

Notice of meeting and agenda

Governance, Risk and Best Value Committee

10:00am, Thursday, 17 November 2016

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

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

Contact –

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1. Order of business

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

2. Declarations of Interest

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

3. Deputations

- 3.1 None.

4. Minutes

- 4.1 Minute of the Governance, Risk and Best Value Committee of 24 October 2016 – submitted for approval as a correct record (circulated)

5. Outstanding Actions

- 5.1 Outstanding Actions – November 2016 (circulated)

6. Work Programme

- 6.1 Governance, Risk and Best Value Work Programme – November 2016 (circulated)

7. Reports

- 7.1 Common Good Audited Accounts 2015/16 – report by the Acting Executive Director of Resources (circulated)
- 7.2 New External Audit Arrangements– report by the Interim Head of Strategy and Insight (circulated)
- 7.3 Emergency Repairs: Processes to approve and pay framework contractor invoices – report by the Acting Executive Director of Resources (circulated)
- 7.4 Waste and Cleansing Improvement Plan – report by the Executive Director of Place (circulated)
- 7.5 Capital Monitoring 2016/17 – half year position – referral report from the Finance and Resources Committee (circulated)
- 7.6 Revenue Monitoring 2016/17 – half year position – referral report from the Finance and Resources Committee (circulated)

8. Motions

8.1 None.

Kirsty-Louise Campbell

Interim Head of Strategy and Insight

Committee Members

Councillors Mowat (Convener), Balfour, Child, Dixon, Edie, Keil, Main, Munro, Orr, Redpath, Ritchie, Robson, and Tymkewycz.

Information about the Governance, Risk and Best Value Committee

The Governance, Risk and Best Value Committee consists of 13 Councillors appointed by the City of Edinburgh Council. The Governance, Risk and Best Value Committee usually meet every four weeks in the City Chambers, High Street in Edinburgh. There is a seated public gallery and the meeting is open to all members of the public.

Further information

If you have any questions about the agenda or meeting arrangements, please contact Gavin King, Committee Services, City of Edinburgh Council, Waverley Court, Business Centre 2.1, Edinburgh EH8 8BG, Tel 0131 529 4239, e-mail gavin.king@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/cpol.

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

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Item 4.1 - Minutes

Governance, Risk and Best Value Committee

2.00pm, Monday, 24 October 2016

Present

Councillors Mowat (Convener), Child, Dixon, Edie, Keil, Main, Munro, Orr, Ritchie, Rose (substituting for Councillor Balfour) and Tymkewycz.

1. Minute

Decision

To approve the minute of the Governance, Risk and Best Value Committee of 26 September 2016 as a correct record.

2. Outstanding Actions

Details were provided of the outstanding actions arising from decisions taken by the Committee.

Decision

- 1) To agree to close items 3, 5, 6 (actions 2 and 3), 9, 10, 13 and 14.
- 2) To agree that item 17 would remain open and to adjust the expected date to November 2016.
- 3) To otherwise note the outstanding actions.

(Reference – Outstanding Actions – October 2016, submitted.)

3. Work Programme

Decision

- 1) To agree to remove item 5 as this was no longer considered as a separate report but was incorporated in the annual audit plan.
- 2) To adjust the expected date of item 15 to December 2016.
- 3) To otherwise note the work programme.

(Reference – Governance, Risk and Best Value Work Programme – October 2016, submitted.)

4. The Edinburgh Partnership – Governance, Risk and Best Value Arrangements

An update was provided on the arrangements of the Edinburgh Partnership Board to manage any concerns regarding governance, risk and best value.

Decision

- 1) To note the arrangements put in place by the Edinburgh Partnership Board to manage governance, risk and best value matters.
- 2) To note that a review of the governance arrangements of the Edinburgh Partnership was due to be carried out in 2017 and to request that this review considered communications, reporting processes and membership, and be completed prior to the local government elections in May 2017.

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

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

The Committee considered the findings from the Council's 2015/16 external audit and the unqualified audit opinion issued on the Annual Accounts.

Decision

- 1) To note that, following the audit process, an unqualified audit opinion had been issued on the Council's Annual Accounts for 2015/16.
- 2) To note the continuing progress made in addressing the improvement actions contained within the Best Value report issued in December 2014 and that delivery of the remaining actions set out in the action plan in Appendix IV to the report would be reported to the Governance, Risk and Best Value Committee during the year.
- 3) To request a briefing note to members of the Governance, Risk and Best Value Committee and the Finance and Resources Committee in January 2017 on the changes to funding arrangements from the updated Local Government Accounting Code including specific information on Highways Network Assets.

(References – Act of Council No 6 of 30 June 2016 - joint report by the Chief Executive and Acting Executive Director of Resources, submitted.)

6. External and Internal Audit Arrangements for the Edinburgh Integration Joint Board

A summary was provided of the governance arrangements and audit service provision available to the Edinburgh Integration Joint Board as required by the Accounts Commission.

Decision

- 1) To note the report.
- 2) To update members of the Governance, Risk and Best Value Committee on any changes to the Edinburgh Integration Joint Board audit capacity and the five medium risks which were identified within the planning process

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

7. Home Care and Re-ablement Service Contact Time

An update was provided on the systems and methodology of rota management in home care, this included client feedback, breakdown of contact time by area and changes put in place to maximise staff time. Channel shift was also examined and how improved technology could benefit the service.

Decision

- 1) To note that comprehensive monitoring and adjusting of rotas in Home Care and Reablement was undertaken regularly.
- 2) To note that work was ongoing to consider how channel shift and greater use of technology with such a dispersed workforce could benefit the service overall.
- 3) To note that travel time remained a significant factor in contact time in the City of Edinburgh Council Home Care and Re-ablement, comprising up to 24% of each shift.
- 4) To note that the Care Inspectorate and client feedback was received regularly by the service, and service improvements were subsequently made where required.
- 5) To request an update report 6 months after the implementation of the new ICT system for shift allocation.

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

8. Place Risk Update

The Committee considered the highest priority risks of the service area alongside the key controls and management actions in place to mitigate these. The risk register would be updated regularly to reflect any changes to the area.

Decision

- 1) To note the report.

- 2) To close the outstanding action from 3 March 2016 relating to definition and examples of non-housing asset and to specify the action taken to mitigate high risks.
- 3) To request that details of any financial implications from the review of fixed assets was reported to the Finance and Resources Committee.

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

9. Governance of Major Projects: progress report

An update was provided on the major projects portfolio, made up of projects with a value of over £5 million or those particularly sensitive to the Council's reputation. The forthcoming assurance review schedule was also considered.

Decision

- 1) To note the current synopsis of the dashboard reports for the major projects portfolio set out in appendix 1 of the report.
- 2) To note the completed Assurance Review St James Quarter assurance review set out in paragraph 3.4 of the report.
- 3) To note a close report has been received and Health and Social Care Integration has been removed from the portfolio.
- 4) To request a details for members of the Governance, Risk and Best Value Committee on the delay of the Connected Capital project.
- 5) To request a follow-up report on the New Boroughmuir High School project including information on lessons learnt, cost implications and risks to the Council.
- 6) To request a briefing note for members of the Governance, Risk and Best Value Committee on the new Zero Waste Contract.

(References – Governance, Risk and Best Value Committee, 26 May 2016 (item 5) - report by the Chief Executive, submitted.)

10. Committee Decisions – August 2015 – August 2016

An outline report was considered on the assurance work and implementation of Governance, Risk and Best Value Committee decisions covering the period from August 2015 to August 2016.

Decision

- 1) To note the position on the implementation of Governance, Risk and Best Value Committee decisions as detailed in the appendix to the report.
- 2) To note that the next summary report would be presented to Committee in October 2017.

(References – Governance, Risk and Best Value Committee, 19 June 2014 (item 9) - report by the Interim Head of Strategy and Insight, submitted.)

11. Property Conservation – Scope for shared owners legislative change, ESRS consultation process with owners and Extra Judicial

Details were provided on consultation with owners under the new service and extra judicial agreements process as requested by Committee on 18 August 2016.

The Committee, in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973, excluded the public from the meeting for consideration of appendix 1 of this item on the grounds that it involved the disclosure of exempt information as defined in Paragraphs 12 of Part 1 of Schedule 7(A) of the Act.

Decision

- 1) To note the scope for shared owner's legislative change.
- 2) To note the Edinburgh Shared Repairs Service (ESRS) consultation process with owners in relation to Statutory Notices.
- 3) To delegate authority to the Committee Services Manager to draft a covering report for referral to the appropriate committee with a request that they receive a report on the following:
 - Concerns around paragraph 3.27 of the report and that any guidance or procedure on additional works should be updated accordingly;
 - That ward councillors were notified when a settlement to a complainant and other affected owners was authorised through the Property Conservation Programme Board;
 - That an annual report should be considered by a committee on the decisions of the Project Panel.
- 4) To agree that the Convener would write to the Chief Executive requesting that councillors were given access to information on cases where a constituent had requested their assistance.
- 5) To request a briefing note for members of the Governance, Risk and Best Value Committee detailing the amount that had been reimbursed the number of owners who had not been located for a refund and the sums of money involved.
- 6) To note the concerns expressed at the robustness of the extra judicial process and that the Convener with three members of the Governance, Risk and Best Value Committee should meet informally with relevant officers to discuss these concerns and a note of the meeting would be reported back to Committee.

(References – Act of Council No 3 of 12 February 2015 - report by the Acting Executive Director of Resources, submitted.)

12. Resolution to Consider in Private

The Committee, in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973, excluded the public from the meeting for consideration of appendix 1 of item 11 above on the grounds that it involved the disclosure of exempt information as defined in Paragraphs 12 of Part 1 of Schedule 7(A) of the Act.

Item 5.1 Outstanding Actions

Governance, Risk and Best Value Committee

November 2016

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
1	14.11.2013	Tram Project Update	To ask that the Director of Corporate Governance writes to the Scottish Government requesting an update on likely timescales for the tram project inquiry.	Director of Resources	November 2014		<p>Inquiry now called by Scottish Government. Verbal Update on Tram project to be provided in 2015.</p> <p>Verbal Update to be provided by the Head of Legal and Risk in December 2016. This delay was due to the inquiry not having commenced.</p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
2	19/10/2015	Committee Report Process	To investigate technology offered by the new IT provider with a view to improving report format and reducing officer workload. To request a progress report back to Committee in one year.	Chief Executive	March 2016		
3	03/03/2016	Work Programme	To ask that a report detailing the background of current waste collection difficulties across the City and action being taken to resolve them be submitted to the Transport and Environment Committee meeting in May prior to coming to the Governance, Risk and Best Value Committee in June 2016.	Executive Director of Place	June 2016	November 2016	<p>Presentation went to June Committee.</p> <p>The full report will be referred back to GRBV after consideration at the Transport and Environment Committee in November 2016.</p> <p>Recommended for closure – on November agenda.</p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
4	21/04/16	Summary of the Account Commission's 'Major Capital Investment in Councils' Follow Up Report	1) To note information regarding the design-life of schools currently under design/construction would be circulated to the Committee.	Acting Executive Director of Resources	September 2016	November 2016	Recommended for closure – Briefing circulated to members on 28 October 2016
5	21/04/2016	Internal Audit – Audit and Risk Service: Delivery Model Update	To ask that an update report on the internal audit function be provided to the Governance, Risk and Best Value Committee a year after implementation.		Date TBC		Appointments will be made to the Internal Audit Service following the Legal & Risk organisation review, this will be reported to GRBV in the near future – date TBC
6	21/04/2016	Looked After Children: Transformation Programme Progress Report	To ask that the report into the implementation and effectiveness of the new arrangements be brought to the Governance, Risk and Best Value Committee following consideration by		December 2016		This will be considered at E, C&F on 13 December and referred to GRBV for consideration on 22 December

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			the appropriate committee. This report should be informed by the work carried out by the multi-agency partnership, contain detail of the delivery mechanisms and methods, and focus on outcomes				2016.
7	26/05/16	Spot Checking on the Dissemination of Committee Decisions and Late Committee Reports	To request an update report to the Governance, Risk and Best Value Committee on 2 February 2017.	Chief Executive	March 2017		
8	23/06/16	Recent Developments in Gaelic Education Provision in Edinburgh	1) To request a report to the Education, Children and Families Committee then to the Governance, Risk and Best Value Committee on the Council's current policy for GME access to secondary schools, the corresponding	Acting Executive Director of Children and Families	December 2016		

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			<p>Government policy and an assessment on whether this was being met.</p> <p>2) To request that the current policy for GME access to secondary schools was published on the Council website and to review the appropriateness of the distance from school criteria for GME admissions to secondary school. A work-plan of how this would be achieved, including actions in place to avoid any future legal challenge, should be in place by November 2016.</p>				

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
9	26/09/16	Corporate Leadership Team Risk Update	To request that progress reports on the additional precautionary surveys currently being undertaken in buildings sharing similar design features to those of the PPP1 schools, would be referred to the Governance, Risk and Best Value Committee for scrutiny.	Acting Executive Director of Resources	April 2017		
10	26/09/16	Internal Audit Quarterly Update Report – 1 April 2016 to 30 June 2016	To request that the final report on Continuous Testing – Stand By, On Call and Disturbance Payments is referred to the Governance, Risk and Best Value Committee for consideration under the B agenda. This should include information on outcomes and findings, any management action taken and a detailed proposed action plan.	Executive Director of Place	December 2016		

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
11	26/09/16	Internal Audit Follow Up Arrangements – Status Report from 1 April 2016 to 30 June 2016	To request a report to the Governance, Risk and Best Value Committee in October 2016 identifying any discrepancies and providing a breakdown of the schedule of rates within the Shared Repairs and Maintenance audit findings.	Chief Internal Auditor	November 2016	November 2016	Recommended for closure – on November agenda
12	26/09/16	City of Edinburgh Council – report to those charged with governance on the 2015/16 audit	To request that information on the Common Good Fund and the General Fund be included in the full audit report scheduled to be submitted to the Governance, Risk and Best Value Committee on 17 November 2016.	Acting Executive Director of Resources	November 2016	November 2016	Recommended for closure – on November agenda

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
13	26/09/16	Motion by Councillor Mowat – Committee Decisions – Finance and resources Committee – Item 8.7 – Proposed Lease and Conservation Burden at Tron Kirk	to request that the follow up report to the Finance and Resources Committee on the Tron Kirk is referred to the Governance, Risk and Best Value Committee for scrutiny.	Acting Executive Director of Resources	February 2017		
14	24/10/16	The City of Edinburgh Council – 2015/16 Annual Audit Report to members and the Controller of Audit	To request a briefing note to members of the Governance, Risk and Best Value Committee and the Finance and Resources Committee in January 2017 on the changes to funding arrangements from the updated Local Government Accounting Code including specific information on Highways Network Assets.	Acting Executive Director of Resources	January 2017		

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
15	24/10/16	Home Care and Re-ablement Service Contact Time	To request an update report 6 months after the implementation of the new ICT system for shift allocation.	Chief Officer, Edinburgh Health and Social Care Partnership	Date TBC		
16	24/10/16	Governance of Major Projects: progress report	<ol style="list-style-type: none"> 1) To request a details for members of Governance, Risk and Best Value Committee on the delay of the Connected Capital project. 2) To request a follow-up report on the New Boroughmuir High School project including information on lessons learnt, cost implications and risks to the Council. 3) To request a briefing note for members of 	Chief Executive	January 2017		Action 1 recommended for closure – briefing note circulated to members on 10 November 2016

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			Governance, Risk and Best Value Committee on the new Zero Waste Contract.				
17	24/10/16	Appendix one of the report - Property Conservation – scope for shared owners, legislative change, ESRS consultation process with owners and Extra Judicial Agreement Process	<p>1) To request a briefing note for members of the Governance, Risk and Best Value Committee detailing the amount that had been reimbursed the number of owners who have not been located for a refund and the sums of money involved.</p> <p>2) To note the concerns expressed at the robustness of the extra judicial process and that the Convener with three members of the Governance, Risk and Best Value Committee meet informally with relevant officers to</p>	Acting Executive Director of Resources	November 2016	November 2016	<p>Recommended for closure – briefing note sent to members on 11 November 2016.</p> <p>Committee Services arranging meeting with Convener - 10 November 2016.</p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			discuss these concerns and a note of the meeting would be reported back to Committee.				

