

Notice of meeting and agenda

Finance and Resources Committee

10.00 am Thursday, 15th August, 2019

Dean of Guild Court Room - City Chambers

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

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1. Order of business

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

2. Declaration of interests

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

3. Deputations

- 3.1 If any

4. Minutes

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5. Forward Planning

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6. Business Bulletin

7. Executive decisions

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7.5	Capital Monitoring 2019/20 - Month Three Position – Report by Executive Director of Resources	119 - 128
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8. Routine decisions

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8.12	Gas Servitude at Saughton Public Park – Report by Executive Director of Resources	369 - 372
8.13	Proposed New Lease, St Brides Community Centre, 10 Orwell Terrace, Edinburgh – Report by Executive Director of Resources	373 - 378
8.14	Lease for Drylaw Neighbourhood Centre, Groathill Road North, Edinburgh – Report by Executive Director of Resources	379 - 384
8.15	Edinburgh Community Solar Co-operative - Phase 2 – Report by Executive Director of Resources	385 - 392

9. Motions

9.1 None.

10. Resolution to consider in private

10.1 The Sub-Committee, is requested under Section 50(A)(4) of the Local Government (Scotland) Act 1973, to exclude the public

from the meeting for the following items of business on the grounds that they would involve the disclosure of exempt information as defined in Paragraphs 6 and 12 of Part 1 of Schedule 7A of the Act.

11. Private Reports

- | | | |
|-------------|--|-----------|
| 11.1 | Miscellaneous Debts - Write-Off – Report by Executive Director of Resources | 393 - 400 |
| 11.2 | Award of Framework Agreement: Supply and Distribution of Fresh Fruit, Fresh Vegetables, Bakery Products and Eggs – Report by Executive Director of Resources | 401 - 408 |

Motions and Amendments

Andrew Kerr

Chief Executive

Committee Members

Councillors Alasdair Rankin (Convener), Lezley Marion Cameron (Vice-Convener), Chas Booth, Graeme Bruce, Maureen Child, Gavin Corbett, George Gordon, Graham Hutchison, Andrew Johnston, Rob Munn and Neil Ross

Information about the Finance and Resources Committee

The Finance and Resources Committee consists of 11 Councillors and is appointed by the City of Edinburgh Council. The Finance and Resources Committee usually meets in the Dean of Guild Court Room in the City Chambers on the High Street in Edinburgh. There is a seated public gallery and the meeting is open to all members of the public.

Further information

If you have any questions about the agenda or meeting arrangements, please contact Veronica MacMillan or Martin Scott , Committee Services, City of Edinburgh Council, Business Centre 2.1, Waverley Court, 4 East Market Street, Edinburgh EH8 8BG, Tel 0131 529 4283 / 0131 529 4237, email veronica.macmillan@edinburgh.gov.uk / martin.scott@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.

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Minutes

Finance and Resources Committee

10.00am, Thursday 23 May 2019

Present

Councillors Rankin (Convener), Cameron (Vice-Convener), Corbett, Dixon (substituting for Councillor Gordon), Hutchison, Johnston, Laidlaw (substituting for Councillor Whyte), Lang (substituting for Councillor Neil Ross), Miller, Munn and Watt (substituting for Councillor Child).

1. Managing Change Policy

a) Deputation from UNISON

The Committee agreed to hear a deputation from Gerry Stovin and David Harrold of UNISON in relation to the report on the Managing Change Policy.

The deputation reported that following further consultation and discussions between the trade unions and management a resolution had been arrived at in respect of the Managing Change Policy.

The deputation asked the Committee to recognise the importance of management and trade unions continuing to work together to provide top class services for the people of Edinburgh.

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

b) Report by the Executive Director of Resources

Details were provided on the proposed Managing Organisational Change Policy which set out the Council's approach to drive continual improvement when a significant requirement for change was identified. The Policy aimed to ensure that colleagues were engaged early in the design process and that they were engaged and supported throughout the process.

The Managing Organisational Change Policy replaced the Council's policies covering Organisational Reviews, Redeployment and Redundancy, which were approved at Committee on 1 March 2011, 4 February 2010 and 28 January 2010 respectively.

Decision

To approve the new Managing Change Policy subject to the multiplier set out in paragraph 4.9 of the report by the Executive Director of Resources being implemented from 1 April 2020.

(References – Finance and Resources Committee 7 March 2019 (item 2); report by the Executive Director of Resources, submitted.)

2. Retirement Policy

a) Deputation from Unison

The Committee agreed to hear a deputation from Gerry Stovin of Unison in relation to the report on the Retirement Policy.

The deputation expressed concern at the proposal to remove the 13 wind down days when an employee voluntarily retired and the omission of any cost savings in the report.

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

b) Report by the Executive Director of Resources

The Committee had previously approved the revised Retirement Policy with the exception of the proposal to remove the 13-day winding down provision available to employees when they voluntarily retired.

Further information was provided in relation to the removal of the 13-day winding down provision.

Decision

To approve the removal of a 13-day winding down provision which applied when an employee voluntarily retired from the organisation to be implemented from 1 April 2020.

(References – Finance and Resources Committee 7 March 2019 (item 3); report by the Executive Director of Resources, submitted.)

3. Minutes

Decision

To approve the minute of the Finance and Resources Committee of 7 March 2019 as a correct record.

4. Finance and Resources Committee Work Programme

The Finance and Resources Committee Work Programme was submitted.

Decision

To note the Work Programme.

(Reference – Finance and Resources Committee Work Programme, submitted.)

5. Rolling Actions Log

The Finance and Resources Committee Rolling Actions Log for May 2019 was submitted.

Decision

- 1) To agree to close the following actions:
 - Action 1 – Strategic Direction for Tackling Homelessness
 - Action 7 – Variation to Care at Home Contract
 - Action 9 – Capital Monitoring 2018/19 – Half-Year Position
 - Action 10 – Workforce Dashboard
 - Action 11 – Edinburgh Targeted and Integrated Employability Service
 - Action 13 – Revenue Monitoring 2018/19 – Month Nine Position
 - Action 16 – Accounts Commission: Local Government in Scotland – Financial Overview 2017/18
 - Action 17 – Revenue Budget Framework 2019/24 – Progress Update
 - Action 18 – Capital Strategy 2019-24
 - Action 19 – Managing Organisational Change Policy
 - Action 20 – Retirement Policy
 - Action 21 – Fountainbridge Development – Outline Business Case
- 2) To amend the expected completion date for Action 6 to August 2019
- 3) To otherwise note the Rolling Actions Log.
(Reference – Rolling Actions Log, submitted.)

6. Business Bulletin

The Finance and Resources Committee Business Bulletin for May 2019 was submitted.

Decision

To note the Business Bulletin.

(Reference – Business Bulletin, submitted.)

7. Workforce Control Annual Report

Details were provided on workforce metrics for the core and flexible workforce (agency and overtime), absence, and transformation/redeployment for the 2018 calendar year.

Decision

- 1) To note the progress made to date and the workforce trends over the period January to December 2018.
- 2) To refer the report to the Governance, Risk and Best Value Committee as part of its work programme.

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

8. Workforce Dashboard

A summary was provided of workforce metrics for the core and flexible workforce, absence, transformation/redeployment, risk, and performance, as detailed on the Finance and Resources Committee Workforce Dashboard, for February 2019.

Decision

To note the workforce information contained in the dashboard.

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

9. Stress Management Policy

Details were provided of a proposed Stress Management Policy which set out the Council's approach to providing guidance, tools and support for both employees and managers encouraging a more effective and preventative approach to the management of stress.

Decision

To approve the new Stress Management Policy.

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

10. Diversity and Inclusion Strategy and Plan - Progress Report

The Committee had agreed that a draft Diversity and Inclusion Strategy be brought back to Committee for consideration and approval.

Details were provided on a proposed draft council-wide Diversity and Inclusion Strategy together with key strategic themes to focus on as a priority which had been identified and the next steps to be taken in the development of a detailed action plan to support the strategy.

Decision

- 1) To note the draft Diversity and Inclusion Strategy.
- 2) To note the initial 'building blocks' that had been identified as priority areas to implement the strategy.
- 3) To agree that the final strategy and supporting action plan based on the 'building blocks' be brought back to this committee in September 2019 for formal approval.

(References – Finance and Resources Committee 4 December 2018 (item 14); report by the Executive Director of Resources, submitted.)

11. Revenue Budget Framework 2019/2024 – Progress Update

The Finance and Resources Committee had previously considered an update report on the revenue budget. Details were provided on work which had been carried out to develop savings implementation plans and identify potential measures to address the residual service pressure.

An update was provided on work being undertaken to address the following four key areas:

- i) Development of robust implementation plans for the specific savings actions totalling £29.2m which were approved for delivery in 2019/20.
- ii) Development of detailed and specific proposals to address the £9.5m efficiency savings target which was also approved as part of the 2019/20 budget.
- iii) Identification of mitigating actions to address estimated combined residual pressures of £8.8m across the Communities and Families, Place and Resources Directorates.
- iv) Agreement, through the Edinburgh Integration Joint Board, of specific plans to address its estimated budget gap in 2019/20.

Motion

- 1) To note the significant progress made in developing savings implementation plans for those measures approved as part of the 2019/20 revenue budget.
- 2) To note the specific actions set out in Appendices 2 and 3 as a contribution towards delivering the Council-wide efficiencies target and managing service pressures.
- 3) To note that release of the £2.5m Council Priorities Fund (CPF) contribution approved as part of the Council's 2019/20 budget remains subject to sustained performance improvement and the bringing forward of a balanced budget by the EIJB including this contribution.
- 4) To agree, subject to both confirmation of the provisional 2018/19 outturn and ratification by Council on 30 May, earmarking up to £5m from the Council Priorities Fund as an additional contribution to the 2019/20 budget, pending development of sustainable measures to address this savings requirement on a recurring basis.
- 5) To note, nonetheless, that further measures are urgently required to achieve financial balance in 2019/20 and, to this end, instruct Executive Directors to develop proposals of sufficient value to address the remaining overall estimated shortfall, including curtailing all discretionary expenditure.
- 6) To note the options considered in other local authorities as set out in Appendix 5 but further note that specific proposals, taking into account the 2018/19 outturn and updates concerning a number of other relevant factors included within the budget framework, will be brought forward as part of the first quarter's monitoring report to the Committee on 15 August 2019.
- 7) To approve the changes to building fees for site inspections and completion of work certificates as set out in Appendix 7 with effect from 1 July 2019 for onward ratification by Council on 30 May 2019.

- 8) To approve use of Spend to Save funding of £0.153m to take forward the 3G pitch improvements at Leith Academy, subject to onward ratification by Council on 30 May 2019.

- moved by Councillor Rankin, seconded by Councillor Cameron

Amendment

- 1) To note the significant progress made in developing savings implementation plans for those measures approved as part of the 2019/20 revenue budget.
- 2) To note the specific actions set out in Appendices 2 and 3 as a contribution towards delivering the Council-wide efficiencies target and managing service pressures.
- 3) To note that release of the £2.5m Council Priorities Fund (CPF) contribution approved as part of the Council's 2019/20 budget remains subject to sustained performance improvement and the bringing forward of a balanced budget by the EIJB including this contribution.
- 4) To agree, subject to both confirmation of the provisional 2018/19 outturn and ratification by Council on 30 May, earmarking up to £5m from the Council Priorities Fund as an additional contribution to the 2019/20 budget, pending development of sustainable measures to address this savings requirement on a recurring basis.
- 5) To note, nonetheless, that further measures are urgently required to achieve financial balance in 2019/20 and, to this end, instruct Executive Directors to develop proposals of sufficient value to address the remaining overall estimated shortfall, including curtailing all discretionary expenditure.
- 6) To note the options considered in other local authorities as set out in Appendix 5 but further note that specific proposals, taking into account the 2018/19 outturn and updates concerning a number of other relevant factors included within the budget framework, will be brought forward as part of the first quarter's monitoring report to the Committee on 15 August 2019.
- 7) To approve use of Spend to Save funding of £0.153m to take forward the 3G pitch improvements at Leith Academy, subject to onward ratification by Council on 30 May 2019.
- 8) Not to approve the changes to building fees for site inspections and completion of work certificates as set out in Appendix 7 with effect from 1 July 2019 and to ask the Executive Director of Resources to report back to Committee on fee charges.

- moved by Councillor Johnston, seconded by Councillor Hutchison

Voting

The vote was as follows:

- | | | |
|-------------------|---|---------|
| For the motion | - | 8 votes |
| For the amendment | - | 3 votes |

(For the motion – Councillors Cameron, Corbett, Dixon, Lang, Miller, Munn, Rankin and Watt.

For the amendment – Councillors Hutchison, Johnston and Laidlaw.)

Decision

To approve the motion by Councillor Rankin.

(References – Finance and Resources Committee 7 March 2019 (item 9); joint report by the Chief Executive and the Executive Director of Place, submitted.)

12. Adoption of Framework to Provide an Online Booking Service for Emergency Accommodation for Homelessness Services

Approval was sought for the Council to adopt Lot 2 “Online Accommodation Booking” of the Crown Commercial Services Public Sector Travel and Venue Solutions Framework to provide an online booking portal for temporary accommodation where alternative contracts did not have the capacity to deliver.

Decision

- 1) To agree to adopt Lot 2 “Online Accommodation Booking” of the Crown Commercial Services Public Sector Travel & Venue Solutions Framework, to provide an online booking portal for temporary accommodation where alternative contracts do not have the capacity to deliver.
- 2) To note that the Framework would expire on 28 February 2021, with an option to extend for twelve months.
- 3) To note that based on current requirements the estimated value of call offs against this framework would be £560,000, however, the framework would only be used when required and the Council would have no commitments regarding volume and expenditure.

(Reference –report by the Executive Director for Communities and Families, submitted.)

Declaration of Interests

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

13. Award of Contracts to the Open Framework for Homelessness with Support for Adults and Young People

As part of the strategic development of the provision of temporary accommodation which was being overseen by the Council’s Homelessness Task Force, the Committee had agreed to re-tender these contracts to ensure that services met future requirements.

Details were provided on the framework which had been awarded under the Council’s Urgency Procedure, in order to secure additional supported temporary accommodation, reduce the need for noncontracted spend and to reduce costs to the Council.

Decision

- 1) To note the appointment of 12 providers to the Open Framework for Homelessness Accommodation with Support for Adults and Young people under the Urgency Procedure, paragraph 4.1 of the Committee Terms of Reference and Delegated Functions.
- 2) To note that the contract duration would be for 36 months, with an option to extend for a further period of 12 months. Each contract start date would be 17th June 2019.
- 3) To note that the total estimated value of call off contracts to the Council, including extensions, was £17,564,828. This might vary based on usage.

(References – Finance and Resources Committee of 23 February 2017 (item 8); report by the Executive Director for Communities and Families, submitted)

Declaration of Interests

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

14. Water of Leith Flood Protection Phase 2 Underspend

The Governance, Risk and Best Value Committee had requested that information on the underspend on the Water of Leith Flood Protection Phase 2 capital project be brought to the Finance and Resources Committee and consideration given to funding of work at the Water of Leith Basin.

Decision

- 1) To note that the underspend on the Water of Leith Flood Protection Phase 2 capital project had been reverted to the Carriageways and Footways block budget in accordance with the conditions of the original funding approved by the Transport and Environment Committee.
- 2) To note the findings previously reported to the Transport and Environment Committee on the likelihood of occurrence of a flood event and the responsibilities of the various parties on the operation of the docks, flood risk and siltation at the Water of Leith Basin.
- 3) To note that the underspend on the capital project could be allocated for river dredging work as this was revenue maintenance and not capital enhancement.

(References – Governance, Risk and Best Value Committee 19 February 2019 (item 8); report by the Executive Director of Resources, submitted.)

15. Albion Equity Ltd – Disposition of Council's Preference Shares

Approval was sought to redeem the Council's shares to facilitate necessary investment in the Norton Park Conference Centre which was owned by the Albion Trust and contribute positively to the ongoing success of this valued community resource.

The Council's preference shareholding also retained modest attendant rights with regard to the company's decision-making processes but there was no Council representation on the Trust's board.

It was proposed to approve the Trust's request but with a stipulation that the premises, and the Trust's wider activities, continued to prioritise support to the third sector and the wider local community through the provision of affordable and accessible office and accommodation facilities.

Decision

- 1) To approve disposition of the Council's preference shares in Albion Equity Ltd.
- 2) To refer the report to the Council for ratification.

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

16. Programme Support – Award of Contracts

In order to provide additional capacity, additional programme and project management support has been commissioned on an interim basis from Turner and Townsend under the Scotland (SXL) Engineering and Technical Consultancy Services Framework.

Decision

- 1) To note the action taken by the Executive Director of Place in consultation with the Convener under urgency provisions set out in paragraph 4.1 of the Committee Terms of Reference and Delegated Functions, to extend the initial appointment of Turner and Townsend under the Scotland (SXL) Engineering and Technical Consultancy Services Framework to provide programme and project management capability and capacity to support the delivery of Granton Waterfront Regeneration, Active Travel and City Deal West Edinburgh Transport Improvements (CDWETI) and Local Development Plan (LDP) Action Programme.
- 2) To award short term extensions to these appointments in respect of the above-mentioned projects to a value of £457,400.

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

17. New Building Housing Framework Agreement Lot 1

Approval was sought to award Lot 1 of the New Build Housing Framework Agreement to six contractors to support the delivery of these new affordable homes. The Framework was expected to deliver a range of benefits; including innovation and modern methods of construction in house building, jobs, apprenticeships and training opportunities as well as support for the local economy.

Decision

- 1) To approve the award of Lot 1 of the New Build Housing Contractor Framework Agreement to the following six Contractors:
 - CBC (Glasgow) Ltd
 - CCG (Scotland) Ltd

- ENGIE Regeneration
 - John Graham Construction Ltd
 - Hart Builders (Edinburgh) Ltd
 - McTaggart Construction Ltd;
- 2) To note that the Framework Agreement was for a period of three years, with the option to extend for a further one year.
 - 3) To note the total estimated value of contracts, over the maximum four-year period, the Framework Agreement at between £250 million and £400 million.
 - 4) To delegate authority to the Executive Director of Place and the Head of Place Development in line with the Scheme of Delegation for the awarding of contracts which were undertaken using the framework and to note that these awards would be reported to the Finance and Resources Committee under the quarterly procurement report for Awards of Contract.

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

18. Education and Health and Social Care Transport Framework Agreement

Approval was sought to award an Education and Health & Social Care Transport Framework Agreement. It was recommended that 66 contractors were awarded onto the framework agreement over four Lots and the duration of the framework agreement would be three years, with an option to extend for an additional 12-month period.

Decision

- 1) To approve the award of the Education and Health & Social Care Transport Framework Agreement to 66 contractors over four lots.
- 2) To approve the total estimated value of contracts, over the four-year period, that shall be awarded under the framework agreement, including extensions, was estimated to be up to £32million. Per lot this equated to:
 - Lot 1 - £9,600,000.00
 - Lot 2 - £9,600,000.00
 - Lot 3 - £9,600,000.00
 - Lot 4 - £3,200,000.00
- 3) To approve the commencement of the framework agreement on 03 July 2019 for a period of three years, with the option to extend for an additional 12 months.

(Reference – report by the Executive Director for Communities and Families, submitted.)

