will be structured to provide approximately 20 sliders, a reduction of around half from the previous simulator.
- 3.12 The value of sliders is important. The Council will aim to present services in “chunks” of £25m to £50m, ensuring that any change in spending level generates significant movement towards the total. This will involve meaningfully grouping some service areas and logically splitting others; this also helps to equalise impacts and gets closer to real preferences.
- 3.13 The text used to describe the implications of changes is key and as with previous applications, services will be involved in producing their own language, but this will be reviewed to be consistent across all options to ensure that no one service overwhelms participants or undersells itself.
- 3.14 Participants value flexibility. The model must allow for a budget to balance using many alternative solutions; while it is essential for participants to appreciate the

consequences of their decisions, the model cannot force any choices. It should also be possible for participants to add funds by making discrete policy decisions, including tax raising powers (Council Tax, Tourist Tax), alternative business models (voluntary provision or outsourcing of some services), or changing service standards. As with spending reductions, the Council will be clear about the implications of these decisions – the model should not allow “free money”.

- 3.15 In the previous example, administrative and support services were targeted more than services perceived to be “front line”. The reality is that all “front line” services require business functions such as finance, payroll, personnel, etc. to perform their functions. For 2018/19, administrative and support services will be distributed pro-rata to the services they support. This avoids unhelpful and often false “free money” narratives about cutting waste and inefficiency which allowed some participants to avoid expressing any meaningful priorities. For this exercise, support services will be assumed to scale proportionately.

### **Offline group exercise**

- 3.16 Alongside the budget planner there is a need to create an offline engagement method which is complimentary, and this presents an opportunity to involve localities and community groups more than has been possible in previous years. While Budget Simulator’s functionality cannot be duplicated, the principle of responsive engagement can be applied, ensuring participants have an experience which is rewarding as well as informative and importantly lays a strong foundation for deeper collaboration into the future
- 3.17 For 2018/19 engagement, Strategy and Insight will develop a game-based approach to making local budgeting decisions. While this approach would need to be tested in-house, it is currently assumed that the format would be:
- 3.17.1 All services provided in a ward would be costed (for ease and efficiency, this will be an average of all wards, rather than an accurate costing for each individual ward) and presented to participants;
  - 3.17.2 Participants would each receive an equal share of the Council’s future budget – an amount which collectively would not be sufficient to buy all the services, and would usually not provide individuals with enough money to unilaterally purchase all services they would want for themselves;
  - 3.17.3 Participants would discuss and agree their spending priorities and make deals to buy the best “basket of services” for them;
  - 3.17.4 Participants would also have the option of purchasing some services under different circumstances and therefore at lower costs – for example, they could maintain a local park if volunteers were willing to contribute to maintenance. These options would reflect the choices implicit in the change programme.
- 3.18 The negotiation process, and the principles and values reflected, would be as important as the actual choices made. Strategy and Insight would directly conduct

eight applications of this process with citizens recruited on-street in localities and held at local libraries or community centres. Strategy and Insight would also train locality teams to operate the approach, produce packs for them to use, and assist localities in having these conversations with their stakeholders.

### **Specific consultation on the 2019/20 budget proposals**

- 3.19 It is the intention that specific items changed in the 2019/20 budget would be part of their own engagement activity similar to previous years, with an online survey and paper submission form allowing participants to comment on specific proposals or to express any points they want to make the Council aware of.
- 3.20 As in previous years, it will remain the responsibility of services to raise awareness of any relevant budget items with key stakeholder representatives.
- 3.21 This approach is particularly unappealing to citizens, who regard the volume of information as impossible to navigate and the consequences of changes difficult to understand. Therefore the online survey and paper forms will also seek to raise awareness of alternative methods of engagement discussed previously.

### **Communications and other engagement activity**

- 3.22 The budget engagement will be supported, as in previous years, with a social media campaign that involves elected members and a Question Time event in November 2018.

## **4. Measures of success**

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- 4.1 Based on the experience of previous years, the following levels of participation are a reasonable estimate for engagement:
  - 4.1.1 1,000 completed online budget planners;
  - 4.1.2 24 groups completing the offline game-based approach (~200 individuals involved in these groups); and
  - 4.1.3 400 other submissions on the budget.
- 4.2 As in previous years, there is high potential for individual budget items to attract public attention and generate petitions or other group feedback. Total budget feedback typically often the estimated level for this reason, but this is difficult to predict in advance.

## **5. Financial impact**

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- 5.1 A budget of £30,000 has been made available for budget engagement in 2018/19. This will cover the charge for Budget Simulator (£4,995), and provide resource for the offline game approach and locality deployment (~£5,000), with the remainder (~£20,000) used for communications to create the issues paper, raise awareness of the budget engagement activity, and encourage participation.

- 5.2 The Council does not believe that a like-for-like substitute of Budget Simulator is available and is therefore seeking approval as part of this report to make a direct purchase.

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

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- 6.1 Were the Committee to reject the recommendations of this report, it would have a detrimental effect on the ability of the organisation to deliver effective budget engagement in the short term, and would limit the potential of the organisation's change programme in the long term.

## **7. Equalities impact**

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- 7.1 All budget proposals are subject to equalities and rights impact assessment. This process is separate from budget engagement.
- 7.2 As part of the budget engagement exercise, the Council will attempt to engage a broad diversity of citizens through network and communication approaches, and will gather demographic information about participants to assess our effectiveness. Therefore it is expected that this will enhance the rights of all equalities groups.

## **8. Sustainability impact**

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- 8.1 There is no significant sustainability impact in relation to the proposed 2018/19 budget engagement exercise.

## **9. Consultation and engagement**

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- 9.1 While this approach is based on the experience and feedback from previous budget engagement exercises, no specific consultation or engagement has been undertaken on the nature of the 2018/19 budget engagement process.

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

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- 10.1 None.

### **Andrew Kerr**

Chief Executive

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**11. Appendices**

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None.

# Finance and Resources Committee

10.00am, Thursday 16 August 2018

## Workforce Dashboard

Item number	7.13
Report number	
Executive/routine	
Wards	
Council Commitments	

### Executive Summary

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This report provides a summary of workforce metrics for FTE, basic salary, new starts and leavers, monthly costs (overtime, agency, casual/supply, working time payments), absence, transformation/redeployment, risk, and performance, as detailed on the Finance and Resources Committee Workforce Dashboard, for the period of **May 2018**.

The report contains an analysis of workforce change observed since the previous period, **March 2018** and monitors ongoing and emerging trends.

The general trend since the previous report shows that there has been an increase in in workforce FTE and basic salary costs. Our workforce FTE has increased by 34 FTE and our basic salary costs have increased by £1.7M.

Overtime costs remain typical for the time of year. The cost of Supply/Casual workers increased by £35K and Working Time Payments reduced slightly. The 12-month rolling absence rate increased from 5.49% to 5.52% since the last reporting period. The number of long-term open absences has reduced by 18% since December 2017.

## Workforce Dashboard

### 1. Recommendations

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

### 2. Background

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- 2.1 The dashboard reporting period is May 2018.

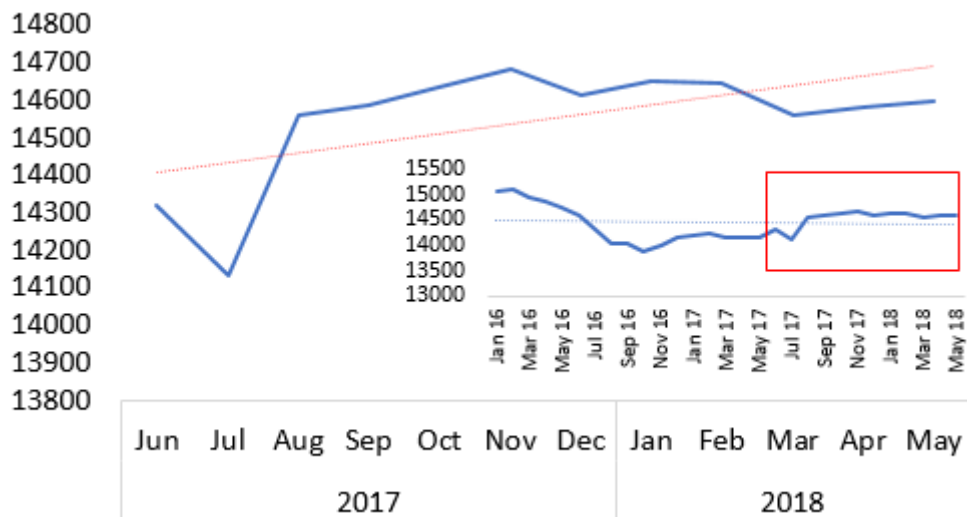
### 3. Main report

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- 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 short and long-term absence and cost;
  - the cost of the pay bill, including the cost associated with new starters and leavers;
  - insight relating to our performance framework (launched April 2017) including the percentage of annual conversations carried out, and the number of Conversation Spotlight workshops carried out;
  - the number of VERA/VR leavers and associated cumulative budget savings;
  - the number of redeployees and associated costs.
- 3.2 Our workforce FTE has increased by 34 FTE to 14,597; up from 14,563 in March 2018 (see **Figure 1**). The LGE workforce increased by 27.8 FTE and the Teaching workforce increased by 6.3 FTE between March 2018 and May 2018 (see **Figure 2**). An analysis of LGE GR1-GR12 FTE by grade at June 2015 and May 2018 is shown in **Figure 3**. Analysis of further periods can be found in **Appendix 3**.
- 3.3 The Place Directorate saw the greatest increase in FTE since March 2018, with an additional 18.2 FTE. Around 11 FTE of the increase is attributable to recruitment in the Place Culture service. The Communities and Families Directorate increased by 16.2 FTE in the period, all of which took place in the Schools and Lifelong Learning service, and predominantly in school support roles. The Safer and Stronger

Communities Directorate increased by 10.4 FTE since March 2018 with the increased FTE linked primarily to recruitment in Localities (Family and Household Support); a small increase in FTE was also seen in Community Justice. The Edinburgh Health and Social Care Partnership FTE increased by 3.1, and the Chief Executive area increased by 0.5 FTE, in the period.

**Figure 1: Organisation Workforce FTE, June 2017 to May 2018**



**Figure 2: FTE Change – LGE and Teaching, March 2018 and May 2018**

	Mar-18	May-18	Change Since Previous Period
Group	FTE	FTE	FTE
LGE Total	10870	10898	27.8
Teaching Total	3692	3699	6.3
<b>Council Total</b>	<b>14563</b>	<b>14597</b>	<b>34.1</b>

*LGE total includes GR1-12, Chief Officials and Craft Apprentices*

**Figure 3: Local Government Employee Workforce FTE by Grade (June 2015 and May 2018)**

Grade	Jun-15		May-18		Change Since June 15	
	FTE	Pay Bill	FTE	Pay Bill	FTE	Pay Bill
GR1	624.4	£8,056,622	597.0	£8,106,025	-27.3	£49,402
GR2	244.4	£3,448,063	176.5	£2,668,545	-67.8	-£779,518
GR3	2374.0	£38,167,823	2171.0	£36,361,314	-203.0	-£1,806,509
GR4	2478.6	£45,848,733	2472.1	£47,389,526	-6.5	£1,540,792
GR5	1808.4	£40,605,617	1569.9	£35,982,107	-238.5	-£4,623,511
GR6	1421.0	£37,140,554	1397.6	£38,017,532	-23.4	£876,978
GR7	1520.3	£48,003,847	1299.3	£42,610,758	-220.9	-£5,393,089
GR8	776.4	£29,198,555	693.5	£27,015,710	-82.9	-£2,182,844
GR9	358.8	£15,905,725	283.8	£13,153,183	-75.0	-£2,752,542
GR10	117.5	£6,315,138	120.9	£6,594,839	3.4	£279,701
GR11	46.8	£2,954,366	37.5	£2,466,142	-9.4	-£488,224
GR12	30.6	£2,194,462	39.0	£2,868,464	8.4	£674,002
	<b>11801.16</b>	<b>£277,839,505</b>	<b>10858.2</b>	<b>£263,234,145</b>	<b>-942.9</b>	<b>-£14,605,361</b>

3.4 FTE reductions were observed in the Resources Directorate (reduction of 12.2 FTE) and in the Surplus/Redeployment group (reduction of 2 FTE associated with VERA/VR leavers processed at the time of reporting). The reduction in Resources FTE is not related to organisation reviews.

3.5 **Figure 4** outlines the total FTE change by Directorate between March 2018 and May 2018.

**Figure 4: Directorate Workforce FTE, March 2018 to May 2018**

Directorate	Mar-18	May-18	Change
Communities & Families	6967.6	6983.8	16.2
Chief Executive	145.2	145.7	0.5
Edinburgh Health & Social Care Partnership	2295.4	2298.5	3.1
Place	2358.7	2376.8	18.2
Resources	2258.0	2245.8	-12.2
Safer & Stronger Communities	491.2	501.6	10.4
Redeployment	46.7	44.7	-2.0
	<b>14562.9</b>	<b>14596.9</b>	<b>34.1</b>

3.6 Since March 2018 we have recruited 164 FTE new starts, and 150 FTE have left the organisation.

3.7 Savings were achieved as the cost of new starts was £3.8M and the cost of leavers was £4.1M, yielding a cost saving of £0.3M in this area.

3.8 In the period, the basic salary bill increased by £1.3M, from £402.3M to £403.6M. The permanent workforce cost increased by £1.7M, and acting up and secondment

arrangements reduced by £40K. The cost of FTCs reduced by £0.3M and the cost of apprentice/trainee contracts reduced by £0.1M.

3.9 Additional costs were incurred in this period due to:

- Increased Council FTE (up by 34 FTE) equates to approx. £0.8M
- Application of further contribution based pay development zone pay steps, at an estimated cost of £0.5M

3.10 The total additional FTE utilisation from overtime hours, agency workers and casual/supply workers for the May 18 period is an estimated 1,272 FTE. The average monthly additional FTE utilisation for overtime, agency and casual/supply between June 17 and May 18 was 1,030.

3.11 Agency billing this period was £2.4M (**Figure 5**) which is higher than the spend in the March and April 2018 periods (£2.0M and £1.4M respectively) however it should be noted that agency total billing can fluctuate each month depending on the total number of weeks billed in the period, and the timing of invoice processing. Appendix 4 provides further detail on the agency expenditure for May 2018. Total agency costs showed a slight downward trend over the period April 2016 to December 2017. However, when we also include the 2018 period billing periods in the analysis (**Figure 6**) we see a change in the trendline, which now shows that an overall upward trend has developed (the trend will be monitored as further period billing is added). Although our trend graph shows an upward agency trend to June 2018, it should be noted that our total 17/18 agency spend was £920K lower than the spend in 16/17, yielding an overall saving in this area.

3.12 Total agency costs showed a slight downward trend over the period April 2016 to December 2017. However, when we also include the 2018 period billing periods in the analysis (**Figure 6**) we see a change in the trendline, which now shows that an overall upward trend has developed. This trend will continue to be monitored.

3.13 The organisation costs for agency between June 17 and May 18 equate to a monthly average of approximately 584 FTE (based on a notional monthly cost per agency FTE). The May monthly agency FTE utilisation was 821 FTE.

3.14 The cost of Supply/Casual workers has increased by £35K in the period (see **Figure 5**). The monthly casual/supply FTE utilisation was 174 FTE in this period.

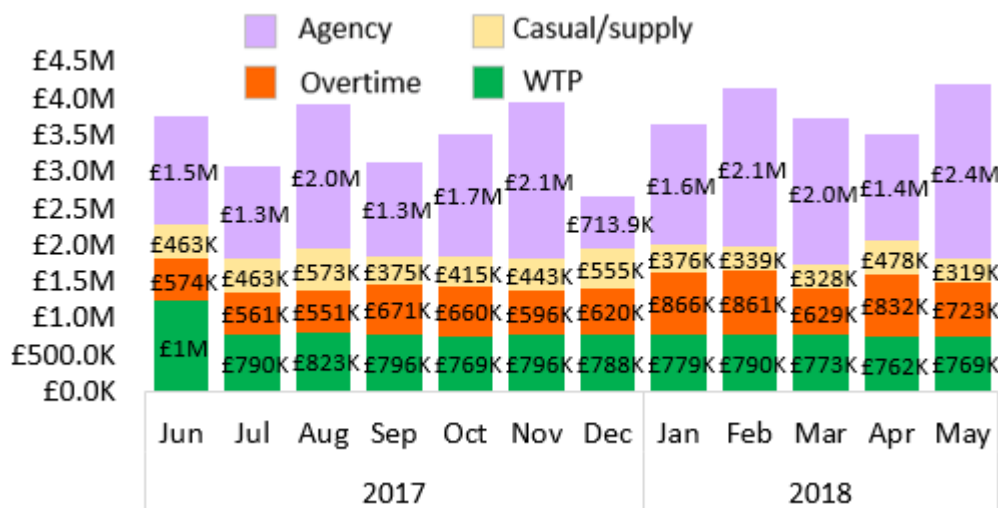
3.15 The hours claimed for casual/supply working between June 17 and April 18 are equivalent to the FTE of around 196 employees (monthly average).

3.16 The cost of Working Time Payments reduced by £4K in the period.

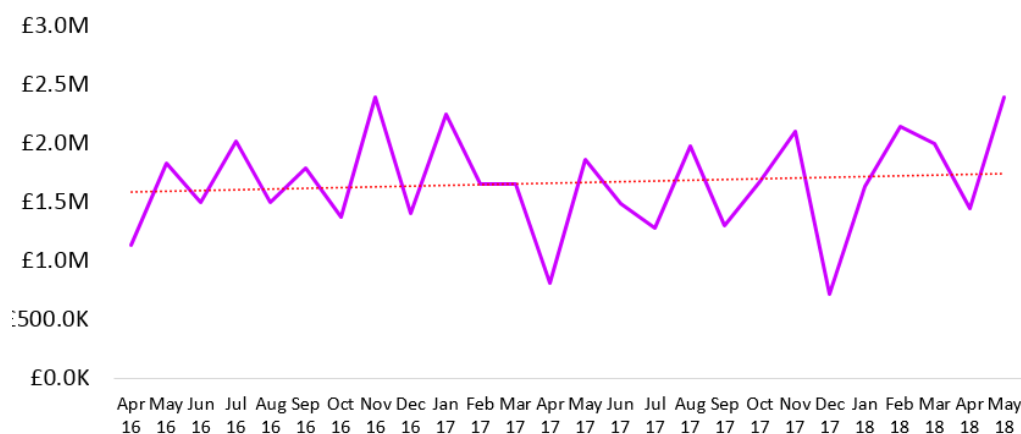
3.17 Total Overtime costs reduced by around £50K since March 2018 (see **Figure 5**). Higher costs were observed in April and May 2018 and are related to additional hours worked to run services and events during the Easter period. The May monthly spend of £723K is more in line with pre-Easter and pre-Christmas costs, and is not dissimilar to the overtime spend at May 2017 of £743K.

- 3.18 The hours claimed for overtime between June 17 and March 18 are equivalent to the FTE of around 250 employees (monthly average); this analysis excludes hours claimed for “call out”. The May 18 monthly overtime FTE utilisation was 277 FTE.
- 3.19 Trend analysis to May 2018 shows an overall upward cost trend for overtime (see **Figure 7**). This will be monitored.

**Figure 5: Monthly Costs for Overtime, Agency, Casual/Supply and Working Time Payments, June 2017 – May 2018**



**Figure 6: Organisation Agency Cost Trend, April 2016 – May 2018**

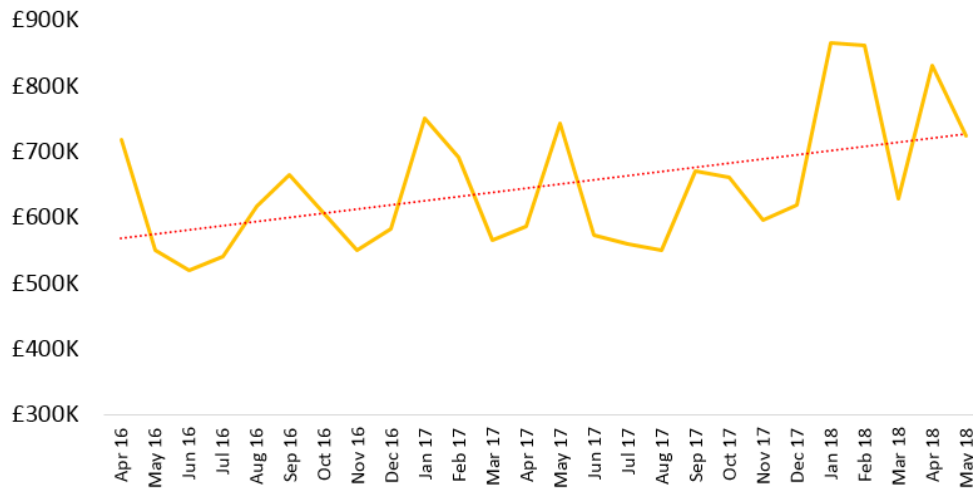


- 3.20 There was a slight increase to the organisation’s 12 month rolling absence rate which increased from 5.49% (March 2018) to 5.52% in this period (**Figure 8**). The long-term rate absence rate increased from 3.71% to 3.72% and the short-term absence rate increased from 1.77% to 1.80%. The organisation lost 176.1K days to absence in the 12-month period to May 2018, the equivalent working days of around 783 full-time employees (up from 775 at March 2018). The notional cost of all absence in the rolling period is in the region of £23.5M (based on an average

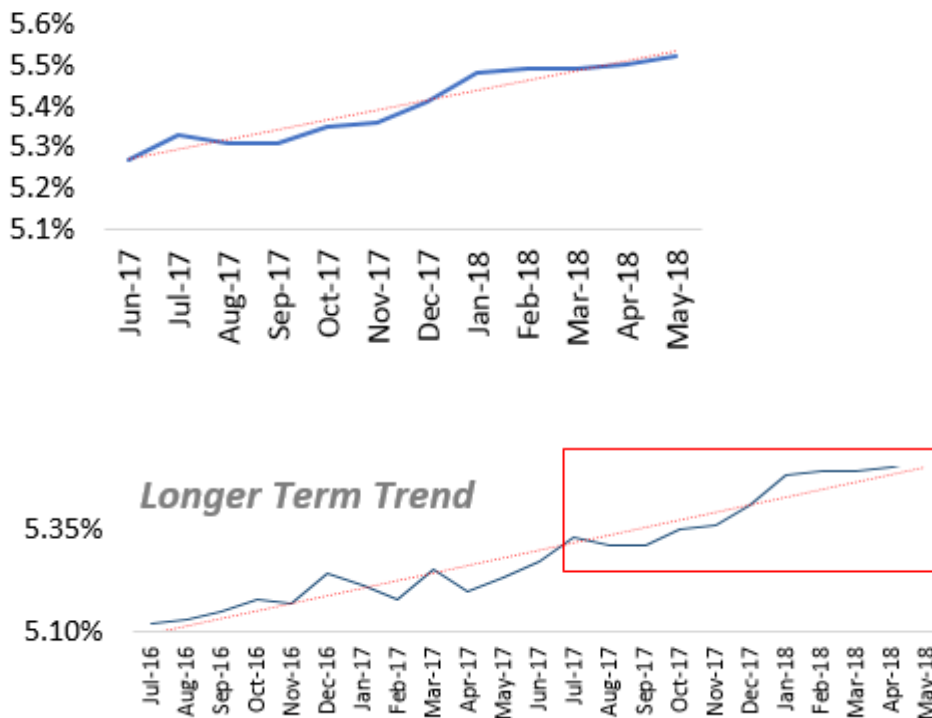
salary value of £30K). Appendix 5 provides additional insight into organisation absence.

3.21 Absence rates in Place (6.47% to 6.40%), Safer and Stronger Communities (7.52% to 7.25%) and the Chief Executive (2.78% to 2.74%) areas all saw minor reductions (**Figure 9**).

**Figure 7: Overtime Cost Trend, Jan 2016 – May 2018**



**Figure 8: 12 Month Rolling Average Absence Trend**



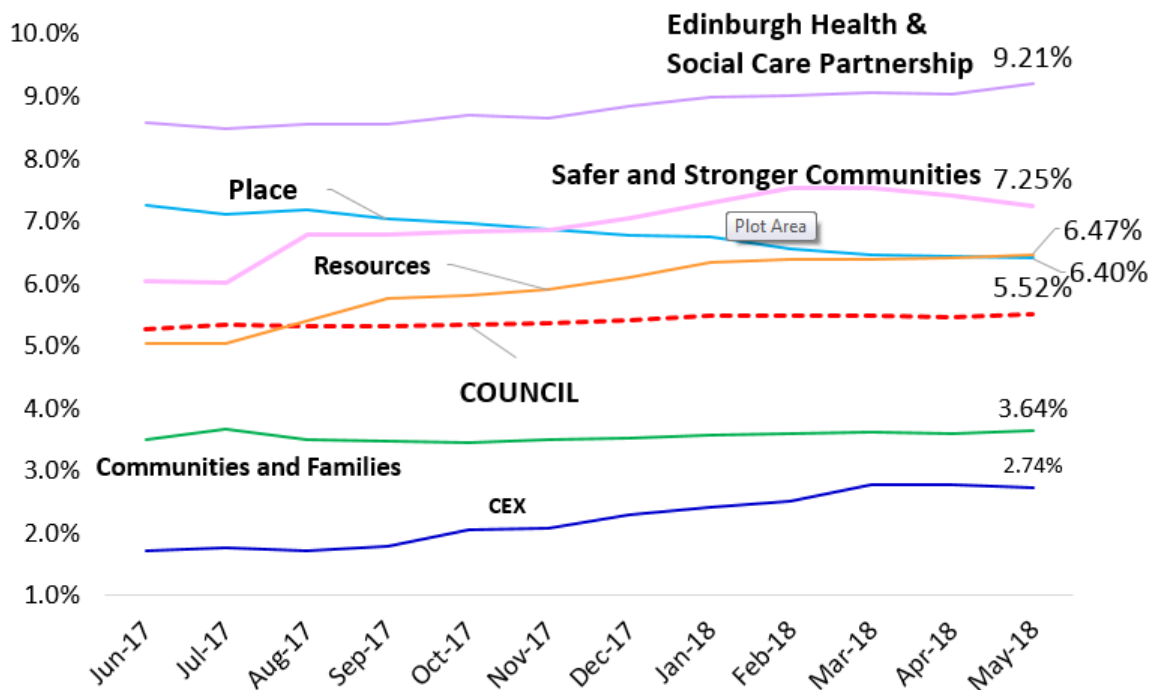
3.22 At May 2018 there were a total of 458 (377 FTE) employees across the organisation with a long term open ended absence, down from 486 (393 FTE) in March 2018 (**Figure 10**). At the time of analysis 32 employees (24 FTE) had been



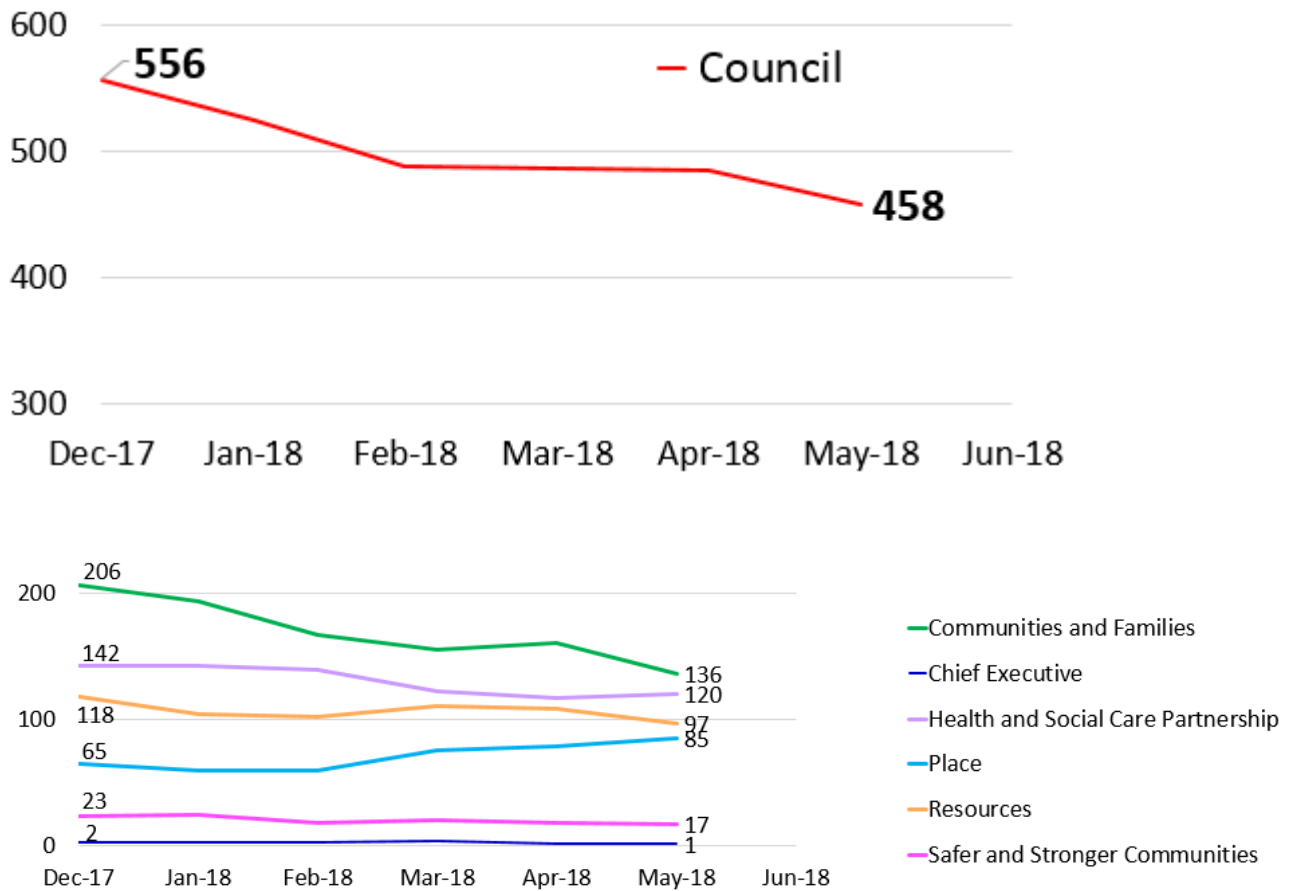
absent for a period of 12 months or longer – compared with 42 employees (32 FTE) in the previous period.

