

# Notice of meeting and agenda

## Governance, Risk and Best Value Committee

**10:00am, Tuesday, 20 February 2018**

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

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

### Contact –

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## **1. Order of Business**

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

## **2. Declarations of Interest**

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

## **3. Deputations**

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- 3.1 If any

## **4. Minutes**

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- 4.1 Minute of the Governance, Risk and Best Value Committee of 16 January 2018 – submitted for approval as a correct record (circulated)

## **5. Outstanding Actions**

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- 5.1 Outstanding Actions – 20 February 2018 (circulated)

## **6. Work Programme**

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- 6.1 Governance, Risk and Best Value Work Programme – 20 February 2018 (circulated)

## **7. Reports**

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- 7.1 Revenue Monitoring 2017/18 – Month Eight Position – referral from the Finance and Resources Committee (circulated)
- 7.2 Capital Monitoring 2017/18 – Month Nine Position – referral from the Finance and Resources Committee (circulated)
- 7.3 Edinburgh Shared Repairs Service (ESRS) and Legacy – Programme Progress Report – referral from the Finance and Resources Committee (circulated)
- 7.4 Risks Arising from Carillion PLC Entering Administration - report by the Executive Director of Resources (circulated)
- 7.5 Licensing Forum: Review of Constitution and Membership – report by the Executive Director of Place (circulated)
- 7.6 Change Management Reform – report by the Chief Executive (circulated)

## 8. Motions

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8.1 None.

### Laurence Rockey

Head of Strategy and Insight

### Committee Members

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Councillors Mowat (Convener), Main (Vice-Convener), Ian Campbell, Jim Campbell, Gordon, Lang, Munro, Rae, Ritchie, Watt and Webber.

### Information about the Governance, Risk and Best Value Committee

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The Governance, Risk and Best Value Committee consists of 11 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

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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](mailto: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](http://www.edinburgh.gov.uk/cpol).

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## Governance, Risk and Best Value Committee

10.00am, Tuesday, 16 January 2018

### Present

Councillors Mowat (Convener), Main (Vice-Convener), Bird (substitute for Councillor Ritchie), Jim Campbell, Gordon, Lang, Munro, Staniforth (substitute for Councillor Rae), Watt and Webber.

### 1. Minute

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#### Decision

To approve the minute of the Governance, Risk and Best Value Committee of 28 November 2017 as a correct record subject to the addition in the decision of Item 5 – Edinburgh Leisure Annual Report 2016/17:

“To include in the annual report the results of the review of independent access to venues which was being carried out.”

### 2. Outstanding Actions

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

#### Decision

- 1) To add a note to Action 3 – Corporate Leadership Team Risk Update – that the update report to the Corporate Policy and Strategy Committee in December 2018 would be referred to this Committee.
- 2) To ask for an update on progress to the next meeting on Action 4 – Home Care and Re-ablement service Contact Time
- 3) To request an update for the timescales for Action 6 – Governance of the Edinburgh Partnership.
- 4) To agree to close Action 21 – External Audit Review of CGI IT Security Controls.
- 5) To note the remaining outstanding actions.

(Reference – Outstanding Actions – 16 January 2018, submitted.)

### 3. Work Programme

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#### Decision

To note the work programme.

(Reference – Governance, Risk and Best Value Committee Work Programme – 16 January 2018, submitted.)

### 4. Edinburgh Health and Social Care Partnership – Update on Financial Position of the City of Edinburgh Council Services – referral from the Finance and Resources Committee

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The Finance and Resources Committee had referred a report on a service-specific update on the Council's position for Health and Social Care, to the Governance, Risk and Best Value Committee for consideration as part of its work programme.

#### Decision

- 1) To note the report.
- 2) To request a report to the Edinburgh Partnership focusing on prevention and how all partners in the City could contribute to this workstream.

(References – Finance and Resources Committee 7 November 2017 (item 11); referral report from the Finance and Resources Committee, submitted.)

#### Declaration of Interest

Councillors Main and Webber declared a non-financial interest in the above item as members of the Edinburgh Integration Joint Board.

### 5. 2016-17 Annual Audit Report and Review of Internal Controls – Progress Update

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An update was provided on the progress of the Annual Audit Report and review of the Council's Internal Control framework against the agreed improvement actions. A further progress update on longer-term actions were to be reported to the Committee in May 2018.

#### Decision

- 1) To note the progress made to date in addressing the actions contained within the Annual Audit Report and review of the Council's internal control framework.
- 2) To note that a further update on longer-term actions would be provided to the Committee's meeting in May 2018.

(References – Governance, Risk and Best Value Committee 26 September 2017 (item 9); joint report by the Chief Executive and the Executive Director of Resources, submitted.)

## 6. Internal Audit Quarterly Update Report – Quarter 2 (1 July – 30 September 2017)

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Details were provided on the Internal Audit reviews completed in Quarter two together with an update on progress with the overall delivery of the 2017/18 Internal Audit plan. Additional reviews were to be added to the plan where considered necessary to address any emerging risks and issues identified during the year, subject to formal approval by the relevant Committee.

The Internal Audit plan delivery had been significantly impacted by resourcing challenges within the team and a capacity analysis had been undertaken to assess the ability of the team to deliver the balance of the plan.

### Decision

- 1) To note that Internal Audit issued a total of six Internal Audit reports in the 2017/18 plan year with four reports being issued in Quarter 2 (1 July to 30 September 2017).
- 2) To note the risks associated with the two High rated findings raised.
- 3) To refer the Starters and Local Development Plan and Action Programme audit reports to the appropriate Council executive committees for information and further scrutiny where appropriate.
- 4) To refer the Starters audit report to the Edinburgh Integration Joint Board Audit and Risk Committee, as this could have a direct impact on the services delivered by the Health and Social Care Partnership.
- 5) To note that no reports were referred by the Edinburgh Integration Joint Board Audit and Risk Committee to Governance, Risk and Best Value Committee at their meeting in September 2017.
- 6) To note the volume of Internal Audit work in progress as at the end of Quarter two (30 September 2017) and the status of progress with the annual audit plan as at 30 November 2017.
- 7) To note that following a request for an update at Committee in November 2017, the resourcing challenges currently affecting upon Internal Audit capacity and recognise their potential impact on delivery of the 2017/18 Internal Audit plan as detailed at Paragraph 3.5 and Appendix 2 of the report by the Chief Internal Auditor.
- 8) To approve Option 2 in the report as the best approach to deliver the 2017/18 annual Internal Audit plan based on the options outlined at Paragraph 3.5 of the report. This would involve purchasing additional days from PwC under the current co-source agreement to support delivery of the plan and an Internal Audit annual assurance opinion for 2017/18 based on an appropriate level of coverage of the Council's key risks. In doing so to note that this approach would incur additional, unplanned costs and the Executive Director of Resources had

endorsed an additional spend of up to £100k to support this critical work. In approving the proposals set out in Paragraph 3.5 of the report, to agree that the proposed audit on waste services should be considered a priority for early delivery in 2018/19.

(Reference –report by the Chief Internal Auditor, submitted.)

## **7. Accounts Commission – Local Government in Scotland – Financial Overview 2016-17**

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Details were provided on the Accounts Commission’s Scotland-wide review of local government financial performance for 2016/17 which was published in November 2017. The overview report was aimed primarily at councillors and senior officers and assessed councils’ financial performance and preparedness in the context of a number of existing and emerging challenges.

### **Decision**

- 1) To note the report by the Executive Director of Resources.
- 2) To refer the report to the Finance and Resources Committee for its consideration in the context of setting the Council’s 2018/23 revenue and capital budget framework.
- 3) To circulate a copy of the Account Commission: Local Government in Scotland – Financial Overview 2016/17, to all councillors for information.
- 4) To provide details on why the renewals and repair fund element of the Council’s reserves was so significant.

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

## **8. Internal Audit – Overdue Recommendations and Late Management Responses – as at 26 October 2017**

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The current overdue Internal Audit recommendations were considered together with audit reports that had been issued where final management responses had not been received within the two-week service standard.

### **Decision**

- 1) To note the status of the overdue Internal Audit recommendations as at 26th October 2017.
- 2) To note that there were currently two reports issued in draft where management responses had not been received within the two-week service standard, and one report that had been delayed due to changes in the Internal Audit team.
- 3) To note the proposals to address challenges associated with timing of audit responses received and quality of evidence provided to support closure of recommendations.
- 4) To provide details in the next regular report on the progress with improving quality of evidence to support validation.



- 5) To ask that specific problems of management responses not being received within the two-week service standard be identified in the follow up report.

(Reference – report by the Chief Internal Auditor, submitted.)

## **9. Corporate Leadership Team Risk Update**

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Details were provided on the Council's top risks and the key controls in place to mitigate them as at 6 December 2017. These risks had been scrutinised and challenged by the Corporate Leadership Team and were presented for oversight and review.

### **Decision**

- 1) To note the report by the Executive Director of Resources.
- 2) To request a written member briefing which outlined the risks to the Council arising from the decision by Carillion to enter into administration, with a full report to be provided to the February meeting of the Committee.

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

## **10. Status of the ICT Programme**

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Details were provided on the programme of works within ICT and the current services delivered by the Council's external ICT partner, CGI.

### **Decision**

- 1) To note the report by the Executive Director of Resources.
- 2) To agree that in the absence of a significant improvement in the delivery of the contract, representatives of CGI should be invited to attend a further meeting of the Committee on 8 May 2018.
- 3) To ask the Executive Director to provide details on why the length of contract was determined and whether this was best practice.

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

## **11 External Audit Review of CGI IT Security Controls – Progress Update**

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The Council, in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973, excluded the public from the meeting during consideration of the following item of business for the reason that it involved the likely disclosure of exempt information as defined in Paragraphs 6 of Part 1 of Schedule 7(A) of the Act.

An update was provided on a series of identified improvement actions following the receipt of the external auditor's report together with agreed deadlines for delivery of these improvements by CGI.

## **Decision**

- 1) To note the progress update, as externally assessed by Scott Moncrieff on the effectiveness of the ICT security controls operated by CGI on behalf of the Council.
- 2) To ask for a report providing an update on the audit actions and covering general security for the May Committee meeting.

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

## **13. Whistleblowing Monitoring Report**

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The Council, in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973, excluded the public from the meeting during consideration of the following item of business for the reason that it involved the likely disclosure of exempt information as defined in Paragraphs 1, 12 and 15 of Part 1 of Schedule 7(A) of the Act.

An overview of the disclosures received and investigation outcome reports completed during the period 1 July to 30 September 2017 was provided.

## **Decision**

To note the report by the Chief Executive.

(Reference – report by the Chief Executive, submitted)

## Governance, Risk and Best Value Committee

February 2018

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
1	19/10/2015	<a href="#">Committee Report Process</a>	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	May 2018		Work has been undertaken looking at different options. An option has been identified and funding options are being explored.
2	21/04/2016	<a href="#">Internal Audit – Audit and Risk Service: Delivery Model Update</a>	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.	Executive Director of Resources	June 2018		A verbal update on appointments was provided in February 2017. An update on new service model will be provided after one year.  Assurance of

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							progress was provided within the Internal Audit Opinion Report considered on 1 August 2017.
3	26/09/16	<a href="#">Corporate Leadership Team Risk Update</a>	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.	Executive Director of Resources	December 2018		<p>A report was submitted to the Corporate Policy and Strategy Committee in December 2017 who have called for a further update in 12 months.</p> <p>The update report will then be referred to this Committee.</p>
4	24/10/16	<a href="#">Home Care and Re-ablement Service Contact Time</a>	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	Ongoing		The Edinburgh Health and Social Care Partnership developed a high-level plan to

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
	29/09/17		To ask the Chief Officer, Edinburgh Health and Social Care Partnership to provide an update on why the new ICT system for shift allocation was not implemented earlier in the year				address the challenges faced by the Partnership in the short- and medium-term. Objectives and detailed action plans for the priority workstreams would follow. The review of home care services would be included in this, although it is not possible at this stage to say when plans would be available.
5.	22/12/2016	<a href="#">Internal Audit Quarterly Update Report: 1 July 2016 – 30 September 2016</a>	To request an update report on the recommendation for Edinburgh Buildings Services by November 2017.	Executive Director of Place	April 2018		The update for members on the Internal Audit recommendation for Edinburgh Buildings Services would be delayed to coincide with the 17/18 audit

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							<p>plan review on the area which was due to finish in December 2017.</p> <p>Audit work has completed the draft report is being prepared. Completion of the audit was delayed due to the time taken to retrieve records from storage to support our testing. Audit report will be finalised by 31<sup>st</sup> March and an update can be provided to the April GRBV Committee meeting.</p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
6	09/03/2017	<a href="#">Outstanding Actions</a>	To request that the report on the Governance of the Edinburgh Partnership would be referred from the Communities and Neighbourhoods Committee to the Governance, Risk and Best Value Committee.	Chief Executive	April 2018		16.01.18 An update has been requested for the timescales.
	26/09/17	<a href="#">Outstanding Actions – 26 September 2017</a>	To request a timeline for the development of governance arrangements for the Edinburgh Partnership	Chief Executive			Timescales have been pushed back as this work has been subsumed into the review of Edinburgh Partnership Governance, which is currently underway.
7.	20/04/2017	<a href="#">Governance of Major Projects: progress report</a>	To note the review underway for how change was reported and managed across the Council which will also include strengthening of governance arrangements around project and programme delivery. This would be reported to the Governance, Risk and	Chief Executive	February 2018	20 February 2018	<b>Recommended for Closure</b>  The report forms part of the Change Management report which will be considered together with the Audit report.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			<p>Best Value Committee with developed proposals in the next reporting period.</p> <p>To request that members of Governance, Risk and Best Value Committee have input into the scope of the lessons learned report to be drafted on the New Boroughmuir High School and that this report was referred to the Governance, Risk and Best Value Committee following consideration at the Education, Children and Families Committee.</p> <p>To request communication with teachers, parents and parent councils on the progress with WIFI provision in schools</p>				<p><i>Action 1</i> - The report on Portfolio of Change, key themes, schedule of delivery and the refreshed governance arrangements is on the agenda for this meeting.</p> <p><i>Action 2</i> - The lessons learned exercise will be carried out as part of the normal project activity at the end of the project. The scope will be shared with elected members for comment.</p> <p><i>Action 3</i> – The Chief Information Officer/Head of ICT</p>



No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							has met with the Parent Council of JGHS to update them on the progress of WiFi in the school
8.	29/08/2017	<a href="#">Status of the ICT Programme</a>	<p>To ask the Executive Director for Communities and Families for a report on:</p> <ol style="list-style-type: none"> <li>1) How the decision was taken to enable pupils attending James Gillespie's High School to bring their own IT devices rather than Council devices.</li> <li>2) What advice James Gillespie's High School were given by the directorate on the implications of their decision.</li> </ol>	Executive Director for Communities and Families	January 2018	17 November 2017	<p>GRBV Committee on 17 November 2017.</p> <p>This action will not close until it has been considered by the Education, Children and Families Committee.</p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			<p>3) Further information of other schools within the City who are in the same situation and their experiences.</p> <p>4) Possible solutions to the issue raised by the deputation on the lack of wi-fi at the High School and related timescales.</p>				
9	01/08/2017	<a href="#">Governance, Risk and Best Value Work Programme – 1 August 2017</a>	To note an investigation report on retention of case records would be reported to the appropriate committee and a timescale for this would be provided as soon as possible.	Executive Director for Communities and Families	March 2018		<p>The Executive Director for Communities and Families will provide an update once the Chief Internal Auditor's investigation is concluded.</p> <p>The final audit report would be referred from the</p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							Corporate Policy and Strategy Committee to GRBV in March 2018.
10	01/08/2017	<a href="#">Property Conservation Project Closure Review</a>	<p>To request a report on forecasting for potential problems with major projects and plans from the Resilience team to prevent these.</p> <p>To provide members with information on the progress of appointing a single point of contact for all major projects.</p>	Chief Executive	February 2018	20 February 2018	<p><b>Recommended for Closure</b></p> <p>The report forms part of the Change Management report which is on the agenda for this meeting.</p> <p>The report on Portfolio of Change, key themes, schedule of delivery and the refreshed governance arrangements to ensure required management and scrutiny of project/programme</p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							delivery has been referred to the GRBV Committee for consideration
11	01/08/2017	<a href="#">Employee Engagement Update 2017</a>	To request the action plan drafted following the 2017 employee survey was reported to GRBV for scrutiny and approval prior to implementation	Executive Director of Resources	June 2018		The report will be provided following completion of the employee survey which is due to commence in March 2018 and following an analysis and reporting of the results an action plan will be developed and reported to committee to address the results.
12	01/08/2017	<a href="#">Monitoring Officer Investigation</a>	To request a review report on Project Management within the Council.	Chief Executive	February 2018	20 February 2018	<b>Recommended for Closure</b>  The report forms part of the Change

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							Management report which is on the agenda for this meeting.
13	29/08/2017	<a href="#">Roads Services Improvement Plan</a>	To ask for a report back in 6 months time	Executive Director of Place	March 2018		
14	26/09/2017	<a href="#">Internal Audit Quarterly Update Report: 1 January 2017 – 30 June 2017</a>	To request information on:  the total spend on homelessness provision  the checks in place for recovering money from the Government.  the governance of the Homelessness Taskforce	Acting Head of Safer and Stronger Communities	March 2018		A report on the total spend on homelessness provision, recovery of money from the government and governance of the Homelessness Taskforce will be referred to GRBV following consideration by the Housing and Economy Committee

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
15	26/09/2017	<a href="#">Internal Audit: Overdue Recommendations and Late Management Responses</a>	<p>To request an update on: the progress of actions due to close in September.</p> <p>Mortuary Services</p> <p>To request a scoping report with proposals to address the outstanding actions for Health and Social Care back to GRBV with an appendix highlighting who is responsible for each area.</p>	Chief Internal Auditor	May 2018		<p>The requested updates were circulated to members on 9 October 2017.</p> <p>Following discussion with the Chief Officer, it has been agreed that overdue H&amp;SC recommendations will be reviewed in conjunction with the findings of the IJB H&amp;SC purchasing budget audit that is due to complete by 31 March 2018. It is expected that the emerging findings from this review will replace a number of the historic overdue findings.</p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
16	26/09/2017	<a href="#">Principles to Govern the Working Relationships between the City of Edinburgh Council Governance, Risk and Best Value Committee and the Edinburgh Integrated Joint Board Audit and Risk Committee</a>	To accept the high-level principles subject to further information on how elected members could best engage with the process.	Chief Internal Auditor	May 2018		An update will be provided to Committee in May 2018 on how elected members can best engage with the process.
17	26/09/2017	<a href="#">City of Edinburgh Council – 2016/17 Annual Audit Report to the Council and the Controller of Audit</a>	<p>To request an update report in January 2018 on the progress of the improvements recommended in the action plan.</p> <p>To request a briefing to members on Edinburgh Catering Services including the current situation and a breakdown</p>	Chief Executive	March 2018		The briefing on Edinburgh Catering Services was circulated to members on 9 October 2017. A report on this matter was on the October 2017 agenda.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			of what has caused the deficit				
18	31/10/2017	<a href="#">Complaints Management</a>	<p>To note that an update report would be presented to Committee in Spring 2018</p> <p>To include the previous years' comparative figures any future report.</p>	Chief Executive	May 2018		
19	31/10/2017	<a href="#">Spot-checking on the Dissemination of Council Policies</a>	To note that a report which explored with directorates more effective ways to monitor the dissemination and understanding of Council policies by employees would be submitted by Spring 2018.	Chief Executive	May 2018		
20	31/10/2017	<a href="#">Edinburgh Catering Services</a>	To note the actions proposed as part of a general turnaround and improvement plan for the	Executive Director of Resources	March 2018		A full report is to be presented to the Finance and Resources



No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			service and to receive a further report which outlined progress made in March 2018.				Committee in June 2018 and a brief update will be provided to this Committee in March 2018.
21	28/11/17	<a href="#">GRBV Work Programme - November 2017</a>	To request a further report by the Executive Director of Place, reviewing the process for the appointments of the Licensing Forum members	Executive Director of Place	February 2018		<b>Recommended for Closure</b>  Report on agenda for this meeting
22	28/11/17	<a href="#">Re-basing the 2017-18 Internal Audit Plan</a>	To ask the Chief Internal Auditor to provide an update to the next meeting on the expected resource challenges for future audits	Chief Internal Auditor	January 2018	January 2018	<b>Recommended for Closure</b>  Completed in January 2018
23	28/11/17	<a href="#">ICT in Schools - Update</a>	To note that a further report on ICT in schools would be brought to Committee in January 2018	Executive Director for Children and Families	March 2018		Report is to be submitted to the Education, Children and Families Committee on 6

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							March 2018.
24	28/11/17	<a href="#">Corporate Governance Framework 2016-2017</a>	To delegate authority to the Corporate Governance Manager, in consultation with the Convener, to establish a Member/Officer Working Group to look at how to improve the co-ordination, reporting and use of the strategic management information	Corporate Governance Manager	February 2018		
25	16/01/18	<a href="#">Internal Audit Quarterly Update Report - Quarter 2 (1 July-30 September 2017)</a>	To note that a further update on longer-term actions would be provided to the Committee's meeting in May 2018.	Chief Executive and Executive Director of Resources	May 2018		
26	16/01/18	<a href="#">Corporate Leadership Team Risk Update</a>	To request a written member briefing which outlined the risks to the Council arising from the decision by Carillion to	Executive Director of Resources	February 2018		<b>Recommended for Closure</b>  A briefing was circulated to members on 29

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			enter administration, with a full report to be provided to the February meeting of the Committee				January 2018 and a report is on the agenda for this meeting.
27	16/01/18	<a href="#">Status of the ICT Programme</a>	To ask the Executive Director to provide details on why the length of contract was determined and whether this was best practice.	Executive Director of Resources	February 2018	20 February 2018	<b>Recommended for Closure</b>  A briefing was circulated to members prior to this meeting.
28	16/01/18	External Audit Review of CGI IT Security Controls – Progress Update (B Agenda)	To ask for a report providing an update on the audit actions and covering general security for the May Committee meeting.	Executive Director of Resources	May 2018		The Executive Director of Resources met with Scott Moncrieff on 13 February 2018 and this report is being prepared for Committee.