Item 6.1 - Work programme

Governance, Risk and Best Value

November 2016

	Title / description	Sub section	Purpose/Reason	Category or type	Lead officer	Stakeholders	Progress updates	Expected date
Section A – Regular Audit Items								
1	Internal Audit Overview of internal audit follow up arrangements		Paper outlines previous issues with follow up of internal audit recommendations, and an overview of the revised process within internal audit to follow up recommendations, including the role of CLG and the Committee	Internal Audit	Chief Internal Auditor	Council Wide	Quarterly	December 2016
2	Internal Audit Quarterly Activity Report		Review of quarterly IA activity with focus on high and medium risk findings to allow committee to challenge and request to see further detail on findings or to question relevant officers about findings	Internal Audit	Chief Internal Auditor	Council Wide	Quarterly	December 2016

	Title / description	Sub section	Purpose/Reason	Category or type	Lead officer	Stakeholders	Progress updates	Expected date
3	IA Annual Report for the Year		Review of annual IA activity with overall IA opinion on governance framework of the Council for consideration and challenge by Committee	Internal Audit	Chief Internal Auditor	Council Wide	Annually	June 2017
4	IA Audit Plan for the year		Presentation of Risk Based Internal Audit Plan for approval by Committee	Internal Audit	Chief Internal Auditor	Council Wide	Annually	March 2017
5	Audit Scotland	Annual Audit Plan	Annual audit plan	External Audit	Acting Executive Director of Resources	Council Wide	Annually	April 2017
6	Audit Scotland	Annual Audit Report	Annual audit report	External Audit	Acting Executive Director of Resources	Council Wide	Annually	October 2017
7	Audit Scotland	Internal Controls Report	Annual report on Council wide control framework	External Audit	Acting Executive Director of Resources	Council Wide	Annually	August 2017
8	Audit Scotland	ISA 260	Annual ISA 260 Report	External Audit	Acting Executive Director of Resources	Council Wide	Annually	September 2017
9	Accounts Commission	Annual report	Local Government Overview	External Audit	Acting Executive Director of Resources	Council Wide	Annually	June 2017
Section B – Scrutiny Items								
10	Governance of Major Projects	6 monthly updates	To ensure major projects undertaken by the Council were being adequately project managed	Major Project	TBC	All	Every 6 months	April 2016
11	Welfare Reform	Review	Regular update reports	Scrutiny	Acting Executive Director of Resources	Council Wide	March 2016	March 2017
12	Review of CLT Risk	Risk	Quarterly review of CLT's scrutiny of risk	Risk Management	Chief Executive	Council Wide	Quarterly	December 2016

	Title / description	Sub section	Purpose/Reason	Category or type	Lead officer	Stakeholders	Progress updates	Expected date
	Scrutiny							
13	Whistleblowing Quarterly Report		Quarterly Report	Scrutiny	Chief Executive	Internal	Quarterly	December 2016
14	Pride in our People	Staff	Annual report of progress	Scrutiny	Chief Executive	Council Wide	Annual	December 2016
15	Workforce Control	Staff	Annual report	Scrutiny	Acting Executive Director of Resources	Council Wide	Annual	December 2016
16	Committee Decisions	Democracy	Annual report	Scrutiny	Chief Executive	Governance, Risk and Best Value Committee	Annual	October 2017
17	Dissemination of Committee Decisions	Democracy	Bi-annual report	Scrutiny	Chief Executive	Council Wide	Six-monthly	March 2017
18	Late Submission of reports	Democracy	Bi-annual report	Scrutiny	Chief Executive	Council Wide	Six-monthly	March 2017
19	Property Conservation – Legacy Closure programme and Defect Costs		Progress reports	Scrutiny	Acting Executive Director of Resources	All	June 2016 Dec 2016 April 2017	December 2016

GRBV Upcoming Reports

Appendix 1

Report Title	Type	Flexible/Not Flexible
17 November 2016 Committee		
Common Good Audited Accounts 2015/16	Scrutiny	Flexible
Emergency Repairs: Processes to approve and pay framework contractor invoices	Scrutiny	Flexible
Waste and Cleansing Improvement Plan	Scrutiny	Flexible
Capital Monitoring 2016/17 – half year position	Scrutiny	Flexible
Revenue Monitoring 2016/17 – half year position	Scrutiny	Flexible
22 December 2016		
Internal Audit Quarterly Update	Internal Audit	Flexible
Internal Audit Follow Up Arrangements	Internal Audit	Flexible
Looked After Children – Transformation Programme Progress	Scrutiny	Flexible
CLT Risk Register	Scrutiny	Flexible

Workforce Control	Scrutiny	Flexible
Recent Developments in Gaelic Education	Scrutiny	Flexible
Whistleblowing Update	Scrutiny	Flexible
Overtime and Standby Payments	Scrutiny	Flexible
Pride in Our People	Scrutiny	Flexible
Tram Inquiry Update	Scrutiny	Flexible
Housing Property – Service Review and Internal Audit Update	Scrutiny	Flexible
Mid-Term Report on Treasury Activity	Scrutiny	Flexible
2 February 2017 Committee		
Committee Decisions - Annual Report	Scrutiny	Flexible
Governance of Major Projects	Scrutiny	Flexible

Governance, Risk and Best Value Committee

10.00am, Thursday, 17 November 2016

Common Good Audited Accounts 2015/16

Item number	7.1
Report number	
Executive/routine	
Wards	

Executive Summary

On 26 September 2016, in considering the Audited Accounts, the Governance, Risk and Best Value Committee requested clarification be provided on a number of aspects of the accounting treatment adopted in respect of Common Good-related transactions during the year.

This report addresses the matters raised and provides additional detail on the 2015/16 Common Good Annual Performance.

Links

Coalition Pledges	P30 , P31
Council Priorities	CO19
Single Outcome Agreement	S02

Common Good Audited Accounts 2015/16

1. Recommendations

- 1.1 Members of the Governance, Risk and Best Value Committee are asked to:
- 1.1.1 Note the contents of this report; and
 - 1.1.2 Note that Common Good-related matters will continue to be reported to Finance and Resources Committee, unless policy decisions are required in which circumstance the matter will be reported to the Corporate Policy and Strategy Committee.

2. Background

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

3. Main report

- 3.1 All income and expenditure relating to Common Good property, including that which is incurred from within main Council budgets, is included in the Revenue Account for the Common Good Fund. A recharge equal to the net cost funded from Council budgets is shown as being made against the Council for the use of the assets. This results in a position whereby income and expenditure are in full alignment.
- 3.2 The £0.038m total expenditure on the Common Good Fund as reported on page 133 of the Council's Audited Financial Statements is a combination of central support charges, legal fees and planned property maintenance costs.

Acquisition of Custom House

- 3.3 During 2015/16, the Common Good Fund acquired Custom House, 69 Commercial Street, Leith for £0.671m to use the building as a museum for the benefit of Leith and the wider city. In addition to the acquisition of Custom House, the Council generated two capital receipts for the Common Good. Land at Cathedral Lane was sold with a receipt of £0.108m and a property in Granton Road was sold with a receipt of £0.051m, both of which were credited to the Common Good Fund.

- 3.4 Following acquisition of Custom House, the Finance and Resources Committee approved its lease to Scottish Historic Buildings Trust (SHBT). The SHBT assumed responsibility for internal repairs with the Council retaining responsibility for external repairs, with Custom House being held on the Common Good Asset Register at a nominal £1,000. Based on the accounting treatment of this and the above disposals, a £0.511m net loss on disposal of fixed assets was reported, as seen on page 133 of the Council's Audited Financial Statements.

Financial Outturn, 2015/16

- 3.5 The majority of the cash resources of the Common Good are invested with the Council's cash fund with a balance held within the Council's loans fund to manage day to day cash flow. The interest earned on the investment amounted to £0.011m (£0.011m in 2014/15). The interest was re-invested with the cash fund throughout the year. A balance of £2.094m was held within the Treasury cash fund at 31 March 2016 (£2.756m 2014/15).
- 3.6 The following table summarises the income and expenditure for the Common Good Fund for the year.

2014/15		2015/16		
		Direct	From Council Budgets	Total
£m		£m	£m	£m
4.027	Property Costs	0.689	2.888	3.577
0.013	Other Expenditure	0.019	0.000	0.019
<u>4.040</u>		<u>0.708</u>	<u>2.888</u>	<u>3.596</u>
(1.273)	Rents, Fees and Charges	0.000	(1.481)	(1.481)
(1.218)	Sale of Fixed Assets	(0.159)	0.000	(0.159)
(2.723)	Recharges	0.000	(1.407)	(1.407)
(0.011)	Investment Income	(0.011)	0.000	(0.011)
<u>(1.185)</u>	(Surplus) / Deficit	<u>0.538</u>	<u>0.000</u>	<u>0.538</u>

- 3.7 The £0.038m total expenditure on the Common Good Fund, along with the £0.511m net loss on disposal of fixed assets and the £0.011m of interest earned combine to give the £0.538m deficit on provision of services shown in the Audited accounts for the Common Good Fund for 2015/16, compared to a surplus of £1.185m in 2014/15.

- 3.8 The detailed statement of accounts, previously considered by the Finance and Resources Committee as part of the Common Good Annual Performance Report on 18 August 2016, is shown in Appendix 1, with a list of the assets held as part of the Common Good Fund included as Appendix 2. The former shows the breakdown of expenditure by property, with £2.888m of this coming from Council budgets. Further detail of the nature of this expenditure is then included in Appendix 3. Income which has been classed as Rents of £1.481m was received across these properties, from a variety of capital and revenue sources. This income consists of admission charges at the Scott Monument and Nelson Monument, funding received for improvement works at the City Observatory and income from events held on Princes Street Gardens, the Meadows and in the City Chambers complex. Finally, a recharge of £1.407m to Council budgets, serving as a property rental, balances the property costs with the rents, fees and charges received.
- 3.9 The net value of the Common Good property holdings was increased by £0.134m due to net upward revaluations (£0.132m 2014/15).
- 3.10 This £0.134m is then added to the £0.538m deficit on provision of services to produce the £0.404m total comprehensive expenditure for the 2015/16 financial year.

4. Measures of success

- 4.1 As part of the wider review of the Council's Financial Statements, the Common Good account received an unqualified audit certificate from the External Auditor.

5. Financial impact

- 5.1 The deficit in the Common Good Revenue Account primarily resulted from the acquisition of Custom House in 2015/16. The underlying outturn was a deficit of £0.008m as the cost of managing the fund exceeds the interest earned on its investments.

6. Risk, policy, compliance and governance impact

- 6.1 There is a risk that some properties are not identified as Common Good and are incorrectly included on the Council's asset register. The Common Good asset register could therefore be incomplete and the balance sheet value of fixed assets understated. Audit Scotland is aware of the Council's approach and the work being undertaken by Corporate Property and Facilities Management.
- 6.2 The risk that Common Good property could be unlawfully disposed of or appropriated is managed within the review processes currently in place. This

process has been strengthened with Council staff comprising a solicitor, surveyor and property research officer established to develop and maintain a Common Good Asset Register.

7. Equalities impact

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

8. Sustainability impact

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

9. Consultation and engagement

- 9.1 None.

10. Background reading/external references

- 10.1 "[Common Good Planned Maintenance Programme and Common Good Reporting](#)" – report to Finance and Resources Committee, 14 January 2016
- 10.2 "[Common Good Annual Performance Report](#)" – report to Finance and Resources Committee, 18 August 2016
- 10.3 "[CEC – Report to those Charged with Governance on 2015-16 Audit](#)" – report to Governance, Risk and Best Value Committee, 26 September 2016

Hugh Dunn

Acting Executive Director of Resources

Contact: Catrina Montgomery, Senior Accountant

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11 Links

Coalition Pledges	P30 - Continue to maintain a sound financial position including long-term financial planning P31 – Maintain our city's reputation as the cultural capital of the World by continuing to support and invest in our cultural infrastructure.
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Council Priorities	CO19 – Attractive Places and Well Maintained – Edinburgh remains an attractive city through the development of high quality buildings and places and the delivery of high standards and maintenance of infrastructure and public realm.
Single Outcome Agreement	SO2 – Edinburgh’s citizens experience improved health and wellbeing, with reduced inequalities in health
Appendices	<ol style="list-style-type: none"> 1. Audited Common Good Fund Annual Accounts 2015/16 2. Common Good Asset Register as at 31 March 2016 3. Common Good Fund property-related expenditure 2015/16

COMMON GOOD FUND

Appendix 1

2014/15		2015/16
£		£
	REVENUE ACCOUNT	
	Expenditure	
	<i>Property Costs</i>	
80,471	Bruntsfield Links	78,605
45,477	Calton Hill / Calton Road	42,308
38,063	Canongate Tolbooth	39,227
2,725,893	City Chambers	1,383,470
203,901	City Observatory	95,757
29,315	Custom House	673,278
54	East Market Street Garage	78
52,630	Inch Park	59,357
30,269	Lady Stairs House	80,070
251,154	Meadows	127,593
11,892	Nelsons Monument	6,581
12,946	Portobello Park	12,527
30,695	Roseburn Park	45,999
514,164	Princes Street Gardens (including Ross Theatre and Scott Monument)	932,497
14	Other Incidentals	<u>374</u>
4,026,938		3,577,721
	<i>Other</i>	
0	Cash Fund Fees	630
12,773	Central Support Costs	<u>18,109</u>
4,039,711		3,596,461
	Income	
	1,273,060 Rents	1,480,816
	1,217,951 Proceeds from sale of Fixed Assets	159,480
	1,400 Proceeds from redemption of Investment Bonds	340
9,701	Investment Income	<u>11,011</u>
2,502,112		1,651,647
	2,723,062 Recharge to City of Edinburgh Council for Use of Assets	1,406,945
	0 Transferred from Fit for Future Earmarked Reserve	0
5,225,174	0 Transfer from Disabled Access Grants Reserve	<u>0</u>
<u>(1,185,463)</u>	(Surplus) / Deficit for Year	<u>3,058,592</u>
		<u>537,869</u>

£		£
(1,185,463)	STATEMENT OF MOVEMENT ON THE COMMON GOOD FUND	
	Deficit / (Surplus) for the Year on the Common Good Income and Expenditure Account	537,869
0	Net Additional Amount required by Statute on Non-Statutory Proper Practices to be credited to the Common Good Balance for the Year	0
<u>(1,185,463)</u>		<u>537,869</u>
	Whereof:	
3,880	Added to (Transferred from) Common Good Fund	(537,869)
1,181,583	Transferred to Fit for Future Earmarked Reserve	0
<u>1,185,463</u>		<u>(537,869)</u>

COMMON GOOD FUND

Appendix 1

31st March 2015	BALANCE SHEET	31st March 2016
	Operational Assets	
0	Other Land and Buildings	0
21,757,296	<u>Community Assets</u>	<u>21,892,047</u>
	Non-Operational Assets	
0	Surplus Assets Held for Disposal	0
0	Deferred Charges	<u>0</u>
21,757,296		21,892,047
102,960	Heritage Assets	102,960
	Investments (at cost)	0
340	Current Assets	
	Debtors	0
1,993	Short Term Investments	141,540
2,756,061	Provision for Bad Debts	0
0	Balance with Loans Fund	180,712
57,829	Cash and Cash Equivalents	<u>1,952,769</u>
0		2,275,021
2,815,883	Less: Current Liabilities	
	Creditors	0
2,813,890		<u>2,275,021</u>
(1,993)	NET ASSETS	<u>24,270,028</u>
<u>24,674,486</u>		
	Represented by :	
21,860,256	Revaluation Reserve	21,994,007
(21,710)	Capital Adjustment Account	(22,050)
0	Disposals/Revaluations	<u>0</u>
21,838,547		21,971,957
	Common Good Fund	
1,650,477	Fund at start of year	1,654,357
0	Transferred from Fit for Future Earmarked Fund	1,181,583
1,654,357	<u>Surplus for year / (Deficit)</u>	<u>(537,869)</u>
		2,298,071
0	Unrealised Gains on Investments	0
	Fit for Future Earmarked Fund	
0	Balance at start of year	0
1,181,583	Surplus for year /Deficit	0
0	<u>Transferred to Revenue Account</u>	<u>0</u>
1,181,583		0
<u>24,674,486</u>		<u>24,270,028</u>