- 3.23 Since December 2017 (start of monitoring) we have seen significant change in our open ended long-term absence cases as a result of intervention activities:
- The total number of open-ended LTA cases has reduced by 18% (556 to 458), and the total FTE of open-ended LTA cases has reduced by 24% (499 FTE to 377 FTE)
  - The total number of employees with ongoing absence longer than 12 months has reduced by 29% (45 to 32), and the total FTE of the 12+ month absence group has reduced by 40% (40 FTE to 24 FTE)

**Figure 9: Directorate 12 Month Rolling Average Absence Trend**

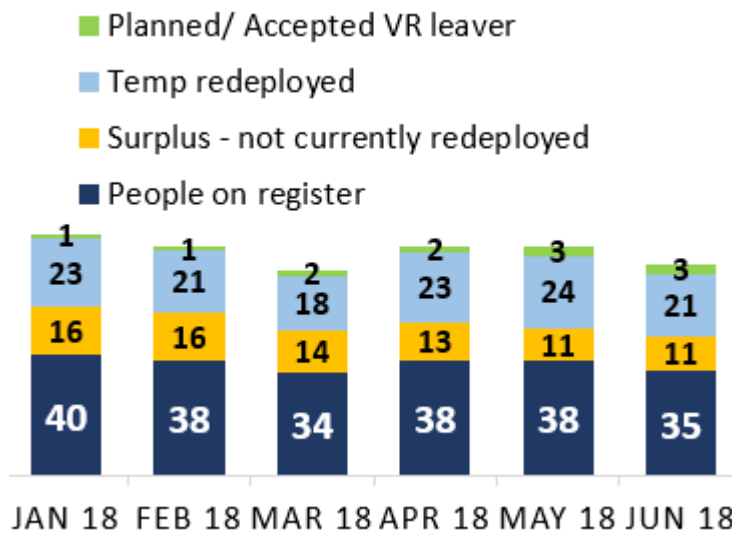


**Figure 10: Open Ended Long-Term Absence Cases, Dec 2017 – May 2018**



3.24 The total number of employees on the redeployment register reduced by 3 since the last reporting period. The associated monthly salary cost reduced by £9.1K to £125K. The associated annual salary cost reduced from £1.6M to £1.5M. **Figure 11** provides a summary of the total number of employees on the register since January 2017.

**Figure 11: Redeployment Register Employees at 22 June 2018**



- 3.25 Of the 35 employees currently surplus due to transformation, 3 are planned leavers, 21 have been temporarily redeployed, and 11 are not currently redeployed into a temporary solution.
- 3.26 Of the total surplus FTE, 19.2 FTE is corporately funded and of these 10 FTE are currently redeployed and 9.2 FTE are not currently redeployed; 14.0 FTE of the corporately funded FTE has been on the redeployment register for longer than 12 months, 4.2 FTE for a period of 6-12 months, and 1.0 FTE for less than 6 months.
- 3.27 The standard cycle for Looking Back 17/18 Conversations concluded at May 2018 with an overall 74% completion rate.
- 3.28 The standard cycle for Looking Ahead 18/19 Conversations has a current completion rate of 42%.

#### 4. Measures of success

- 4.1 The Council achieves the necessary employee reductions by voluntary means.
- 4.2 The costs of unfunded individuals are managed as best as possible (within the no compulsory redundancy commitment).
- 4.3 That the monitoring of appropriate workforce data will evidence that the Council is on track to achieve targeted budget savings.
- 4.4 Absence rates are within our target of 4.0%.
- 4.5 All employees have a 'looking back' conversation to reflect on the previous year's performance (the 'what' and the 'how' with a performance zone agreed and awarded) and 'looking forward' conversation to set their performance objectives and development priorities for this performance year.

## 5. Financial impact

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- 5.1 Achievement of agreed savings through voluntary redundancy.
- 5.2 Salary costs for redeployees.

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

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- 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

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

## 8. Sustainability impact

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- 8.1 There is no sustainability impact of this report.

## 9. Consultation and engagement

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

The new Council Dashboards have been in place for nearly a year. Over this period we have responded to the requirements of key stakeholders including elected members to produce meaningful MI which can be achieved with existing systems functionality and Business Intelligence tools. We have a commitment to continuous improvement and to this end intend to undertake a review to confirm stakeholder requirements continue to be met.

## 10. Background reading/external references

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- 10.1 Workforce Dashboard Report to Finance and Resources Committee on a monthly basis.

### **Stephen S. Moir**

Executive Director of Resources

Contact: Katy Miller, Head of Human Resources

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

## 11. Appendices

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Appendix 1: Finance and Resources Committee Workforce Dashboard

Appendix 2: Finance and Resources Committee Workforce Dashboard Glossary

Appendix 3: Analysis of Local Government Employee FTE and Basic Salary Cost - June 2015 to Present

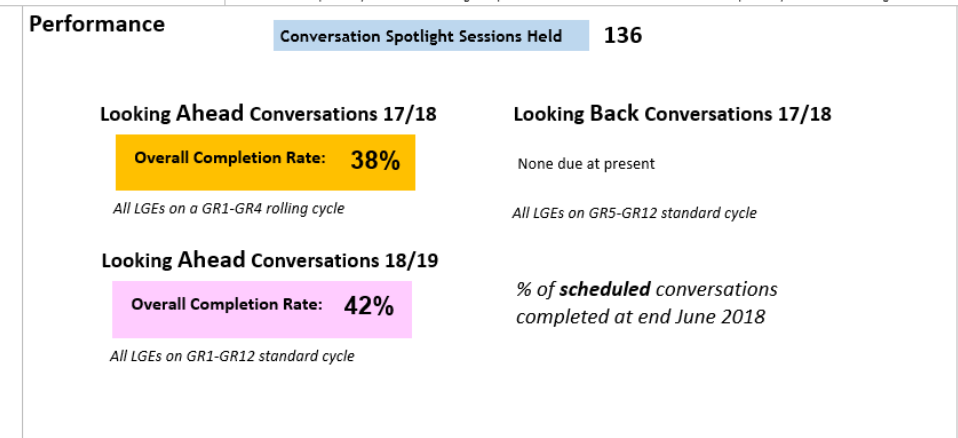
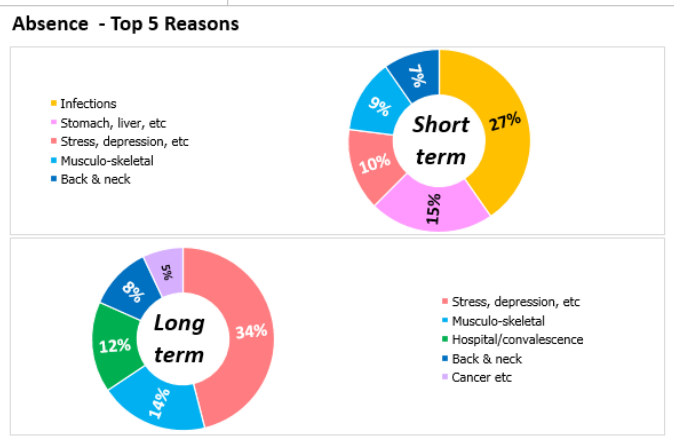
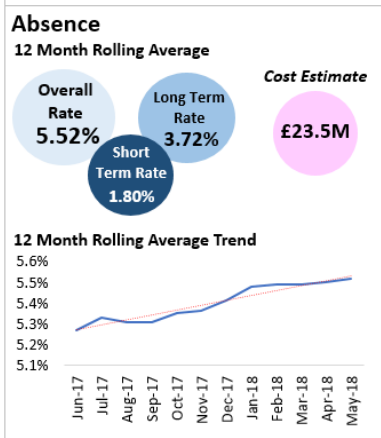
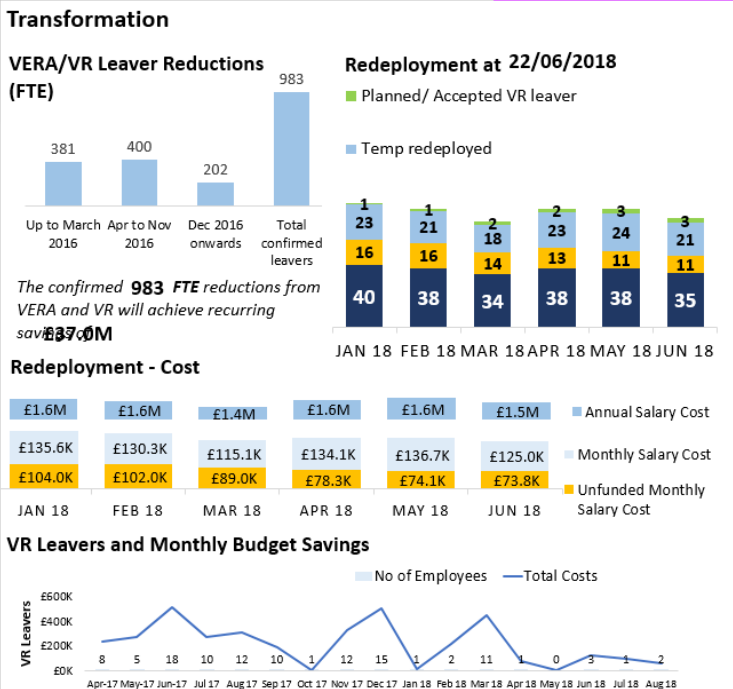
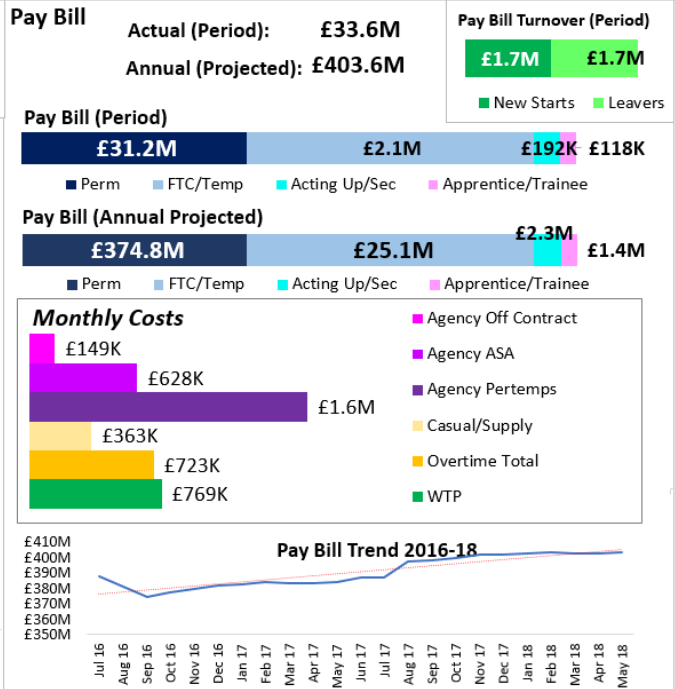
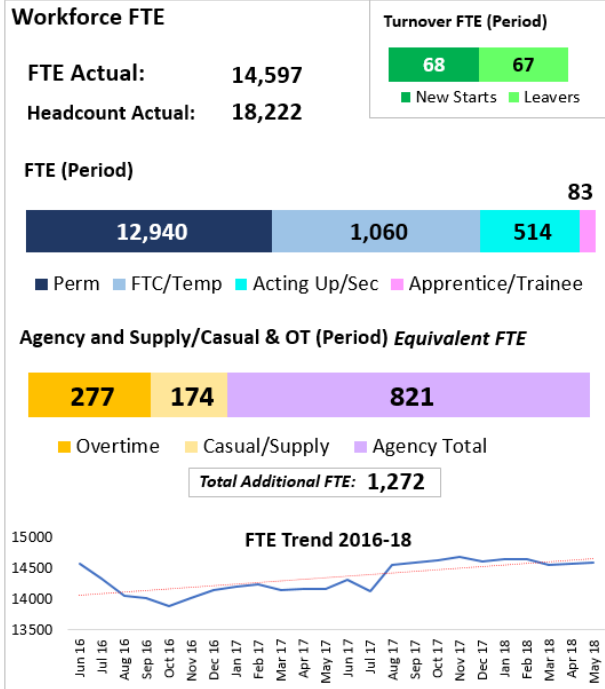
Appendix 4: Agency Expenditure

Appendix 5: Absence Management

# Appendix 1 – Finance and Resources Committee Workforce Dashboard

## Workforce Dashboard: Finance and Resources Committee

Period: **May 18** Issued: **02 July '18**



## Appendix 2 – Finance and Resources Committee Workforce Dashboard Glossary

### Workforce Dashboard Glossary: Finance and Resources Committee

#### Workforce FTE

**FTE Actual:** Sum of FTE for all staff on CEC payroll  
Count of total contracts/positions is not reported here

**Headcount Actual:** Total number of individual employees on CEC payroll

#### FTE (Period)

Breakdown of FTE by contract type for all staff on CEC payroll. A snapshot taken on 25th of each month (post 2nd payroll calc to capture all contractual changes, leavers etc). New starts after 1st of month are removed and included in the next month's FTE analysis. This methodology enables better syncing of workforce FTE data and new start/leaver data.

#### Additional FTE\* (Period)

Breakdown of additional working hours utilisation for overtime and casual/supply represented as equivalent FTE. Agency cost converted to notional FTE value using average annual salary cost of £35k per FTE.

Overtime - actual units of time paid at last transaction date. Data extracted at week 1 to capture late payments.

Agency - cost of weekly invoicing from Pertemps, ASA and off-contract agencies. Data extracted after last weekly payroll in preceding month.

Casual/supply - actual units of time paid at last transaction date. Data extracted at week 1 to capture late payments.

FTE calculated on the basis that a full-time Local Government Employee works 36 hours per week over 52.18 weeks (1878 hours). This calculation will be developed for the next dashboard to take into account a 35 hours working week for Teacher T&C contracts and any other conditions identified at

#### FTE Trend

Archive data from previous S&I dashboard process.

#### Turnover FTE (Period)

Organisation new starts and leavers in the month. Does not report on internal new appointments (e.g. additional contracts, promotion) or ended contracts for multi-position holders (where other positions are still live).

#### Absence

All tables and graphs based on preceding 12 months absence data for all staff on CEC payroll.

Data extracted at week 1 to capture late data input.

Trend data - archive data from previous S&I dashboard process.

#### Pay Bill

**Actual (Period):** Sum of pro-rated basic salary for all staff on CEC payroll

**Annual (Projected):** Sum of pro-rated basic salary for all staff on CEC payroll\*12

#### Pay Bill (Period)

Breakdown of basic pay by contract type for all staff on CEC payroll. Same reporting conditions as for FTE.

#### Pay Bill (Annual Projected)

Breakdown of basic pay by contract type for all staff on CEC payroll\*12. Same reporting conditions as for FTE.

For trends analysis it should be noted that workforce FTE/cost vs new start/leaver FTE/cost will never match exactly due to the "internal churn" of the existing staff population, e.g. changes to working hours, additional contracts.

#### Monthly Costs

Actual cost of hours claimed for overtime, agency and casual/supply and payments made in period. Actual cost of transactions for all working time payments (variable, shifts, weekend, nights, disruption) at the last transaction date.

#### Pay Bill Turnover (Period)

As FTE. Costings report on the annual basic salaries (pro-rated) for new start and leaver populations.

#### Pay Bill Trend

Archive data from previous S&I dashboard process.

#### Transformation

##### VERA/VR Leaver Reductions (FTE)

Data from Finance

##### Redeployment - People

Headcount of staff on redeployment register with status surplus, temp redeployed, future dated VERA/VR leaver. Data extracted at 27th of month. We plan to update the reporting to include detailed split on future dated leavers (for signed-off and awaiting sign-off) for more clarity.

##### Redeployment - Cost

Pro-rated basic salary data for staff on redeployment register.

##### VR Leavers and Cumulative Budget Savings

Data from Finance

#### Performance

##### Looking Ahead Conversations

Total number of conversations where target date for completion has been reached (last day of preceding month). Data extracted at week 1 to capture late input. Different service areas have varying rolling dates for completion of GR1-4. Staff do not fall into scope for completion analysis until the last day of their target month for completion has passed.

##### Looking Back Conversations

Total number of conversations where target date for completion has been reached (last day of preceding month). Data extracted at week 1 to capture late input. For the standard cycle, all looking back meetings should have taken place by 31/03/18. Different service areas have varying rolling dates for completion of GR1-4. Staff do not fall into scope for completion analysis until the last day of their target month for completion has passed.

##### Conversation Spotlight - Data from L&D.

Appendix 3: Analysis of Local Government Employee FTE and Basic Salary Cost - June 2015 to Present

Category/ Group	Grade	June 2015		June 2017		November 2017		March 2018		April 2018		May 2018	
		FTE June 2015	Basic Salary Cost June 2015	June 2017	Basic Pay	Nov 2017	Basic Pay	FTE March 2018	Basic Salary Cost March 2018	FTE April 2018	Basic Salary Cost April 2018	FTE May 2018	Basic Salary Cost May 2018
<i>Front Line Staff</i>	GR1	624.35	£8,056,622	638.19	£8,442,292	615.5	£8,347,937	602	£8,180,875	600.60	£8,161,510	597.02	£8,106,025
	GR2	244.35	£3,448,063	198.27	£2,875,384	188.5	£2,769,699	185	£2,731,241	179.23	£2,653,270	176.55	£2,668,545
	GR3	2374.02	£38,167,823	2124.28	£34,913,321	2151.1	£35,845,510	2163	£36,177,436	2172.17	£36,376,127	2171.01	£36,361,314
	GR4	2478.59	£45,848,733	2567.39	£48,122,458	2547.8	£48,400,423	2487	£47,629,222	2478.78	£47,477,168	2472.08	£47,389,526
<i>Front Line Manager/ Specialist</i>	GR5	1808.41	£40,605,617	1562.97	£35,229,335	1570.4	£35,671,709	1564	£35,947,265	1562.41	£35,718,703	1569.89	£35,982,107
	GR6	1421.04	£37,140,554	1336.57	£35,859,646	1408.6	£38,026,196	1381	£37,738,846	1391.50	£37,865,807	1397.63	£38,017,532
	GR7	1520.27	£48,003,847	1296.48	£42,111,698	1295.4	£42,231,544	1281	£42,182,612	1285.14	£42,166,578	1299.34	£42,610,758
	GR8	776.36	£29,198,555	652.24	£25,125,721	680.9	£26,278,984	692	£27,049,346	690.90	£26,814,200	693.50	£27,015,710
<i>Managers</i>	GR9	358.78	£15,905,725	280.31	£12,879,609	291.0	£13,440,140	279	£13,127,787	281.74	£13,079,133	283.80	£13,153,183
	GR10	117.54	£6,315,138	122.82	£6,541,451	124.9	£6,704,939	125	£6,802,294	120.44	£6,546,398	120.94	£6,594,839
	GR11	46.83	£2,954,366	36.00	£2,324,099	37.0	£2,413,183	37	£2,474,965	37.47	£2,466,142	37.47	£2,466,142
	GR12	30.60	£2,194,462	33.00	£2,401,762	37.0	£2,692,746	38	£2,817,336	38.00	£2,799,534	39.00	£2,868,464
<b>Total</b>	<b>11801.16</b>	<b>£277,839,505</b>	<b>10848.53</b>	<b>£256,826,777</b>	<b>10948.0</b>	<b>£262,823,009</b>	<b>10833</b>	<b>£262,859,225</b>	<b>10838.38</b>	<b>£262,124,570</b>	<b>10858.23</b>	<b>£263,234,145</b>	



## **Appendix 4 – Agency Expenditure**

The total billing amount for May 2018 was significantly more than the average monthly spend. The reason for this is that there was lower than average spend in April (£1.4m), which resulted in an uplift of spend in May due to invoices from April period being processed in May. The off-contract spend also increased in the period April to May of £46k 'new' spend, which was due to new spend, including the Scottish Nursing Guild (Nursing Support) and Sanctuary (Occupational Therapists).

## **Appendix 5 – Absence Management**

### **Absence Rates**

The organisation's absence rate increased by 0.64% between April 2016 (4.88%) and May 2018 (5.52%). Our target rate for absence is 4%. The overall trend has been one of a steady increase since 2016 which coincides with a significant decrease in headcount across all Directorates. As at May 2018 the long-term absence rate was 3.72% and the short-term absence rate was 1.80%.

The Chartered Institute of Personnel and Development (CIPD) Health and Wellbeing Survey for 2018 reported that on average, public sector employees across the UK had 8.5 days of absence over the previous year. Our average days lost per employee over the previous 12 months is 10.3 days.

Scotland tends to report higher levels of absence than England<sup>1</sup> and an Audit Scotland report (published March 2016) of absence across 32 Scottish Local Authorities, demonstrated that days lost to absence in our organisation is in line with the average days lost across the other Scottish Local Authorities. The City of Edinburgh Council ranked 14<sup>th</sup> out of the 32 Local Authorities for the lowest days lost.

### **Absence Hotspots**

Further analysis of the data reveals a number of absence “hotspots”: -

- A number of Directorates have an absence rate that is higher than the target of 4%, including the Edinburgh Health and Social Care Partnership, Safer and Stronger Communities (incorporated in Communities and Families from June 2018), and Resources (although the professional corporate services are all below the 4% target).
- Within Directorates, there are particular services with higher absence including; Health and Social Care Localities; Health and Social Care areas that are in the process of being reviewed for transformation; Safer and Stronger Localities; Homelessness and Housing Support; Property and Facilities Management (specifically in the Cleaning, Catering, Janitorial, Security and Facilities Management teams); Customer Services and IT (in the Contact Centre and Business Support teams); and Place Management.
- The types of roles in these areas of higher absence include Social Care Assistants and Workers; Care and Support Workers; Housing Officers and Wardens; Cleaners, Facilities Assistants and Cooks; Business Support staff, Customer Advisers (contact centre) and Transaction Assistants.

The 2016 ONS report, Sickness absence in the labour market: 2016, reflects our own identified hotspots: absence levels tend to be higher for care workers and those

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<sup>1</sup> ONS report, Sickness absence in the labour market: 2016

undertaking “elementary” professions (i.e. simple and routine tasks which often involves some physical effort) when compared with professional groups.

### **Days Lost to Short and Long-Term Absence**

Short term absences account for 32.5% of the total working days lost and long-term absences account for 67.5% of the total working days lost. The ratio of short to long term absence varies across the Directorates. For example, in the Communities and Families Directorate, short term absences are the cause of 42.1% of short term absence, compared with 26.8% in the Edinburgh Health and Social Care Partnership.

### **Absence Reasons**

The top reason for long term absence in the previous 12-month period across most Directorates is stress and mental health related conditions, accounting for 34% of all days lost to long term absence. The next highest reasons for long term absence include hospitalisation/convalescence, musculoskeletal, cancer and heart/blood pressure.

In the Place Directorate the musculoskeletal conditions overtake stress and mental health as the leading cause of long term absence due to the primarily physical nature of the work.

The top reason for short term absence across all Directorates is infections, accounting for 27% of all days lost to short term absence. The next highest reasons include stomach/liver, musculoskeletal, back and neck, eye/ear/nose and stress and mental health.

Our experience here is reflected across the public sector. The CIPD Health and Wellbeing Survey 2018 found that the public sector is considerably more likely to include: stress, musculo-skeletal injuries and mental ill health among their top causes of both short and long-term absence.

### **Employees Currently Absent from Work (May 2018)**

The total number of employees absent on a long-term basis across the organisation has decreased by 18% since December 2017 (556 employees were absent in December 2017).

At May 2018, 458 employees were absent from work on a long-term basis (equivalent FTE 377). Of these, 66% are female employees and 34% are male, which broadly reflects the overall workforce gender split (71% female, 29% male). The ONS report *Sickness absence in the labour market: 2016* shows that absence rates tend to be higher for female workers than for male workers; in 2016, women in the UK lost 2.5% of their working hours due to sickness, and by contrast men in the UK lost 1.6% of their working hours due to sickness.

Of our total open long-term absence cases, 32 employees (7%) had been absent for longer than 12 months and 250 employees (55%) had been absent for less than 3 months, at May 2018.

At the organisation level, 54% of our employees work on a full-time basis and 46% work on a part-time basis; 11% of our long-term absence cases work on a full-time basis and 89% work on a part-time basis. The ONS 2016 research demonstrates that part-time workers tend to have a higher rate of absence than those that work on a full-time basis; in 2016, the UK sickness absence rate for part-time workers was 2.6% compared with 1.9% for full-time workers.

Around 40% of current long-term absences are in the 50-59 age group, with stress, mental health and fatigue syndromes as the main driver for absence (30% of cases). The 40-49 age group accounts for 25% of our total long-term absence cases, and again, stress, mental health and fatigue syndromes are the leading cause of absence (40% of cases). Stress and mental health is also the driving cause of long term absences in the 20-29 and 30-39 age groups.

Our distribution of absence by age is in line with ONS research that demonstrates the presence of higher absence rates for older age groups; workers aged 16 to 24 were 46% less likely to be off work due to sickness than a worker aged between 50 and state pension age.

The 60+ age group accounts for 17% of the total long-term absence cases, however the absences for this group are different to those observed for the other age groups, and relate to musculo-skeletal problems, cancer, and hospitalisation/convalescence. Around 1.3% of the absence for the 60+ age group is related to stress, mental health and fatigue syndromes.

# Finance and Resources Committee

10.00am, Thursday, 16 August 2018

## Commercial and Procurement Annual Report 2018

Item number	7.14
Report number	
Executive	
Wards	
Council Commitments	

### Executive Summary

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The Commercial and Procurement Strategy 2016-2020 was approved by Committee on 1 December 2016. The Commercial and Procurement Annual Report provides an update on what has been delivered through the strategy from December 2016 to 31 March 2018. The report also discharges our duties from the Procurement Reform (Scotland) Act 2014.

## Commercial and Procurement Annual Report 2018

### 1. Recommendations

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- 1.1 It is recommended that the Committee notes the contents of this report and approves the Commercial and Procurement Annual Report 2018 for publication.

### 2. Background

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- 2.1 Finance and Resources Committee approved the Commercial and Procurement Strategy 2016-2020 (the Strategy) on 1 December 2016. The Strategy includes all Council procurement activity from 31 December 2016 to 31 March 2020.
- 2.2 The Council is obliged under the Procurement Reform (Scotland) Act 2014 section 18 to prepare an annual procurement report on its regulated procurement activities as soon as reasonably practicable after the end of the financial year.
- 2.3 The monitoring and reporting requirements align to instructions provided by Scottish Government. In that the report end date falls to the Council finance period, with the first report covering 15 months and thereafter 12 monthly periods.
- 2.4 The report must include: -
- Summary of regulated procurements completed during the reporting period;
  - Compliance review with the Council's Procurement Strategy;
  - Statement on how compliance will be achieved, monitored and reported for any regulated procurements that did not comply;
  - Community benefits fulfilled during the reporting period;
  - Steps taken to facilitate involvement of supported businesses; and
  - Future expected regulated procurements in the next two financial years.
- 2.5 The report must be published and available on the internet and details of the publication of the report must be provided to Scottish Ministers.

### 3. Main report

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- 3.1 Commercial and Procurement Services takes steps to capture and process the key requirements of the strategy to enable monitoring and reporting activity. This includes updates to Council Contract Standing Orders, procurement handbook, processes and procedures, templates and management information tools.
- 3.2 Six monthly update reports are provided to the Finance and Resources Committee on the volume, value and type of all contracts awarded in each Directorate in the preceding six months, along with details of future projects in the pipeline for delivery.
- 3.3 Quarterly dashboard reports are presented to Executive Directors providing details on contract spend, contracts being procured, contracts due to end in the next 12-24 months and procurement compliance. This helps to inform the planning process and raising awareness of new requirements e.g. GDPR and the additional time to evaluate data security.
- 3.4 There are 154 regulated procurements, those with a value of £50,000 for goods/services and £2 million for works, which commenced on or after 18 April 2016, completed during the reporting period valued at over £230m. An additional 212 new contracts or framework agreements were added to the council contract register in the same period which were not 'regulated' in that they related to contracts awarded below the regulated threshold values.
- 3.5 Compliance with the procurement strategy objectives is provided in the report, most have or are being achieved due to the activities in place and gateway reviews are held to identify and address issues or risks on a regular basis.
- 3.6 Some improvements have been identified to further improve compliance, these included more actions on contract management and the establishment of the Grants and Contract Management Team in August 2017. The Contract Standing Orders were amended in June 2018 to incorporate additional responsibilities for contract managers and to raise greater staff awareness on the key changes along with relevant training and guidance being provided.
- 3.7 Community benefits are identified on a project by project basis and are embedded in our processes and procedures. Key delivery achievements include 30 jobs and 59 apprenticeships filled by priority groups.
- 3.8 Work with supported business; those whose main aim is the social and professional integration of people with disabilities or disadvantaged persons and where at least 30% of the employees of the business consider themselves to have a disability or are disadvantaged persons, has increased due to enhanced awareness of the supplies and services available. The council's Interior Design team, within Property and Facilities Management, are working to refurbish nurseries and the community equipment store are the main users of supported businesses framework, which has seen a 14% increase in spend over the last year.

- 3.9 Future projects over the next two years will include the re-tendering or proposed extensions of some large contracts and frameworks alongside new tender requirements. Whilst the precise detail is not available for all projects listed in Annex 3 of the report we anticipate a growing demand for construction works, supporting the council housebuilding programme and the supply of materials and repair and maintenance to the council's operational estate. There are also contracts due to expire for care at home and temporary accommodation and the team is working on strategies with key stakeholders internally and externally to define the scope of the requirements over the next year.