## Governance, Risk and Best Value Committee

	Title / description	Sub section	Purpose/Reason	Category or type	Lead officer	Stakeholders	Progress updates	Expected date
<b>Section A – Regular Audit Items</b>								
1	Internal Audit: Overdue Recommendations and Late Management Responses		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	20 March 2018 5 June 2018 September 2018
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	20 March 2018 5 June 2018 September 2018

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	5 June 2018
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	20 March 2018
5	Accounts Commission	Annual report	Local Government in Scotland: Financial Overview	External Audit	Executive Director of Resources	Council Wide	Annually	January 2019
6	Accounts Commission	Annual report	Local Government in Scotland: Performance and Challenges	External Audit	Executive Director of Resources	Council Wide	Annually	May 2018
7	Annual Audit Plan	Scott Moncrieff	Annual audit plan	External Audit	Executive Director of Resources	Council Wide	Annually	March 2018
8	Annual ISA 260 Audit Report	Scott Moncrieff	Annual Audit Report	External Audit	Executive Director of Resources	Council Wide	Annually	September 2018
9	Interim Audit Report	Scott Moncrieff	Interim audit report on Council wide internal financial control framework	External Audit	Executive Director of Resources	Council Wide	Annually	September 2018
10	IT Audit Report	Scott Moncrieff	Scope agreed during annual external audit planning cycle	External Audit	Executive Director of Resources	Council Wide	Annually	October 2018

11	Audit Charter			External Audit	Executive Director of Resources	Council Wide		March 2018
<b>Section B – Scrutiny Items</b>								
12	Governance of Major Projects	TBC	To ensure major projects undertaken by the Council were being adequately project managed	Major Project	Chief Executive	All	TBC	TBC
13	Welfare Reform	Review	Regular update reports	Scrutiny	Executive Director of Resources	Council Wide	Quarterly	20 February 2018
14	Review of CLT Risk Scrutiny	Risk	Quarterly review of CLT's scrutiny of risk	Risk Management	Chief Executive	Council Wide	Quarterly	8 May 2018 September 2018
15	Whistleblowing Quarterly Report		Quarterly Report	Scrutiny	Chief Executive	Internal	Quarterly	March 2018
16	Workforce Control	Staff	Annual report	Scrutiny	Executive Director of Resources	Council Wide	Annual	8 May 2018
17	Committee Decisions	Democracy	Annual report	Scrutiny	Chief Executive	Governance, Risk and Best Value Committee	Annual	Date TBC Re-examine after improved information tracking.
18	Monitoring of Council Policies	Democracy	Annual report	Scrutiny	Chief Executive	Council Wide	Annual	Spring 2018
19	Edinburgh Shared Repairs Service and Legacy Closure	Review	Progress reports	Scrutiny	Executive Director of Resources	All	Six-monthly	20 February 2018

	Programme							
20	Revenue Monitoring	Review	Progress reports	Scrutiny	Executive Director of Resources	Council Wide	Quarterly	February 2018 May 2018
21	Capital Monitoring	Review	Progress reports	Scrutiny	Executive Director of Resources	Council Wide	Quarterly	February 2018 May 2018
22	Revenue Outturn	Review	Progress reports	Scrutiny	Executive Director of Resources	Council Wide	Annual	September 2018
23	Capital Outturn and Receipts	Review	Progress reports	Scrutiny	Executive Director of Resources	Council Wide	Annual	September 2018
24	Treasury – Strategy report	Review	Progress reports	Scrutiny	Executive Director of Resources	Council Wide	Annual	8 May 2018
25	Treasury – Annual report	Review	Progress reports	Scrutiny	Executive Director of Resources	Council Wide	Annual	September 2018
26	Treasury – Mid-term report	Review	Progress reports	Scrutiny	Executive Director of Resources	Council Wide	Annual	January 2019
<b>Section C – Council Companies</b>								
27	Edinburgh Leisure	Review	Progress Report	Scrutiny	Executive Director for Communities and Families	Council Wide	Annual	November 2018
28	Festival City Theatres Trust	Review	Progress Report	Scrutiny	Executive Director of Place	Council Wide	Annual	November 2018

## GRBV Upcoming Reports

## Appendix 1

Report Title	Type	Flexible/Not Flexible
<b>20 March 2018</b>		
Internal Audit: Overdue Recommendations and Late Management Responses	Scrutiny	Flexible
Internal Audit – Quarterly Activity Report	Scrutiny	Flexible
IA Internal Audit Plan for the Year	Scrutiny	Flexible
Audit Charter	Scrutiny	Flexible
Annual Audit Plan	Scrutiny	Flexible
City of Edinburgh Council – 2016/17 Annual Audit Report to the Council and the Controller of Audit - Update	Scrutiny	Flexible
Audit Scotland Report on Equal Pay	Scrutiny	Flexible
Governance, Risk and Best Value Work Programme – 1 August 2017	Scrutiny	Flexible
Edinburgh Catering Services	Scrutiny	Flexible



Roads Improvement Report: Update	Scrutiny	Flexible
Welfare Reform	Scrutiny	Flexible
Whistleblowing – Quarterly Report	Scrutiny	Flexible
Whistleblowing – Annual Report	Scrutiny	Flexible
<b>8 May 2018</b>		
Review of CLT Risk Scrutiny	Risk Management	Flexible
Workforce Control	Scrutiny	Flexible
Treasury - Strategy Report	Scrutiny	Flexible
City of Edinburgh Council – 2016/17 Annual Audit Report to the Council and the Controller of Audit - Update	Scrutiny	Flexible
Accounts Commission Annual Report	Scrutiny	Flexible
Complaints Management	Scrutiny	Flexible
Spot Checking on the Dissemination of Council Policies	Scrutiny	Flexible

Status of ICT Programme	Scrutiny	Flexible
External Audit Review of CGI IT Security Controls – Progress Update	Scrutiny	Flexible
Committee Report Process	Scrutiny	Flexible
Principles to Govern the Working Relationships between the City of Edinburgh Council Governance, Risk and Best Value Committee and the Edinburgh Integrated Joint Board Audit and Risk Committee	Scrutiny	Flexible
<b>5 June 2018</b>		
Internal Audit: Overdue Recommendations and Late Management Responses	Scrutiny	Flexible
Internal Audit Quarterly Activity Report	Scrutiny	Flexible
IA Annual Report for the Year	Scrutiny	Flexible
Internal Audit – Audit and Risk Service: Delivery Model Update	Scrutiny	Flexible
Employee Engagement Update 2016	Scrutiny	Flexible
Project Management/Change Portfolio	Scrutiny	Flexible

# Governance, Risk and Best Value Committee

10.00am, Tuesday 20 February 2018

## Revenue Monitoring 2017/18 – month eight position - referral from the Finance and Resources Committee

Item number	7.1
Report number	
Wards	All
Council Commitments	

### Executive summary

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On 23 January 2018 the Finance and Resources Committee considered a report that set out the projected budget for 2017/18 based on analysis of actual expenditure and income to the end of November 2017. The report has been referred to the Governance, Risk and Best Value Committee for scrutiny as part of its work programme.

# Terms of Referral

## Revenue Monitoring 2017/18 – month eight position - referral from the Finance and Resources Committee

### Terms of referral

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- 1.1 Members had received a number of previous revenue monitoring reports during the year highlighting underlying pressures within, in particular, the Health and Social Care and Safer and Stronger Communities services.
- 1.2 In light of these pressures, a number of measures that included further tightening of workforce and financial controls, a review of discretionary expenditure and identification of other non-recurring income and expenditure savings had been initiated such that a balanced outturn for the year as whole was forecast. Attainment of this balanced position would, however, be subject to active management of risks and pressures for the remainder of the year.
- 1.3 The Finance and Resources Committee agreed:
  - 1.3.1 To note that a balanced position for the year continued to be forecast.
  - 1.3.2 To note that attainment of the balanced position would, however, require active management of risks and pressures, particularly those of a demand-led nature, for the remainder of the year.
  - 1.3.3 To note the balanced position projected on the Housing Revenue Account (HRA) after making an £11.58m planned contribution towards housing investment.
  - 1.3.4 To refer the report to the Governance, Risk and Best value Committee for scrutiny as part of its work programme.

### For Decision/Action

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

### Background reading / external references

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Finance and Resources Committee 23 January 2018.

## Laurence Rockey

Head of Strategy and Insight

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### Links

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#### Appendices

Appendix 1 - report by the Executive Director of Resources

# Finance and Resources Committee

10.00am, Tuesday, 23 January 2018

## Revenue Monitoring 2017/18 – month eight position

Item number

Report number

Executive/routine

Wards

Council Commitments:None

### Executive summary

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Members have received a number of previous revenue monitoring reports during the year highlighting underlying pressures within, in particular, the Health and Social Care and Safer and Stronger Communities services. In light of these pressures, a number of measures, including further tightening of workforce and financial controls, a review of discretionary expenditure and identification of other non-recurring income and expenditure savings, have been initiated such that a balanced outturn for the year as a whole is forecast. Attainment of this balanced position will, however, be subject to active management of risks and pressures for the remainder of the year

## Revenue Monitoring 2017/18 – month eight position

### 1. Recommendations

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- 1.1 Members of the Finance and Resources Committee are asked to:
  - 1.1.1 note that a balanced position for the year continues to be forecast;
  - 1.1.2 note that attainment of this position will, however, require active management of risks and pressures, particularly those of a demand-led nature, for the remainder of the year;
  - 1.1.3 note the balanced position projected on the Housing Revenue Account (HRA) after making a £11.58m planned contribution towards housing investment; and
  - 1.1.4 refer this report to the Governance, Risk and Best Value Committee as part of its work programme.

### 2. Background

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- 2.1 This report sets out the projected overall eight-month position for the Council's revenue expenditure budget for 2017/18 based on analysis of actual expenditure and income to the end of November 2017.

### 3. Main report

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- 3.1 This report represents the third quarterly revenue monitoring report for 2017/18. On-going analysis of the revenue position is undertaken in line with agreed, risk-based principles, with any material changes reported in the intervening periods as required.
- 3.2 A complementary schedule of meetings, aligned to the Council's revised Committee structure, has also been developed at which more detailed, service-specific commentaries will be considered.

#### **Overall position**

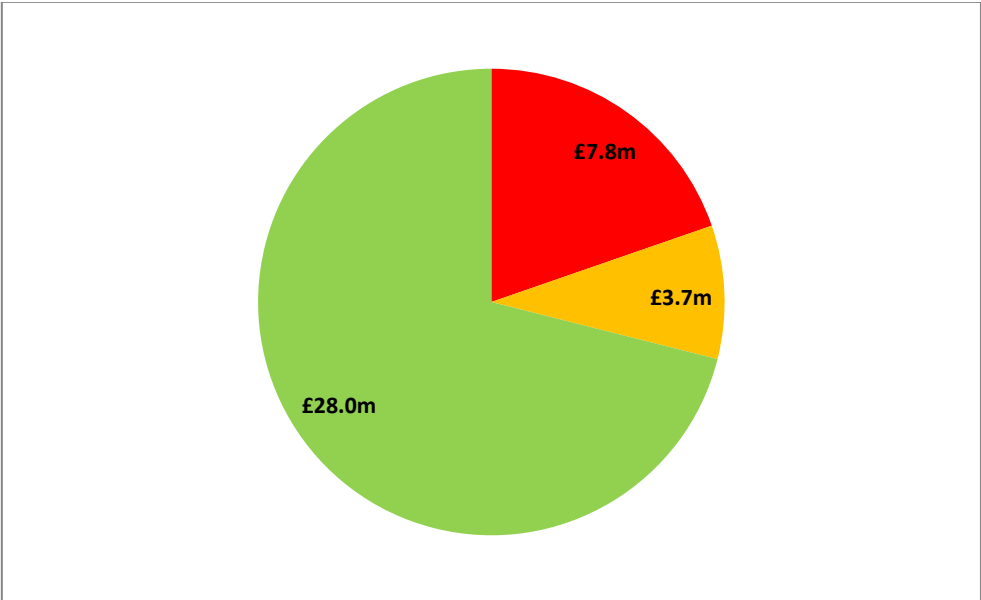
- 3.3 Members will recall that the period five-based monitoring report considered by the Committee on 7 November 2017 outlined a range of actions, including prioritisation of discretionary expenditure and a further tightening of financial and workforce controls that, taken together, contributed to an overall position that was anticipated to be balanced by the year-end.

- 3.4 Subsequent analysis of period eight data continues to point to Council-wide expenditure being contained within approved levels for the year as a whole. A high-level service analysis is included as Appendix 1, with details of the mitigating actions or savings, where relevant, set out in the following sections. As emphasised in previous reports, attainment of this balanced position will require sustained and proactive management of known and emerging risks and pressures across all service areas throughout the remainder of the year.
- 3.5 The overall position reflects significant projected overspends within Health and Social Care (£7.1m) and Safer and Stronger Communities (£3.5m), offset by a number of expenditure reductions or additional income contributions of a non-recurring nature or already assumed within the budget framework. Of the £10.6m overspend within these two services, £2.46m is being addressed by means of one-off reductions or slippage in expenditure, £4.08m by savings already assumed or included within the budget framework baseline for 2018/19 and the remaining £4.06m by one-off use of reserves. The assessed on-going implications of these current-year pressures have therefore been reflected within the revenue budget framework reported to the Finance and Resources Committee on 7 November 2017.

**Savings delivery**

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

**RAG assessment of approved budget savings, 2017/18 – November 2017**



- 3.7 The majority of the red-assessed savings are those of a transformational or demand-led nature within Health and Social Care, with the remainder



representing savings within the Place Directorate linked to the Roads and Waste Services transformation plans.

- 3.8 Amber-assessed savings represent, in the main, those where interim or one-off funding solutions have been identified pending development of sustainable means of delivering the savings concerned.
- 3.9 The net effect of any risk of shortfall in delivery is reflected in the overall position as assessed by service areas in the following sections. Executive Directors also continue to manage a range of risks and pressures, the most material of which, alongside any identified mitigating actions, are noted below.

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

- 3.10 As of period eight and taking into account agreed reductions in levels of discretionary expenditure and the one-off service investment approved as part of the 2017/18 revenue budget, the Executive Director of Communities and Families is committed to delivering an overall £1m underspend for the year. Attainment of this position is, however, dependent upon both management of a number of demand-led pressures, including a marked recent required increase in the use of out-of-Council area fostering and other placements, and the identification of further savings of around £0.7m by the year-end.

#### **Health and Social Care**

- 3.11 The month eight outturn forecast continues to reflect significant demand-led pressures, showing an overall projected overspend of £7.1m. This forecast position takes account of the delivery of £3.93m of the £9.96m planned savings associated with the organisational review but includes £6.03m of slippage on planned transformation-related purchasing savings. While business cases are being progressed for both telecare and support planning and brokerage, at this stage, there is no evidence of delivery of the related savings.
- 3.12 In addition to the non-delivery of savings of £6.03m, growth in demand for care at home services, coupled with increases in direct payments and individual service funds, has resulted in projected expenditure exceeding budget in these areas by £1.8m, after application of an initial £2.2m of recurring funding from the Social Care Fund (SCF) and a subsequent further release of £2m, approved by the Edinburgh Integration Joint Board on 17 November 2017, in recognition of continuing demographic-led growth in demand.
- 3.13 The net position after other smaller pressures and savings across the Health and Social Care budget are offset against the above pressures is an overall overspend of £7.1m. Work is being progressed within the Health and Social Care Partnership as a matter of urgency to continue to develop mitigating measures, including additional controls on recruitment and agency spend, with overall progress in the delivery of projects comprising the financial recovery plan monitored by the recently-created Savings Governance Board.

- 3.14 The 2018/23 budget framework report considered by the Finance and Resources Committee on 7 November 2017 incorporates additional service investment on a recurring basis, albeit confirmation is dependent upon approval of savings elsewhere within the Council as part of setting a balanced 2018/19 revenue budget.

### **Place**

- 3.15 In addition to implementation of the £7.3m of newly-approved savings for delivery in 2017/18, mitigating actions require to be identified to address a number of carried-forward or in-year budget pressures affecting, in particular, the Waste and Roads Services functions.
- 3.16 As of period eight, the Executive Director of Place has identified net budget pressures of £2.176m (including those in respect of approved savings delivery). A corresponding set of actions has now been developed to offset these pressures fully and while a number of risks remain around their subsequent delivery, a break-even position is being forecast at this time. Progress will continue to be reported in respect of delivery of these mitigating actions.

### **Resources**

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

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

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

### **Safer and Stronger Communities**

- 3.19 Significant service pressures are being faced as a result of the removal of temporary accommodation management fees from Housing Benefit eligibility with effect from April 2017, combined with changes to the benefits cap which also impact on Housing Benefit income. These pressures are being exacerbated by increasing demand for both Bed and Breakfast and Short-Term Let accommodation as a result of longer average lengths of stay and a shortage of available “move-on” accommodation.

- 3.20 The total projected unfunded budget pressure is currently £8.8m which is partially offset by mitigations totalling £5.3m, resulting in a net residual unfunded budget pressure of £3.5m.
- 3.21 The Acting Head of Safer and Stronger Communities remains fully committed to making all efforts to identify mitigations to reduce the pressure. There is, however, limited scope to achieve this, given the size of the pressure relative to the net budget available. A balanced budget position is not therefore expected to be deliverable by the end of 2017/18.
- 3.22 The 2018/23 budget framework report considered by the Finance and Resources Committee on 7 November 2017 incorporates £3.5m of additional service investment on a recurring basis, albeit confirmation of this sum is dependent upon approval of savings elsewhere within the Council as part of setting a balanced 2018/19 revenue budget.
- 3.23 At the Housing and Economy Committee's meeting on 2 November 2017, members approved the remit and membership of a new cross-party homelessness task force to review current use of bed and breakfast accommodation and explore alternatives that could better meet the needs of individuals and families with the aim of ultimately ending its use.
- 3.24 In addition to reviewing costs and suitability of existing temporary accommodation provision, the taskforce will look at potential alternatives, including identification of Council properties that may provide supplementary capacity. Alongside the delivery of significant potential financial savings, the task force will play a key role in contributing to the shared objective of reducing homelessness and improving outcomes for those affected within the city

### **Corporate budgets**

- 3.25 The report considered by the Finance and Resources Committee on 7 November 2017 identified an anticipated £2.54m of additional Council Tax income, £1m of savings in loan charges and £4.058m of earmarked reserves to address pressures elsewhere in the budget.
- 3.26 Updated analysis of the size and profile of the Council Tax base, taking account of property numbers, discounts and exemptions, indicates the expected receipt of a further £0.170m of income during the year and this is reflected in the overall projection. In view of remaining risks around additional demand-led expenditure in frontline service areas, however, monitoring will continue over the remainder of the year to determine whether any further income might become available.

### **Other areas**

#### **Pensions auto-enrolment**

- 3.27 On 1 October 2017, the Council's pensions auto-enrolment transitional period came to an end, with eligible staff who had previously elected not to join the Local Government Pension Scheme or Scottish Teachers' Superannuation

Scheme automatically re-enrolled in the respective schemes. Although a number of staff have subsequently exercised their right to opt back out of the schemes, as of early December 2017, overall pension scheme membership has increased by around 500, resulting in an increased overall level of employer contributions.

- 3.28 The Council's budget framework included provision for an increase in membership following the ending of the transitional period and, at this stage, the resulting increase in employer contributions is being contained within a balanced overall position for the Council as a whole. In view of the full-year effect of the changes in 2018/19, however, additional analysis will be undertaken to determine whether any further provision requires to be included within the budget framework.

### **Teachers' pay award**

- 3.29 Whilst the 2017/18 pay award for the majority of Council staff was agreed earlier in August 2017, tri-partite negotiations amongst the Scottish Government, COSLA and the main teaching unions have been continuing pending formal agreement. At the special COSLA Leaders' Meeting of 14 December 2017, following assurances from the Scottish Government concerning funding for both 2017/18 and future years, Council Leaders agreed to approve an employer's pay award comprising a 1% increase effective from April 2017, with a further 1% payable from January 2018, an offer that was subsequently accepted by the teaching unions. This level of award falls within the level of provision made within the budget framework and additional funding to be provided by the Scottish Government.

### **Housing Revenue Account**

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

## **4. Measures of success**

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- 4.1 Achieving a balanced overall budget outturn position for 2017/18 and successful delivery of approved savings and key service performance indicators.

## **5. Financial impact**

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- 5.1 The report's contents point to a balanced overall position for the year whilst highlighting the importance of active management of risks and pressures in maintaining expenditure within approved levels.

- 5.2 The Council's Financial Regulations set out Executive Directors' responsibilities in respect of financial management, including regular consideration of their service budgets.

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

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- 6.1 The delivery of a balanced budget outturn for the year is the key target. The risks associated with cost pressures, increased demand and savings delivery targets are regularly monitored and reviewed and management action is taken as appropriate.
- 6.2 Ongoing communications by the Council's section 95 Officer have reinforced the respective responsibilities of Executive Directors and Heads of Service to maintain expenditure within approved budgets in accordance with the Financial Regulations. Directors also have a requirement to ensure that savings identified are both achievable and delivered to maintain a sustainable budget across the Council. With this in mind, structured plans are in place for review and feedback on current and future years' savings proposals. This has contributed positively to a position where the majority of approved 2017/18 savings are assessed as being on track to be delivered.

## **7. Equalities impact**

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

## **8. Sustainability impact**

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

## **9. Consultation and engagement**

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- 9.1 The Chief Executive has tasked Executive Directors with identifying mitigating actions to address in-year pressures and to review opportunities for additional savings proposals. These actions have allowed, subject to management of other risks and pressures, the continuing forecasting of a balanced position by the year-end.

9.2 There is no external consultation and engagement arising directly from this report, although the Council's budget continues to be subject to a process of regular consultation and engagement. An overview of the engagement feedback on the 2018/19 proposals will be considered at the Committee's next meeting on 8 February 2018.

## 10. Background reading/external references

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Service monitoring statements for period eight

[Approved 2017-18 - 2020-21 Revenue Budget and 2017-18 - 2021 Capital Investment Programmes - plans for supplementary investment](#), Finance and Resources Committee, 23 March 2017

[Revenue Monitoring 2017-18 - month three position](#), Finance and Resources Committee, 5 September 2017

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

[Revenue Monitoring 2017-18 - month five position](#) – Finance and Resources Committee, 7 November 2017

### **Stephen S. Moir**

Executive Director of Resources

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## 11. Appendices

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Appendix 1 – Service analysis, Period 8

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

REVENUE MONITORING 2017-18

PERIOD 8 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	341,081	225,537	225,893	356	0.2%	340,081	(1,000)	(0.3%)
Place	66,111	41,319	43,262	1,943	4.7%	66,111	0	0.0%
Resources	166,856	112,035	111,402	(633)	(0.6%)	165,396	(1,460)	(0.9%)
Health and Social Care	184,480	110,906	116,386	5,480	4.9%	191,580	7,100	3.8%
Chief Executive	11,363	8,533	8,209	(324)	(3.8%)	10,995	(368)	(3.2%)
Safer and Stronger Communities	25,567	18,095	20,427	2,332	12.9%	29,067	3,500	13.7%
Valuation Joint Board Requisition	3,741	2,494	2,494	0	0.0%	3,741	0	0.0%
<b>General Fund Services Subtotal</b>	<b>799,199</b>	<b>518,919</b>	<b>528,073</b>	<b>9,154</b>	<b>1.8%</b>	<b>806,971</b>	<b>7,772</b>	<b>1.0%</b>
<b>Other income and expenditure</b>								
Net Cost of Benefits	(62)	(41)	100	141	n/a	(62)	0	0.0%
Early Release Costs	1,010	673	712	39	0%	1,010	0	0.0%
Other non service-specific costs	24,064	16,043	8,233	(7,810)	0%	24,064	0	0.0%
Interest and investment income	(8,811)	0	0	0	0%	(8,811)	0	0.0%
Loan Charges	115,120	0	0	0	0%	114,120	(1,000)	(0.9%)
Contributions to Earmarked Funds	3,087	0	0	0	0%	87	(3,000)	(97.2%)
Return of 2016/17 surplus from Council Priorities Fund	0	0	0	0	0%	(1,058)	(1,058)	n/a
Income from Council Tax	(266,342)	(177,561)	(177,561)	0	0%	(269,056)	(2,714)	(1.0%)
- Council Tax Reduction Scheme	23,277	15,518	15,518	0	0%	23,277	0	0.0%
General Revenue Grant	(335,479)	(223,653)	(223,653)	0	0%	(335,479)	0	0.0%
Distribution from NDRI pool	(355,063)	(236,709)	(236,709)	0	0%	(355,063)	0	0.0%
<b>In-year overspend / (underspend)</b>	<b>0</b>					<b>0</b>	<b>0</b>	<b>n/a</b>

			RAG Status (insert relevant element of saving under each heading. These amounts should be shown net of any assumed mitigating action)				
Savings description	Service area	Approved level of saving, 2017/18 (£000)	Red	Amber	Green	Basis of current status, including brief details of confirmed or planned mitigating actions	Planned actions and associated timescales for delivery of savings
Reablement 1	Health and Social Care	630	630	0	0	Business cases for savings yet to be finalised and actioned	Savings are being targeted primarily through the Telecare and Support Planning and Brokerage projects. More robust governance arrangements are now in place (through the Savings Governance Board and the CLT Change Board) to monitor the delivery of these workstreams, however progress will need to be accelerated to ensure that savings targets can be achieved in 2018/19. The Support Planning and Brokerage project is currently undertaking a test of change of 270 service users in the North East locality.
Telecare	Health and Social Care	960	960	0	0	Business cases for savings yet to be finalised and actioned	
Review Team	Health and Social Care	300	300	0	0	Business cases for savings yet to be finalised and actioned	
Support planning and brokerage	Health and Social Care	2,880	2,880	0	0	Business cases for savings yet to be finalised and actioned	
Review of financial allocation system	Health and Social Care	750	750	0	0	Business cases for savings yet to be finalised and actioned	
Reablement 2	Health and Social Care	510	510	0	0	Business cases for savings yet to be finalised and actioned	
<b>Total Health and Social Care</b>			<b>6,030</b>				
Place	Environment	1,720	1,720			At this stage, a number of Environment-related savings are assessed as "red" pending continuing work on improvement plans for Roads and Waste Services.	
<b>Total Place</b>			<b>1,720</b>	<b>0</b>	<b>0</b>		
<b>Total all areas</b>			<b>7,750</b>				



# Governance, Risk and Best Value Committee

10.00am, Tuesday 20 February 2018

## Capital Monitoring 2017/18 – Month Nine Position - referral from the Finance and Resources Committee

Item number	7.2
Report number	
Wards	All
Council Commitments	

### Executive summary

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On 23 January 2018 the Finance and Resources Committee considered a report that set out the overall position of the Council's capital budget at the nine month position (based on eight month data) and the projected outturn for the year. The report has been referred to the Governance, Risk and Best Value Committee for scrutiny as part of its work-plan.