19. Asset Management Works Programme – 2018/19 Update

The Committee had approved a new five-year Asset Management Works (AMW) Programme to upgrade property condition, running from 2018/19 to 2022/23. This had been designed to, first stabilise, and then upgrade the condition of the Council's operational estate to a safe and satisfactory condition and to address the backlog of maintenance issues.

An update was provided on the improvements achieved through the first year of the AMW Programme and its positive impact on the condition of the Council's operational estate.

Decision

- 1) To note the positive impact of the Asset Management Works (AMW) Programme on the Council's operational estate, by creating much improved environments for users, particularly primary schools.
- 2) To note the expected improvement in asset condition of the operational assets and the benefit it brings to stakeholders.
- 3) To note the full budget spend for 2018/19 with an outturn of 121% against budget.
- 4) To note the improved risk profile for upgraded properties.
- 5) To note the current financial position and overall status of the AMW Programme and the forecast position moving forward.
- 6) To note the main challenges and risks facing the AMW Programme in the future and the measures being taken to mitigate these risks.

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

20. Edinburgh Shared Repairs Service Progress Report – Financial Year 2018/19

An update was provided on the operational progress of the Edinburgh Shared Repairs Service (ESRS) for the financial year 2018/19

Decision

- 1) To note the update on the progress of Edinburgh Shared Repairs Service (ESRS) in the financial year 2018/2019
- 2) To note the performance summary Appendix 1 to the report by the Executive Director of Resources.
- 3) To note the examples of Customer Feedback detailed in Appendix 2 to the report.

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

21. Council Commercial Property Portfolio – Update Report

Details were provided on the Council's commercial property investment portfolio which extended to over 1,150 interests within 10 asset classes. To assist with Council budget targets a strategy had been developed to consider the disposal of certain assets in order to reduce borrowing costs or acquire assets which would contribute to an improved net revenue position.

Decision

- 1) To note the current status of the commercial property investment portfolio.
- 2) To note the approach and strategy moving forward

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

22. Changes to the Operational Property Estate: Lifecycle Costs Forecast

Details were provided on the overall change to the Council's operational property portfolio and the implications for the construction and running costs for that property over its lifetime.

Decision

- 1) To note the current and forecast revenue cost increases associated with new buildings identified in the report by the Executive Director of Resources.
- 2) To note that provision had been included within the Council's financial framework in respect of additional early years, rising pupil rolls, Wave 4 schools and Local Development Plan-related premises running cost expenditure.
- 3) To note that the additional revenue cost implications of new, modified or replacement Council properties would continue to be considered as part of all material changes to the corporate estate.
- 4) To refer the report to the Education, Children and Families Committee for its information given the scale of the implications generated by this sector of the estate.

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

23. A Review of Health and Safety Groups within the Council

In response to a motion by Councillor Cameron, an overview was provided on the Council's health and safety groups together with an update on progress since October 2018 and recommendations for further enhancements including increased engagement and collaboration with Trades Unions.

Decision

- 1) To note the outcomes of the review of health and safety groups within the Council.
- 2) To approve the recommendations for improvements, as detailed in the 'next steps' section of the report by the Executive Director of Resources.

(References – Act of Council No 1 of 13 December 2018; report by the Executive Director of Resources, submitted.)

24. Whistleblowing Policy

The current Whistleblowing Policy had been approved by Committee on 27 March 2018. Approval was sought for a revised policy, in order to meet the annual review requirement of the Council's policy framework.

Decision

- 1) To approve the revised Whistleblowing Policy.
- 2) To implement the revised policy with immediate effect.

(References – Finance and Resources Committee 27 March 2018 (item 12); report by the Chief Executive, submitted.)

Declaration of Interests

Councillor Lang declared a financial interest in the above item as an employee of the Law Society of Scotland.

25. Information and Communications Technology Acceptable Use Policy 2019

The Policy Statement on Information and Communications Technology Acceptable Use Policy 2019 was being updated to meet the requirement under the Information Security Policy to publish a statement on the Acceptable Use Policy. The updated Policy had been written in line with best practice guidelines encapsulated in the Scottish Government's Cyber Security Resilience Framework and the Cyber Resilience strategy for Scotland.

Decision

To approve the updated Information and Communications Technology Acceptable Use Policy 2019.

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

26. Accounts Commission – Local Government in Scotland: Challenges and Performance 2019

The Accounts Commission had issued a complementary, forward-looking report assessing councils' readiness to confront the growing challenges that lay ahead. Echoing the recommendations made in previous years, the report emphasised the importance of effective financial and workforce planning and the need for councils to go beyond delivery of efficiencies to embrace service transformation, closer working with partners and greater responsiveness to, and empowerment of, their communities. Given increasing service demand and ongoing decreases in real-terms funding availability, addressing these challenges was also likely to require prioritisation of services, with both members and officers needing to be accountable for those choices.

Decision

- 1) To note the joint report by the Chief Executive and the Executive Director of Resources.
- 2) To refer the report to the Governance, Risk and Best Value Committee for its consideration.

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

27. Accounts Commission – Safeguarding Public Money: Are You Getting it Right?

As part of its *How councils work* series, the Accounts Commission has published a good-practice guide highlighting the critical importance of effective risk management, robust internal controls and strong scrutiny and governance to prioritisation of councils' finite resources.

Decision

- 1) To note the joint report by the Chief Executive and the Executive Director of Resources.
- 2) To refer the report to the Governance, Risk and Best Value Committee for its consideration.

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

28. Award of Framework Agreement – Supply and Distribution of Fresh Fruit, Fresh Vegetables, Bakery Products and Eggs

Approval was sought to award a single supplier Framework Agreement to George Carruthers & Sons Limited for the supply and distribution of Fresh Fruit, Fresh Vegetables, Bakery Products and Eggs. The Framework Agreement would be for a period of three years with the option to extend for one further year.

Decision

To approve the award of a single supplier Framework Agreement to George Carruthers & Sons Limited for the Supply and Distribution of Fresh Fruit, Fresh Vegetables, Bakery Products and Eggs from 1 July 2019 until 30 June 2022 with the option to extend for a further 12 months to 30 June 2023.

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

29. Summary Report on Property Transactions Concluded Under Delegated Authority

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

Decision

To note the 27 transactions detailed in the Appendix to the report that had been concluded in terms of the Council's 'Scheme of Delegation to Officers'.

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

30. Planning and Building Standards Improvement Team – Extension to Contracts

Approval was sought for the short-term contract extensions, via waiver, for the Building Standards Improvement Team to provide the necessary support to the next stage of the Building Standards Improvement Plan. This would help to further the considerable improvement in service performance to date. In parallel, this would enable necessary shared expertise, knowledge transfer and support to the Planning Improvement Plan, in accordance with the Planning Committee's decision of 12 December 18 to obtain external advice in this regard. These extensions would enable the final stage of the building service improvement process to be undertaken and the work of the improvement team would come to an end.

Decision

To approve the short-term contract extensions, via waiver, for the Building Standards Improvement Team to provide the necessary support to the next stage of the Building Standards Improvement Plan.

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

31. Framework Agreement for the Hire of Plant with Operator

Approve was sought to award a framework agreement for the Hire of Plant with Operator to 12 suppliers over seven Lots; Wm Hamilton & Sons Limited, Dr Plant Hire [Ratho] Ltd, Galt Transport, John McGeady Ltd, Willsweep Limited, Jarvie Plant Group Ltd, Markon Limited, Hillhouse Quarry Group Ltd, RD Anderson Haulage Limited, A Williamson Haulage Ltd, E & J Douglas & Sons Ltd, NWH Group.

Decision

- 1) To approve the award of a framework agreement for the Hire of Plant with Operator to 12 suppliers over seven Lots; Wm Hamilton & Sons Limited, Dr Plant Hire [Ratho] Ltd, Galt Transport, John McGeady Ltd, Willsweep Limited, Jarvie Plant Group Ltd, Markon Limited, Hillhouse Quarry Group Ltd, RD Anderson Haulage Limited, A Williamson Haulage Ltd, E & J Douglas & Sons Ltd, NWH Group.

- 2) Approves the commencement of the framework on 1 July 2019 for a period of two years, until 30 June 2021, with the option to extend for up to a further two years, at 12-month intervals, until 30 June 2023.

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

32. Land at Newcraighall – Proposed Lease and Lease Extension

South Yorkshire Pensions Authority had made an approach to the Council to acquire a 175-year ground lease of the vacant Council owned 1.90 hectares (4.69 acres) of development land at Newcraighall and also the adjoining Eastern Industrial Estate land to undertake the development of industrial accommodation, effectively expanding the existing Eastern Industrial Estate.

Decision

To approve a 175-year ground lease of 1.89 hectares (4.89 acres) at Newcraighall to South Yorkshire Pensions Authority on the terms outlined in the report and on other terms and conditions to be agreed by the Executive Director of Resources.

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

33. Broughton FP Rugby Club, Granton Road – Proposed Lease Extension

Approval was sought to the grant of a 20-year lease extension to Broughton FP Rugby Club for significant investment into upgrading the clubhouse premises. In addition, an extension to the area of land leased had been requested which would allow the construction of dedicated female changing facilities.

Decision

To approve a 20-year lease extension of land at 109 Granton Road to Broughton FP Rugby Club on the terms outlined in the report and on other terms and conditions to be agreed by the Executive Director of Resources.

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

34. 200 Bonnington Road, Edinburgh – Proposed Disposal

Approval was sought for the sale of the former offices at 200 Bonnington Road to Property developer Platform who had secured a legal position for residential development on two adjoining sites and had made an offer to purchase the Council property.

Decision

- 1) To approve the sale of the former offices at 200 Bonnington Road to Platform on the terms and conditions as outlined in the report and on other terms and conditions to be agreed by the Executive Director of Resources; and
- 2) To note that the property had been leased, on a temporary basis, to the Tram to Newhaven Project Team.

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

35. Land at Cheyne Street, Edinburgh – Proposed Disposal

Approval was sought for the sale of 195 sq m (2,099 sq ft) of land at Cheyne Street to LifeCare Edinburgh on the terms outlined in the report by the Executive Director of Resources

Decision

To approve the sale of 195 sq m (2,099 sq ft) of land at Cheyne Street to LifeCare Edinburgh on the terms outlined in the report and on other terms and conditions to be agreed by the Executive Director of Resources.

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

36. Block 1 Unit 5 Pennywell Town Centre, Edinburgh – Proposed Lease

Approval was sought for a new 10-year lease to Sara Zarar at Block 1 Unit 5 Pennywell Town Centre on the terms outlined in the report by the Executive Director of Resources.

Decision

To approve a new 10-year lease to Sara Zarar at Block 1 Unit 5 Pennywell Town Centre on the terms outlined in the report and on other terms and conditions to be agreed by the Executive Director of Resources.

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

37. Ground Lease to Leith DIY Skateboard Park

Approval was sought for a ground lease to facilitate the relocation of Leith DIY skateboard park from Melrose Place to an area of open space at Hawthornvale. The current site at Melrose Place was required for the construction of the Tram.

Decision

To approve a Ground Lease of 25 years to Leith DIY Skateboard Park, on land at Hawthornvale, on terms outlined in this report and on other terms and conditions to be agreed by the Executive Director of Resources.

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

38. Proposed Lease, The Old Observatory House, Calton Hill

Approval was sought for the lease of The Old Observatory House, Calton Hill to Collective Gallery.

Decision

- 1) To approve the proposed lease of The Old Observatory House, Calton Hill, Edinburgh, to Collective Gallery on the terms set out in the report by the Executive Director of Resources and on such other terms and conditions to be agreed by Executive Director.

- 2) To agree that the income from the Old Observatory House would be ring fenced within the Common Good Fund and allocated to the costs associated with the maintenance of the City Observatory complex.

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

39. Land at Granton Quarry – Proposed Lease

Approval was sought for the lease of Granton Quarry to Edinburgh Wake Ltd to enable them to establish a Wakeboarding Park.

Decision

To approve the proposed lease of Granton Quarry to Edinburgh Wake Ltd, on the terms outlined in the report by the Executive Director of Resources and on other terms and conditions to be agreed by the Executive Director.

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

40. Award of Taxi Fare Reviews 2019-2022 Mini Competition under the Scotland Excel Consultancy Framework Agreement for Engineering and Technical Consultancy Services Lot2 Transportation and Traffic

Approval was sought to award the contract to carry out reviews of the taxi fare tariff in Edinburgh for the next three taxi tariff reviews which were to be undertaken at eighteen-month intervals or at shorter intervals if required starting from 3 June 2019 until 31 August 2022, to Jacobs UK Limited.

Decision

To approve the award of contract to Jacobs UK Limited to carry out reviews of the taxi fare tariff in Edinburgh for the next three taxi tariff reviews which were to be undertaken at eighteen-month intervals or at shorter intervals if required starting from 3 June 2019 until 31 August 2022.

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

41. Contract Waiver for the Edinburgh Health and Social Care Partnership

Details were provided of actions taken to award a contract, via waiver, under the Urgency Procedure (section 4.1 of the Committee Terms of reference and Delegated Functions) to the Good Governance Institute, to provide support to the Edinburgh Integration Joint Board (EIJB).

Decision

To note the decision taken under urgency provisions, as described in section 4.1 of the Committee Terms of Reference and Delegated Functions, by the Chief Officer of the Edinburgh Integration Joint Board in consultation with the Convenor of the Finance and Resources Committee, to award a contract, via waiver, to the Good Governance Institute to ensure continuity of support.

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

42. Wellbeing Public Social Partnership – Phase Two

Approval was sought for the extension of the current Wellbeing PSP contracts until March 2020 (26 contracts to the 16 providers listed at Appendix 1 covering the period 1 November 2019 to 31 March 2020).

Decision

- 1) To approve the extension of current contract agreements under the Edinburgh Wellbeing Public Social Partnership (PSP) Phase one for an additional five months at maximum total cost of £881,250. This would allow for alignment of all future funding to be combined into a single procurement process with new contracts being in place by 1 April 2020.
- 2) To note the allocation of additional Scottish Government “Action 15” funding to the same providers for a maximum estimated value of £500,000.

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

43. Vega Building, Clocktower, South Gyle Crescent, Edinburgh – Proposed Lease Restructure Update

The Committee had previously agreed to approve a lease surrender with KUC Properties Limited on the Vega building, Clocktower, South Gyle Crescent and to grant a new 10 year lease to Pulsant Limited, of the first and second floors.

Approval was now sought to lease the whole property at Vega Building, Clocktower, South Gyle Crescent, Edinburgh to Pulsant Limited on a 10-year lease basis.

Decision

To approve the surrender of the lease at the Vega building by KUC Properties Limited and the grant of a new 10-year lease to Pulsant Limited on the terms outlined in the report by the Executive Director of Resources and on other terms and conditions to be agreed by the Executive Director.

(References – Finance and Resources Committee 1 February 2019 (item 24); report by the Executive Director of Resources, submitted.)

44. Internal Audit – Developer Contributions – referral from the Governance, Risk and Best Value Committee

The Governance, Risk and Best Value Committee had referred the Internal Audit Quarterly Update Report: 26 November 2018 to 29 March 2019, which detailed progress with the 2018/19 Internal Audit Plan and the outcomes of the completed audits, to the Finance and Resources Committee for review and scrutiny.

Decision

To note the report by the Governance, Risk and Best Value Committee.

(Reference – Governance, Risk and Best Value Committee, 7 May 2019 (item 5); referral from the Governance, Risk and Best Value Committee, submitted)

45. Cameron House Community Centre - Motion by Councillor Burgess

The following motion by Councillor Burgess was submitted in terms of Standing Order 16:

“In relation to the running of the Cameron House Community Centre, the Finance and Resources Committee;

- 1) Notes that Southside-Newington ward councillors are requesting that:
 - i) The budget held by the Children’s and Families for Cameron House Community Centre be transferred to the South East Localities account;
 - ii) That this budget be maintained at the 2017 level for the duration of this Council term;
 - iii) That all future meetings between council officials and the Management Committee be minuted and circulated to the local councillors. The minute taker to be agreed by both parties.
- 2) Therefore, calls for a report on these issues, including detailing the background to the reason for these requests.”

Decision

To approve the motion by Councillor Burgess.

46. Early Payment to CGI of Deferred Transition and Transformation Charges

The Committee, 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, 8 and 9 of Part 1 of Schedule 7(A) of the Act.

Details were provided on a payment to CGI against projects delivered, but originally forecast and budgeted to be paid over the next 3 years of the contract.

Decision

To note the action taken by the Chief Executive in consultation with the Convener of the Finance and Resources Committee under the Committee Terms of Reference and Delegated Functions to approve the CGI contract change note as detailed in the Confidential Schedule signed by the Convener with reference to this minute.

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

47. Homelessness Services – Framework Agreement for Private Rented Accommodation

The Committee, 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 items of business for the reason that it involved the likely disclosure of exempt information as defined in Paragraphs 6, 8 and 9 of Part 1 of Schedule 7(A) of the Act.

Details were provided on the Framework Agreement for Private Rented Accommodation for Homelessness Services.

Decision

To approve the recommendations in the report as detailed in the Confidential Schedule, signed by the Convener, with reference to this minute.

(Reference – report by the Executive Director for Communities and Families, submitted.)