COMMON GOOD FUND

Appendix 1

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

(B) Information on Assets Held:-

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

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

(C) Revaluation Reserve

Balance brought forward as at 1 April 2015	(21,860,256)
Restated - Capital Adjustment Account to Revaluation Reserve	0
Revaluation of Assets	
Upward revaluation of assets	(133,751)
Downward revaluation of assets	<u>(133,751)</u>
Derecognition - disposals	0
Balance as at 31 March 2016	<u><u>(21,994,007)</u></u>

(D) Capital Adjustment Account

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

COMMON GOOD

Appendix 2

REGISTER OF ASSETS (for Accounting Purposes)

Asset Name

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

Notes

- 1.) PSG is used as an abbreviation for Princes Street Gardens
- 2.) Custom House is an asset of the fund but is not Common Good

Common Good Fund Property-Related Expenditure

Appendix 3

2015/16

Expenditure	£000
Bruntsfield Links	79
Calton Hill / Calton Road	42
Canongate Tolbooth	39
City Chambers	1,383
City Observatory	96
Custom House	673
Inch Park	59
Lady Stair's House	80
Meadows	128
Nelson Monument	7
Portobello Park	13
Roseburn Park	46
Princes Street Gardens (including Ross Theatre and Scott Monument)	932
Other Incidentals	1
	3,578

Main elements comprised as follows:

	£000
City Chambers	933 Premises Costs (Rates, Heating, Cleaning, etc.)
City Chambers	221 Capital Works - Stone and Roof, Boiler, Lighting
City Chambers	217 Repairs and Maintenance
City Chambers	9 Legal Fees
City Chambers	3 Mary King's Close

Total City Chambers 1,383

	£000
City Observatory	96 Capital Works

Total City Observatory 96

	£000
Custom House	671 Acquisition
Custom House	2 Repairs and Maintenance

Total Custom House 673

	£000
Meadows	82 Maintenance of Grounds
Meadows	4 Tree Works
Meadows	17 Staff Costs
Meadows	24 Capital Works

Total Meadows 128

	£000
Ross Theatre	390 Capital Works
Ross Theatre	12 Repairs and Maintenance
Princes Street Gardens	366 Staff Costs
Princes Street Gardens	79 Premises Costs
Princes Street Gardens	25 Transport and Supplies

Princes Street Gardens	2 Tree Works
Royal Scots Grey Monument	19 Capital Works
Scotts Monument	30 Repairs and Maintenance
Scotts Monument	7 Lighting
Ross Fountain	2 Repairs and Maintenance

Total Princes Street Gardens	932
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Governance, Risk and Best Value Committee

10am, Thursday, 17 November 2016

New External Audit Arrangements

Item number	7.2
Report number	
Executive/routine	
Wards	

Executive summary

The purpose of this report is to provide the Governance, Risk and Best Value Committee with background information on the Council's recently appointed external auditor, Scott-Moncrieff. The business advising and accounting firm have provided a report on their background and experience along with a description of their audit approach and introduces the City of Edinburgh Council audit team. This report is provided as Appendix 1.

Links

Coalition pledges	All
Council outcomes	All
Single Outcome Agreement	All

New External Audit Arrangements

Recommendations

- 1.1 It is recommended the Governance, Risk and Best Value Committee:
 - 1.1.1 notes the content of the report 'City of Edinburgh Council – An Introduction to Scott-Moncrieff 2016/17 – 2020/21'
 - 1.1.2 re-affirms the Council's commitment to achieving a good working and professional relationship, and;
 - 1.1.3 welcomes the appointment of Scott-Moncrieff as external auditor to the City of Edinburgh Council.

Background

- 2.1 The business advising and accounting firm of Scott-Moncrieff have recently been appointed as external auditor to the City of Edinburgh Council following the departure of Audit Scotland at the end of October 2016.
- 2.2 Appendix 1 contains a report provided by Scott-Moncrieff detailing the firm's background, experience and audit approach and introduces the City of Edinburgh Council's audit team.

Main report

- 3.1 The purpose of this report is to provide the Governance, Risk and Best Value Committee with background information on the Council's recently appointed external auditor, Scott-Moncrieff, and to welcome the appointed audit team.
- 3.2 Scott-Moncrieff is a long-term partner firm to Audit Scotland and a leading provider of public sector audit services in Scotland. They are an independent Scottish-based firm specialising in public sector audit.
- 3.3 The City of Edinburgh Council's audit team will be led by Nick Bennett (Engagement Lead) and managed by Karen Jones (Director). A further three team members are Gary Devlin (Engagement Quality Control), Michael Lavender (Manager) and Michael Smith (Manager).
- 3.4 Key members of the Strategy and Insight Division have engaged in early discussion with team members and would like to welcome their appointment.

- 3.5 Governance, Risk and Best Value are asked to join in welcoming the firm and the team and affirm our commitment to working together towards a successful relationship.

Measures of success

- 4.1 Working together we will build on the outcomes of future audits to promote continuous improvement in the provision of all Council services and principles of best value.

Financial impact

- 5.1 There is no financial impact arising directly from this report.

Risk, policy, compliance and governance impact

- 6.1 There is no risk, policy, compliance and governance impact arising directly from this report.

Equalities impact

- 7.1 There is no equalities impact arising directly from this report.

Sustainability impact

- 8.1 There is no sustainability impact arising directly from this report.

Consultation and engagement

- 9.1 Consultation and engagement work forms a key element of the audit programme.

Background reading/external references

Kirsty-Louise Campbell

Interim Head of Strategy

Contact: Jo McStay, Interim Strategy and Insight Manager

E-mail: jo.mcstay@edinburgh.gov.uk | Tel: 0131 529 7950

Links

Coalition pledges	All
Council outcomes	All
Single Outcome Agreement	All
Appendices	1. City of Edinburgh Council – An Introduction to Scott-Moncrieff 2016/17 – 2020/21



Scott-Moncrieff
business advisers and accountants

City of Edinburgh Council

An Introduction to Scott-Moncrieff
2016/17 – 2020/21

November 2016

1

Introducing the Firm and your audit team

Introducing the Firm and your audit team

Scott-Moncrieff

- 1. Scott-Moncrieff is a long-term partner firm to Audit Scotland and a leading provider of public sector audit services in Scotland. We are the only independent Scottish-based firm to specialise in public sector audit. It is our appreciation of public sector culture, our depth of experience, and our service provision that has seen us earn the trust and respect of the public bodies we have worked with, past and present.
- 2. Our recently-expanded firm has 19 partners and some 200 staff based in our Edinburgh, Glasgow and Inverness offices. We also have an association with Moore Stephens LLP, a Top 10 global firm and one of the largest providers to the National Audit Office in England and Wales.
- 3. Our public sector team of over 40 staff is widely acknowledged as a leading external audit, internal audit and advisory services provider to the Scottish public sector. We are the largest provider of audit services within the Scottish public sector, based on the number of clients served.

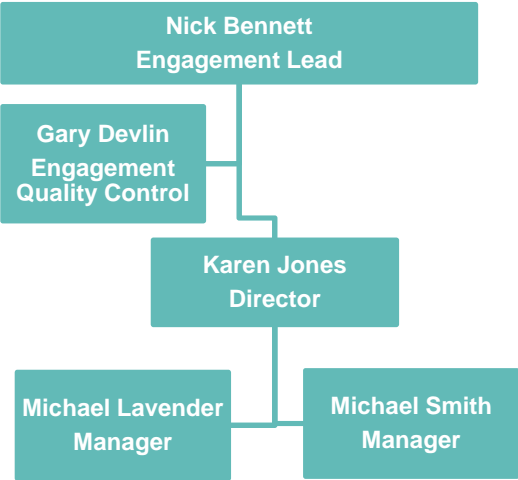
Your audit team

- 4. The City of Edinburgh Council's audit team will be led by Nick Bennett and managed by Karen Jones. We will draw upon the expertise of our wider public sector management team during the course of our audit appointment.

Nick Bennett ACA CA CPFA – Engagement Lead



- 5. Nick has been involved in UK public sector auditing for 26 years. In the last five years he has been engagement partner for appointments in local government, the NHS, devolved and non-devolved central government and the European Union. Nick is engagement lead to five central government external audit appointments and to three Scottish public corporations. Nick's recent appointments have also included NHS 24 where he was responsible for highlighting and assisting on the drafting of two section 22 reports on the Future Programme. Nick is engagement partner for the City of London non-local authority funds. He also leads the Moore Stephens external audit services to the European Court of Auditors.
- 6. At Scott-Moncrieff he is also responsible for the audit of a large number of local government arms length organisations including those within the City of Edinburgh Council group.
- 7. Nick's a member of CIPFA/LASAAC and has been for a number of years including a period of 5 years when he chaired the committee during which he drove the modernisation of the financial reporting requirements and the governance arrangements of the committee. He is also an active member of LASAAC.



Gary Devlin CPFA ACA - Engagement Quality Control



- 8.** Gary joined the firm in March 2015 as part of our firm's strategy to support further growth and capacity in our increasingly successful public sector audit and assurance practice. Gary has over 20 years' experience in providing audit, assurance and advisory services to a wide range of public sector clients, with over 15 years acting as an Engagement Lead for appointments through Audit Scotland. He brings significant and complementary expertise in the central government, local government, and further and higher education sectors.
- 9.** Gary, as engagement quality control reviewer is responsible for providing an objective evaluation of the significant judgements the engagement team has made and the conclusions it has reached in formulating the auditor's report.

Karen Jones CPFA – Director



- 10.** Karen has over 16 years' experience in auditing the public sector. She has extensive experience in auditing NHS bodies and central government, although her main experience is in auditing local authorities. She also manages a number of external audit appointments to arms-length external organisations of local authorities. Karen is responsible for delivering high quality financial statements audits, governance reviews and best value reviews and in advising public sector bodies on financial accounting, internal control and corporate governance matters. She maintains regular contact with senior officials at her clients, offering both constructive challenge and support to them. Karen has presented at

and attended various public sector technical events, such as CIPFA's local government technical practitioners update. She has also delivered training sessions to her clients; including training for audit committee members.

- 11.** Karen is a member of the Local Authority Accounting Panel (LAAP). In the past she also participated in Audit Scotland's local government managers' pension group.

Michael Lavender CPFA – Manager



- 12.** Michael has over seven years' experience delivering successful, high quality audits across the public sector. Michael is the public sector representative on the firm's technical committee. This position reflects the deep understanding he has of accounting and auditing standards both in theory and in practice. Michael's technical knowledge allows him to analyse complex issues quickly. He is also able to convey technical subject matter in a clear, concise, understandable way. Michael recently completed a successful secondment to Audit Scotland to support the team dealing with correspondence.

Michael Smith ACCA - Manager



- 13.** Michael has over five years' Public Sector experience, delivering internal and external audit services to a range of public sector bodies, including local government, health boards and colleges. Michael has also undertaken a number of Best Value audits for our external audit clients and is a qualified Lean Green Belt Practitioner.

2

Our experience

Our experience

Our portfolio of new and previous/outgoing Audit Scotland external audit appointments is set out below. We have also included details of selected clients from across our wider public sector client base.

New Audit Scotland external audit appointments

Local Government	NHS	Further Education	Central Government
City of Edinburgh Council	Lothian Health Board	City of Glasgow College	Disclosure Scotland
Lothian Pension Fund	Mental Welfare Commission for Scotland	Glasgow Kelvin College	Scottish Housing Regulator
Edinburgh IJB	NHS 24	Glasgow Colleges Regional Board	Police Investigation and Review Commissioner
Lothian VJB	National Waiting Times Centre Board	Glasgow Clyde College	Scottish Courts Service
SESTRAN	The State Hospitals Board for Scotland	Dumfries and Galloway College	Scottish Prison Service
Strathclyde Partnership for Transport		Borders College	Scottish Road Works Commissioner
Strathclyde Concessionary Travel Scheme JC			Lothian and Borders CJA

Previous/outgoing Audit Scotland external audit appointments

Local Government	NHS	Further Education
North Lanarkshire Council	Lanarkshire Health Board	City of Glasgow College
Comhairle nan Eilean Siar	Borders Health Board	Glasgow Kelvin College
North Lanarkshire IJB	Mental Welfare Commission for Scotland	Glasgow Colleges Regional Board
Western Isles IJB	NHS 24	Inverness College
	National Waiting Times Centre Board	Lews Castle College
	The State Hospitals Board for Scotland	
	NHS Health Scotland	

Some of our relevant clients beyond the Audit Scotland appointments

14. We are a provider of professional services to a number of arms-length organisations. In particular, we are external auditors and tax advisers) to all of the commercial companies which fall within the City of Edinburgh Council’s group. Our experience and understanding from both the local government perspective and that

of the arms-length organisation places us in an ideal position to ensure efficiencies are achieved when auditing the Council’s group financial statements.

15. The table below lists some of our clients which are relevant to City of Edinburgh Council:

Client	Service provision
The EDI Group Ltd	External audit and tax
Lothian Buses plc	External audit and tax
One-Ticket Limited	External audit and tax
Edinburgh Bus Tours Limited	External audit and tax
Edinburgh Trams Limited	External audit and tax
Transport For Edinburgh Limited	External audit and tax
Edinburgh International Conference Centre	External audit and tax
LPE Limited	External audit and tax
Scottish Futures Trust	External audit and tax
Hub South East Scotland Limited	External audit and tax
Improvement Service Company	External audit and tax

Scott-Moncrieff – expertise beyond internal and external audit

16. We can, and do, bring added value both to and beyond the audit process by involving our recognised specialists when required to solve client problems. We have a broad range of assurance and technical experts across such fields as:
- **Business Technology Consulting;** including new systems development support, IT security, IT efficiency and effectiveness, project management, BCP/DRP and change management
 - **VAT:** compliance, health check, capital developments, consultancy and HMRC support
 - **Corporate Finance;** funding, finance, valuation, options appraisal, buy outs, consultancy
 - **Employer Solutions and Tax;** PAYE, employee benefits, compliance, efficiency and effectiveness reviews, remuneration and reward
 - **Charity and not-for-profit;** accounting and governance expertise
 - **Lean expertise;** strategic, operational and cross-organisational consulting, for developing, new and established systems and processes
 - **Governance & risk management;** workshops, advice and best practice support to continuously improve all aspects of organisational governance and risk management arrangements
 - **Anti-fraud and regulatory support;** specialist advice to help clients risk-assess, deter, identify and respond to potential and alleged incidences of impropriety and any wider regulatory issues
17. Our network of experienced professionals can and do work alongside the audit team to help identify efficient and effective solutions to strategic and operational problems.

3

Our audit approach

Our audit approach

18. We have been appointed as your external auditor for the period 2016/17 to 2020/21. We are very much looking forward to working with you in this capacity over the next five years.
19. We anticipate that our audit will have a similar underlying approach to that of your previous external auditor, with continuity of the general role and responsibilities of external auditors in the public sector. However, we firmly believe that the best and most effective audits are underpinned by establishing good, professional working relationships with key client contacts right from the outset and this will be our key aim in the coming weeks and months. The benefits of our audit approach include:
- Fully compliant with the Audit Scotland Code of Practice
 - Dedicated, specialist public sector team
 - Proactive planning and communication - being open and constructive
 - Tailored audit approach
 - Clear and concise reporting
 - Risk based audit; understanding significant organisational and audit risks
 - Value-added review of internal controls, governance and performance arrangements
 - Proactive liaison with internal audit, for efficiency
 - Responsiveness, sector-expertise and independence of thought
 - Partner and Manager-led service, with a focus on team continuity

Adding value

20. All of our clients quite rightly demand of us a positive contribution to meeting their ever-changing business needs. We aim to add value by being constructive and forward looking, by identifying areas of improvement and by recommending and encouraging good practice. In this way we aim to help you promote improved standards of governance, better management and decision making and more effective use of public money.
21. We can, and do, bring added value to the audit process by involving our recognised specialists,

as noted above. More widely, we are always looking to develop new and improved ways of exceeding our client expectations. Therefore, any comments you may have on the service we provide would be greatly appreciated.