# Terms of Referral

## Capital Monitoring 2017/18 – Month Nine Position - referral from the Finance and Resources Committee

### Terms of referral

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- 1.1 The month nine position showed that the Council was projected to require loans fund advances of £35.453m and would be in receipt of grants and capital income that amounted to £104.556m. Together this would fund projected capital investment of £140.009m. Loans fund advances were projected to be £12.263m lower than the revised budget as a result of anticipated slippage in the delivery of the capital investment programme partly offset by delayed receipts from asset sales.
- 1.2 The Housing Revenue Account (HRA) capital investment programme was projecting to require loans fund advances of £29.318m and would be in receipt of grants and capital income amounting to £39.751m. Together this would fund projected capital investment of £69.070m. Loans fund advances were projected to be £13.674m lower than the revised budget as a result of anticipated slippage in the delivery of the capital investment programme and a higher level of capital income.
- 1.3 The Finance and Resources Committee agreed:
  - 1.3.1 To note the projected capital outturn on the General Fund and Housing Revenue Account (HRA) at month nine.
  - 1.3.2 To note the prudential indicators at month nine.
  - 1.3.3 To note that the Head of Finance was closely monitoring the capital receipts position.
  - 1.3.4 To refer the report to the Governance, Risk and Best Value Committee for scrutiny as part of its work-plan.

### For Decision/Action

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

## Background reading / external references

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Finance and Resources Committee 23 January 2018.

### **Laurence Rockey**

Head of Strategy and Insight

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## Links

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### **Appendices**

Appendix 1 - report by the Executive Director of Resources

# Finance and Resources Committee

10.00am, Tuesday 23 January 2018

## Capital Monitoring 2017/18 – Month Nine Position

**Item number**

**Report number**

**Executive/routine**

**Wards**

**Council Commitments:None**

### Executive Summary

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The month nine position shows that the Council is projected to require loans fund advances of £35.453m and will be in receipt of grants and capital income amounting to £104.556m. Together this will fund projected capital investment of £140.009m. Loans fund advances are projected to be £12.263m lower than the revised budget as a result of anticipated slippage in the delivery of the capital investment programme partly offset by delayed receipts from asset sales.

The HRA capital investment programme is projecting to require loans fund advances of £29.318m and will be in receipt of grants and capital income amounting to £39.751m. Together this will fund projected capital investment of £69.070m. Loans fund advances are projected to be £13.674m lower than the revised budget as a result of anticipated slippage in the delivery of the capital investment programme and a higher level of capital income.

## Capital Monitoring 2017/18 – Month Nine Position

### 1. Recommendations

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

### 2. Background

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

### 3. Main report

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#### Existing Capital Plans

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

	<b>Outturn Variance at Month Nine</b>	<b>Outturn Variance at Month Five</b>	<b>Movement from Month Five</b>
	£000	£000	£000
Net (slippage) / acceleration in gross expenditure	(28,058)	(11,860)	(16,198)
Net (surplus) / deficit in capital receipts and grant income	15,795	7,259	8,536
<b>Net increase / (decrease) in loans fund advances</b>	<b>(12,263)</b>	<b>(4,601)</b>	<b>(7,662)</b>

- 3.2 The position at month nine can be seen in Appendix 1, which shows expenditure on the Capital Investment programme of £140.009m funded by grants and other capital income of £104.556m and loans fund advances of £35.453m.
- 3.3 The projected slippage in gross expenditure has increased by £16.198m. This relates mainly to slippage identified in the ICT transformation project (£10.830m), increased slippage in highways, street lighting and transportation projects (£6.391m), and slippage of the City Wide CCTV project (£1.125m). This slippage was partially accounted for at the half year by a general slippage assumption of £3.966m, which has now been superseded by project-specific slippage.
- 3.4 Explanations for significant slippage and accelerations for General Fund projects projected at month nine are presented in Appendix 2.
- 3.5 Members should note that in any given year, variance against budget will occur due to delays or unforeseen circumstances outwith the control of the Council. Known variances to the delivery of the programme advised by Executive Directors have been incorporated into the revised Programme referred to in 3.1.

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

- 3.6 Projected capital receipts from the sale of surplus assets, including those ringfenced for specific projects, of £10.345m are lower than budget by £9.983m for 2017/18 as a result of changes in anticipated settlement dates and the phasing of receipts which are now expected to be received in future years. These include receipts from the sale of the former Boroughmuir High School site, land at Glasgow Road and the former public toilet site at Canaan Lane.
- 3.7 The City of Edinburgh Council approved a transfer of £7.9m surplus capital receipts over the period of the 2015/2020 CIP to the Capital Fund to be split equally between planned repairs and maintenance and initial development costs relating to the Local Development Plan (LDP). £2.341m of receipts have previously been transferred to the Fund and the 2017/18 budget included the final amount of £5.559m. The transfer to the Fund in 2017/18 is now projected to be £4.75m resulting from a delay in realising a proportion of this income. This delay is not anticipated to have any implications for the delivery of these programmes.
- 3.8 Members should also be aware that the value and timing of capital receipts can be impacted by a number of factors including abnormal costs arising from survey results and offers contingent on planning approvals. Any further revisions to the receipts programme will be reported within future capital monitoring reports.

#### **Prudential Indicators**

- 3.9 The Prudential Indicator monitoring at month nine is shown in Appendix 3.

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

- 3.10 The Housing Revenue Account is forecasting slippage in gross expenditure of £8.934m at month nine (£6.663 at month five) as shown in Appendix 4. The full

HRA capital investment budget position is shown in Appendix 4. At month nine, the forecast is gross expenditure of £69.070m, capital receipts and grant income of £39.751m and loans fund advances of £29.318m.

- 3.11 The projected outturn at month nine is based on an assessment of the various risks identified and their impact on in-year delivery. Explanations for significant slippage and accelerations for HRA projects projected at month nine are presented in Appendix 5.

## **4. Measures of success**

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- 4.1 Completion of capital projects as budgeted for in the revised 2017/18 capital programme.
- 4.2 Identifying slippage at the earliest opportunity and accelerating projects where possible to ensure best use of available resources.

## **5. Financial impact**

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- 5.1 The projected 2017/18 general fund outturn outlines loans fund advances of £35.453m. The overall loan charges associated with this over a 20-year period would be a principal amount of £35.453m, interest of £23.080m, resulting in a total cost of £58.533m 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 £0.913m, followed by an annual cost of £2.881m for 20 years.
- 5.2 The projected 2017/18 HRA outturn outlines loans fund advances of £29.318m. The overall loans charges associated with this over a 20-year period would be a principal amount of £29.318m, interest of £19.086m, resulting in a total cost of £48.404m based on a loans fund rate of 5.1%. The loan charges will be interest only in the first year, at a cost of £0.764m followed by an annual cost of £2.382m for 20 years.
- 5.3 Borrowing required is carried out in line with the Council's approved Treasury Management Strategy.
- 5.4 The loan charge costs outlined above will be met from this year's general fund and HRA revenue budgets for loan charges.

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

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- 6.1 Significant budget virements have complied with relevant financial rules and regulations.
- 6.2 Capital monitoring and budget setting processes adopted ensure effective stewardship of resources. The processes applied aim to ensure projects are delivered on time and budget whilst fulfilling the financial criteria of value for money.

- 6.3 Monitoring of major capital projects including risk assessment is carried out by the Council's Strategy and Insight service.
- 6.4 The nature of capital projects means that there is an inherent risk of delays or unforeseen circumstances outwith the control of the Council.

## 7. Equalities impact

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

## 8. Sustainability impact

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

## 9. Consultation and engagement

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

## 10. Background reading/external references

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[Capital monitoring 2017-18 - half year position](#) Finance and Resources Committee 7 November 2017

### **Stephen S. Moir**

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## 11. Appendices

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- 1 - Capital Monitoring 2017/18 – General Fund
- 2 - Slippage and Acceleration on General Fund Projects
- 3 - Prudential Indicators 2017/18
- 4 - Capital Monitoring 2017/18 – HRA
- 5 - Slippage and Acceleration on HRA Projects

## Capital Monitoring 2017/18

## General Fund Summary

## Period 9

Expenditure	Approved Budget £000	Adjusts £000	Revised Budget £000	Actual to Date £000	Projected Outturn £000	Projected Variance £000 %	
Communities and Families	32,243	9,588	41,831	23,141	38,712	(3,119)	0.00%
Edinburgh IJB	152	215	367	492	492	125	0.00%
Place	127,259	(29,096)	98,163	49,386	85,560	(12,603)	0.00%
Resources - Asset Management Works	11,132	(289)	10,843	7,805	10,306	(537)	0.00%
Resources - Other	-	15,738	15,738	1,380	4,761	(10,977)	0.00%
Safer and Stronger Communities	1,125	-	1,125	-	-	(1,125)	0.00%
Council Wide Projects	-	-	-	178	178	-	0.00%
<b>Total Gross Expenditure</b>	<b>171,911</b>	<b>(3,844)</b>	<b>168,067</b>	<b>82,382</b>	<b>140,009</b>	<b>(28,058)</b>	<b>-16.69%</b>

## Income

<i>Capital Receipts</i>							
General Services	18,936	(92)	18,844	3,430	8,861	(9,983)	-52.98%
Ringfenced Asset Sales	7,880	(4,181)	3,699	203	203	(3,496)	-94.51%
Asset Sales to reduce Corporate borrowing	1,406	484	1,890	650	1,281	(609)	-32.22%
Less Fees Relating to General Receipts	-	-	-	124	-	-	#DIV/0!
<i>Total Capital Receipts from Asset Sales</i>	<i>28,222</i>	<i>(3,789)</i>	<i>24,433</i>	<i>4,407</i>	<i>10,345</i>	<i>(14,088)</i>	<i>-57.66%</i>
Less additional receipt income to capital fund	(5,559)	-	(5,559)	-	(4,750)	809	-14.55%
<i>Available Capital Receipts from Asset Sales</i>							
Developer and other Contributions	174	8,582	8,756	6,404	8,756	-	0.00%
Capital Grants Unapplied Account drawdown	-	-	9	-	9	-	0.00%
<b>Total Capital Receipts</b>	<b>22,837</b>	<b>4,793</b>	<b>27,639</b>	<b>10,811</b>	<b>14,360</b>	<b>(13,279)</b>	<b>-48.04%</b>
<i>Grants</i>							
Scottish Government General Capital Grant	53,708	-	53,708	35,797	53,696	(12)	-0.02%
Cycling, Walking and Safer Streets	683	-	683	-	683	-	0.00%
Management Development Funding	29,115	-	29,115	14,602	29,115	-	0.00%
Early Years and Childcare - Expansion	-	2,504	2,504	2,584	-	(2,504)	-100.00%
Other Specific Government Grants	-	6,702	6,702	2,062	6,702	-	0.00%
<b>Total Grants</b>	<b>83,506</b>	<b>9,206</b>	<b>92,712</b>	<b>55,045</b>	<b>90,196</b>	<b>(2,516)</b>	<b>-2.71%</b>
<b>Total Income</b>	<b>106,343</b>	<b>13,999</b>	<b>120,351</b>	<b>65,856</b>	<b>104,556</b>	<b>(15,795)</b>	<b>-13.12%</b>

<b>Balance to be funded through Loans Fund Advance</b>	<b>65,568</b>	<b>(17,843)</b>	<b>47,716</b>		<b>35,453</b>	<b>(12,263)</b>	<b>-25.70%</b>
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**CAPITAL MONITORING 2017/18 - Period 9****Slippage and Acceleration on Projects**

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

**Key to variance category**

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

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

	Period 9 £000	Period 5 £000	Movement between periods £000	Explanations for Significant Slippage / Acceleration	Variance Category
<b><u>Communities and Families</u></b>					
Early years 2020	-2,669	-2,591	-78	Programme has slipped due to working to reach agreement from Scottish Government re total available funding to meet extended nursery hours	3
Hunter Hall Cycle Hub And Pitch	-1,017	-1,017	0	Programme has slipped due to a review of the scope of the project with consideration to the Jack Kane centre	2
New Meadowbank Sport Centre	-1,539	0	-1,539	The programme has slipped due to the changes in the scope and delivery of the project	2
Open Libraries Solutions	-340	0	-340	Delays in recruitment of the project manager	2
George IV Bridge Library - Enhancement Works	-365	0	-365	Project on hold awaiting further funding	2
Roseburn PS RSR5	-50	0	-50	Project on Hold until 2018/19	1
New Queensferry HS	205	103	102	External fees for HUB -decision as to how funded is still being negotiated	4
St John's PS	1,479	1,500	-21	Reflects latest cash flow from QS- school progressing better than anticipated	4
Portobello Demolition	0	43	-43		4
New Primary schools		10	-10	Initial fees for new Primary schools to be met from future years budget	4
Rising School Rolls	1,146	0	1,146	RSR6 projects accelerated from future years	4
Net (slippage) / acceleration on various projects	31	-85	116		4
<b>Total Communities and Families</b>	<b>-3,119</b>	<b>-2,037</b>	<b>-1,082</b>		
<b><u>Edinburgh Integrated Joint Board</u></b>					
Net (slippage) / acceleration on various projects	125	0	125		4
<b>Total Edinburgh Integrated Joint Board</b>	<b>125</b>	<b>0</b>	<b>125</b>		

	Period 9 £000	Period 5 £000	Movement between periods £000	Explanations for Significant Slippage / Acceleration	Variance Category
<b>Place</b>					
Water of Leith Phase 2	-4,500	-4,500	0	Projected underspend on delivery of the project. Proposals for the allocation of this underspend will be reported to Finance and Resources Committee on 8 February 2018.	5
Water of Leith Phase 1	-319	0	-319	Retention and compensation settlements payable in future years	3
Roads Asset Management plan	-1,633	0	-1,633	Delay due to loss of design resource and delay in recruitment	2
Street Lighting	-218		-218	Projection amended October 2017	2
Street Lighting - LED	-945		-945	Revised Forecast from Project Management team due to re-profiling of works	2
Traffic Signals Renewal	-650		-650	Delay in 4 schemes, resulting in delay in being delivered until early 2018	1
Leith Improvement Programme - Core	-1,443	-1,126	-317	Realignment to fit with the tram project	3
Road Safety and Active Travel	-1,561		-1,561	Delays in project delivery as a result of internal staff shortages and reprioritisation of projects.	2
St Andrew Square Bus Station	-201	-176	-25	Delays to the tender process and appointment expected to extend to next financial year	3
Bus Priority Schemes/Bus Shelters	-474	-249	-225	Installation works of bus shelters to be delivered over financial years, with full payment not being made until works are complete.	3
Localities	-498		-498	Consideration of competing demands	2
Net (slippage) / acceleration on various projects	-161	194	-355		2
<b>Total Place</b>	<b>-12,603</b>	<b>-5,857</b>	<b>-6,746</b>		
<b>Resources - Asset Management Works</b>					
Slippage across the Asset Management Works programme	-537	0	-537		2
<b>Total Resources - Asset Management Works</b>	<b>-537</b>	<b>0</b>	<b>-537</b>		
<b>Resources - Other</b>					
ICT	-10,830	0	-10,830	Delays in implementation of ICT transformation change projects	2
Net (slippage) / acceleration on various projects	-147	0	-147		2
<b>Total Resources - Other</b>	<b>-10,977</b>	<b>0</b>	<b>-10,977</b>		
<b>Safer and Stronger Communities</b>					
CCTV City Wide	-1,125	0	-1,125	Project delayed due to review of project scope	2
<b>Total Safer and Stronger Communities</b>	<b>-1,125</b>	<b>0</b>	<b>-1,125</b>		
<b>Council Wide / Corporate Projects</b>					
Net (slippage) / acceleration on various projects	178		178		4
General Slippage across the programme (2.5%)	0	-3,966	3,966	This is now reflected more accurately against individual projects rather than a general assumption across the whole programme.	1
<b>Total Council Wide / Corporate Projects</b>	<b>178</b>	<b>-3,966</b>	<b>4,144</b>		
<b>Total for all Services</b>	<b>-28,058</b>	<b>-11,860</b>	<b>-16,198</b>		

		Period 9 £000	Period 5 £000	Movement between periods £000	Explanations for Significant Slippage / Acceleration	Variance Category
<b>Summary of Variance Category</b>						
1	Slippage due to unforeseen delays	-700	-3,966	3,266		
2	Slippage due to optimistic budget	-20,916	-823	-20,093		
3	Slippage due to timing of payments	-5,106	-4,142	-964		
4	Acceleration on a project	3,164	1,571	1,593		
5	Projected final underspend	-4,500	-4,500	0		
		<u>-28,058</u>	<u>-11,860</u>	<u>-16,198</u>		

Appendix 3

**PRUDENTIAL INDICATORS 2017/18 - Period 9**

**Indicator 1 - Estimate of Capital Expenditure**

	2016/17	2017/18	2017/18	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22
	Actual	Estimate	Forecast	Estimate	Forecast	Estimate	Forecast	Estimate	Forecast	Estimate	Forecast
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Council Wide / Corporate Projects	1,184	0	178	0	0	0	0	0	0	0	0
Unallocated funding - indicative 5 year plan 2019/20	0	0	0	0	0	0	0	0	0	7,000	7,000
Chief Executive	838	0	0	0	0	0	0	0	0	0	0
Communities and Families	41,816	34,993	38,712	28,895	32,014	17,850	17,850	2,485	2,485	165	165
Edinburgh Integration Joint Board	4,527	302	492	2,069	1,944	1,528	1,528	0	0	0	0
Place	90,704	90,571	85,560	86,315	98,718	76,622	77,398	85,277	19,835	19,835	19,835
Resources	0	15,470	4,761	0	10,977	0	0	0	0	0	0
Resources - Asset Management Works	18,908	10,885	10,306	7,706	8,243	25,360	27,107	14,000	14,000	14,000	14,000
Safer and Stronger Communities	0	1,125	0	0	1,125	0	0	0	0	0	0
General slippage across programme (2.5%)	0	0	0	0	0	0	0	0	0	0	0
Total General Services	157,977	153,346	140,009	124,985	153,021	121,360	123,883	101,762	36,320	41,000	41,000
Housing Revenue Account	43,627	79,459	69,070	100,933	100,933	97,414	97,414	105,849	105,849	147,388	147,388
Total	201,604	232,805	209,079	225,918	253,954	218,774	221,297	207,611	142,169	188,388	188,388

The 'estimate' figures relate to those reported in the prudential indicators as part of the budget approved in September 2017 incorporating the final slippage and realignment after the outturn for 2016/17. Differences between these and the 'forecast' figures relate to slippage or acceleration in the programmes for the General Fund and HRA detailed in Appendices 2 and 5.

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

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

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

Figures for 2018/19 onwards are indicative as neither the Council nor HRA has set a budget for these years. The figures for General Services are based on the current long term financial plan that ends in 2020/21. HRA figures are based on the current business plan.

Appendix 3

**Indicator 3 - Capital Financing Requirement**

	2016/17 Actual £000	2017/18 Estimate £000	2017/18 Forecast £000	2018/19 Estimate £000	2018/19 Forecast £000	2019/20 Estimate £000	2019/20 Forecast £000	2020/21 Estimate £000	2020/21 Forecast £000	2021/22 Estimate £000	2021/22 Forecast £000
General Services (including finance leases)	1,250,818	1,272,527	1,218,295	1,210,923	1,221,667	1,202,508	1,218,624	1,134,855	1,217,963	1,061,110	1,156,013
Housing Revenue Account	364,934	398,199	375,963	435,864	423,306	486,728	475,949	523,509	515,966	583,289	579,794
<b>Total</b>	<b>1,615,752</b>	<b>1,670,726</b>	<b>1,594,258</b>	<b>1,646,787</b>	<b>1,644,973</b>	<b>1,689,236</b>	<b>1,694,573</b>	<b>1,658,364</b>	<b>1,733,929</b>	<b>1,644,399</b>	<b>1,735,807</b>

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

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

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

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

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

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

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

Appendix 3

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

	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
for the band "D" Council Tax	-1.05	-2.08	1.09	0.95	N/A
for the average weekly housing rents	-0.37	-1.23	-1.22	-1.20	-1.19

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

The indicator shows the impact of the borrowing requirements for the General Fund and HRA, respectively, reported at Period 9 and the realignment of the Capital Investment Programme approved at Finance and Resources Committee on 5 September 2017.



**CAPITAL MONITORING 2017/18****Housing Revenue Account Summary****Period 9**

	Revised Budget £000	Actual to Date £000	Projected Outturn £000	Projected Variance	
				£000	%
Gross Expenditure	78,004	33,243	69,070	-8,934	-11.5%
Total Gross Expenditure	78,004	33,243	69,070	-8,934	-11.5%

<b>Income</b>					
Capital Receipts	-11,400	-4,168	-4,947	6,453	-56.6%
Developers and Other Contributions	-16,537	-375	-24,588	-8,051	48.7%
Specific Capital Grant	-7,075	-3,365	-10,216	-3,141	44.4%
Total Income	-35,012	-7,908	-39,751	-4,739	13.5%

<b>Loans Fund Advances</b>					
Loans Fund Advances	42,992		29,318	-13,674	-31.8%
Total	42,992		29,318	-13,674	-31.8%

**CAPITAL MONITORING 2017/18 - Period 9**  
**Slippage and Acceleration on Housing Revenue Account (HRA) Projects**

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

**Key to variance category**

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

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

	Period 9 £000	Period 5 £000	Movement between periods £000	Explanations for Significant Slippage / Acceleration	Variance Category
<b><u>Housing Revenue Account</u></b>					
Housing Investment on Existing Homes	-1,689		-1,689	The Kitchens and Bathrooms programme is projected to under spend by approximately £1m. Almost a third is due to efficiency saving on the unit costs through improved contract management rather than slippage. Underspend is largely due to below average uptake from tenants. One contractor fails to resource adequately to deliver the programme within the required timescales. This is being addressed through regular contract management meetings. The programme is on track to meet the Council commitment of ensuring that no kitchens and bathrooms is over 20 years old by the end of 2019/20. £0.6m in the revised budget was earmarked for a mixed tenure pilot. It was based on the original scope of upgrading three blocks in Dumbryden area. The scope of the pilot has since been expanded to include whole block re-design, place making in the wider area and one pilot area in each locality. This expanded scope has resulted in longer lead in time to contractor appointment and delaying the associated project spend.	1
Neighbourhood Improvement Programme	-800	0	-800	The Neighbourhood Improvement Programme is projected to under spend by £0.8m. However, all identified projects will be delivered in line with the priorities agreed with local teams and neighbourhood governance.	2
Regeneration Programme	-1,000	-1,000	0	The underspend (£1m) in the Regeneration Programme was due to extensive engagement of owners and legal process for buybacks taking longer than initially projected and recent identification of asbestos at St Stephen's Court, which delays the project and spend.	1

	Period 9 £000	Period 5 £000	Movement between periods £000	Explanations for Significant Slippage / Acceleration	Variance Category
Service Transformation	-1,415	-908	-507	The Broadband Pilot, which forms part of the service transformation programme and aims to provide high speed broadband to around 1,200 homes in North Edinburgh, has been delayed. Tenders received from contractors failed to meet the project specifications and alternative delivery models are being explored.	1
House Building Programme	-5,067	-5,628	561	The annual expenditure on the House Building Programme is projected to under spend by £5.1m, an improvement from the £5.7m projected at month 5. This is primarily due to delays in securing statutory consents for construction work at North Sighthill, small sites and Greendykes. Greendykes was also subject to a value engineering exercise due to high tender price. Despite the delay, the budgets for individual house building projects will still be spent in full as part of the three year rolling programme.	1
Net (slippage) / acceleration on various projects	1,037	873	164		4
<b>Total Housing Revenue Account</b>	<b>-8,934</b>	<b>-6,663</b>	<b>-2,271</b>		

#### Summary of Variance Category

1	Slippage due to unforeseen delays	-9,171	-7,536	-1,635
2	Slippage due to optimistic budget	-800	0	-800
3	Slippage due to timing of payments	0	0	0
4	Acceleration on a project	1,037	873	164
		<b>-8,934</b>	<b>-6,663</b>	<b>-2,271</b>

# Governance, Risk and Best Value Committee

10.00am, Tuesday 20 February 2018

## Edinburgh Shared Repairs Service (ESRS) and Legacy – Programme Progress Report - referral from the Finance and Resources Committee

Item number	7.3
Report number	
Wards	All
Council Commitments	

### Executive summary

---

On 23 January 2018 the Finance and Resources Committee considered a report that provided a progress update for the Edinburgh Shared Repairs Service (ESRS) and the legacy work related to the former Property Conservation Service. The report has been referred to the Governance, Risk and Best Value Committee for scrutiny.