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

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- 4.1 The council received an overall score of 85% following assessment of the procurement and commercial improvement programme (PCIP) which evaluated key themes of leadership and governance, development and tender, contract management and purchasing processes.
- 4.2 The Annual Report is published on the council website and reported to the Scottish Government following approval by committee.

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

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- 5.1 No additional costs to the council are associated with this report.

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

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- 6.1 No adverse risks or policy impacts have been identified as associated with this report.
- 6.2 Compliance with the Procurement Reform (Scotland) Act 2014 will be met through providing an update on delivery of the strategy and publication of the annual report.
- 6.3 The council will be assessed on its procurement function again in March 2019.

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

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

#### **8. Sustainability impact**

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- 8.1 There is no direct sustainability impact on the report, however it does provide an update on sustainable procurement practices.



## 9. Consultation and engagement

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- 9.1 No specific consultation on the delivery of the strategy beyond engagement with Suppliers and partners to review outcomes achieved.

## 10. Background reading/external references

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- 10.1 [Finance and Resource Committee Report – Item 7.4 Commercial and Procurement Strategy 1 Dec 2016](#)
- 10.2 [Procurement Reform \(Scotland\) Act 2014](#)

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## 11. Appendices

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Appendix 1 - Annual Report

# Commercial and Procurement Strategy – Annual Report

March 2018



# Commercial and Procurement Strategy – Annual Report

Covering December 2016 to March 2018

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# 1. Context

The launch of the Council's current Commercial and Procurement Strategy in December 2016 included the commitment to publish an Annual Report on procurement activities following the end of the Financial Year (FY).

The strategy sets out a framework designed to enable the Council to continue its journey of change and innovation through:

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

In line with obligations under the Procurement Reform (Scotland) Act 2014, this first report (incorporating the periods 31 December 16 to 31 March 2017 and 1 April 2017 to 31 March 2018), details the scope of procurement activity in accordance with the strategy, set out as follows:

- Summary of regulated procurements completed during the reporting period;
- Compliance review with the Council's Procurement Strategy;
- Statement on how compliance will be achieved, monitored and reported for any regulated procurements that did not comply;
- Community benefits fulfilled during the reporting period;
- Steps taken to facilitate involvement of supported businesses; and
- Future expected regulated procurements in the next two financial years.

Major procurements undertaken in the period include framework agreements to support the delivery of transport service to schools and care sector, large value contracts to provide agency staff when demands increase during summer and winter festivals, and contracts to provide accommodation and support to vulnerable people, alongside contracts for waste transfer and housing development.

The diversity of the services, goods and works procured by the Council require good commercial and procurement skills, knowledge and support through controls and guidance. The Council has completed a five-year programme of commercial excellence (CE) which provided focus on procurement delivery practices, council wide commercial practice and capability development. The CE programme has delivered significant savings of £150m and made key changes to commercial delivery which is demonstrated by high outcomes following external assessment. The Council will continue to deliver this now embedded approach to procurement working with colleagues and other stakeholders to deliver Best Value outcomes which support the Council's strategic aims and objectives.

The key areas of focus in the next year include the improvements to the Council contract management processes and procedures, an area where we can influence quality and value on contracts awarded; we aim to improve the monitoring and reporting of community benefits and local engagement through new systems; and continue to support staff development and training to ensure the right skills are available at the right time for projects in the future pipeline.

## **2. Regulated Procurements Completed**

Regulated procurements cover contracts with a value of £50,000 for goods/services and £2 million for works, which commenced on or after 18 April 2016. Section 18(2) of the Procurement Reform (Scotland) Act 2014 requires organisations to include: "a summary of the regulated procurements that have been completed during the year covered by the report". Completed contracts are those where the award notice has been published or where the procurement process otherwise comes to an end. This includes contracts and framework agreements.

The Council maintains and publishes a record of contracts awarded on its external website. This 'Contract Register' provides information on current contracts and is updated on a regular basis to remove expired contracts and include new awards as appropriate. The register can be accessed on the Council's website [here](#).

In addition to maintaining a public register, the Council reports to Finance and Resources Committee on new contracts with a value above £1m as a minimum. To ensure regular monitoring of all contracts a further six-monthly report on contracts awarded through competitive and non-competitive actions is reported to Finance and Resource Committee, all reports to committee are available on the Council public website.

The summary of regulated procurements completed in the relevant period are provided as [Annex 1](#). These include procurements for goods, services and works - total volumes and values are tabled below. New contracts include a mix of new projects, re-let of recurring contracts and extensions awarded in the period.

<b>Contract Type</b>	<b>Volume of New Contracts Awarded</b>	<b>Total Estimated Value of Contracts</b>
Goods	11	£12,924,260
Services	137	£191,090,609
Works	6	£26,278,178
<b>Total</b>	<b>154</b>	<b>£230,293,047</b>

There were 212 additional contracts awarded in the period which are below the £2m threshold and not subject to this report. These contracts, mostly for works are included in the [Contract Register](#).

Collaborations with other public bodies to maximise mutual benefits, where appropriate, are included in the regulated and non-regulated contracts awarded. Examples of this include: -

- Engagement with West Lothian, East Lothian and Midlothian Council on translation services, taxi plate disposal and a framework for the supply and maintenance of cleaning equipment which the Council made available to all 32 Scottish Councils;



- Scotland Excel – the Council has utilised 56 of the 59 framework agreements, examples of which include protective clothing, library books, frozen food and dairy products;
- Scottish Government – the Council has utilised over 20 frameworks for specialist items including fuel, postal services, IT and office furniture;
- Crown Commercial Services, ESPO, YPO, HUBCo, and SCAPE frameworks have also been utilised to support Council procurements during the period including Occupational Health, Agency Recruitment and Construction projects.

Alternative sourcing opportunities were undertaken during the period to ensure requirements to provide Best Value for the Council were met. These included the direct award of contracts which support individuals, in accordance with the statutory guidance for care and support or where there were economic or technical issues that may have detrimentally impacted on service delivery e.g. using existing suppliers to maintain equipment originally provided by that specific supplier rather than seeking to replace equipment. These instances are deemed to fall under the term non-competitive action i.e. an award without a competitive procurement process. In line with the Council's Contract Standing Orders (CSOs), there is provision to waive the standard process where it is in the Council's best interest, having regard to Best Value, legal compliance and any potential risk of successful legal challenge, the principles of transparency, equal treatment, non-discrimination, proportionality and impact upon service users. A record of such instances (waivers) is maintained and reported to Finance and Resource Committee on a bi-annual basis.

In summary, non-competitive actions made up less than 5% of the regulated contracts awarded during the period of the report with 3% falling within care and support services.

The light touch approach for social and other specific services was adopted through co-production with people using council services and other key stakeholders; and identifying different processes to encourage small and third sector suppliers to respond to our requirements. Projects included the Mental Health services partnership approach to support changes in the delivery model; taking suppliers through a minimum selection processes, with detailed proposal only required when individual

projects were ready for start (like dynamic purchasing approach/approved supplier); re-opening framework agreements so as not to restrict the market or options for training provision and to support schools with pupil attainment provision.

### **3. Review of Regulated Procurement Compliance**

The procurement strategy objectives incorporate elements of the Council Business Plan and the general duties of the Act in seeking to:

- Deliver Savings and Best Value;
- Improve Processes and Policies; and
- Increase Expertise, Capacity and Effectiveness.

The steps to achieve the objectives and progress made is detailed at [Annex 2](#) along with a status review of compliance achieved.

The Procurement and Commercial Improvement Programme (PCIP) is the new tool which replaced Procurement Capability Assessments in 2016 for assessing procurement performance. The PCIP assessment, carried out by Scotland Excel in July 2017 rated the Council procurement performance, policies and procedures at an overall score of 85%, placing the City of Edinburgh Council in the highest band and significantly above the Local Authority average of 64%. The assessment identified some areas that could improve further, these include embedding contract management process, guidance and achievements made through the Contracts and Grants Management (CAGM) Team, more detail on implementation and exit strategies during the planning and delivery stages and more detail on risk management and sustainability. These actions are captured in the procurement improvement plans.

An additional improvement identified in monitoring the strategy is data capture. The Council has been reliant on manual prompts on contracts to measure outcomes which has resulted in increased administration for internal teams and external organisations. The Council aims to address this issue on a phased approach. The first phase being the introduction of new software to support Community Benefit reporting and will also provide a marketplace for local communities to engage with Council suppliers to promote social and economic engagement during the life of council contracts.



The amendments made to our processes and procedures post April 2016 to address key changes in legislation are now embedded practice and ensure regulated requirements adhere to the strategy.

## 4. Community Benefits Summary

Within its processes and procedures, the Council has embedded the requirement for Community Benefits to be considered and where appropriate sought and delivered for each regulated procurement.

Community Benefits delivered in the reporting period range from apprenticeships, training, work experience, recruitment, mentoring, and community engagement. These have been delivered by suppliers and contractors but on occasion Council staff have also been involved.

**Figure 1 – Community Benefits ‘Helping Hand’ Day**



*Organised by CPS and working alongside one of our main Contractors (Skanska FM), Lorne Primary School in Leith received help with ten people from Skanska and three staff from CPS painted two external fences and walls, the internal and external doors of the school and the main office.*

An example of the Council seeking innovation through Community Benefits is in the award of the Trade Materials contract to Travis Perkins Managed Services where a legacy fund was set up based on 1% of the anticipated delivery levels, which is managed by an independent charity, The One City Trust, through its Grant Programme.

Every year local charities or constituted community groups are invited to apply for grants to support projects tackling inequality and exclusion. There are two routes

through, which organisations are encouraged to apply for funding. The Main Grant Programme which awards projects up to the value of £10,000 and the Lord Provost Rapid Action Fund, for smaller projects up to the value of £2,000.

**Figure 2 – Community Benefits, One City Trust – Grant award**



To date, 12 projects have been awarded funding through main programme and 5 projects from the Rapid Action Fund. A further 8 projects have been successful in securing funding for the 2018/19 financial year and we will continue to work closely with our partners to build upon the success of the Community Benefits delivered.

The table below provides a qualitative summary of what has been delivered in the reporting period. Other examples have included contractors providing construction safety education, mentoring over a 12-month period, local area tidy-up campaigns, sponsorship of local community groups e.g. local football clubs, Brownies, talks and training to Council staff to enhance knowledge transfer and providing surveys and project management support to local third sector organisations.

<b>USE OF COMMUNITY BENEFIT REQUIREMENTS IN PROCUREMENT</b>	
Total Number of Regulated Contracts Awarded	<b>154</b>
Total Number of Regulated Contracts Awarded Over £4million	<b>8</b>
Total Number of Regulated Contracts Awarded with Community Benefit Requirements	<b>23*</b>

Total Value of Contracts Awarded	<b>£230,293,047</b>
<b>DELIVERED IN THE REPORTING PERIOD**</b>	
Number of Jobs Filled by Priority Groups	<b>30</b>
Number of Apprenticeships Filled by Priority Groups	<b>59</b>
SME / 3 <sup>rd</sup> Sector paid Employment Opportunities	<b>25</b>
Number of Work Placements for Priority Groups	<b>250</b>
Number of Qualifications (SVQ/NVQ) Training provided by Priority Groups	<b>216</b>
Number of Individuals receiving Educational Student Mentoring/Workshops	<b>1785</b>
Professional advice to community groups or local charities – individual support	<b>143</b>

\*This number appears low, there is a high volume of projects where community benefits were not considered suitable including a high volume of care contracts or call-off contracts awarded by other organisations.

\*\* This includes delivery from contracts awarded in previous periods but delivered in the reporting period.

## 5. Supported Businesses

Council services that procure relevant commodities have been encouraged to increase activity with Supported Businesses through targeted engagement. As an example, the Capital Programme Team within Property and Facilities Management have engaged in working with North Lanarkshire Industries and Matrix on specialist interior design upgrades to nurseries and other Council properties. The overall increased awareness and engagement has had a significant impact on Supported Business spend increasing from £177,502 in 16/17 to £202,808 in 17/18 (+14%).

In addition to call-offs from the Scottish Government Framework for Supported Factories and Businesses we have worked to identify new opportunities for sustainable procurement, including engagement with the Grassmarket Community Project, a social enterprise providing bespoke furniture.

Total actual spend with Supported Businesses in the reporting period is shown in Figure 3.

**Figure 3**

North Lanarkshire Industries	£64,276
Dovetail Enterprises	£10,177
EESL Ltd	£868
Matrix Fife	£157,674
St Judes Laundry	£24,105
	<b>£257,100</b>

## **6. Future Regulated Procurements**

Over the next two years the Council will have a mix of recurring requirements and one-off opportunities. These range from large capital investment in regeneration and house building projects to services providing repairs for housing tenants or corporate properties as well as services for people such as learning and training programmes or care services. We have provided as much detail as possible about what we intend to procure over the next 2 years, however until full scoping activity is undertaken and the contract strategies are complete, the timeline, contracting approach and values may be subject to change.

A summary of regulated procurements anticipated in the next two years is provided in [Annex 3](#).

## **7. Finance**

### **Financial Outlook**

It is anticipated that the next few years will continue to bring significant challenges for all Councils, with increases in demand for key frontline services set against a backdrop of on-going financial constraints and wider uncertainty.

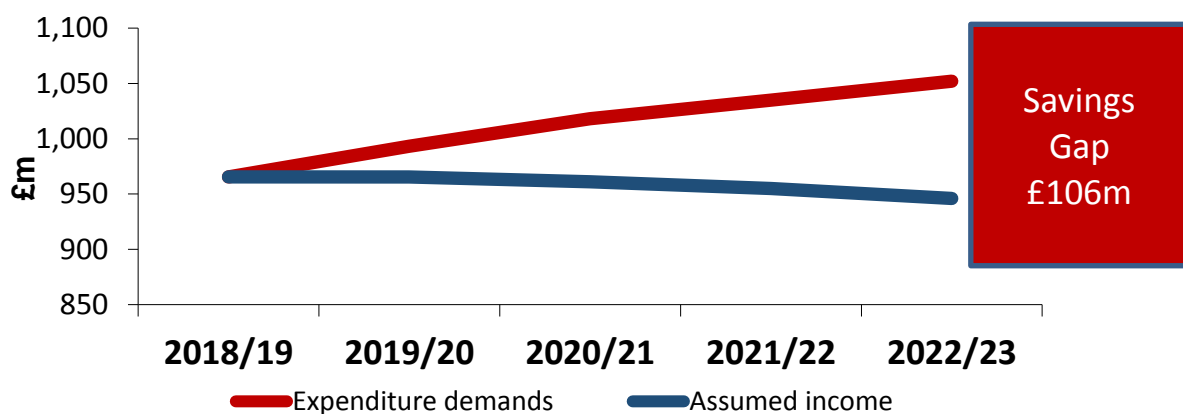
This uncertainty will affect both UK-wide and Scotland-specific public expenditure levels. At this stage, no firm funding allocations have been confirmed, even at Scotland-wide level, beyond 2018/19. Wider economic forecasts, however, point to the likelihood of continuing reductions in real terms in available grant funding, coupled

with upward pressures on employee costs following the relaxation of the Scottish Government's Pay Policy for 2018/19.

Councils also continue to face significant pressures on expenditure, in particular in relation to demographic factors, such as rising school rolls, increasing numbers of children and adults requiring specialist care and an ageing population with increasingly complex support requirements. Other areas, such as energy supply costs, are also inherently volatile and may add to the level of savings requiring to be delivered.

Figure 4 is an illustration of the gap between expenditure demands and the Council's anticipated funding position is shown below, indicating an overall recurring savings requirement of at least £106m by 2022/23.

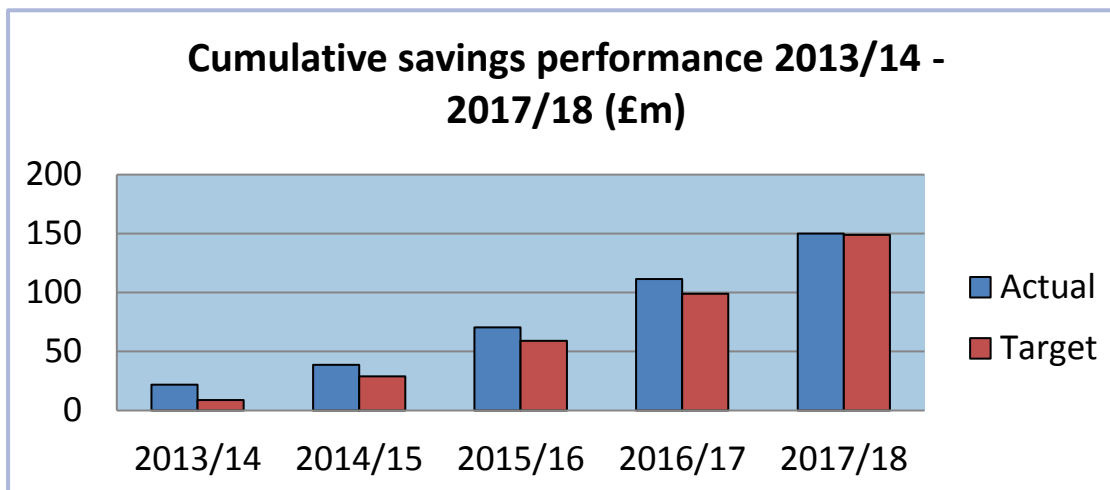
**Figure 4**



Since 2013 the Council's Commercial Excellence Programme has aimed to improve commercial activity, controls of purchasing, capability and capacity regarding commercial and procurement activities. The Council set an ambitious target for the programme to achieve total savings of £150m between 2013/14 and 2017/18. Including cost avoidance savings achieved in 2013/14, this target was met in full as shown in the chart below. The commercial and procurement practices are embedded and the Council will continue to identify opportunities, record the savings and monitor the achievement against the procurement and contract management pipeline.

The savings opportunities in future years will include a focus on demand management to reduce need and increased benchmarking activity to ensure we continue to seek Best Value outcomes from Council contracts.

**Figure 5**



**Council expenditure with third parties**

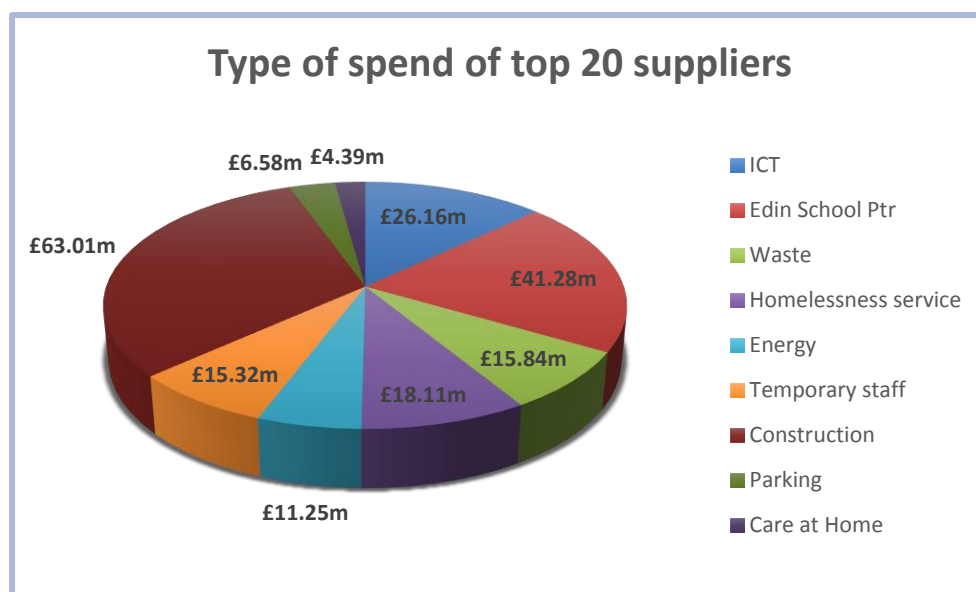
In the period of the report the Council expenditure with third parties per annum was:

- £542,112,773 in 2016/17
- £539,998,897 in 2017/18

The total volume of suppliers has reduced by 7% in the last 12 months and the local supply base has dropped by 1% in comparison (excludes spend through purchase card).

The areas of supplier spend are vast, a summary of our top type of Supplier spend is presented below in Figure 6.

**Figure 6**



Construction makes up a large proportion of the third party spend and is attributed to a range of projects including housing, education, transport and infrastructure and maintenance of Council estate. This pipeline of projects over the next 3 - 5 years anticipated to be in the region of £1bn.

## Annex 1 – Regulated Procurements

Date of Award	Name of Supplier	Subject Matter	Estimated Value of the Contract	Start Date	End Date
<b>GOODS CONTRACTS AWARDED - 11</b>					
27/03/2017	Brodie Melrose Drysdale & Co Ltd	Catering supplies	£50,000	01/04/2017	30/09/2017
28/03/2017	Bradmac Garage Equipment & Services Ltd	Vehicle Test Equipment; Taxi Examination Centre	£55,225	10/04/2017	09/04/2020
01/07/2017	Brakes Bros Ltd	Supply & distribution of frozen foods Call off - SXL	£4,000,000	01/07/2017	30/06/2019
20/07/2017	Matthew Clark Wholesale Ltd	Alcoholic & Non-alcoholic Beverages for Theatres- Call off – SE Ayrshire	£996,000	04/10/2017	04/10/2019
01/08/2017	Nottingham Rehab Supplies	Aids for Daily Living – call off - YPO	£975,000	01/09/2017	31/08/2018
01/08/2017	G & S Smirthwaite Ltd	Aids for Daily Living– call off - YPO	£65,000	01/09/2017	31/08/2018
14/09/2017	NewAuto Ltd t/a MOGO UK	Supply & Disposal of Taxi Licence Plates	£337,919	02/10/2017	01/10/2021
04/12/2017	Hewlett Packard UK Ltd	Mobile Client Devices – call off SGov	£1,000,000	15/12/2017	15/11/2018
25/01/2018	Nottingham Rehab Ltd t/a NRS Healthcare	Aids for Daily Living Equipment, Services – call off - YPO	£4,840,000	01/02/2018	31/01/2020
19/02/2018	DMG Floorcare Ltd	Framework - Supply & Maintenance of Cleaning Equipment	£405,000	26/02/2018	25/02/2022
22/03/2018	Pitney Bowes Ltd	High Speed Mail Scanners – call off CCS	£200,116	23/03/2018	21/03/2023
<b>SERVICES CONTRACTS AWARDED - 137</b>					
01/01/2017	Lothian Centre for Inclusive Living (LCiL)	Independent Living Support Services	£702,000	01/01/2017	31/12/2020
04/01/2017	Royal Mail Group Ltd	Postal Services – call off SGov	£1,644,000	04/01/2017	03/01/2020
10/01/2017	Pricewaterhouse coopers LLP	Internal Audit Provision	£631,400	01/04/2017	31/03/2019
11/01/2017	S&S Properties	Temp Accommodation	£250,000	01/04/2016	31/03/2017
19/01/2017	My Adventure	Youth programme	£128,089	01/01/2017	31/03/2018
19/01/2017	Arcadis LLP	FM Service Technical Consulting Support – Call off (ESPO)	£204,889	01/04/2017	31/08/2017
25/01/2017	Northgate Public Services (UK) Ltd	Single Occupancy Discount Review Service	£152,228	25/01/2017	30/09/2021
27/01/2017	DA Languages Ltd Prestige Network Ltd Global Language Services Ltd Supreme Linguistic Services Ltd AA Global Language Services Ltd The Language Room Ltd Translate Plus Ltd	Interpreting & Translation Framework	£1,485,377	06/02/2017	05/02/2020
27/01/2017	Ernst and Young LLP	Provision of 7 Cities Investment Fund Report	£55,145	01/02/2017	12/04/2017
30/01/2017	Redsky IT Hemel Ltd	Annual support and maintenance	£53,591	23/01/2017	22/01/2018
08/02/2017	AWJ Woodwaste Ltd	Uplift and Processing of Waste Laminates	£120,000	04/01/2017	03/01/2018



Date of Award	Name of Supplier	Subject Matter	Estimated Value of the Contract	Start Date	End Date
10/02/2017	TMP (UK) Ltd	Recruitment - call off SGov	£985,436	05/03/2017	17/04/2018
15/02/2017	Underbelly Ltd	Major Events	£161,328	27/02/2017	26/02/2020
15/02/2017	Access to Industry Ltd	Employability Complex Needs Service	£954,158	01/04/2017	31/03/2019
17/02/2017	Barnardos	Behavioural Intensive Support Service	£50,635	01/04/2016	30/09/2016
20/02/2017	Perimeter Intruder Detection Systems Ltd	Supply of Temporary Security Alarm Systems	£960,000	03/04/2017	31/03/2022
22/02/2017	Currie & Brown	Project Management services for street lighting	£475,100	03/03/2017	01/03/2021
28/02/2017	Aebi Schmidt UK Ltd	Hot Wash Pavement Machines	£105,000	06/03/2017	05/03/2020
08/03/2017	Pertemps	Managed Services Recruitment (Mstar2) – call off ESPO	£65,000,000	12/06/2017	11/06/2020
14/03/2017	Lothian Centre for Inclusive Living Fife Business Centre Accountability	Payroll Support Service Framework Agreement	£470,470	01/04/2017	31/03/2020
20/03/2017	National Youth Choir of Scotland	Kodaly music training	£57,760	01/09/2016	30/06/2017
21/03/2017	Currie & Brown	Technical Design services	£252,252	28/03/2017	04/05/2020
24/03/2017	Transport for Edinburgh Ltd	Citywide Wayfinding	£137,000	15/03/2017	31/03/2017
30/03/2017	AECOM Ltd	Community Links Plus Bid - Stage 3 Call off - SXL	£78,556	03/04/2017	21/07/2017
01/04/2017	Stepping Stones North Edinburgh	Early Years Services - Granton Early Years Centre	£184,500	01/04/2017	31/03/2019
01/04/2017	Milan Senior Welfare Organisation Ltd	Day Centre (Older People)	£222,379	01/04/2017	31/03/2019
10/04/2017	SWECO UK Ltd	Workplace Travel Planning Consultants	£100,000	01/06/2017	31/03/2018
12/04/2017	Underbelly	Edinburgh's Christmas and Edinburgh's Hogmanay	£5,000,000	24/04/2017	23/04/2020
20/04/2017	The Roberts Partnership Ltd	Digital Boost Programme	£117,930	01/05/2017	31/03/2018
25/04/2017	Biffa Waste Services Ltd	Receipt, Bulking and Transfer of Waste	£513,846	28/11/2016	27/11/2017
25/04/2017	William Tracey Ltd	Receipt, Bulking and Transfer of Waste	£342,217	28/11/2016	27/11/2017
25/04/2017	NWH Waste Services Ltd	Receipt, Bulking and Transfer of Waste	£776,451	28/11/2016	27/11/2017
04/05/2017	Ocean Serviced Apartments Ltd	Accommodation for Adult Care service	£86,640	01/04/2017	31/03/2018
08/05/2017	St Margarets Children & Family Care	adoption services	£110,000	01/04/2017	31/03/2018
15/05/2017	Whistl Scotland Ltd	Printing and mailing services	£125,000	01/05/2017	30/06/2017
16/05/2017	Travelers Insurance Company	Insurance for Edinburgh Trams Ltd	£869,862	31/05/2017	30/05/2020
19/05/2017	Glenallan	Temp Accommodation	£200,000	01/04/2017	31/03/2018
19/05/2017	Park View House Hotel	Temp Accommodation	£200,000	01/04/2017	31/03/2018
19/05/2017	Ravensdown Guest House	Temp Accommodation	£200,000	01/04/2017	31/03/2018
19/05/2017	Granville Guest House	Temp Accommodation	£200,000	01/04/2017	31/03/2018
19/05/2017	Edinburgh Regency Guest House	Temp Accommodation	£200,000	01/04/2017	31/03/2018
22/05/2017	Edge Autism Ltd	Behavioural support service	£64,000	23/05/2017	22/05/2018
22/05/2017	Portfolio Evaluation Ltd	Investment Performance and Risk Analysis Service	£655,600	01/01/2017	31/12/2021

Date of Award	Name of Supplier	Subject Matter	Estimated Value of the Contract	Start Date	End Date
24/05/2017	Crew 2000	Crew 2000 - SE Locality Provision	£82,126	01/04/2017	31/03/2019
30/05/2017	Direct Control UK Ltd	Electric and Audio Visual	£57,540	15/05/2017	09/06/2017
30/05/2017	Anturas Consulting Ltd	Strategic support Water of Leith Phase 2 and Tram Extension	£440,000	31/03/2017	31/03/2019
06/06/2017	Inclusion Alliance	Support services	£91,354	06/06/2017	19/06/2019
15/06/2017	Currie & Brown	Cost Management services	£172,620	17/05/2017	16/05/2020
27/06/2017	Fabb Scotland Ltd	Holiday Activity Programme	£3,242,061	30/06/2017	31/03/2021
27/06/2017	WYG Environment Planning Transport Ltd	Transport report	£82,911	01/07/2017	17/03/2019
29/06/2017	East Park	Specialist care service	£693,229	12/07/2017	11/07/2019
30/06/2017	Jontek Ltd	Maintenance of alarm receiving centre	£74,000	01/04/2017	31/03/2018
03/07/2017	Legrand Jontek	Maintenance of alarm receiving centre	£100,000	01/04/2017	31/03/2018
07/07/2017	Taskforce Finishing and Handling Ltd	Specialist print finishing service	£50,000	01/07/2017	30/06/2018
07/07/2017	Whistl Scotland Ltd	Interim delivery service Income and Benefits mailings	£50,000	01/04/2017	31/07/2017
11/07/2017	NAS Services Ltd	Specialist Autistic Care	£99,473	14/07/2017	10/01/2018
13/07/2017	1212 Taxis 782 Edin Ltd AAA Coaches Ltd Abbot Travel Alan Urquhart t/a ABC Minicoach Hire W&K Scott Ltd t/a Alba Coaches Aerial ABW Cabs Ltd Allthefours Incorp Allan's Coaches Bodyshop Edinburgh Ltd Carr Private Hire Ltd CC Taxis Ltd Central Radio Taxis Tollcross Ltd Charlie Irons Coaches Ltd Chauffeur Drive Scotland Ltd City Cabs Edinburgh Ltd City Circle UK Ltd Community Transport Glasgow Coulman Coaches Ltd DG Transport Duddingston Transport Ltd Ross Kevin Haldane t/a E&R Taxis Edinburgh City Private Hire Ltd Edinburgh Taxis Ltd H&M Ferguson Ltd Festival Travel Scotland Ltd	Education and Health & Social Care Transport Framework Agreement	£13,000,000	03/07/2017	02/07/2018