Nick Bennett

nick.bennett@scott-moncrieff.com

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Scott-Moncrieff
business advisers and accountants

Governance, Risk and Best Value Committee

10.00am, Thursday, 17 November 2016

Emergency Repairs: Processes to approve and pay framework contractor invoices

Item number 7.3
Report number
Executive/routine
Wards

Executive summary

Internal Audit completed a review of the Edinburgh Shared Repairs Service (ESRS) Emergency Repairs service in March 2016. This review made four 'medium' and three 'low' rated recommendations. One of the medium recommendations related to the non-use by contractors, when submitting invoices for payment, of rates schedules contained in the framework contracts.

In September 2016, the Governance, Risk and Best Value Committee requested that Internal Audit re-visit this recommendation to see whether any progress had been made on this matter.

This report sets out the design of the control framework in place surrounding the approval and payment of invoices at the ESRS Emergency Repairs Service, and the results of Internal Audit's review of a sample of 15 invoices from August and September 2016 to determine its current operational effectiveness.

Links

Coalition pledges [P40](#), [P41](#)
Council outcomes [CO19](#)
Single Outcome Agreement [SO4](#)

Emergency Repairs: Processes to approve and pay framework contractor invoices

1. Recommendations

- 1.1 The Committee is requested to note this report.

2. Background

- 2.1 Internal Audit completed a review of the ESRS Emergency Repairs service in March 2016. This review made four 'medium' and three 'low' rated recommendations. One of the medium recommendations related to the non-use by contractors, when submitting invoices for payment, of rates schedules contained in the framework contracts.
- 2.2 The Governance, Risk and Best Value Committee requested in September 2016 that Internal Audit re-visit this recommendation to see whether any progress had been made on this matter.

3. Main report

- 3.1 The Governance, Risk and Best Value Committee expressed an interest in one of Internal Audit's medium recommendations related to the non-use by contractors, when submitting invoices for payment, of rates schedules contained in the framework contracts. In particular, concern was raised over the charging for scaffolding by a contractor.

Original Internal Audit finding

- 3.2 The original finding made by Internal Audit in connection with this matter was:

A Schedule of Rates has been agreed with each contractor used by ESRS [Edinburgh Shared Repairs Service] Emergency Service. This is in place to control and monitor the costs charged by the contractors on the framework.

We reviewed contractor invoices relating to 15 cases. We were unable to confirm that charges on any of the invoices inspected were all as agreed on the Schedule of Rates. Difficulties and discrepancies identified were as follows:

- *ESRS did not have access to the Schedule of Rates agreed with one contractor, as it is part of a separate Council Framework;*
- *One contractor's Schedule of Rates was coded; however, their invoices consistently included non-coded services;*

- *One contractor charged rates for scaffolding between £150 and £690. There was no explanation for the rate charged on the invoices; and*
- *One Schedule of Rates indicated labour cost was at most £24 per hour; however, the contractor charged labour at £25 per hour.*

Scaffolding

- 3.3 Three cases reviewed by Internal Audit were noted as having no explanation for scaffolding rates. All of the cases related to emergency drainage issues, where the framework contractor was instructed to repair cracked and leaking soil pipes at height. Scaffold towers were erected and dismantled in each of these cases. The scaffold contractor is on a Council framework.
- 3.4 Scaffolding is not included within the drainage framework schedule of rates. This is due to the nature of works in the emergency service where scaffolding is only occasionally employed in order to remedy a drainage issue.
- 3.5 In each of these cases the prices charged for scaffolding provided was re-reviewed when this matter was brought to the attention of ESRS management by Internal Audit during the audit process. In all three cases, the charges for the amount of scaffolding provided, were found to be in line with other Council framework rates schedules for scaffolding, and were found to be reasonable. When considered pro-rata with the other rates schedules, the charges for all three cases were all lower than expected.
- 3.6 The scaffold costs for the three projects differed due to varied height of scaffold provided and varied hire periods required:

Project	Value	Comments
1	£150	In this project a moveable aluminium tower scaffold was provided to access high level area to renew pipe work. Scaffold was erected and dismantled on the same day. No hire charges applied.
2	£600	In this project a Tower Scaffold at 6.5m high, with an additional 3 x 2m stages were provided to access high level area to renew pipe work, with a seven day hire rate.
3	£450	In this project a Tower Scaffold at 6.5m high and an additional 2m stage was provided to access high level to renew pipework, with a seven day hire rate.

- 3.7 The drainage contractor procured the scaffolding provision by sub-contracting the work. The sub-contractor that the drainage contractor utilised is on the Councils contract register and used Council framework rates on invoices submitted to the drainage contractor. These invoices were verified as part of the

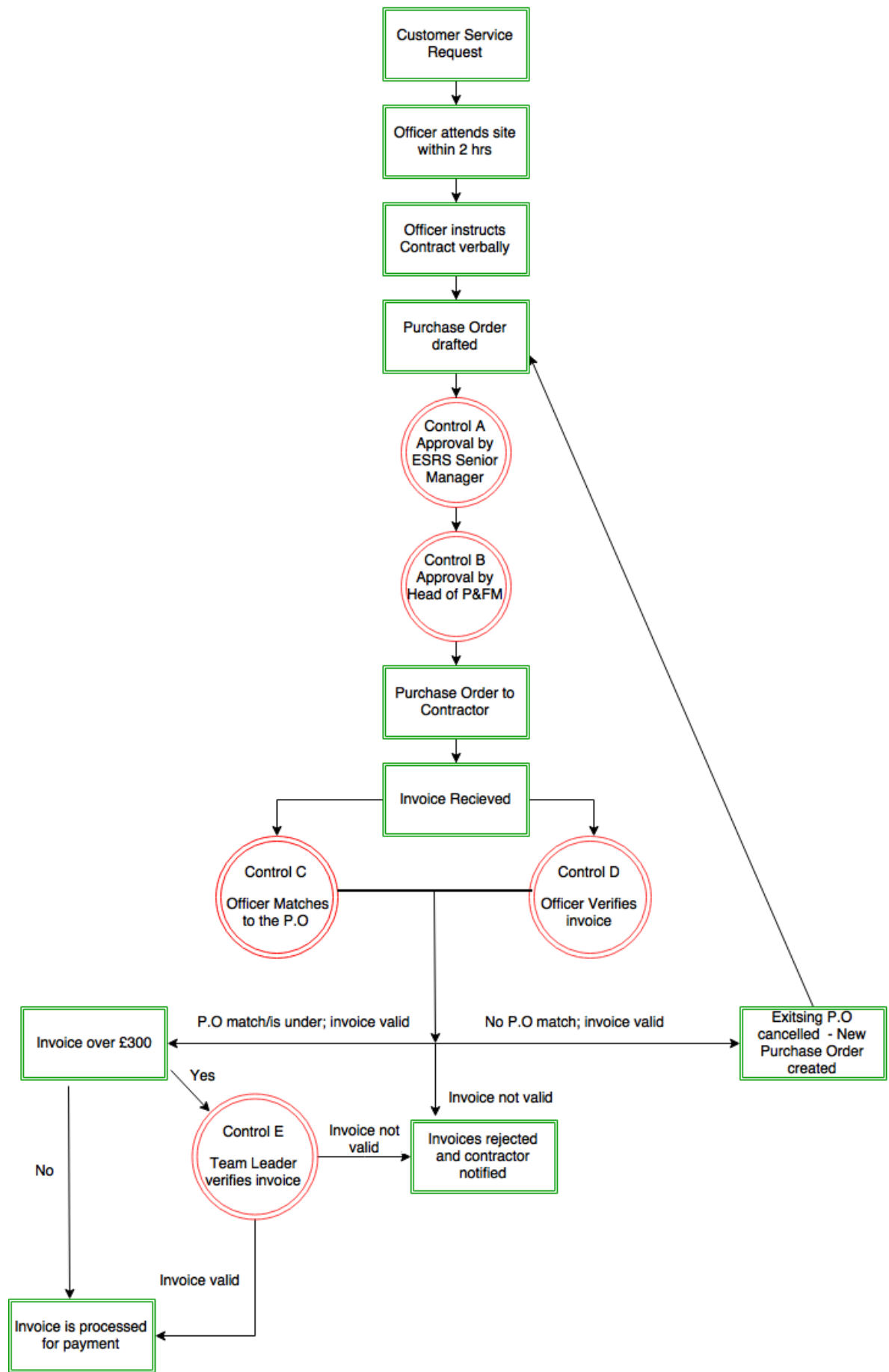
process to approve and pay the framework contractors invoices in the Emergency service of ESRS.

Internal Audit report recommendation and current position of recommendations

- 3.7 The original recommendation by Internal Audit for this finding was:
- Schedules of Rates (SOR's) should be readily available to property officers to enable them to review the accuracy of costs charged by contractors. Any discrepancies identified must be highlighted and challenged with the contractor.*
- ESRS should explore the use of technologies which allow a Schedule of Rates to be programmed into a database. This database could then generate an accurately costed Works [Purchase] Order by selecting the appropriate service as per the inbuilt Schedule of Rates.*
- 3.8 Paper copies of SOR's for all contracts procured by the ESRS are now available for officers to consult when checking invoices. ESRS can now also check rates by utilising SORs on contracts procured by other Council departments that may have items on schedules which are not in the ESRS contracts. ESRS now have the details of the the Domestic/Property Repair and Maintenance SOR's.
- 3.9 In order to address the latter part of the recommendation, a change request has been raised with CGI to provide Shared Repairs with a block of consultancy days from a supplier who will upgrade the UNIFORM system to provide transparency of SOR's on Contractor Works Order's. In the interim, a programme of work has begun to manually import the frequently used SOR's so that the service can utilise them as soon as possible.

Approving and Paying Invoices: The current process in place

- 3.10 The flow chart below sets out the process used to approve and pay invoices raised by Framework Contractors:



- 3.11 The process identifies five key controls that are used to control the payment of contractor invoices:
- A. Purchase Orders raised by Emergency Repairs Officers for works required are subject to review by ESRS Senior Manager;
 - B. Purchase Orders raised by Emergency Repairs Officers for works required are subject to review by the Head of Property and Facilities Management;
 - C. Invoices received are matched to Purchase Orders;
 - D. The Emergency Repairs Officer who commissioned the work is required to approve the invoice prior to payment; and
 - E. Any invoice in excess of £300 is required to be approved by the Emergency Team Leader before payment.

Internal Audit's view of the process design

- 3.12 The process design is unchanged from when it was reviewed by Internal Audit in Q4 of 2015/16. Internal Audit continues to believe that the inherent design of the process used to approve and pay Emergency Repairs invoices is suitable.
- 3.13 Internal Audit would observe that the dual sign off of Purchase Order by both the ESRS Senior Manager and the Head of Property and Facilities Management seems draconian given the relatively small value of the Purchase Orders (generally < £500), but understand the rationale given the history of the organisation. Internal Audit would observe that this is something that could be re-visited as the service becomes more established and gains increased confidence with its users. In due course, a delegated authority approach may be appropriate.
- 3.14 Internal Audit also observed that the ICT applications supporting the process of raising Purchase Orders are cumbersome, and that there is potential for clerical efficiency gains by modernising the supporting IT infrastructure. This does not however have any impact on the overall effectiveness of the control environment in place.

Results of Internal Audit testing

- 3.15 Emergency repairs handled a total of 62 cases in August and September 2016. Of these, 59 were undertaken by the drainage framework contractor, and related to drainage issues (usually in connection with communal waste pipes).
- 3.16 The remaining three cases related to spalling masonry, and were undertaken by the framework roofing contractor. Internal Audit picked a sample of 15 invoices that included all the roofing contractor invoices and a further 12 haphazardly selected drainage contractor invoices.
- 3.17 The testing performed by Internal Audit on these invoices established that prior to payment:

- All 15 invoices had been matched to Purchase Orders;
- All the related Purchase Orders had been approved in line with the process noted above;
- All 15 invoices had been approved by the Emergency Repairs officer responsible for the case;
- Seven invoices had a value > £300 and required secondary approval. In all cases, this was obtained;
- The 12 invoices submitted by the drainage contractor clearly detailed items using the agreed schedule of rates and the appropriate coding. We identified two items, disinfectant and “Aquavac” (large scale drainage equipment), where coding was not provided due to these items not being on the framework agreement. The prices quoted for these items did not appear unreasonable.
- The three invoices submitted by the roofing contractor did not detail items using the schedule of rates. These invoices did however provide a clearly articulated breakdown of the works undertaken and the prices quoted for each item did not appear unreasonable.

Internal Audit’s recommendations for improvement

- 3.18 The contractor education process, which ensures that detailed invoices are submitted using the agreed schedule of rates, remains incomplete. Emergency Repairs should continue to educate their contractor base on the necessity for this requirement. Tougher action may have to be considered if the message is not getting through to some contractors.
- 3.19 The Purchase Orders are created by the Officer responsible for each case, using a best estimate of the likely cost of the works. We observed 12 cases where the Purchase Order did not match the invoice and had to be revised. In all but one of these cases, the Purchase Order value was higher than the actual invoice amount, and we understand from the Emergency Repairs team that this is a common theme across all Purchase Orders.
- 3.20 Using the schedule of rates to build up the value of each Purchase Order would reduce the instances of non-matching Purchase Orders, resulting in stronger control and a reduced administrative burden. This was an agreed management action within the original Internal Audit report, and as has been articulated earlier in this report, this action will be enabled by the planned IT improvements to the Uniform system.

Internal Audit’s overall conclusion

- 3.21 While there are areas for improvement in the operation of this process, the design is not unsuitable, and the testing performed on how it currently operates does not give rise to any immediate cause for concern.

4. Measures of success

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

5. Financial impact

- 5.1 None.

6. Risk, policy, compliance and governance impact

- 6.1 If Internal Audit recommendations are not implemented, the Council will remain exposed to the risks that the recommendation was seeking to address.

7. Equalities impact

- 7.1 No full ERIA is required.

8. Sustainability impact

- 8.1 None.

9. Consultation and engagement

- 9.1 None.

10. Background reading/external references

- 10.1 None.

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Links

Coalition Pledges	P40 – Work with Edinburgh World Heritage Trust and other stakeholders to conserve the city’s built heritage P41 – Take firm action to resolve issues surrounding the Council’s Property Services
Council Priorities	CO19 – Attractive Places and Well Maintained – Edinburgh remains an attractive city through the development of high quality buildings and places and the delivery of high standards and maintenance of infrastructure and public realm
Single Outcome Agreement	SO4 – Edinburgh’s communities are safer and have improved physical and social fabric

Governance, Risk and Best Value Committee

10.00, Thursday, 17 November 2016

Waste and Cleansing Improvement Plan

Item number	7.4
Report number	
Executive/routine	
Wards	All

Executive Summary

Waste and Cleansing Services are going through a process of transformation that aims to deliver significant efficiencies and improvements. A new organisational structure is now in place which brings together waste and recycling collections and disposal, street cleaning, environmental enforcement and a number of ancillary services to create a single integrated service that will enable a more effective and joined up approach to managing waste and cleanliness in the city. However this Committee have expressed concern about the level of complaints in waste and recycling collections and are looking for assurance that the service has a robust and credible plan to tackle the challenges it faces and to improve customer satisfaction.

The Waste and Cleansing Improvement Plan was approved by the Transport and Environment Committee at it's meeting on 1 November 2016. The Plan identifies the different issues that impact on waste collection performance and street cleanliness and the actions that the service will take to address them. Progress on implementing the Improvement Plan and the impact it is having on performance, complaints and cleanliness will be reported to Transport and Environment Committee on a regular basis.