# Terms of Referral

## Edinburgh Shared Repairs Service (ESRS) and Legacy – Programme Progress Report - referral from the Finance and Resources Committee

### Terms of referral

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- 1.1 The total number of cases in the Edinburgh Shared Repairs Service (ESRS) was 91, and of these 91 cases one case was categorised as facilitation and would not reach the enforcement stage. Of the 90 remaining cases, 63 had been closed including four projects that had been rejected by the service for reasons relating to high reputational or financial risk to the Council. This represented a 70% success rate where owners had taken the project back to arrange works privately with the help of case officers to the value of £506,100. At present 13 of the 90 cases were going through the enforcement stage or had been completed. This represented 14% of all cases so far.
- 1.2 By 25 November 2017, of the £17.2m billed, £13.2m had been received in payment from individual owners. A further £1.4m was in payment plan agreements. The total recovery rate in debt collected and agreed payment plans and write-offs/inhibitions was £14.6m (86%). All remaining legacy projects where defects were rectified had been completed.
- 1.3 The Finance and Resources Committee agreed:
  - 1.3.1 To note the update on Edinburgh Shared Repairs Service (ESRS).
  - 1.3.2 To note the management information dashboard reports in Appendix 1 of the report.
  - 1.3.3 To note the Project Joule billing and debt recovery update.
  - 1.3.4 To approve the extension of the delegated authority to write-off sums in respect of legacy statutory repairs, due to expire in March 2018, to March 2019.
  - 1.3.5 To refer the report to the Governance, Risk and Best Value Committee for scrutiny.

### For Decision/Action

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- 2.1 The Governance, Risk and Best Value Committee is asked to scrutinise the report.

## Background reading / external references

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Finance and Resources Committee 23 January 2018.

### **Laurence Rockey**

Head of Strategy and Insight

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## Links

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### **Appendices**

Appendix 1 - report by the Executive Director of Resources

# Finance and Resources Committee

10.00am, Tuesday, 23 January 2018

## Edinburgh Shared Repairs Service (ESRS) and Legacy – Programme Progress Report

Item number

Report number

Executive/routine

Wards

Council Commitments:None

### Executive Summary

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This report provides Committee with a progress update for the Edinburgh Shared Repairs Service (ESRS) and the legacy work related to the former Property Conservation Service.

## Edinburgh Shared Repairs Service (ESRS) and Legacy – Programme Progress Report

### 1. Recommendations

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- 1.1 That Committee:-
  - 1.1.1 Notes the update on Edinburgh Shared Repairs Service (ESRS);
  - 1.1.2 Notes the management information dashboard reports in Appendix 1;
  - 1.1.3 Notes the Project Joule billing and debt recovery update;
  - 1.1.4 Approves that the delegated authority to write off sums in respect of legacy statutory repairs, due to expire in March 2018, be extended to March 2019; and
  - 1.1.5 Refers this report to the Governance, Risk and Best Value Committee.

### 2. Background

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- 2.1 The new enforcement service was launched as fully operational from 1 April 2017.
- 2.2 This report gives details of progress at 25 November 2017 of ESRS and Legacy debt recovery.

### 3. Main report

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#### Edinburgh Shared Repairs Service Update

- 3.1 The total number of cases in ESRS is 91. Of the 91 cases, 1 case is categorised as facilitation and will not reach the enforcement stage. Of the 90 remaining cases, 63 have been closed including four projects being rejected by the service for reasons relating to high reputational or financial risk to the Council. This represents a 70% success rate where owners have taken the project back to arrange works privately with the help of case officers to the value of £506,100. At present 13 of the 90 cases are going through the enforcement stage or have been completed. This represents 14% of all cases so far.



### Panel Decisions

3.2 The Project Panel have taken a total of 24 decisions. The Panel are required to make decisions at several stages in the process as below: -

3.2.1 To consider approval of a case in intervention to enforcement;

3.2.2 To consider an application for a missing share; and/or

3.2.3 To consider additional works in enforced projects.

A summary of decisions made is included in the management information dashboards in Appendix 1.

### Advice and Information and Service Development

3.3 This area of the service is where customers initially make contact to request advice and information. The service offers advice on how the customer can progress repairs through the process outlined in the Tenement (Scotland) Act 2004 using the Tenement Management Scheme (TMS).

3.3.1 Case officers and customer advisors accept requests for assistance from private property owners on the process of arranging common repairs. Tenement Toolkits are sent to customers, which includes detailed information on the process available to owners and also contains useful templates for letters, meeting minutes and voting forms. Since June 2016, 534 'Toolkits' have been requested by tenement owners. The newly designed toolkit is now available to download from the website along with a new Missing Shares leaflet.

3.3.2 The ESRS manager attended a parliamentary reception in November on Tenement Maintenance introduced by a Member of the Scottish Parliament (MSP) in conjunction with the Royal Institute of Chartered Surveyors. The topic was the requirement for new legislation and has cross party support. Following this, the ESRS manager was invited to meet with the MSP to discuss the service currently provided by the Council and the difficulties faced by owners when arranging repairs. The MSP subsequently arranged a meeting with ESRS and owners who had experience of the Missing Share scheme, enforcement by ESRS or were in the process with ESRS currently. This was a positive meeting where the issues were discussed at first hand and would inform a future parliamentary debate.

3.3.3 The ESRS manager is a member of the Tenement Action Group (TAG) and has shared the experience gained by ESRS so far, which has helped inform proposals for future legislative changes. TAG have passed these proposals to MSPs who debated the issues in Parliament on 9 January 2018. MSP's requested that the Scottish Government set up a working group to consider any legislative changes, new initiatives, enhanced use of existing rules and/or further action by local authorities that could facilitate improved upkeep of Tenement Communal Property. The Housing minister has confirmed he will invite Public consultation on the issues.

### Facilitation

- 3.4 This area of the service is used when a customer has approached the service for assistance with defects on a property but, for reasons of financial or reputational risk, the service cannot assist at an enforcement level. The service can however assist the property owner in other ways; for example, corresponding with other owners at the property or contacting other Council service areas to help progress matters.
- 3.4.1 Successful closure of 4 cases has left 1 remaining facilitation project ongoing at present.

### Pre-intervention

- 3.5 There are currently seven cases in the pre-intervention stage, wherein the service offers to act on behalf of the lead owner. The case officer will check liability, correspond with owners in relation to the reported defects, hold stair meetings where required and record votes for or against the repair.
- 3.6 Case officers have met owners and offered advice on current cases. Typically, owners are progressing their projects at different rates to arrange surveys, obtain quotes for work and arrange stair meetings.
- 3.7 The service is experiencing that the difficulty faced by owners are many and varied, examples of feedback received from owners is listed below:-
- Not finding fellow owners current contact details;
  - No agreement amongst owners on the scope of repairs required;
  - No engagement from fellow owners;
  - Lack of funds for repair works;
  - Contractors unwilling to provide quotes;
  - Works quotations are incomparable;
  - No owner is willing to take the lead; and
  - Owner facing property defect issue is incapable of taking the lead.

### Intervention Service

- 3.8 The Intervention service is the activity undertaken following the identification of an essential repair prior to taking a decision to enforce the repair. The objective is to support owners in taking responsibility for progressing the repair privately. Included in this area of work is verification of the defect reported, a site visit and tailored communication to owners including a mandate requesting confirmation from the owners in relation to their preference for the Councils involvement going forward.
- 5 cases are on-going with mandates issued to owners.

### Survey Request

Under ESRS procedures, building surveys are carried out by our in-house Chartered Building Surveyors. The costs of the surveys are recovered from owners, if owners progress the works privately.

### Missing Share Cases

- 3.9 On 5 September 2017, the Finance and Resources committee approved the Councils use of the legislative powers under Section 50 of the Housing (Scotland) Act 2006 to pay funds into owners' maintenance accounts. This approval followed and completion of the pilot scheme run by ESRS in which three cases tested the Missing Shares procedure.

There has been one further case approved by the ESRS panel. In this case one share has been paid.

### Successful Intervention / Cases closed

- 3.10 To date, the service has successfully intervened in, and closed, a total of 63 cases. A follow up is undertaken to check whether work has been carried out privately after three months has passed.

### Private work enabled by ESRS

- 3.11 Case officers have gathered information from owners who have taken works on privately after requesting service from ESRS. The value of works confirmed by owners as having been completed privately, or in progress, amounts to approximately £506,100. This is in addition to the value of works where the Council have approved to pay missing shares. The total value of works enabled by ESRS amounts to approximately £711,500. The total financial commitment by the Council to date on these cases is £26,100, which will be recovered from liable owners.

### The Enforcement Service

- 3.12 The Enforcement service is activated when all intervention services have failed to provide a platform for owners to procure the works privately.
- 3.13 Upon Project Panel approval, the project will be allocated to the surveying team for progression in accordance with standard operating procedures. The procedures include carrying out a full survey, preparation of cost estimates, preparation of risk registers, meeting owners, issuing of the Statutory Notice, tender preparation including design and specification, tender approvals, award and contract administration of the project.
- 3.14 15 projects have been approved by the ESRS Panel to progress to the enforcement stage. These projects are being progressed at various stages. Two cases have been taken back by owners, with four projects complete and billed. Of the nine open projects, one is in procurement, four are at the Survey and Cost estimate No.1 stage, while the remaining four projects are in the S24 or S26 statutory notice waiting period.

### The Emergency Service

- 3.15 This part of the service intervenes when public health & safety is at risk due to unsafe buildings. The service will attend and carry out works to immediately make safe dangerous and emergency situations. The service is the first port of call for the emergency services (Fire & Police) when they are dealing with situations such as fire damaged buildings, which require specialist surveying or structural engineering intervention.
- 3.16 The majority of service requests are for drainage related works in private property where Scottish Water has no responsibility.
- 3.17 Since the last update report the service has received 68 requests for service (SR's). 51 of these were in relation to drainage repairs and 17 in relation to dangerous masonry, roofs and attendance at a fire damaged property.
- 3.18 In November, the Emergency service attended to a large stone fall from a city centre commercial property. No-one was injured in this incident, but the service advised the owners to commission a full building condition survey, and also notified the enforcing authority of the incident.
- 3.19 Also in November, the Emergency service attended a property when an out of hours request for service was received from the Fire Service. ESRS were asked to determine whether a fire damaged property was safe for owners to re-enter. The service commissioned a structural engineer and made safe the property following the recommendations received. All contractors' costs will be recovered.

### Finance Update

- 3.20 The Finance part of the service deals with billing the owners for all cases completed. The owners have 28 days to pay their bills from the date of issue, after which, the case is progressed through the Council's Debt Recovery process.
- 3.21 The Management Information Dashboards include information on the Work In Progress (WIP), the level of debt recovery and bad debt provision for the service.
- 3.22 On enforced projects, the speed of payment is positive. On bills paid, 91% of these are paid within 3 months of invoice issue. The overall collection rate to date is 79%.
- 3.23 At present the forecast bad debt provision will be sufficient for 2017/18.

### ESRS Business Plan

- 3.24 The ESRS Board recently approved the updated Business Plan forecast for 2018 to 2021. This shows a reduced level of budget required for ESRS to provide and operate the Emergency service, the Enforcement service and provide the statutory advice & guidance as detailed in table 1 below.

3.25 Table 1

Table 1	2018/2019	2019/2020	2020/2021
Budget Requirement	£0.99m	£0.87m	£0.85m
Previous Budget	£1.2m	£1.1m	£1.0m
Saving	£0.21m	£0.23	£0.15

- 3.26 The reduced budget reflects the assessment of the number of future cases reaching enforcement. Although the sample size is small, the percentage of cases reaching enforcement has remained at under 20% since the implementation of ESRS in 2015 and, at present, is considered a reasonable basis for the forecast. This indicates a positive change in culture where owners are taking more responsibility to arrange repairs privately. This is also reflected in the number of cases closed after successful intervention by ESRS.
- 3.27 The Budget allows for an enforcement workload of £500k in 2018/19 gradually increasing to £2m in 2020/2021. This forecast workload reduces the Surveying resource required by 50% going forward.
- 3.28 The future provision of the Emergency service remains similar to previous years with a similar level of resource required.
- 3.29 The budget also includes £200k for Missing Share payments which is a recoverable expense. A provision for bad debt has been made and will be continually reviewed, informed by the current levels of debt recovery achieved by the service.

**Property Conservation Legacy Update**

**Project Joule - Billing and Recovery Update**

- 3.30 To 25 Nov 2017, of the £17.2m billed, £13.2m has been received in payment from individual owners. A further £1.4m is in payment plan agreements. Total recovery rate in debt collected and agreed payment plans and write offs/inhibitions are £14.6m (86%).
- 3.31 Table 2 details the balance of debt outstanding in respect of all historic Property Conservation projects. This relates to both unbilled projects which were reviewed by Deloitte Real Estate and then invoiced, and to historic Property Conservation projects previously billed and where debt is outstanding.

<b>Table 2</b>	<b>Deloitte Reviewed Projects</b>	<b>Previously Billed Legacy Projects</b>	<b>Total</b>
	<b>Value (£m)</b>	<b>Value (£m)</b>	<b>Value (£m)</b>
<b>Debt Outstanding</b>	<b>£3.8m</b>	<b>£2.1m</b>	<b>£5.9m</b>
<b>Total in Agreed Payment Plans</b>	<b>£1.4m</b>	<b>£0.3m</b>	<b>£1.7m</b>
<b>Debt Outstanding after Payment Plans</b>	<b>£2.4m</b>	<b>£1.8m</b>	<b>£4.2m</b>

#### Property Conservation Projects – Legacy Defects Projects

- 3.32 All remaining legacy projects where defects were rectified have been completed.

#### Property Conservation Projects – Write-offs

- 3.33 There is a continued requirement to record the write-off of legacy statutory repairs debt that is outstanding and deemed uncollectable. It is recommended that the delegated authority to write-off is extended until 31 March 2019.

#### Property Conservation – Debt Recovery

- 3.34 A detailed report will be provided after the financial year end to the Finance and Resources Committee in relation to the outstanding liabilities.

## **4. Measures of success**

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- 4.1 To increase the numbers of owners carrying out common repair projects on their own property.
- 4.2 On Council enforced projects to minimise financial and reputational risk to the Council.
- 4.3 Maximisation of collection of outstanding Property Conservation legacy debt.

## **5. Financial impact**

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- 5.1 The financial statements include a provision of £19.3m for impairments and settlement repayments with a balance on provision of £3.1m as at 25 September 2017.
- 5.2 The adequacy of the impairment and settlement provision remains under regular review by Senior Management and the Executive Director of Resources.

- 5.3 The budget for the ESRS has been reduced to £0.9m for 2017/2018. Legacy Services 2017/2018 costs are being met from earmarked carry forward balances of £0.5m.

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

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- 6.1 This area of work represents a significant financial and reputational risk for the Council.

## **7. Equalities impact**

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

## **8. Sustainability impact**

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- 8.1 There is no adverse environmental impact arising from this report

## **9. Consultation and engagement**

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- 9.1 Not applicable.

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

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- 10.1 [Report to City of Edinburgh Council, 12 February 2015, Shared Repairs Services - Development of a New Service.](#)
- 10.2 [Report to City of Edinburgh Council 11 December 2014, Shared Repairs Services - Development of a New Service](#)

### **Stephen S. Moir**

Executive Director of Resources

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## **11. Appendices**

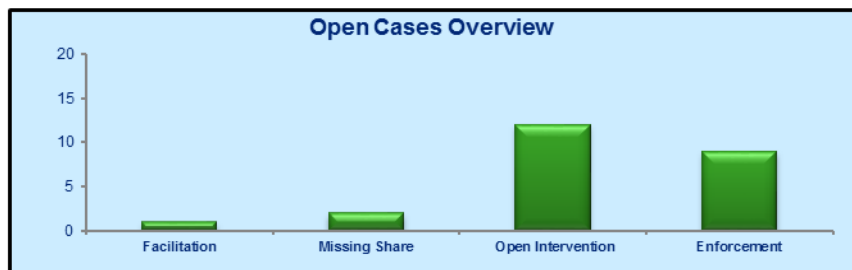
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- 11.1 Appendix 1 – Management Information Dashboards.

# Appendix 1 - Edinburgh Shared Repairs Service Dashboard - November 2017

Monthly progress update (for reporting purposes month end is 25 November 2017)

SERVICE OVERVIEW		
The main purpose of ESRS is to support and enable owners to take responsibility for planning and organising repairs and maintenance. The ESRS Pilot ran from Sept 2015 to March 2017. The Service launched on 1 <sup>st</sup> April 2017 as fully operational.		
OVERALL STATUS	COMMENTS	RAG
<b>Governance</b>	The Edinburgh Shared Repairs Service and Legacy Programme will be managed overall within the Property and Facilities Management Service within Resources.	
<b>Processes</b>	Procedures have been finalised but will be continually reviewed. Staff have been issued with the procedures. An internal audit was completed by PWC in June 2017.	
<b>IT</b>	The implementation of a task based management system has been carried out. The management reporting element will be complete in 2017. The DMS will be implemented by early 2018.	
<b>Finance</b>	Finance processes and procedures are in place for financial management of ESRS. Approved operating budget for 2017/18 set at £1.3m, a mid year review has been undertaken.	
<b>Procurement</b>	ESRS Contractors framework for essential works is operational from April 2017. New CCTV, Jetting & Drainage Framework is being procured.	
<b>People</b>	Recruitment has commenced as required to recruit to posts currently filled by temporary staff. Recruitment of suitable technical resource to replace a Surveyor is required.	
KEY PLANNED ACTIVITIES		
A communications plan has been developed with colleagues in Communications to be rolled out over the next year. The Autumn campaign has started.		



RISK REGISTER		
TOP 5 RISKS	MITIGATION	RAG
<b>1. Unable to recruit suitable technical resource</b>	Risk - Recruitment challenges result in appointment of technical staff without the required experience and/or expertise. Mitigation - Two recruitment campaigns undertaken. One new campaign will recommence after the recruitment pause is lifted.	
<b>2. CGI Finance System</b>	Risk - Delay in changeover, lack of consultation with Finance & ESRS results in systems not meeting requirements. Mitigation - Consult with CGI to ensure that they are aware of requirements.	
<b>3. Contractor Management of Framework KPI's etc</b>	Risk - Lack of Contract Management of Framework Contractors leading to poor performance of contractors and reputational risk to CEC. Mitigation - to be carried out by a staff member now recruited into ESRS structure.	
<b>4. Alignment with Property and Housing strategies</b>	Risk - The SOP are drafted without due consideration for the policy and procedures in other areas of P& FM and Housing, leading to conflict with the Council's overall housing strategy. Mitigation - Procedural documents have been shared with relevant directorate staff. On-going consultation with colleagues in Housing.	
<b>5. Implementation of IT Architecture for ESRS processes.</b>	Risk - IDOX has completed the contract to improve the current case management system to implement a task based system. This project is on-going with management reporting tools still to be tested. Mitigation - IDOX have carried out this work in September 2017.	

Enforced Projects
<ul style="list-style-type: none"> <li>Projects where an S26 Statutory Notice has been issued = 7</li> </ul>

ESRS WEBSITE VISITS	
November 2017	12, 733





# ESRS Essential Works Dashboard

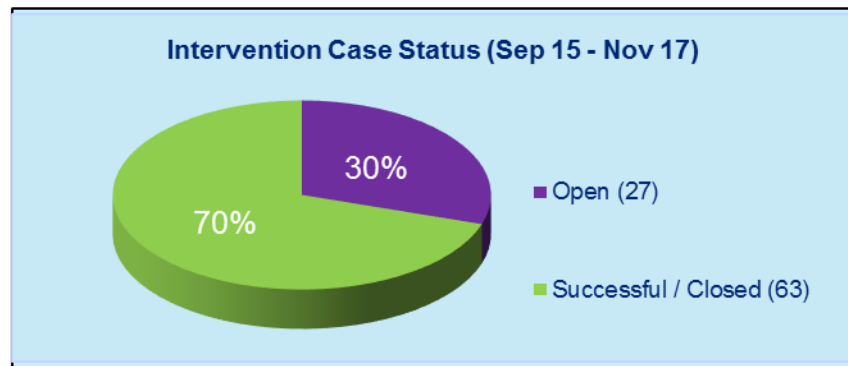
Programme dashboard as at 25 November 2017

## OVERVIEW OF PROGRESS

Total number of cases has reached 91. The workload currently consists of 27 open cases with successful intervention achieved on 59 cases. The ESRS Panel has rejected four cases after it was considered that the financial or reputational risk was too high for the Council to accept. 534 Tenement Act toolkits have been issued to owners since June 2016. 47 tenements have requested toolkits since the last update report.

CUSTOMER CONTACT PROGRESS		NO.
<b>Customer Contact:</b>	• Sent TMS pack to owners	<b>534</b>

CASE WORKLOAD PROGRESS		NO.
<b>Facilitation:</b>	• Advice and Information only	<b>1</b>
<b>Missing Share:</b>	• Case Open	<b>2</b>
<b>Intervention:</b>	• Pre-Intervention	<b>7</b>
	• Intervention	<b>5</b>
	• Surveys	<b>0</b>
	• Successful Intervention / Closed Cases	<b>63</b>
<b>Enforcement:</b>	• Site Survey / S24 Notice / S26 Notice	<b>8</b>
	• Procurement	<b>1</b>
	• Projects On Site	<b>0</b>
	• Projects complete	<b>4</b>
<b>Total Number of Cases</b>		<b>91</b>



ENFORCEMENT PROJECTS WORKLOAD IN JULY (5)	MAJOR	MINOR	ESTIMATED VALUE
1. Under £10,000		3	£15k
2. Under £50,000		3	£110k
3. Under £250,00	3		£230k
4. Over £250,000			
<b>TOTAL</b>	<b>3</b>	<b>6</b>	<b>£355k</b>

PRIVATE WORKS ENABLED BY THE ESRS		
PROJECTS WORKLOAD	VALUE OF WORKS (Inc VAT)	CEC FINANCIAL COMMITMENT
Successful Intervention	<b>£506,100</b>	<b>£0</b>
Missing Shares	<b>£205,400</b>	<b>£26,100</b>
<b>TOTAL</b>	<b>£711,500</b>	<b>£26,100</b>

ESRS PANEL DECISIONS RECORD	APPROVED	REJECTED	TOTAL
Missing Share	4		4
Enforcement	15	4	19
Enforcement - Additional Works During Project	1		1
<b>TOTAL</b>	<b>20</b>	<b>4</b>	<b>24</b>



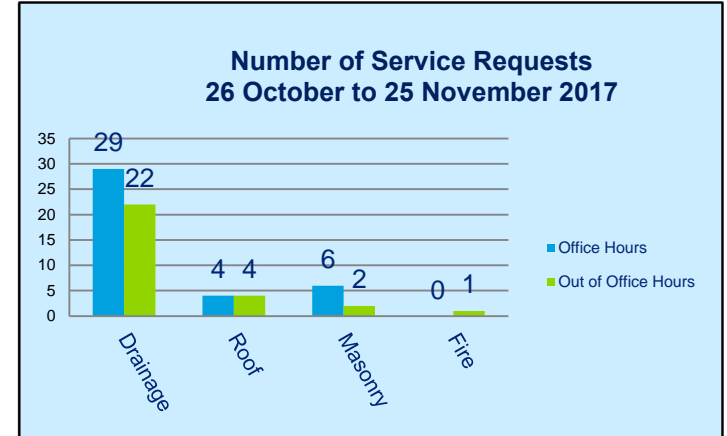
# ESRS Emergency Service and Planned Drainage Dashboard

Programme dashboard as at 25 November 2017

## OVERVIEW OF PROGRESS

The emergency repairs statistics provided this month are consistent with previous months. 68 requests for service recorded this month resulted in a contractor being instructed to make safe a drainage or building defects. 51 instructions were drainage related whilst the remaining 17 calls were reports of masonry, roof defects and fire damage. Advice and information was provided to customers who called to report defects which did not meet the service emergency criteria.