Declaration of Interests

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

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Finance and Resources Committee

15 August 2019

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
1.	27 March 2018	Sickness Absence Policy	To note that, in addition to the standard review process, a report would be brought to committee 12 months after implementation of this policy to review its impact and make any further recommendations for potential improvement.	Executive Director of Resources	November 2019		This policy will be implemented in October 2018 and reviewed 12 months thereafter. <u>Update</u> This report will now transfer onto the rolling actions log for the Policy and Sustainability Committee.
2.	12 June 2018	Provisions of Registrar Services	To agree a report would be brought back to Committee reporting on registrar provision across the city.	Executive Director of Place	26 September 2019		A report will be brought to the Committee for consideration at the meeting on 26 September 2019.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
3.	12 June 2018	Award of Festival Attraction Contract for the Summer Period in Princes Street Gardens	The Head of Place Management to investigate the policy on the use of greenspace for events and report back to Councillor Miller.	Executive Director of Place	June 2019	20 June 2019	Recommended for closure Report was taken to June Transport and Environment Committee
4.	16 August 2018	Construction Charter	To recognise that the Charter was a living document and agree that work with the Trade Unions and contractors would continue during the implementation phase, with a report reviewing the Charter to be brought back to Committee in 12 months.	Executive Director of Resources	15 August 2019		Recommended for closure Report is included on the agenda for the meeting.
5.	11 October 2018	Gender Pay Gap	Notes the further analysis and actions outlined in paragraphs 3.26 and 3.27 of the report, and calls for an update on these	Executive Director of Resources	August 2019		Update This report will now transfer onto the rolling actions log for the Policy and Sustainability Committee.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			activities in not more than 12 months.				
6.	4 December 2018	Business Bulletin	To agree that a report on the profile of each Spend to Save project would be brought to Committee at the end of the financial year.	Executive Director of Resources	15 August 2019		A report will be submitted to the Committee meeting on 15 August 2019 for consideration.
7.	4 December 2018	Temporary Accommodation Off-Contract Waiver	To agree that the Convener would discuss with the Housing and Economy Convener and Councillor Miller the possibility of preparing a holistic report which brought together the policy and financial elements of temporary accommodation and to decide thereafter what Committee would be best placed to consider it.	Executive Director for Communities and Families	May 2019		A meeting is being arranged with the Housing and Economy Convener and Councillor Miller.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
8.	1 February 2019	Asset Management Strategy Transformation Programme	To agree to explore the options and opportunities available for sponsorship of Council buildings and feedback to Committee as appropriate.	Executive Director of Resources			<p>An update report on the draft Council Advertising and Sponsorship Policy was submitted to the Corporate Policy and Strategy Committee in May 2019. The opportunities for sponsorship of Council Buildings will need to be aligned to this policy, when it is approved. A revised closure date will be advised to the Committee accordingly.</p> <p><u>Update</u></p> <p>The proposed policy was considered and approved by the Policy and Sustainability Committee on 6th August 2019. The implications arising from this will be included in the next quarterly Asset</p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							Management Strategy update to Committee.
9.	1 February 2019	Feedback on the Change Strategy and Budget Proposals 2018	To request that details of best practice and the methodology which sat behind the respondents to the engagement document be provided in future reports.	Chief Executive	August 2019		Additional information about the process behind each engagement method was included in the report on engagement which was considered at Full Council on 21 February 2019. A report will also be going to the Corporate, Policy and Strategy Committee seeking approval for proposals for ongoing engagement on the Council's change and budget processes. This report will provide information on best practice in this area.
10.	14 March 2019 (Full Council)	Motion by Councillor Watt – Funding of	Calls for a report to be submitted to Finance & Resources Committee,	Executive Director of Resources	6 December 2019		

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
		Temporary Accommodation for Homeless People (see agenda of 14 March 2019)	within four cycles, which sets out a business case for a model of temporary accommodation for people with low support needs. This should include options for investment in council owned property and consideration of shared housing. The report should explore what role the model could play within our RRTP, demonstrate how this could work and analyse the impact on existing business models.	Executive Director for Communities and Families			
11.	30 January 2019 (action remitted from the	Business Bulletin – Review of Janitorial Services in Community Centres and Schools	To request that training for management committees, as a result of taking on any additional duties, be picked up as part of the six monthly review of	Executive Director of Resources			Will be included as part of the Asset Management Strategy update reports to Committee.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
	North West Locality Committee March 2019)		the Service Level Agreement for janitorial services.				
12.	2 May 2019 (Full Council)	Motion by Councillor McVey – Support for Council Employees Subject to Domestic Abuse (see agenda of 2 May 2019)	Requests that the Executive Director of Resources submits an updated domestic abuse policy relating to Council employees, within three cycles, to the Finance and Resources Committee which reconfirms the existing commitment to paid special leave, or safe leave, for people who are experiencing domestic abuse and updates and aligns the policy fully with the Domestic Abuse (Scotland) Act 2018.	Executive Director of Resources	August 2019		A report is scheduled on the Committee work programme for August 2019. <u>Update</u> This report will now transfer onto the rolling actions log for the Policy and Sustainability Committee and is scheduled for the next meeting of the Committee.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
13.	23 May 2019	Workforce Control Annual Report	Benchmarking data in relation to sickness absence to be provided to Committee members.	Executive Director of Resources		27 May 2019	Recommended for closure Email sent to Councillors with link to website where benchmarking data can be found.
14.	23 May 2019	Motion by Councillor Burgess – Cameron House Community Centre (see agenda of 23 May 2019)	Therefore, calls for a report on these issues, including detailing the background to the reason for these requests.	Chief Executive	September 2019		The convener requested that this is brought to the September Finance and Resources Committee

Work Programme

Finance and Resources Committee

Item	Key decisions	Expected date of decision	Wards affected	Director and lead officer	Progress updates	Council Commitments
1.	Workforce Dashboard	September 2019		Executive Director of Resources Lead Officer: Katy Miller 0131 469 5522 katy.miller@edinburgh.gov.uk	All F&R Committees	
2.	Provisions of Registrar Services	September 2019		Executive Director of Place Lead Officer: Robbie Beattie 0131 555 7980 robbie.beattie@edinburgh.gov.uk		
3.	Proposed Lease Extension, Kings Theatre and/or New Lease Festival Theatre	September 2019		Executive Director of Resources Lead Officer: Brian Paton 0131 469 5228 brian.paton@edinburgh.gov.uk		
4.	63 Niddrie Mains Terrace	September 2019		Executive Director of Resources Lead Officer: Graeme McGartland 0131 529 5956 graeme.mcgartland@edinburgh.gov.uk		

Item	Key decisions	Expected date of decision	Wards affected	Director and lead officer	Progress updates	Council Commitments
5.	The Woods Centre, Wester Hailes, Proposed Disposal	September 2019		Executive Director of Resources Lead Officer: Graeme McGartland 0131 529 5956 graeme.mcgartland@edinburgh.gov.uk		
6.	Cameron House Community Centre Budget Allocation	September 2019		Chief Executive Lead Officer: Nick Smith 0131 529 4377 nick.smith@edinburgh.gov.uk		
7.	Annual Audited Accounts – referral from the Governance, Risk and Best Value Committee	September 2019		Executive Director of Resources Lead Officer: Hugh Dunn 0131 469 3150 hugh.dunn@edinburgh.gov.uk	Annual	
8.	Common Good Annual Performance Report	September 2019		Executive Director of Resources Lead Officer: Hugh Dunn/Liam MacDonald 0131 469 3150/ 0131 469 3174 hugh.dunn@edinburgh.gov.uk / liam.macdonald@edinburgh.gov.uk	Annual	
9.	Charitable Trusts Annual Report	September 2019		Executive Director of Resources Lead Officer: Hugh Dunn/Liam MacDonald	Annual	

Item	Key decisions	Expected date of decision	Wards affected	Director and lead officer	Progress updates	Council Commitments
				0131 469 3150/ 0131 469 3174 hugh.dunn@edinburgh.gov.uk / liam.macdonald@edinburgh.gov.uk		
10.	Contract Awards and Procurement Programme (period 1 Jan 19 – 30 Jun 19)	September 2019		Executive Director of Resources Lead Officer: Iain Strachan 0131 529 4930 iain.strachan@edinburgh.gov.uk		
11.	Consultant Costs	September 2019		Executive Director of Resources Lead Officer: Hugh Dunn/Iain Shaw 0131 469 3150/0131 469 3117 hugh.dunn@edinburgh.gov.uk / iain.shaw@edinburgh.gov.uk		
12.	Bus Tracker	September 2019		Executive Director of Place Lead Officer: Andrew Macleod 0131 469 5314 andrew.macleod@edinburgh.gov.uk		
13.	West Edinburgh Spatial Strategy	September 2019		Executive Director of Place Lead Officer: Andrew Caldwell 0131 529 6132 andrew.caldwell@edinburgh.gov.uk		

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Business bulletin

Finance and Resources Committee

10.00am, Thursday 15 August 2019

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

Finance and Resources Committee

Convener:	Members:	Contact:
<p>Convener Cllr Alasdair Rankin</p>  <p>Vice – Convener Cllr Lezley Cameron</p> 	<p>Councillor Gordon Councillor Munn Councillor Bruce Councillor Hutchison Councillor Johnston Councillor Child Councillor Booth Councillor Corbett Councillor Neil Ross</p>	<p>Veronica MacMillan Tel: 0131 529 4283</p> <p>Liam MacDonald Service Policy Advisor Tel: 469 3174</p>

Recent news	Background
<p>At the Council meeting of 14 March 2019, the EU Registration motion by Councillor McVey was approved, and requested that expenditure on provision of assistance by Registration Services to citizens making EU Settled Status applications be monitored and reported through the Business Bulletin of the Finance and Resources Committee. The first update was provided in May 2019.</p> <p>In the ten-week reporting period during 15 April to 21 June 2019, there were 179 applications of which 50 or 28% were from out with the Edinburgh area. In the previous six-week reporting period there were 242 applications of which 31% were from out with Edinburgh. There has been a slowdown in requests from an average of 40 per week in previous period to 18 per week in current period. If a charge of £14 had been levied on the 50 applications received from out with Edinburgh area this would</p>	<p>Robbie Beattie, Senior Manager.</p> <p>Tel: 0131 555 7980</p> <p>Email: robbie.beattie@edinburgh.gov.uk</p>

have amounted to income of £700. Applications for assistance continue to be received from across the country.

CivTech 4.0 Challenge Submission

CivTech is part of the Scottish Government's Digital Directorate which aims to solve public sector challenges by bringing together public sector expertise and private sector creativity. CivTech has been operating since 2016 with significant benefits to both the Challenge Sponsor organisations and the businesses who bid to propose potential solutions.

Colleagues from Edinburgh Shared Repairs Service and the Housing Service collaborated to successfully apply to the latest round of [CivTech 4.0](#) with the challenge 'How can we use technology to manage the property condition of communal areas in privately owned tenements?'. This is the first time the City of Edinburgh Council has had a challenge accepted onto CivTech. All challenges are released on Public Contracts Scotland for a four week application window (Monday 15 July 2019 to Friday 9 August 2019) before shortlisting and selection takes place during August 2019. CivTech manages the procurement process. Three companies are ultimately selected to proceed to the Exploration Stage, where ideas are worked up and pitched for further development. One company per challenge is selected to proceed to an accelerator stage where solutions are demonstrated at a Demo Day.

The Council's challenge supports the objectives and aims of Edinburgh Shared Repairs Service and Housing's Mixed Tenure Improvement Strategy and is an opportunity to trial innovative approaches to property maintenance. The initial outlay from exploration to accelerator stage is £29k plus VAT. The challenge sponsor and successful team have the opportunity to extend their relationship following completion of the accelerator stage, subject to further negotiation. CivTech have provided a list of [FAQs](#) for challenge sponsors.

Jackie Timmons,
Edinburgh Shared
Repairs Service
Manager

Tel: 0131 529 4946

Email:

jackie.timmons@edinburgh.gov.uk

Martin Macaulay, Senior
Housing & Development
Officer

Tel: 0131 529 7393

martin.macaulay@edinburgh.gov.uk

COMMUNITY ASSET TRANSFERS – ANNUAL REPORT

Under Section 95 of the Community Empowerment (Scotland) Act 2015, the Council must publish an annual return by 30 June, specifying certain Community Asset Transfer (CAT) activity and the steps taken to promote CAT with community bodies from 1 April 2018 to 31 March 2019. The report has been published on the Council website and can be found at:

http://www.edinburgh.gov.uk/info/20029/have_your_say/772/community_asset_transfer

The report only includes requests that have been considered by a Stage 2 panel (sustainable business case). In addition to the requests formally reported, the team also dealt with the following cases during the reporting period:

- 32 initial enquiries – most requests requiring research and informal meetings with potential applicants;
- Six Stage 1 panels – convened to assess expressions of interest and to allow successful requests to proceed towards Stage 2; and
- 14 live cases - currently being considered, with the majority preparing their sustainable business cases for a Stage 2 panel submission.

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

Peter Watton, Head of Property and FM

Tel: 529 5962

Email:

Peter.Watton@edinburgh.gov.uk

Finance and Resources Committee

10.00am, Thursday, 15 August 2019

Revenue Monitoring 2018/19 – outturn report

Executive/routine
Wards
Council Commitments

1. Recommendations

- 1.1 Members of the Finance and Resources Committee are asked to:
 - 1.1.1 note the contents of this report and the provisional revenue underspend of £1.582m for the year ended 31 March 2019;
 - 1.1.2 note that this sum has been set aside within the Council Priorities Fund;
 - 1.1.3 note the contributions in 2018/19 to and from the General Fund as detailed in the report;
 - 1.1.4 note the progress during the year on the initiatives supported through the Spend to Save Fund;
 - 1.1.5 note that the Housing Revenue Account was balanced after making a contribution of £6.757m towards in-year capital investment;
 - 1.1.6 note that the Common Good Annual Performance Report will be considered at the Committee's meeting on 26 September; and
 - 1.1.7 refer this report to the Governance, Risk and Best Value Committee as part of its workplan.

Stephen S. Moir

Executive Director of Resources

Contact: Hugh Dunn, Head of Finance

E-mail: hugh.dunn@edinburgh.gov.uk | Tel: 0131 469 3150

Revenue Monitoring 2018/19 – outturn report

2. Executive Summary

- 2.1 The report sets out the provisional 2018/19 revenue outturn position for the Council based on the unaudited annual accounts. This position shows an overall underspend of £1.582m, representing the twelfth successive year in which net expenditure has been maintained within approved levels.

3. Background

- 3.1 The Council's statement of accounts for 2018/19 was passed to the external auditor by the statutory deadline of 30 June. This report sets out the provisional outturn position for the revenue budget as detailed within the unaudited statement.
- 3.2 The unaudited annual accounts were published on the Council website by 30 June 2019 and made available for public inspection from 1 July 2019 for a period of 15 working days, in accordance with relevant regulations. Correspondence was received from two individuals during this period, the outcome of which will be reported at the conclusion of the audit process in September 2019.
- 3.3 As in previous years, the audited annual accounts and the auditor's report will be submitted initially to the Governance, Risk and Best Value Committee on 17 September 2019 and be presented for approval thereafter by the Finance and Resources Committee on 26 September, thereby meeting the statutory requirement for the audited statements to be approved by members by 30 September.

4. Main report

Overall position

- 4.1 The unaudited outturn position for 2018/19 shows an overall underspend of £1.582m, equating to 0.16% of the Council's total net expenditure. Table 1 below summarises the outturn, with further details provided in Appendix 1. Achievement of a balanced outturn in 2018/19 represents the twelfth successive year in which expenditure has been maintained within budgeted levels.

Table 1 – Summarised Unaudited Outturn Statement, 2018/19

	Revised Budget	Outturn	Outturn Variance (favourable)/ unfavourable
	£000	£000	£000
Directorate-specific	833,321	845,652	12,331
Non-directorate specific budgets	157,852	142,229	(15,624)
Movement in reserves	(3,882)	(1,504)	2,378
Sources of funding	(987,291)	(987,959)	(668)
In-year (surplus) / deficit		(1,582)	(1,582)

- 4.2 The third quarter's revenue monitoring report considered by the Finance and Resources Committee on 1 February 2019 set out significant service pressures, particularly in demand-led areas, totalling £12.1m, with partial mitigation achieved through savings in loan charges, additional Council Tax income and assumed application of the unallocated element of the 2017/18 in-year underspend and welfare reform contingency.
- 4.3 The actual service outturn position is therefore consistent with this in-year forecast, albeit with a combination of additional savings in loan charges (£1.1m), interest and investment income (£1.4m), reductions in the net cost of benefits (£0.5m) and a number of inflation-linked contingencies not ultimately required contributing to an overall favourable movement of £3.55m (and thus an overall underspend of £1.582m) over the final months of the year.
- 4.4 While the improvement in the year-end outturn position is to be welcomed, as was highlighted in the budget update report to the Committee's previous meeting on 23 May, the approved budget for 2019/20 is predicated on the delivery of significant non-service specific savings totalling £8m including those across the areas of loan charges and Council Tax income. The revenue budget update to the Committee's meeting on 23 May noted that, as a maximum, a further £3m contribution could be made available from these or other non-service specific areas. This reinforces the urgent need to identify recurring savings, or additional income, that can be applied as part of ensuring the underlying stability of the budget framework.

Directorate variances

- 4.5 As noted in the table above, the Council's main Directorates showed an overall overspend of £12.331m (1.5%) during the year. Commentaries on the main factors comprising these variances are included in Appendix 2. Additional detail will, where appropriate, be reported to relevant Executive Committees.

Other areas

4.6 In view of the significant pressures experienced within Directorates, savings across non-directorate specific areas were crucial in delivering a balanced overall position for the year. The elements comprising this outturn position were:

(i) **Loans charge expenditure (£5.914m underspend)**

The favourable variance was largely attributable to a combination of the Council's ongoing strategy of using available cash balances in lieu of undertaking external borrowing and the impact of in-year loan redemption, actual capital spend profiles (reflecting in-year slippage in 2018/19) and a reduced loans fund pool rate.

(ii) **Council Tax (£0.668m additional income)**

Increased property numbers and lower-than-budgeted levels of exemptions and discounts, linked to an on-going focused programme of Single Person Discount entitlement review, contributed to a small overall favourable variance. The in-year collection rate of 97.0% was also the highest achieved since the Council's formation in 1996.

(iii) **Council Tax Reduction Scheme (£2.378m underspend but offset by a corresponding transfer to the welfare reform earmarked reserve)**

While the entirely demand-led nature of the scheme exposes the Council to risks, sums paid out in 2018/19 were lower than the equivalent level of budgetary provision. As in 2017/18, this underspend has been set aside within the Council's allocated reserves to address potential welfare reform-related pressures in future years, including the impacts of the full roll-out of Universal Credit with effect from November 2018.

(iv) **Other non-directorate specific costs (£5.409m underspend)**

The overall variance reflects a number of elements, including in-year savings in Carbon Tax expenditure payable under the CRC energy efficiency scheme, reductions in past service pension costs and a number of inflation-linked contingencies not ultimately required either in part or in full.

(v) **Interest and investment income (£1.402m additional income)**

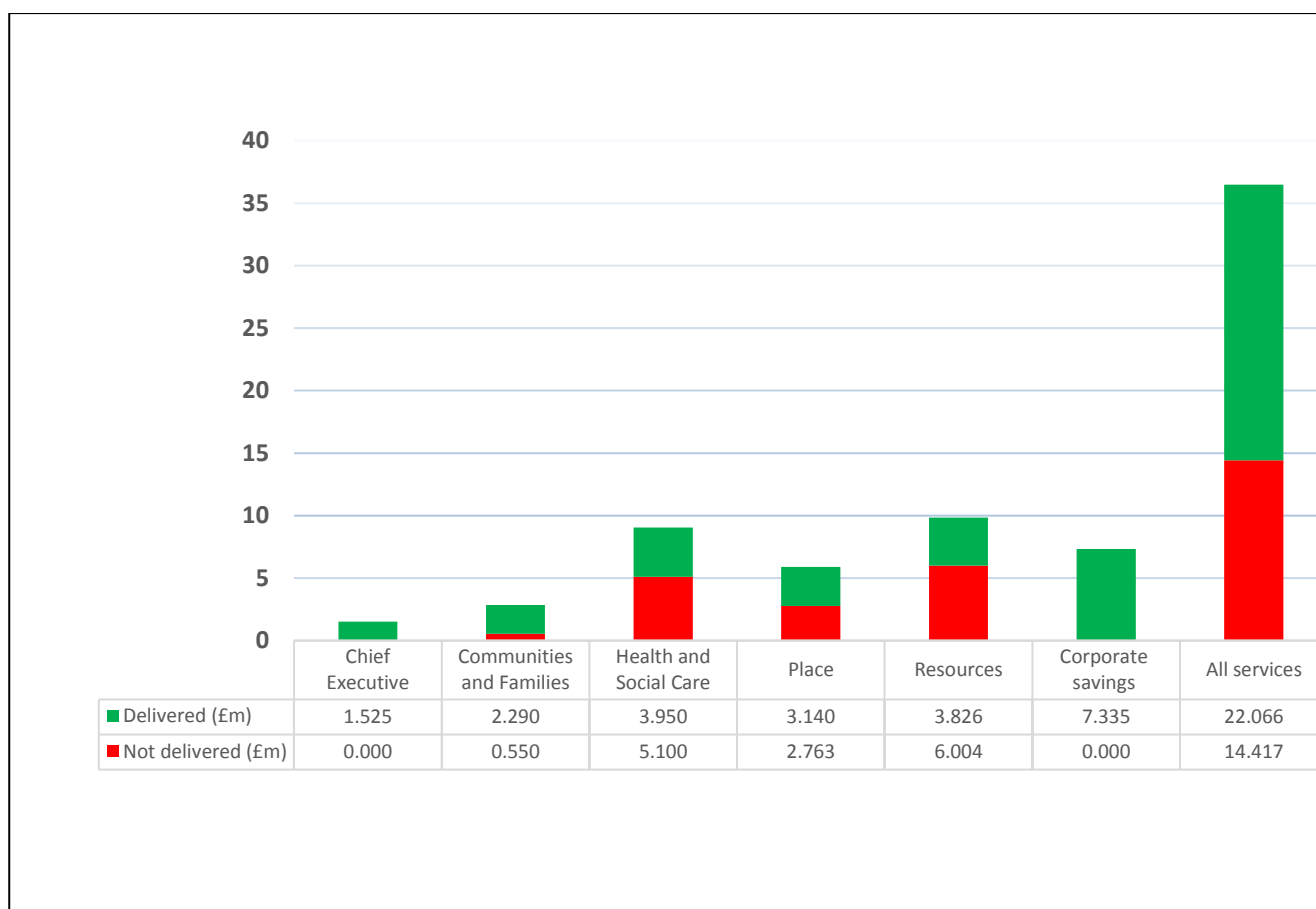
The additional income reflected, in part, continuing outperformance against the Treasury comparator cash fund benchmark during the year.