Links

Coalition Pledges	P44, P49, P50
Council Priorities	CP8, CP9
Single Outcome Agreement	SO4

Waste and Cleansing Improvement Plan

1. Recommendations

- 1.1 To note the Waste and Cleansing Improvement Plan.
- 1.2 To note the intention to give presentations on the Improvement Plan to Neighbourhood Partnerships, Community Councils, local business forums, Edinburgh World Heritage, Trade Unions and other stakeholders as part of a wider programme of engagement.
- 1.3 To note the intention to provide progress reports to future meetings of the Transport and Environment Committee.

2. Background

- 2.1 Waste and street-cleansing services have been through a period significant change since the end of 2011 when the Council decided not to proceed with the Alternative Business Model (ABM) programme for Environment Services. The decision not to proceed with ABM and to implement an internal improvement plan (based on a Public Sector Comparator) coincided with ending of a protracted industrial dispute over the implementation of Modernising Pay in refuse collection.
- 2.2 The internal improvement plan which became known as *imProve it* implemented a number of major changes to services particularly in refuse collection. These included:
 - Managed Weekly Collections (alternate weekly collections)
 - Roll out of city wide food waste collection services
 - Implementation of new shift patterns
- 2.3 The changes implemented by the *imProve it* programme realised savings in waste services of over £7m a year through redesigning routes and reductions in the workforce, vehicles and landfill. A further £1.8m of annual savings were achieved in street cleansing. By the financial year 2013/14 the *imProve it* programme had realised cumulative savings of £17.8m across waste and street cleansing.
- 2.4 In July 2014 Waste Services began the roll out of the new kerbside recycling collection service to over 140,000 households. The roll out was completed in November 2015 and the new kerbside service has contributed to the amount of waste that is recycled reaching 42% by the end of 2015/16. Since 2009/10 recycling will have risen from just over 30% to a forecast 44% by the end of 2016/17 while

the amount of waste sent to landfill has reduced by nearly 50,000 tonnes from 163,787 (09/10) to 114,543 in 2015/16.

- 2.5 Further changes are underway as part of the Transformation Programme which will see Environment Services deliver further annual savings of £5.2m primarily through reductions in staffing. These reductions, have as far as possible sought to protect front-line staffing levels, by bringing together services under one single management structure, including street-cleaning and grounds maintenance, services that were previously managed through the Neighbourhoods, thereby enabling rationalisation of management and supervisory resources.
- 2.6 Waste Services have also successfully implemented the Street Scene Project which has reduced the number of trade waste bins being stored on the street by 73% and phasing out black sack collections in the World Heritage Site through the Modernising Waste Project. Both projects have helped improve street-cleanliness and reduced the visual impact of waste management arrangements across the city.
- 2.7 Although the changes in waste and cleansing have delivered many benefits over the last 5 years these services have also experienced a decline in customer satisfaction (as measured in the Edinburgh Peoples Survey) and high numbers of complaints particularly with waste and recycling collections. Complaints averaged about 1,100 -1,200 per week during August and September which equates to approximately 0.2% of the 480,000 collections carried out each week. Although complaints are low in relation to the number of collections they are still unacceptably high particularly as many are repeat complaints.
- 2.8 In response to continuing concern amongst many elected members about the number of complaints about waste and recycling collections the Transport and Environment Convener has asked that the Waste and Cleansing Service submit an improvement plan to the Transport and Environment Committee.

3. Main report

- 3.1 The Waste and Cleansing Improvement Plan is attached in Appendix 1 of this report. It should be noted that many of the actions in the plan have already been presented to this Committee at its meeting on 23rd June 2016 and previously to the Transport and Environment Committee on 15th March 2016. A number of the actions have been implemented or are in the process of being implemented as part of the on-going Transformation Programme within Environment Services. However the Improvement Plan does contain new more detailed actions as well as giving timescales for implementation and the anticipated outcomes or impact these actions will deliver.

Main issues addressed in the Improvement Plan

- 3.2 The following sections outline the main issues that the Waste and Cleansing Improvement Plan seeks to address and summarises the actions that will be taken.
- 3.3 Reducing the number of missed bin collections - through the use of in-cab routing technology which will improve the route and bin location information given to crews to enable collections to be completed on a 'right first time' approach and avoid repeat complaints. The in-cab routing technology will also enable crews to more accurately record the reasons why bins have not been collected (e.g. non-presentation, contamination, blocked access etc...). An initial two week pilot of this technology has proved successful and the intention is to procure and implement the routing system, across the waste and recycling collection fleet by February 2017.
- 3.4 Reducing delayed collections particularly in garden waste and to a lesser extent in food waste. Garden Waste collections account for approximately 25% of all complaints during the spring and summer periods with most of the complaints being due to delays. Garden waste routes are based on one bin per household but in reality, particularly in the west of the city, many properties have two or more bins. Routes therefore need to be redesigned to take account of the actual number of bins serviced and tonnages collected and the policy on the number of garden waste bins provided to individual households needs to be reviewed. In the case of food waste collections new larger collection vehicles need to be procured to reflect the increased participation in this service and the consequent increases in tonnages being collected. A procurement of new vehicles should be completed by May 2017.
- 3.5 Communal Bins – Communal bins have presented a challenge to the Council in recent months but the reasons for the complaints are often not solely due to a service failure. Bin capacity and location, inappropriate use by residents (e.g. disposal of bulky items such as furniture, white goods etc...), illegal use by businesses, seasonal spikes in the amount of waste being generated (e.g. the beginning and end of academic year when students are moving into or out of accommodation) can and do contribute to problems with overflowing bins and side waste. However even if the reason for an overflowing communal bin is not due to a missed or delayed collection a consistently quicker response to dealing with these issues is required. The Improvement Plan identifies a range of different approaches to tackling the issues associated with communal bins from increased supervision to targeted enforcement action by the newly established Trade Waste Enforcement Team. In the short-term Waste and Cleansing Services are taking action to identify and tackle the root causes of problems at the 50 communal bin locations that attract the most complaints.
- 3.6 Fly-tipping and dumping of bulky waste ranges from serious incidents as a result of organised crime through to dumped items of furniture around communal bins. The Improvement Plan identifies a range of actions from changes to the special uplift service, to improved information on how to dispose of bulky waste, to increased enforcement action. Waste and Cleansing has also increased resources for the removal of dumped bulky items and fly-tipping to enable a quicker response when these incidents are reported.

- 3.7 Street Litter Bins – reducing the incidents of overflowing street-litter bins, particularly in busy locations and at peak times of the years such as the festivals, is key to improving perceptions of street-cleanliness. Work is already underway to increase bin capacity at the busiest locations and a pilot using bin-sensors to detect when bins are nearly full has proved successful in reducing the incidence of overflowing litter bins. Going forward the information from bin sensors will be used for dynamic routing of collections and new larger litter-bin collection vehicles will improve efficiency and performance.
- 3.8 Street-cleansing – both manual and mechanical street cleansing resources need to be more effectively deployed in those areas where they are most needed. The service needs to move away from a reliance on litter picking and make greater use of brushes and manual sweeping. The service also needs to make more efficient use of mechanical street cleaners through optimising routes by designing them on a city wide rather than neighbourhood basis. The mechanical cleaning fleet also needs to be renewed and re-configured to include more small and medium sized sweepers that can operate on pavements, pedestrianised areas and in streets with limited access. Starting this November Street-cleansing and Parks and Greenspace staff will work more closely together to take a more preventative approach to weed management by deep-cleaning road channels footways and other areas where weed growth is common.
- 3.9 Customer Service – One of the main reasons for customer dissatisfaction is the management of service requests and complaints. The customer journey is often poor whether contact is by phone or through the Council's website. As a Council we need to ensure that customers are able to report an issue or make a complaint easily, that appropriate action is taken promptly and that timely feedback is given. Customer Contact staff need access to service information so that more complaints can be resolved on a 'one and done' basis. As a first step Waste and Cleansing staff will be co-located with Customer Services staff to enable quicker complaint resolution. A complete end to end redesign of complaint and service request reporting will also be carried out to improve ease of access and improved outcomes for customers. The ability of Customer Services staff to access real time information from the in-cab routing system will also support increased first time resolution to customer complaints.
- 3.10 Management and Working Practices – performance, productivity, working relationships and management in Waste Services have gradually improved over the last 4 - 5 years. This has been aided by the investment in new collection vehicles, improvements in the management of health and safety including service wide wearing of PPE, and investment in training particularly by supporting staff to acquire LGV licences. However it is recognised that further improvements are required if the Council is to have a truly high-performing service. Changes in the management structure through the Transformation Programme have been designed to improve the quality of management and supervision. This includes the implementation of new Driver/Crew Leader job roles which will enhance 'on route' supervision and accountability for route completion. Changing work practices such as ending 'task

and finish' which will cease as from 1st November, and ensuring that crews clear up spillages, remove side waste and return bins to the curtilage of the property will all help improve the quality and perception of the service. Developing a comprehensive training plan for all frontline staff, improving two way communications between staff, supervisors and managers and continued investment in depot and waste transfer facilities will yield further improvements in the working culture and service performance.

- 3.11 Communications and Behaviour Change – although it is critical that Waste and Cleansing operations change and improve it must also be recognised that the wider population of Edinburgh also have a role to play in improving the cleanliness of the city. To that end Waste and Cleansing Services will continue to work with the Communications Team to run innovative campaigns such as 'Neat Streets' and 'Our Edinburgh' to promote social responsibility for and community participation in keeping Edinburgh litter free. Engagement will also take place with the business community to improve the management of commercial waste and support awareness raising on street cleanliness. A consultative forum will also be established to receive feedback on where services need to improve and to consider ways that we can engage with the public more widely. Retaining a close working relationship with the Localities and using existing participative and consultative forums such as Neighbourhood Partnerships will also provide valuable opportunities for engaging with local communities.
- 3.12 Partnership Working – working with other organisations, both nationally and locally, to improve the quality of Edinburgh's environment and reduce litter and the amount of waste being sent to landfill will enable the Council to benchmark its services, share best practice, access external funding and trial new and innovative ways of working. The Council already has strong working relationships with national bodies such as Zero Waste Scotland, Keep Scotland Beautiful and APSE and these will continue to be developed. At a local level Waste and Cleansing Services needs to ensure that it has strong working relationships with the Localities and that these services (together with Parks and Greenspace) are responsive to local priorities and are locally accountable for the performance and quality of services they provide. Effective partnerships with local stakeholders such as Registered Social Landlords, Business Improvement Districts and community led organisations such as Leithers Don't Litter and New Town Clean Streets also need to be developed.
- 3.13 Implementation of the the actions in the Improvement Plan is already underway and it is intended that the plan will be fully implemented by May 2017. Progress on implementation of the Plan and its impact will be reported to the Transport and Environment Committee on an on-going basis.

4. Measures of success

- 4.1 The number of complaints about waste and cleansing services will reduce.

- 4.2 Customer satisfaction with waste and cleansing, as measured by the Edinburgh People's Survey, will increase.

5. Financial impact

- 5.1 The majority of actions within the Waste and Cleansing Improvement Plan can be implemented within existing resources as many of them were designed to be delivered through the new service structure as part of the Transformation Programme.
- 5.2 However a number of planned improvements will require additional investment including the in-cab routing system, the maintenance and renewal of communal bins, replacement of bin store locks, procurement of bin sensors and dedicated provision for staff training cover. A more detailed assessment of the costs and potential avenues for funding is underway and it is anticipated that these will be contained within the existing Place directorate budget.

6. Risk, policy, compliance and governance impact

- 6.1 The Council has a duty to maintain the cleanliness of all relevant land and to collect household waste and recycling proscribed in the Environment Protection Act 1990. Failure to fulfil our legal duties could result in legal action been taken against the Council.

7. Equalities impact

- 7.1 The improvement plan aims to reduce the number of missed collections including assisted collections to residents who have limited mobility or are unable to present their bins for collection due to age or poor health.
- 7.2 The achievement of high cleanliness standards throughout the city fosters good relationships between the Council and residents through the provision of high quality services. It can also lead to safer routes free from potential obstructions and trip hazards for all pedestrians, particularly those with visual impairments.

8. Sustainability impact

- 8.1 All street litter is screened to remove recyclable materials prior to disposal, to reduce the amount of waste going to landfill. The current rate of recycling achieved from street litter waste is 30%.
- 8.2 The provision of high-quality reliable collection services will help increase participation in recycling which diverts waste from landfill and supports the achievement of greenhouse gas reduction targets.

- 8.3 The continuing investment in new vehicles with Euro VI engines will reduce harmful tailpipe emissions and contribute towards improvements in air quality.

9. Consultation and engagement

- 9.1 Customer and community engagement already takes place when planning or designing service changes such as the kerbside recycling service and recycling provision in tenemental areas. Community groups and local residents also initiate and participate in community clean ups and other anti-litter initiatives
- 9.2 As part of the improvement plan a consultative forum is to be established to receive feedback on service improvements and identify approaches to wider public engagement that will support behaviour change on littering and the responsible disposal of waste.

10. Background reading/external references

- 10.1 None

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11. Links

Coalition Pledges	<p>P44 Prioritise keeping our streets clean and attractive</p> <p>P49 Continue to increase recycling levels across the city and reduce the proportion of waste going to landfill</p> <p>P50 Meet greenhouse gas targets, including national target of 42% by 2020</p>
Council Priorities	<p>CP8 – A vibrant, sustainable local economy</p> <p>CP9 – An attractive city</p>
Single Outcome Agreement	<p>SO4 -Edinburgh's communities are safer and have improved physical and social fabric</p>
Appendices	<p>Appendix 1 – Waste and Cleansing Improvement Plan</p>

Waste and Cleansing Improvement Plan

Waste Collection Route Management and Information

Our approach to organising and completing waste collection routes needs to change to provide information in a format that allows crews to complete collections on a 'right first time' basis. We should design the service to avoid repeat complaints.

	Action	Target Date	Owner
1	Complete the trial of the 'Routesmart' system and in-cab device and evaluate the effectiveness of the system	Oct 2016	CGI
2	Work with CGI to procure and embed the 'Routesmart' system within all operational routes	Feb 2017	Technical Team
3	Undertake a rapid improvement event to identify the most missed properties by stream and resolve the root cause of the misses.	Nov 2016	Technical Team

Anticipated Outcome

A reduction in the number of reported missed collections and repeat missed collections

Workforce Management

It is recognised that improvements need to continue to be made to the working practices, management and working culture within Waste and Cleansing services in order to further move the service forward and reduce the number of complaints received.

	Action	Target Date	Owner
4	Reduce the use of agency staff and recruit a full establishment of permanent staff to improve route knowledge and ownership	Dec 2016	Waste Operations
5	Finalise the implementation of the new Waste and Cleansing service structure and recruit to all vacant posts	Nov 2016	Waste and Cleansing Manager

6	Cease the practice of 'Task and Finish' across the Waste Collection Service	Nov 2016	Waste Operations
7	Ensure a full and effective training programme is in place for all frontline staff	Dec 2016	Technical Team
8	Ensure that Supervisors and Managers are conducting regular team briefings (i.e. at least monthly) with all frontline staff on an ongoing basis	Ongoing	Waste and Cleansing Operations
9	Provide refresher briefings to all waste collection staff on the importance of removing side waste, litter and spillage as appropriate	Oct 2016	Waste and Cleansing Operations
<p>Anticipated Outcome</p> <p>A settled workforce of City of Edinburgh Council employees, at all levels, who are properly trained in the role they perform with that role being performed to a consistently high standard.</p>			

<p>Garden Waste Collections</p> <p>It is recognised that improvements need to continue to be made to the working practices, management and working culture within Waste and Cleansing services in order to further move the service forward.</p>			
Action		Target Date	Owner
10	Assess the number of properties with more than one garden waste bin	Nov 2016	Technical Team
11	Adjust the existing garden waste routes to account for up to date information on bins per property and participation	Dec 2016	Technical Team
12	Implement the new 3 weekly garden waste collection service, to replace the current fortnightly and four weekly service, with new fit for purpose routes	Mar 2017	Waste Operations
<p>Anticipated Outcome</p>			

An appropriately resourced garden waste collection service that is reliable and consistent with reduced missed bin complaint levels.