EMERGENCY SERVICE WORKLOAD	Sep 17	Oct 17	Nov 17
No. of service requests (Site Visits)	63	79	68
No of emergency repair inspections resulting in statutory notices issued 31(4)	42	54	55
No of drainage repairs resulting in statutory notices issued 31 (1) & (3)	0	0	2



## Customer Service Dashboard

### OVERVIEW OF PROGRESS

The number of customer contacts into the service has slightly reduced this month. Solicitors Enquires remain high.

FORMAL CUSTOMER CONTACTS	Sep 17	Oct 17	Nov 17
FOI's	0	0	1
SPSO Enquiries	0	0	0
Stage 1 complaints	2	1	0
Stage 2 complaints	1	2	0

ALL CUSTOMER CONTACTS	Sep 17	Oct 17	Nov 17
Solicitors Enquiries	421	507	482
Phone Calls	549	472	565
E-Mails	213	331	215
<b>Total Customer Contacts</b>	<b>1183</b>	<b>1310</b>	<b>1262</b>



# ESRS Finance Dashboard

Programme dashboard as at 25 November 2017

## Work In Progress (WIP)

### OVERVIEW OF PROGRESS

The WIP this month includes survey costs for Essential works Projects and includes Consultant costs not yet billed.

### ESSENTIAL WORKS WIP

Overall position	Sep 17	Oct 17	Nov 17
Value of Payments to Contractors	£7k	£1k	£0
Value of Invoices issued to Owners (excluding project management fee)	£23k	£0k	£0k
WIP	£7k	£8k	£8k
* Contractors retention cost still to be incurred	£6k	£6k	£6k

## Debt Recovery

### OVERVIEW OF PROGRESS

The overall collection rate for Enforcement works is at 80%. Of the outstanding balance, £17,286 is currently being collected through instalment plans.

### ESSENTIAL WORKS

	NO OF PROJECTS	BILLED	PAID	INSTALMENT PLANS	BALANCE
Enforcement	4	£362,612	£286,569	£8,394	£67,649
Missing Share	3	£16,533	£0	£8,892	£7,641
Survey Charge	3	£3,985	£3,266	£0	£719
<b>TOTAL</b>	<b>10</b>	<b>£383,130</b>	<b>£289,835</b>	<b>£17,286</b>	<b>£76,009</b>
<b>TOTAL BAD DEBT PROVISION FOR 2017/18</b>					<b>£107,117</b>

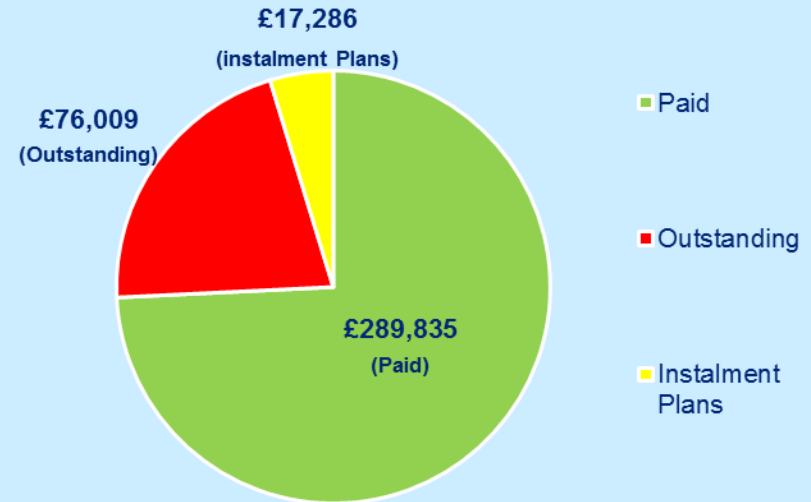
### EMERGENCY WORKS

Total value of invoices issued for emergency repairs in 2016/17	£359,848.20
Total value of invoices issued for emergency repairs and Call Out Fees in 2017/18	£193,117.61
	(Current collection Rate is 78%)

## Debt Recovery (Continued)

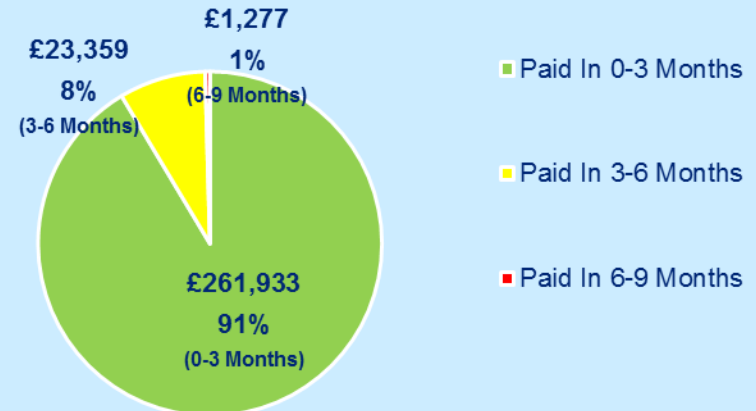
### ESRS - All Projects Overview

Total Billed - £383,130



### Speed of Payments for Enforced Projects

Total Paid as at 25th November 2017 is £286,569





# Legacy Finance and Debt Recovery Overview

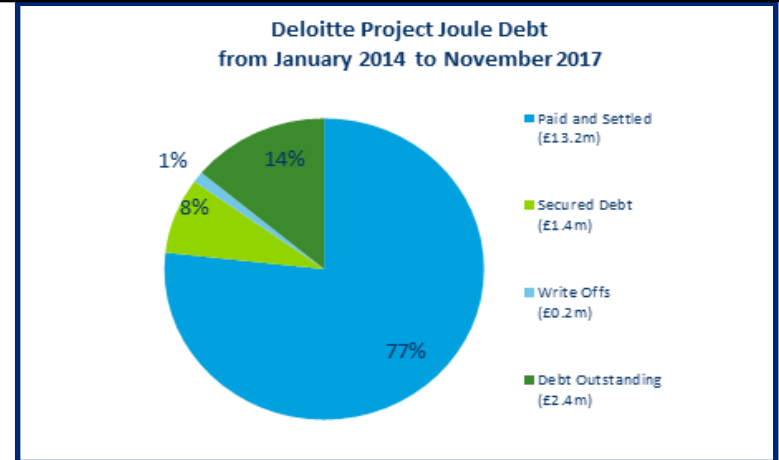
Programme dashboard as at 25 November 2017

## PROGRESS

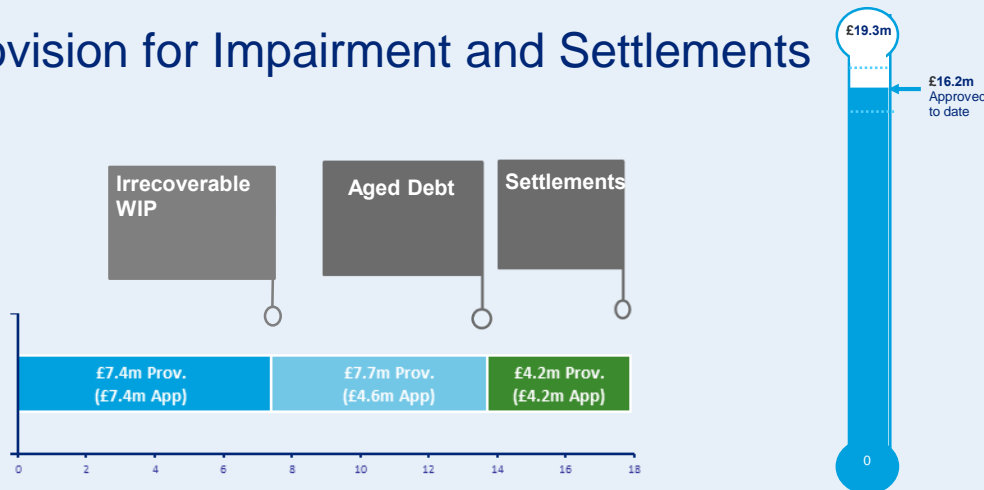
The total debt outstanding is £5.9m of which £3.8m is Deloitte (Project Joule) reviewed debt and £2.1m of Legacy debt. There is currently £1.7m in payment plan agreements, mostly relating to Deloitte reviewed projects.

Billing on Deloitte reviewed (Project Joule) cases is complete and totals £17.2m. This current collection rate is 86%. The balance of debt is £2.4m and is being actively pursued, predominantly through Morton Fraser.

Debt Status	Deloitte Project Joule	Legacy	Total
Total debt being pursued	£3.8m	£2.1m	£5.9m
<b>Total Debt</b>	<b>£3.8m</b>	<b>£2.1m</b>	<b>£5.9m</b>
Payment Plans within debt total	£1.4m	£0.3m	£1.7m
<b>Balance of Debt</b>	<b>£2.4m</b>	<b>£1.8m</b>	<b>£4.2m</b>



## Provision for Impairment and Settlements



# Governance, Risk and Best Value Committee

10.00am, Tuesday 20 February 2018

## Risks arising from Carillion PLC entering administration

Item number 7.4

Report number

Executive/routine

Wards

Council Commitments

### Executive Summary

---

At its meeting on 16 January 2018, the Governance, Risk, and Best Value Committee (GRBV) requested a report on the implications of Carillion PLC entering administration for the Council and the City.

## Risks arising from Carillion PLC entering administration

### 1. Recommendations

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- 1.1 Members of the Governance, Risk and Best Value Committee are requested to:
- 1.1.1 note the content of the report and be assured by the Council's position in respect of the potential impacts arising from this; and
  - 1.1.2 note that the Council is also undertaking a review of other construction companies that may have issued profit warnings to assess any further potential risks.

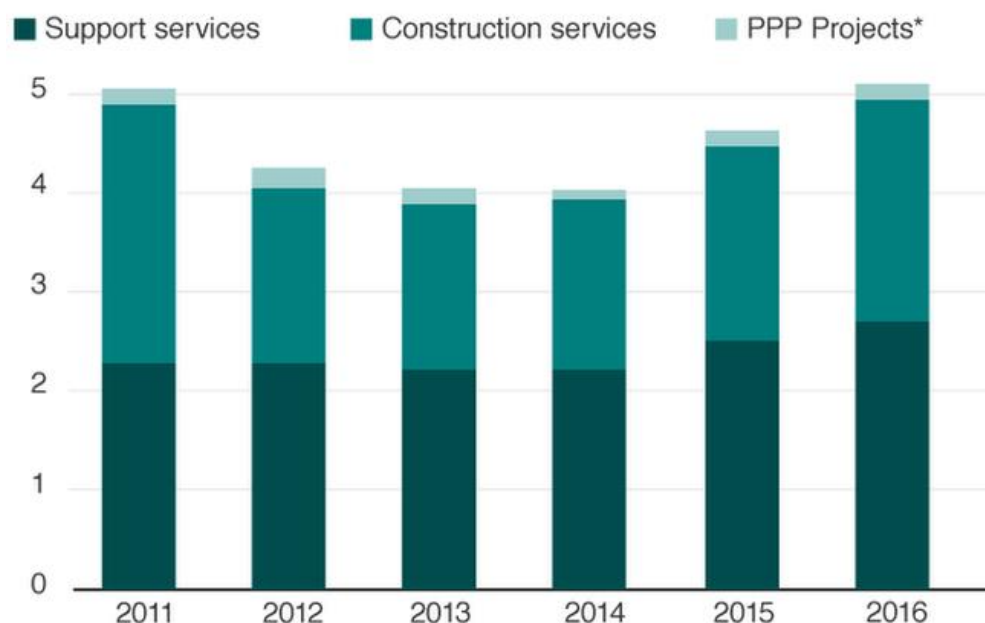
### 2. Background

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- 2.1 Carillion PLC employed around 43,000 people globally, with 20,000 based in the UK, with an estimated 1,000 in Scotland. Its overseas operations were primarily in Canada, the Middle East and the Caribbean and it was a major supplier of construction services to the Canadian government. Describing itself as an "integrated support services business", it held about 450 governmental contracts, spanning the UK education, justice, defence, and transport ministries. Carillion PLC managed the Smart Motorways traffic control system as well as maintaining about half of the UK's prisons and Young Offender Institutions. Its responsibilities additionally included cleaning, landscaping, and catering and it supplied school dinners and property and facilities management services to several English local authorities, e.g. Oxfordshire County Council, which has recently paid £10.65m to exit early from its arrangement with Carillion PLC.
- 2.2 Carillion PLC was also the second-biggest supplier of maintenance services to Network Rail and was responsible for delivering a range of major public-sector projects. They included the planned HS2 high speed railway line, the Royal Opera House, the Library of Birmingham, the Tate Modern, and the "doughnut" shaped building of Government Communications Headquarters (GCHQ). In 2016, Carillion had sales of £5.2bn and, until July, a market capitalisation of almost £1bn.

## Carillion's revenue

Revenue by division (£bn)



Source: Carillion. \*PPP: Public-private partnerships

BBC

- 2.3 However, Carillion PLC ran into trouble after losing money on major contracts and running up large debts. Some commentators suggest that the company overreached itself, taking on too many risky contracts that proved unprofitable. It also faced payment delays in the Middle East that hit its accounts.
- 2.4 Last year, it issued 3 profit warnings in 5 months and wrote off more than £1bn from the value of contracts. This action made it much harder for the company to manage its debts and pension deficit. Carillion PLC's share price dropped, following the first profit warning in January 2017, then dropped further as more warnings were made.
- 2.5 Ultimately, the company finally collapsed in January 2018, under the weight of £1.5bn in debts. Despite discussions between Carillion PLC, its lenders and the UK government, no deal could be reached to save the company.
- 2.6 Its biggest problems arose from cost overruns on three UK public sector construction projects:
- the £350m Midland Metropolitan Hospital in Sandwell: opening delayed to 2019 due to construction problems;
  - the £335m Royal Liverpool Hospital: completion date repeatedly pushed back amid reports of cracks in the building; and
  - the £745m Aberdeen bypass: delayed because of slow progress in completing initial earthworks.

- 2.7 Within Scotland, the company's list of existing clients includes: Registers of Scotland, the Scottish Children's Reporter Administration, West of Scotland Housing Association, and NHS Greater Glasgow and Clyde. Carillion also has two UK-wide facilities management contracts with the Ministry of Defence worth £158 million, which includes 83 military sites in Scotland.

### **3. Main report**

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- 3.1 Following the news about Carillion PLC entering liquidation, initial checks were instituted by the Council's Finance, Commercial and Procurement Services and Legal Services teams to assess any risk to the authority. These checks were completed by 17 January 2018.
- 3.2 The Council's checking and assurance processes confirmed that no direct contracts with Carillion PLC either current or planned were in place. In addition, checks against subsidiaries, joint ventures and sub-contractors were also undertaken and no records of contracts or other arrangements being in place with Carillion PLC were identified.
- 3.3 Carillion PLC was the contractor for the Niddrie Burn Restoration Project, which is now complete. The only payment made to Carillion by the Council related to this project during the last year.
- 3.4 Carillion PLC was also the Multi Utilities Diversion Framework Agreement (MUDFA) contractor for the original Edinburgh Tram project, with the contract having been awarded by Transport Initiatives Edinburgh (TIE).
- 3.5 The Council has some residual exposure on these projects in terms of not being able to enforce warranties and guarantees from Carillion PLC should the need arise. There is provision in the construction contracts for both the MUDFA and Niddrie Burn projects for Carillion PLC sub-contractors to provide collateral warranties to TIE and the Council respectively. Collateral warranties would allow TIE (now CEC Recovery Ltd) and the Council to directly enforce the warranties against the sub-contractors. Legal Services is reviewing the position in relation to such collateral warranties.
- 3.6 In terms of the broader potential impact upon the City, GRBV is advised that Carillion PLC was contracted to deliver the £23m extension to platforms in Edinburgh Waverley station in early 2017. Network Rail has indicated that they do not expect the station work, due for completion by the end of 2018, to be affected in the short-term and alternative arrangements to ensure delivery were being developed.
- 3.7 No other major contracts for Carillion PLC delivery have been identified in Edinburgh, at present.

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

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- 4.1 The primary measure of success is that the Council has no significant exposure or liabilities arising from Carillion PLC entering liquidation.



## **5. Financial impact**

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5.1 There are no direct financial impacts arising from this report.

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

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6.1 The Council has some residual exposure arising from two identified projects in terms of not being able to enforce warranties and guarantees from Carillion PLC should the need arise. There is provision in the construction contracts for both the MUDFA and Niddrie Burn projects for Carillion PLC sub-contractors to provide collateral warranties to TIE and the Council respectively. Collateral warranties would allow TIE (now CEC Recovery Ltd) and the Council to directly enforce the warranties against the sub-contractors. Legal Services is reviewing the position in relation to such collateral warranties.

6.2 To protect the Council's position as much as possible from any other such risk within the construction industry, we are also undertaking a review of other construction companies that may have issued profit warnings to assess any further potential risks.

## **7. Equalities impact**

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7.1 There are no specific equality impacts arising from the report.

## **8. Sustainability impact**

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8.1 There are no specific impacts arising from the report.

## **9. Consultation and engagement**

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9.1 There are no specific consultation or engagement issues arising from this report.

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

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10.1 None.

### **Stephen S. Moir**

Executive Director of Resources

Resources Directorate

E-mail: [stephen.moir@edinburgh.gov.uk](mailto:stephen.moir@edinburgh.gov.uk)

# Governance, Risk and Best Value Committee

10.00am, Tuesday, 20 February 2018

## Licensing Forum: Review of Constitution and Membership

Item number	7.5
Report number	
Executive/routine	
Wards	All
Council Commitments	

### Executive Summary

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The Local Licensing Forum ('the Forum') is a lay advisory body set up by the Council as required by the Licensing (Scotland) Act 2005. The Forum, like the Licensing Board, is a separate legal entity from the Council and is not a Council committee. The Council has a duty to establish a Forum, to appoint the membership of the Forum and provide support and assistance as required.

A review of the Forum membership, including consultation with the existing membership at the time, took place during 2017. The Council approved a revised constitution and membership on [23 November 2017](#).

This report is in response to a request from the Governance, Risk and Best Value Committee to review how the Forum membership is appointed.

## Licensing Forum: Review of Constitution and Membership

### 1. Recommendations

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- 1.1 The Governance, Risk and Best Value Committee is asked to note the approach taken to reviewing the constitution and appointment of members for the Forum, as reported to Council on 23 November 2017.

### 2. Background

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- 2.1 The Licensing (Scotland) Act 2005 ('the Act') requires local authorities to establish a 'Local Licensing Forum' under the provisions of the Act. Whilst Licensing Boards have been in place as separate legal entities for many years, Licensing Forums were created by the Act. However both are independent of the Council and its structures. The Act does not provide any mechanism by which the Council could exercise governance over the Forum.
- 2.2 The Act sets out the functions of the Forum, specifically:
- 2.2.1 Keeping under review the operation of the Act in the Forum's area, and in particular, the exercise by the local Licensing Board of its functions; and
  - 2.2.2 Giving such advice and making such recommendations to the Board in relation to those matters as the Forum considers appropriate.
- 2.3 The Act makes clear that the Forum's role is not to review, give advice or make recommendations to the Board in relation to the exercise of their functions in relation to particular cases.
- 2.4 Prior to the commencement of the Act in 2009 the Council operated a voluntary licensing forum in the city. This best practice model became a recommendation of the Nicholson report which was the basis of the 2005 Act.
- 2.5 The operation, membership and constitution of the Forum was reviewed in 2012 shortly after the local government elections. At that time responsibility for supporting the Forum transferred from Committee Services to the senior manager with responsibility for licensing within the Council, as the structures around committee business were believed to inhibit lay members from participating and raising issues.
- 2.6 All reports in relation to the Forum have been dealt with by Council, as none of the existing executive committees have the Licensing Forum within their remit.

- 2.7 The Regulatory Committee deals with all Council licensing functions which do not include liquor or gambling, as these functions are regulated under separate statutory regimes and fall within the remit of the Licensing Board. As the Licensing Board is a separate legal entity, the Council cannot include the Forum within the Board's remit. As the Forum has specific functions in relation to the Board as set out in the Act, such a remit would conflict with statutory requirements.

### 3. Main report

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#### Local Licensing Forum

- 3.1 The Local Licensing Forum is established by the Council but is independent of both the Council and the Licensing Board. It has a specific statutory duty to keep under review the functions of the local Licensing Board. To assist with the carrying out of the Forum's functions, the Act requires the Licensing Board to meet with the Forum at least once per year. The Licensing Board is also required to 'have regard to' any advice or recommendations which the Forum may make about Licensing Board policy.
- 3.2 [The Act](#) requires the Council to establish the Forum and appoint members of the Forum. The membership cannot be fewer than five and no more than 21. The Forum must include the following representatives:
- A Licensing Standards Officer;
  - A representative of the Health Board;
- 3.3 In addition to these the Council is required by the Act to include, so far as possible, representatives or persons having an interest in the following:
- The Chief Constable;
  - Persons having functions relating to health, education or social work;
  - Holders of Premises Licences or personal licences;
  - Residents of the forums' area; and
  - Young persons.
- 3.4 The Act gives no guidance or instruction on how local membership is to be selected beyond the provisions set out above. In Edinburgh the practice has been to maximise the membership by appointing 21 members whilst endeavouring to maintain a balance between representatives of the community and the licensed trade. Membership as at 7 December 2017 is listed in Appendix 1. Members of the Forum are permitted to send a substitute provided the Convenor is notified in advance.
- 3.5 In order to improve transparency, in 2012 this constitution was amended (Appendix 3) to set out the how the 21 members would be identified, taking into account the

requirements of the Act. The membership of the Edinburgh Forum was to be drawn from the following:

- A Licensing Standards Officer;
- A Police Officer;
- A Health Board representative;
- A young person;
- A minimum of six members of the community; and
- A minimum of six members of the licensed trade.

3.6 In 2012 it was agreed that the remaining five members are to be drawn from additional community or licensed trade representatives whilst seeking to maintain balance and, where existing members wanted to continue, they were reappointed. The relevant Executive Director was given delegated authority to appoint additional members as vacancies arose.

3.7 The Forum's constitution specified how the six community representatives mentioned at paragraph 3.5 were to be distributed. At that time each Neighbourhood area (North, South, City Centre and Leith, South West, East and West) was asked to nominate a representative.

3.8 The remaining five seats not specifically allocated to a representative listed in paragraph 3.5 above were filled by volunteers. For example, a member of the Friends of the Meadows has attended the Forum for a number of years.

3.9 In order to encourage community and other interested parties to attend and participate, the constitution allows third parties to attend and speak but not to vote. This arrangement has helped widen access to the Forum. For example, a number of community councils send observers to Forum meetings to allow them to raise relevant points.

### **Review of Forum Membership and Constitution**

3.10 Early in 2017 it was identified that this distribution of membership was no longer fit for purpose as:

- Community Planning structures were changing; and
- Historically it had been difficult to recruit a community representative from the East and West Neighbourhood areas.

3.11 Any change to the make-up of Forum membership requires amendments to the constitution, and it was therefore decided to review that document at the same time. As required by the constitution, the Council's Regulatory Services Manager initially consulted the Convenor of the Forum, attended several meetings of the Forum during 2017 and consulted the membership on:

- Changes to the constitution; and
- Proposals on how the future membership would be distributed.

- 3.12 Members were asked to consult with the groups they represented, e.g. Neighbourhood Partnerships and local community councils, and to provide written feedback or comments. A series of written comments were received and, where possible, the comments were adopted. If not, an explanation was provided as to why they were not accepted and direct feedback was provided.
- 3.13 In addition to consultation with the Forum membership, further consultation was undertaken separately with the Edinburgh Association of Community Councils to ensure that the wider community council membership in the city had an opportunity to provide feedback. Finally, stakeholders were approached for comment, including colleagues responsible for community planning and the Chief Social Work Officer.