Date of Award	Name of Supplier	Subject Matter	Estimated Value of the Contract	Start Date	End Date
	First Scotland East Ltd Richard George Graham t/a G&R Taxis Greig McNeill t/a GDM Private Hire George Taylor t/a GT Private Hire Timothy Mainwaring t/a GT Travel Hannings Ltd E & M Horsburgh Ltd James Kennedy t/a J&K Private Hire Linda Sutherland t/a LA Travel Mark O'Donnell t/a M&D Private Hire Nancy McElhone Douglas Mckendry t/a Mckendry Coaches Masoka Ltd Ian Mycko Peter Corsie t/a P&S Transport S & M Pickering Prentice Westwood Ltd Ratho Coaches Ltd Salmond's Mini - Coach Hire Ltd Mini Coach Hire Ltd James Scott Samuel Douglas t/a SD Travel Shandon Travel Ltd Graham Soave t/a Soave Minibus & Taxi Hire Swift Coaches Ltd Westcroft Travel Ltd	Education and Health & Social Care Transport Framework Agreement (contd)			
18/07/2017	Republic of Media Ltd	Media Planning, Buying and Associated Services – call off SG	£464,791	18/08/2017	31/07/2018
23/07/2017	Bridge Systems Ltd	Maintenance of radio mast	£807,784	01/04/2017	31/03/2018
26/07/2017	Balfour Beatty Civil Engineering Ltd	North Bridge Refurbishment Pre-Construction Stage – call off Scape	£393,751	04/09/2017	31/03/2018
27/07/2017	Voyage 1 Ltd t/a Voyage Care	Care Home	£3,087,500	01/10/2017	30/09/2020
01/08/2017	Aecom Ltd	Cycle design service	£74,448	01/08/2017	01/04/2018
05/08/2017	East Park	Care services	£691,330	05/08/2017	04/08/2019
07/08/2017	Sacro	Peer Support and Mentoring Service	£291,019	01/09/2017	31/03/2020
08/08/2017	Proludic Ltd	Playground – call off SXL	£83,052	14/08/2017	31/08/2017
09/08/2017	Advocard	Independent Advocacy Services - Lot 1	£2,650,000	01/08/2017	31/07/2020
09/08/2017	Partners in Advocacy	Independent Advocacy Services - Lot 2	£1,250,000	01/08/2017	31/07/2020
24/08/2017	Progressive Partnership Ltd	Edinburgh People Survey 2017	£58,960	29/08/2017	30/03/2018
24/08/2017	Inclusion Alliance Places for People Scotland	Framework Agreement for Day Support Services for	£28,000,000	02/10/2017	01/10/2020

Date of Award	Name of Supplier	Subject Matter	Estimated Value of the Contract	Start Date	End Date
	Capability Scotland Redwoods Caring Foundation Carr Gomm Scotland Ltd Crossreach Columcille Ltd Richmond Fellowship Scotland Leonard Cheshire Disability Tiphereth Ltd Community Integrated Care Garvald Centre Edinburgh Visualise Scotland Active Healthcare Services Enable Scotland Scottish Autism The Action Group Clayton Care Ltd Upward Mobility Ltd Autism Initiatives UK	Adults with Learning Disabilities			
01/09/2017	A Wilderness Way Ltd	Residential Care YP	£317,000	01/09/2017	31/03/2019
01/09/2017	Active Ark	Residential Care YP	£390,000	01/09/2017	31/03/2019
01/09/2017	Ramboll UK	Fire risk assessments	£72,500	15/09/2017	31/11/2017
04/09/2017	LT Flexible Framework – Multi- Supplier	Open Framework Pupil Equity Funding	£4,000,000	08/09/2017	07/09/2019
12/09/2017	Roberts Partnership Ltd	Business Gateway Services	£74,250	01/10/2017	31/03/2018
20/09/2017	Risk Management Partners Ltd	Property Insurance	£2,051,938	01/10/2017	30/09/2022
20/09/2017	Aon UK Ltd	Property Insurance	£438,186	01/10/2017	30/09/2022
22/09/2017	WYG Environment Planning Transport Ltd	George Street and First New Town Public Realm Project	£289,400	25/09/2017	29/06/2018
25/09/2017	Aon UK Ltd	Property Insurance	£1,764,322	01/10/2017	30/09/2022
27/09/2017	Telefonica UK Ltd t/a O2	Mobile and Voice Telecom Services	£2,000,000	01/10/2017	30/09/2020
29/09/2017	Viridor Waste Management Ltd Biffa Waste Services Ltd NWH Waste Services Ltd William Tracey Ltd	Framework for Reception, Handling and Transfer of Waste	£2,982,714	29/11/2017	28/12/2018
01/10/2017	Oxgangs Care	Care service	£152,798	01/10/2017	31/03/2018
18/10/2017	Matrix Fife	Aids for Daily Living – Call off - SG	£69,000	27/10/2017	31/08/2018
23/10/2017	NL Productions Ltd	2018 Lighting Installation	£80,000	08/02/2018	12/04/2018
25/10/2017	Integrated Skills (UK) Ltd	Waste Collection Software	£50,000	01/10/2017	01/10/2018
25/10/2017	Sheridan Myers Management Services LLP	Transportation of Food Containers	£1,640,035	01/11/2017	01/11/2022
31/10/2017	IMG Artists UK Ltd	Music performers	£192,750	01/10/2017	31/03/2018
03/11/2017	Matrix Fife	Aids for Daily Living supply, servicing and repairs – call off SG	£50,000	01/09/2016	31/08/2017
03/11/2017	Arjo Huntleigh	Aids for Daily Living supply, servicing and repairs	£65,086	01/09/2016	31/08/2017
07/11/2017	Barony Housing Association Ltd	PSP- Mental Health and Wellbeing Services	£302,000	01/11/2017	31/10/2019
07/11/2017	Cyrenians	PSP- Mental Health and Wellbeing Services	£80,000	01/11/2017	31/10/2019

Date of Award	Name of Supplier	Subject Matter	Estimated Value of the Contract	Start Date	End Date
07/11/2017	Edinburgh Leisure	PSP- Mental Health and Wellbeing Services	£160,000	01/11/2017	31/10/2019
07/11/2017	Health in Mind	PSP- Mental Health and Wellbeing Services	£970,000	01/11/2017	31/10/2019
07/11/2017	Link Up Womens Support Centre	PSP- Mental Health and Wellbeing Services	£120,000	01/11/2017	31/10/2019
07/11/2017	Living Well North Edinburgh	PSP- Mental Health and Wellbeing Services	£242,000	01/11/2017	31/10/2019
07/11/2017	North East Edinburgh Counselling Service	PSP- Mental Health and Wellbeing Services	£162,000	01/11/2017	31/10/2019
07/11/2017	Penumbra	PSP- Mental Health and Wellbeing Services	£1,270,000	01/11/2017	31/10/2019
07/11/2017	Pilton Community Health Project	PSP- Mental Health and Wellbeing Services	£106,000	01/11/2017	31/10/2019
07/11/2017	Scottish Association for Mental Health	PSP- Mental Health and Wellbeing Services	£362,000	01/11/2017	31/10/2019
07/11/2017	Support in Mind Scotland	PSP- Mental Health and Wellbeing Services	£328,000	01/11/2017	31/10/2019
07/11/2017	Cofely	Bustracker (RTPI) Operation and Maintenance	£675,000	01/03/2017	31/12/2018
10/11/2017	Comas	Edinburgh's Domestic Abuse Services	£120,576	06/11/2017	03/11/2019
10/11/2017	Edinburgh Women's Aid	Edinburgh's Domestic Abuse Services	£1,442,003	06/11/2017	03/11/2019
10/11/2017	Shakti Womens Aid	Edinburgh's Domestic Abuse Services	£933,297	06/11/2017	03/11/2019
10/11/2017	Four Square Scotland	Edinburgh's Domestic Abuse Services	£692,640	06/11/2017	03/11/2019
14/11/2017	Loretto Care	Care Home	£98,849	14/11/2017	31/03/2020
20/11/2017	Evans Cycles UK Ltd	Salary Sacrifice Cycle to Work Scheme	£474,000	27/11/2017	26/11/2020
22/11/2017	Osiris Educational Woodhall Spa Ltd	Conferences and Training for Teachers	£249,000	01/08/2017	31/12/2017
24/11/2017	Scott Moncrieff	External Audit and taxation services	£150,000	01/01/2018	31/12/2019
1/12/2017	BHL Consultancy Clerk of Work Inspection Services Ltd D A Gilmour Ltd GHPC Group Ltd Hickton Consultants Ltd IMG Quality Control Long O'Donnell Associates Ltd Ross Quality Control Ltd Sentinel Clerk of Works Ltd	Clerk of Works – Framework	£5,000,000	01/12/2017	1/12/2019
06/12/2017	Scott-Moncrieff	Audit, Taxation and Accounting	£70,750	01/01/2018	31/12/2019
07/12/2017	People Asset Management Ltd	Occupational Health & Employee Assistance Programmes – call off CCS	£3,500,000	06/01/2018	06/01/2021
07/12/2017	Four Square Scotland	Homelessness Support Services	£2,484,000	01/03/2018	28/02/2021
07/12/2017	Ypeople/Sacro	Homelessness Support Services	£7,326,225	01/03/2018	28/02/2021
29/12/2017	Scene One Search and Selection Ltd	Agency service	£96,000	01/01/2018	30/06/2018

Date of Award	Name of Supplier	Subject Matter	Estimated Value of the Contract	Start Date	End Date
01/01/2018	Mais House/Royal British Legion	Residential and Nursing Home	£98,500	01/01/2018	31/03/2021
19/01/2018	The Action Group	Information & Advice Service (BME) Carers	£97,662	02/04/2018	31/03/2019
22/01/2018	Glendale Grounds Management Ltd	Garden and Grounds Maintenance	£250,000	31/01/2018	31/10/2018
26/01/2018	Changeworks Recycling Ltd	Provision of an Energy Advice Service	£759,620	05/02/2018	04/02/2020
02/02/2018	Doig & Smith	Project Management for Active Travel	£60,000	02/02/2018	02/02/2019
12/02/2018	Cameron Guest House Group	Temp Accommodation	£250,000	01/04/2017	31/03/2018
12/02/2018	Cyrenians	Food Education Service	£246,250	01/04/2018	31/03/2021
12/02/2018	Carr Gomm Scotland Ltd	Care and Support Services	£83,947	01/12/2017	31/03/2018
13/02/2018	Alzheimer Scotland-Action on Dementia	Post Diagnostic Support Service	£1,125,000	01/04/2018	31/03/2021
22/02/2018	Alere Toxicology Plc	Saliva Based Test Kits and Screening	£50,000	02/01/2018	01/06/2018
27/02/2018	Care & Repair in Edinburgh	Provision of a care and Repair Service	£483,676	01/04/2018	31/03/2019
08/03/2018	Blackwood Homes and Care	Night time support for Adults	£152,850	01/04/2018	31/03/2019
08/03/2018	McSence Communication Ltd	Moving and Handling Training	£238,000	01/04/2018	31/03/2021
19/03/2018	Barnardos	Transitional Support for young people	£180,180	01/04/2018	31/03/2019
19/03/2018	BT Redcare	Maintenance	£155,201	01/07/2018	30/06/2019
20/03/2018	Childcare Connections Ltd	Provision of Subsidised Childcare	£132,240	01/04/2018	31/03/2019
20/03/2018	Kidzcare Ltd	Provision of Subsidised Childcare	£84,105	01/04/2018	31/03/2019
20/03/2018	North Edinburgh Childcare	Provision of Subsidised Childcare	£395,369	01/04/2018	31/03/2019
20/03/2018	Smilechildcare	Provision of Subsidised Childcare	£258,813	01/04/2018	31/03/2019
21/03/2018	Manpower Direct (UK) Ltd	Manned Security	£147,000	08/01/2018	31/05/2018
26/03/2018	Bethany Christian Trust	Homeless services	£243,346	01/04/2018	31/03/2019
28/03/2018	Calm Training Ltd	Specialist training	£68,650	01/04/2018	31/03/2021
29/03/2018	SPIE Scotshield Ltd	Maintenance and Repair	£65,093	01/10/2018	30/09/2019
<b>WORKS CONTRACT AWARDED - 6</b>					
20/02/2017	Willmott Dixon Construction Ltd	Design and build, West Pilton Grove – Call off, SCAPE	£3,200,429	06/03/2017	22/01/2018
20/02/2017	Willmott Dixon Construction Ltd	Design and build, Calder Gdns– Call off, SCAPE	£3,960,442	06/03/2017	12/03/2018
04/07/2017	P1 Solutions Ltd	Saughton Park Hard & Soft Landscaping	£3,859,345	04/07/2017	20/07/2018
04/10/2017	CCG Scotland Ltd	Seafield Depot	£3,351,016	01/11/2017	31/10/2018
24/11/2017	CCG Scotland Ltd	Housing Development	£9,406,946	27/11/2017	11/03/2019
11/07/2017	A & E Controls Ltd, TESGL Ltd t/a SSE Enterprise, Energy Solutions, Laplace Solutions Ltd, Enterprise Control Engineers Ltd,	Framework - BEMS Installation & Upgrade	£2,500,000	17/07/2017	16/07/2019

Date of Award	Name of Supplier	Subject Matter	Estimated Value of the Contract	Start Date	End Date
	Building Management Solutions Integrators (BMSI), Craigalan Controls Ltd				

# Annex 2 – Compliance with Procurement Strategy

## Strategy objectives

1. Deliver Savings and Best Value (and we will do this by):		
Item	Our Progress	Status
Working together to identify opportunities and continuing to challenge the status quo	<ul style="list-style-type: none"> <li>➤ Adoption of a Business (Commercial) Partnering approach in relation to procurement matters;</li> <li>➤ Close working with 'customers' across and external to the organisation to identify new and innovative solutions – challenging the existing, striving for improvement;</li> <li>➤ Services considered on a cross-directorate (Council wide) basis to deliver holistic solutions; and</li> <li>➤ Best Value efficiencies borne from within the Commercial and Procurement Services team and by Directorates, captured within the Commercial Excellence Programme.</li> </ul>	<b>Fully Complied</b>
Focusing on the delivery of a service which delivers successful preventative care and early intervention through the localities model	<ul style="list-style-type: none"> <li>➤ Review and delivery of alternative service delivery models based around localities approach;</li> <li>➤ Collective working, inclusive of Health and Social Care / Communities and Families integration with third party providers, as one to deliver successful services;</li> <li>➤ Shift in emphasis to preventative and early interventions and, where appropriate, delivery at a locality level; and</li> <li>➤ Significant change impacted through co-production with service users and providers.</li> </ul>	<b>Fully Complied</b>
Improving contract and supplier relationship management across the Council to ensure optimum value and innovation from our contractual relationships	<ul style="list-style-type: none"> <li>➤ Contract and Grants Management team set up to oversee strategy and Council-wide best practice;</li> <li>➤ Initial focus on higher value / higher risk contracts with commercial efficiencies delivered;</li> </ul>	<b>Partially Complied</b>



**1. Deliver Savings and Best Value (and we will do this by):**

Item	Our Progress	Status
	<ul style="list-style-type: none"> <li>➤ Development of consistent policy and practice to ensure best value for all stakeholders and encourage continuous improvement, innovation and enhanced supplier relationships; and</li> <li>➤ Development of Contract Management documentation suite through cross-service collaboration with specialists in Health and Safety, Risk Management, Resilience, Corporate Governance and Data Protection.</li> </ul>	
<p>Applying a whole life costing approach which balances cost, quality and sustainability</p>	<ul style="list-style-type: none"> <li>➤ Whole life cost considered early at the time of strategy development, with evaluation focused on a balanced cost, quality and sustainability threshold;</li> <li>➤ Focus shift from 'price only' evaluation, to Whole Life Costing procurement supporting the local economy;</li> <li>➤ Whole Life costing included within commercial excellence templates, to be considered on every appropriate opportunity; and</li> <li>➤ Continual monitoring on the use of whole-life costing within our tender approach, with Best Practice library recorded for future reference.</li> </ul>	<p><b>Fully Complied</b></p>
<p>Increasing market engagement and benchmarking to drive competitive tenders and to improve quality through best practice</p>	<ul style="list-style-type: none"> <li>➤ All regulated procurements embrace market engagement, research and benchmarking in order to maximise quality and value. Various 'Meet the Buyer / Supplier' events held throughout;</li> <li>➤ Evaluation process establishes scale of commercial opportunity, complexity and political and/or social impact, with an outcome categorisation rating;</li> <li>➤ Collaboration with other Local Authorities and/or public-sector partners, benchmarking undertaken to establish baseline and learn of best practice within the sector;</li> <li>➤ Frequent market engagement through Prior Information Notice on Public Contracts Scotland, advertising engagement and co-production events on the Edinburgh Compact website; and</li> </ul>	<p><b>Fully Complied</b></p>

**1. Deliver Savings and Best Value (and we will do this by):**

Item	Our Progress	Status
	<ul style="list-style-type: none"> <li>➤ Use of third sector engagement organisations such as Edinburgh Voluntary Organisations Council and Coalition of Care and support Providers in Scotland (CCPS).</li> </ul>	
<p>Increasing collaboration through the City and Lothians as well as with other public-sector organisations</p>	<ul style="list-style-type: none"> <li>➤ Ongoing commitment and active contribution to Scotland Excel collaborative approach with all our Local Authority Partners;</li> <li>➤ Focus on increased collaboration with other public-sector organisations with recent engagement with the Scottish Prison Service and University of Edinburgh; and</li> <li>➤ New collaborative contracts introduced with partners such as East, West and Midlothian Councils, NHS Lothian, NHS Fife, North and South Ayrshire Councils, Aberdeenshire Council, and Police Scotland.</li> </ul>	<p><b>Fully Complied</b></p>
<p>Maximising Community Benefits</p>	<ul style="list-style-type: none"> <li>➤ Community Benefits imposed in all contracts over £50,000 where appropriate for supplies and services and over £2m for works;</li> <li>➤ Development of model questions for contracts and frameworks to encourage appropriate and preferred benefits linked to our communities;</li> <li>➤ Community Benefit requirements continue to provide a method of including social and economic matters in public contracts;</li> <li>➤ Successful delivery of a number and range of different Community Benefits within period; and</li> <li>➤ Community Benefit captured internally and reported to CPS senior management.</li> </ul>	<p><b>Fully Complied</b></p>

## 2. Improve Processes and Policies by:

Item	Our Progress	Status
Developing a light touch procurement regime for health and social care services which will deliver the best service outcomes for the available budget.	<ul style="list-style-type: none"> <li>➤ New 'light touch' procurement regime used extensively to deliver better outcomes - service users and providers of services alike, e.g. Pupil Equity Funding' and Learning and Development providers;</li> <li>➤ Approach ensured continuity of care for those already in receipt of services using 'direct award' in specific circumstances; and</li> <li>➤ Innovative processes (based upon Dynamic Purchasing Systems), to provide the flexibility and access to capacity to deliver a more comprehensive range of services.</li> </ul>	<b>Fully Complied</b>
Working closely with service areas in commissioning activities to fully comply with the Procurement (Scotland) Regulations 2015, Procurement Reform (Scotland) Act 2014, Procurement 2016 and Statutory Guidance by embedding requirements in our procurement handbook and standard procurement documentation	<ul style="list-style-type: none"> <li>➤ Regulations and statutory guidance embedded into the Contract Standing Orders in June 2016 (updated December 2017). Reviewed on an annual or as required basis;</li> <li>➤ Contract Standing Orders have provided the policy to amend and improve processes and procedures utilised to support compliance of commissioning for goods, works and services required;</li> <li>➤ Regulated procurements tendered via PCS website;</li> <li>➤ Council Procurement Handbook updated to reflect guidance changes; and</li> <li>➤ Alerts set up on Scottish Government Procurement Journey to ensure changes are captured and acted on.</li> </ul>	<b>Fully Complied</b>
Making sustainable procurement business as usual, and incorporating community benefits in all appropriate contracts with values of £50,000 and above	<ul style="list-style-type: none"> <li>➤ Council's Sustainable Procurement Policy Outcomes commits to maximising social and economic benefits from all procurement activity;</li> <li>➤ Procurement document suite incorporates prompts to aid inclusion of social, economic and environmental benefits to support our policy and Council strategic aims;</li> </ul>	<b>Fully Complied</b>

## 2. Improve Processes and Policies by:

Item	Our Progress	Status
	<ul style="list-style-type: none"> <li>➤ Sustainable procurement is pivotal in our procurement handbook and CSOs which is part of our induction process for staff and annual policy awareness compliance checks;</li> <li>➤ As above, Community Benefits imposed in contracts over £50,000 where appropriate for goods and services and over £2m for works; and</li> <li>➤ Procurement training provided to staff to support their learning and understanding of their influence.</li> </ul>	<b>Fully Complied</b>
Applying Fair Work requirements to procurements and encouraging the adoption of these and promotion of the Living Wage	<ul style="list-style-type: none"> <li>➤ Relevance of Fair Work Practices is considered for all regulated procurements;</li> <li>➤ Key aspect considered in the procurement journey ensuring this is adequately addressed where appropriate;</li> <li>➤ Requirements are embedded in the relevant procurement documentation templates inclusive of the Procurement Plan, Invitation to Tender, Evaluation Questions and the Terms and Conditions; and</li> <li>➤ Processes developed to ensure compliance with legislative duty to consider sustainable procurement in every project and contract with robust Fair Work Practices embedded within.</li> </ul>	<b>Fully Complied</b>
Supporting local businesses and SMEs through closer working with City Strategy and Economy and other partners, and by making our processes more streamlined and accessible	<ul style="list-style-type: none"> <li>➤ Council has board representative and supports Supplier Development Programme Scotland to deliver their procurement training programme to SMEs. Close relationships with the Place Directorate;</li> <li>➤ Meet the Buyer events attended each year and hosting of contract specific events to ensure potential SMEs and the Council deliver best value through a better understanding of project and procurement process;</li> <li>➤ Contract Standing Orders include the provision to support the use of local SMEs for purchasing under £50,000. At least one SME from the City of Edinburgh or a significant employer within the City of Edinburgh shall be invited to tender in any process for purchases/ contracts of an estimated value of £50,000 or less;</li> </ul>	<b>Fully Complied</b>

## 2. Improve Processes and Policies by:

Item	Our Progress	Status
	<ul style="list-style-type: none"> <li>➤ Contracts lotted appropriately to support SMEs bid for goods, services and works aligned to their business model and to support our local supply chain deliver best value for the council; and</li> <li>➤ Collaborative bids supported and training is provided where the market indicates this would be preferred to ensure a valued and compliant bid is secured.</li> </ul>	<b>Fully Complied</b>
Working closely with the third sector and supported businesses to deliver better outcomes for service users and our communities	<ul style="list-style-type: none"> <li>➤ Consideration to involvement of third sector supported businesses in Regulated Procurements is included at the early strategy stage of a project;</li> <li>➤ Regular meetings with Edinburgh Voluntary Organisations Council (EVOC) as one of our third sector representations;</li> <li>➤ Sizeable increase in usage of existing supported businesses such as North Lanarkshire Industries, Dovetail Enterprises, EESL Ltd, Matrix Fife and St Jude's Laundry as a result of internal promotion across the Council; and</li> <li>➤ Attending supported business events to gain insight to developments and cascading the detail and contact information to council staff.</li> </ul>	<b>Fully Complied</b>
Promoting compliance by contractors and sub-contractors with the Health and Safety legislation	<ul style="list-style-type: none"> <li>➤ Publication of new guide to assist managers plan and commission construction related property alteration or refurbishment works to ensure works comply with relevant Health and Safety legislation, procurement requirements, building standards and Council processes;</li> <li>➤ Development of works planning checklist with prompt to risk assessments, responsibilities, relevant policy and contact details of responsible parties;</li> <li>➤ Assessment and monitoring carried out by relevant departments, procurement process includes reference to Health and Safety where applicable; and</li> <li>➤ The Council Health and Safety Policy sets out contract owner's responsibilities for managing contractors.</li> </ul>	<b>Fully Complied</b>

## 2. Improve Processes and Policies by:

Item	Our Progress	Status
Promoting the highest standards of animal welfare and encouraging the procurement of fairly and ethically traded goods and services	<ul style="list-style-type: none"> <li>➤ Edible Edinburgh Sustainable Food City Plan is referenced in our procurement documents when buying foods;</li> <li>➤ References through User Intelligence Groups that feed into Scotland Excel frameworks through which the majority of our goods and food supplies are purchased; and</li> <li>➤ Fair trade considerations included within recent coffee projects for internal cafes</li> </ul>	<b>Fully Complied</b>
Continuing to improve compliance using our Purchase to Pay (P2P) processes further to maximise the controls available through new electronic systems introduced from 2017	<ul style="list-style-type: none"> <li>➤ Purchase to Pay (P2P) process continues to strictly control payments whilst ensuring payment to suppliers occurs in a timeous fashion;</li> <li>➤ 'Vendor form' (new suppliers) enhanced to embrace internal/external changes and ensure compliance with recent legislative change, inclusive of identification of sole trader/self-employed suppliers, intermediary suppliers and consultants; and</li> <li>➤ New controls implemented, in partnership with Human Resources, for achieving compliance with the Intermediaries Legislation (IR35) for Sole traders / Self Employed and Companies of one individual are verified via the HMRC online assessment tool.</li> </ul>	<b>Fully Complied</b>
Ensure as far as reasonably practicable that payments to contractors and down through the supply chain are made no later than 30 days after a valid invoice is presented	<ul style="list-style-type: none"> <li>➤ Adoption of Standard Terms and Conditions for all regulated procurements to ensure the requirement for the Council to pay undisputed invoices within 30 days of receipt;</li> <li>➤ All regulated procurements in period included terms and conditions regarding the prompt payment of Contractors making payment to their nominated sub-contractors; and</li> <li>➤ 95% of invoices were paid within 30 days during the reporting period.</li> </ul>	<b>Partially Complied</b>

### 3. Improve Processes and Policies by:

Item	Our Progress	Status
<p>Developing a light touch procurement regime for health and social care services which will deliver the best service outcomes for the available budget.</p>	<ul style="list-style-type: none"> <li>➤ New 'light touch' procurement regime used extensively to deliver better outcomes - service users and providers of services alike, e.g. Pupil Equity Funding' and Learning and Development providers;</li> <li>➤ Approach ensured continuity of care for those already in receipt of services using 'direct award' in specific circumstances; and</li> <li>➤ Innovative processes (based upon Dynamic Purchasing Systems), to provide the flexibility and access to capacity to deliver a more comprehensive range of services.</li> </ul>	<p><b>Fully Complied</b></p>
<p>Promoting and supporting professional training opportunities through apprenticeships, trainee programme and continuing professional development options for wider specialist team including CIPS and learning opportunities offered via Scotland Excel</p>	<ul style="list-style-type: none"> <li>➤ Encouragement, mentoring and support to staff to embrace learning opportunities and undertake appropriate CIPS training;</li> <li>➤ Support to two procurement apprentices and up to five procurement trainees in specialist development;</li> <li>➤ Staff study towards and attainment in CIPS Level 3 advanced certificate, Level 4 Diploma and Level 5 advanced Diploma; and</li> <li>➤ CPD opportunities supported, including events on recent case law, specialist services such as care or sign language.</li> </ul>	<p><b>Fully Complied</b></p>
<p>Developing practical delivery skills in Commercial and Procurement Services through training, secondments, work shadowing and mentoring activity</p>	<ul style="list-style-type: none"> <li>➤ Development and Implementation of Commercial Training Plan for staff, covering variety of different training opportunities e.g. whole life costing, specification development, report writing;</li> <li>➤ Training events undertaken from external providers and legal experts, updates on forthcoming changing legislation such as GDPR and 'all-rounder' training e.g. 'effectively working as a team' and 'presentation training'; and</li> </ul>	<p><b>Fully Complied</b></p>

### 3. Improve Processes and Policies by:

Item	Our Progress	Status
	<ul style="list-style-type: none"> <li>➤ Work shadowing opportunities provided to staff studying procurements aspects of Finance, secondment to SPS and sharing knowledge with other Councils on projects.</li> </ul>	
<p>Promoting Commercial and Procurement Services across the Council to support compliance and improved commercial awareness by delivery of drop in sessions, alongside a library of learning events</p>	<ul style="list-style-type: none"> <li>➤ Variety of promotional, training and engagement sessions using internal website and drop in sessions;</li> <li>➤ Contract Standing Order training events provided to Schools, Elected Members (undertaken for new Elected Members this year), the Corporate Leadership Team (CLT) and ad hoc on demand to service areas where there is a demand;</li> <li>➤ 'Quick Quote' training. learning and development programme extended to wider council to support tender document development;</li> <li>➤ Intranet regularly updated with library of support documentation and changes such as modifications to the Contract Standing Orders in December 2017; and</li> <li>➤ Regular meetings Council wide to raise awareness of commercial performance, compliance and support future contract planning, e.g. Schools' Business Managers Forum, Grant Managers' Forum and Procurement Boards across a variety of Directorates within the Council.</li> </ul>	<b>Fully Complied</b>
<p>Engaging with other local authorities and other organisations which provide scope for knowledge transfer and efficiency through working together</p>	<ul style="list-style-type: none"> <li>➤ Regular engagement through Scottish government local procurement forum (SGLPF), Scotland excel user groups, Scottish Procurement;</li> <li>➤ Sharing insight on demand management and other projects with local authority and other public-sector colleagues to support knowledge transfer and market insight; and</li> <li>➤ Shared outputs from seconded staff to SPS which resulted in key social outcomes.</li> </ul>	<b>Fully Complied</b>
<p>Improving contract and supplier management practices across the Council</p>	<ul style="list-style-type: none"> <li>➤ The, Grants and Contract Management team has been set up to oversee strategy and Council-wide best practice;</li> </ul>	<b>Part Complied</b>



### 3. Improve Processes and Policies by:

Item	Our Progress	Status
	<ul style="list-style-type: none"> <li>➤ Commercial and Procurement Services working in partnership with Directorates have facilitated the development of overarching contract/supplier management processes, information, advice and guidance;</li> <li>➤ Collaborative working and partnership relationships with service providers encouraged through adoption and application of standard practices/policies and best practice in contract management; and</li> <li>➤ Development of relationships with major framework providers and counterpart teams in other local authorities, public sector and third sector organisations. Identifying best practice to deliver best value and drive continuous improvement across sectors.</li> </ul>	

## Plan to Improve Future Compliance

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

- Contract Management guidance documentation released for use across the Council in parallel with tailored training to service areas utilising knowledge gap analysis with improved contract handover/mobilisation;
- Embed policy into practice. Reinforce the application of effective contract management as policy supported by Contract Standing Orders; and
- Improve system recording and ease of capture and selection / choice of Community Benefits.