Communal Bins			
	Action	Target Date	Owner
13	Undertake a rapid improvement event to identify the most missed communal bins by stream and resolve the root cause of the misses.	Nov 2016	Technical Team
14	Increase supervision resource within the communal bin collection services to improve service quality and resolve customer issues more effectively	Nov 2016	Waste Operations
15	Develop a communications campaign to make residents in communal areas aware of how to manage their waste and recycling effectively	Jan 2017	Communications
16	Develop a communications campaign to ensure that businesses are aware of their legal responsibilities when disposing of their waste	Nov 2016	Communications
17	Improve the labelling and information on communal bins to illustrate the types of waste the bin can receive and how and where to dispose of bulky items	Jan 2017	Communications
18	Investigate the use of QR codes to allow residents to easily report missed or overflowing communal bins and locate collection dates	Nov 2016	Technical Team
19	Assess options for the containerisation of those streets that remain on gull proof sack or sack collections	Jan 2017	Technical Team
20	Work with Parking Services to implement enforceable TROs to protect communal bins wherever possible	Mar 2017	Waste Operations
21	Ensure access to communal bins for residents and waste collection staff is accounted for in traffic management arrangements when road works take place	Oct 2016 (achieved)	Transport
22	Develop a policy on holiday lets and party flats to identify whether this waste should be treated as commercial waste	Jan 2017	Technical Team
23	Identify those communal bin sites where bins can be moved to improved locations where there is less opportunity for misuse	Jan 2017	Technical Team
24	Identify costs to fit key containers to all bin stores (where applicable) to ensure that all crews have access to the required key therefore avoiding missed collections due to access issues	Dec 2016	Building Services
25	Ensure that a standard lock specification for bin stores is enforced for new developments as part of the planning process	Jan 2017	Planning

26	Identify those communal properties where there are multiple individual bins and provide an alternative communal bin solution where this is required and appropriate	Feb 2017	Technical Team
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Anticipated Outcome

Reduced complaints relating to missed and overflowing communal bin collections. Bins are located in the right areas with reductions in inappropriate use and according reductions in landfill waste.

Maintenance of Communal Bins

The appearance and cleanliness of our communal bins is not in line with that which we should expect on Edinburgh's streets. Improving the appearance of our communal waste and recycling bins will contribute to fostering greater care and ownership in our communities.

	Action	Target Date	Owner
27	Identify potential solutions to procure a contract for the supply and/or maintenance (repair, cleaning and renewal) of all communal bins and quantify the cost implications of these solutions	Mar 2017	Corporate Procurement
28	Work with Criminal Justice and other partners to build communal bin maintenance and painting into programmes for restorative work	Apr 2017	Criminal Justice
29	Investigate the potential to install bin housings around wheeled communal bins to create more attractive and formal sites	Dec 2017	Technical Team

Anticipated Outcome

An improvement in the appearance of our communal bin stock with reductions in complaints regarding bin maintenance and cleanliness.

Seasonal Resourcing

We need to deliver a service that is responsive to the changing demands of the city that our student and tourist population bring and ensures that Edinburgh is portrayed in the best possible way.

	Action	Target Date	Owner
30	Work with Universities, landlords and letting agents to ensure students and tenants are aware of how to dispose of waste appropriately.	Jan 2017	Technical Team
31	Work with the Universities to investigate the potential for mini-CRCs in areas of higher student population around the beginning and end of the academic year	Mar 2017	Technical Team
32	Conduct a review of Waste and Cleansing resource requirements for the Edinburgh Festival and Fringe and implement the new requirements	July 2017	Waste and Cleansing Operations
33	Work with Parks, Greenspace and Cemeteries colleagues to allocate staff and mechanical sweepers to tackle leaf fall during the autumn/winter months	Nov 2016	Cleansing Operations
34	Work with Parks, Greenspace and Cemeteries to allocate resources to undertake a clearance of street weeds to allow for an effective base level to be treated going forward.	Nov 2016	Cleansing Operations

Anticipated Outcome

Reduced complaints relating to Waste and Cleansing Services during peak seasons. A reduction in the amount of waste that is sent to landfill in areas containing high levels of student housing.

Food Waste

Waste Composition Analyses have shown that there is still a significant amount of food waste that is being sent to landfill. However, our success in recycling around 10,000 tonnes of food waste has placed strain on our current vehicles and meant that we need to equip our workforce to ensure that we can

continue provide the best quality service to encourage increased use of this service. The procurement of new larger vehicles will assist with this aim.

	Action	Target Date	Owner
35	Replace the existing 7.5 tonne vehicles with the purchase of 12 tonne vehicles to increase collection capacity and reduce the need for trips to tipping facilities	May 2017	Fleet Services
36	Replace the existing 7.5 tonne vehicles with hired 10 tonne vehicles as an interim solution pending the arrival of the 12 tonne vehicles	Oct 2016	Fleet Services

Anticipated Outcome

Reduced missed collections and uncompleted food waste routes as a result in increased productive time that has been created by a reduced need to tip midway through the shift.

Manual Street Cleansing

Our manual street cleansing resource needs to be visible and effective and focussed on those areas where it is needed most at an appropriate frequency. We need to move to a model where brushes are used as the norm and there is less of a reliance on litter pickers.

	Action	Target Date	Owner
37	Conduct a review of all resources available to undertake manual sweeping and the current areas of deployment. Re-align routes to address hotspot areas where appropriate.	Jan 2017	Cleansing Operations
38	Identify options for the deployment of barrow beat staff and suitable accommodation for the employees and barrows in the immediate area	Nov 2016	Cleansing Operations
39	Procure replacement street cleansing vans that will allow crews to be properly equipped to be able to tackle all issues that they face during the working day	May 2017	Fleet Services
40	Introduce an effective post-work inspection regime to ensure that street cleansing is being delivered to the required standard	Nov 2016	Cleansing Operations

Anticipated Outcome

A reduction in litter complaints and an improvement in our LEAMS score as a result of more effective manual sweeping in those areas where it is most

required.

Mechanical Street Cleansing

We have a significant amount of funding invested in large mechanical sweepers that can not access the areas where we need them. We need to reconfigure this fleet to provide more small mechanical sweepers that can operate on footpaths and in areas around parked cars.

	Action	Target Date	Owner
41	Re-design mechanical sweeper routes to ensure that the fleet is being effectively utilised	Mar 2017	Technical Team
42	Reduce the fleet of large mechanical sweepers and procure additional small and medium sized sweepers to focus on pavement areas and streets with limited access	Mar 2017	Cleansing Operations
43	Reconfigure the current fleet to place additional mechanical sweeping resource into the night shift to make a more significant impact on those areas that can not be accessed during the day	Nov 2016	Cleansing Operations

Anticipated Outcome

An increase in small and medium mechanical sweepers will contribute to an improvement in our LEAMS score as well as improved customer satisfaction in recognition of the increased visibility of service.

Litter Bin Emptying

There are around 3000 litter bins in the city. We regularly receive complaints from members of the public regarding overflowing litter bins. We need to employ effective collection schedules that minimise complaints.

	Action	Target Date	Owner
44	Adopt a standard of providing larger capacity litter bins where locations allow	Oct 2016	Cleansing Operations
45	Continue with the trial of fill sensors to identify optimal collection schedules and trends relating to overflowing	Mar 2017	Technical Team

	bins		
46	Procure replacement mini-RCVs for litter bin emptying to allow for a more reliable collection service	May 2017	Fleet Services
47	Provide a more joined up service in relation to the emptying of bins in parks, open spaces and cemeteries alongside street litter bins where appropriate	Dec 2016	Cleansing Operations
<p>Anticipated Outcome</p> <p>A reduction in the number of complaints regarding overflowing litter bins.</p>			

<p>Fly-tipping and Dumped Bulky Waste</p> <p>We have problems with many levels of fly-tipping, ranging from serious incidents as a result of organised crime through to dumped items of furniture around communal bins. We need to be better at removing this waste quicker and preventing future recurrences through engagement and enforcement efforts.</p>			
	Action	Target Date	Owner
48	Undertake a review of the special uplift service with particular focus being placed on the charging structure (e.g. moving to a service that charges £5 per item) and opportunities to work with the voluntary sector to undertake collections	Jan 2017	Technical Team
49	Improve information to residents on the disposal of bulky items and the opportunities for reuse and recycling	Dec 2016	Communications
50	Add additional resources into the existing special uplift service to minimise waiting times for residents	Oct 2016	Waste Operations
51	Add additional resources into Street Cleansing teams to focus on responding to fly-tipping complaints and removing waste in a more timely manner	Oct 2016	Cleansing Operations
52	Place a focus on increasing the number of incidents of fly-tipping that are proactively reported by Council employees versus those reported by members of the public	Oct 2016	Cleansing Operations
53	Focus resources from the Environment Warden and Waste Compliance Teams on regularly investigating those incidents of fly-tipping where there is evidence to pursue and investigate options to use CCTV to enhance evidence gathering.	Nov 2016	Environment Wardens
<p>Anticipated Outcome</p>			

A reduction in the number of fly-tipping incidents reported by members of the public, and increase in the number of fly-tipping incidents reported by our own staff and an improvement in response times when removing fly-tipping.

An improved special uplift service that encourages compliance with the law and not fly-tipping and an effective enforcement resource that gets positive results where required.

Branding and Visibility

Our service needs to be visible and recognisable so that we are noticed for the good work that we do and not for failings in services. It is essential that residents and businesses know how to access our service and what we do.

	Action	Target Date	Owner
54	Ensure all staff are consistently wearing the correct PPE/uniform and area easily identifiable as Council employees	Oct 2016	Waste and Cleansing Operations
55	Brand all newly purchased Waste and Cleansing vehicles so that members of the public can identify them easily	May 2017	Fleet Services
56	Ensure that all contact channels that can be used to access the Waste and Cleansing service are well advertised and effectively monitored	Oct 2016	Customer Services

Anticipated Outcome

Increased customer satisfaction in reflection of the improved visibility of our staff and vehicles.

Customer Service

The current customer journey is frustrating for residents and Elected Members. We need to ensure that we minimise failures in service, but when we can't then our customers need to be able to report issues easily and receive timely and relevant feedback.

	Action	Target Date	Owner
57	Co-locate staff from Customer Services and Waste and Cleansing Services to allow for quicker customer resolutions and reduced duplication	Nov 2016	Waste and Cleansing / Customer Services
58	Provide Elected Members with key local contacts from the Waste and Cleansing service to allow to issues to be resolved routinely as required	Oct 2016	Waste and Cleansing Manager
59	Carry out a review of the existing reporting processes and make improvements to allow for quick resolutions and accurate customer feedback	Jan 2017	Customer Services

Anticipated Outcome

Improved response times to enquiries and an increase in the percentage of contacts that are resolved at the point of contact by Customer Services colleagues.

Simpler but more effective customer journeys that allow customers to report issues easily and receive timely updates.

Communications and Behaviour Change

Notwithstanding the importance of getting our operational services right, we need to engage the wider population of Edinburgh in playing a role in maintaining the quality of our local environment.			
	Action	Target Date	Owner
60	Continue to develop the 'Our Edinburgh' campaign to focus on social responsibility and community participation	Ongoing	Communications
61	Develop improved links with key partners such as the Business Improvement Districts, Commerce Groups and Community Groups to share key messages and raise awareness around waste management and street cleanliness	Ongoing	Technical Team
62	Establish a consultative forum with representatives from groups whom have an interest in the local environment to discuss current performance and customer perceptions and frustrations	Oct 2016	Waste and Cleansing Manager
<p>Anticipated Outcome</p> <p>Increased advertising and media coverage of our campaigns alongside increased resident and business awareness of the importance of maintaining our local environment and how they can assist in doing so.</p>			

Partnership Working			
We need to establish and maximise partnerships where there is the shared aim of improving the quality of Edinburgh's local environment and reducing the amount of waste sent to landfill			
	Action	Target Date	Owner
63	Clarify roles and remits for environmental issues with Locality Teams. Establish mechanisms for ensuring responsiveness to local priorities and hotspots and accountability for levels of service.	Nov 2016	Waste and Cleansing Operations
64	Initiate dialogue with Registered Social Landlords regarding public realm management partnering arrangements	Feb 2017	Housing Services
65	Continue to work with organisations such as Keep Scotland Beautiful, APSE and Zero Waste Scotland to explore opportunities for external funding and keep abreast of best practice within the sector	Ongoing	Waste and Cleansing

			Operations
Anticipated Outcome			
We exploit more opportunities for external or joint funding for local environment improvement initiatives. We continue to work at a local level to understand the needs of our communities and accommodate these needs into service delivery schedules.			

Governance, Risk and Best Value Committee

10.00am, Thursday 17 November 2016

Capital Monitoring 2016/17 – Half Year Position – referral report from the Finance and Resources Committee

Item number	7.5
Report number	
Executive/routine	
Wards	

Executive Summary

On the 3 November 2016 the Finance and Resources Committee considered a report that set out the overall position of the Council's capital budget at the half year position (based on month five data) and the projected outturn for the year. The report has been referred to the Governance, Risk and Best Value Committee for consideration as part of its work-plan.

Links

Coalition Pledges	See attached report
Council Priorities	See attached report
Single Outcome Agreement	See attached report

Terms of Referral

Capital Monitoring 2016/17 – Half Year Position

Terms of Referral

- 1.1 The month five position showed that the Council was projecting to borrow £63.698 million and would be in receipt of grants and capital income amounting to £100.877 million. Together this would fund projected capital investment of £164.575 million. The level of borrowing was projected to be £1.235 million less than budget based on both the net impact of a small deficit in capital receipts /grant income and slight slippage on gross expenditure.
- 1.2 The Finance and Resources Committee agreed:
 - 1.2.1 To note the projected capital outturn positions on the General Fund and Housing Revenue Account (HRA) at month five.
 - 1.2.2 To note the prudential indicators at month five.
 - 1.2.3 To note the proposed prudential borrowing for Mortonhall Crematorium refurbishment investment, and remit for approval on 24 November 2016.
 - 1.2.4 To refer the report to the Governance, Risk and Best Value Committee as part of its work-plan.

For Decision/Action

- 2.1 The Governance, Risk and Best Value Committee is asked to consider the report as part of its work-plan.

Background reading/external references

Minute of the Finance and Resources Committee, 3 November 2016

Kirsty-Louise Campbell

Interim Head of Strategy and Insight

Contact: Veronica MacMillan, Committee Clerk

E-mail: veronica.macmillan@edinburgh.gov.uk | Tel: 0131 529 4283

Links

Coalition Pledges	See attached report
Council Priorities	See attached report
Single Outcome Agreement	See attached report
Appendices	See attached reportv

Finance and Resources Committee

10.00am, Thursday, 3 November 2016

Capital Monitoring 2016/17 – Half year position

Item number	7.3
Report number	
Executive/routine	
Wards	

Executive Summary

The month five position shows that the Council is projecting to borrow £63.698m and will be in receipt of grants and capital income amounting to £100.877m. Together this will fund projected capital investment of £164.575m. The level of borrowing is projected to be £1.235m less than budget based on both the net impact of a small deficit in capital receipts / grant income and slight slippage on gross expenditure.

Links

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

Capital Monitoring 2016/17 – Half year position

1. Recommendations

- 1.1 Members of the Finance and Resources Committee are requested to:
- 1.1.1 Note the projected capital outturn positions on the General Fund and HRA at month five;
 - 1.1.2 Note the prudential indicators at month five;
 - 1.1.3 Note the proposed prudential borrowing for Mortonhall Crematorium refurbishment investment, and remit to Council for approval on 24 November 2016; and
 - 1.1.4 Refer the report to the Governance, Risk and Best Value Committee as part of its work-plan.

2. Background

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

3. Main report

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

	Outturn Variance at Month Five £000	Outturn Variance at Month Three £000	Movement from Month Three £000
Net (slippage)/acceleration in gross expenditure	(1,485)	0	(1,485)
Net (surplus)/deficit in capital receipts/grant income	250	0	250
Net increase/(decrease) in borrowing requirement	(1,235)	0	(1,235)

- 3.2 As presented in the table at 3.1 above, the month five position reports £1.485m of slippage in gross expenditure, compared to a balanced position at month three. At month five, capital receipt income projects a net deficit of £0.250m compared to a balanced position at month three. The net effect of the variances projected at month five is a reduction of £1.235m in the amount the Council requires to borrow corporately to support its capital programme relative to budgeted assumptions.
- 3.3 Explanations for significant slippage and accelerations projected at month five are presented in Appendix 2.