Approved budget savings delivery

4.7 As shown in Table 2 below, the final outturn position for 2018/19 indicates that 60% of approved savings by value were delivered, with those not achieved primarily attributable to slippage in transformation and demand management linked savings within Health and Social Care and savings linked to the Asset Management Strategy. A number of in-year shortfalls affecting both anticipated income streams particularly parking, roundabout and verge advertising and expenditure reductions

linked to changes to working patterns occurred within the Place Directorate but with partial or full delivery anticipated in 2019/20.

Table 2 – Delivery of approved budget savings, 2018/19



4.8 Given the extent of demand-led pressures being experienced across directorates, the ability to contain these shortfalls was markedly lower than in previous years (although, in the case of the Resources Directorate, a slight underspend was still achieved) and, in the majority of cases, these substitute measures were of a non-recurring nature. This reinforces the need for robust savings proposal development and scrutiny at the inception, development and delivery stages.

Transfer to Council Priorities Fund

4.9 At the meeting of Council on 27 June 2019, members noted that the provisional in-year underspend of £1.582m had been set aside within the Council Priorities Fund pending completion of the external audit process. As set out in that report, £1.427m of this sum is available to fund future delivery of services and £0.155m is separately earmarked in accordance with Local Authority (Scotland) Accounts Advisory Committee (LASAAC) guidance, given that it relates to gains arising from the increases in the fair value of a financial asset under newly-adopted International Reporting Standard 9 in 2018/19.

- 4.10 Members additionally approved, subject to the outcome of the audit process, an increase of £7.483m in the level of the Council's 2018/19 offer to the Edinburgh Integration Joint Board (EIJB). Approval of a revised offer at this level is implicit in the set-aside noted above.

Staff release costs

- 4.11 Given the advanced stage of the Council's previous Transformation Programme, the level of expenditure associated with staff early release was, at £2.448m, considerably lower than in prior years.
- 4.12 Expressed on a cumulative basis, as of 31 May 2019, staff equivalent to 1,035 FTE had left, or had confirmed leaving dates, through Voluntary Early Release or Voluntary Redundancy Arrangements. The total release cost of these arrangements is £44.0m, with the associated payback period of 13.4 months consistent with the original planning assumptions.

Spend to Save Fund

- 4.13 At the Committee's meeting on 4 December 2018, members considered an update on a number of projects previously supported through the Spend to Save scheme. In noting the extent of progress that had been made on these schemes, members further agreed to introduce a short year-end report as part of consideration of the wider revenue budget outturn. This is included as Appendix 3 to this report.

Housing Revenue Account (HRA)

- 4.14 In line with the HRA Business Plan, at the end of 2018/19 the HRA was balanced after making a contribution of £6.757m towards in-year capital investment, with sums also drawn down from the Strategic Housing Investment Fund (SHIF) during the year to meet the cost of approved projects. The funds held in the SHIF are earmarked for investment in existing housing stock and future capital investment in new homes through the Council's own housing development programme.

Reserves

- 4.15 As at 31 March 2019, General Fund reserves stood at £144.845m, a fall of £6.440m relative to the preceding year. Details of the opening and closing amounts in the General Fund, including earmarked balances, are shown in Appendix 4. The adequacy and appropriateness of the level of reserves continues to be reviewed annually by Council as part of the revenue budget-setting process.
- 4.16 The overall decrease in the level of earmarked reserves during the year mainly represents the net effect of three factors as noted below:
- (i) **net reduction in sums held within the Council Tax Discount Fund (£8.801m)**, in turn mainly reflecting a drawdown of £12.346m to support planned development of affordable housing in line with the Housing Revenue Account (HRA) Business Plan. This was offset, in part, by an in-year addition to the fund of £3.430m from Council Tax second home discount income earmarked under statute;

- (ii) **net reduction in sums held within the City Strategic Investment Fund (£1.909m)**, primarily reflecting the drawdown of funding to support the design of the tram extension up to Royal Institute of British Architects (RIBA) Stage 2 as approved by the Transport and Environment Committee on 4 September 2017; and
- (iii) **net increase in sums held within the Insurance Fund (£3.710m)**, reflecting the impact of both the Council's policy of self-insurance and its potential future claims exposure.

4.17 The in-year movement on the Council's Priorities Fund reflects, in the main, the net impact of the drawdown in full of the 2017/18 audited underspend of £2.416m and the transfer to the Fund of the provisional 2018/19 underspend of £1.582m.

4.18 The unallocated General Fund balance remained unchanged at £13.025m, in line with the Council's medium-term strategy, and alongside the level of reserves held for specific purposes, is considered by officers to be consistent with the range and nature of risks to which it is exposed.

Common Good

4.19 During 2018/19, the Common Good Fund incurred an overall deficit of £0.035m, primarily due to essentially-fixed levels of associated governance costs and limited investment income. A more detailed commentary on the outturn and related current financial and other issues will be included within the Common Good Annual Performance Report to be considered at the Committee's following meeting on 26 September 2019.

5. Next Steps

5.1 The Unaudited Accounts are currently the subject of consideration by the Council's external auditor. The key findings of this review, alongside those related to the wider scope audit, will be scrutinised initially by members of the Governance, Risk and Best Value Committee on 17 September 2019 prior to consideration and approval by the Finance and Resources Committee on 26 September 2019.

6. Financial impact

6.1 The report identifies a provisional surplus for the year ending 31 March 2019 of £1.582m and the requirements to set a number of funds aside for future risks.

7. Stakeholder/Community Impact

7.1 There is no direct relevance of the report's contents, although the Council's wider approach to community engagement and empowerment will be specifically considered as part of the wider scope aspects of this year's external audit process.

8. Background reading/external references

- 8.1 [Revenue Monitoring 2018/19 – month three position](#), Finance and Resources Committee, 16 August 2018
- 8.2 [Revenue Monitoring 2018/19 – progress update](#), Finance and Resources Committee, 11 October 2018 (referred to Council on 25 October 2018 for ratification of additional project management support to Change Strategy)
- 8.3 [Revenue Monitoring 2018/19 – month six position](#), Finance and Resources Committee, 4 December 2018
- 8.4 [Revenue Monitoring 2018/19 – Month Nine Position](#), Finance and Resources Committee, 1 February 2019
- 8.5 [Unaudited Accounts 2018/19](#), City of Edinburgh Council, 27 June 2019

9. Appendices

- Appendix 1 - Unaudited Revenue Budget Outturn Statement, 2018/19
- Appendix 2 - Service Outturn Commentaries, 2018/19
- Appendix 3 - Spend to Save Fund Annual Review, 2018/19
- Appendix 4 - Transfers to and from usable reserves, 2018/19

Unaudited Revenue Budget Outturn Statement, 2018/19

	Revised Budget	Outturn	Outturn Variance (favourable)/ unfavourable
	£000	£000	£000
Directorates			
Chief Executive's	9,853	9,656	(197)
Communities and Families	394,862	397,307	2,445
Health and Social Care	200,754	208,237	7,483
Place	51,559	54,295	2,736
Resources	172,718	172,582	(136)
Lothian Valuation Joint Board	3,575	3,575	-
Directorate totals	833,321	845,652	12,331
Non-directorate specific areas			
Loan Charges	113,280	107,366	(5,914)
Other non-service specific costs	28,809	23,401	(5,409)
Council Tax Reduction Scheme (Note 1)	26,672	24,294	(2,378)
Net Cost of Benefits	(291)	(812)	(521)
Interest and investment income	(10,618)	(12,020)	(1,402)
Non-directorate specific areas total	157,852	142,229	(15,624)
Movements in reserves			
Net contribution to / (from) earmarked funds (Note 1)	(3,075)	(697)	2,378
Contribution to / (from) Repair and Renewals Fund	173	173	-
Contribution to / (from) Capital Fund	(980)	(980)	-
Movements in reserves total	(3,882)	(1,504)	2,378
Sources of funding			
General Revenue Grant	(363,757)	(363,757)	-
Non-Domestic Rates	(340,474)	(340,474)	-
Council Tax	(283,060)	(283,728)	(668)
Sources of funding total	(987,291)	(987,959)	(668)
In-year (surplus) / deficit	-	(1,582)	(1,582)

Note 1 – uncommitted funds linked to the in-year underspend in respect of the Council Tax Reduction Scheme of £2.378m were transferred to an earmarked reserve. This transfer is reflected prior to any transfer to the Council Priorities Fund.

Directorate outturn commentaries

Chief Executive's Service (£0.197m underspend, representing 2.0% of net budget)

Overall expenditure was maintained within budgeted levels primarily through delivery of approved savings (100% delivery achieved) and management of vacant posts.

Communities and Families (£2.445m overspend, representing 0.6% of net service budget)

As reported throughout the year, the main pressures affecting the Directorate were in the areas of homelessness and housing support, home-to-school transport, rising school rolls and community access to schools.

In view of these pressures, a range of management actions was identified, including savings within Early Years, vacancy control and one-off savings within disability services, the effect of which was to mitigate the overall level of overspend.

Health and Social Care (£7.483m overspend, representing 3.7% of net budget)

The provisional outturn for budgets delegated by the IJB to the Council is an overspend of £7.483m, an increase of £0.442m from that reported to the Finance and Resources Committee at Period 9. The reasons for the overall movement since that time are an improvement in income recovery offset by an increase in purchasing expenditure and the requirement to make a provision pending decision by the Scottish Government on Ordinary Residency.

The provisional outturn reflects significant demand-led pressures. These contributed to additional third-party expenditure relative to budgeted levels of £6.3m, in turn attributable to growth in demand for care at home services and increases in Direct Payments and Individual Service Funds. This level of pressure was consistent with in-year monitoring projections and has been factored in to financial planning assumptions for 2019/20.

The budget set for 2018/2019 included savings plans totalling £9.050m, £1.450m of which were met as per the original plan and £2.5m via one-off mitigation actions, leaving £5.1m of planned savings undelivered.

The Council had previously agreed to an additional one-off contribution to the EIJB of £7.041m in 2018/19 which, based on the provisional outturn position, has now been revised to £7.483m.

Place (£2.736m overspend, representing 5.3% of net budget)

The Directorate's activities continued to be subject to significant pressures during the year. These were addressed, in part, by a budget management strategy including a material realignment of budgets across the Directorate in line with operational requirements. Whilst this increased accountability and transparency in developing and implementing remedial actions, the Directorate was unable to deliver fully the approved net level of 2018/19 savings and mitigate fully other service pressures.

Full-year savings of £1.863m were not realised due, in part, to the timing of implementation in relation to roundabout and verge advertising and garden waste collection. A further £0.400m was not realised due to changed parking behaviours. A subsequent budget realignment

exercise has been undertaken in 2019/20 which assumes full delivery of the majority of 2018/19's approved savings. Over the short- to medium-term, concerted action is required to address underlying structural deficits and emerging cost pressures in a sustainable way whilst delivering approved budget savings. This need is reflected in the Place Budget Management Strategy.

Resources (£0.136m underspend, representing 0.1% of net budget)

The Directorate saw an outturn underspend of £1.401m, prior to central support cost recoveries from the Housing Revenue Account (HRA), primarily reflecting the combined impact of enhanced workforce controls relating to recruitment, the enhancement of other workforce controls, such as agency and overtime expenditure and a review of discretionary expenditure. As a consequence of both reduced provider expenditure and changes in the proportion of the Directorate's activity rechargeable to the HRA, however, associated income dropped by £1.266m, resulting in a net overall underspend of £0.135m.

Spend to Save Fund Annual Review, 2018/19

At the Committee's meeting on 4 December 2018, members considered an update on a number of projects previously supported through the Spend to Save scheme. In noting the extent of progress that had been made on these schemes, members further agreed to introduce a short year-end report as part of consideration of the wider revenue budget outturn.

While, given the timing of their approval, the projects concerned are at varying stages of completion, progress on supported initiatives in the period to 31 March 2019 was as follows:

RE:FIT (up to £0.975m of Spend to Save funding approved in April 2016)

The Council initiated a £2.654m energy retrofit programme in ten of its key buildings (eight schools, the City Chambers and the Usher Hall) under the London RE:FIT Framework. The RE:FIT scheme has been designed to help public sector organisations achieve substantial financial savings, improve the energy performance of their buildings and reduce their carbon footprint. Spend to Save funding of up to £0.975m was approved to supplement available investment from SALIX and the former Central Energy Efficiency Fund (CEEF). The project is now delivering annual financial savings in excess of £0.300m and is anticipated to reduce CO₂ emissions by over 1,100 tonnes a year. These savings will be used to repay the final Spend to Save-supported element (some £0.6m) within the approved timescales.

Edinburgh International Climbing Arena – sewer connection (£0.437m of funding approved in November 2017)

The sewerage connection was made in mid-July 2018. The construction took a little longer than planned, primarily due to issues with the part-closure of the road where the connection was made to the main sewer. The final investment cost, however, came in slightly under budget at £0.435m.

The expected benefits have been realised, with savings coming from not having to pay for the effluent tank being emptied and disposed of multiple times a day.

Streetlight LED conversion (£0.768m approved in February 2018. This short-term funding is required to reflect timing differences between the incurring of capital expenditure and the delivery of resultant revenue savings)

The project involves conversion of some 54,000 street lights across Edinburgh to energy-efficient lanterns, along with the associated fitting of telecells (wireless controls). The programme will deliver a sustained reduction in electricity consumption, energy costs and carbon use, as well as reducing lantern maintenance, replacement and waste disposal costs.

The retro-fitting of telecells on existing LEDs is almost complete, with the lantern conversion programme also well underway. The completion timescale (anticipated in 2021/22) and associated budget remain as reported to the Finance and Resources Committee on 23 January 2018.

Craiglockhart Outdoor Tennis (£0.285m approved in March 2018)

The courts opened in early September, with the finalised scheme outturn of £0.252m within the level of expenditure underpinning the original approval. The resulting income continues to perform well against business case estimates.

LED in public spaces (£0.300m approved in June 2018)

To date, a number of projects have been commissioned, with cost estimates awaited for several further schemes. Taking into account the respective payback periods, additional projects will be taken forward either through SALIX or Spend to Save funding.

Given the state of scheme implementation, it is relatively early to assess resulting financial and environmental benefits. In view of the use of proven technology, however, subject to the appropriateness of detailed assumptions on lamp ratings and run times, savings are anticipated to be delivered in line with relevant business cases.

Usher Hall Public Address System (£0.080m approved in June 2018)

On-site testing of systems was provided by suppliers during Spring 2019. The preferred supplier will be appointed shortly with no change to associated costs and installation anticipated by December 2019.

Usher Hall Marketing Poster Boards (£0.120m approved in June 2018)

The scheme requires planning approval, which is being sought, and this has delayed implementation somewhat. There is, however, no change to the anticipated cost or resulting benefits at this stage.

Lagganlia Snow Sports (£0.040m approved in August 2018)

A building warrant has been submitted and the design team is working on collating responses to the Building Control report. Work is also continuing to finalise the tender specification and associated documentation, with a target of going to tender at the end of August/beginning of September, starting on site at the beginning of November and completing construction in February 2020.

A value engineering exercise is also underway to reduce construction costs, informed by the outcome of market testing on the existing specification. Overall project costs are being met from the remaining Boyd Anderson fund balance of £107,000 and the above Spend to Save allocation, with the balance being met from the Outdoor Learning earmarked reserve.

Projects approved in 2019/20

At the Committee's last meeting on 23 May 2019, members agreed to make available up to £0.153m of Spend to Save funding to take forward 3G pitch improvements at Leith Academy. Updates on this and the other projects noted above will be provided as the year progresses.

TRANSFERS TO AND FROM USABLE RESERVES, 2018/19

	Balance at 31-Mar-18 £000	Transfers Out 2018/19 £000	Transfers In 2018/19 £000	Balance at 31-Mar-19 £000
Balances Set Aside to Manage Financial Risks and for Specific Investment				
Balances set aside for specific inv.	40,649	(13,147)	14,794	42,296
Workforce management	18,143	0	51	18,194
Council Priorities Fund	7,691	(2,852)	1,786	6,625
Dilapidations fund	5,077	(356)	1,000	5,721
Insurance funds	15,875	(83)	3,793	19,585
	<u>87,435</u>	<u>(16,438)</u>	<u>21,424</u>	<u>92,421</u>
Balances Set Aside from Income Received in Advance				
Licensing and Registration income	3,080	(855)	359	2,584
Lothian Buses	388	116	0	504
Other minor funds	218	(16)	1	203
Pre-paid PPP monies	2,568	0	385	2,953
Recycling monies	697	(697)	0	0
Council Tax Discount Fund	27,432	(12,346)	3,545	18,631
Unspent grants	1,874	(1,736)	1,799	1,937
City Strategic Investment Fund	5,461	(2,054)	145	3,552
	<u>41,718</u>	<u>(17,588)</u>	<u>6,234</u>	<u>30,364</u>
Balances Set Aside for Investment in Specific Projects which will Generate Future Savings				
Energy efficiency	178	0	66	244
Salix / CEEF	196	(141)	197	252
Spend to save	2,975	(575)	66	2,466
	<u>3,349</u>	<u>(716)</u>	<u>329</u>	<u>2,962</u>
Balances Set Aside under Devolved School Management Scheme and Pupil Equity Fund				
Devolved School Management	<u>5,758</u>	<u>(5,758)</u>	<u>6,073</u>	<u>6,073</u>
Unallocated General Reserve	<u>13,025</u>	<u>0</u>	<u>0</u>	<u>13,025</u>
Total General Reserve	<u>151,285</u>	<u>(40,500)</u>	<u>34,060</u>	<u>144,845</u>

Finance and Resources Committee

10.00am, Thursday, 15 August 2019

Capital Investment Programme – Outturn 2018/19 and Revised Budget 2019-24 (incorporating slippage)

Executive/routine	
Wards	All
Council Commitments	

1. Recommendations

- 1.1 To note the 2018/19 unaudited capital outturn for the Council's general fund and housing revenue account (HRA).
- 1.2 To approve the revised capital investment programme for the period 2019-24, as set out in Appendix 6.
- 1.3 To refer the report to the Governance Risk and Best Value Committee as part of its work programme.