### 2. Improve Processes and Policies by:

- Review payment processing to identify reasons for non-compliant invoicing and delays in processing;
- Address payment issues through enhanced communications with contractors and service managers.

### **3. Increase Expertise, Capacity and Effectiveness (and we will do this by):**

- Continue to offer relevant training and guidance to improve contract and grant management process and procedure;
- Review adoption of new processes and provide support where needed to improve practices;
- Engage and develop relationship with new major providers as contracts and frameworks are renewed.

## Annex 3 – Future Procurement Activity

### New Tender

Brief Contract Description	Contract Value	Expected Contract Notice Date	Expected Award Date	Expected Start Date
Manned Security Guarding	£ 3,500,000	17/08/2018	07/01/2019	01/04/2019
Asset/Facilities Management	£ 250,000,000	01/09/2018	01/04/2019	01/10/2019
Youth Emergency Support Service	£ 212,360	01/09/2018	01/01/2019	01/04/2019
British Sign Language (BSL) Services	£ 812,500	21/09/2018	19/03/2019	01/04/2019
Advice Services (Welfare, Housing and Debt)	£ 840,000	24/09/2018	03/12/2018	07/01/2018
Service & Maintenance of Air Quality Monitoring Equipment	£ 68,000	25/09/2018	31/01/2019	01/02/2019
Homelessness Services Accommodation	£ 4,000,000	01/10/2018	01/07/2019	01/08/2019
House Builder / Developer for Meadowbank	£ 50,000,000	01/10/2018	01/08/2019	01/09/2019
Fountainbridge/India Quay - Enabling Works	£ 6,000,000	01/11/2018	01/12/2018	01/02/2019
Trams Owner Controlled Insurance Policy (OCIP)	£ 1,500,000	01/11/2018	01/04/2019	01/06/2019
Bus tracker & Bus Station Content Management System	£ 2,250,000	30/11/2018	01/10/2019	01/12/2019
Confidential Waste Recycling and Disposal	£ 250,000	01/12/2018	01/06/2019	01/07/2019
Fountainbridge/India Quay - Residential and Mixed Use	£ 70,000,000	01/12/2018	01/05/2019	01/06/2019
Coatfield Lane Redevelopment	£ 6,000,000	07/01/2019	01/05/2019	01/06/2019
Install, Repair & Maintenance of CCTV Systems and Assoc Infrastructure	£ 10,000,000	07/01/2019	01/09/2019	01/10/2019
Housing Support with Care at Home	£ 40,000,000	01/12/2019	01/09/2020	01/10/2020
Support services for Children and Young People	£ 4,000,000	01/12/2019	15/02/2019	01/04/2019

### Re-let or Extend

Brief Contract Description	Contract Value	Expected Contract Notice Date	Expected Award Date	Expected Start Date
Treasury Advice and Associated Services	£ 129,800	01/08/2018	30/11/2018	01/12/2018
Supply of pre - packed sandwiches	£ 1,200,000	02/08/2018	24/10/2018	01/11/2018
Traffic Modelling	£ 3,073,000	30/08/2018	31/03/2019	01/07/2019
Council Funded Funerals	£ 305,305	01/09/2018	31/03/2019	01/04/2019
Maintenance of radio mast	£ 807,784	01/09/2018	01/10/2018	01/01/2019
Passenger Information System	£ 8,000,000	01/09/2018	01/10/2018	01/01/2019
Repairs and maintenance to domestic property	£ 108,000,000	01/09/2018	02/04/2019	03/07/2019
Vacant Property Protection & Services.	£ 3,000,000	01/09/2018	01/01/2019	01/04/2019
Sheriff Officer and Debt Collection Services	£ 89,260	03/09/2018	31/12/2018	01/02/2019
Care- Night Cover	£ 7,952,000	12/09/2018	28/02/2019	01/04/2019
Reservoir Telemetry Maintenance	£ 53,133	12/09/2018	28/02/2019	01/04/2019
Visual Impairment Support Service	£ 76,563	12/09/2018	28/02/2019	01/04/2019
Passenger Transport Framework Agreement 2019-23	£ 32,000,000	17/09/2018	19/03/2019	01/04/2019
Install, Repair and Maintenance of Bidet Toilets	£ 140,000	23/09/2018	01/03/2019	02/04/2019
Install, Repair and Maintenance of Ceiling Track Hoists	£ 200,000	23/09/2018	01/03/2019	02/04/2019
Install, Repair and Maintenance of Stairlifts	£ 360,000	23/09/2018	01/03/2019	02/04/2019

Brief Contract Description	Contract Value	Expected Contract Notice Date	Expected Award Date	Expected Start Date
Media and associated services	£ 464,791	30/09/2018	01/05/2019	01/08/2019
automated call routing service	£ 97,269	02/10/2018	29/01/2019	02/03/2019
Short Term Accommodation	£ 24,217,460	02/10/2018	03/05/2019	03/08/2019
Business Travel Booking Service	£ 1,200,000	31/10/2018	01/06/2019	01/09/2019
Marketing and PR Specialist services	£ 108,000	31/10/2018	01/06/2019	01/09/2019
Grasscutting, Grounds Maintenance & Tree Services	£ 5,400,000	01/11/2018	01/07/2019	01/10/2019
Hire of various items of Plant and equipment	£ 3,064,199	01/11/2018	01/02/2019	01/04/2019
Non - wheeled Waste & Recycling Containers & Spare Parts	£ 5,000,000	06/11/2018	07/06/2019	07/09/2019
Lubricating Oils, Greases and Antifreeze	£ 80,000	12/11/2018	31/12/2018	01/02/2019
Civil and Structural, M & E Engineering Consultancy	£ 40,000,000	30/11/2018	01/07/2019	01/10/2019
Core banking services	£ 720,000	30/11/2018	01/07/2019	01/10/2019
Additions supported accommodation	£ 467,938	01/12/2018	31/03/2019	01/04/2019
Early intervention services	£ 184,500	01/12/2018	30/12/2018	01/04/2019
Energy efficiency and fuel poverty advice	£ 980,000	01/12/2018	31/03/2019	01/04/2019
General Building & minor works	£ 25,440,000	01/12/2018	01/08/2019	02/08/2019
Home visiting support service	£ 2,433,457	01/12/2018	31/03/2019	01/04/2019
Insurance brokerage	£ 175,000	01/12/2018	31/03/2019	01/04/2019
Maintain Ticketing Machines	£ 950,000	01/12/2018	29/01/2019	01/05/2019
Night time care support	£ 152,850	01/12/2018	31/03/2019	01/04/2019
Outdoor advertising - Fringe Festival	£ 333,381	01/12/2018	30/03/2019	01/04/2019
Outreach and Advisory support	£ 218,362	01/12/2018	31/03/2019	01/04/2019
Play therapy	£ 293,400	01/12/2018	30/12/2018	01/04/2019
School - based therapeutic counselling	£ 210,000	01/12/2018	01/05/2019	01/08/2019
Statutory Compliance and Inspection Testing of M&E assets	£ 12,000,000	01/12/2018	01/07/2019	01/10/2019
Temporary Accommodation	£ 17,275,000	01/12/2018	30/12/2018	01/04/2019
Transitional Support for young people	£ 180,180	01/12/2018	30/12/2018	01/04/2019
Various Microsoft Licences.	£ 2,300,000	01/12/2018	31/03/2019	02/04/2019
Young Carers support	£ 146,504	01/12/2018	30/12/2018	01/04/2019
Supply and delivery of liquid fuels.	£ 11,200,000	13/12/2018	14/07/2019	14/10/2019
Counselling for MH clients	£ 162,000	31/12/2018	01/08/2019	01/11/2019
Mental Health Wellbeing Services	£ 7,000,000	31/12/2018	01/08/2019	01/11/2019
Construction Professional Services	£ 32,400,000	01/01/2019	02/08/2019	02/11/2019
Laundry Services	£ 80,000	10/01/2019	28/06/2019	30/07/2019
Processing Service for payments	£ 1,060,000	10/01/2019	11/08/2019	11/11/2019
Property Consultancy Services	£ 1,200,000	11/01/2019	01/03/2019	01/06/2019
Carer Support Services	£ 2,746,248	31/01/2019	31/03/2019	01/07/2019
Default Energy Supplier	£ 4,800,000	31/01/2019	31/03/2019	01/07/2019
Specialist Recruitment services	£ 108,134	31/01/2019	31/03/2019	01/07/2019
Support service for older people	£ 1,017,896	31/01/2019	31/03/2019	01/07/2019
Water Coolers, Services and Associated Consumables	£ 180,000	10/02/2019	11/09/2019	12/12/2019
Tram Ticketing System Equipment and Maintenance	£ 2,500,000	17/02/2019	18/09/2019	19/12/2019
Legal Services	£ 10,120,000	19/02/2019	20/09/2019	21/12/2019

Brief Contract Description	Contract Value	Expected Contract Notice Date	Expected Award Date	Expected Start Date
External Audit services	£ 150,000	02/03/2019	01/10/2019	01/01/2020
Factoring Services	£ 388,078	02/03/2019	01/10/2019	01/01/2020
Major Events in Edinburgh Parks & Greenspace	£ 524,000	10/03/2019	09/10/2019	09/01/2020
Care & Support Service for Ex-Offenders	£ 2,515,268	01/04/2019	07/01/2020	01/04/2020
Multi - Trade contractors	£ 2,500,000	02/04/2019	01/11/2019	01/02/2020
Multi - Functional Devices - Print Services	£ 5,790,000	29/04/2019	28/11/2019	28/02/2020
Management of the billing of supply of water and waste water	£ 9,685,296	30/04/2019	29/11/2019	29/02/2020
Further and Higher Education Training	£ 6,800,000	01/05/2019	30/11/2019	01/03/2020
Support Services to Black, Minority Ethnic Women	£ 131,895	01/05/2019	05/09/2019	01/11/2019
Trauma cleaning and house clearances	£ 2,000,000	01/05/2019	30/11/2019	01/03/2020
Salary Sacrifice Car Lease Scheme.	£ 800,000	11/05/2019	10/12/2019	11/03/2020
Pre-paid card service	£ 99,002	12/05/2019	28/10/2019	29/11/2019
Registered Day Care Service for Older People	£ 1,509,731	31/05/2019	30/12/2019	31/03/2020
Care and Repair services	£ 483,676	31/05/2019	30/12/2019	31/03/2020
All trade materials, managed services	£ 25,000,000	01/06/2019	31/12/2019	01/04/2020
Care at Home Services	£ 300,000,000	01/06/2019	31/12/2019	01/04/2020
Day Centre Services Older People/Mental Health	£ 6,570,000	01/06/2019	31/12/2019	01/04/2020
Kennelling Services	£ 291,499	01/06/2019	31/12/2019	01/04/2020
Managed Services for Private Sector Leasing	£ 22,545,250	01/06/2019	31/12/2019	01/04/2020
Supply of natural gas	£ 23,400,000	01/06/2019	31/12/2019	01/04/2020
Nursing & Dementia Care Homes	£ 3,516,110	10/06/2019	09/01/2020	10/04/2020
Advertising and Public Information Notices	£ 985,436	18/06/2019	17/01/2020	18/04/2020
Recycling and/or Supply of Natural Stone Products	£ 332,356	18/06/2019	17/01/2020	18/04/2020
Groceries and Provisions	£ 5,200,000	01/07/2019	30/01/2020	01/05/2020
Provision, Maintenance and Removal of Traffic Management	£ 1,600,000	02/07/2019	31/01/2020	02/05/2020
Sheltered Housing Technology Maintenance, Repair and Installation	£ 394,324	02/07/2019	31/01/2020	02/05/2020
Whistleblowing Hotline	£ 147,000	12/07/2019	10/02/2020	12/05/2020
General stationery & officer paper	£ 2,030,000	01/08/2019	01/03/2020	01/06/2020

## Glossary

<b>Term</b>	<b>Description</b>
<b>Best Value</b>	The legal duty to secure continuous improvement in the performance of the Council's functions as set out in section 1 of the Local Government in Scotland Act 2003.
<b>CIPS</b>	The Chartered Institute of Procurement and Supply (CIPS) is the leading body representing the field of procurement and supply chain management.
<b>Collaboration</b>	When two or more groups of people or organisations engage in procurement work together for mutual benefit.
<b>Commercial Acumen</b>	The ability to view situations from a commercial or business perspective; knowing your market & your customers and what they want and need & how they work.
<b>Commercial Awareness</b>	Evidence of commercial acumen. Awareness of the need for efficiency, cost-effectiveness, customer/stakeholder support, a knowledge of the sector and the services the organisation provides and will provide in the future, considering the strategic objectives, current economic climate etc. A track record of appropriate procurement skill and experience, evidence of on-going/continual training and development. (desirable and post/org specific) professional qualification/undertaking or willingness to undertake as appropriate.
<b>Contract Management</b>	The process of monitoring the performance of a supplier to contract.
<b>Co-production</b>	The real and meaningful involvement of the citizens of Edinburgh including future recipients of the service and key stakeholders and suppliers (both current and potential) in how and what community services and related goods and works are delivered with regard to the National Standards for Community Engagement.
<b>Demand Management</b>	To take costs out of an organisation by addressing the drivers for spend, aligning spend to business need and eliminating unnecessary consumption. Demand management examples: Cheaper item but using more of them/cheaper daily rate but more days. Or challenging requirements that specify brand or other over specification.
<b>Framework Agreement</b>	An agreement or other arrangement between one or more contracting authorities and one or more economic operators which establishes the terms (in particular the terms as to price and, where appropriate, quantity) under which the economic operator will enter into one or more contracts with a contracting authority in the period during which the framework agreement applies.
<b>Procurement strategy</b>	Strategy for procurement within an organisation (can be called policy).
<b>Small Medium Enterprise (SME)</b>	The category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding 50 million euro and/or an annual balance sheet total not exceeding 43 million euro.
<b>Stakeholder</b>	Any person or group who has a vested interest in the success of the procurement activity, i.e. either provides services to it, or receives services from it.

<b>Supplier / Provider / Contractor</b>	An entity who supplies goods or provides services or execution of works.
<b>Supply Chain</b>	All activities, resources, products etc. involved in creating and moving a product or service from the supplier to the procurer.
<b>Supported Business</b>	Either the organisation's main aim should be the social and professional integration of disabled or disadvantaged persons, or the contract should be performed within a sheltered employment programme.
<b>Whole Life Costing</b>	The costs of acquiring goods or services (including consultancy, design and construction costs, and equipment), the costs of operating it and the costs of maintaining it over its whole life through to its disposal – that is, the total ownership costs. These costs include internal resources and overheads.

# Finance and Resources Committee

10.00am, Thursday, 16 August 2018

## Construction Charter Commitments

Item number	7.15
Report number	
Executive/routine	
Wards	
Council Commitments	

### Executive Summary

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The report considers the benefits and issues arising from a proposed Construction Charter and asks the Finance and Resources Committee to approve the Construction Charter Commitments.



## Construction Charter Commitments

### 1. Recommendations

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- 1.1 It is recommended that the Finance and Resources Committee adopt the Construction Charter Commitments.

### 2. Background

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- 2.1 At the City of Edinburgh Council meeting on 15 March 2018, the Deputy Leader of the Council proposed the following motion, which was approved: -

*“Council:*

*Acknowledges the importance of the construction charter to ensure health and safety and best value for the city.*

*Instructs officers to work with the trade unions and report back within two cycles on the adoption of a construction charter.*

*The report should include robust monitoring/checking and reporting processes to ensure all contractors and sub-contractors abide by the charter on sites delivering council projects.”*

- 2.2 Council officers have liaised with trade union representatives and now propose the attached Construction Charter Commitments (the Charter).

### 3. Main report

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- 3.1 The Charter is intended to improve standards in the construction industry, including: health and safety, fair wages, protection at work and promoting excellent employment relationships.
- 3.2 Trade unions have raised concerns about non-union members regarding conditions for workers on sites, inappropriate use of umbrella companies and potential blacklisting.
- 3.3 The unions believe that the Charter will improve contractor behaviour within the construction industry.

## **Legislation**

- 3.4 The Council is obliged to consider fair working practices and to take them into account where appropriate.
- 3.5 Procurement legislation imposes an obligation on the Council to comply with the sustainable procurement duty, to improve the economic, social, and environmental wellbeing of the authority's area. The Council must also carry out procurement to act with a view to securing those improvements. These principles are therefore embedded in Council tender processes.
- 3.6 The Scottish Government has produced guidance which describes what is required of public sector bodies when undertaking procurements in respect of fair working practices. Legislation obliges the Council to take the guidance into account when assessing the suitability of any contractor.
- 3.7 Legislation also requires that the Council must consider whether to impose community benefit requirements as part of the procurement where the contract value is great than £4m. Community Benefits are intended to improve the economic, social or environmental wellbeing of the Authority's area and include supporting apprenticeships, training and work experience opportunities.
- 3.8 There are extensive health and safety and employment regulations that Contractors must comply with. Compliance is mandatory and ensures a consistent baseline for all Contractors in respect of these issues. Council tender documentation contains a mandatory requirement that tenderers hold an appropriate health and safety accreditation from a third party or satisfy the Council that relevant arrangements are in place.
- 3.9 Blacklisting is prohibited by the Employment Relations Act 1999 (Blacklists) Regulations 2010. Council tender documentation and terms and conditions underline that blacklisting is an unacceptable and prohibited practice and any contractors found to be in breach of the obligations will be unable to work with the Council.

## **Current Council Practice**

- 3.10 The link to the Commercial and Procurement Strategy (December 2016 to March 2020) ("the Strategy") is provided under background reading. The Strategy sets out the objectives which include making sustainable procurement business as usual.
- 3.11 Where the Council are procuring a construction project, they require tenderers to fill out the submission document. The submission document will commonly ask tenderers to make submissions in relation to their health and safety standards; compliance with the CDM Regulations 2015; sustainable use of materials and proposed community benefits. The submission will also request information on fair work practices and commonly list the following issues to address: training and development, holiday provision; family friendly policies; zero hours contracts; engagement and empowerment of staff and pay and pensions. The contents of the submission are scored and the scores are weighted depending on the stated quality weighting percentage allocated to that question. Therefore, the tenderers responses

relating to these issues will inform the decision as to which is the most suitable Contractor. The responses are thereafter embedded in the contract between the Council and the successful tenderer. The standard terms and conditions require that these obligations are adhered to by all contractors in the supply chain.

- 3.12 Current council tender documentation requires that a tenderer should hold a BS EN ISO 9001 (or equivalent) accreditation, or satisfy the council that relevant arrangements are in place. This accreditation relates to quality management and ensures that the workforce is sufficiently skilled and that satisfactory training arrangements are in place.

#### **Amendment of the Proposed Construction Charter**

- 3.13 Council officers have proposed amendments to the Charter to enable the Council to sign it.
- 3.14 Council officers believe that an effective measure to tackle the issues identified would be to ensure effective lines of communication between the Council and key stakeholders, including the unions, contractors and sub-contractors. If there are any breaches of the Charter principles then these can be reported timeously to the Council. The Council can react effectively and ensure compliance with contractual obligations and impose any necessary punitive measures.
- 3.15 Union representatives agree that the adoption of the Charter would be a positive development to support their aims. They also suggested that ongoing communication between the unions and the Council could help to feed into the Council's contract management of construction projects. The unions' site knowledge and real-time involvement could help the Council to focus attention on problematic issues on specific sites.

## **4. Measures of Success**

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- 4.1 The success of the Charter will be measured by its adoption and promotion.
- 4.2 The Council has confirmed it supports the Charter and its intended aims. Signing the Charter would be a clear signal to the market that the Council take the requirements within the Charter seriously and contractors are expected to accord to them.

## **5. Financial Impact**

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- 5.1 There is no direct financial impact associated with this report.
- 5.2 Indirect financial impact is envisaged in respect of improved reporting procedures and follow up action, which will include increased staff time to ensure effective communication between the stakeholders and the Council. Contract managers will be responsible for oversight and effective monitoring.

- 5.3 In relation to the indirect costs mentioned above, there would be a cost associated with improved reporting procedures and follow up enforcement action, including an increased in officer time required to ensure effective communication between the stakeholders and the Council.
- 5.4 Where issues do arise, there will be a cost associated with managing the issues. Council officers will be required to gain a full understanding of the issues, the proposed resolution and monitoring improvements. Where improvements are not introduced and issues persist, enforcement action will be required. Persistent or serious failings may result in the termination of the contract and procuring alternative contractors. This could result in significant and costly delays to Council construction projects.

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

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- 6.1 There are no risk, policy, compliance or governance aspects arising from this report.

## **7. Equalities impact**

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- 7.1 Council adoption of the Charter would be in line with the Council's equality obligations. The report itself has a positive equalities impact.

## **8. Sustainability impact**

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- 8.1 Council adoption of the Charter in its amended form would be in line with the Council's sustainability obligations. Much of the Charter's content reflects sustainability obligations contained within procurement legislation.

## **9. Consultation and engagement**

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- 9.1 Consultation continues to take place between Council officers and trade union representatives.

## 10. Background reading/external references

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- 10.1 [The Council's Commercial and Procurement Strategy, December 2016 to March 2020](#)
- 10.2 [Statutory guidance on the selection of tenderers and award of contracts which addresses fair work practices, including the living wage, in procurement](#)

**Stephen S. Moir**

**Executive Director of Resources**

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## 11. Appendices

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- 11.1 Construction Charter Commitments

# **Construction Charter Commitments**

## **The City of Edinburgh Council**

### **August 2018**

# Construction Charter Commitments

## Our commitment

Our Construction Charter Commitments set out what we as a Council expect for those contractors who undertake construction work on our behalf and where we would like others to follow.

The Council has a clear vision for construction contractors in Edinburgh and we want to make sure that fair work practices are adopted and complied with.

We, as a Council, promote high standards of performance, accountability, and a culture based on strong values. We ask others to do the same. We expect all construction contractors to achieve the highest standards in respect of employment status, health and safety, standards of work and apprenticeship training.

The objective of the Construction Charter Commitments is to promote a responsible and safe working with our construction contractors while encouraging all construction organisations to work in partnership with trade union colleagues.

The Leader, Depute Leader, Councillors, Senior Management and all Staff commit to the provision of effective and sound governance at all levels and we call upon those engaging our construction contractor partners in Edinburgh to follow these Construction Charter Commitments.

**Andrew Kerr, Chief Executive**  
**August 2018**

# **Construction Commitment 1**

## **High working standards**

The Council are responsible for the procurement of a wide range of construction projects.

We commit to working with trade unions in order to achieve the highest standards including in respect of employment status, health and safety, standards of work and apprenticeship training.

The Council actively promotes a requirement to work in partnership with the trade unions and we expect those contractors who undertake work on our behalf to do likewise.



# **Construction Commitment 2**

## **HMRC compliance**

All parties recognise that the highest level of compliance with current HMRC regulations must be achieved where public funds are utilised.

The Council recognises that all construction workers should be employed under an appropriate contract of employment (subject to PAYE and Class 1 National Insurance Contributions) and, where appropriate, any applicable Industry Collective Agreement. This excludes genuinely self-employed contractors and Agency Workers. The Council recognises that Agency Workers would ordinarily be provided with the appropriate contract directly from their employing agency. The Council is opposed to any unlawful employment practices.

# **Construction Commitment 3**

## **Health and safety**

Health and safety of workers on all of our construction projects is paramount.

The Council requires all contractors rigorously implement and adhere to the highest standards for health and safety performance. Furthermore, it is a requirement that all contractors rigorously implement and adhere to our minimum health & safety standards.

This includes safe systems of work to protect the public and construction workers alike, to incentivise continuous safety improvement and ensure that behaviours are managed to drive a safety performance culture.

We require all construction contractors to provide quality welfare facilities, fit for purpose and in accordance with the Construction (Design and Management) Regulations 2015, as updated from time to time.

It is a recognised fact that the presence of trade union safety representatives significantly improves safety in the workplace. Contractors and their supply chain are expected to work collaboratively to work collaboratively with appropriate trade unions to identify and implement the highest standards of safety initiatives.

# **Construction Commitment 4**

## **Excellence in skills and training**

The Council expects that all construction projects are completed to the highest standards possible, to meet the aspirations of the residents of Edinburgh.

We expect that all construction workers are highly competent and have the appropriate levels of skill and training to carry out the work they are employed to do.

To assist in the achievement of this Commitment the Council's contractors and their supply chains must ensure they retain documented evidence that all construction workers are competent to carry out the work they have been employed to do.

The Council require all construction contractors to retain documented evidence which allows for clear and transparent auditing to take place during the term of the contract by the Council or its nominee.

The Council recognises that specific construction industry skills and grade card(s) such as JIB or CSCS, or equivalent will be considered to be acceptable evidence.

The Council is mindful of the construction industry skills shortage and the need to address this through apprenticeships and adult training to 'up-skill'. The Council construction contractors and supply chain working with the council are asked to develop and implement local programmes to address skills shortages and provide appropriate training opportunities.

# **Construction Commitment 5**

## **Trade union recognition**

The Council are mindful of wider legislation which requires organisations to recognise trade unions.

The Council would positively encourage all of our construction contractor partners to recognise the right of all construction workers to be employed under and to be protected by the appropriate national industry collective agreement(s).

The Council expects our construction contractor partners to fully comply with all applicable national construction industry standards such as SJIB or CSCS.

The Council consider it appropriate that all construction contractors and their supply chain will engage with Trade Unions and where recognition arrangements are in place, we would expect our construction contractor partners to respect the right of Trade Unions to appoint shop stewards, workplace health & safety representatives, trade union learning representatives and all trade union accredited representatives to be granted appropriate time and facilities to carry out their duties and responsibilities.

The Council recognises the benefit trade unions bring to the construction workplace and the rights of workers to hear from trade union representatives.

# **Construction Commitment 6**

## **Recruitment**

The Council, its contractors and their supply chain are committed to a fair and transparent recruitment policies.

The Council expect all contractors and their supply chain to actively ensure that the engagement of their workforce meets the needs of the construction project and the specific tasks for which they are recruited to undertake.

# **Construction Commitment 7**

## **No blacklisting**

The Council, its construction contractors and their supply chain agree that it is not acceptable for anyone to use or make reference to any form of blacklist.

Blacklisting is prohibited by the Employment Relations Act 1999 (Blacklists) Regulations 2010. It is a practice that is often discriminatory in nature and infringes on workers' rights to privacy and data protection.

Council tender documentation and terms and conditions underline that blacklisting is an unacceptable and prohibited practice and any contractors found to be in breach of the obligations will be unable to work with the Council.

# **Construction Commitment 8**

## **Government buying standards**

All relevant construction contracts require to comply with the Government Buying Standards, including, but not limited to, BES 6001

Council Leader, Councillor Adam McVey .....

Council Depute Leader, Councillor Cammy Day .....

Chief Executive, Andrew Kerr .....

Executive Director of Resources, Stephen S. Moir .....



# Finance and Resources Committee

10.00am, Thursday 16 August

## Extension to the existing Property Repair and Maintenance Contracts

Item number	7.16
Report number	
Executive/routine	Executive
Wards	All
Council Commitments	

### Executive Summary

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This report seeks approval of the Committee to extend the existing Property Repair and Maintenance Contracts for a period of one year with the option to extend for a further period of six months.

The total value of the extension is £11,700,000 per annum.

This extension is required to provide the Council with sufficient time to re-procure the services following a period of significant change in the shape and scope of the service delivery.

## Extension to the existing Property Repair and Maintenance Contracts

### 1. Recommendations

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- 1.1 That Committee approves the extension the following Contracts for a period of 12 months with the option to extend for a further 6 months:
  - 1.1.1 Statutory Compliance and Inspection Testing of Mechanical and Electrical (planned and reactive services) and Fabric (planned services) to FES FM Ltd, Servest Ltd and Skanska Rashleigh Weatherfoil Limited with an estimated contract value of £8m per annum;
  - 1.1.2 General building repairs and maintenance Framework to James Breck Ltd, Response Building and Maintenance Ltd and Saltire Roofing and Building Ltd, with an estimated contract value of £0.9m per annum;
  - 1.1.3 Minor works and decoration repairs and maintenance Framework to Bell Group UK Ltd, H&J Martin Ltd and Response Building and Maintenance Ltd, with an estimated contract value of £0.5m per annum;
  - 1.1.4 Plumbing, jetting and drainage repairs and maintenance Framework to J B Bell and Co and Response Building and Maintenance Ltd, with an estimated contract value of £0.85m per annum;
  - 1.1.5 Blacksmith repairs and maintenance contract to Orbis Ltd, with an estimated contract value of £0.65m per annum;
  - 1.1.6 Joinery repairs and maintenance contract to Response Building and Maintenance Ltd, with an estimated contract value of £0.4m per annum; and
  - 1.1.7 Lift and Escalator repair and maintenance contract to Kone Plc, Orona Limited and Consult Lift Services Ltd, with an estimated contract value of £0.4m per annum.
- 1.2 Notes that the Contracts listed above all expire in the Autumn/Winter of 2018 and these extensions are therefore sought as a Waiver to the Council's Contract Standing Orders.