### **Revised membership**

- 3.14 The following changes to the make-up of the membership were proposed in the revised constitution:
- 3.14.1 In addition to the Health Board representative, the Chief Social Work Officer will be asked to nominate a representative from health or social work. It is suggested that this will be an officer from Edinburgh Drugs and Alcohol Partnership;
- 3.14.2 The Director of Communities and Families will be asked to nominate a representative, having regard to the need to encourage young persons to be involved; and
- 3.14.3 The six community representatives will be drawn principally from revised community planning arrangements
- One from each of the four localities (North West, North East, South West and South East).
  - One representative from the City Centre ward - this suggestion came from a number of sources and it made sense to include this given the concentration of licensed premises in the City Centre.
  - One representative from the Edinburgh Association of Community Councils.
- 3.15 It is recognised that Community Planning structures are still under consideration and have yet to be approved by the Council. It was therefore proposed that existing community representation should continue until new structures are agreed.
- 3.16 Once revised community planning structures are agreed, a representative will be nominated . This representative will be accountable to the area that they represent. Support and advice will be provided, if required for recruitment and selection or in the event of a vacancy. It would of course be appropriate for an area to nominate an existing representative. The clear intention is that each area will nominate their chosen representative to provide a direct link between the community and the Forum. This would of course be kept under review, should community planning structures evolve or if any concerns arise.

- 3.17 In the case of trade representatives, existing members will be reappointed if they wish to continue to serve. Where a vacancy occurs outwith these arrangements, the Department will endeavour to use volunteers who come forward, or failing this will advertise for volunteers.
- 3.18 The arrangements for additional members up to a maximum of 21, substitutes and attendance of others on an ex-officio basis, remain as set out in paragraphs 3.4, 3.8 and 3.9 above and are designed to maximise participation within what the statutory provisions allow.
- 3.19 The Council approved the revised Constitution and Membership (Appendix 2) on 23 November 2017.

### **Support for the Forum**

- 3.20 Discussions have taken place with respect to options for supporting members of the Forum with appropriate training. A course has been identified, provided by Alcohol Focus Scotland, which would be adapted to suit local needs. This training would focus on the Forum's statutory role and strategies for influencing policy making. In addition, Council officers will continue to provide support and assistance, including information that the Forum might reasonably require. Senior Council officers and the depute Clerks to the Licensing Board will also attend Forum meetings where possible, to provide ad hoc advice and information as required.
- 3.21 The next formal review of the constitution would normally take place after the local government elections in 2022, however it can be periodically reviewed if a request is received. Similarly, any feedback from stakeholders and members will be followed up as required. Failing this, the next review would normally take place after local government elections in 2022.

## **4. Measures of success**

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- 4.1 The Council supports and encourages an active local licensing forum which reflects the proposed membership set out within the Licensing (Scotland) Act 2005).

## **5. Financial impact**

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- 5.1 The costs of supporting the Forum are minimal and are contained within the Place Directorate budget.

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

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- 6.1 The Local Licensing Forum is independent of the Council and governance arrangements therein.

## **7. Equalities impact**

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7.1 There are no equalities issues arising out of the contents of this report.

## **8. Sustainability impact**

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8.1 There are no sustainability issues arising out of the contents of this report.

## **9. Consultation and engagement**

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9.1 Consultation on changes to the forum constitution and membership is detailed in paragraphs 3.10 to 3.13 above.

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

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10.1 [Report to Full Council November 2017](#)

10.2 [Report to Full Council September 2012](#)

10.3 [Licensing \(Scotland\) Act 2005](#)

### **Paul Lawrence**

Executive Director of Place

Contact: Andrew Mitchell, Regulatory Services Manager

E-mail: [andrew.mitchell@edinburgh.gov.uk](mailto:andrew.mitchell@edinburgh.gov.uk) | Tel: 0131 469 5822

## **11. Appendices**

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Appendix 1 – Forum Members as at 7 December 2017

Appendix 2 – The City of Edinburgh Council Licensing Forum Constitution and Remit (2017)

Appendix 3 - The City of Edinburgh Council Licensing Forum Constitution and Remit (2012)



## **APPENDIX 1: FORUM MEMBERS AS AT 7 DECEMBER 2017**

1. Licensing Standards Officer
  - Ken Fairgrieve
  
2. Licence Holders and Persons with Relevant Interests
  - Graeme Arnott
  - Marshall Bain
  - Rosaleen Harley (Convener)
  - Paul Togneri (Scottish Beer and Pub Association)
  - Dennis Williams
  - John Lee
  - Peter Swanson
  - James Nicholson
  
3. Police Scotland
  - Sgt John Young
  
4. Health, Education & Social Work
  - Jim Sherval
  
5. Young Persons
  - Jenna Kelly
  
6. Community/residents:
  - Penny Richardson (North rep.)
  - Vacant (East rep.)
  - Vacant (West rep.)
  - Norman Tinlin (South West rep.)
  - Bridget Stevens (additional)
  - Samuel Piacentini (City Centre/Leith rep.)
  - Robin Morris (South rep.)
  - Chris Wigglesworth (Friends of the Meadows (additional))

# **The City of Edinburgh Licensing Forum Constitution and Remit**

## **City of Edinburgh Licensing Forum Constitution**

**1 Title**

**2 Introduction**

**3 Definitions**

**4 Terms of Reference**

**5 Functions**

**6 Membership**

**7 Convener**

**8 Meetings**

**9 Method of Voting**

**10 Special Meetings**

**11 Conduct of Members**

**12 Attendance at Meetings**

**13 Resignation etc**

**14 Alterations to Constitution and powers to make or amend rules**

**1 Title**

1.1 The Forum shall be known as the City of Edinburgh Licensing Forum.

## **2 Introduction**

2.1 The City of Edinburgh Licensing Forum has been established to represent the views of people concerned with the operation of the licensing system in the geographical boundaries of the City of Edinburgh Council. The Forum has been established in accordance with Sections 10 and 11 and Schedule 2 of the Licensing (Scotland) Act 2005. It is the role of the Forum to keep the operation of the licensing regime, and the use of licensing powers, under review in the Edinburgh area. The Forum is also responsible for giving advice and recommendations to the City of Edinburgh Licensing Board.

2.2 This document sets out the Forum's constitution.

## **3 Definitions**

3.1 "Act" in this constitution means the Licensing (Scotland) Act 2005 as amended from time to time.

3.2 'The City of Edinburgh Licensing Forum' or 'the Forum' means that body established by the City of Edinburgh Council ('the Council') in accordance with Section 10 of the Act.

3.3 'Licensing Board' or 'the Board' means the City of Edinburgh Licensing Board.

3.4 'Licensing Standards Officer' or 'LSO' means a person employed by the Council and qualified as required by the provisions of the Act.

3.5 'Edinburgh' means that area administered by the Council incorporated under the Local Government etc (Scotland) Act 1994.

## **4 Terms of Reference of the Forum**

4.1 To keep the liquor licensing system in the Council area under regular review and to seek to stimulate debate on matters relevant to the system.

4.2 To respond to consultation exercises undertaken by the Board and the Scottish Executive.

4.3 To consider the implications of relevant local data and statistics for the liquor licensing system in the Council area;

4.4 To meet the Board at least once per year.

4.5 To give advice and make recommendations to the Board on relevant matters, except individual licensing applications.

## **5 Functions**

5.1 The Forum will review the operation of the liquor licensing regime and the exercise of licensing powers in Edinburgh, and give advice and make recommendations to the Board.

5.2 The Forum will give advice and make recommendations to the Board in relation to policy and other appropriate areas of concern.

5.3 The Forum will have no involvement in the exercise of the Board's powers in any particular case or application.

5.4 Forum members will take all reasonable steps to encourage all relevant people to make their views known to the Forum, and to represent their views. This may include any relevant organisations and residents within the Edinburgh Council area.

5.5 It is inappropriate for any member to use the Forum to pursue their own interests or resolve personal issues. Unless he or she has been specifically appointed to represent that organisation, a member of the Forum must not express or promote the views of any organisation of which he or she is also a member.

5.6 The Forum is entitled, on request, to be provided with copies of any statistical information provided to the Board, for the purpose of preparing a licensing policy statement or supplementary statement.

## 6 Membership

6.1 Membership of the Forum must always be between five and 21 people. This number will be subject to review by the Council, from time to time, on request by the Forum, the Board or the Council's Executive Director of Place ('the Director').

6.2 In order to be eligible for membership of the Forum, a person must be:

- Aged 18 years or above (with the exception of a member who is a 'young person')
- Able to show that he or she has an interest in the licensing system

6.3 Residents' representatives will be appointed to represent each of the four Community Planning Areas (one for each area) and in addition one representative shall be appointed to represent Ward 11 (City Centre).

- South East
- South West
- North West
- North East
- Ward 11 (City Centre)

6.4 Membership will be representative of the five key interest areas including holders of licences and young people.

6.5 A Licensing Standards Officer, a person nominated by the Health Board, a representative nominated by the Chief Constable and a person nominated by the Chief Social Worker will be appointed as members of the Forum.

6.6 Once the Council has appointed Forum members, it shall delegate power to the Director to reappoint members in consultation with the convener of the Forum ('the Convenor').

6.7 Members will be appointed initially for a period of two years. On a rolling basis, one third of members will be reappointed every two years.

6.8 Members are expected to make every effort to attend meetings. Should a member be unable to attend, he or she should contact the Convenor before the meeting. The member may formally nominate a substitute, to express views on his or her behalf. The substitute must be eligible for the same category of membership as the non-attending member.

6.9 The Council will provide facilities and reasonable expenses to assist the Forum. This may involve access to administrative support and the use of Council premises for meetings. Such facilities must only be used in carrying out Forum duties.

## **7 Convener**

7.1 At its first meeting and at the first meeting in each calendar year the Forum will elect a Convener from its members. Any member of the Forum may stand for election as Convener. The Convener will hold office until the first meeting in the following year unless he or she resigns or is dismissed.

7.2 If the Convener is not present at any meeting, or is unable to act for any reason, the meeting may be chaired by any other member present.

7.3 The Convener is responsible for ensuring that meetings are conducted in an orderly fashion. The Convener should also manage the discussion so that everyone has a chance to speak, while ensuring that all agenda items are discussed in the available time. All Forum members will have a responsibility to promote participation.

7.4 If the Convener is unable to attend a meeting of the Forum, he or she must send his or her apologies to the Community Safety Senior Manager. The Convener may nominate a substitute to express views on his or her behalf. The Forum should nominate another one of the usual members to chair that meeting.

## **8 Meetings**

8.1 The Forum will have at least four meetings in each calendar year.

8.2 The Forum will meet with the Board at least once in each calendar year.

8.3 All Forum meetings will be held in public and will be open to the media.

8.4 Meetings will be arranged by the Forum, in consultation with the Council, to ensure that appropriate facilities are available.

8.5 Dates and times of meetings, the agenda, and any connected papers will normally be issued by email or by post (if a member so requests) to the Forum members in advance of the meeting.

8.6 Forum papers will be posted on the Council website. This will include agenda, minutes of previous meetings, and other materials relevant to the Forum's operation.

8.7 The minimum number of members present for any meeting of the Forum is eight. If this minimum does not attend, the meeting will be adjourned to a later date.

8.8 All members may put forward suggestions for agenda items. The Convener is responsible for arranging this.

8.9 The Director will arrange for a note to be kept of every meeting of the Forum. This note will include:

- The names of members in attendance
- A brief note of topics dealt with
- A record of all decisions taken by the Forum

8.10 A note of each meeting will be submitted for approval at the next meeting.

## **9 Method of Voting**

9.1 All members have an equal vote, with the convener having a casting vote in the event of a tie.

## **10 Special Meetings**

10.1 A Special Meeting of the Forum can be called at any time by the convener, or if at least eight Forum members request it in writing. The convener will decide on the date and place of the Special Meeting.

## **11 Conduct of members**

11.1 Members must behave in a respectful and courteous manner towards others at all times while exercising Forum functions. With respect to the manner in which the Forum's business is carried out, the convener's decision is final.

11.2 Members should be open about their decisions and the reasons behind them.

11.3 All members are accountable for the Forum's decisions and actions. Each member must ensure that advice given, or recommendations made, reflects the views of the whole Forum.

## **12 Attendance at Meetings – Forum members**

12.1 If a member does not attend a meeting of the Forum for 2 consecutive meetings, without reasonable explanation. The Forum may consider the circumstances and if not satisfied that the member had a reasonable explanation for failing to attend, members from the Forum may vote to remove that member from the Forum.

## **13 Attendance at Meetings – members of the public**

13.1 Members of the public are welcome to attend Forum meetings, but are expected to sit at the side rather than in the body of Forum Members.

13.2 Should members of the public wish to speak at a Forum meeting then they should indicate notice of attendance a week before the meeting; and will be given a maximum of five minutes to address the Forum, or otherwise at the discretion of the Convener.

## **14 Resignation**

14.1 Members wishing to resign may do so, in writing, to the Executive Director.

## **15 Alterations to Constitution and Powers to Make or Amend Rules**

15.1 The Forum at any time may submit a report to the Council asking it to amend the constitution of the Forum, or to make or amend rules relating to the Forum



# City of Edinburgh Licensing Forum

## Constitution and Remit

## **City of Edinburgh Licensing Forum Constitution**

- 1 Title**
- 2 Introduction**
- 3 Definitions**
- 4 Terms of Reference**
- 5 Functions**
- 6 Membership**
- 7 Convener**
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- 10 Special Meetings**
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- 12 Attendance at Meetings**
- 13 Resignation etc**
- 14 Alterations to Constitution and powers to make or amend rules**

## **1 Title**

- 1.1 The Forum shall be known as the City of Edinburgh Licensing Forum.

## **2 Introduction**

- 2.1 The City of Edinburgh Licensing Forum has been established to represent the views of people concerned with the operation of the licensing system in the geographical boundaries of the City of Edinburgh Council. The Forum has been established in accordance with Sections 10 and 11 and Schedule 2 of the Licensing (Scotland) Act 2005. It is the role of the Forum to keep the operation of the licensing regime, and the use of licensing powers, under review in the Edinburgh area. The Forum is also responsible for giving advice and recommendations to the City of Edinburgh Licensing Board.
- 2.2 This document sets out the Forum's constitution.

## **3 Definitions**

- 3.1 "Act" in this constitution means the Licensing (Scotland) Act 2005 as amended from time to time.
- 3.2 'The City of Edinburgh Licensing Forum' or 'the Forum' means that body established by the City of Edinburgh Council ('the Council') in accordance with Section 10 of the Act.
- 3.3 'Licensing Board' or 'the Board' means the City of Edinburgh Licensing Board.
- 3.4 'Licensing Standards Officer' or 'LSO' means a person employed by the Council and qualified as required by the provisions of the Act.
- 3.5 'Edinburgh' means that area administered by the Council incorporated under the Local Government etc (Scotland) Act 1994.

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#### **4 Terms of Reference of the Forum**

- 4.1 To keep the liquor licensing system in the Council area under regular review and to seek to stimulate debate on matters relevant to the system.
- 4.2 To respond to consultation exercises undertaken by the Board and the Scottish Executive.
- 4.3 To consider the implications of relevant local data and statistics for the liquor licensing system in the Council area;
- 4.4 To meet the Board at least once per year.
- 4.5 To give advice and make recommendations to the Board on relevant matters, except individual licensing applications.

#### **5 Functions**

- 5.1 The Forum will review the operation of the liquor licensing regime and the exercise of licensing powers in Edinburgh, and give advice and make recommendations to the Board.
- 5.2 The Forum will give advice and make recommendations to the Board in relation to policy and other appropriate areas of concern.
- 5.3 The Forum will have no involvement in the exercise of the Board's powers in any particular case or application.
- 5.4 Forum members will take all reasonable steps to encourage all relevant people to make their views known to the Forum, and to represent their views. This may include any relevant organisations and residents within the Edinburgh Council area.
- 5.5 It is inappropriate for any member to use the Forum to pursue their own interests or resolve personal issues. Unless he or she has been specifically appointed to represent that organisation, a member of the Forum must not express or promote the views of any organisation of which he or she is also a member.

5.6 The Forum is entitled, on request, to be provided with copies of any statistical information provided to the Board, for the purpose of preparing a licensing policy statement or supplementary statement.

## **6 Membership**

6.1 Membership of the Forum must always be between five and 21 people. This number will be subject to review by the Council, from time to time, on request by the Forum, the Board or the Council's Director of Services for Communities ('the Director').

6.2 In order to be eligible for membership of the Forum, a person must be:

- Aged 18 years or above (with the exception of a member who is a 'young person')
- Able to show that he or she has an interest in the licensing system

6.3 Residents' representatives will be appointed to represent each of the six Community Planning Areas, one for each area:

- South
- South West
- West
- East
- North
- City Centre and Leith

6.4 Membership will be representative of the five key interest areas including holders of licences and young people.

6.5 A LSO, a person nominated by the Health Board, and a representative nominated by the Chief Constable will be appointed as members of the Forum.

6.6 Once the Council has appointed Forum members, it shall delegate power to the Director to reappoint members in consultation with the convener of the Forum ('the Convenor').

6.7 Members will be appointed initially for a period of two years. On a rolling basis, one third of members will be reappointed every two years.

- 6.8 Members are expected to make every effort to attend meetings. Should a member be unable to attend, he or she should contact the convener before the meeting. The member may formally nominate a substitute, to express views on his or her behalf. The substitute must be eligible for the same category of membership as the non-attending member.
- 6.9 The Council will provide facilities and reasonable expenses to assist the Forum. This may involve access to administrative support and the use of Council premises for meetings. Such facilities must only be used in carrying out Forum duties.

## **7 Convener**

- 7.1 At its first meeting and at the first meeting in each calendar year the Forum will elect a Convener from its members. Any member of the Forum may stand for election as Convener. The Convener will hold office until the first meeting in the following year unless he or she resigns or is dismissed.
- 7.2 If the Convener is not present at any meeting, or is unable to act for any reason, the meeting may be chaired by any other member present.
- 7.3 The Convener is responsible for ensuring that meetings are conducted in an orderly fashion. The Convener should also manage the discussion so that everyone has a chance to speak, while ensuring that all agenda items are discussed in the available time. All Forum members will have a responsibility to promote participation.
- 7.4 If the Convener is unable to attend a meeting of the Forum, he or she must send his or her apologies to the Community Safety Senior Manager. The Convener may nominate a substitute to express views on his or her behalf. The Forum should nominate another one of the usual members to chair that meeting.

## **8 Meetings**

- 8.1 The Forum will have at least four meetings in each calendar year.

- 8.2 The Forum will meet with the Board at least once in each calendar year.
- 8.3 All Forum meetings will be held in public and will be open to the media.
- 8.4 Meetings will be arranged by the Forum, in consultation with the Council, to ensure that appropriate facilities are available.
- 8.5 Dates and times of meetings, the agenda, and any connected papers will normally be issued by email or by post (if a member so requests) to the Forum members in advance of the meeting.
- 8.6 Forum papers will be posted on the Council website. This will include agenda, minutes of previous meetings, and other materials relevant to the Forum's operation.
- 8.7 The minimum number of members present for any meeting of the Forum is eight. If this minimum does not attend, the meeting will be adjourned to a later date.
- 8.8 All members may put forward suggestions for agenda items. The Convener is responsible for arranging this.
- 8.9 The Director will arrange for a note to be kept of every meeting of the Forum. This note will include:
- The names of members in attendance
  - A brief note of topics dealt with
  - A record of all decisions taken by the Forum
- 8.10 A note of each meeting will be submitted for approval at the next meeting.

## **9 Method of Voting**

- 9.1 All members have an equal vote, with the convener having a casting vote in the event of a tie.

## **10 Special Meetings**

- 10.1 A Special Meeting of the Forum can be called at any time by the

convener, or if at least eight Forum members request it in writing. The convener will decide on the date and place of the Special Meeting.

## **11 Conduct of members**

- 11.1 Members must behave in a respectful and courteous manner towards others at all times while exercising Forum functions. With respect to the manner in which the Forum's business is carried out, the convener's decision is final.
- 11.3 Members should be open about their decisions and the reasons behind them.
- 11.4 All members are accountable for the Forum's decisions and actions. Each member must ensure that advice given, or recommendations made, reflects the views of the whole Forum.

## **12 Attendance at Meetings**

- 12.1 If a member does not attend a meeting of the Forum for 2 consecutive meetings, without reasonable explanation. The Forum may consider the circumstances and if not satisfied that the member had a reasonable explanation for failing to attend, members from the Forum may vote to remove that member for the forum.

## **13 Resignation**

- 13.1 Members wishing to resign may do so, in writing, to the Director.

## **14 Alterations to Constitution and Powers to Make or Amend Rules**

- 14.1 The Forum at any time may submit a report to the Council asking it to amend the constitution of the Forum, or to make or amend rules relating to the Forum.



**Tuesday, 20 February 2018**

## **Change Management Reform**

<b>Item number</b>	7.6
<b>Report number</b>	
<b>Executive/routine</b>	
<b>Wards</b>	All

### **Executive summary**

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This report outlines proposals to implement a portfolio and a coordinated change management approach to the planning and delivery of change.

## Recommendations

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It is recommended that Committee:

- 1.1 note the current governance arrangements for major projects;
- 1.2 endorse the proposed enhancements to current governance arrangements, standards and processes in line with good project and programme delivery practice;
- 1.3 endorse the approach to change management and implementation of a portfolio management approach to support delivery of outcomes required to deliver the business plan;
- 1.4 note this report has been referred from Corporate Policy and Strategy Committee that met on 5 December 2017.

## Background

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- 2.1 The Corporate Programme Office (CPO) was created by the Policy and Strategy Committee on 7 Aug 2012 and tasked with oversight of major programmes or projects (those with an investment value exceeding £5M) and other large projects that were either corporate in nature or particularly sensitive to the Council's reputation.
- 2.2 CPO had responsibility for ensuring governance arrangements were in place to support project and programme delivery across the organisation. This responsibility varied from providing advice and guidance to projects, to directly leading project and programme delivery. CPO also performed a scrutiny, assurance and reporting role, providing the Corporate Leadership Team (CLT) and Elected Members with transparency on delivery progress.
- 2.3 In April 2016, a new Transformation Team within Strategy and Insight absorbed the functions of CPO within its broader remit of supporting significant business change and process improvement across the organisation, as required to deliver the Council business plan.
- 2.4 The service now seeks to build on the work of the CPO through the introduction of a robust change and portfolio management approach. This approach will ensure consistency in the management of change, through the implementation of pre-project activities, enhanced governance and standards, and will provide process transparency and minimise the risk of delivery failure.

- 2.5 Oversight of the delivery of Major Capital Projects will continue through this approach. However, status reporting will be expanded to include delivery of other significant change initiatives, thereby providing the Change Board and Committee with a holistic view of change required to deliver the outcomes supporting achievement of the council business plan.
- 2.6 Key to embedding this approach is a proposed Delivery Unit within Strategy and Insight. This unit will:
- support and promote the use of best practice project and programme delivery standards across all organisational change delivery
  - provide independent delivery assurance
  - provide a scrutiny and challenge function to significant change initiatives
  - provide dashboard reporting on the change delivery process to the Change Board (monthly) and the Governance Risk and Best Value Committee (six-monthly).

## Main report

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### Management of Change

3.1 Progress has been made in recent years to mature the organisation's approach to delivering change, but there is further scope for improvement. At present, projects are initiated in different and sometimes inconsistent ways. Major projects are reported on through different routes and using inconsistent management and reporting tools. Current arrangements will be strengthened to ensure efficient and coherent delivery of change in a broader context. This revised approach is encapsulated in six elements described below.

#### **A single process for change initiation**

- 3.2 The initiation of major projects and more routine change requests come through a number of different processes and routes. This risks both the robustness of individual business cases and the ability to assess and prioritise work volume.
- 3.3 To address this, the ICT, Strategy and Insight and Procurement teams, have put in place a single digital approach to requesting change that works across all service areas. This process ensures work can be prioritised effectively, resources are focused on priorities, and projects are following best practice methods – while keeping bureaucracy to a minimum.

#### **Consistent gateway process applied throughout the change process**

3.4 Appendix 1 sets out the proposed change management process, showing the stages that significant change initiatives will progress through prior to entering into the delivery (portfolio) stage. Each stage must show clear deliverables. Effective application of these stages will support successful delivery by ensuring due process has been applied and there is a business justification for the investment.