Stephen Moir

Executive Director of Resources

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Capital Investment Programme – Outturn 2018/19 and Revised Budget 2019-24 (incorporating slippage)

2. Executive Summary

- 2.1 In 2018/19 Council capital expenditure totalled £266.7m between its general fund and housing revenue account. It provided significant investment including £28.4m in the Council's learning estate, £27.7m in roads, pavements and transport infrastructure and over £100m in new and existing affordable housing. This expenditure was funded by capital receipts and contributions of £90.5m, government grant of £122.4m and loans fund advances of £53.9m.
- 2.2 This position represents slippage in expenditure of £60.7m against the revised budget for the year, which relates to general fund services. Slippage was experienced in the Early Years programme, lending to the NHT and Edinburgh Living LLPs and major bridge works. This was partially offset by acceleration in the programme of asset management works to improve the condition of Council properties.
- 2.3 Slippage from 2018/19 is rolled forward and added to the capital investment programme for the period 2019-24 to create the revised capital budget. In creating the revised budget, realignments have been made between financial years to reflect the most up to date cash flow projections available. The budget has also been adjusted to reflect new projects approved since the Council set its budget in February.

3. Background

- 3.1 This report presents the final outturn for the Council's capital programme for 2018/19, including details of capital receipts and slippage/acceleration experienced in projects within the programme. It compares the final position with the revised capital budget and the forecast position at month 9. The analysis is based on the Council's unaudited accounts for the year.
- 3.2 The report also sets out a revised capital budget for the period 2019-24. This is based on the Council's capital investment programme approved by Council on 21

February 2019, adjusted for slippage from 2018/19, updated cash flow projections and projects approved since the budget meeting.

4. Main report

Capital Outturn Summary 2018/19

- 4.1 In 2018/19 Council capital expenditure totalled £266.7m. This expenditure was funded by capital receipts and contributions of £90.5m, government grant of £122.4m and loans fund advances of £53.9m. A breakdown of this position is shown in Table 1 (below) with more detail provided in Appendices 1 and 2.

Table 1: Capital Expenditure and Funding 2018-19

	General fund £000	HRA £000	Total £000
Total Capital Expenditure	185,741	80,962	266,703
<i>Funded by</i>			
Capital Receipts and Contributions	35,079	55,393	90,472
Capital Grants	113,306	9,070	122,376
Loans Fund Advances	37,356	16,499	53,855
Total Funding	185,741	80,962	266,703

- 4.2 This level of capital expenditure represents significant investment in Council assets. Major investment included £28.4m in the Council's learning estate, £27.7m in roads, pavements and transport infrastructure and over £100m in new and existing affordable housing.

Programme Slippage and Acceleration

- 4.3 The outturn position for the general fund, as set in Appendix 1, was £60.7m lower than budgeted. This slippage amounts to 24.6% of capital expenditure budget, compared to 9.4% experienced in 2017/18. Slippage in the delivery of capital projects can be because of various factors. In previous years, where slippage was identified prior to period 9, budgets were realigned to future years and slippage reported in the outturn report was reduced. In the interests of greater transparency, budgets have not been realigned for 2018/19 following the approval of the revised budget in August 2018.
- 4.4 Projects contributing to 2018/19 slippage include
- Early Years - £15.0m
 - National Housing Trust - £11.8m
 - Edinburgh Living - £10.1m

- North Bridge Refurbishment - £8.5m

- 4.5 The slippage in the Early Years programme is mainly due to a timing difference between Scottish Government grant income and the Council's programme for the delivery of the additional capital infrastructure. In addition, delays have arisen following procurement of new facilities as bidders' costs have been higher than anticipated, requiring the Council to reprioritise expenditure. While the Council is still on target to deliver additional hours before the statutory deadline, the delay in the completion of capital works is likely to lead to additional revenue costs for the Council and reduced flexibility for parents in the short-term.
- 4.6 In 2018/19 a record number of new affordable homes were approved for construction (1,626) and completed (1,271). During the year the Scottish Government increased funding for the Affordable Housing Supply Programme by £11.899 million (29%). HRA funding for the housebuilding programme increased by £8.682 million.
- 4.7 The slippage in the capital programme relates to short delays to the completion of 83 mid-market homes for National Housing Trust projects at Shrubhill and Western Harbour. These homes had been programmed to be delivered by the end of 2018/19. 48 of these homes were completed in May 2019 and the remaining 35 will be completed by August. A further 89 mid-market rent homes were due to be completed for Edinburgh Living by the end of 2018/19. 33 of these homes are now complete with the remaining 56 due to be completed by August 2019. As borrowing is not incurred until it is required on these projects there is no adverse financial impact from these short delays.
- 4.8 The original budget phasing for North Bridge was derived in the early stages of the project from high level programming. Following contract award in May 2018, a revised programme was agreed with the contractor allowing a more realistic estimate to be produced, but this was after the budget had been set. By period 9 the forecast was reduced to £5.6m, compared to a budget of £12.5m. Following this forecast, problems were experienced with the access scaffolding, which further reduced spend in 2018/19. The project management team are actively seeking implementation of mitigation measures to reduce the overall impact of this ongoing delay.
- 4.9 A detailed analysis of the slippage position for the general fund is set out in Appendix 3.
- 4.10 In March 2019, it was reported to Housing and Economy committee that the 2018/19 HRA Capital Programme was projecting slippage of around £4 million at year end. This was due to a major contractor going into administration in the final quarter of the year, as well as delays in some contract starts and gaining necessary agreement to progress improvement works in mixed tenure blocks. However, this slippage was offset by acceleration in the HRA house building programme and the overall HRA outturn was in line with budget. Further analysis of this position is provided in Appendix 4.

Capital receipts

- 4.11 A total of £26.5m was generated from asset sales in 2018/19. The general fund total of £19.7m was in line with level budgeted. However, the level of HRA receipts was lower than anticipated due to delays in the transfer of completed homes to Edinburgh Living LLP.
- 4.12 A detailed list of capital receipts is shown in Appendix 5.

Revised Capital Budget 2019-24

- 4.13 The Capital Investment Programme (CIP) for the general fund approved by Council in February 2019 was based on an interim budget which estimates for slippage and acceleration. The revised CIP for 2019-2024 has been adjusted to reflect actual levels of slippage and acceleration and is shown in Appendix 6.
- 4.14 The CIP has also been realigned and re-phased to ensure that individual project cash flows reflect the most up to date projections. Project managers have considered risks such as adverse weather or other uncontrollable factors that can impact on delivery and to build this into budgeted cash flows.
- 4.15 The revised CIP also reflects projects where funding has been approved following the Council's budget meeting. The most significant project being the Tram to Newhaven business case, which was approved by Council on 14 March 2019.
- 4.16 Members should note that where funding has not been approved or is uncertain, then projects are not included in the CIP. This includes the funding required to deliver the Council's Wave 4 schools programme as well as projects funded by capital receipts, grants or contributions which are yet to be secured.
- 4.17 As there was negligible net overspend in the HRA position, there have been no revisions to the HRA budget approved by Council in February 2019.

5. Next Steps

- 5.1 This report will be referred to Governance, Risk and Best Value committee to consider as part of its programme of work.
- 5.2 Further reports will be presented to Finance and Resource committee at months 5, 9 and 12 monitoring financial performance against the revised capital budget.

6. Financial impact

- 6.1 In 2018/19 general fund capital expenditure amounted to £185.7m. This was offset by income of £148.3m, leaving £37.4m to be funded from loans fund advances. This level of borrowing was £38.8m less than budgeted.
- 6.2 Over the same period HRA capital expenditure amounted to £81.0m. This was offset by income of £64.5m, leaving £16.5m to be funded from loans fund advances. This level of borrowing was £5.9m less than budgeted.

7. Stakeholder/Community Impact

- 7.1 Consultation on the capital budget was undertaken as part of the Council's budget setting process.
- 7.2 The stakeholder and community impact of individual projects within the Council's capital programme is considered as part of the business cases for those projects.

8. Background reading/external references

- 8.1 [Capital Monitoring 2017/18 – Outturn and Receipts](#) (Details revised Capital Investment Programme for 2018/23)
- 8.2 [Capital Monitoring 2018/19 – Month Nine](#)
- 8.3 [Capital Investment Programme 2019-20 to 2023-24](#)
- 8.4 [Housing Revenue Account Budget Strategy 2019-24](#)
- 8.5 [Coalition Budget Motion](#)
- 8.6 [Housing Revenue Account Capital Programme 19/20](#)
- 8.7 [Edinburgh Tram – York Place to Newhaven Final Business Case](#)

9. Appendices

- Appendix 1 – General Fund Summary – Outturn Position – Unaudited
- Appendix 2 – Housing Revenue Account Summary – Outturn Position – Unaudited
- Appendix 3 – Slippage and Acceleration on General Fund Projects
- Appendix 4 – Slippage and Acceleration on HRA Projects
- Appendix 5 – Asset Sales 2018/19
- Appendix 6 – Revised Capital Investment Programme (General Fund)

Appendix 1 - Capital Monitoring 2018/19

General Fund Summary

Outturn Position - Unaudited

Expenditure	Revised Budget at Period 9	Adjustments	Revised	Outturn	Variance	
	£000		£000	2018/19 £000	£000	%
Communities and Families	51,662	(2,747)	48,915	28,431	(20,484)	-42%
Edinburgh IJB	16	0	16	138	122	758%
Place	116,440	9,566	126,006	109,572	(16,434)	-13%
Resources - Asset Management Works	17,579	444	18,023	21,770	3,747	21%
Resources - Other	8,018	394	8,412	2,652	(5,760)	-68%
Other Operations	-	-	-	26	26	n/a
Lending	45,078	-	45,078	23,152	(21,926)	-49%
Total Expenditure	238,793	7,657	246,450	185,741	(60,709)	-25%

Income

<i>Capital Receipts</i>						
General Services	11,715	2,224	13,939	14,278	339	2%
Ringfenced Asset Sales	6,661	39	6,700	6,227	(473)	-7%
Less fees relating to receipts		85	85	(71)	(156)	-184%
Less: additional receipt income to capital fund	(809)	-	(809)	(775)	34	-4%
<i>Available Capital Receipts from Asset Sales</i>	17,567	2,348	19,915	19,659	(256)	-1%
Add: drawdown from Capital Fund	14,782	-	14,782	7,482	(7,300)	-49%
Developer and other Contributions	7,007	17,467	24,474	23,975	(499)	-2%
Less: set aside in temporary investments	-	(15,996)	(15,996)	(16,037)	(41)	0%
<i>Total Capital Receipts and Contributions</i>	39,356	3,819	43,175	35,079	(8,096)	-19%
<i>Capital Grants</i>						
Scottish Government General Capital Grant	49,405	-	49,405	49,405	-	0%
Cycling, Walking and Safer Streets	691	-	691	691	-	0%
Management Development Funding	49,269	3,895	53,164	52,874	(290)	-1%
Early Years and Childcare - Expansion	12,400	-	12,400	12,400	-	0%
Other Capital Grants	765	6,933	7,698	8,924	1,226	16%
Capital Grants Unapplied Account drawdown	3,542	-	3,785	1,351	(2,434)	-64%
Less: Capital Grants Unapplied carried forward	-	-	-	(12,339)	(12,339)	n/a
<i>Total Grants</i>	116,072	10,828	127,143	113,306	(13,837)	-11%
Total Income	155,428	14,647	170,318	148,385	(21,933)	-13%
Balance to be funded through Loans Fund Advance	83,365	(6,990)	76,132	37,356	(38,777)	-51%

Appendix 2 - CAPITAL MONITORING 2018/19

Housing Revenue Account Summary

Outturn Position - Unaudited

	Revised Budget £000	Outturn £000	Variance	
			£000	%
Gross Expenditure	80,934	80,962	28	0%
Total Gross Expenditure	80,934	80,962	28	0%

Income				
Capital Receipts	19,431	6,875	-12,556	-65%
Developers and Other Contributions	27,740	48,518	15,718	100%
Specific Capital Grant	11,349	9,070	-2,279	-20%
Total Income	58,520	64,463	883	2%

Loans Fund Advances				
Loans Fund Advances	22,414	16,499	-5,915	-26%
Total	22,414	16,499	-5,915	-26%

Appendix 3**Slippage and Acceleration on General Fund Projects**

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

Key to variance category

<i>Type</i>	<i>Explanation</i>
1. Slippage due to unforeseen delays	Slippage that has occurred due to unforeseen circumstances or delays that for the most part, are out with the Council's control.
2. Slippage due to optimistic budget	Slippage that has occurred due to optimism bias when budget was set. Issues include projecting spend on block budgets when a programme of works has not been considered or designed, not applying a discount factor for adverse weather / risk issues, providing for too much contingency and predicting an optimistic works timetable.
3. Slippage due to timing of payments	Slippage that has occurred where a project is on time and schedule but is as a result of the timing of cash flows.
4. Acceleration on a project	Represents accelerated spend on a project i.e. due to better than anticipated progress.
5. Projected Underspend on a project	Projects where the final outturn is expected to be below budget.
6. Budget reprofiled into future years	Budget reprofiled to future years post period 9

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

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	Outturn £000	Period 9 £000	Movement between periods £000	Explanations for Significant Slippage / Acceleration	Variance Category
<u>Communities and Families</u>					
Early years 2020	-14,978	-11,297	-3,681	Delays resulting from the late announcement of complete funding package as well as procurement issues	3
Wave 3 Schools	-3,323	-3,222	-101	Slippage relates to delays due to flood risk assessment at St Crispins and unused contingency	1
Boroughmuir High School	-1,316	0	-1,316	School complete, slippage relates to timing of payments	3
Portobello Park	-997		-997	Expected completion autumn 2019	1
Hunters Hall	-947	-955	8	Full scope and funding package for the project is under development	2
Meadowbank Sports Centre	-642	-1,000	358	Tender profile different from original budget phasing	1
New Queensferry High School	877	-1,848	2,725	Timing differences, budget available in 19/20	4
Net (slippage) / acceleration on various projects	842	-1,562	2,404	Various movements over a number of projects	4
Total Communities and Families	-20,484	-19,884	-600		
<u>Edinburgh Integrated Joint Board</u>					
Net (slippage) / acceleration on various projects	122	166	-44	Acceleration	4
Total Edinburgh Integrated Joint Board	122	166	-44		

<u>Place</u>	<u>Outturn £000</u>	<u>Period 9 £000</u>	<u>Movement between periods £000</u>	<u>Explanations for Significant Slippage / Acceleration</u>	<u>Variance Category</u>
Northbridge major refurbishment	-8,530	-6,932	-1,598	Original profile figure based on an early high level programme, later spend affected by problems with access scaffolding	6
Energy Efficient Street Lighting	-1,752	-660	-1,092	Delays in receipt of new lanterns	1
Burnshot Bridge	-1,314	-467	-847	Tender delayed	2
Water of Leith Phase 2	-723	-1,044	321	Project complete - slippage reflects the remainder of project budget	5
Walking project block	-610	-475	-135	Programme realigned mid-year	2
Bridge Strengthening/Replacement	-604	-599	-5	Projects uncovered issues so caused delays/ Emergency revenue works diverted staff off capital projects	1
	-515	-512	-3	Delay due to route assessment works. Construction not likely until summer 2020	1
Salvesen Steps					
Cycle projects	-511	1,035	-1,546	Programme realigned mid-year	2
Kings Theatre Contribution	-500	0	-500	Delay in project funding package	2
Leith Theatre	-500	0	-500	Delay in project	2
Impact/Dunard Centre	-500	0	-500	Delay in project	2
LDP Roads Obligation (excluding WETA)	-482	-500	18	Programme not fully defined when budget was set	2
Rose Street Public Realm	-478	0	-478	Programme realigned mid-year	2
St Andrews Square Public Realm	-426	-435	9	Programme realigned mid-year	2
Road Safety	-384	0	-384	Additional grant income received	1
A71 Dalmahoy Junction Upgrade	-366	0	-366	Issues with land purchases	1
Waterfront Greenspace	-230	0	-230	Project needs to be defined before expenditure can commence	2
Home Owners Adaptations Grant	-596	-229	-367	Demand-led project	1
Localities	-1,844	0	-1,844	Insufficient projects identified and agreed at a local level	2
Saughton Park	-106	4,430	-4,536	Change from month 9 forecast relates to receipt of government grants	3
Seaford Depot Waste Transfer Station	202	203	-1	Programme realigned mid-year	4
Carriageway and Footway Works	2,611	0	2,611	Planned acceleration to offset slippage elsewhere in the programme	4
Bankhead Depot	3,119	3,135	-16	Programme realigned mid-year	4
Net (slippage) / acceleration on various projects	-1,396	-346	-1,050	Various movements over a number of projects	2
Total Place	-16,434	-3,396	-13,038		
Resources - Asset Management Works					
Acceleration across the Asset Management Works programme	3,747	-1,498	5,245	Acceleration of projects within the overall programme	4
Total Resources - Asset Management Works	3,747	-1,498	5,245		
Resources - Other					
ICT	-4,685	-4,206	-479	Reset of contract	2
CRM Solution	-509	0	-509	Balance of transformational ICT budget, approval required for alternative use	2
South Gyle Crescent Car Park	-303	0	-303	Capital receipt settled in March 2019	1
Net (slippage) / acceleration on various projects	-263	153	-416	Various movements over a number of projects	4
Total Resources - Other	-5,760	-4,053	-1,707		

	Outturn £000	Period 9 £000	Movement between periods £000	Explanations for Significant Slippage / Acceleration	Variance Category
<u>Lending</u>					
National Housing Trust	-11,790	0	-11,790	Slippage was due to delays with construction at Shrubhill Phases 2 and 3, predominantly due to labouring shortages and complexities with the wider development. Homes were expected to complete in March 2019 and are now expected to complete in July 2019.	2
Edinburgh Living	-10,135	-3,713	-6,422	Slippage is due to a short delay in completion of homes across three sites. These homes are now due to be delivered within the first six months of 2019/20. The slippage has no impact on the delivery of the overall programme.	2
Total Lending	<u>-21,926</u>	<u>-3,713</u>	<u>-18,213</u>		
<u>Council Wide / Corporate Projects</u>					
Net (slippage) / acceleration on various projects	26	0	26		2
General Slippage across the programme (2.5%)		-5,789	5,789	General allowance, which reduces as slippage arises in specific projects	2
Total Council Wide / Corporate Projects	<u>26</u>	<u>-5,789</u>	<u>5,815</u>		
Total for all Services	<u>-60,709</u>	<u>-38,167</u>	<u>-22,542</u>		
Summary of Variance Category					
1	Slippage due to unforeseen delays	-9,481	-6,222	-3,259	
2	Slippage due to optimistic budget	-36,833	-15,851	-20,982	
3	Slippage due to timing of payments	-16,400	-6,867	-9,533	
4	Acceleration on a project	11,258	-1,251	12,509	
5	Projected final underspend	-723	-1,044	321	
6	Reprofiled into future years	-8,530	-6,932	-1,598	
		<u>-60,709</u>	<u>-38,167</u>	<u>-22,542</u>	