## 2. Background

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- 2.1 The Council has approx. 600 operational buildings and a significant number of sites (cemeteries etc) and non-operational assets such as statues and monuments etc across the estate.
- 2.2 The repairs and maintenance of these assets is delivered via external contractors or by utilising internal resources if capacity and the specific skillset is available. The appointment of external contractor support was subject to competitive tender in 2013 in separate and individual trade disciplines (Lots) and managed, in the main, at that time through Edinburgh Building Services (EBS - Non-Housing) as second tier suppliers.
- 2.3 In 2016, EBS ceased to provide internal contractor support for Non-Housing requirements and the direct management of external contractor support as first tier suppliers was transferred to Property and Facilities Management (P&FM).
- 2.4 The existing external contractor support contracts were for a two-year period with provision for a yearly extension to a maximum of a combined total of four years. The existing contracts finish on a rolling basis between September 2018 and January 2019.

## 3. Main report

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- 3.1 Repairs and maintenance (R&M) requirements are threefold:
  - Statutory inspections and certifications – the mandatory inspections and maintenance of equipment to ensure legal compliance without which these cannot be used. For example, gas-safe tests for boilers, cookers etc, fire alarm, fire suppression and emergency lighting, lifts and escalators, PAT, fixed wire tests etc.
  - Reactive Repairs - the repair or replacement of items when defective. Predominantly health and safety, wind and watertight or service provision requirements including structural concerns, leaking roofs, broken windows, defective heating etc.
  - Planned Preventative Maintenance (PPM) – a programme to proactively inspect and maintain assets including clearing gutters and drainage systems, maintain windows, roofs, flooring, electrical and mechanical equipment etc. To prolong life-cycle, maintain best performance and mitigate risk.
- 3.2 Due to year-on-year funding constraints, a PPM programme has not been in place for a considerable period, which is a significant contributor to the maintenance backlog and associated increased health and safety risk.
- 3.3 A report to the Finance and Recourses Committee of 23 January 2018 on the outcome of estate wide condition surveys identified that years of underspend on the estate was now manifesting itself in the need for expensive solutions to address a maintenance backlog of £153m. The Council subsequently made available funding

to address the backlog including additional R&M revenue specifically for the introduction of a robust PPM programme to protect capital investment and to mitigate health and safety and service provision risks.

- 3.4 The R&M core budget during the 2013-2018 contract period was approximately £8m per annum supplemented by one-off annual uplifts.
- 3.5 The R&M revenue budget for 2018/19 is £16.7m to provide statutory compliance, reactive maintenance plus put in place an enhanced PPM programme going forward.
- 3.6 Based on the findings of the estate wide condition surveys and the resultant Council decision on additional R&M funding provision, an updated procurement exercise meeting the Council's Standing Orders and European procurement regulations is required.
- 3.7 The procurement purpose and objectives of a new supply chain is to ensure the Council can deliver an effective and customer focused repairs and maintenance provision ensuring that the Council's estate and built environments are: -
  - well maintained, wind and watertight (through planned and preventative maintenance with required reactive repairs);
  - safe, accessible, and compliant with statutory legislation – making safety of building users the top priority;
  - maintaining and enhancing asset values;
  - delivering value for public money;
  - optimises maintenance and lifecycle spend; and
  - produces and maintains effective records and performance management/quality assurance information.

#### Transition period

- 3.8 During the transition period (2018-2020) until a new supply chain is in place, and with the additional funding, the priority outcome is to have a validated maintenance plan for each building, across the operational estate as part of an integrated asset management approach.
- 3.9 The supporting maintenance priorities will be:
  - Maintain a safe, compliant, wind and watertight estate.
  - Maintain service continuity – Business as usual.
  - Support the Capital Investment – Asset Management Programme of Works.
  - Progressively implement safe and dry / preventative maintenance / steady state process.
  - Introduce a single point Planned and Preventative Maintenance delivery per site
  - Progressively implement an enhanced performance management process.
  - Put in place pre-conditions for data management / tender process including asset tagging and condition verification.

- 3.10 It is recommended that the existing Statutory Compliance and Inspection Testing Contract be extended to take responsibility progressively for M&E and fabric PPM within current contracted areas. The contractors also progressively take responsibility for whole-building planned and preventative maintenance.
- 3.11 The fabric reactive maintenance provision will remain with existing supply chain during this period.
- 3.12 It is vital to continue these Council critical services while the re-procurement process is undertaken which is expected to take 12-18 months.

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

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- 4.1 Enabling business continuity while Property and Facilities Management goes through a significant period of change to how planned and reactive services are delivery for the Council.
- 4.2 The delivery of an effective and customer focused repairs and maintenance provision to ensure that the Council's estate and built environments are safe and meet the objectives outline in 3.7.
- 4.3 Provision of a validated maintenance plan for each building, across the operational estate as part of an integrated asset management approach.

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

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- 5.1 All costs will be contained within the Property and Facilities Management Service Repairs and Maintenance revenue budget.

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

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- 6.1 There are significant health and safety and service delivery failure implications of not addressing the backlog maintenance, and of having no annual planned preventative maintenance programme.
- 6.2 The Public Contracts Directive 2014 gives provision for an extension to a Framework Agreement past its expiry date to provide additional works that have become necessary and were not included under the initial procurement where the re-procurement would cause significant inconvenience for the contracting authority.
- 6.3 As this extension is covered by the Regulations, the procurement risk has been assessed as low.
- 6.4 The risk to Health and Safety and Business Continuity if the Contracts are not extended is high as the Council would have no provision in place for these works.

## 7. Equalities impact

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- 7.1 The potential failure of the Council's operational estate such as schools or care homes would impact on some of the city's most vulnerable groups. A planned preventive maintenance programme of investment would help mitigate that risk.

## 8. Sustainability impact

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- 8.1 A planned, preventative maintenance programme will significantly enhance the life cycle of properties and sites and mitigate the risk of uncontrolled failures.

## 9. Consultation and engagement

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- 9.1 Briefings have been provided on this issue to each political group and consultation has taken place with service users and departments.

## 10. Background reading/external references

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- 10.1 Report to Finance and Resources Committee 23 January 2018 – Outcome of Property Condition Surveys - [http://www.edinburgh.gov.uk/meetings/meeting/4309/finance\\_and\\_resources\\_committee](http://www.edinburgh.gov.uk/meetings/meeting/4309/finance_and_resources_committee)

### **Stephen S. Moir**

Executive Director of Resources

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# Finance and Resources Committee

10.00am, Thursday, 16 August 2018

## Extension of Health and Social Care Contracts

Item number	7.17
Report number	
Executive/routine	
Wards	
Council Commitments	

### Executive Summary

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This report seeks approval to extend a range of contracts to support the delivery of Health and Social Care services whilst strategic reviews and service re-design take place.

## Extension of Health and Social Care Contracts

### 1. Recommendations

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It is recommended that Finance and Resources Committee:

- 1.1 To extend contracts for the servicing, repair and maintenance of aids for daily living equipment to 31 May 2019;
- 1.2 To extend the block contracts for 16 registered day services for older people to 31 March 2020.

### 2. Background

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#### Aids for Daily Living

- 2.1 A wide variety of aids for daily living are distributed to people by the Council's Community Equipment Service (CES) on behalf of the Council and the Council's collaborative partners (East, West and Midlothian Councils and NHS Lothian). West Lothian Council and the Council's care homes do not use the CES but do use its contractual arrangements.
- 2.2 Some of the equipment requires to be serviced regularly, for example hoists and specialist hospital beds. The Council's contracted suppliers undertake servicing and maintenance as instructed by CES and, in the case of equipment in Council managed public buildings and care homes, by the Council's Facilities Management team.
- 2.3 These contracts have expired and require to be extended whilst service re-design and a medium term strategy for the supply of equipment and servicing is implemented.

#### Registered Day Services

- 2.4 In September 2014, there were 14 contracts for the delivery of Registered Day Services, which were let for an initial three years, with annual options to extend for a further two years. Since then two organisations previously delivering unregistered services, funded by grants, have become registered services. These contracts were all extended until 1 October 2018, and now require a longer term strategy for review.



### 3. Main report

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#### Aids for Daily Living

- 3.1 There has been a programme in place to develop and implement a new medium term strategy for the supply, servicing, repair and maintenance of aids for daily living to ensure the Council is compliant with statutory obligations in a more streamlined and cost effective way.
- 3.2 Phase two of the programme is well underway with extensive work being undertaken to review strategic requirements across all partners and the subsequent development of a new specification. This process is taking place, whilst the service is also undergoing organisational review, has meant that an extension of contracts to 31 May 2019 is required to complete phase two.
- 3.3 Once phase two is complete, the service will be compliant across all types of aids for daily living equipment, and will allow the service time to develop a longer term strategy for the service.
- 3.4 An outline of the providers and contract values can be seen in **Appendix 1**.

#### Day Services – Older People

- 3.5 Day Services for Older People are considered a valuable element of enabling people to remain as independent for as long as possible at home, and considered a key early intervention for those who access them. An outline of the 16 providers and contract value can be seen in **Appendix 2**

In June 2018, the Health and Social Care Procurement Board were assured that moving forward a co-production approach will be taken to the review to determine longer term requirements, working alongside providers, to determine the model going forward, that will result in a new commissioning and procurement plan for all day support for older people.

- 3.6 The co-production process is now well underway, as part of the Older People Working Group, that is developing the Outline Strategic Commissioning Plan for Older People. This process will develop the current model, indicated in **Appendix 3**, with the new model including:

the vision and purpose of Day Services and the intended impact these will have on the lives of service users

- a single strategy with our internally provided Registered Day Services for Older People
- rationale for service and geographical distribution, budget and unit costs
- description of sustainable service user pathway, levels of function within the pathway that will be required, referral and data capture arrangements
- the development of a performance management framework
- opportunities for efficiency savings, through tests of change
- providing clarity on what should be a contract or grant
- the alignment of contracts with the new locality structure

- 3.7 New contracts will be in place by 1 April 2020, with key milestones for governance highlighted in **Appendix 4**. This process will require to be managed, with support from localities, commissioning, contracting and finance colleagues, with a steering group being established, to oversee the development of the new model.
- 3.8 All contract awards following the commissioning and procurement process indicated in appendix 4, and will be subject of further reporting where required and in line with Council Standing Orders. The established steering group will report to Committee with an update, and to seek approval for the recommended long-term delivery model in the first quarter of 2019.

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

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- 4.1 The Council sustains uninterrupted equipment support to service users and custodians of the 13,000 aids for daily living inventory equipment items across Edinburgh.
- 4.2 The Council continues to fulfil its statutory duty to check all aids for daily living equipment in accordance with the Lifting Operations and Lifting Equipment Regulations (LOLER) 1998 and the Provision and Use of Work Regulations (PUWER) 1998.
- 4.3 Through aids for daily living, and day services for older people, the Council will continue to contribute to the Integrated Joint Board Strategic Plan that sees people being assisted to lead as independent lives as possible at home, for as long as possible, as well as contributing to enabling timely discharge, and preventing inappropriate admissions, whilst providing equipment to support end of life care.

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

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- 5.1 For aids for daily living, the estimated expenditure with the suppliers for the extension periods is £479,685.
- 5.2 The actual expenditure during the extension periods will depend on:
- contract usage (which will vary).
  - suppliers' responses to the offer of formal contract extension.
- 5.3 For day services the expenditure will be £2,843,858. This includes an uplift to support the Living Wage.

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

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- 6.1 The risks of disruption to use, access and functionality of aids for daily living by vulnerable people, and interruption to early intervention day service provision for older people, will be mitigated.
- 6.2 For aids for daily living, the risk of unsuccessful delivery of the medium term solution will be mitigated through:
- the application of adequate time and service area/procurement resources to undertake the action required to facilitate phase two of the programme
  - project team oversight
- 6.3 For Registered Day Services, the risk of reduced early intervention support may impact on people progressing through a higher level of statutory need will be addressed through the coproduction process for day requirements for older people and the wider development of the overarching outline strategic commissioning plan for older people.
- 6.4 The risk of successful procurement challenge is low as the Council has continued to seek solutions to fulfil this need.
- 6.5 The Council has a statutory duty to report 'non-compliance' of procurement regulation in line with the changes brought in by the Procurement Reform Act 2014

## **7. Equalities impact**

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

## **8. Sustainability impact**

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

## **9. Consultation and engagement**

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- 9.1 Commercial and Procurement Services, the Community Equipment Store, Facilities Management team and the Council's Collaborative Partners have all been consulted in the aids for daily living process.
- 9.2 A co-production approach is being taken for the development of day service and other early interventions and supports through the older people working group work streams.

## 10. Background reading/external references

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- 10.1 Report to Finance and Resources Committee, 3 November 2016, Item 7.19 - Contract Awards Aids for Daily Living Report.
- 10.2 Report to Finance and Resources Committee January 2018 Item 8.7 - Extension of Contracts for Aids for Daily Living
- 10.3 Emergency Powers granted by the Finance and Resources Committee June 2018, for extension of Aids for Daily Living.

### **Judith Proctor**

Chief Officer, Edinburgh Health and Social Care Partnership

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## 11. Appendices

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- 1. Edinburgh Aids for Daily Living Suppliers and Costs – June 2018
- 2. Edinburgh Registered Services – Older People. Provider and Costs – June 2018
- 3. Edinburgh Day Services – Older People. Current Model of Day Support for Older People at 2017
- 4. Edinburgh Registered Day Services – Older People. Outline Commissioning and Procurement Key Milestones

## Appendix 1

### Edinburgh Aids for Daily Living Suppliers and Costs

SUPPLIER	ESTIMATED ANNUAL VALUE	ESTIMATED MONTHLY VALUE	EXTENSION PERIOD	EXTENSION PERIOD VALUE
Arjo Med AB Ltd	£83,946	£6,995.50	10	£69,955.00
Fast-Aid Products Ltd	£20,000	£1,666.67	10	£16,666.67
Hill Rom Ltd	£8,000	£666.67	10	£6,666.67
Park House Healthcare Ltd	£256,000	£21,333.33	10	£213,333.33
Spearhead Healthcare	£31,675	£2,639.58	10	£26,395.83
W. Munro Rehab Ltd	£54,000	£4,500.00	10	£45,000.00
Advance Stairlifts (Scotland) Ltd	£97,000	£8,083.33	10	£80,833.33
Total Hygiene Ltd	£25,000	£2,083.33	10	£20,833.33
<b>Totals</b>	<b>£575,621</b>	<b>£47,968.42</b>		<b>£479,684.17</b>

Source: CEC Procurement, June 2018

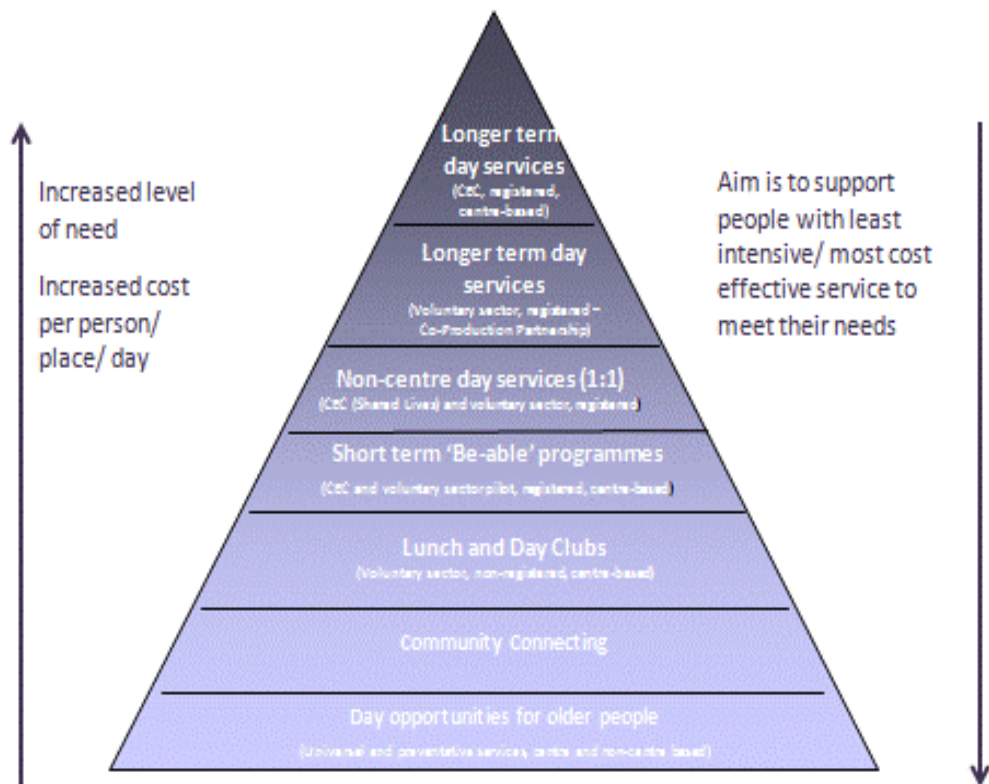
## Edinburgh Registered Services – Older People

## Providers and Costs – June 2018

	Centre	Locality	Annual Contract Cost 2017/18
1	Caring In Craigmillar	NE	£246,269
2	Lochend Neighbourhood Centre	NE	£97,406
3	MILAN	NE	£113,635
4	North Edinburgh Dementia Care	NE	£283,500
5	Corstorphine Dementia Project	NW	£132,975
6	Drylaw Rainbow Club	NW	£151,668
7	Lifecare Day Services	NW	£307,863
8	Queensferry Churches in the Community	NW	£129,200 CEC £26,225 NHSL <b>£155,425</b>
9	Alzheimer Scotland	SE	£92,324
10	Eric Liddell Centre	SE	£179,144 CEC £9,767 NHSL <b>£188,911</b>
11	Libertus Day Service	SE	£307,863 CEC £24,962 NHSL <b>£332,825</b>
12	Open Door	SE	£56,242
13	PfP Pleasance Day Centre	SE	£100,670
14	Prestonfield & District Clearburn Club	SE	£97,884

1 5	Cornerstone Canalside	SW	£330,101
1 6	Oxgangs Care	SW	£156,160
	<b>TOTAL</b>		<b>£2,843,858</b>

**Edinburgh Day Services – Older People**  
**Triangle of Day Support for Older People at 2017**





## Edinburgh Registered Day Services – Older People Outline Commissioning and Procurement Key Milestones

YEAR	DATE	DAY SERVICES	STRATEGIC COMMISSIONING & PROCUREMENT STAGES	
2018	JUN	→ H&SC Procurement Board 12 <sup>th</sup> June – adjusted timeline and extension recommendation	Delivery of proposals related to key areas for test and improvement	
	JUL	→ Finance & Review Committee, CEC, 16 Aug 2018		
	AUG	<b>Coproduction Process to considers future interventions (June – Nov):</b>		
	SEPT		<ul style="list-style-type: none"> <li>• Capacity and demand.</li> <li>• Modernisation and flexibility</li> <li>• Functions (e.g. Assessment, reablement)</li> <li>• Pathway to determine interventions</li> <li>• Future demand and market shaping</li> </ul>	Test and improve key areas
	OCT			
	NOV		Develop Work Stream 1 of Older People Working Group , through co-production process	
	DEC	→ Older People Reference Group – outline Strategic Commissioning Plan (OSCP) recommendations → Strategic Planning Group (SPG) – Outline Strategic Commissioning Plans		
2019	JAN		Consultation on Older People OSCP, including Day Services development considerations	
	FEB			
	MAR			
	APR	→ Older People Reference Group – outline Strategic Commissioning Plan (OSCP) recommendations → SPG recommendations from OSCP Plan consultation process		
	MAY	H&SC Older People Working Group ongoing co production development of Strategic Commissioning Plans based on all the learning thus far		
	JUN		Start Procurement Process	
	JUL			
	AUG			
	SEPT			
	OCT			
NOV				
	DEC	→ H&SC Procurement Board → CEC F&R Committee	Agree Contracted Providers	
2020	JAN	Ongoing development with market	Award Contracts	
	FEB			
	MARCH			
	APRIL	<b>Contract in Place 1<sup>st</sup> April</b>		



# Finance and Resources Committee

10am, Thursday 16 August 2018

## Appointments to Working Groups 2018/19

Item number	7.18
Report number	
Executive/routine	Executive
Wards	

### Executive Summary

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The Finance and Resources Committee is invited to appoint the membership of the Joint Consultative Group, Elected Member ICT and Digital Sounding Board, and the Council Health and Safety Consultation Forum.

The proposed membership structures and remits of each are detailed in appendices 1 to 3 of this report.

## Appointments to Working Groups 2018/19

### 1. Recommendations

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- 1.1 To appoint the membership of the Joint Consultative Group as set out in Appendix 1.
- 1.2 To appoint the membership of the Elected Member ICT and Digital Sounding Board in Appendix 2.
- 1.3 To appoint the membership of the Council Health and Safety Consultation Forum in Appendix 3.
- 1.4 To postpone the re-appointment of the Property Sub-Committee until such time as a meeting of the Sub-Committee is deemed necessary.
- 1.5 To approve the remits of the Joint Consultative Group, Elected Member ICT and Digital Sounding Board, and the Council Health and Safety Consultation Forum 2018/2019 as set out in appendices 1 to 3 of this report.

### 2. Background

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- 2.1 The Council, at its meeting on 29 June 2018, approved revised political management arrangements for 2018 and appointed membership of the Finance and Resources Committee including the Convener and Vice-Convener.
- 2.2 The Finance and Resources Committee, at its meeting on 23 January 2018, approved the amended constitution of the Joint Consultative Group (JCG).

### 3. Main report

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- 3.1 The Committee is required to appoint the membership of its Working Groups for 2018/19.
- 3.2 While there is no requirement for the membership of working groups to be proportionate to that of the Council, it is suggested that this is good practice.  
  
The proposed membership has therefore been adjusted to reflect the overall political balance on the Council. It is, however, open to the Committee to alter the membership where it feels this is warranted.
- 3.3 The proposed membership structures and remits are set out in Appendices 1 to 3 of this report.

### 4. Measures of success

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- 4.1 Not applicable
- Finance and Resources Committee – 16 August 2018

## **5. Financial impact**

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5.1 Not applicable

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

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6.1 Not applicable.

## **7. Equalities impact**

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7.1 Not applicable.

## **8. Sustainability impact**

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8.1 Not applicable.

## **9. Consultation and engagement**

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9.1 Not applicable.

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

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10.1 Minutes of the Finance and Resources Committee, 5 September 2017

### **Andrew Kerr**

Chief Executive

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## 11. Appendices

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Appendix 1 – Joint Consultative Group

Appendix 2 – Elected Member ICT and Digital Sounding Board

Appendix 3 – Council Health and Safety Consultation Forum

**Proposed Membership – 7 members** (2 SNP, 2 Conservative, 1 Labour, 1 Green and 1 SLD).

Councillors Alastair Rankin (Convener), Claire Bridgman, Marion Donaldson, Graham Hutchison, Susan Rae, Neil Ross and Iain Whyte.

### Other Members

15 representatives appointed by the recognized Trade Unions as follows:

- UNISON (5 representatives)
- UNITE (4 representatives)
- GMB (1 representative)
- Educational Institute of Scotland (3 representatives)
- Scottish Secondary Teachers' Association (1 representative)
- National Association of Schoolteachers/Union of Women Teachers (1 representative)

### Remit

The Joint Consultative Group (JCG) is constituted with the purpose of providing a means of regular consultation between the City of Edinburgh Council and its employees and, where appropriate, submitting views to the Finance and Resources Committee of the Council for consideration.

The functions of the JCG are:

- To inform employee representatives on the activities, economic situation and development of the Council and to consult on the structure and development of employment within the Council
- To inform and consult employee representatives on any proposals made by the City of Edinburgh Council involving substantial changes in the organisation of work and their effects on employment relations
- To consider any matter relating to the employment of Council employees which may be referred to the JCG by the City of Edinburgh Council or by any of the Trade Unions, including matters referred for consideration by directorate Joint Consultative Committees; provided that no question of an individual's employment circumstances (e.g. pay, wage, grading, discipline, promotion, efficiency, etc) shall be within the scope of the JCG.

### **Proposed Membership - 8 members**

(2 SNP, 2 Conservative, 2 Labour, 1 Green and 1 SLD)

Councillors Alasdair Rankin, Marion Donaldson, Derek Howie, Graham Hutchison, Andrew Johnston, Neil Ross and Mandy Watt.

### **Remit**

The Sounding Board oversees and scrutinises the delivery of the Council's ICT and Digital Services Contract, with a specific focus on:

- The risks associated with the delivery of the ICT and Digital Services Contract;
- The financial resources required;
- The cost/value of the ICT and Digital Services Contract to the Council;
- The Council's need to demonstrate best value;
- An assurance that ICT and Digital services contract is meeting the needs of the Council's stakeholders, including citizens.



**Proposed Membership - 1 member** (Vice-Convenor of the Finance and Resources Committee)

### Remit

The remit of the Health and Safety Consultation Working Forum is to:

- To promote a low tolerance approach to health and safety risks.
- To consider, review and make recommendations to the Corporate Health and Safety Manager and/or Council Health and Safety Group on the following areas:
  - Health and safety performance;
  - Accident investigations and action taken;
  - Health and safety matters referred from the Council Health and Safety Group;
  - Reports from the Health and Safety Executive, where appropriate;
  - Reports submitted by the Corporate Health and Safety Team;
  - Requirements for health and safety training;
  - Health and safety communication in the workplace; and
  - Health and safety reports that have been submitted by Safety Representatives and that have not been resolved at a local level.
- To assist in the development of Council policy, procedures and guidance on matters relating to health and safety at work.
- To raise awareness of Council Health and Safety initiatives.

# Finance and Resources Committee

10.00am, Thursday 16 August 2018

## Proposed New Lease at 323 High Street, Edinburgh

Item number	8.1
Report number	
Executive/routine	Routine
Wards	11 – City Centre
Council Commitments	<a href="#">C2, C3</a>

### Executive Summary

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The Continuum Group Limited, operators of Mary King's Close, currently occupy two parts of the City Chambers complex under two separate leases being their main attraction space on the ground floor (level 5) and office space above on first floor (level 6).

The tenant has a requirement for additional office space, and as a result of the disposal of 329 High Street on a leasehold basis, vacant surplus office space has been identified adjacent to the tenants existing office space.

This report seeks approval to grant a lease to the Continuum Group Limited on the terms and conditions outlined in this report.

## Proposed New Lease at 323 High Street, Edinburgh

### 1. Recommendations

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- 1.1 That Committee:
- 1.1.1 Approves a new lease to the Continuum Group Limited of first floor (level 6) in 323 High Street, Edinburgh on the terms outlined in this report and other terms and conditions to be agreed by the Executive Director of Resources.

### 2. Background

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- 2.1 The surplus office space at first floor (level 6) at 323 High Street extends to 36.58 sq m (394 sq ft) or thereby and is shown outlined in red on the attached plan.
- 2.2 The Continuum Group Limited are operators of Mary Kings Close and occupy space on the ground floor (level 5) of the City Chambers complex on a 25 year lease expiring on 31 March 2028.
- 2.3 The Continuum Group Limited also occupy first floor (level 6) office premises directly above the main attraction space. This is held on an annual missive (currently holding over under tacit relocation) at an all-inclusive rental of £10,700 per annum.
- 2.4 As part of the works to separate 329 High Street (to facilitate the long leasehold disposal) from the rest of the City Chambers complex, vacant office space has been identified in 323 High Street which is directly adjacent to Continuum Group's existing office space. The Continuum Group has requested to include this room within a revised lease for the first floor premises.

### 3. Main report

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- 3.1 The following terms have been provisionally agreed:
- Subject: Existing and vacant office space at 323 High Street / City Chambers complex.
  - Lease: To run co-terminus with main attraction space lease expiring 31 March 2028;
  - Rent: £18,400 per annum;

- Rent profile: All-inclusive figure to include rent, non-domestic rates, insurance and utilities costs;
- Rent Review: 1 April 2023, RPI linked with minimum and maximum uplift of 2% and 5%;
- Use: Office;
- Repairs: Tenant responsible for internal repairs only; and
- Costs: Both parties to meet their own costs.

3.2 The tenant has fulfilled all their legal and financial obligations in terms of the existing lease.

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

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4.1 Granting of the new lease will produce an income to the Council for vacant office space not in use. The creation of additional back office space will allow the Continuum Group Limited to improve their attraction and the service they provide to visitors.

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

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5.1 The existing first floor office missive produces and income to the Council of £10,700 per annum. The new lease will provide an annual income of £18,400, an increase of £7,700 per annum.

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

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6.1 This a lease extension to the existing tenant who has been occupation of the adjoining property for a number of years. It is considered there is little or no impact on Risk, Policy, Compliance or Governance issues.

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

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7.1 The proposal in this report to grant an extension of the lease which currently exists on the property does not have a significant additional impact on people, equalities, the economy and the environment.

## **8. Sustainability impact**

---

- 8.1 There are no sustainability issues arising from this report as it is a lease extension being proposed for a property that has been in retail use for many years and is to continue to be in retail use.

## **9. Consultation and engagement**

---

- 9.1 Ward elected members have been made aware of the recommendations of this report.

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

---

- 10.1 Not applicable.