## **Greater alignment with strategic objectives through a portfolio approach**

- 3.5 Adopting a portfolio management approach to the delivery of change will support the organisation in achieving its challenging ambitions within a tighter fiscal environment. Correct implementation will deliver greater value for money by providing a framework and discipline that effectively allocates available resource to those initiatives that best support delivery of the organisation's strategic priorities. Other benefits of such an approach include:
- supporting change board members to make decisions on whether initiatives within the portfolio are collectively sufficient to achieve the desired aims of the organisation;
  - supporting change board members to ensure a balanced portfolio is agreed in terms of risk, timing and overall contribution to strategic objectives;
  - providing a better view of what change initiatives are planned and underway, what their costs and benefits are, and how they are progressing;
  - ensuring more of the right change initiatives are undertaken and initiatives that are performing poorly or do not strategically align are removed at an earlier stage;
  - improving management of dependencies between initiatives for the overall benefit of the organisation, even if it means rescheduling some of them;
  - improving management of the organisation's constraints, including skills, resources and the overall capacity for change;
  - increasing focus on benefits realisation and lessons learned, via active management that ensures the business actually changes and exploits the capabilities delivered to it.
- 3.6 The change portfolio is a well-understood, professional approach to project and programme management. Alongside the broader performance framework, delivery of the portfolio approach is key to ensuring the Council is effectively supporting the delivery of the Council Business Plan. Appendix 2 provides the current projects included in the portfolio, including the project life cycle stage for each project.
- 3.7 As set out above, this approach will also include an element of prioritisation to ensure emerging projects and programmes meet the strategic objectives of the Council. In a time of significant challenges as well as resource constraints, it is important to maintain a consistent and rigorous approach to focusing resources on the delivery of our priorities. Early stage prioritisation will be carried out using a set of consistent criteria and scoring framework which is set out at Annex 4.
- 3.8 A monthly dashboard that sets out progress of the portfolio will be produced and reported to the Change Board (CLT) and the Council Leader and Deputy Leader on a monthly basis. Six monthly reports will also be produced to Governance, Risk

and Best Value Committee and referred to Corporate Policy & Strategy for information. Reporting to the Finance and Resources Committee will cease.

### **Stronger governance and assurance through the proposed delivery unit and change board**

- 3.9 As detailed in section 2.6, support and oversight of this revised approach will be led by a proposed new Delivery Unit within Strategy and Insight. This is currently under consultation as part of the Strategy and Insight Organisational Review. The Delivery Unit would support the embedding of the end-to-end change process and will work closely with service teams and senior management in planning and delivering significant change.
- 3.10 The proposed Delivery Unit will act as mentor and coach to service teams, embedding good project and programme delivery practices. In this role, they will also challenge and scrutinise delivery practices, escalate issues and risks where appropriate, and ensure sufficient visibility on change progress is provided to CLT and Elected Members.
- 3.11 The proposed Delivery Unit will operate within a border framework including a Change Board chaired by the Chief Executive, and a Working Group reporting through committee as appropriate. This clear governance approach will ensure cross-council decision-making on the investment and prioritisation of change initiatives. Appendix 5 details the proposed change governance structure and Appendix 7 sets out in more detail the proposed role of the proposed Delivery Unit.

### **Closure and lessons learned**

- 3.12 To support successful change there is a need to learn lessons from both live and closing projects and to apply these to future change planning and delivery. SROs and Project Managers remain responsible for ensuring this activity is undertaken at the closure of their own projects. The proposed Delivery Unit will identify trends and ensure good practice is applied in future, and will work with projects to ensure identified areas of weakness have appropriate resolutions implemented.
- 3.13 Implementing and embedding this approach will require buy-in and commitment from across the organisation, particularly at senior management level. The proposed Delivery Unit will support necessary communication and change of practices required to achieve this.

### **Delivery Focussed**

- 3.14 To achieve delivery of the Council's ambitious change programme, there needs to be focus prioritising delivery and resourcing. As part of the Strategy and Insight Organisational Review it is proposed more emphasis is placed on supporting delivery of significant change.
- 3.15 However, to achieve delivery of business plan ambitions, the Council will at times require to supplement and flex how change is delivered with temporary resource across a range of skill sets, e.g. transformational change, construction, engineering etc.

- 3.16 Estimated resource requirements including rough order of magnitude costs will be identified at the Business Case stage and delivered by either the core internal change delivery teams, external resource where in house capacity is either not available or technical/specialist resource required or a combination of the above.
- 3.17 Internal Audit have conducted a review of how the Council manages Projects, Programmes and Benefits Realisation. A draft report has been presented to the Head of Strategy and Insight and Portfolio and Governance Manager suggesting a number of recommendations to develop and enhance good project and programme delivery practices across the organisation. Implementation of the proposals detailed in this 'Change Management Reform' paper will address a number of the audit recommendations.

### **Assurance Reviews**

- 3.18 Internal Audit will provide assurance over the risks associated with the portfolio and individual projects as part of the annual Internal Audit plan. A risk-based approach will be applied when deciding which project-related audits will be included in the plan.
- 3.19 The output of Assurance Reviews and outstanding actions will be presented as part of the standing items on each Change Board, thereby providing a fuller picture on delivery assurance and, where necessary, prompt remedial actions.

## Measures of success

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- 4.1 Success will be based on how well the change process supports delivery of those initiatives required to achieve the organisations strategic objectives and coalition commitments. Ensuing that more of the right change initiatives are undertaken and any that do not align to strategic objectives are removed at an earlier stage. More granular measures of success include:
- adoption and embedding the change process across the organisation
  - transparent and consistent reporting across all the portfolio
  - monitoring of identified and approved benefits that ensures ongoing validity of the initiatives and ultimate delivery.

## Financial impact

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- 5.1 The financial impacts of significant change will also be reported through the revenue and capital monitoring process.
- 5.2 The cost of set up and resourcing of the Delivery Unit is to be subsumed within the existing and future Strategy and Insight service budget.

## Risk, policy, compliance and governance impact

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- 6.1 Implementation of the proposals will ensure greater transparency in decision making, management of risk, prompt remedial action and provide assurance around the delivery of change.

## Equalities impact

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- 7.1 Equalities impact assessments are carried out within individual initiatives and addressed in separate reports to Council or committee.

## Sustainability impact

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- 8.1 Each initiative within the portfolio is responsible for undertaking its own sustainability impact assessment.

## Consultation and engagement

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- 9.1 Consultation and engagement is carried out within individual initiatives and is addressed in separate reports to Council or committee.

## Background reading / external references

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**Andrew Kerr**

Chief Executive

Laurence Rockey, Head of Strategy and Insight

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## Links

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**Coalition pledges** All

**Council priorities** All

**Single Outcome Agreement**

**Appendices**

Appendix 1: Change Process

Appendix 2: Change Process including significant change initiatives

Appendix 3: Change type

Appendix 4: Portfolio Prioritisation Matrix

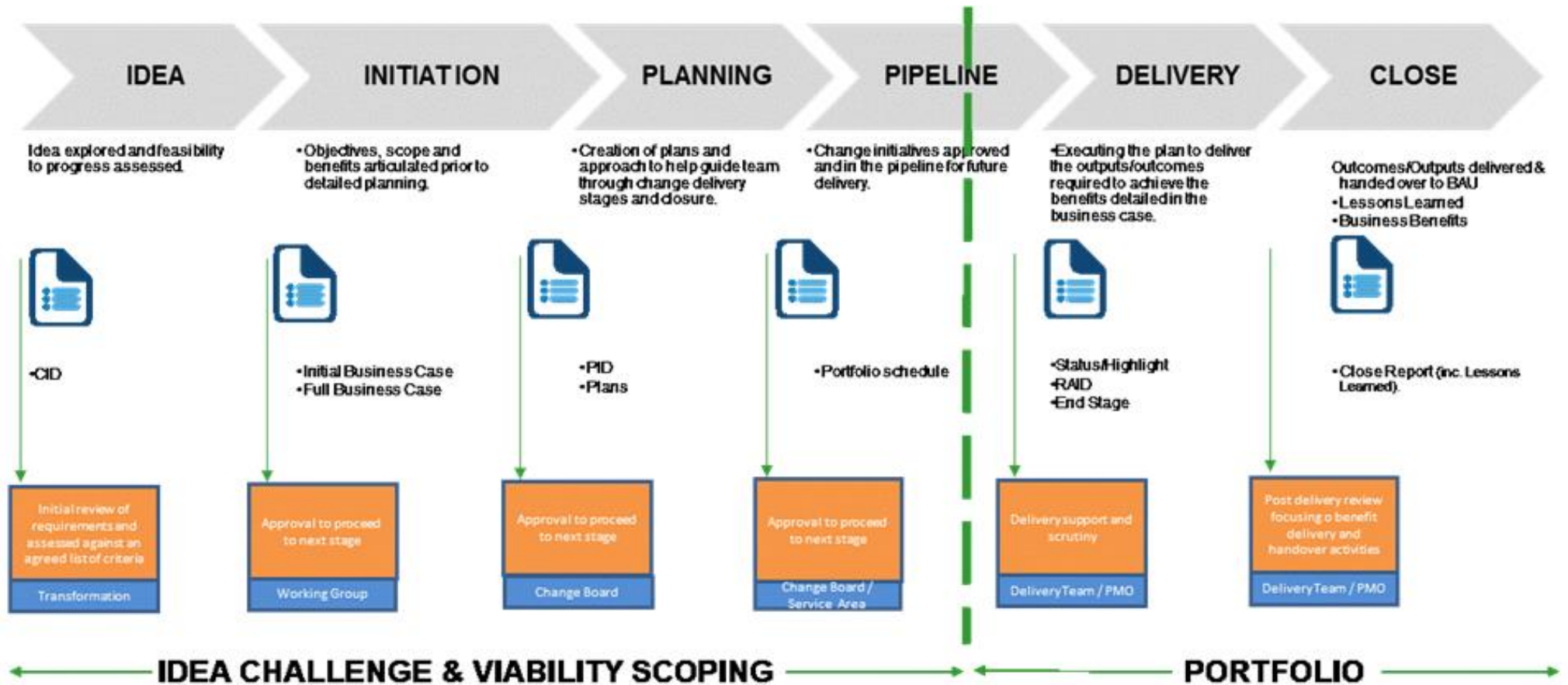
Appendix 5: Change Governance

Appendix 6: Change Delivery Standards (Project/Programme)

Appendix 7: Proposed Delivery Unit - Functions



## Appendix 1: Change Process



## Appendix 2: Change Process & Current Initiatives

STAGE	IDEA			INITIATION			PLANNING			PIPELINE			DELIVERY (PORTFOLIO)			CLOSE			
STAGE DESCRIPTION	<p><b>Description:</b> Idea explored and feasibility to progressed to next stage assessed.</p> <p><b>Documentation:</b></p> <ul style="list-style-type: none"> <li>- Change Initiation Document (CID).</li> </ul> <p><b>Process:</b></p> <ul style="list-style-type: none"> <li>- CID completed by service area and submitted to <a href="mailto:transformationpmo@edinburgh.gov.uk">transformationpmo@edinburgh.gov.uk</a></li> <li>- CID referred to <b>Working Group</b> for (a) approval to progress to 'INITIATION' stage, (b) stop/reject, (c) refer back to service area for futher clarity/detail.</li> </ul>			<p><b>Description:</b> Business justification agreed and authority given to progress to 'PLANNING' stage.</p> <p><b>Documentation:</b></p> <ul style="list-style-type: none"> <li>- Initial Business Case</li> <li>- Full Business Case</li> </ul> <p><b>Process:</b></p> <ul style="list-style-type: none"> <li>- Initial Business Case prepared by service and submitted to the Change Board for (a) approval and funding to deliver full business case, (b) reject, (c) revise and resubmit, (d) put on hold.</li> <li>- Assuming approval to proceed to full business case resource secured and business case delivered.</li> <li>- Full Business Case approved by Change Board and appropriate Committee if required.</li> </ul>			<p><b>Description:</b> Detailed planning and any procurement activities undertaken.</p> <p><b>Documentation:</b></p> <ul style="list-style-type: none"> <li>- Procurement / Tendering / Contractor Appointed</li> <li>- Plan</li> <li>- PID/PDD</li> </ul> <p><b>Process:</b></p> <ul style="list-style-type: none"> <li>- Completion of any detailed planning and procurement activities</li> <li>- Final approval by change board and committee prior to implementation.</li> </ul>			<p><b>Description:</b> Approved Projects/Programmes that have completed all pre-delivery stages, i.e. IDEA/INITIATION/PLANNING and to be scheduled for future delivery.</p>			<p><b>Description:</b> Project / programme delivery of the capability required to realise the business benefits agreed at business case stage.</p>			<p><b>Description:</b> Formal project / programme closure.</p> <p><b>Documentation:</b></p> <ul style="list-style-type: none"> <li>- Project/Programme Closure Document.</li> </ul> <p><b>Process:</b></p> <ul style="list-style-type: none"> <li>- Project/Programme Manager completes closure documentation. SRO to approve closure and dissolve project/programme team(s).</li> </ul>			
INITIATIVES	Ref	CP	Name	Ref	CP	Name	Ref	CP	Name	Ref	CP	Name	Ref	CP	Name	Ref	CP	Name	
SIGNIFICANT CHANGE				SIP.008		Swift Replacement	SIP.009		Business Intelligence	SIP.007	16	Roads Improvement Programme	SIP.001		Customer Programme				
										SIP.011		Building Standards Improvement	SIP.001a		Intelligent Automation				
													SIP.001b	35	Channel Shift				
													SIP.001c		ERP				
													SIP.002		Asset Management Strategy				
													SIP.003	37, 38, 40	Health & Social Care				
													SIP.004	23, 25	Waste & Cleansing Improvement				
													SIP.005	52	Localities				
													SIP.006		Edinburgh Leisure - FM Transfer Schools				
													SIP.010		ICT Transformation				
					SIP.010	23,25	Communal Bin Review												
		MCP.024	28	New Secondary Schools (CP)	SIP.012		CONFIRM	MCP.025	22	Tram Extension	MCP.024		Street Lighting: LED	MCP.001	1	NHT	MCP.027		Queensferry Crossing
		MCP.025	28	New Primary Schools (CP)				MCP.018	28	Queensferry HS	MCP.017	42	Meadowbank Redevelopment	MCP.002	1	21st Century Homes			
					MCP.021	28	Broomhills PS	MCP.026		EDI - India Quay	MCP.015	28,32,33	Early Years Programme	MCP.003		WoL Flood Prevention - Phase 2			
					MCP.022	28	Victoria PS (Replacement)	MCP.019	28	St Crispins PS				MCP.004		Zero Waste: Edinburgh & Midlothian			
					MCP.023	28	Castlebrae HS (Replacement)	MCP.020	28	New South Edinburgh PS				MCP.005		Fleet Services/Transport Review			
								MCP.015	28,32,33	Early Years Programme				MCP.006		West Princes St Gdns inc. Ross Pavillion			
														MCP.007		Edinburgh St James			
														MCP.008		Leith Programme			
														MCP.009		Northbridge			
														MCP.010		EDI - Craigmiller Regeneration			
														MCP.011		EDI - Market Street			
														MCP.012		EDI - Granton Waterfront			
														MCP.013	28	Boroughmuir HS			
														MCP.014	28	St Johns PS			
														MCP.015	28, 32, 33	Early Years Programme			
													MCP.016	28	Rising Schools Rolls				
													MAN.001		Historic Abuse Enquiry				
													MAN.002		GDPR Implementation				
													FUT.001		City Vision				
													FUT.002	6	City Deal				

## Appendix 3 – Change Types

	SERVICE IMPROVEMENT (SIP)	MAJOR CAPITAL PROJECTS (MCP)	PEOPLE & CULTURE (P&C)	LEGISLATIVE / MANDATORY (MAN)	STRATEGIC CHANGE (STR)
<b>TRACKED WITHIN THE PORTFOLIO</b>	<p>Significant change to processes, technology or ways of working (likely with a strong cross-departmental impact) which will deliver improvements and efficiencies for current/future services, e.g.</p> <ul style="list-style-type: none"> <li>Roads Improvement</li> <li>Process Automation</li> <li>Waste Improvement</li> <li>Channel Shift</li> </ul>	<p>Major infrastructure projects requiring capital investment of &gt;£5M, e.g.</p> <ul style="list-style-type: none"> <li>Early Years Programme</li> <li>St Johns PS</li> <li>Northbridge refurbishment</li> <li>West Princes St Gardens</li> </ul>	<p>Projects and programmes that drive large scale and significant change for our people and improve culture (both internal &amp; external), e.g.</p> <ul style="list-style-type: none"> <li>HR policy &amp; ways of working.</li> <li>Future, Engage, Deliver</li> <li>Relationship building</li> <li>Compact</li> </ul>	<p>Initiatives we are required to do from a legislative/ reputational perspective, e.g.</p> <ul style="list-style-type: none"> <li>GDPR Implementation</li> </ul>	<p>Initiatives that deliver longer-term strategic step-change, e.g:</p> <ul style="list-style-type: none"> <li>City Deal</li> <li>City Vision</li> <li>Localities</li> <li>Efficiencies &amp; Transformation</li> </ul>
<b>TRACKED THROUGH BUSINESS AS USUAL (BAU)</b>	<p>Localised changes and initiatives that have some strategic, political or financial impact but are delivered as part of operational continuous improvement, e.g.</p> <ul style="list-style-type: none"> <li>Change of Print provider</li> <li>Document management</li> </ul>	<p>Infrastructure projects and programmes with capital investment of &lt;£5M, e.g.</p> <ul style="list-style-type: none"> <li>Hunters Hall cycle hub and pitch</li> <li>Care home refurbishments</li> <li></li> </ul>	<p>Departmental initiatives and day-to-day line management accountabilities delivered within existing policies and procedure frameworks, e.g.</p> <ul style="list-style-type: none"> <li>WLT</li> <li>Small organisational reviews as part of ongoing service review</li> <li>Change to policies.</li> </ul>	<p>Operational changes required to align with legislative requirements, e.g.</p> <ul style="list-style-type: none"> <li>Cole Report</li> <li>Historic Abuse Enquiry</li> <li>Software updates required to comply with legislative changes</li> </ul>	

### Definitions:

- **Significant Change** – change initiatives that have a weighted score  $\geq 14$  when assessed via the ‘prioritisation matrix’; or any other corporate project the Chief Executive shall, in consultation with the Change Board and the Convenor or vice-Convenor of the Governance, Risk and Best Value Committee so designate.

The Portfolio Prioritisation Matrix applies a score from 1 (Low) to 3 (High) on level of impact a proposed project or programme has on a number of key criteria, i.e. a projects contribution to strategic priorities, financial impact, level of risk, community/citizen impact, people and culture impact. The criteria are weighted based on importance.

- **Major Capital Projects** - As designated in the Council’s Scheme of Delegation, section 3.14 & 3.15, any project which has an estimated value of > £5M; or any other corporate project the Chief Executive shall, in consultation with the Change Board and the Convenor or vice-Convenor of the Governance, Risk and Best Value Committee, so designate.
- **Strategic Change** – change initiatives that deliver longer term, i.e. >5 years strategic change.

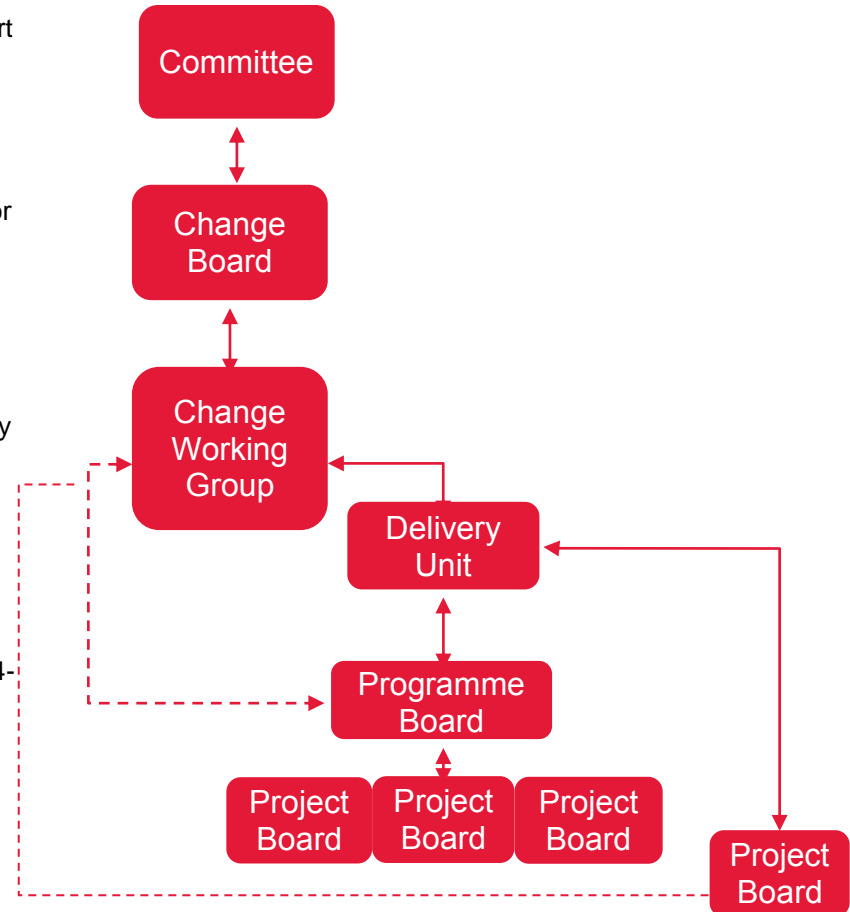
## Appendix 4 – Portfolio Prioritisation Matrix

### PRIORITISATION AND CATEGORISATION FRAMEWORK

	Agreed Weighting	Low - 1	Medium - 2	High - 3
Strategic	1.0	Does not align to the Council's Strategy Framework	Supports/ enables Council Strategy Framework Business Plan/ Coalition Pledges, City Vision/ City Deal	Integral component Council Strategy Framework Business Plan/ Coalition Pledges, City Vision/ City Deal
Financial	1.0	Financial impact revenue/ capital <£1m	Financial impact revenue/ capital £1-5m	Financial impact revenue/ capital £5m + Generates significant savings/income
Risk	1.0	Low probability of the risk materialising which has an impact on the Council's Objectives	Possible that the risk may materialise which has at least a significant impact on the Council's objectives	Greater than 50% that the risk will materialise with at least a significant impact to the Council's objectives
Service Improvement	1.0	Incremental change to the current service offering	Provides opportunity for a changed service offering such as deploying new software, however the changes does not fundamentally alter the service offering	Provides opportunities to deliver at least one service in a new or significantly different manner
Community / Environmental Impact	0.8	Moderate impact on one locality	Moderate impact on multiple Localities or significant impact in at least one locality	Major impact on Multiple Localities or significant impact in at least one locality forming part of a locality improvement plan
Political	0.7	Negligible/ Minor political implications	Project will require ongoing Committee Scrutiny	Highly sensitive, likely to be subject to Committee debate and scrutiny. Potential
Staff Impact/Culture	0.7	Negligible/ Minor staff implications	Major staff implications in at least one Service Area	Highly sensitive, likely to be subject to Committee debate and scrutiny. Potential
Legislative	1.0	Marginal change to existing regulatory/ legislative framework	New Mandatory Regulatory/ Compliance Project which has an incremental change. Unlikely to carry reputational impact	New Mandatory Regulatory/ Compliance Project with potential of reputational impact

## Appendix 5 – Change Governance

- **Committee** – Six monthly status update on the Council’s Portfolio of Change to Governance, Risk and Best Value (GRBV) Committee for scrutiny. The update report will then be referred to Corporate Policy and Strategy Committee for information.
- **Change Board** –meets monthly & comprised of CLT members and responsible for (i) making investment decisions and agreeing prioritisation of change initiatives, (ii) issue resolution escalated from working group, and (iii) tracking Portfolio delivery progress.
- **Change Working Group** – meets monthly & comprised of HoS’s and responsible for overseeing and progressing change ideas, (ii) overseeing and if required issue resolution in relation to the portfolio, (ii) review and challenge of business cases, (iv) providing support and information to support Change Board decisions.
- **Proposed Delivery Unit** – to provide support and challenge to change initiatives reporting via the Portfolio, (including major capital projects). Portfolio Programme and Project Managers to submit monthly highlight/status that have been approved by SRO’s/Sponsors. The Delivery unit will coordinate papers required for Change Working Group and Change Board, including (i) Portfolio dashboard, (ii) Escalating top Risks and Issues. (iii) Any CID’s submitted that require decision on progress.
- **Programme Board** – all programmes should have a board that meets every 4-6 weeks. Depending on size and nature of a programme, they may require individual project boards that report into the programme board. Some Programmes may have individual project boards reporting in to them
- **Project Board** – for a stand-alone project there should be a board that meets on a 4-6 weekly basis, chaired by the Project Sponsor. It is also recommended a large project that is part of a programme should convene a project board.
- **Project Team Meeting** – recommended weekly project team meetings to track project delivery. Chaired by the Project Manager and attended by Project Team responsible for delivery of project tasks.
- *Note: there may be occasions when an individual programme/project may be called or request to attend the Change Working Group, e.g. issue that may impact on the wider portfolio that needs to be resolved.*



## Appendix 6 – Change Delivery Standards (Project/Programme)

Detailed below are the basic standards that should be applied and adopted across all projects and programmes within the Portfolio. The Delivery Unit will be the custodian of these standards/templates and will be published on the Orb for download and use.