Appendix 4
Slippage and Acceleration on Housing Revenue Account (HRA) Projects

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

Key to variance category

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

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

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	Outturn £000	Period 9 £000	Movement between periods £000	Explanations for Significant Slippage / Acceleration	Variance Category
Housing Revenue Account					
Core Housing Improvement Projects	-8,248	-3,654	-4,594	Contractor Insolvency/ Engagement with owners in mixed tenure developments	1
Other Housing Improvement Projects	3,748	1,846	1,902	Planned acceleration to offset slippage in core programme	4
House Building Programme	5,250	-3,432	8,682	House building programme is broadly on schedule, with acceleration relating to timing of payments	4
Net (slippage) / acceleration on various projects	-722	0	-722		1
Total Housing Revenue Account	28	-5,240	5,268		

Summary of Variance Category

1	Slippage due to unforeseen delays	-8,970	-3,654	-5,316
2	Slippage due to optimistic budget	0	0	0
3	Slippage due to timing of payments	0	0	0
4	Acceleration on a project	8,998	-1,586	10,584
		28	-5,240	5,268

Appendix 5 - Asset Sales 2018/19

	£000s	£000s
General Fund		
Plot E1 - Fountainbridge	5,520	
Boroughmuir High School, 26 Viewforth	5,466	
Former Hunters Tryst PS, 4 Oxfangs Green	1,705	
Plot 3 The Wisp	1,463	
Springwell House, 1/27-28 Armillan Terrace	1,238	
7 Canaan Lane - public convenience	953	
33-35 Lochend Road South, Lochend House	678	
Land transfers to HRA	658	
21 Braid Hills - residential use	400	
Princes Street, Rose Street Lane - air space	288	
Baird House, 12 Newtoft Street	202	
257 Colinton Road, Firrhill Day Centre	166	
79-89 Broomhouse Crescent, Broomhouse Centre	108	
5 West Tollcross - public toilet	105	
Various minor land transactions	174	
Various equipment sales	354	
Various vehicle sales	181	
	<hr/>	19,659
Housing Revenue Account		
Dwellings	5,293	
North Sighthill Development Agreement	1,480	
Other HRA land sales	102	
	<hr/>	6,875
Total Asset Sales		<hr/> <hr/> 26,534

Note: the above figures are net of cost of sales

Appendix 6

**REVISED GENERAL FUND
CAPITAL INVESTMENT
PROGRAMME 2019-2024
(Incorporating slippage from 2018/19)**

REVISED CAPITAL INVESTMENT PROGRAMME 2019-2024 (General Fund)

SUMMARY	Revised Budget 2019-20 £000	Revised Budget 2020-21 £000	Revised Budget 2021-22 £000	Revised Budget 2022-23 £000	Revised Budget 2023-24 £000	Total Budget 2019-2024 £000
Communities and Families	62,138	96,617	1,707	165	165	160,792
Meadowbank Stadium - Contingency	-	-	-	-	7,000	7,000
Edinburgh Integration Joint Board Place	117	5,000	5,000	-	-	10,117
Place - Lending	92,952	159,302	29,963	36,785	19,835	338,837
Place - Tram York Place to Newhaven	40,674	71,080	55,104	76,692	22,266	265,816
Resources - Asset Management Works	37,480	74,318	58,004	29,731	-	199,533
Resources - Other	27,039	30,000	25,516	20,450	14,000	117,005
	8,260	5,000	-	-	-	13,260
Total Expenditure	268,660	441,317	175,294	163,823	63,266	1,112,360
Funding						
Capital receipts						
General asset sales	6,318	3,000	3,000	3,000	3,000	18,318
Ring-fenced asset sales	10,000	-	-	-	-	10,000
Capital Fund drawdown	6,311	-	-	-	-	6,311
Developers and other contributions	4,919	750	380	380	380	6,809
Capital Grants Unapplied account	13,607	-	-	-	-	13,607
Total receipts	41,155	3,750	3,380	3,380	3,380	55,045
Capital Grants						
General Capital Grant	58,746	38,000	38,000	38,000	38,000	210,746
Specific Capital Grants	51,824	10,000	-	-	-	61,824
Total Grants	110,570	48,000	38,000	38,000	38,000	272,570
Loans Fund Advances	116,935	389,567	133,914	122,443	21,886	784,745
Total Funding	268,660	441,317	175,294	163,823	63,266	1,112,360

REVISED CAPITAL INVESTMENT PROGRAMME 2019-2024 (General Fund)

COMMUNITIES AND FAMILIES	Revised Budget 2019-20 £000	Revised Budget 2020-21 £000	Revised Budget 2021-22 £000	Revised Budget 2022-23 £000	Revised Budget 2023-24 £000	Total Budget 2019-2024 £000
Early Years 1140 Hours - 2020 Projects						
Early years projects	14,304	25,000	-	-	-	39,304
Early years 1140 Hours - 2020 Projects total	14,304	25,000	-	-	-	39,304
Local Development Plan - New Schools						
LDP Primary Schools - design	4,025	-	-	-	-	4,025
Victoria Primary School replacement	3,058	5,382	-	-	-	8,440
Broomhill Primary School	4,374	1,848	-	-	-	6,222
Local Development Plan - New Schools	11,457	7,230	-	-	-	18,687
Primary Schools General						
Upgrade kitchens - free school meals initiative	92	-	-	-	-	92
New South Edinburgh Primary	3,343	8,410	1,542	-	-	13,295
St Catherine's Primary School replacement	802	12,000	-	-	-	12,802
Primary Schools General total	4,237	20,410	1,542	-	-	26,189
Secondary Schools						
Liberton High School replacement gym	4	-	-	-	-	4
Replacement Queensferry High School	3,280	3,000	-	-	-	6,280
Secondary Schools total	3,284	3,000	-	-	-	6,284
Children's Services						
Oxgangs New YPC	677	-	-	-	-	677
Children's Services Total	677	-	-	-	-	677
Other Projects						
Esgoil in JGHigh School and Bun-Sgoil Taobh	29	-	-	-	-	29
Gaelic Primary School Playground	25	-	-	-	-	25
Other projects total	54	-	-	-	-	54
Rising School Rolls						
Bun-Sgoil Taobh Na Pairce	100	-	-	-	-	100
James Gillespies High School	8	-	-	-	-	8
Temporary Units - Primary	982	-	-	-	-	982
Boroughmuir High School - Additional Places	2,286	1,862	-	-	-	4,148
Darroch Refurbishment	90	5,900	-	-	-	5,990
Rising School Rolls General	8,373	-	-	-	-	8,373
Rising School Rolls Total	11,839	7,762	-	-	-	19,601
Wave Three School Projects						
Boroughmuir High School replacement	1,316	-	-	-	-	1,316
St Crispin's Special School replacement	1,610	10,000	-	-	-	11,610
St John's new wave 3 School	7	-	-	-	-	7
New park former Portobello High School	997	-	-	-	-	997
Wave Three inflation contingency	1,015	1,500	-	-	-	2,515
Wave Three School Projects Total	4,945	11,500	-	-	-	16,445
Wave Four School Projects						
New High School for Craigmillar	5,326	10,000	-	-	-	15,326
Trinity High School - Phase 1	971	9,000	-	-	-	9,971
Wave Four School Projects Total	6,297	19,000	-	-	-	25,297
Libraries						
Library Open Solutions	-	350	-	-	-	350
Peoples Network	40	-	-	-	-	40
Self service terminals	16	-	-	-	-	16
Drum Brae Library	6	-	-	-	-	6
George IV Bridge Library-enhancement works	65	300	-	-	-	365
Libraries Total	127	650	-	-	-	777
Sports						
Edinburgh Leisure	165	165	165	165	165	825
New Meadowbank Sports Centre	4,566	-	-	-	-	4,566
Hunter Hall cycle hub and pitch	47	900	-	-	-	947
Sports Total	4,778	1,065	165	165	165	6,338

REVISED CAPITAL INVESTMENT PROGRAMME 2019-2024 (General Fund)

<u>COMMUNITIES AND FAMILIES</u>	Revised Budget 2019-20 £000	Revised Budget 2020-21 £000	Revised Budget 2021-22 £000	Revised Budget 2022-23 £000	Revised Budget 2023-24 £000	Total Budget 2019-2024 £000
Safer and Stronger Communities						
CCTV Capital	165	1,000	-	-	-	1,165
Safer and Stronger Communities Total	165	1,000	-	-	-	1,165
Cost of Sale of Assets	(26)	-	-	-	-	(26)
Total Communities and Families	62,138	96,617	1,707	165	165	160,792

<u>COMMUNITIES AND FAMILIES</u>	Revised Budget 2019-20 £000	Revised Budget 2020-21 £000	Revised Budget 2021-22 £000	Revised Budget 2022-23 £000	Revised Budget 2023-24 £000	Total Budget 2019-2024 £000
<u>MEADOWBANK CONTINGENCY</u>						
Contingency	-	-	-	-	7,000	7,000
Meadowbank Contingency Total	-	-	-	-	7,000	7,000

<u>EDINBURGH INTEGRATION JOINT BOARD</u>	Revised Budget 2019-20 £000	Revised Budget 2020-21 £000	Revised Budget 2021-22 £000	Revised Budget 2022-23 £000	Revised Budget 2023-24 £000	Total Budget 2019-2024 £000
Care homes						
New care home	220	5,000	5,000	-	-	10,220
Royston care Home	1	-	-	-	-	1
Care homes total	221	5,000	5,000	-	-	10,221
Other projects						
Oxgangs day centre	10	-	-	-	-	10
Developer Contributions	5	-	-	-	-	5
Other projects total	15	-	-	-	-	15
Cost of Sale of Assets	(119)	-	-	-	-	(119)
Total Edinburgh Integration Joint Board	117	5,000	5,000	-	-	10,117

REVISED CAPITAL INVESTMENT PROGRAMME 2019-2024 (General Fund)

PLACE	Revised Budget 2019-20 £000	Revised Budget 2020-21 £000	Revised Budget 2021-22 £000	Revised Budget 2022-23 £000	Revised Budget 2023-24 £000	Total Budget 2019-2024 £000
Environment						
<i>Waste services</i>						
Zero Waste: Millerhill - Capital contribution	-	29,520	-	-	-	29,520
Waste Total	-	29,520	-	-	-	29,520
<i>Parks and Green Spaces</i>						
HLF - Saughton Park	88	-	-	-	-	88
Queensferry Dundas Park	25	-	-	-	-	25
Saughton Micro-Hydro	43	-	-	-	-	43
Cammo Settlement	100	544	-	-	-	644
Meadows / Bruntsfield Links	18	-	-	-	-	18
Play Park Replacement Equipment	44	200	200	200	-	644
Waterfront Green Space	-	230	-	-	-	230
Salvesen Steps	70	445	-	-	-	515
Fair A Far Weir	2	-	-	-	-	2
Niddrieburn Footbridge	158	-	-	-	-	158
	548	1,419	200	200	-	2,367
<i>Depot Review</i>						
Bankhead depot	1,183	6,297	-	-	-	7,480
Russell road depot	-	1,322	-	-	-	1,322
Seafield depot - Phase 2	1,181	-	-	-	-	1,181
	2,364	7,619	-	-	-	9,983
<i>Fleet</i>						
Vehicle Purchase	25	-	-	-	-	25
	25	-	-	-	-	25
<i>Cemeteries and Crematorium</i>						
Mortonhall Memorialisation	5	-	-	-	-	5
	5	-	-	-	-	5
Environment Total	2,942	38,558	200	200	-	41,900
Housing and Regeneration						
Town Centre Fund	2,613	-	-	-	-	2,613
Travelling People's site	14	-	-	-	-	14
Home owners adaptation grants	1,091	1,000	1,000	1,000	1,000	5,091
Development Funding Grant	33,877	-	-	-	-	33,877
Housing and Regeneration Total	37,595	1,000	1,000	1,000	1,000	41,595
Transport and Other Infrastructure						
<i>Roads, Structures and Flood Prevention</i>						
Flood prevention [block]	149	-	-	-	-	149
North Bridge Major Refurbishment	6,470	10,932	-	-	-	17,402
Burnshot Bridge	3,511	-	-	-	-	3,511
Market St Bridge strengthening	200	-	-	-	-	200
Water of Leith - phase 1	162	-	-	-	-	162
Water of Leith - phase 2	623	-	-	-	-	623
Bridge strengthening	2,726	-	-	-	-	2,726
	13,841	10,932	-	-	-	24,773
<i>Roads Asset Management Plan</i>						
Bus Stop Investment	481	-	-	-	-	481
Right first time carriageway and footway works	1,088	-	-	-	-	1,088
LDP Roads Obligations (exc WETA)	1,482	1,000	2,000	2,000	-	6,482
Capital Gullies	217	-	-	-	-	217
West Edinburgh Transport Appraisal (WETA)	(12)	4,000	5,000	7,000	-	15,988
Roads, Pavements and Public Realm	-	1,500	1,500	1,750	-	4,750
Roads In-Year Priorities	1,000	-	-	-	-	1,000
Carriageway / footway works [block]	13,453	10,727	12,227	12,227	12,227	60,861
	17,709	17,227	20,727	22,977	12,227	90,861
<i>Street Lighting and Traffic Signals</i>						
Traffic signals (renewal)	444	-	-	-	-	444
Street lighting	1,973	1,449	1,350	1,350	1,350	7,472
Street lighting - City wide LED replacement project	9,772	9,140	428	-	-	19,340
	12,189	10,589	1,778	1,350	1,350	27,256

REVISED CAPITAL INVESTMENT PROGRAMME 2019-2024 (General Fund)

PLACE	Revised Budget 2019-20 £000	Revised Budget 2020-21 £000	Revised Budget 2021-22 £000	Revised Budget 2022-23 £000	Revised Budget 2023-24 £000	Total Budget 2019-2024 £000
<u>Roads and Network</u>						
UTMC and parking guidance	362	-	-	-	-	362
St Andrew Square public realm	40	386	-	-	-	426
CPZ Extension	30	-	-	-	-	30
Transport Asset Management	-	900	900	900	900	3,600
	432	1,286	900	900	900	4,418
<u>Policy and planning</u>						
Road safety	993	-	-	-	-	993
20mph speed limiting [block]	12	-	-	-	-	12
Walking projects [block]	130	780	-	-	-	910
A71 Dalmahoy Junction Upgrade	366	-	-	-	-	366
Frederick Street - Hanover Street	5	-	-	-	-	5
Tram Development	212	-	-	-	-	212
Cycle projects [block]	1,015	3,950	-	-	-	4,965
St Andrew Square bus station	40	-	-	-	-	40
Bus priority schemes / bus shelters	533	-	-	-	-	533
Meadows to George St Cycleway	41	-	-	-	-	41
West Edinburgh Active Travel Network	8	-	-	-	-	8
Bustracker- RTI extension	294	-	-	-	-	294
P-R Improvements	22	-	-	-	-	22
Bus Lane Camera Enforcement	12	-	-	-	-	12
Cycling 10% Block	-	1,783	1,783	1,783	1,783	7,132
Road safety, cycling and public transport	-	1,575	1,575	1,575	1,575	6,300
	3,683	8,088	3,358	3,358	3,358	21,845
<u>Transport - City Centre</u>						
Rose Street - public realm	478	-	-	-	-	478
Leith Walk Constitution Street	-	174	-	-	-	174
	478	174	-	-	-	652
<u>Transport - Localities</u>						
South East Locality	300	258	-	-	-	558
North East Locality	309	451	-	-	-	760
North West Locality	301	224	-	-	-	525
South West Locality	200	115	-	-	-	315
	1,110	1,048	-	-	-	2,158
<u>Transport Other</u>						
Tram Lifecycle Replacement	1,000	1,000	1,000	1,000	1,000	5,000
Transport and other infrastructure total	50,442	50,344	27,763	29,585	18,835	176,969
Museums and Arts						
Calton Hill redevelopment	188	-	-	-	-	188
Kings Theatre Contribution	-	2,000	1,000	1,000	-	4,000
Kings Theatre Contribution (PB)	-	-	-	5,000	-	5,000
Leith Theatre	1,000	-	-	-	-	1,000
IMPACT	500	4,500	-	-	-	5,000
Usher Hall - PA System	25	-	-	-	-	25
Scott Monument	60	-	-	-	-	60
Museum of Edinburgh	10	-	-	-	-	10
City Arts Centre - Fifth Floor	8	-	-	-	-	8
City Arts Centre - Frontage	57	-	-	-	-	57
Museums and Arts Total	1,848	6,500	1,000	6,000	-	15,348
Strategic support						
City dressing programme	92	-	-	-	-	92
The Causey Project	33	-	-	-	-	33
St James GAM - Public Realm	-	61,400	-	-	-	61,400
Picardy Place	-	1,500	-	-	-	1,500
Strategic support total	125	62,900	-	-	-	63,025
Place - contingency	-	-	-	-	-	-
Total Place	92,952	159,302	29,963	36,785	19,835	338,837

REVISED CAPITAL INVESTMENT PROGRAMME 2019-2024 (General Fund)

<u>PLACE - LENDING</u>	Revised Budget 2019-20 £000	Revised Budget 2020-21 £000	Revised Budget 2021-22 £000	Revised Budget 2022-23 £000	Revised Budget 2023-24 £000	Total Budget 2019-2024 £000
National Housing Trust 3	16,508	4,042	-	-	-	20,550
Edinburgh Living LLP	24,166	67,038	55,104	76,692	22,266	245,266
Total Lending	40,674	71,080	55,104	76,692	22,266	265,816

<u>PLACE TRAM - YORK PLACE TO NEWHAVEN</u>	Revised Budget 2019-20 £000	Revised Budget 2020-21 £000	Revised Budget 2021-22 £000	Revised Budget 2022-23 £000	Revised Budget 2023-24 £000	Total Budget 2019-2024 £000
Tram - York Place to Newhaven	37,480	74,318	58,004	29,731	-	199,533
Total Tram - York Place to Newhaven	37,480	74,318	58,004	29,731	-	199,533

REVISED CAPITAL INVESTMENT PROGRAMME 2019-2024 (General Fund)

RESOURCES - ASSET MANAGEMENT WORKS	Revised Budget 2019-20 £000	Revised Budget 2020-21 £000	Revised Budget 2021-22 £000	Revised Budget 2022-23 £000	Revised Budget 2023-24 £000	Total Budget 2019-2024 £000
Communities and Families						
Major Refurbishment	16,729	23,822	10,522	670	85	51,828
Boilers	85	99	5	-	-	189
Doors and Windows	1,309	315	-	-	-	1,624
Internal Fabric Improvements	2,142	2,341	50	-	-	4,533
External Fabric Improvements	1,528	525	-	-	-	2,053
Fire Safety	573	600	600	600	-	2,373
Heating Control Systems	393	400	300	300	-	1,393
Mechanical and Engineering Upgrades	1,481	115	-	-	-	1,596
Roof and Rainwater	121	5	-	-	-	126
Structural Improvements	66	-	-	-	-	66
Water Quality	156	400	400	400	-	1,356
Total for Communities and Families	24,583	28,622	11,877	1,970	85	67,137
Edinburgh Integration Joint Board						
Fire Safety	25	-	-	-	-	25
Internal Fabric Improvements	3	-	-	-	-	3
Mechanical and Engineering Upgrades	3	-	-	-	-	3
Boilers	215	4	-	-	-	219
Total for Edinburgh Integration Joint Board	246	4	-	-	-	250
Place						
Major Refurbishment	300	10	-	-	-	310
Boilers	632	450	-	-	-	1,082
Internal Fabric Improvements	199	5	-	-	-	204
External Fabric Improvements	161	5	-	-	-	166
Mechanical and Engineering Upgrades	213	5	-	-	-	218
Fire Safety	25	-	-	-	-	25
Infrastructure Improvements	8	-	-	-	-	8
Water Quality	2	-	-	-	-	2
Total for Place	1,540	475	-	-	-	2,015
Resources - Property and FM						
Major Refurbishment	295	575	580	35	-	1,485
Boilers	121	120	130	10	-	381
Doors and Windows	8	-	-	-	-	8
Fire Safety	75	-	-	-	-	75
Mechanical and Engineering Upgrades	171	200	-	-	-	371
Total for Resources - Corp. Property	670	895	710	45	-	2,320
Funding not yet allocated to projects	-	4	12,929	18,435	13,915	45,283
Total Asset Management Works	27,039	30,000	25,516	20,450	14,000	117,005

REVISED CAPITAL INVESTMENT PROGRAMME 2019-2024 (General Fund)

RESOURCES - OTHER	Revised Budget 2019-20 £000	Revised Budget 2020-21 £000	Revised Budget 2021-22 £000	Revised Budget 2022-23 £000	Revised Budget 2023-24 £000	Total Budget 2019-2024 £000
Digital Services						
ICT contract asset purchase	7,185	5,000	-	-	-	12,185
CRM Solution	509	-	-	-	-	509
Digital Services total	7,694	5,000	-	-	-	12,694
Property and FM						
249 High Street Reconfiguration	146	-	-	-	-	146
South Gyle Cres Car Park	303	-	-	-	-	303
Leith Walk Community Hub	6	-	-	-	-	6
Property and FM Total	455	-	-	-	-	455
General						
Print Unit Equipment	10	-	-	-	-	10
Wi-fi Vouchers Programme	101	-	-	-	-	101
Resources General Total	111	-	-	-	-	111
Total Resources - Other	8,260	5,000	-	-	-	13,260

Finance and Resources Committee

10:00am, Thursday, 15th August 2019

Treasury Management: Annual Report 2018/19

Executive/routine
Wards
Council Commitments

1. Recommendations

1.1 It is recommended that the Committee:

- Notes the Annual Report on Treasury Management for 2018/19; and,
- Refers the report to Council for approval and subsequent referral by Council to the Governance, Risk and Best Value Committee for their scrutiny.