Capital receipts/grant income

- 3.4 A review of capital receipts from asset sales undertaken by Corporate Property and Finance estimates that net receipts of £18.743m will be realised in 2016/17, compared to a budget of £18.993m resulting in a receipts deficit of £0.250m. The decrease from the month three position relates to estimated fees in relation to these disposals such as associated marketing and legal costs.
- 3.5 Excluding costs of disposal and transfers to capital fund, receipts are projected to balance against budget in 2016/17. However, it should be noted that this is based on a small number of high value receipts that are due in the second half of the year. Therefore, there remains a risk that unforeseen and uncontrollable factors delay settlement of these and that this gross balanced position is not achieved. Colleagues within Corporate Property are closely monitoring the capital receipts position.

Prudential Indicators

- 3.6 The prudential indicator monitoring at month five is shown in Appendix 3.

Housing Revenue Account (HRA)

- 3.7 The Housing Revenue Account is forecasting to balance to budget (no move from month three) as shown in Appendix 4. At month five, the forecast is gross expenditure of £44.334m (£44.334m at month three), capital receipts / grant income of £22.461m (£21.304m at month three) and prudential borrowing of £21.873m (£23.030m at month three). The 2016/17 borrowing requirement has reduced since month three due to an increase in capital receipt income based on an upsurge in sales as the Right to Buy scheme concludes.
- 3.8 Performance against budget is being closely monitored across the HRA capital programme. In order to mitigate against the potential of slippage, opportunities are currently being assessed to accelerate two contracts from the 2017/18 programme, should this be necessary.

Prudential borrowing

- 3.9 Prudential borrowing of £0.3m is proposed to fund additional costs relating to the approved Mortonhall Crematorium refurbishment programme. The borrowing will directly part fund a package of two new cremators and an associated mercury abatement system improving operational resilience of the crematorium. The associated loan charges over a five year period will result in a cost of £0.071m per annum to be funded by income generated by Scientific, Bereavement and Registration Services. As such, the cost of this prudential borrowing can be contained within existing Place revenue resources.

4. Measures of success

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

5. Financial impact

- 5.1 The projected 2016/17 general fund outturn outlines capital borrowing of £63.698m. The overall loan charges associated with this borrowing over a 20 year period would be a principal amount of £63.698m, interest of £41.466m, resulting in a total cost of £105.164m based on a loans fund interest rate of 5.1%. The loan charges will be interest only in the first year, at a cost of £1.644m, followed by an annual cost of £5.176m for 20 years. The borrowing required is carried out in line with the Council's approved Treasury Management Strategy.
- 5.2 The loan charge costs outlined above can be met from this year's revenue budget for loan charges.

6. Risk, policy, compliance and governance impact

- 6.1 Significant budget virements have complied with relevant financial rules and regulations.
- 6.2 Capital monitoring and budget setting processes adopted ensure effective stewardship of resources. The processes applied aim to ensure projects are delivered on time and budget whilst fulfilling the financial criteria of value for money.
- 6.3 Monitoring of major capital projects including risk assessment is carried out by colleagues within the Strategy and Insight division.

7. Equalities impact

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

8. Sustainability impact

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

9. Consultation and engagement

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

10. Background reading/external references

- 10.1 None

Hugh Dunn

Acting Executive Director of Resources

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11. Links

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

Capital Monitoring 2016/17

General Fund Summary

Period 5

Expenditure	Revised Budget £000	Adjusts £000	Total Budget £000	Actual to Date £000	Projected Outturn £000	Projected Variance £000 %	
Chief Executive	15,789	-	15,789	-	15,789	-	0.00%
City Strategy and Economy	397	-	397	91	397	-	0.00%
Communities and Families	45,781	-	45,781	16,453	44,296	(1,485)	-3.24%
Edinburgh Integration Joint Board Place	4,167	-	4,167	2,622	4,167	-	0.00%
Resources - Asset Management Works	83,362	5,628	88,990	18,891	88,990	-	0.00%
	10,936	-	10,936	4,708	10,936	-	0.00%
Total Gross Expenditure	160,432	5,628	166,060	42,765	164,575	(1,485)	-0.89%

Resources

<i>Capital Receipts</i>							
General Services	19,634	-	19,634	5,017	19,634	-	0.00%
Less additional receipt income to capital fund	(5,559)	-	(5,559)	-	(5,559)	-	0.00%
Ring-fenced asset sales	4,895	23	4,918	23	4,918	-	0.00%
Less Fees Relating to Receipts	-	-	-	-	(250)	(250)	
<i>Total Capital Receipts from Asset Sales</i>	<i>18,970</i>	<i>23</i>	<i>18,993</i>	<i>5,040</i>	<i>18,743</i>	<i>(250)</i>	<i>-1.32%</i>
Developer and other Contributions	7,468	2,444	9,912	1,675	9,912	-	0.00%
Capital Grants Unapplied Account drawdown	808	-	808	546	808	-	0.00%
<i>Total Capital Receipts</i>	<i>27,246</i>	<i>2,467</i>	<i>29,713</i>	<i>7,261</i>	<i>29,463</i>	<i>(250)</i>	<i>-0.84%</i>
<i>Grants</i>							
Scottish Government General Capital Grant	41,626	-	41,626	17,344	41,626	-	0.00%
Cycling, Walking and Safer Streets	540	-	540	-	540	-	0.00%
Management Development Funding	29,248	-	29,248	2,885	29,248	-	0.00%
<i>Total Grants</i>	<i>71,414</i>	<i>-</i>	<i>71,414</i>	<i>20,229</i>	<i>71,414</i>	<i>-</i>	<i>0.00%</i>
Total Resources	98,660	2,467	101,127	27,490	100,877	(250)	-0.25%

Balance to be funded through borrowing	61,772	3,161	64,933		63,698	(1,235)	-1.90%
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CAPITAL MONITORING 2016/2017 - Period 5**Slippage and Acceleration on Projects**

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

Key to variance category*Type*

1. Slippage due to unforeseen delays

2. Slippage due to optimistic budget

3. Slippage due to timing of payments

4. Acceleration on a project

Explanation

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

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

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

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

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

	Period 5	Period 3	Movement	Explanations for Significant Slippage / Acceleration	Variance Category
	£000	£000	between periods		
			£000		
<u>Communities and Families</u>					
Early learning and childcare estate improvements	-1,085	0	-1,085	Due to tender submission stage taking longer than originally envisaged.	2
Duncan Place improvement	-400	0	-400	Delay in contract start due to requirement for value engineering exercise to bring project in line with available budget.	1
Total Communities and Families	-1,485	0	-1,485		

PRUDENTIAL INDICATORS 2016/17 - Period 5

Indicator 1 - Estimate of Capital Expenditure

	2015/16 Estimate £000	2015/16 Actual £000	2016/17 Estimate £000	2016/17 Forecast £000	2017/18 Estimate £000	2017/18 Forecast £000	2018/19 Estimate £000	2018/19 Forecast £000	2019/20 Estimate £000	2019/20 Forecast £000	2020/21 Estimate £000	2020/21 Forecast £000
Children & Families	46,877	48,181	0	0	0	0	0	0	0	0	0	0
Corporate Governance	2,729	7,407	0	0	0	0	0	0	0	0	0	0
Economic Development	58	42	0	0	0	0	0	0	0	0	0	0
Health & Social Care	6,328	5,680	0	0	0	0	0	0	0	0	0	0
Services for Communities	76,616	77,149	0	0	0	0	0	0	0	0	0	0
SfC - Asset Management Programme	13,224	14,516	0	0	0	0	0	0	0	0	0	0
Other Capital Projects	259	3,014	0	0	0	0	0	0	0	0	0	0
Unallocated funding - indicative 5 year plan												
2019-2023 funding	0	0	0	0	0	0	0	0	7,000	7,000	7,000	7,000
Chief Executive	0	0	17,291	15,789	1,125	1,125	0	0	0	0	0	0
City Strategy and Economy	0	0	508	397	363	1,230	0	0	0	0	0	0
Communities and Families	0	0	50,436	44,296	7,595	24,549	10,184	12,984	14,766	6,709	558	165
Edinburgh Integration Joint Board	0	0	4,229	4,167	114	152	0	0	0	0	0	0
Place	0	0	98,896	88,990	72,101	92,026	30,719	32,154	24,201	72,698	19,834	19,835
Resources - Asset Management Works	0	0	24,044	10,936	11,035	12,944	8,436	8,334	19,173	29,097	14,000	14,000
Total General Services	146,091	155,989	195,404	164,575	92,333	132,026	49,339	53,472	65,140	115,504	41,392	41,000
Housing Revenue Account	38,253	35,626	48,508	44,334	65,708	65,708	76,500	76,500	84,794	84,794	85,022	85,022
Total	184,344	191,615	243,912	208,909	158,041	197,734	125,839	129,972	149,934	200,298	126,414	126,022

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

Indicator 2 - Ratio of Financing Costs to Net Revenue Stream

	2015/16 Estimate %	2015/16 Actual %	2016/17 Estimate %	2016/17 Forecast %	2017/18 Estimate %	2018/19 Estimate %	2019/20 Estimate %	2020/21 Estimate %
General Services	12.03	11.51	12.00	12.00	11.94	11.66	11.55	N/A
Housing Revenue Account	35.40	37.31	36.64	34.11	39.33	40.73	42.49	44.60

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

Indicator 3 - Capital Financing Requirement

	2015/16 Estimate £000	2015/16 Actual £000	2016/17 Estimate £000	2016/17 Forecast £000	2017/18 Estimate £000	2017/18 Forecast £000	2018/19 Estimate £000	2018/19 Forecast £000	2019/20 Estimate £000	2019/20 Forecast £000	2020/21 Estimate £000	2020/21 Forecast £000
General Services (including finance leases)	1,317,584	1,275,213	1,297,933	1,269,014	1,260,004	1,268,917	1,191,945	1,205,843	1,133,225	1,198,283	1,064,001	1,130,286
Housing Revenue Account	374,029	357,602	377,947	362,890	387,821	375,552	406,950	397,684	437,419	431,267	474,861	470,427
Total	1,691,613	1,632,815	1,675,880	1,631,904	1,647,825	1,644,469	1,598,895	1,603,527	1,570,644	1,629,550	1,538,862	1,600,713

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

Indicator 4 - Authorised Limit for External Debt

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

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

Indicator 5 - Operational Boundary for External Debt

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

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

Indicator 6 - Impact on Council Tax and House Rents

	2016/17	2016/17	2017/18	2017/18	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21
	Estimate	Forecast	Estimate	Forecast	Estimate	Forecast	Estimate	Forecast	Estimate	Forecast
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
for the band "D" Council Tax	2.46	-1.86	9.17	-0.81	13.68	13.07	18.02	24.06	N/A	N/A
for the average weekly housing rents	-0.19	-0.22	-0.68	-0.78	-0.50	-0.60	0.55	0.44	3.50	3.39

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

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

CAPITAL MONITORING 2016/17**Housing Revenue Account Summary****Period 5**

	Revised Budget £000	Actual to Date £000	Projected Outturn £000	Projected Variance	
				£000	%
Gross Expenditure	44,334	12,032	44,334	0	0.0%
Total Gross Expenditure	44,334	12,032	44,334	0	0.0%

Resources					
Capital Receipts	-4,183	-983	-7,444	-3,261	78.0%
Developers and Other Contributions	-11,847	-743	-6,572	5,275	0.0%
Specific Capital Grant	-5,274	-2,485	-8,445	-3,171	0.0%
Total Resources	-21,304	-4,211	-22,461	-1,157	5.4%

Borrowing					
Borrowing	23,030	7,821	21,873	-1,157	-5.0%
Total	23,030	7,821	21,873	-1,157	-5.0%

Governance, Risk and Best Value Committee

10.00am, Thursday 17 November 2016

Revenue Monitoring 2016/17 – Half Year Position – referral report from the Finance and Resources Committee

Item number	7.6
Report number	
Executive/routine	
Wards	

Executive Summary

On the 3 November 2016 the Finance and Resources Committee considered a report that set out the projected overall position for the Council's revenue expenditure budget for 2016/17 at month six, based on analysis of period five data. The report has been referred to the Governance, Risk and Best Value Committee for consideration as part of its work-plan.

Links

Coalition Pledges	See attached report
Council Priorities	See attached report
Single Outcome Agreement	See attached report

Terms of Referral

Revenue Monitoring 2016/17 – Half Year Position

Terms of Referral

- 1.1 The report set out the projected half-year revenue monitoring position for the Council, based on analysis of period five data. The current forecast pointed to a balanced overall position for the year. Attainment of this position was, however, contingent upon undertaking further actions required to deliver a number of approved savings and active management of significant risks and pressures.
- 1.2 The Finance and Resources Committee agreed:
 - 1.2.1 To note the balanced position forecast for the year.
 - 1.2.2 To note the on-going risks and challenges across all service areas which would require further management actions and regular scrutiny for the remainder of the year.
 - 1.2.3 To note the balanced position projected on the Housing Revenue Account (HRA) after making a £14.2 million budgeted contribution towards housing investment.
 - 1.2.4 To refer the report to the Governance, Risk and Best Value Committee as part of its work-plan.

For Decision/Action

- 2.1 The Governance, Risk and Best Value Committee is asked to consider the report as part of its work-plan.

Background reading/external references

Minute of the Finance and Resources Committee, 3 November 2016

Kirsty-Louise Campbell

Interim Head of Strategy and Insight

Contact: Veronica MacMillan, Committee Clerk

E-mail: veronica.macmillan@edinburgh.gov.uk | Tel: 0131 529 4283

Links

Coalition Pledges	See attached report
Council Priorities	See attached report
Single Outcome Agreement	See attached report
Appendices	See attached report

Finance and Resources Committee

10.00am, Thursday, 3 November 2016

Revenue Monitoring 2016/17 – half-year position

Item number	7.4
Report number	
Executive/routine	
Wards	

Executive summary

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

Links

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

Revenue Monitoring 2016/17 – half-year position

1. Recommendations

- 1.1 Members of the Finance and Resources Committee are asked to:
 - 1.1.1 note the balanced position forecast for the year;
 - 1.1.2 note the on-going risks and challenges across all service areas which will require further management actions and active and regular scrutiny for the remainder of the year;
 - 1.1.3 note the balanced position projected on the Housing Revenue Account (HRA) after making a £14.2m budgeted 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

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

3. Main report

- 3.1 This report represents the second of the quarterly revenue monitoring reports for 2016/17. On-going analysis of the revenue position is undertaken in line with agreed, risk-based principles, with any material changes reported in the intervening periods as required. Initial budget review and challenge meetings have been held and further sessions are planned. These have helped to enhance the focus on the prompt identification of, and development of appropriate mitigating action to address, service risks and pressures.