STANDARD	DESCRIPTION	FREQUENCY	NOTES
Business Case	<p>Details the justification for change;</p> <p>All change initiatives in the portfolio <b>must</b> have a business case. This should be reviewed and updated at each project stage boundary during delivery to ensure ongoing validity.</p> <p>The Business Case must have a section detailing anticipated benefits and named owners who will be accountable for delivery of the stated benefits</p>	Update at each stage/tranche of delivery	Mandatory for the portfolio
PID	Details the approach to delivering the agreed change(s) required to realise the benefits agreed as part of the business case.	Update at each stage/tranche of delivery	Mandatory for the portfolio
Benefits Realisation Strategy	Document detailing the approach to managing delivery of the project/programmes benefits.	<p>Approve at initial Project/Programme Board.</p> <p>Update at end of each stage/tranche of delivery.</p>	Mandatory for the portfolio
Plan	<p>Plan detailing tasks, task owners and timescales</p> <ul style="list-style-type: none"> <li>Plan should be agreed at initial board meeting. This agreed plan will act as the baseline to monitor any slippage to plan against.</li> <li>Project Manager responsible for delivery and maintenance of the plan.</li> </ul> <p>all change initiatives in the portfolio <b>must</b> have a plan</p>	Monthly	Mandatory for the portfolio
Highlight / Status Report	<p>Details status of the project/programme</p> <ul style="list-style-type: none"> <li>Report should detail SRO, Project/Programme Manager, Delivery Stage, key milestones, overview of progress within current reporting period, status of individual project/programme workstreams, top RAID items, budget position, change controls raised in reporting period the report covers.</li> </ul> <p>all change initiatives in the portfolio <b>must</b> provide status reports</p>	Monthly	Mandatory for the portfolio
RAID	Risks, Assumptions, Issues, Dependencies	Updated Real time	Best practice

	<ul style="list-style-type: none"> <li>• Project Manager to own document and ensure all RAID item owners are actively managing their RAID items.</li> <li>• SRO's to have visibility of RAID items and address any items escalated from the Project Manager.</li> </ul>		Issues should be actively managed to resolution. Depending on impact this could be require daily management until issue is resolved.
Change Control	<p>Documents proposed change of agreed project/programme scope;</p> <ul style="list-style-type: none"> <li>• whenever a change to the scope of the change initiative is made that exceeds project/programme tolerances. The change control should details the nature and impact of the change and approved/rejected by the SRO.</li> </ul>	By exception	Best Practice
Exception Report	To be prepared by the Project/Programme Manager when the project/programme is forecast to exceed tolerances, e.g. budget, time, quality.	By exception	Best Practice
Project/Programme Close	<p>To be completed for all projects and programmes within the portfolio when the outputs and outcomes are delivered and project team disbanded. Provides a summary of how well a project/programme has delivered the outputs/outcomes stated in its business case, final budget position, benefit position, lessons learned, outstanding tasks, owners and timescales for completion.</p> <ul style="list-style-type: none"> <li>• Project/Programme Manager prepares.</li> <li>• SRO signs off</li> </ul> <p>Note: Good project practice would promote undertaking lessons learned at the end of each stage/tranche of delivery. However as a minimum a lessons learned exercise must be undertaken at the project/programme closure. Lessons Learned will be collated and themed by the Delivery unit and provided to the Change Board on a monthly basis to provide visibility on areas of change delivery that may need improved or where good practice is being demonstrated that can be harnessed and applied to other change delivery programmes.</p>	Project/programme closure	Best Practice

A change toolkit has been prepared that provides a number of templates available to all projects and programmes. Consultation with key project/programme delivery functions and stakeholders to agree final documentation is underway. An exercise to roll the standards templates across all projects/programmes to ensure consistency of approach.

## Appendix 7: Proposed Delivery Unit - Functions

A Delivery Unit can significantly increase an organisation's chances of successfully delivering its strategy, maximising benefits and delivering change initiatives more cost effectively. It can do this in a number of ways. For example:

- maintaining a 'big picture' understanding of the business change portfolio
- provide decision support to the Change Board to ensure the right programmes and projects are launched
- provide standards and processes to ensure consistency of delivery
- provide independent oversight, scrutiny and challenge to ensure things are done right first time
- provide assurance, coaching and mentoring to build a competent workforce capable of delivering project and programmes using best practice techniques
- provide 'one version of the truth', reporting function with management dashboards to focus decisions and management interventions
- reduce the likelihood and impact of events that would have a negative consequence; and, conversely, increasing the likelihood and impact of events that would have a positive consequence
- improve organisational accountability, decision making, transparency & visibility
- identify, understanding and managing multiple and cross cutting risks and issues
- protect revenue and capital spend, and enhancing VFM.
- execute change more effectively and efficiently, and improving organisational PPM delivery capability
- protect reputation and stakeholder confidence.



***The City of Edinburgh Council***  
**Internal Audit**

**Project & Programme Management and Benefits  
Realisation**  
Final Report

30<sup>th</sup> January 2018

CW1701

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

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

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

# 1. Background and Scope

## Background

Delivery of effective transformation and change is essential to ensure that the City of Edinburgh Council (the Council) can deliver on its pledges and strategic objectives whilst maintaining and improving the services it delivers at a lower cost and with less resources.

Audit fieldwork involved a review of project governance across 4 significant projects included in the Council's portfolio of change between July and November 2017, and a themed review of project benefits that was completed in October 2017. The conclusions detailed in our [Executive Summary](#) represent the consolidated themes emerging from these reviews, and are based on evidence provided during that period.

Strategy and Insight Management have advised that they are developing a new approach to the management of change. We have not assessed the adequacy of their plans, however the new approach forms the basis of their management responses to our Internal Audit findings and recommendations.

At the time of the Audit the Council's Portfolio of Change consisted of 26 projects in the implementation phase, with a further 17 significant potential change projects identified. There are also a significant number of (unquantified) projects being delivered by Service areas that were not tracked via the Council's Portfolio of Change.

The Portfolio and Governance (P&G) team within Strategy and Insight is responsible for oversight of the Council's Portfolio of Change, and providing portfolio progress updates to the Council's Change Board (essentially the Corporate Leadership Team) and elected members at the Governance, Risk, and Best Value Committee (GRBV).

Identification of expected benefits is a key requirement to support the decision as to whether proposed projects should be approved and implemented. A benefit can be financial or non-financial and is defined as a tangible and measurable effect resulting from a proposed project or business change. Expected benefits should always be clearly defined, allocated owners and documented in the project business case.

Ensuring effective delivery of the change required to achieve realisation of the benefits identified is a key aspect of project management. Benefits management within projects involves implementing the necessary business changes to support delivery of the benefits identified and recorded in the business case; tracking benefits during the life of the project to ensure they remain relevant; and (importantly) reviewing them post implementation to confirm that all expected benefits have been realised. This would normally be achieved by completion of a formal post implementation review within a year of formal project / programme closure.

The rebased 2017/18 Internal Audit plan approved by GRBV in November 2017 includes seven project reviews. Four of these have now been completed, with a number of project governance themes identified and raised as Findings. The four projects reviewed were:

1. Ross Bandstand
2. Customer Transformation
3. St James
4. Zero Waste

A review of project benefits realisation is also included in the plan.

The themes resulting from the four project reviews and outcomes from the benefits realisation review have been consolidated and are included in this report.

### Scope

The scope of the project management and benefits realisation reviews assessed the design and operating effectiveness of project governance controls established to mitigate the following key CLT risk:

- Transformation and change agenda.

Benefits testing was performed on a sample basis across current and completed projects within the Change Portfolio and projects being delivered by Service Areas for the period 1<sup>st</sup> September 2016 to 31<sup>st</sup> August 2017, and our report reflects the position as at 31<sup>st</sup> August 2017

## 2. Executive summary

### Total number of findings

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

### Summary of findings

Given the current scale of transformation across the Council, it is essential that an adequate and effective project and programme management framework is established to support consistent application of standard project management principles across all projects and programmes, and support effective management of transformation risk.

A key element of effective project and programme management is ensuring that the necessary business changes are delivered to enable realisation of expected benefits. Given the significant cost challenges currently facing the Council (circa £21m savings required in 2018/19 and a further £140m over the next five years) it is crucial that effective benefit management is consistently applied and embedded.

Additionally, once projects or programmes have been approved, benefits should be monitored at various stages throughout the project lifecycle to ensure that they remain valid, and also post implementation to confirm that all outstanding benefits are being delivered in line with the benefit realisation plan as part of ongoing operational activities.

Our review of project governance and benefits realisation has identified a number of significant control gaps in the existing project and programme management framework, and across projects and programmes being delivered both within the Council Change Portfolio and independently by service areas. These control gaps could adversely impact effective delivery of projects and realisation of associated benefits, and immediate action is required to ensure that these are addressed.

Consequently, two 'High' rated Internal Audit findings have been raised (further detail is included at [Section 3: Detailed findings](#)).

In parallel to this review The Portfolio and Governance Team (P&G) within Strategy and Insight has confirmed that they have been developing a revised Portfolio Management approach (including best practice project and programme management standards) with the objective of supporting consistent delivery and governance of Council projects. The framework will also propose a benefits management approach. The Internal Audit recommendations included in this report should be incorporated within this framework.

# 3. Detailed findings

## 1. Programme Management

Findings	
<p>The Portfolio and Governance (P&amp;G) team within Strategy and Insight is responsible for oversight of the Council's Change Portfolio, providing portfolio progress updates to the Council's Change Board (essentially the Corporate Leadership Team) and elected members at the Governance, Risk, and Best Value Committee (GRBV).</p> <p>The P&amp;G team also includes several skilled and qualified programme and project managers who are responsible for managing and supporting delivery of a small number of significant business change projects and programmes. Currently, the criteria applied to determine whether a project should be included in the Change Portfolio or delivered by a service area is based on both the cost of the project and/or reputational sensitivity. There is therefore a number of projects (not yet quantified) in progress across service areas that are being delivered by employees with potentially limited project management experience, or by external 3<sup>rd</sup> party project management specialists on a contractual basis that are not subject to oversight by the P&amp;G team and the Council's Change Board</p> <p>Our review of four projects within the Change Portfolio established that whilst standard project management principles exist, they are not applied consistently across projects within the Portfolio.</p> <p>Consolidated reporting prepared by P&amp;G and provided to the Change Board and GRBV is based on updates provided by individual projects and programmes within the Change Portfolio, however these updates are inconsistent in terms of content and level of detail provided. Additionally, P&amp;G reporting does not include projects outwith the Change Portfolio that are being delivered by service areas that could potentially be categorised as 'Significant' based on a broader set of criteria for inclusion in the Change Portfolio.</p> <p>Review of project governance across four of the projects included in the Change Portfolio established that projects are not being managed consistently, and identified several thematic control gaps. These included:</p> <ul style="list-style-type: none"> <li>• Standard business cases are not consistently produced. Project approval is often granted based on a paper presented to Council committees;</li> <li>• Failure to identify, record and monitor project benefits (refer Finding 2);</li> <li>• Lack of clearly defined project plans that reflect project critical paths and key project dependencies;</li> <li>• Failure to identify, record, monitor and report project risks, issues, and dependencies;</li> <li>• Project governance minutes (e.g. steering group meeting minutes) do not consistently record attendees or meeting outcomes.</li> <li>• Weaknesses in the management and oversight of third parties involved in projects to ensure that their delivery is in line with contractual requirements;</li> <li>• Lack of secure arrangements supporting transfer of commercially sensitive and confidential information to and from third party suppliers involved in projects;</li> <li>• Lack of project management tools to support effective delivery of high risk or large scale projects (for example MS Project). Several projects are managing their project plans in Microsoft Excel which is not always adequate to support high risk or large scale changes.</li> <li>• Project close reports are not consistently completed when a project is closed.</li> </ul>	
Business Implication	Finding Rating
<p>The potential risks and business implications associated with our Findings are:</p> <ul style="list-style-type: none"> <li>• Failure of high risk projects being delivered by service areas as they are not subject to oversight by P&amp;G team; the Council's Change Board and</li> </ul>	<div style="background-color: red; color: white; padding: 10px; width: 60px; margin: 0 auto;">High</div>

relevant Council scrutiny committees; and are supported by staff with insufficient understanding and training in effective project management and delivery of projects;

- Projects are not effectively and consistently managed with the potential for risks, issues, and dependencies to crystallise and adversely impact project delivery;
- Consolidated reporting provided by P&G to the Change Board and GRBV is incomplete and inaccurate;
- Third party supplier deliverables are not aligned with contractual requirements or Council expectations;
- Breach of Data Protection Act requirements or leakage of commercially sensitive information; and
- Areas for improvement or best practice are not identified, recorded, and shared when projects close.

#### Action plans

Recommendations	Responsible Officer
<ol style="list-style-type: none"> <li>1. Existing criteria to determine whether a project should be included in the Change Portfolio should be reviewed and enhanced. The revised criteria should be based on a thorough assessment of the risks associated with projects and will be reviewed and approved by the Change Board and GRBV;</li> <li>2. All projects currently outwith the Change Portfolio should be reviewed and assessed to establish whether they should be included based on the revised assessment criteria;</li> <li>3. SRO's who are accountable for delivery of significant change projects should assess within the business case whether there is sufficient skills, capability, and capacity within their Service Areas to effectively deliver the project and programme in line with the recommendations set out in this report. S&amp;I should work with SRO's to support them in this regard and the outcomes together with any specific requests for project management support should be reported to the Change Board for consideration and approval.</li> <li>4. A standard project management approach should be developed and applied by all projects being delivered across the Council. This should include (but not be restricted to) guidance on how to: manage external suppliers involved in project delivery; manage risks, issues and dependencies; and prepare key project plans and governance documents.</li> <li>5. Standard project management standards and processes should be owned and maintained by P&amp;G, with P&amp;G providing oversight to confirm that it is consistently applied;</li> <li>6. P&amp;G reporting to the Change Board and GRBV should be reviewed and enhanced to demonstrate progress with all projects being delivered across the Council based on an appropriate set of standard monitoring metrics.</li> <li>7. Where projects will involve transfer of commercially sensitive or private sensitive data between the Council and third parties, the Information Governance Unit (IGU) should be consulted and details included in project Privacy Impact Assessments (PIAs). Where required, secure data transfer and storage arrangements should be established with third parties prior to commencement of projects. This requirement should be included in the project guidance made available by P&amp;G to all service</li> </ol>	Portfolio and Governance Manager, Strategy and Insight

<p>areas, and considered as part of the business case approval process for all significant projects included in the portfolio of change.</p> <p>8. Provision of an appropriate range of project management tools to support effective project management and consolidated change Portfolio reporting by P&amp;G should be made available to all significant, high risk and large scale projects across the Council.</p>	
<b>Agreed Management Action</b>	<b>Estimated Implementation Date</b>
<p>1. New Criteria is in place and implemented to evaluate change initiatives and whether projects and programmes are tracked via the Council's Change Portfolio. This evaluates initiatives against the following criteria: strategic contribution; financial impact; level of risk; service improvement; political impact; citizen/community impact; and staff/culture impact. This prioritisation matrix will inform what change initiatives should be considered for inclusion in the Portfolio. The Change Board will ultimately agree what is tracked via the portfolio. The matrix has been presented to CLT and Corporate Policy &amp; Strategy Committee on 5 Nov 2017 and is being applied to all new change initiatives. Formal communication still to be undertaken across all service areas.</p> <p>2. Work is already underway and a proposed portfolio of projects was presented to the Change Board in December. This will continue to be refined through engagement at Directorate Senior Management Team meetings. The portfolio will of course continue to change as some projects are closed and new projects come on stream.</p> <p>3. The proposed Delivery Unit in S&amp;I will provide support and guidance where required to SRO's to ensure resource requirements are captured as part of the change initiatives business case. Guidance will be prepared by S&amp;I's Change Team and included in business case templates provided.</p> <p>4. Standards and processes are developed. Implementing and embedding these will take time (and will require support from senior management across all service areas). It is proposed that key standards are made mandatory for portfolio projects and programmes, i.e. business cases, PID (Project), PDD (Programme), status reporting, RAID Management, and Project/Programme Closure initially.</p> <p>A project toolkit will be published on the Orb. It is proposed that certain documents in this toolkit will be mandated for use by those initiatives within the Portfolio as detailed above. Projects and programmes out with the portfolio will be advised to use but not mandated.</p> <p>5. The Organisational Review within S&amp;I will establish a new Delivery Unit responsible for the governance and oversight of all significant change projects and they will be responsible for ensuring consistent standards around reporting. Furthermore, there will be a role for the proposed delivery unit to provide ongoing oversight that these standards are being applied consistently across the Portfolio of Change.</p> <p>6. Reporting arrangements to both the Change Board, CP&amp;S and GRBV have been reviewed and agreed. A new dashboard was presented at the Change Board in December and will be refined over the next few months. A workshop with GRBV is also planned and feedback from this will be incorporated within our revised reporting proposals. The proposed delivery unit will have responsibility for identifying, documenting and providing visibility of lessons learned and themes that can be applied to any new projects and programmes. Responsibility for</p>	<p>1. 30.06.18</p> <p>2. 30.06.18</p> <p>3. 30.03.18</p> <p>4. 30.03.18 – 30.03.19.</p> <p>5. 30.04.19</p> <p>6. 30.06.18</p>



undertaking lessons learned exercise remains the responsibility of individual projects and programmes.	
7. Project guidance will be updated to reflect the requirements of the recommendation in conjunction with the IGU.	7. 30.03.19
8. A project toolkit will be available on the Orb that includes key templates. To standardise approach some of the templates should be mandated but all will be available for any project to use. Guidance will also be available on the orb in relation to procuring MS Project 2016 software.	8. 30.06.18

## 2. Benefits Realisation

Findings	
<p>Whilst a consolidated portfolio governance report including benefits monitoring is produced for the Council's Change Board, our review of the controls in place supporting identification, monitoring, and post implementation review of project benefits across a sample of current and completed projects across the Council identified the following control weaknesses:</p> <ul style="list-style-type: none"> <li>• There is no consolidated benefits realisation plan covering all projects within the Council's Change Portfolio enabling consolidated benefits monitoring (including the contribution of any financial benefits to costs saving targets) at portfolio level during the life of the project and post implementation;</li> <li>• Benefits are not currently specified as a criterion to determine whether a project should be included in the Change Portfolio;</li> <li>• There is a lack of clarity across projects regarding the definition and classification of benefits. Training materials covering benefits have been produced by P&amp;G, but have not been shared across all projects;</li> <li>• When produced, project business cases do not consistently include details of expected project benefits;</li> <li>• Baseline measurements (the position prior to implementation of the change) are not always recorded, or are not sufficiently granular to support a post implementation review to confirm that expected benefits have been realised;</li> <li>• Project update reports prepared by individual projects and submitted to P&amp;G to support consolidated Change Portfolio reporting do not include an appropriate level of detail in relation to benefits; and</li> <li>• There is limited monitoring of benefits following project completion and transition into business as usual service delivery to confirm that all expected benefits have been achieved.</li> </ul>	
Business Implication	Finding Rating
<p>The potential risks and business implications associated with our Findings are:</p> <ul style="list-style-type: none"> <li>• Consolidated benefits across the Change Portfolio cannot be monitored or their total contribution to financial savings assessed;</li> <li>• Projects that are expected to deliver significant benefits will not be supported by P&amp;G or reported to the Change Board as part of the Change Portfolio;</li> <li>• Project benefits are not completely and accurately assessed and recorded;</li> <li>• Projects are approved that will not deliver benefits and are not aligned with the Council's strategic objectives;</li> <li>• Benefits delivered cannot be measured as the baseline measurements have not been accurately recorded;</li> </ul>	<div style="background-color: red; color: white; padding: 10px; width: 60px; margin: 0 auto;">High</div>

- Incomplete and inaccurate benefits reporting provided by P&G to the Change Board or GRBV; and
- Inability to accurately assess whether benefits have been realised post implementation.

#### Action plans

Recommendations	Responsible Officer
<ol style="list-style-type: none"> <li>1. A consolidated benefits realisation plan covering all Change Portfolio projects should be implemented and reported to the Change Board and GRBV to support effective monitoring of benefits across the portfolio;</li> <li>2. Benefits should be included as a criterion for inclusion of a project within the Change Portfolio;</li> <li>3. P&amp;G should prepare guidance in relation to the definition of benefits and the requirement to identify, record and monitor benefits throughout the life of the project and post implementation;</li> <li>4. Standard business cases that detail expected project benefits, should form the basis for approval of all projects by the Change Board and relevant Council committees;</li> <li>5. Project management methodology should include the requirement for business cases to be submitted to P&amp;G for review prior to submission to the Change Board and Council committees to confirm that benefits have been identified, quantified and recorded with ownership allocated.</li> <li>6. Baseline measurements should be recorded in all business cases. Assumptions and calculations supporting the baseline measurements for all projects within the Change Portfolio should be recorded and reviewed by P&amp;G;</li> <li>7. P&amp;G should specify their expectations regarding benefits for inclusion in all progress updates received from Project Managers; and</li> <li>8. The requirement for completion of Post implementation reviews and development and implementation of processes enabling measurement and reporting of post implementation benefits by Service Areas for all projects within the Change Portfolio should be included in the P&amp;G project governance guidance. The P&amp;G oversight process should also include the requirement to confirm that benefits have been identified and are being effectively monitored and reported.</li> </ol>	Portfolio and Governance Manager, Strategy and Insight
Agreed Management Action	Estimated Implementation Date
<ol style="list-style-type: none"> <li>1. Agreed. However, responsibility for Benefits Realisation will remain responsibility of the agreed Benefit Owners.</li> <li>2. Agreed. Unless there is an approved Business Case with Benefits identified, verified and owned then a proposed change initiative should not even reach the Portfolio. It would be stopped at an earlier 'gate' in the change delivery process. For current projects and programmes within the Portfolio, Project and Programme Managers to provide benefits realisation plans and current status on a monthly basis as part of status/highlight reporting to P&amp;G.</li> <li>3. Agreed. This will be part of the toolkit that will be published on the Orb.</li> <li>4. Agreed</li> <li>5. A Working Group has been set up that comprises representation at Head of Service level across departments. This group has a role in reviewing business cases prior to submission to the change board. This group and</li> </ol>	<ol style="list-style-type: none"> <li>1. 31.09.18</li> <li>2. 30.03.18</li> <li>3. 30.03.18</li> <li>4. 30.08.18</li> <li>5. 28.06.18</li> </ol>

change board would only be involved in review of significant change business cases.

- |  |             |
|--|-------------|
| 6. Guidance will be included as part of the Benefits Management approach re baseline measurements.   | 6. 30.06.18 |
| 7. Expectations are set out in the highlight report that portfolio projects and programmes complete monthly. However, there is scope to review this section and if required make changes.  | 7. 31.03.18 |
| 8. P&G to schedule and undertake post implementation reviews. Annual schedule to be agreed between P&G and SRO's for Portfolio Projects and Programmes, either recently closed or scheduled to close within the next six months. Additionally, P&G will develop guidance for Benefits Management which will be available on the Orb. | 8. 31.06.18 |

## Appendix 1 - Basis of our classifications

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