Stephen S. Moir

Executive Director of Resources

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Treasury Management: Annual Report 2018/19

2. Executive Summary

- 2.1 The purpose of this report is to give an update on Treasury Management activity in 2018/19. In line with the intended strategy reported in March 2018, the Council continued to fund its borrowing requirement from the reduction of its investment balances. The only borrowing completed during the financial year was £140k in interest free loans from SALIX and just over £2.7m from PWLB to match the capital advances for the loans to the Edinburgh Living Mid-Market Rent LLP. To mitigate some of the interest rate risk to which the Council is exposed, the Council also transacted a forward starting loan during 2018/19. The £60m committed market borrowing is a forward starting loan with PBB which was agreed in August 2018 with the monies to be drawn down in October 2020.

3. Background

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

4. Main report

- 4.1 The key points in this report are that:
- For the fifth year in a row, the Council's capital repayments were greater than its new capital expenditure funded by borrowing, so the Council's underlying need to borrow for a capital purpose reduced by £27.1m during the year;
 - Just under £50m PWLB matured during the year helping to reduce overall borrowing costs to the Council. There was £2.7m borrowed from the PWLB in January and £140k interest free loan from Salix at financial year end. Appendix 4 shows a list of the Council's debt;

- The Council continued its successful medium-term strategy of funding capital expenditure from a reduction in temporary investments and at the end of the financial year the Council's external borrowing was £157m under its Capital Financing Requirement; and
- the average interest rate on the Cash Fund for the year was 0.71%, continuing to outperform the benchmark, which was 0.51% for the year.

Prudential Indicators

4.2 Treasury Management is undertaken with regard to the CIPFA Code of Practice for Treasury Management in the Public Services and CIPFA's Prudential Code. Appendix 1 contains Prudential Indicators showing a breakdown of the actual out-turn of 2018/19.

Borrowing Overview

4.3 Appendix 2 shows details of the Council's borrowing for 2018/19 including an economic commentary for the year from the Council's treasury advisors, Arling close.

4.4 The Council continued to fund capital expenditure from temporary investments only borrowing £140k of interest free funds and £2.7m from the PWLB for Edinburgh Living. The Council also agreed forward borrowing of £60m from PBB to help reduce interest rate risk on a large future borrowing requirement.

Investment Out-turn

4.5 Appendix 3 shows the Investment Out-turn for 2018/19. Investment continues to be made via the Cash Fund arrangement.

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

4.7 The average interest rate on the fund for the year was 0.71%. This continued to show significant outperformance against the benchmark which was 0.51% for the year. Appendix 3 shows details of investment performance alongside historical investment balances.

Conclusions

4.8 The Strategy set in March 2018 regarding borrowing was fully implemented and achieved significant savings for the Council.

4.9 £60m forward borrowing was completed to manage the interest rate risk on a future project.

4.10 The investment return for 2018/19 continued to show out-performance against the Fund's benchmark, although low in absolute terms, while maintaining the security of the investments.

5. Next Steps

- 5.1 The Treasury team will continue to operate its Treasury Cash Fund with the aim of out-performing its benchmark of 7-day London Interbank Bid Rate (LIBID) and manage the Council's debt portfolio to minimise the cost to the Council while mitigating risk.

6. Financial impact

- 6.1 The Treasury Cash Fund has generated significant additional income for the Council.

7. Stakeholder/Community Impact

- 7.1 There are no adverse stakeholder/community impacts arising from this report.

8. Background reading/external references

- 8.1 None

9. Appendices

Appendix 1: Prudential Indicators

Appendix 2: Borrowing Overview

Appendix 3: Investment Out-turn 2018/19

Appendix 4: Outstanding debt 31st March 2019

Appendix 1

Prudential Indicators

(a) Prudential Indicator 1 - Estimate of Capital Expenditure

This gives a breakdown of the actual capital expenditure incurred during 2018/19.

	2017/18	2018/19	2018/19	2018/19
	Actual	Original	Revised	Actual
	£'000	£'000	£'000	£'000
General Services				
Council Wide / Corporate Projects	364	0	0	26
Lending	6,470	45,078	45,078	23,152
Communities and Families	35,989	54,597	40,572	28,431
Edinburgh Integrated Joint Board	496	2,727	2,727	138
Place	85,267	110,084	110,084	109,572
Resources	3,503	16,221	16,221	2,652
Resources - Asset Management Works	10,990	17,575	17,575	21,770
Trams	2,383	0	0	0
General Slippage across programme	0	0	-11,613	0
Total General Services Capital Expenditure	145,462	242,282	220,644	185,741
Housing Revenue Account	72,816	80,934	80,934	80,962
Total	218,278	327,216	301,578	266,703

Table 1 – Capital Expenditure 2018/19

The capital programme is re-phased annually once the unaudited out-turn of the previous year is known. The original estimates above reflect the budget position as reported in the Treasury Strategy in March 2018, with the revised figures representing the projected position reported to the Finance and Resources Committee in August 2018 following the re-phasing of the programme.

The following table shows how the £266.7m of capital expenditure incurred in 2018/19 was funded:

	Gen Services	HRA	CEC Total	Police	Fire	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Net Cap Adv (01/04/18)	990,703	381,070	1,371,773	12,440	319	1,384,532
Gross Cap Ex	185,741	80,962	266,713	0	0	266,713
Cap Income	-148,392	-64,462	-212,864	0	0	-212,864
Net Cap Ex	37,349	16,500	53,849	0	0	53,849
Capital Repaid	-60,790	-20,115	-80,905	-1,256	-319	-82,480
Net Cap Adv (01/04/19)	967,262	377,455	1,344,717	11,184	0	1,355,901

Table 2 – Source of Funding for Capital Expenditure 2018/19

The CEC Total column shows expenditure of £266.7m being partly funded by capital grants and capital receipts, leaving only £53.9m to be funded by borrowing. However, the Council repaid principal of £80.9m for previous capital advances, giving a net reduction in the need to borrow of £27.1m. In addition, previous capital advances of £1.6m were repaid on behalf of the former Police and Fire joint boards, giving a total reduction in the need to borrow of £28.7m.

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

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

	2017/18 Actual %	2018/19 Estimate %	2018/19 Revised %	2018/19 Actual %
General Services	11.63	11.38	11.44	11.38
Housing Revenue Account	37.88	39.64	38.69	39.98

Table 3 – Ratio of Financing Costs to Net Revenue Stream

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

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

	2017/18 Actual £'000	2018/19 Original £'000	2018/19 Revised £'000	2018/19 Actual £'000
General Services (incl. finance leases)	1,128,518	1,123,368	1,111,679	1,079,328
Edinburgh Living LLP	0	12,870	12,870	2,734
NHT LLPs	66,725	98,933	98,933	87,143
Housing Revenue Account	380,621	377,505	375,833	377,454
Total	1,575,864	1,612,676	1,599,315	1,546,659

Table 4 – Capital Financing Requirement

In preparing Tables 4 and 5, all finance lease liabilities have been included for both current and prior year figures as required by the new Borrowing Regulations in Scotland, rather than other long term liabilities as defined by CIPFA's Prudential Code.

	2017/18	2018/19
	Actual	Actual
	£'000	£'000
General Services Capital Advances	991,154	967,261
HRA Capital Advances	380,621	377,454
Total CEC Borrowing CFR	1,371,775	1,344,716
Other Finance Lease Liabilities	204,089	201,944
Total CEC Debt CFR	1,575,864	1,546,659

Table 5 – Split of CEC Capital Financing Requirement

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

Appendix 2

Borrowing Overview

The Council's treasury advisor, Arlingclose, has provided the following economic review of the year:

After spiking at over \$85/barrel in October 2018, oil prices fell back sharply by the end of the year, declining to just over \$50 in late December before steadily climbing toward \$70 in April 2019. UK Consumer Price Inflation (CPI) for February 2019 was up 1.9% year/year, just above the consensus forecast but broadly in line with the Bank of England's February Inflation Report. The most recent labour market data for the three months to January 2019 showed the unemployment rate fell to a new low 3.9% while the employment rate of 76.1% was the highest on record. The 3-month average annual growth rate for pay excluding bonuses was 3.4% as wages continue to rise steadily and provide some upward pressure on general inflation. Once adjusted for inflation, real wages were up 1.4%.

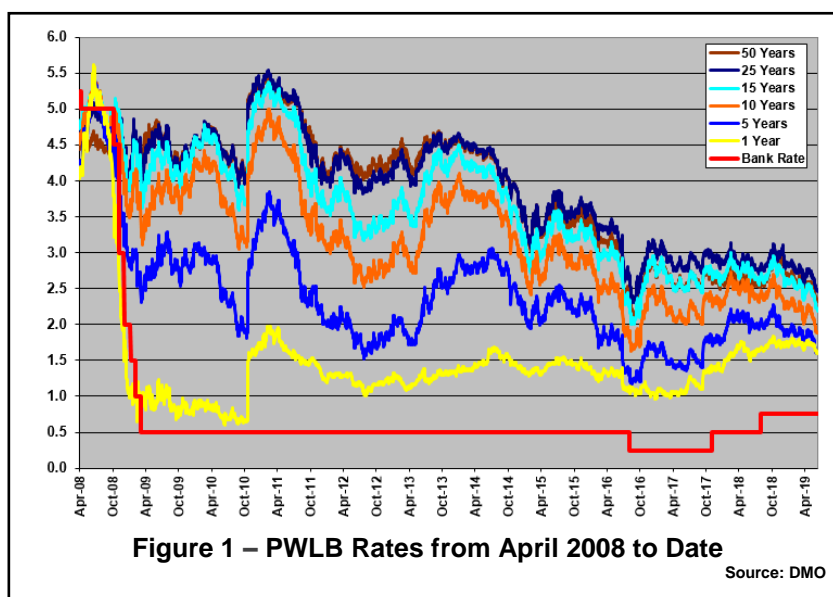
After rising to 0.6% in the third calendar quarter from 0.4% in the second, fourth quarter economic growth slowed to 0.2% as weaker expansion in production, construction and services dragged on overall activity. Annual GDP growth at 1.4% continues to remain below trend. Following the Bank of England's decision to increase Bank Rate to 0.75% in August, no changes to monetary policy have been made since.

The US Federal Reserve continued its tightening bias throughout 2018, pushing rates to the 2.25%-2.50% range in December. However, a recent softening in US data caused the Fed to signal a pause in hiking interest rates at the last Federal Open Market Committee (FOMC) meeting in March.

With the 29th March 2019, the original EU 'exit day' now been and gone, having failed to pass a number of meaningful votes in Parliament, including the rejection of Theresa May's deal for the third time, MPs voted by a majority of one (313 to 312) to force the prime minister to ask for an extension to the Brexit process beyond 12th April in order to avoid a no-deal scenario. Recent talks between the Conservative and Labour parties to try to reach common ground on a deal which may pass a vote by MPs have yet to yield any positive results. The EU must grant any extension and its leaders have been clear that the terms of the deal are not up for further negotiation. The ongoing uncertainty continues to weigh on sterling and UK markets.

While the domestic focus has been on Brexit's potential impact on the UK economy, globally the first quarter of 2019 has been overshadowed by a gathering level of broader based economic uncertainty. The US continues to be set on a path of protectionist trade policies and tensions with China in particular, but with the potential for this to spill over into wider trade relationships, most notably with EU. The EU itself appeared to be show signs of a rapid slowdown in economic growth with the major engines of its economy, Germany and France, both suffering misfires from downturns in manufacturing alongside continued domestic/populist unrest in France. The International Monetary Fund downgraded its forecasts for global economic growth in 2019 and beyond as a consequence.

Figure 1 below shows PWLB borrowing rates since 2008. This clearly shows a decrease in borrowing rates mainly due to the uncertainty surrounding Brexit.



The strategy for 2018/19 approved in March 2018 was to continue to fund capital expenditure by reducing cash deposits with the only borrowing completed a small amount interest free and from the PWLB to mitigate interest rate risk when lending to Edinburgh Living. However, as detailed in Table 5, the total underlying need to borrow fell by £27m during the year. Table 6 below summarises the outstanding debt portfolio during the year.

Type of Loan	Balance	Borrowing	Borrowing	Balance
	01.04.2018	Raised	Repaid	31.03.2019
	£m	£m	£m	£m
PWLB - fixed	969.114	2.734	-49.656	922.192
Salix Finance Ltd	1.532	0.140	-0.304	1.368
Market	274.900	0.000	0.000	274.900
	<u>1,245.546</u>	<u>2.874</u>	<u>-49.960</u>	<u>1,198.460</u>
Capital Advances	<u>1,384.534</u>			<u>1,355.901</u>
Under-borrowed	<u>138.988</u>	Under-borrowed		<u>157.441</u>

Table 6 – Outstanding Debt Portfolio 2018/19

£49.656m of PWLB debt matured during the year. However, the only replacement borrowing taken out during the year was £2.734m from the PWLB and £140k in interest free loans from SALIX. Therefore, the Council's borrowing fell by just over £47m over the year. This does not include the agreed forward borrowing of £60m due to be drawn down in October 2020.

2018/19 was the fifth year in a row that the repayment of previous capital advances were greater than new capital advances funding by borrowing, reducing the Council's underlying need to borrow. This, and the under-borrowing strategy to not replace maturing debt, has

meant that over the last five years the Council's external debt has fallen by £236m. Figure 2 below shows the Council's total borrowing and cost of the borrowing.

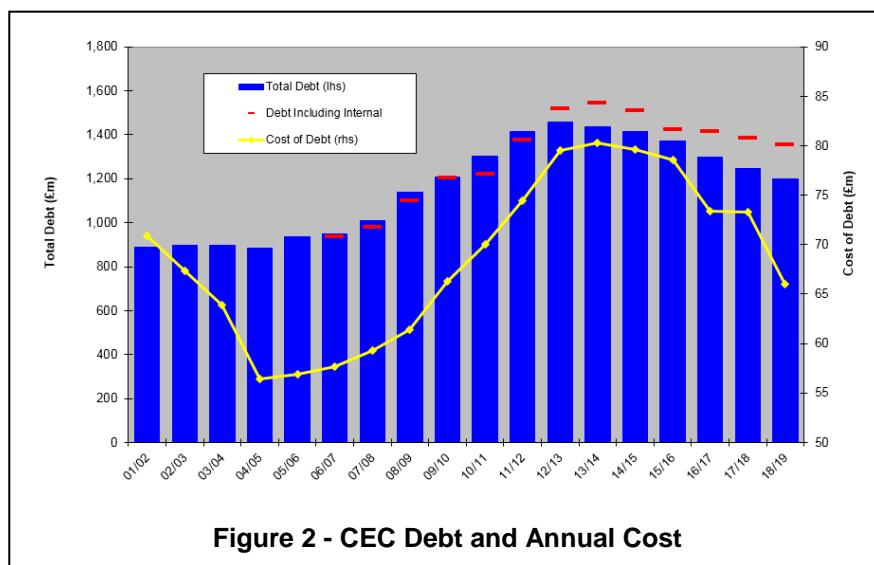


Figure 2 - CEC Debt and Annual Cost

The total interest cost in servicing the Council's debt in 2018/19 was £63m, over £15m lower than it was 5 years ago.

For a number of reasons, in recent years it has become less attractive for banks to continue to hold local authority LOBO loans. In 2016 Barclays unilaterally waived the optionality in their loans, turning them into long term fixed rate loans. During 2018/19 one holder of loan authority LOBO loans put their entire portfolio up for sale. The Council bid to buy back the £5m loan we had from them with the intention of re-financing it with the PWLB showing a modest long term saving. However, even at that level the Council's bid was unsuccessful and the loan is now held by a pension fund.

We are also aware that a number of Councils have repaid or restructured their LOBO loans with RBS. We have been in dialogue with RBS on the options which might be available to the Council in relation to the Inverse LOBO loans for a number of months. The terms which have been offered to the Council are potentially better than in the original contract but are still onerous given current market conditions. A number of potential outcomes have been put forward with different financial and accounting implications. The discussions are on-going to evaluate which, if any, of these outcomes represent the best long-term value to the Council.

We will continue to evaluate options for restructuring the Council's market loans as and when opportunities arise.

Appendix 3

Investment Out-turn 2018/19

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

The Bank of England's Monetary Policy Committee (MPC) increased Bank Rate by 0.25% in August 2018 to 0.75% with no changes being made since. The MPC had been expected to raise rates in May but held due to weak economic data. The Bank was confident that the dip was temporary and moved to increase rates in August. The move was questioned due to Brexit uncertainty however the Banks governor, Mark Carney, said that monetary policy could be adjusted if necessary.