### **Stephen S. Moir**

Executive Director of Resources

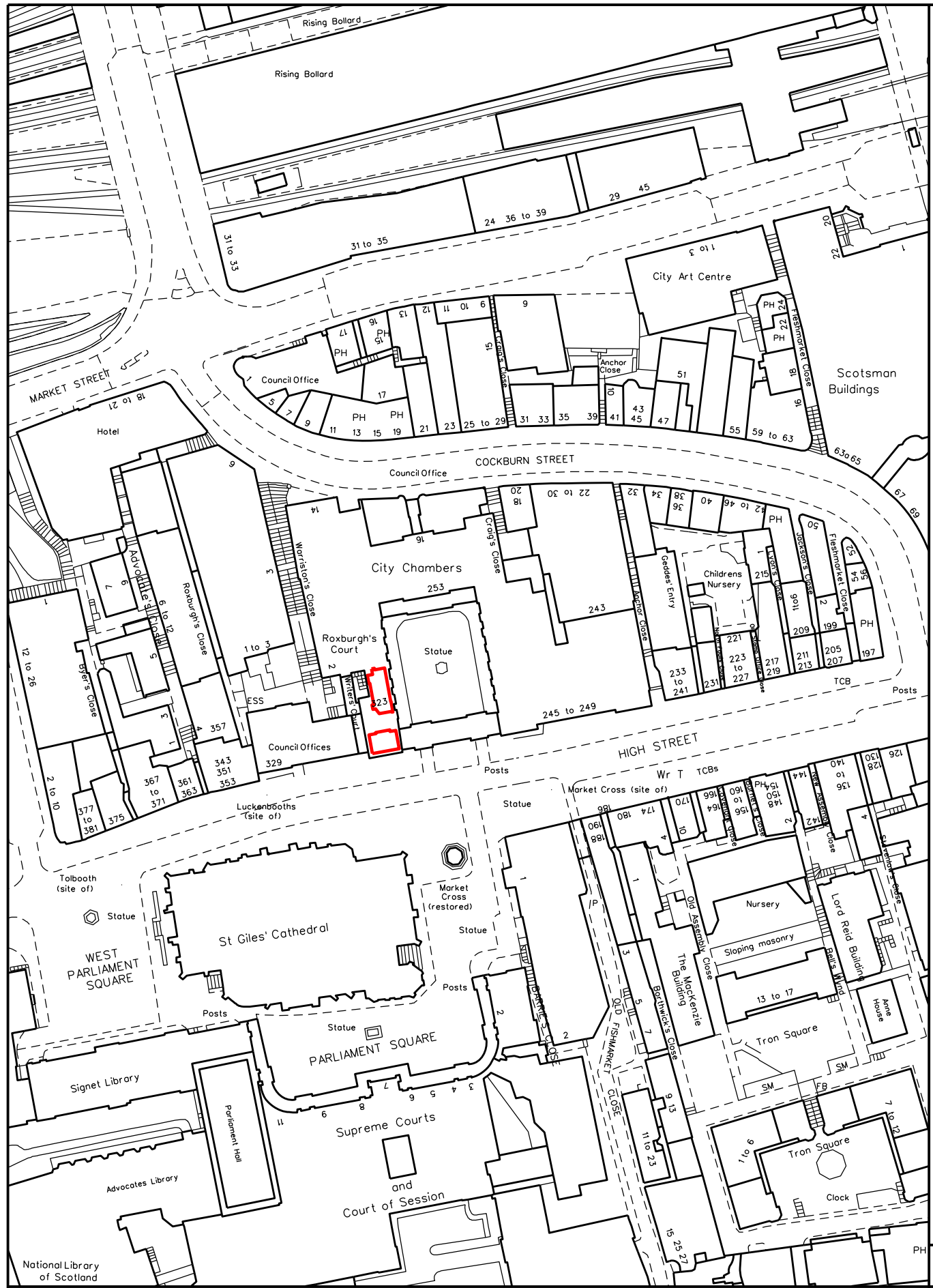
Contact: Mark Bulloch, Portfolio Manager

E-mail: [deborah.bruce@edinburgh.gov.uk](mailto:deborah.bruce@edinburgh.gov.uk) | Tel: 0131 529 5991

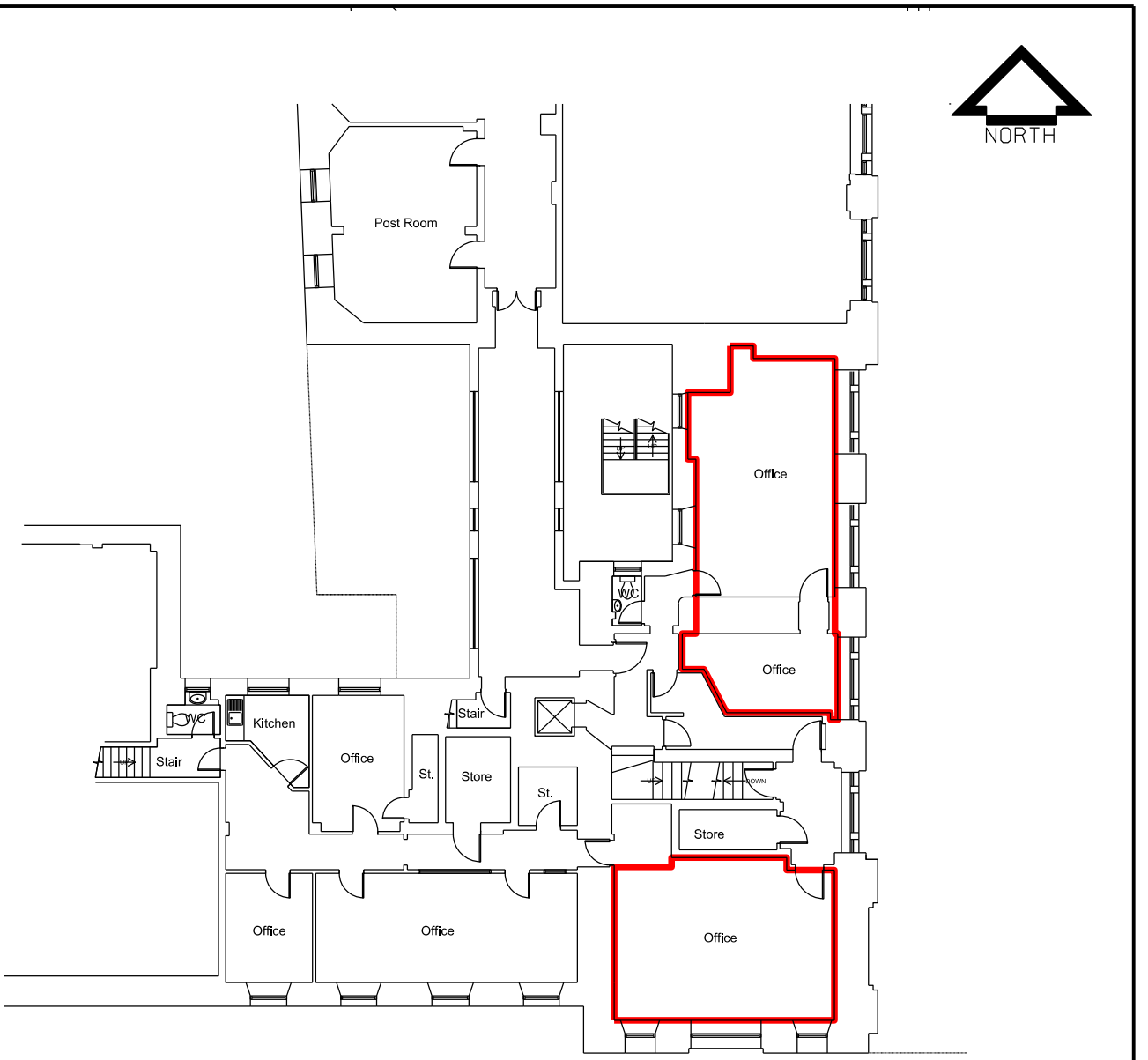
## **11. Appendices**

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- 11.1 Appendix 1 – Location Plan.

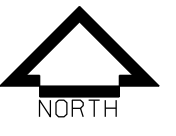


LOCATION PLAN SCALE 1:1250



SITE PLAN SCALE 1:200

COMBINED AREA SHOWN DELINEATED RED - 89.53 sq.m.



<b>• EDINBURGH •</b> THE CITY OF EDINBURGH COUNCIL	
PROPERTY AND FACILITIES MANAGEMENT RESOURCES	
Office Space Level 6 - City Chambers High Street Edinburgh	
DATE	27/06/2018
SURVEYED BY	
DRAWN BY	F McDonald
FILE NO.	
NEG. NO.	NT2573/A3/1982

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# Finance and Resources Committee

10.00am, Thursday, 16 August 2018

## Proposed New Lease of part of 249 High Street, Edinburgh (Advice Shop)

Item number	8.2
Report number	
Executive/routine	Routine
Wards	11 – City Centre
Council Commitments	<a href="#">C2</a> , <a href="#">C3</a>

### Executive Summary

---

The rationalisation of the Council's operational property estate has been identified as a key element of the Asset Management Strategy, approved at Finance and Resources Committee on 24 September 2015, to create a fit for purpose, right sized estate.

The refurbishment of the customer hub at 249 High Street has released space that was occupied by the Advice Shop. Negotiations have taken place with VisitScotland for a commercial lease of the premises.

The report seeks approval to grant a 10-year lease to VisitScotland on the terms and conditions outlined in the report.

## Proposed New Lease of part of 249 High Street, Edinburgh (Advice Shop)

### 1. Recommendations

---

#### 1.1 That Committee:

- 1.1.1 Approves a new 10 year lease to VisitScotland of part of 249 High Street, Edinburgh on the terms outlined in this this report and on other terms and conditions to be agreed by the Executive Director of Resources.

### 2. Background

---

- 2.1 The property currently occupied by the Advice Shop, forming part of 249 High Street, extends to 148.65 sq. m (1,600 sq. ft.) or thereby and is shown outlined in red on the attached plan.
- 2.2 Over the last 12 months, the adjacent Customer Hub at 249 High Street has undergone a full refurbishment to allow a more focused service delivery from one space.
- 2.3 As a result of these improvements to the front facing customer zones, services currently delivered from the stand-alone Advice Chop space can migrate to the Customer Hub and locality offices. This frees up the existing Advice Shop accommodation for a commercial and income producing use.
- 2.4 Placing the property on the open market would result in offers from retail and leisure uses which could potentially not align with the Council's occupation of the neighbouring City Chambers complex and customer hub. Therefore, direct negotiations have taken place with VisitScotland who will provide a new tourist information centre from the premises, which is considered to be a more compatible use.
- 2.5 VisitScotland currently operate the tourist information centre from the rooftop level of Waverley Wall, however, the centre is no longer fit for purpose.
- 2.6 Although not openly marketed, the Council owns 44 commercial properties on the Royal Mile and the rent agreed with VisitScotland is in line with other open market rents.



### **3. Main report**

---

3.1 The following terms have been provisionally agreed:

- Subjects: Part ground floor of 249 High Street, Edinburgh;
- Lease Term: 10 years from date of entry;
- Rent: £106,000 per annum;
- Rent Reviews: Reviewed on each 5<sup>th</sup> anniversary, RPI linked with a minimum 3% and maximum 5% increase at each review;
- Use: Tourist information centre;
- Repairs: Tenant full repairing, notwithstanding the property forms part of the City Chambers complex therefore the Council will retain responsibility for maintaining external and common parts with appropriate proportionate costs recoverable from VisitScotland;
- Rates: The subject property forms part of a much larger single entry on the valuation roll. The relevant proportion of the rates liability to be recovered from VisitScotland using appropriate floor space calculation;
- Utilities: A proportion of costs for utilities and shared services to be recovered from VisitScotland using appropriate floor space calculation;
- Costs: Both parties to meet their own costs; and
- Other terms: As contained in the subjects existing lease;

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

---

- 4.1 The opportunity to co-locate several services to Customer Hub and locality offices enhancing space utilisation, working efficiencies and opportunities with services.
- 4.2 Granting the lease to VisitScotland will result in a modern, fit for purpose tourist information centre in the heart of the Royal Mile.

### **5. Financial impact**

---

- 5.1 A new rental income of £106,000 per annum will be generated for the General Property Account.

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

---

- 6.1 The lease proposal is integral to the Asset Management Strategy approved by Committee on 24 September 2015.

## **7. Equalities impact**

---

- 7.1 The proposal in this report to grant a lease on the property does not have a significant additional impact on people, equalities, the economy, and the environment.

## **8. Sustainability impact**

---

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

## **9. Consultation and engagement**

---

- 9.1 Ward elected members have been made aware of the recommendations of the report.

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

---

- 10.1 Not applicable.

### **Stephen S. Moir**

Executive Director of Resources

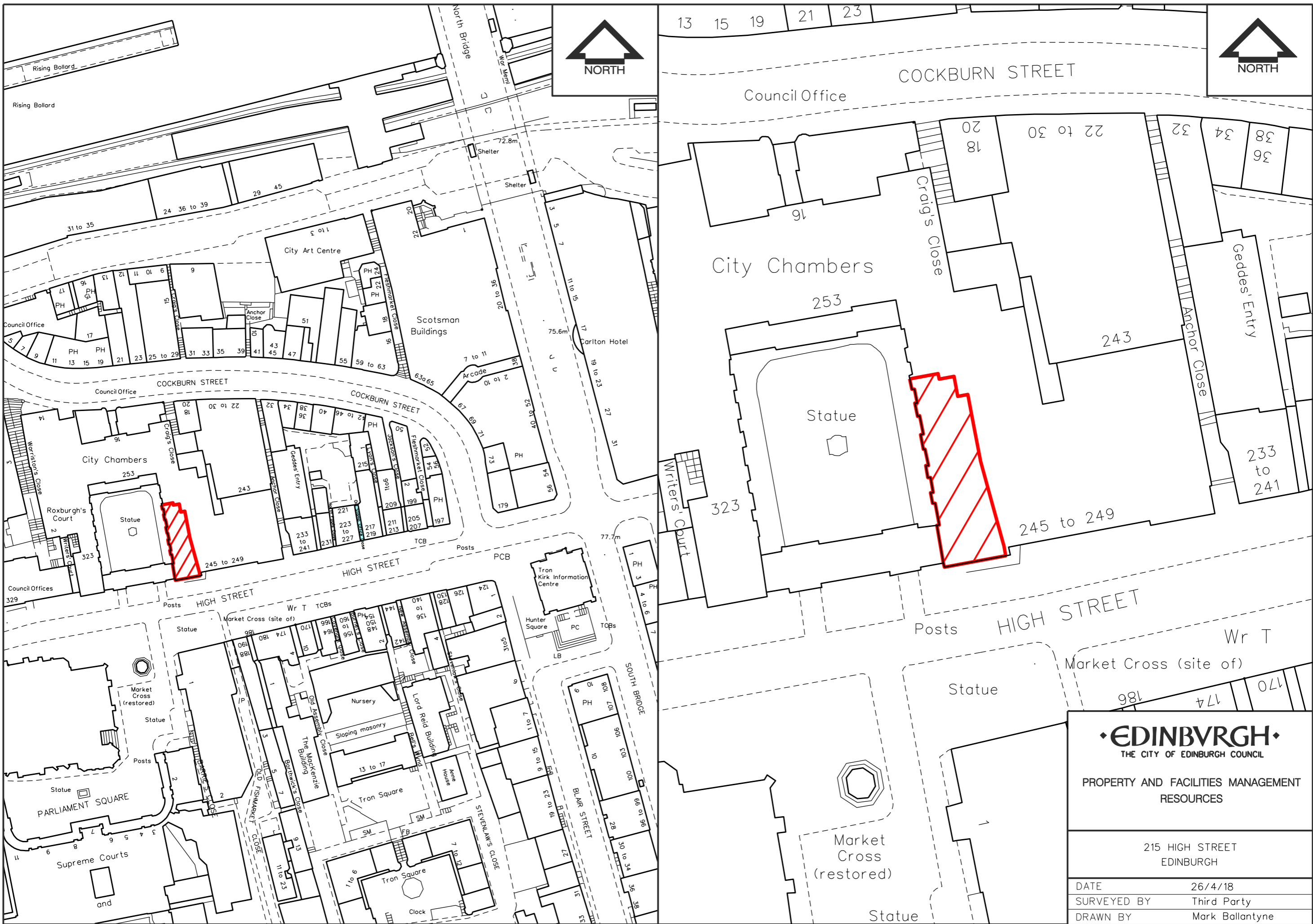
Contact: Mark Bulloch, Portfolio Manager - Investments

E-mail: [mark.bulloch@edinburgh.gov.uk](mailto:mark.bulloch@edinburgh.gov.uk) | Tel: 0131 529 5991

## **11. Appendices**

---

- 11.1 Appendix 1 - Location Plan



LOCATION PLAN

PHOTOGRAPHICALLY REDUCED NOT TO SCALE

SITE PLAN

**• EDINBURGH •**  
 THE CITY OF EDINBURGH COUNCIL

PROPERTY AND FACILITIES MANAGEMENT  
 RESOURCES

---

215 HIGH STREET  
 EDINBURGH

DATE	26/4/18
SURVEYED BY	Third Party
DRAWN BY	Mark Ballantyne
SCALE	1:200 @ A3 SIZE
NEG. NO.	A3/1951

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

# Finance and Resources Committee

10.00am, Thursday, 16 August 2018

## City Fibre Expansion Project – Proposed Ground Lease at New Mart Road, Edinburgh

Item number	8.3
Report number	
Executive/routine	Routine
Wards	9 – Fountainbridge/Craiglockhart
Council Commitments	<a href="#">C2</a>

### Executive Summary

---

The city's existing 150 km full fibre network is to be expanded citywide to reach nearly every home and business in the city. Through the deployment of additional infrastructure, entire communities and local business across Edinburgh will have access to unlimited bandwidth and Gigabit speed connectivity.

To facilitate the above, this report seeks approval to grant a 20 year ground lease at New Mart Road to City Fibre Ltd on the terms and conditions outlined in the report.

## City Fibre Expansion Project – Proposed Ground Lease at New Mart Road, Edinburgh

### 1. Recommendations

---

#### 1.1 That Committee:

- 1.1.1 Approves a 20 year ground lease to City Fibre Limited at New Mart Road on the terms outlined in this this report and on other terms and conditions to be agreed by the Executive Director of Resources.

### 2. Background

---

- 2.1 City Fibre Ltd is a builder of Gigabit Cities and Phase 1 of their infrastructure works in Edinburgh were completed in October 2016. The city's existing 150 km full fibre network will be expanded citywide to reach nearly every home and business. This investment will help bring the benefits of unlimited bandwidth and Gigabit speed connectivity to entire communities and local business across Edinburgh.
- 2.2 Edinburgh is set to become one of the first cities in the UK to benefit from the new Vodafone and City Fibre fibre-to-the-premises (FTTP) programme. By using fibre optic cables for every stage of the connection from the customer's home or business to the Internet, users will be offered a significantly superior and more reliable broadband service, capable of Gigabit speeds (1,000 Mbps).
- 2.3 To facilitate this expansion, City Fibre Limited are seeking locations across Edinburgh to install new data centres. On 12 June 2018 the Finance and Resources Committee approved the granting of two ground leases on sites at Barnton Road and Peffer Place.
- 2.4 The site at New Mart Road comprises 250 sq. m of grassed verge adjacent to the access of the Risk Factory and is the final site requirement which will service south west Edinburgh.

### 3. Main report

---

- 3.1 Following negotiations between the Council and City Fibre Limited, the following terms have been provisionally agreed:
  - Subjects: 280 sq m at New Mart Road, Edinburgh;

- Lease: 20 year lease from 1 October 2018 until 30 September 2038;
- Break Option: Tenant only break option at any time after the tenth anniversary, on providing no less than 3 months prior written notice;
- Rent: £2,000 per annum;
- Rent Reviews: Reviewed on each fifth anniversary of the term based on RPI increase;
- Use: Class 6 (Site Compound), for the installation of a data centre;
- Repairs: Full Repairing and Insuring obligation, subject to a photographic Schedule of Condition;
- Other terms: Standard commercial lease terms; and
- Costs: Tenant responsible for all costs, capped at £500.

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

---

- 4.1 Granting these 20 year leases will allow the tenant to invest in additional infrastructure, which in turn, will provide both social and economic opportunities for communities and businesses across Edinburgh.

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

---

- 5.1 A rental income of rent of £2,000 per annum to the General Property Account.

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

---

- 6.1 This is a 20 year lease in conjunction with a wider infrastructure investment programme and it is considered that there is minimal or no impact on Risk, Policy, Compliance and Governance issues.

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

---

- 7.1 The proposal in this report to grant the new leases, as part of a wider infrastructure investment project does not have a significant additional impact on people, equalities, the economy and the environment.

#### **8. Sustainability impact**

---

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

## 9. Consultation and engagement

---

- 9.1 Ward elected members have been made aware of the recommendations of the report.

## 10. Background reading/external references

---

- 10.1 Not applicable.

### **Stephen S. Moir**

Executive Director of Resources

Contact: Craig Dalgliesh, Development and Disposals Manager

E-mail: [craig.dalgliesh@edinburgh.gov.uk](mailto:craig.dalgliesh@edinburgh.gov.uk) | Tel: 0131 529 3173

## 11. Appendices

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- 11.1 Appendix 1 - Location Plan







# Finance and Resources Committee

10.00am, Thursday 16 August 2018

## Port Edgar Marina, South Queensferry – Proposed Lease to South Queensferry Sea Cadets

Item number	8.4
Report number	
Executive/routine	Routine
Wards	1 - Almond
Council Commitments	<a href="#">C2, C3</a>

### Executive Summary

---

South Queensferry Sea Cadets have occupied various premises at Port Edgar since 1974. With the introduction of Port Edgar Holdings as the major leaseholder, providing a more secure future for the Marina, the Sea Cadets are now seeking to consolidate their position and to invest in the premises to accommodate the growing demand for their service.

This report seeks approval to grant a new lease to South Queensferry Sea Cadets for a period of 66 years on the terms outlined in the report.

## Port Edgar Marina, South Queensferry – Proposed Lease to South Queensferry Sea Cadets

### 1. Recommendations

---

- 1.1 That Committee:
  - 1.1.1 Approves the lease of land and buildings extending to approximately 0.0875 hectares (0.216 acres) in accordance with 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 South Queensferry unit of the Sea Cadets opened in 1974 in HMS Lochinvar, now Port Edgar Marina.
- 2.2 During this time, they have occupied various premises moving to their current location in 2000. Due to past uncertainty over the future of the Marina/s the premises have been occupied on a short-term lease at a rent of £900 per annum.
- 2.3 With the withdrawal of Edinburgh Leisure from the management of the marina and the successful introduction of Port Edgar Holdings, which has secured the future of the marina, the Sea Cadets have developed proposals to consolidate their position to accommodate growing demand for their service.
- 2.4 The Sea Cadets have undertaken an initial feasibility into refurbishing and extending their existing premises. This would provide additional classrooms, offices, and ancillary accommodation. It is the intention of the Sea Cadets that this space could also be used for community events.
- 2.5 Consequently, the Sea Cadets have approached the Council with a request to lease their existing premises, including an area of adjoining land in total extending to 0.0875 hectares (0.216 acres), as shown outlined in red on the attached plan, on a long -term basis.

### 3. Main report

---

- 3.1 Following negotiation heads of terms have been provisionally agreed as follows:

- Subjects: Buildings and land extending to 0.875 hectares (0.216 acres) or thereby;
- Tenant: South Queensferry Sea Cadets;
- Rent: £2,500 per annum subject to 5 yearly reviews;
- Lease: 66 years to expire 2084 (co terminus with the main lease over the marina to Port Edgar Holdings);
- Site Use: Erection of Sea Cadet training establishment;
- Conditionality: The lease to be subject to landlord's consent to the redevelopment proposals and to the tenant obtaining all necessary consents, and;
- Fees: The tenant to pay the Council's reasonably incurred legal and surveyor's fees.

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

---

- 4.1 An existing building in poor physical condition will be refurbished and extended to be compliant with current standards the use of which will bring social, health and welfare benefits.
- 4.2 The proposals will contribute to the ongoing revitalisation of Port Edgar Marina.

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

---

- 5.1 An increased rent of £2,500 per annum will be payable to the General Property Account.

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

---

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

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

---

- 7.1 The proposal in this report to grant an extension of the lease which currently exists on the property does not have a significant additional impact on people, equalities, the economy, and the environment.

#### **8. Sustainability impact**

---

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

## 9. Consultation and engagement

---

- 9.1 Ward elected members have been made aware of the recommendations of this report.

## 10. Background reading/external references

---

- 10.1 Not applicable.

### **Stephen S. Moir**

Executive Director of Resources

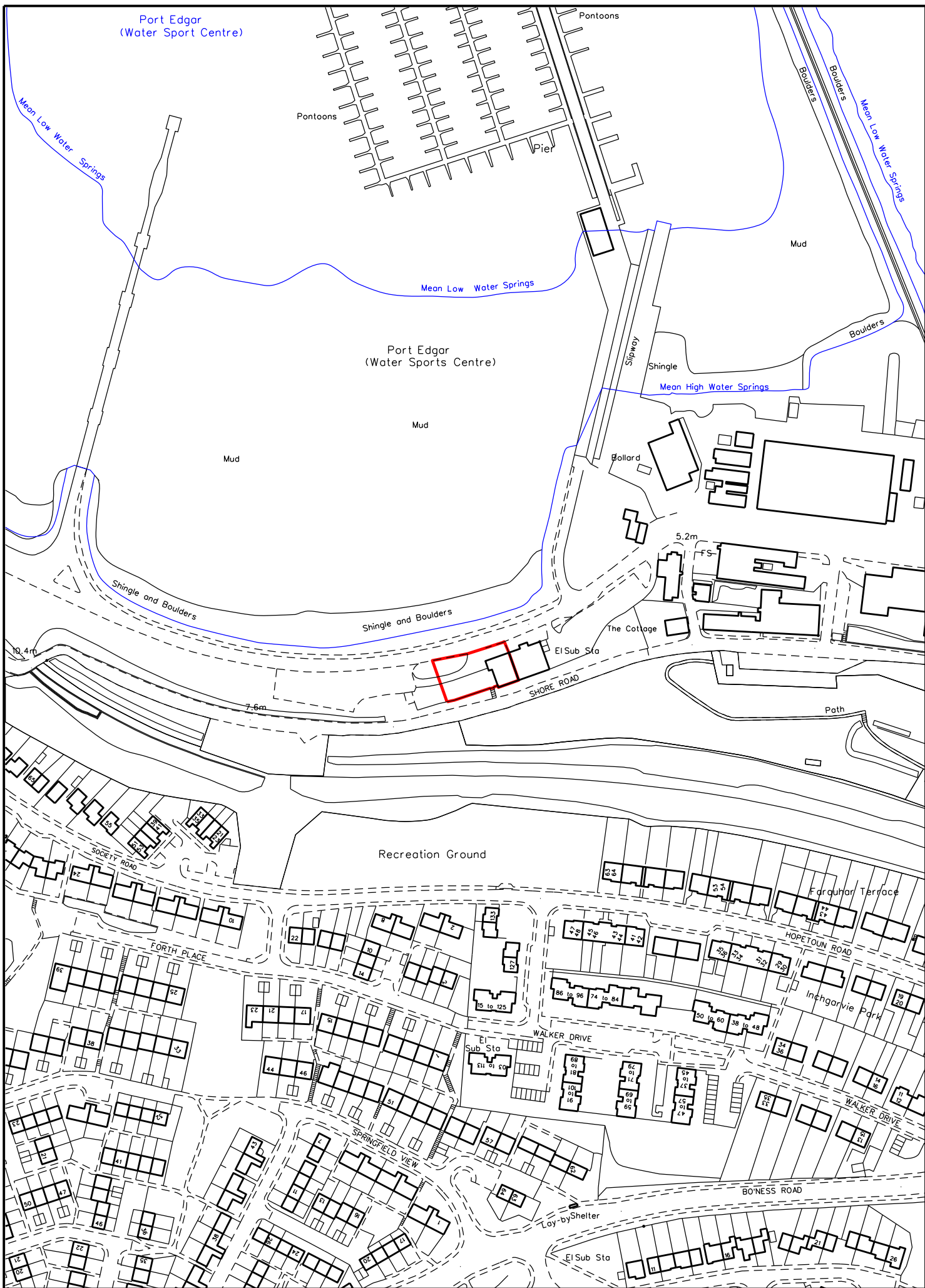
Contact: Roger McGaffin, Development and Disposals Officer

E-mail: [roger.mcgaffin@edinburgh.gov.uk](mailto:roger.mcgaffin@edinburgh.gov.uk) | Tel: 0131 529 4154

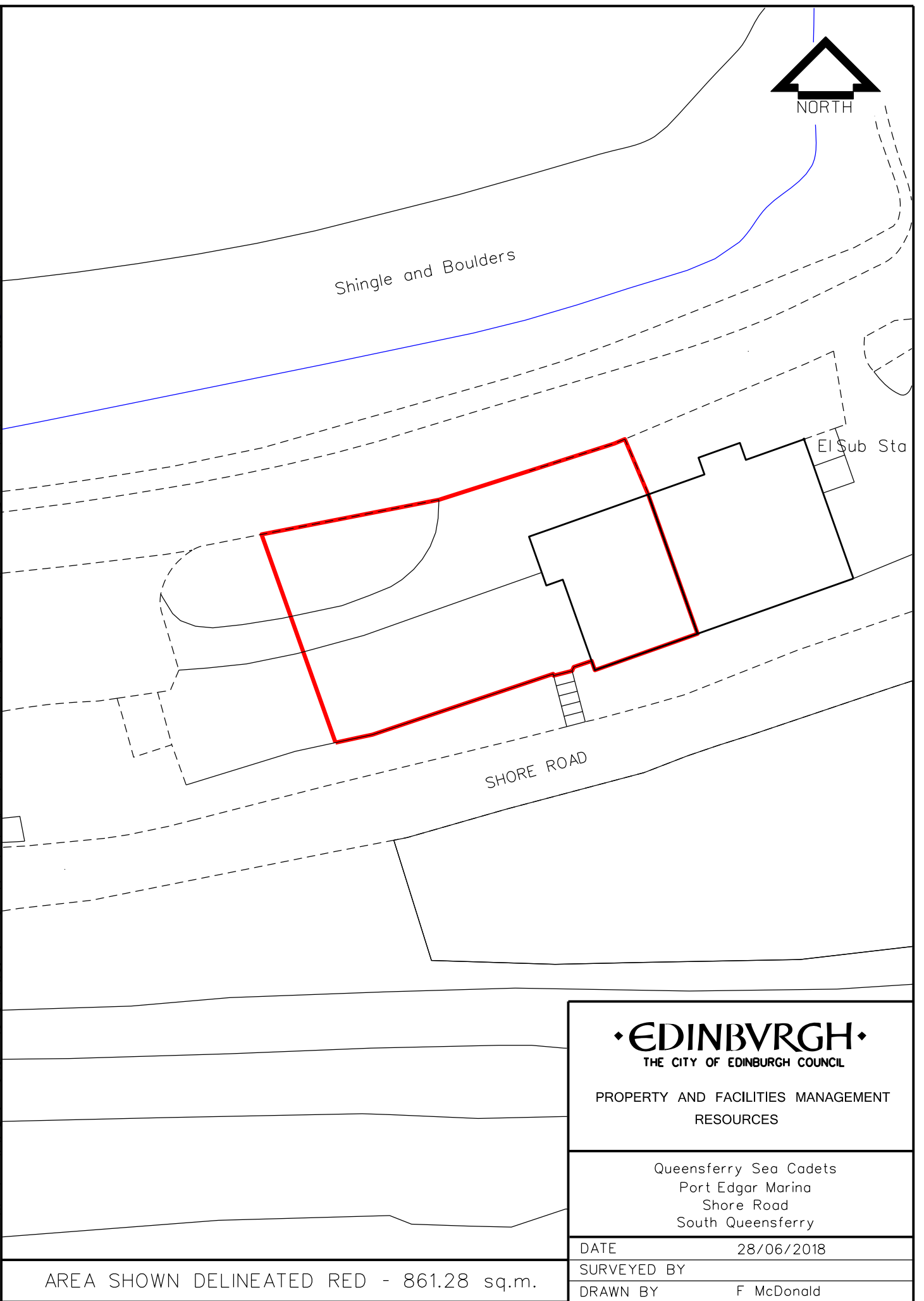
## 11. Appendices

---

- 11.1 Appendix 1 – Location Plan.