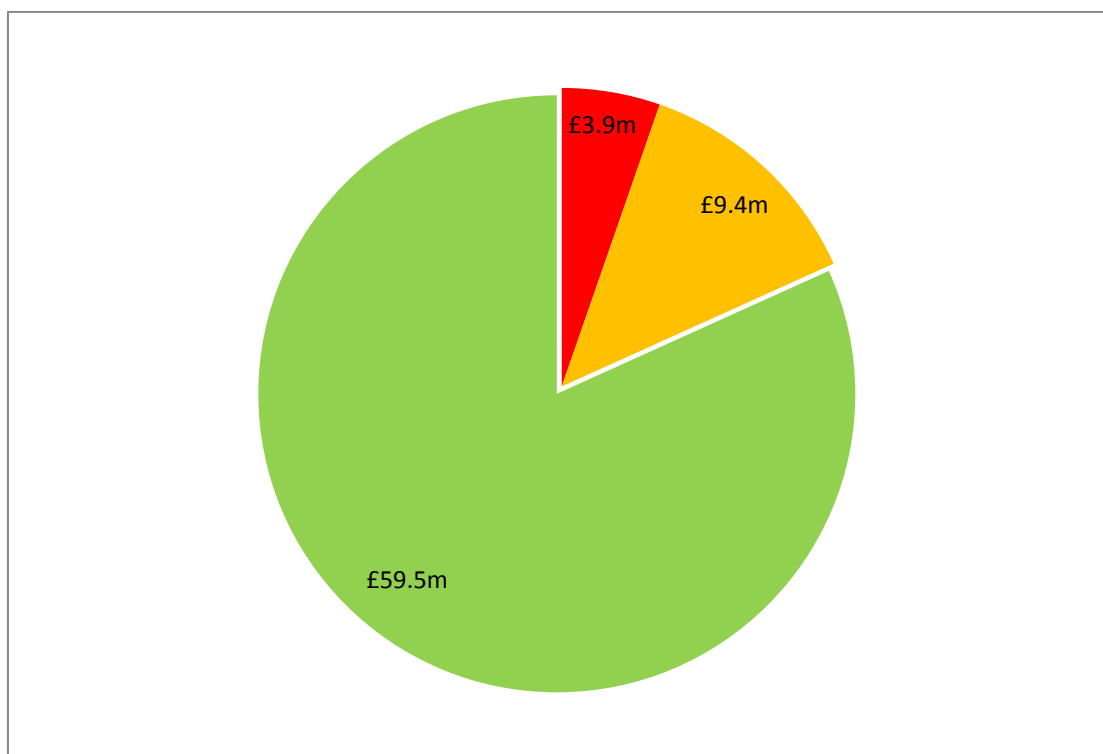
Overall position

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

Savings delivery

- 3.3 Members will recall that approval of a balanced budget for 2016/17 was predicated on the delivery of around £70m of service-specific and corporate savings. As of September, the overall RAG assessment of these savings indicates that, on the basis of actions planned or already undertaken, some 95% are on target to be delivered in full as shown in the chart below.

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



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

- 3.5 The net effect of any risk of shortfall in delivery is reflected in the overall position as assessed by service areas in the following sections. Executive Directors also continue to manage a range of risks and pressures, the most material of which, alongside any identified mitigating actions, are included as Appendix 3.

Service-specific budgets - Communities and Families

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

Health and Social Care

- 3.9 The period five outturn forecast indicates a projected overspend of £3.4m relating to potential slippage in delivery of approved savings under the Health and Social Care Transformation Programme.
- 3.10 An allocation of £3.5m of non-recurring funding from the Social Care Fund was previously agreed by the Edinburgh Integration Joint Board (EIJB) on 13 May 2016 to mitigate in part the delay in delivery of savings in 2016/17. On 16 September 2016, the EIJB provisionally agreed to allocate up to a further £3.4m of non-recurring funding from the Social Care Fund to offset the unachieved savings, therefore enabling delivery of a balanced position for the year. As with other demand-led services, however, going forward it is essential that the approved level of saving is delivered as an important step towards securing financial sustainability.

Place

- 3.11 At period five, a balanced overall position is being forecast. The directorate is, however, delivering over £12m of savings in 2016/17 and has in addition identified new pressures totalling £7.2m. Pressures associated with waste services (£2.7m) and maintenance of North Bridge (£1.3m) can be partially mitigated through the use of reserves.
- 3.12 The service is still developing plans to contain further residual pressures resulting from loss of income associated with the crematorium refurbishment

(£1.5m), Edinburgh Road Services (£2m) and a shortfall in tram advertising income (£0.5m).

- 3.13 A further emerging risk relates to a historical contractual claim in respect of the Council's waste disposal arrangements. Members will be kept apprised of progress as this develops.
- 3.14 Given the risks outlined above, the Executive Director of Place will continue to work to identify measures with the aim of delivering a balanced position by the year-end.

Resources

- 3.15 As of period five, the Resources Directorate is reporting a balanced overall position, with delivery of transformation programme savings assessed to be on track.

City Strategy and Economy

- 3.16 As of period five, a balanced overall position is forecast for the service. The achievement of increased income targets for museums, galleries and venues remains a risk, however, due to its demand-led nature.

Chief Executive

- 3.17 The Executive function comprises the areas of ICT, Strategy and Insight and Communications. As of period five, a balanced overall position is forecast, although risks exist around the adequacy of current-year budget provision to address all liabilities associated with the transition to the new ICT service provider.

Safer and Stronger Communities

- 3.18 At month five, Safer and Stronger Communities is projecting a balanced position. While forecast pressures have been identified relating to the delivery of approved savings, at this stage it is anticipated that mitigating management action, including vacant posts and accelerated savings in some service areas, will be available to offset these on a one-off basis.

Corporate budgets

- 3.19 In maximising the level of investment available for frontline priority services, significant savings have been generated in recent years' budgets through both increasing Council Tax collection levels (with 2015/16 in-year collection representing the Council's best-ever performance) and realising savings in loans charges through proactive treasury management, particularly using available cash balances in lieu of undertaking external borrowing.
- 3.20 While opportunities to identify further savings are correspondingly more limited, analysis in these and other corporate areas is on-going and may alleviate existing pressures or provide some contingency against potential risks elsewhere within the Council crystallising.

Housing Revenue Account

- 3.21 A balanced position is forecast after making a required £14.2m contribution to the Housing Investment Reserve to fund future delivery of the affordable housing strategy as set out in the HRA business plan. Approved budget savings of £1.664m in relation to reductions in housing management, repairs and maintenance and ICT costs are forecast to be achieved.

4. Measures of success

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

5. Financial impact

- 5.1 The report's contents point to a balanced overall position. Attainment is, however, contingent upon undertaking further actions required to deliver a number of approved savings and active management of significant risks and pressures for the remainder of the year.
- 5.2 The Council's Financial Regulations set out Executive Directors' responsibilities in respect of financial management, including regular consideration of their service budgets such that overall expenditure is contained within approved levels.

6. Risk, policy, compliance and governance impact

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

7. Equalities impact

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

8. Sustainability impact

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

9. Consultation and engagement

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

10. Background reading/external references

- 10.1 Service monitoring statements for period five.

Hugh Dunn

Acting Executive Director of Resources

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Links

Coalition pledges	P30 – Continue to maintain a sound financial position including long term financial planning
Council outcomes	CO25 – The Council has efficient and effective services that deliver on objectives
Single Outcome Agreement	SO1 – Edinburgh's economy delivers increased investment, jobs and opportunities for all SO2 – Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health SO3 – Edinburgh's children and young people enjoy their childhood and fulfil their potential SO4 – Edinburgh's communities are safer and have improved physical and social fabric

Appendices

Appendix 1 – Service analysis

Appendix 2 – 2016/17 budget savings RAG assessment – savings assessed as red in part or in full

Appendix 3 – Service risks and pressures

THE CITY OF EDINBURGH COUNCIL

REVENUE MONITORING 2016-17

PERIOD 5 REPORT

SERVICE ANALYSIS

Account	Revised Budget £000	Budget to Date £000	Actual to Date £000	Variance to Date		Projected Outturn £000	Projected Variance	
				£000	%		£000	%
Communities and Families	337,776	139,384	142,602	3,218	2.3%	337,776	0	0.0%
Chief Executive	39,470	18,510	18,912	402	2.2%	39,470	0	0.0%
City Strategy and Economy	19,850	11,229	11,229	0	0.0%	19,850	0	0.0%
Safer and Stronger Communities	25,478	8,962	9,192	230	2.6%	25,478	0	0.0%
Health and Social Care	184,178	101,613	102,963	1,350	1.3%	184,178	0	0.0%
Resources	133,267	43,199	43,199	0	0.0%	133,267	0	0.0%
Place	44,848	21,535	23,887	2,352	10.9%	44,848	0	0.0%
Valuation Joint Board Requisition	3,744	1,560	1,560	0	0.0%	3,744	0	0.0%
Direct Service Expenditure	788,611	345,992	353,544	7,552	2.2%	788,611	0	0.0%
Council-wide - Energy Costs	250	0	0	0	n/a	250	0	0.0%
Council-wide - Living Wage	1,032	0	0	0	n/a	1,032	0	0.0%
Council-wide - Non-Domestic Rates	442	0	0	0	n/a	442	0	0.0%
General Fund Services Subtotal	790,335	345,992	353,544	7,552	2.2%	790,335	0	0.0%
Net Cost of Benefits	(62)	(26)	(6,703)	(6,677)	n/a	(62)	0	0.0%
Pension Auto Enrolment	507	0	0	0	n/a	507	0	0.0%
Pension Fund - Lump Sum Payment	3,064	1,277	1,277	0	0%	3,064	0	0.0%
Non Distributed Costs	5,816	2,423	2,423	0	0%	5,816	0	0.0%
Non-Domestic Rates - Discret. Relief	350	0	0	0	n/a	350	0	0.0%
Carbon Tax	1,200	1,200	1,219	19	1.6%	1,200	0	0.0%
Insurance Premiums	3,513	0	0	0	n/a	3,513	0	0.0%
Loans Charges / Interest on Rev Bals	116,488	0	0	0	n/a	116,488	0	0.0%
Council Transformation	4,050	1,688	1,357	(331)	n/a	4,050	0	0.0%
Prior Year, Other Adjustments and staff release costs	10,592	0	0	0	n/a	10,592	0	0.0%
Dividend and Investment Income	(6,500)	0	0	0	n/a	(6,500)	0	0.0%
Total General Fund	929,353	352,554	353,117	564	n/a	935,853	0	0.0%
Funding								
General Grant Funding	(343,039)	(142,933)	(142,933)	0	0%	(343,039)	0	0.0%
Non Domestic Rates	(374,650)	(156,104)	(156,104)	0	0%	(374,650)	0	0.0%
Council Tax	(238,631)	(99,430)	(99,430)	0	0%	(238,631)	0	0.0%
Less: Council Tax Reduction Scheme	26,252	10,938	10,938	0	0%	26,252	0	0.0%
Operating Deficit / (Surplus)	(715)	(34,975)	(34,411)	564	n/a	5,785	0	0.0%
Contribution to / (from) Reserves								
Earmarked Reserves								
- Capital Fund	(2,000)	0	0	0	n/a	(2,000)	0	0.0%
- Service Transformation	1,700	0	0	0	n/a	1,700	0	0.0%
- Dilapidations Fund	700	0	0	0	n/a	700	0	0.0%
- Various	315	0	0	0	n/a	315	0	0.0%
- Spend to Save				0	n/a		0	#DIV/0!
- Other earmarked Balances				0	n/a		0	#DIV/0!
Total Contribution to / (from) Reserves	715	0	0	0	n/a	715	0	0.0%
In-year Deficit / (Surplus)	0	0	0	0	n/a	0	0	n/a
Housing - HRA	0	(21,623)	(26,621)	(4,998)	n/a	0	0	n/a

Revised budget figures are subject to ongoing update as Transformation workstreams progress.

Net Cost of Benefits variance reflects the profile of sums received from the Department for Work and Pensions and is anticipated to be in line with budgeted levels by the year-end.

Savings description	Service area	Approved level of saving, 2016/17 (£000)	RAG Status (insert relevant element of saving under each heading. These amounts should be shown net of any assumed mitigating action)			Approved further level of saving, 2017/18 to 2019/20	RAG Status (insert relevant element of saving under each heading. These amounts should be shown net of any assumed mitigating action)			Categorisation	Basis of current status	Planned actions and associated timescales for delivery of savings
			Red	Amber	Green		Red	Amber	Green			
Transformation: Re-ablement; Demand Management; Telecare	Health and Social Care	4,137	3,376	761	0	4,943	0	4,943	0	Health and Social Care	These savings proposals are being revisited through the H&SC Transformation Programme. A prudent approach has been taken when assessing in-year delivery and this is reflected in the £0.761m at amber. A significant (c£4m) step-up in 2017/18 is forecast.	The next stage is to agree the business cases and develop implementation plans which take account of the preliminary work undertaken.
Total Health and Social Care		4,137	3,376	761	0	4,943	0	4,943	0			
Tram Advertising Income	Place	500	500	0	0	0	0	0	0	Planning and Transport	The approved budget saving is predicated on generation of additional income through the Council's existing advertising contract by selling naming rights and "wrapping" Edinburgh Trams. As of the time of writing, however, no specific plans have been agreed to contribute towards the current year's income target.	Ongoing dialogue with contractor.
Total Place		500	500	0	0	0	0	0	0			
Total all areas			3,876	761			0	4,943				

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

SERVICE RISK AND PRESSURES

Appendix 3

Risk or pressure description	Service area	Estimated financial impact, 2016/17 (£000)	Any estimated further impact, 2017/18 to 2019/20 (£000)	Residual risk after taking account of mitigating actions, 2016/17	Residual risk status, 2016/17	Explanatory notes, including description of any recurring pressures and mitigating measures implemented or proposed to date. This analysis should include consideration of the Council's key risks as they affect the service area's activities.
Waste Service Pressure	Place	2,700	1,800	2,700		Following analysis of the 2015/16 position and the roll-out of recent service changes (recycling redesign, ceasing commercial waste at CRC sites, etc.) it is estimated that the pressure in waste services for 2016/17 will be around £2.7m, without any further savings measures. The market for recycle continues to be volatile and there is a risk that the cost of disposing recyclable waste could increase this overspend significantly.
North Bridge Maintenance	Place	1,315	1,235	465		Following routine inspection work, significant maintenance expenditure is required on North Bridge. Prior to capital funding being made available (c£9-13m is required), revenue funding is required for these preparatory works and to set up a project team to carry out initial work to develop the scope of the capital project. Some of these costs have been met from within the overall transport budget, but the service is unable to contain the full cost.
Mortonhall - Income shortfall	Place	2,000	0	1,500		The crematorium is currently closed for refurbishment work. This is resulting in a significant loss of income, which is being partially offset by additional income from Scientific Services. The service is developing a mitigation plan to help address the income shortfall, but this is unlikely to address the pressure in full.

Risk or pressure description	Service area	Estimated financial impact, 2016/17 (£000)	Any estimated further impact, 2017/18 to 2019/20 (£000)	Residual risk after taking account of mitigating actions, 2016/17	Residual risk status, 2016/17	Explanatory notes, including description of any recurring pressures and mitigating measures implemented or proposed to date. This analysis should include consideration of the Council's key risks as they affect the service area's activities.
Winter Weather	Place	Risk	Risk	Risk remains, but level reduced		The roads budget for gritting and snow-clearing is based on an average winter. A harsh winter (such as those experienced in 2010 and 2011) could create a substantial pressure. The reserve created to mitigate this pressure was initially used in 2015/16 to address the overspend in Health and Social Care but was able to be reinstated as part of year-end accounts closure and, as such, provides an element of contingency against a severe winter.
ICT Contract - potential cost changes following transition and mobilisation	Chief Executive	TBC	TBC	TBC		Following commencement of the Council's ICT contract with CGI on 1st April 2016, there are a number of change issues, which are currently being negotiated with CGI and which may give rise to a contractual price change.
Out of Council Residential Care (Pressure)	Communities and Families	1,200	1,200	1,200		The service has annual approved savings of £1.8m against Out of council residential placements by 2017/18 compared to the 2012/13 budget. This has proved very challenging to deliver at the same time as reductions of £3.5m have been made to internal residential services. The service has assessed that there will be an ongoing demand for approximately £1.2m of placements in future. This pressure has been reported to CLT and the service is in the process of identifying alternative savings for 17/18 onwards.

SERVICE RISK AND PRESSURES

Risk or pressure description	Service area	Estimated financial impact, 2016/17 (£000)	Any estimated further impact, 2017/18 to 2019/20 (£000)	Residual risk after taking account of mitigating actions, 2016/17	Residual risk status, 2016/17	Explanatory notes, including description of any recurring pressures and mitigating measures implemented or proposed to date. This analysis should include consideration of the Council's key risks as they affect the service area's activities.
Secure Care (Risk)	Communities and Families	1,200	1,200	1,200		The budget for secure places is 8. Average usage for 2015/16 was 13 and in March 2016 this number was 16. If the average usage of 13 continues then the pressure will be £1.375m. Changing this pattern of secure risk requires culture change and practice changes across a range of children's services. Further to the recent transformation process for children's services, frontline manager engagement on this issue was put in place from 8 June.