LOCATION PLAN SCALE 1:2500



SITE PLAN SCALE 1:500

<b>• EDINBURGH •</b> THE CITY OF EDINBURGH COUNCIL	
PROPERTY AND FACILITIES MANAGEMENT RESOURCES	
Queensferry Sea Cadets Port Edgar Marina Shore Road South Queensferry	
DATE	28/06/2018
SURVEYED BY	
DRAWN BY	F McDonald
FILE NO.	
NEG. NO.	A3/1564 B

AREA SHOWN DELINEATED RED - 861.28 sq.m.

# Finance and Resources Committee

10.00am, Thursday, 16 August 2018

## Proposed Sale of Former Public Convenience at 1 Gorgie Road

Item number	8.5
Report number	
Executive/routine	Routine
Wards	7 – Sighthill/Gorgie
Council Commitments	<a href="#">C2, C3</a>

### Executive Summary

---

AMA Homes are in the process of acquiring Springwell House from the Council and NHS Lothian to convert the property to residential accommodation.

In order to comply with the preferred planning solution, AMA wish to demolish the former Public Convenience and remove the Police Box in order to reinstate the listed wall around the corner of Ardmillan Terrace and Gorgie Road.

This report seeks authority to dispose of the former Public Convenience and Police Box site to AMA Homes on terms and conditions outlined in this report.

## Proposed Sale of Former Public Convenience at 1 Gorgie Road

### 1. Recommendations

---

#### 1.1 That Committee:

- 1.1.1 Approves the sale of the former Public Convenience to AMA Homes under the terms and conditions outlined in this report and on other terms and conditions to be agreed by the Executive Director of Resources.

### 2. Background

---

- 2.1 The property is located at the junction of Gorgie Road and Ardmillan Terrace as shown outlined in red on the attached plan. It is currently vacant and was declared surplus as part of a wider strategy to rationalise public conveniences. A canopy style roof encompasses the public convenience and extends over a former police box which was declared surplus by the Scottish Police Authority at its Finance and Investment Committee on 27 January 2014.
- 2.2 The subject's form part of a larger site known as Springwell House, a grade C listed building in joint ownership of the City of Edinburgh Council and NHS Lothian (NHSL). The parties undertook the joint marketing of the property in 2013, and subsequently approved AMA Homes as preferred purchaser. However, due to complex title issues associated with the site, the disposal was unable to make significant progress. The title issues are now resolved and terms have been agreed between the Council, NHS Lothian, and the proposed purchaser AMA Homes.

### 3. Main report

---

- 3.1 The Council has received an approach from AMA Homes to purchase the Public Convenience and Police Box to allow the subjects to be integrated into the redevelopment of Springwell House. As the building was declared surplus after Springwell House was brought to the market, it was not included in the original sale.
- 3.2 The purchase will allow AMA to comply with the preferred planning solution that will propose to demolish the former public convenience and police box and reinstate a wall around Ardmillan Terrace and Gorgie Road.

3.3 The terms provisionally agreed for the disposal of the property are as follows:

- Purchaser: AMA Homes
- Price £25,000
- Suspensive Conditions The offer is conditional upon demolition of public convenience and redevelopment of the listed wall to enhance the local area as agreed with Planning.
- Fees The purchaser is to meet the Council's reasonable legal fees and Property and Facilities Management costs of 2% of the purchase price.

3.4 The purchase price reflects the independent valuation when the Heads of Terms were agreed.

## **4. Measures of success**

---

4.1 The disposal will remove the liability for a deteriorating vacant building and will restore a listed wall as part of the residential conversion of Springwell House.

## **5. Financial impact**

---

5.1 A capital receipt of £22,500 will be received in financial year 2017/18, plus The Council will be relieved of future maintenance costs. On the basis of the split of the title to the property, the receipt will be divided 60/40 with the NHS. Therefore the Council will receive £13,500.

5.2 A capital receipt of £3,000 will be achieved for the Scottish Police Authority for the Police Box.

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

---

6.1 The proposed disposal will formalise the title position. There is a risk, as in any disposal, that the sale does not complete. Should the area not be sold then the Council could be left with a continuing maintenance liability.

6.2 As this site has not been openly marketed, delegated authority to the Executive Director of Resources as detailed in the City of Edinburgh Council – Scheme of delegation to officers is required. Committee approval is therefore required to dispose of the site.



## **7. Equalities impact**

---

- 7.1 The proposal in this report to dispose of a vacant deteriorating building forms part of the larger redevelopment of Springwell House and therefore does not have a significant additional impact on people, equalities, the economy and the environment.

## **8. Sustainability impact**

---

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

## **9. Consultation and engagement**

---

- 9.1 Ward elected members have been made aware of the recommendations of this report.

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

---

- 10.1 Not applicable.

### **Stephen S. Moir**

Executive Director of Resources

Contact: Craig Dalgliesh, Development and Disposals Manager

E-mail: [craig.dalgliesh@edinburgh.gov.uk](mailto:craig.dalgliesh@edinburgh.gov.uk) | Tel: 0131 529 3173

## **11. Appendices**

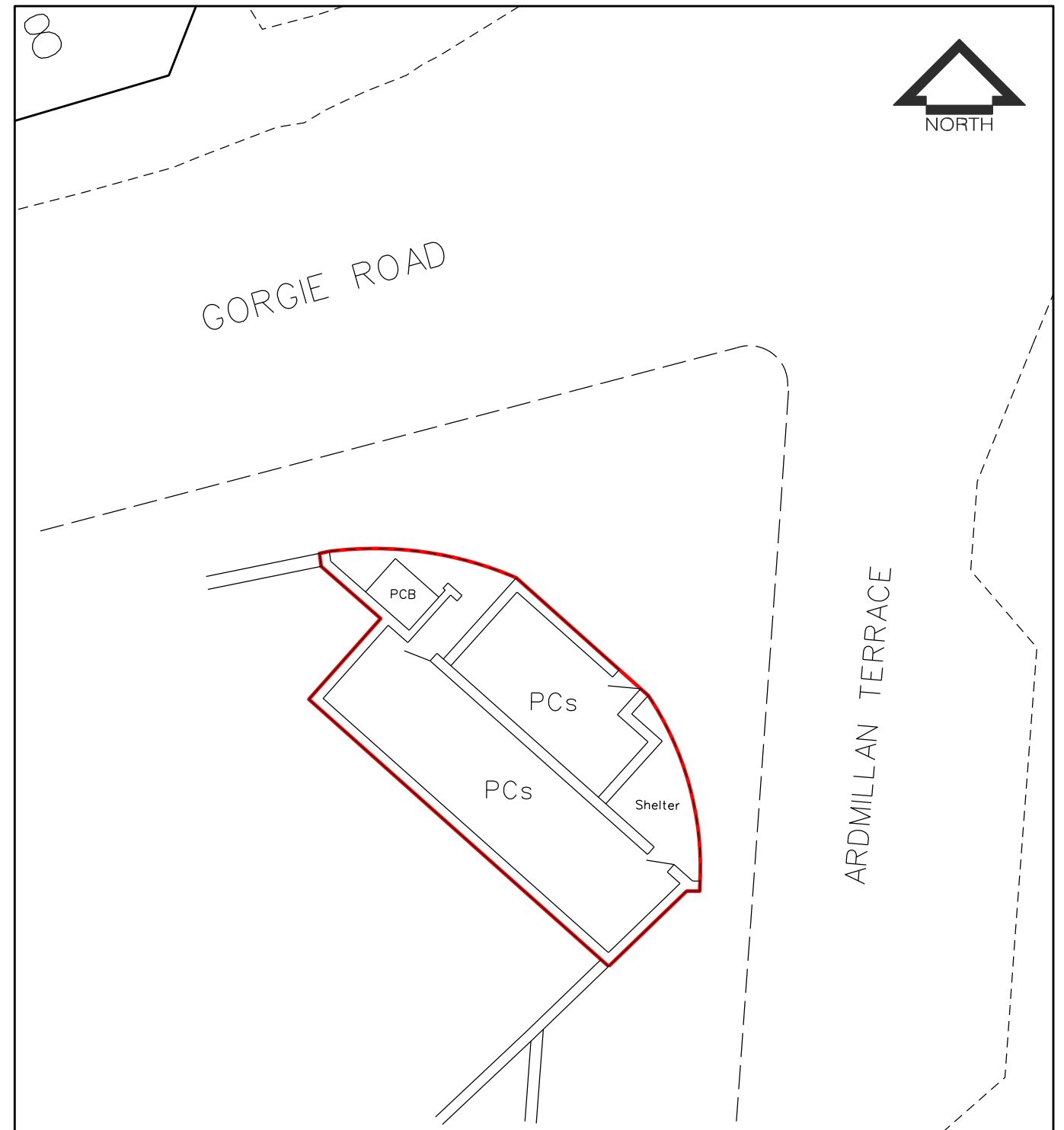
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- 11.1 Appendix 1 – Location Plan.



LOCATION PLAN

SCALE 1:1250



SITE PLAN

SCALE 1:200



<b>• EDINBURGH •</b> THE CITY OF EDINBURGH COUNCIL	
PROPERTY AND FACILITIES MANAGEMENT RESOURCES	
PUBLIC CONVENIENCE AT 1 GORGIE ROAD EDINBURGH	
DATE	19/01/2017
SURVEYED BY	MB,NR
DRAWN BY	Mark Ballantyne
SCALE	1:200 @ A3 SIZE
NEG. NO.	A3/1618 GORGIE ROAD

# Finance and Resources Committee

10.00am, Thursday, 16 August 2018

## Award of Workplace Travel Planning Contract 2018-19

Item number	8.6
Report number	
Executive/routine	
Wards	All
Council Commitments	<a href="#">17</a> , <a href="#">18</a> , <a href="#">19</a>

### Executive Summary

---

This report seeks approval to award a contract for the delivery of the fourth year of the workplace-based travel behaviour change project to Sweco UK Ltd.

The contract will be for nine months, commencing on 1 September 2018 and running to 31 May 2019. The total estimated value of the contract is £117,923.75. This project is fully-funded by the Council's allocation of Transport Scotland's Smarter Choices, Smarter Places funding.

## Award of Workplace Travel Planning Contract 2018-19

### 1. Recommendations

---

- 1.1 To approve the award of a contract to Sweco UK Ltd for £117,923.75 to deliver the workplace-based travel behaviour change project during 2018-19.

### 2. Background

---

- 2.1 The Council has been successful in its bid for [Smarter Choices, Smarter Places \(SCSP\)](#) funding for a fourth consecutive year. This is Transport Scotland funding, awarded for behaviour change projects designed to reduce single car occupancy and encourage greater uptake of active and sustainable modes of transport for everyday journeys. The Council's SCSP programme is enabling it to make progress towards achieving the actions of the [Active Travel Action Plan](#) and the [Local Transport Strategy 2014-2019](#).
- 2.2 The SCSP programme consists of four areas:
  - 2.2.1 workplaces;
  - 2.2.2 schools;
  - 2.2.3 communities; and
  - 2.2.4 research and policy.
- 2.3 For the past three years, as a major part of the work being undertaken on the SCSP programme, the Council has commissioned a travel planning consultancy to deliver a travel behaviour change project involving large workplaces in Edinburgh, where a high percentage of the workforce travel to work alone by car. Geographically, most of the businesses the Council is working with are based in the Edinburgh Park/South Gyle area.
- 2.4 The aim has been to provide organisations with incentives to encourage employees to travel sustainably (by walking, cycling or using public transport) to work and to address the issues with high numbers of people habitually travelling alone by car. This project seeks to persuade people to choose alternative modes of transport, to ease road congestion and have a positive impact on the Council's aspirations for improving air quality, place-making for people and developing a sustainable city.

- 2.5 The programme, over the past three years, has achieved success in:
- 2.5.1 Raising awareness of the 'QuietRoutes' walking and cycling routes in the city from 20% to 47% across all organisations, with an increase from 19% to 65% in one organisation;
  - 2.5.2 Provision of one to one assistance with travel planning with 59 separate employers;
  - 2.5.3 Provision of multiple sustainable travel roadshows with employers, which has offered travel planning advice to 4,110 individuals;
  - 2.5.4 Provision of 129 Dr Bike sessions, performing free safety checks on 763 bicycles; and
  - 2.5.5 An increase in organisations reporting to be encouraged to continue to undertake travel planning initiatives for their employees, from 66% in 2016 to 77% of organisations in 2017.

### 3. Main report

---

- 3.1 Commercial and Procurement Services (CPS), in collaboration with the Active Travel team, commenced the procurement process for workplace travel planning consultancy services for 2018-19 in January 2018.
- 3.2 A mini competition under the Scotland Excel Framework Agreement 06-16, Engineering and Technical Consultancy Services (LOT 2 Transportation and Traffic) was chosen as the route to market and all 20 potential suppliers were invited to submit a bid on Public Contracts Scotland.
- 3.3 The tender invitations were distributed via Public Contracts Scotland on 13 June 2018. The tender return date was 29 June 2018 and, although there were notes of interest from several suppliers, only one tender response was received - from Sweco UK Ltd.
- 3.4 The Tender was evaluated for cost and quality by separate panels from CPS and the Service Area and a summary of the Tendering and Tender Evaluation Process is included in Appendix 2. The recommendation for award of contract is based on the completed evaluation scores for the single tender as detailed below:

Supplier	Price (out of 30)	Quality (out of 70)	Combined (100)
Sweco UK Ltd	30.00	61.25	91.25

- 3.5 Sweco UK Ltd's high quality score reflects the strength of their bid and they were the most economically advantageous offering to the Council.

## **4. Measures of success**

---

- 4.1 A table summarising the outputs and outcomes of the travel behaviour change projects involving large workplaces in Edinburgh, undertaken over the last three years, is detailed in Appendix 1.
- 4.2 A monitoring and evaluation plan detailing identified targets has been submitted to Paths for All for the SCSP programme in 2018-19, and this will be followed during project delivery. The workplace travel planning aspect of the SCSP programme will be evaluated as per the indicators of success covered in Appendix 1. Alongside this, there will be qualitative information and feedback collected from organisations, to continue to offer a programme which is likely to bring behaviour change.

## **5. Financial impact**

---

- 5.1 As in previous years, this programme is funded by SCSP funding, awarded to the Council by Transport Scotland. Funding for this financial year must be committed by 31 March 2019, however, to evaluate the success of the project the contract will run until 31 May 2019. This is in accordance with SCSP grant guidance.
- 5.2 The SCSP programme requires 50% match funding from the local authority and its potential partners which has been identified to claim the SCSP grant. Match funding for the whole SCSP programme has been identified from the capital footway renewals budget.
- 5.3 The Council has been awarded a total of £554,081 SCSP funding, of which up to £150,000 has been allocated for the fourth year of work on workplace travel planning.
- 5.4 The cost associated with procuring these services is up to £10,000.

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

---

- 6.1 A risk assessment for the contract has been carried out and this will be reviewed at milestones during the delivery of the project and upon its completion.

- 6.2 The project will be managed using the principles of the PRINCE2 project management method, to ensure organisation and accountability.

## **7. Equalities impact**

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- 7.1 An Integrated Impact Assessment (IIA) has been undertaken for the SCSP programme and this will be reviewed at milestones during the delivery of the project.
- 7.2 There are likely to be positive impacts on enhancing a range of human rights. The project promotes: an increased awareness of active travel and public transport routes; and the health, social and environmental benefits associated with active travel.

## **8. Sustainability impact**

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- 8.1 The impacts of this report in relation to the three elements of the Climate Change (Scotland) Act 2009 Public Bodies Duties have been considered, and the outcomes are summarised below. Relevant Council sustainable development policies have been considered and are noted at Background Reading in section 10 of this report.
- 8.2 The proposals in this report will reduce carbon emissions and help achieve a sustainable Edinburgh, as the project will help develop and contribute towards the outcomes of the Active Travel Action Plan and Local Transport Strategy 2014-2019.
- 8.3 Sustainability risk is low. The project itself is centred around promoting sustainable travel and transport by employers that are based in the city.

## **9. Consultation and engagement**

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- 9.1 Extensive consultation was undertaken during the development of the Council's Local Transport Strategy 2014-2019. This identifies the importance of travel planning activities to encourage people to change their travel habits and promote viable alternatives to car use. One method identified for the delivery of these services is via major employers and other local businesses.
- 9.2 In March/April of each year, as part of the workplace-based travel behaviour change project, two types of surveys are undertaken to establish feedback regarding the initiatives which have been undertaken throughout that year's programme. One survey is for completion by individual employees of each organisation, and the other is for completion by the lead contact for sustainable travel in each organisation.

- 9.3 Feedback gathered has helped to determine the initiatives that should be offered the following year. This ensures that the travel planning offer continues to be relevant and useful to organisations and their employees. This has also helped to ensure that resources (consultancy time and SCSP funding) are not used on initiatives which are unlikely to be effective at changing travel behaviour.

## 10. Background reading/external references

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- 10.1 [Local Transport Strategy 2014-19](#)  
10.2 [Active Travel Action Plan](#)  
10.3 [Smarter Choices, Smarter Places page on Paths for All website](#)

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## 11. Appendices

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Appendix 1 – Summary of Outputs and Outcomes of Workplace Travel Planning in Years 1, 2 and 3.

Appendix 2 – Tender Evaluation Process



**Appendix 1 – Summary of Outputs and Outcomes of Workplace Travel Planning in Years 1, 2 and 3.**

<b>Element</b>	<b>Year 1 (2015-16)</b>	<b>Year 2 (2016-17)</b>	<b>Year 3 (2017-18)</b>
<b>Organisations engaged*</b>	21	30	27
<b>Workplace sites engaged</b>	35	59	56 roadshows
<b>Total employees at organisation sites</b>	32,720	40,050	34,270
<b>Number of challenges</b>	n/a	1 (Edinburgh BioQuarter Active Travel Challenge)	2
<b>Number of participants in challenges**</b>	n/a	EBQ Active Travel Challenge - 161	Summer 2017 Active Travel Challenge - 761  January 2018 Commuter Challenge – 1,022
<b>Mode share - Edinburgh Park only</b>	On Foot: 3% Cycle: 4% Bus including P&R: 8% Train: 10% Tram: 7% Other: 68% (including car drivers, passengers, taxi)	On Foot: 2% Cycle: 5% Bus including P&R: 9% Train: 10% Tram: 10% Other: 64% (including car drivers, passengers, taxi)	On Foot: 2% Cycle: 6% Bus including P&R: 7% Train: 10% Tram: 10% Other: 65% (including car drivers, passengers, taxi)  These are interim results as the survey only closed in June. This survey is undertaken by Edinburgh Park Management Ltd.

Element	Year 1 (2015-16)	Year 2 (2016-17)	Year 3 (2017-18)
<b>Mode share – organisations outside of Edinburgh Park</b>	On Foot: 11% Cycle: 11% Bus including P&R: 24% Train: 11% Tram: 2% Other: 41% (including car drivers, passengers, taxi)	On Foot: 13% Cycle: 9% Bus including P&R: 29% Train: 10% Tram: 2% Other: 37% (including car drivers, passengers, taxi)	On Foot: 9% Cycle: 14% Bus including P&R: 21% Train: 11% Tram: 6% Other: 39% (including car drivers, passengers, taxi)
<b>Attendees at roadshows</b>	1,200	1,360	1,550
<b>Attendees at Dr Bike sessions</b>	35 sessions 246 bikes	50 sessions 230 bikes	44 sessions 287 bikes
<b>myPTP (personalised 1:1 travel planning)</b>	220	1,039	c.510
<b>Active travel maps distributed</b>	3,500	4,875	c. 3,800
<b>Overall awareness of 'On Foot, by Bike' active travel campaign across all organisations</b>	Prior to initiatives beginning, awareness was 17%	At end of initiatives, awareness was 22%	At end of initiatives, awareness was 35%
- <b>Company 1 – a financial services organisation</b>	14%	19%	28%
- <b>Company 2 - a public sector organisation</b>	20%	36%	53%
- <b>Company 3 – a Higher Education organisation</b>	N/A	20%	33%

Element	Year 1 (2015-16)	Year 2 (2016-17)	Year 3 (2017-18)
<b>Awareness of QuietRoutes across all organisations</b>	Prior to initiatives beginning, awareness was 20%	At end of initiatives, awareness was 27%	At end of initiatives, awareness was 47%
- <b>Company 1 – a financial services organisation</b>	17%	22%	22%
- <b>Company 2 - a public sector organisation</b>	19%	37%	65%
- <b>Company 3 – a Higher Education organisation</b>	N/A	24%	39%
<b>% of organisation contacts who stated they had been encouraged to continue travel planning as a result of the programme</b>		66%	77%
<p>*Cumulatively, <b>59 different organisations</b> have participated in the programme in the last three years. This does not include any independent organisations who may have signed up solely to participate in the challenges.</p> <p>**Survey data was collected at the end of the Challenge which considered mode share and the propensity to change to more sustainable travel modes.</p>			

## Appendix 2 – Tender Evaluation Process

<b>Contract</b>	Workplace Travel Planning 2018-19	
Contract period	9 months – 1 September 2018 to 31 May 2019	
Estimated contract value	£120,767	
Procurement Route Chosen	A mini competition was conducted on the Scotland Excel Framework 06-16 for Engineering and Consultancy Services	
Tenders Returned	One	
Recommended Supplier	Sweco UK Ltd	
Price / Quality Split	Quality 70	Price 30
Evaluation criteria and weightings and reasons for this approach	<b>Criteria</b>	<b>Weighting (%)</b>
	Contract Delivery	20
	Collaboration	25
	Quality Assurance	30
	Monitoring, Evaluation and Dissemination	25
Evaluation Team	Council officers	

# Finance and Resources Committee

10.00am, Thursday, 16 August 2018

## Contract for Care and Support Complex Needs - St Stephen's Court (CT2215)

Item number 8.7

Report number

Executive/routine

Wards

Council Commitments

### Executive Summary

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In consultation with the Convenor and Vice Convenor of the Finance and Resources Committee, in line with the Council's Contract Standing Orders and the Scheme of Delegation, the Council has awarded a contract under urgency procedures to Carr Gomm for care and support for people with complex needs who will reside at St Stephen's Court.

This contract will ensure that the Council provides a high-quality care and support service for vulnerable people who have complex needs. The contract commenced on 23 July 2018 for a period of twenty-four months with the option to extend for up to a further twelve months. The total estimated value of the contract including extensions is £1,800,000.

## Contract for Care and Support Complex Needs - St Stephen's Court (CT2215)

### 1. Recommendations

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It is recommended that Finance and Resources Committee:

- 1.1 notes the award of a contract to Carr Gomm for provision of care and support at St Stephen's Court under urgency procedures.

### 2. Background

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- 2.1 Over the last five years, Edinburgh has enhanced and developed services that support people in their own home and within community shared living resources. This includes the provision of community mental health services, rehabilitation services and a range of 24/7 supported community placements to help people make the transition to independent living.
- 2.2 Detailed planning work has accelerated in recent months on phase two of the Royal Edinburgh Hospital Campus re-provisioning programme. This will provide inpatient provision for people requiring long stay rehabilitation, low secure provision, and a provision for women with multiple and complex needs.
- 2.3 The St Stephens Court development meets the commitments in the Health and Social Care Partnership Strategic Plan to further shift the balance of care by increasing the provision of supported accommodation.

### 3. Main report

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- 3.1 St Stephen's Court is a Council owned property in Calder Gardens, in the south west locality. The housing complex has been refurbished, by the Council, to provide accommodation and support for people with complex needs who are ready to leave hospital or who are inappropriately housed elsewhere. Within the complex there are 29 properties.
- 3.2 Initially the Health and Social Care Partnership planned to utilise all 29 properties for the hospital re-provisioning programme, however only 18 will be allocated to Health and Social Care Partnership and the remaining 11 properties are allocated to Communities and Families Directorate. Communities and Families do not require tenancy support services from an external provider.

- 3.3 The Council issued an open tender for a support provider to meet the initial scope for 29 properties. Tenders were received and evaluated and the preferred bidder, Carr Gomm was identified. However due to the change in the requirement from 29 to 18 properties, the requirement could not be awarded.
- 3.4 With the reduction in property volume, the scope of the support requirements and time constraints for implementation it was proposed that it would be in the best interests of service users and permissible within the procurement regulations to proceed with a direct award of contract with Carr Gomm.
- 3.5 Best Value and quality provision benchmarking had been established through the open tender. The unsuccessful organisations were notified of the Council's proposal prior to final recommendations being made.
- 3.6 Carr Gomm, along with partners Penumbra and Volunteer Edinburgh, deliver Mental Health complex support services at other sites in the city through the Wayfinder Public Social Partnership.
- 3.7 To enable recruitment to commence and to facilitate occupancy of the property, the Chief Officer of Edinburgh Integration Joint Board under "Urgency Procedures" sought authorisation and sign off by the Convenor and Vice Convenor of the Finance and Resources Committee to award the grant to Carr Gomm. The direct award of contract for the contract was for a period of two years with the option for a further 12 months. The contract will commence on 23 July 2018 for a period of 24 months with the option to extend for up to a further twelve months and the total estimated value of the contract including extensions is £1,800,000.

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

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- 4.1 This contract is one element of a Council wide strategy to address the accommodation needs of people with complex needs and will provide care and support for this cohort, reduce the impact on public services and provide the opportunity to deliver an innovative way of working that promotes recovery and independent living.
- 4.2 The service will result in improved outcomes for people who have complex needs. These outcomes are that the people will be:
  - Safe
  - Healthy
  - Achieving
  - Nurtured
  - Active
  - Respected

- Responsible
- Included

People will be encouraged to develop recovery and community connections with the aim of moving on to tenancies within the community.

- 4.3 Success will be measured by the number of people who live outside hospital and lead an increasing meaningful and independent lifestyle in the community. The network of community supported living arrangements should reduce the need for hospital admission and shorten the length of any necessary admissions by reducing the number of people delayed when they are ready for discharge.

## **5. Financial impact**

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- 5.1 Health and Social expect the building work at St Stephens Court to be completed by the end of July 18. There will be a phased occupancy plan from that date. Consideration is being given to any financial liability which will transfer to the Health and Social Care Partnership as the tenancies transfer.
- 5.2 It is proposed that this development will be funded from the £1.19m identified in the IJB financial plan for mental health services. The total estimated value of the Carr Gomm contract including extensions is £1,800,000.

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

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- 6.1 A full implementation plan is in place to ensure a successful new service mobilisation and is reviewed weekly and has an associated risk register.
- 6.2 Health and Social Care Partnership will take overall responsibility for managing the contract and implement governance monitoring.
- 6.3 This procurement was conducted in accordance with the “Light Touch Regime” reserved for Social and Specific Services within the Public Contracts (Scotland) Regulations 2015.

The Edinburgh Mental Health and Wellbeing Partnership will receive reports from the Implementation Group.

## **7. Equalities impact**

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- 7.1 An Integrated Impact Assessment has been completed. The findings and recommendations from this will be reported to the Mental Health Working Group and Mental Health and Wellbeing Partnership with the St Stephen’s Court Implementation team tasked to meet any relevant actions.



## 8. Sustainability impact

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- 8.1 There are no significant environmental impacts expected to arise from this contract.
- 8.2 Carr Gomm has committed to Community Benefits and aims to recruit several new workers, utilising local employment networks within the Council, for this contract. In addition, Carr Gomm will explore opportunities for promoting social care as a career opportunity with new school leavers and graduates from further/higher education.
- 8.3 Implementation, monitoring and reporting of Community Benefits will be managed by the contracts team within Health and Social Care Partnership.

## 9. Consultation and engagement

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- 9.1 Consultation with the Chair and Resident's Association was carried out and further meetings were held in June 2018.
- 9.2 In early 2017 the South West Neighbourhood Partnership was briefed regarding the refurbishment of St Stephen's Court and made aware that there would be supported accommodation within these premises.
- 9.3 "A place to Live" is a key component of the Mental Health Strategic Commissioning Plan. Involving people
- 9.4 Extensive engagement with service users and carers has been integral to the development, implementation, and subsequent evaluation of the Wayfinder model. Service Users represented through collective advocacy provided by the Patients Council and carers are represented through the collective advocacy of the Carers Council are members of the Wayfinder Evaluation and Monitoring Group.
- 9.5 The Implementation Group will develop A Communication Plan to ensure that ongoing engagement with all stakeholders is maintained.

## 10. Background reading/external references

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### **Judith Proctor**

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**11. Appendices**

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