Figure 3 below shows the investment performance since April 2011.

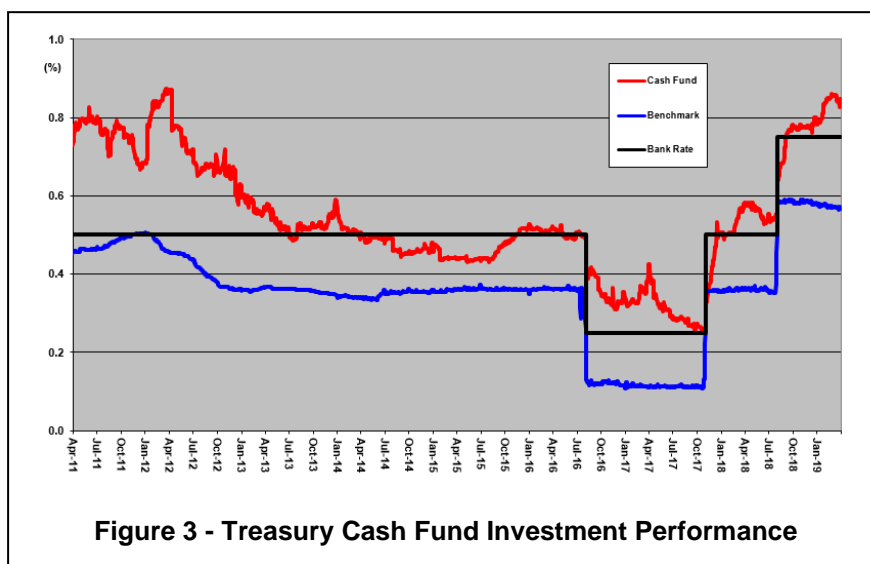
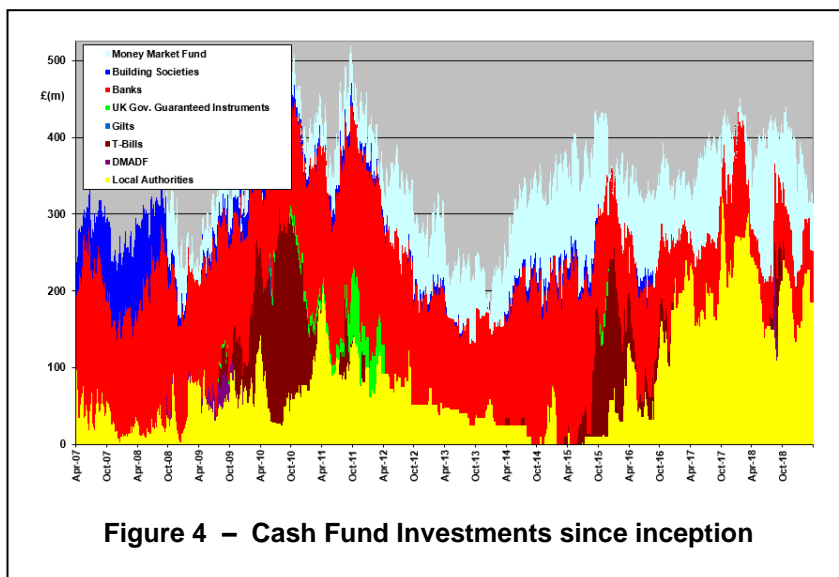


Figure 3 - Treasury Cash Fund Investment Performance

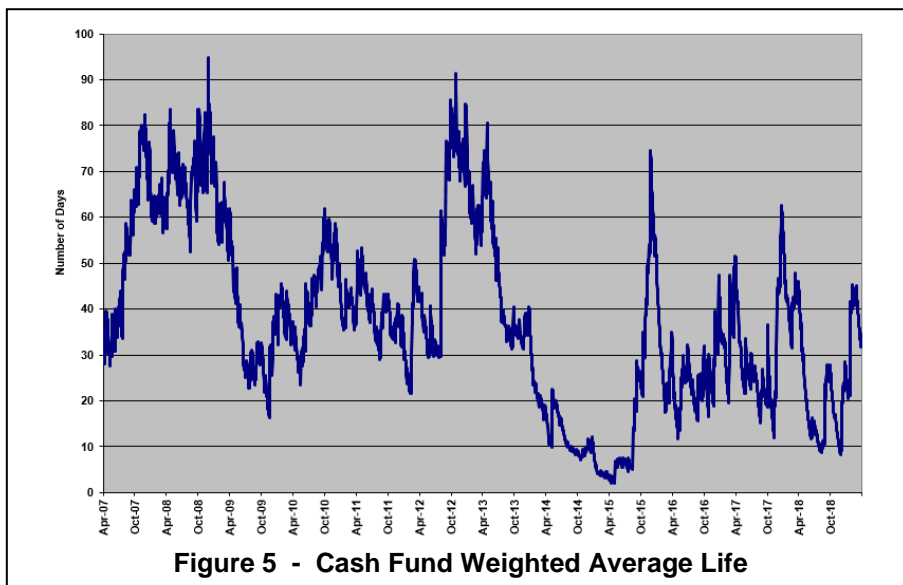
The average interest rate on the Cash Fund for the year was 0.71%, which continued to outperform the benchmark, which was 0.51% for the year. The fund generated income of just over £1.5m for the financial year to CEC.

The emphasis remained on security during the financial year with the return of the principal sum being the main concern. With the Strategy being around the security of the investments, Cash Fund money invested with banking institutions was held on instant access call and a 31 day notice account with a highly credit rated institution and a large percentage of the fund was held with other Local Authorities on short term fixed deposits

and notice accounts. Figure 4 below shows the distribution of the Cash Fund investments since April 2007.



As can be seen in Figure 5 below the weighted average life (WAL) at the end of the financial year was 32 days. The WAL at the time of the increase in UK Bank Rate in August was under 10 days which meant the fund could react quickly to take advantage of the increase in interest rates.



Appendix 4

Outstanding Debt 31st March 2019

PWLB PROFILE	START DATE	MATURITY DATE	PRINCIPAL OUTSTANDING £	INTEREST RATE %	ANNUAL INTEREST £
M	30/03/2009	30/03/2019	5,000,000.00	3.46	173,000.00*
M	21/04/2009	21/04/2019	10,000,000.00	3.4	340,000.00
M	23/04/2009	23/04/2019	5,000,000.00	3.38	169,000.00
A	12/11/2008	12/11/2019	548,774.19	3.96	27,006.62
M	23/03/1994	15/11/2019	5,000,000.00	8	400,000.00
M	07/12/1994	15/11/2019	10,000,000.00	8.625	862,500.00
A	01/12/2008	01/12/2019	541,108.45	3.65	24,555.73
M	01/12/2009	01/12/2019	5,000,000.00	3.77	188,500.00
M	14/12/2009	14/12/2019	10,000,000.00	3.91	391,000.00
M	15/02/1995	25/03/2020	5,000,000.00	8.625	431,250.00
M	21/04/2009	21/04/2020	10,000,000.00	3.54	354,000.00
M	12/05/2009	12/05/2020	10,000,000.00	3.96	396,000.00
M	21/10/1994	15/05/2020	5,000,000.00	8.625	431,250.00
M	07/12/1994	15/05/2020	5,000,000.00	8.625	431,250.00
M	21/11/2011	21/05/2020	15,000,000.00	2.94	441,000.00
M	16/08/1995	03/08/2020	2,997,451.21	8.375	251,036.54
M	09/12/1994	15/11/2020	5,000,000.00	8.625	431,250.00
A	10/05/2010	10/05/2021	1,288,737.50	3.09	43,624.27
M	21/10/1994	15/05/2021	10,000,000.00	8.625	862,500.00
M	10/03/1995	15/05/2021	11,900,000.00	8.75	1,041,250.00
M	12/06/1995	15/05/2021	10,000,000.00	8	800,000.00
M	02/06/2010	02/06/2021	5,000,000.00	3.89	194,500.00
M	16/08/1994	03/08/2021	2,997,451.21	8.5	254,783.35
M	28/04/1994	25/09/2021	5,000,000.00	8.125	406,250.00
M	23/04/2009	23/04/2022	5,000,000.00	3.76	188,000.00
M	12/06/1995	15/05/2022	10,200,000.00	8	816,000.00
M	14/06/2010	14/06/2022	10,000,000.00	3.95	395,000.00
M	31/03/1995	25/09/2022	6,206,000.00	8.625	535,267.50
M	16/02/1995	03/02/2023	2,997,451.21	8.625	258,530.17
M	24/04/1995	25/03/2023	10,000,000.00	8.5	850,000.00
M	05/12/1995	15/05/2023	5,200,000.00	8	416,000.00
M	20/09/1993	14/09/2023	2,997,451.21	7.875	236,049.28
M	20/09/1993	14/09/2023	584,502.98	7.875	46,029.61
M	08/05/1996	25/09/2023	10,000,000.00	8.375	837,500.00
M	13/10/2009	13/10/2023	5,000,000.00	3.87	193,500.00
M	05/12/1995	15/11/2023	10,000,000.00	8	800,000.00
M	10/05/2010	10/05/2024	10,000,000.00	4.32	432,000.00
M	28/09/1995	28/09/2024	2,895,506.10	8.25	238,879.25
M	14/05/2012	14/11/2024	10,000,000.00	3.36	336,000.00
A	14/12/2009	14/12/2024	4,660,747.41	3.66	189,384.93

M	17/10/1996	25/03/2025	10,000,000.00	7.875	787,500.00
M	10/05/2010	10/05/2025	5,000,000.00	4.37	218,500.00
M	16/11/2012	16/05/2025	20,000,000.00	2.88	576,000.00
M	13/02/1997	18/05/2025	10,000,000.00	7.375	737,500.00
M	20/02/1997	15/11/2025	20,000,000.00	7.375	1,475,000.00
A	01/12/2009	01/12/2025	7,633,241.52	3.64	286,494.83
M	21/12/1995	21/12/2025	2,397,960.97	7.875	188,839.43
M	21/05/1997	15/05/2026	10,000,000.00	7.125	712,500.00
M	28/05/1997	15/05/2026	10,000,000.00	7.25	725,000.00
M	29/08/1997	15/11/2026	5,000,000.00	7	350,000.00
M	24/06/1997	15/11/2026	5,328,077.00	7.125	379,625.49
M	07/08/1997	15/11/2026	15,000,000.00	6.875	1,031,250.00
M	13/10/1997	25/03/2027	10,000,000.00	6.375	637,500.00
M	22/10/1997	25/03/2027	5,000,000.00	6.5	325,000.00
M	13/11/1997	15/05/2027	3,649,966.00	6.5	237,247.79
M	17/11/1997	15/05/2027	5,000,000.00	6.5	325,000.00
M	13/12/2012	13/06/2027	20,000,000.00	3.18	636,000.00
M	12/03/1998	15/11/2027	8,677,693.00	5.875	509,814.46
M	06/09/2010	06/09/2028	10,000,000.00	3.85	385,000.00
M	14/07/2011	14/07/2029	10,000,000.00	4.9	490,000.00
E	14/07/1950	03/03/2030	2,780.49	3	89.10
M	14/07/2011	14/07/2030	10,000,000.00	4.93	493,000.00
E	15/06/1951	15/05/2031	2,929.45	3	89.64
M	06/09/2010	06/09/2031	20,000,000.00	3.95	790,000.00
M	15/12/2011	15/06/2032	10,000,000.00	3.98	398,000.00
M	15/09/2011	15/09/2036	10,000,000.00	4.47	447,000.00
M	22/09/2011	22/09/2036	10,000,000.00	4.49	449,000.00
M	10/12/2007	10/12/2037	10,000,000.00	4.49	449,000.00
M	08/09/2011	08/09/2038	10,000,000.00	4.67	467,000.00
M	15/09/2011	15/09/2039	10,000,000.00	4.52	452,000.00
M	06/10/2011	06/10/2043	20,000,000.00	4.35	870,000.00
M	09/08/2011	09/02/2046	20,000,000.00	4.8	960,000.00
M	23/01/2006	23/07/2046	10,000,000.00	3.7	370,000.00
M	23/01/2006	23/07/2046	10,000,000.00	3.7	370,000.00
M	19/05/2006	19/11/2046	10,000,000.00	4.25	425,000.00
M	07/01/2008	07/01/2048	5,000,000.00	4.4	220,000.00
M	27/01/2006	27/07/2051	1,250,000.00	3.7	46,250.00
M	16/01/2007	16/07/2052	40,000,000.00	4.25	1,700,000.00
M	30/01/2007	30/07/2052	10,000,000.00	4.35	435,000.00
M	13/02/2007	13/08/2052	20,000,000.00	4.35	870,000.00
M	20/02/2007	20/08/2052	70,000,000.00	4.35	3,045,000.00
M	22/02/2007	22/08/2052	50,000,000.00	4.35	2,175,000.00
M	08/03/2007	08/09/2052	5,000,000.00	4.25	212,500.00
M	30/05/2007	30/11/2052	10,000,000.00	4.6	460,000.00
M	11/06/2007	11/12/2052	15,000,000.00	4.7	705,000.00
M	12/06/2007	12/12/2052	25,000,000.00	4.75	1,187,500.00
M	05/07/2007	05/01/2053	12,000,000.00	4.8	576,000.00

M	25/07/2007	25/01/2053	5,000,000.00	4.65	232,500.00
M	10/08/2007	10/02/2053	5,000,000.00	4.55	227,500.00
M	24/08/2007	24/02/2053	7,500,000.00	4.5	337,500.00
M	13/09/2007	13/03/2053	5,000,000.00	4.5	225,000.00
M	12/10/2007	12/04/2053	5,000,000.00	4.6	230,000.00
M	05/11/2007	05/05/2057	5,000,000.00	4.6	230,000.00
M	15/08/2008	15/02/2058	5,000,000.00	4.39	219,500.00
A	25/01/2019	25/01/2059	2,734,495.00	2.65	72,464.12
M	02/12/2011	02/12/2061	5,000,000.00	3.98	199,000.00
			922,192,324.90		

* Repaid 01/04/19 due to 30/03/19 falling on a Saturday

NON LOBO PROFILE	START DATE	MATURITY DATE	PRINCIPAL OUTSTANDING £	INTEREST RATE %	ANNUAL INTEREST £
M	30/06/2005	30/06/2065	5,000,000.00	4.4	220,000.00
M	07/07/2005	07/07/2065	5,000,000.00	4.4	220,000.00
M	21/12/2005	21/12/2065	5,000,000.00	4.99	249,500.00
M	28/12/2005	24/12/2065	12,500,000.00	4.99	623,750.00
M	14/03/2006	15/03/2066	15,000,000.00	5	750,000.00
M	18/08/2006	18/08/2066	10,000,000.00	5.25	525,000.00
M	01/02/2008	01/02/2078	10,000,000.00	3.95	395,000.00
			62,500,000.00		

LOBO PROFILE	START DATE	MATURITY DATE	PRINCIPAL OUTSTANDING £	INTEREST RATE %	ANNUAL INTEREST £
M	12/11/1998	13/11/2028	3,000,000.00	4.75	142,500.00
M	15/12/2003	15/12/2053	10,000,000.00	5.25	525,000.00
M	18/02/2004	18/02/2054	10,000,000.00	4.54	454,000.00
M	28/04/2005	28/04/2055	12,900,000.00	4.75	612,750.00
M	25/02/2011	25/02/2060	15,000,000.00	7.576	1,124,393.84
M	25/02/2011	25/02/2060	10,000,000.00	7.576	749,595.89
M	26/02/2010	26/02/2060	5,000,000.00	7.517	370,177.81
M	26/02/2010	26/02/2060	10,000,000.00	7.517	740,355.62
M	01/07/2005	01/07/2065	10,000,000.00	3.86	386,000.00
M	24/08/2005	24/08/2065	5,000,000.00	4.4	220,000.00
M	07/09/2005	07/09/2065	10,000,000.00	4.99	499,000.00
M	13/09/2005	14/09/2065	5,000,000.00	3.95	197,500.00
M	03/10/2005	05/10/2065	5,000,000.00	4.375	218,750.00
M	23/12/2005	23/12/2065	10,000,000.00	4.75	475,000.00
M	06/03/2006	04/03/2066	5,000,000.00	4.625	231,250.00
M	17/03/2006	17/03/2066	10,000,000.00	5.25	525,000.00
M	03/04/2006	01/04/2066	10,000,000.00	4.875	487,500.00
M	03/04/2006	01/04/2066	10,000,000.00	4.875	487,500.00
M	03/04/2006	01/04/2066	10,000,000.00	4.875	487,500.00
M	07/04/2006	07/04/2066	10,000,000.00	4.75	475,000.00
M	05/06/2006	07/06/2066	20,000,000.00	5.25	1,050,000.00
M	05/06/2006	07/06/2066	16,500,000.00	5.25	866,250.00
			212,400,000.00		

SPECIAL FIXED/ VAR	START DATE	MATURITY DATE	PRINCIPAL OUTSTANDING £	INTEREST RATE %	ANNUAL INTEREST £
F	07/01/2015	01/09/2021	197,392.85	0	0.00
F	31/03/2015	01/04/2023	811,303.83	0	0.00
F	22/09/2015	01/10/2023	219,799.70	0	0.00
F	29/03/2019	01/04/2029	139,978.53	0	0.00
			1,368,474.91		

Finance and Resources Committee

10.00am, Thursday, 15 August 2019

Revenue Monitoring 2019/20 – Period three report

Executive/routine
Wards
Council Commitments

1. Recommendations

- 1.1 Members of the Finance and Resources Committee are asked to:
 - 1.1.1 note the current implementation status for those savings measures approved as part of the 2019/20 revenue budget;
 - 1.1.2 note progress in developing specific actions to address residual directorate pressures;
 - 1.1.3 note the proposed measures set out in Appendix 3, by which it is planned the in-year efficiencies requirement approved by Council in February 2019 will be met;
 - 1.1.4 agree, subject to confirmation of the 2018/19 outturn and ratification by Council on 22 August 2019, earmarking a further £1m from the Council Priorities Fund as an additional contribution to the 2019/20 budget, pending development of sustainable measures to address the associated savings requirement on a recurring basis;
 - 1.1.5 note the continuing assumption that the Edinburgh Integration Joint Board (EIJB) will maintain overall expenditure within the levels of funding delegated to it by the Council and NHS Lothian;
 - 1.1.6 note the requirement to identify and implement further mitigating measures such that a balanced year-end position may be achieved and, in due course, to re-establish the stability of the budget framework; and
 - 1.1.7 note the balanced projected position on the Housing Revenue Account (HRA) after making a £2.228m planned contribution towards housing investment.

Stephen S. Moir
Executive Director of Resources

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Revenue Monitoring 2019/20 – Period three report

2. Executive Summary

- 2.1 Following consideration of an initial progress report on 23 May 2019, this report provides an update on the period three revenue monitoring position for the Council and progress with the identification and implementation of required savings measures sufficient to achieve a balanced year-end position in 2019/20 and, in due course, to re-establish the stability of the budget framework.

3. Background

- 3.1 On 23 May 2019, members of the Committee considered an update on the Council's revenue budget framework, with a specific emphasis on the projected position for 2019/20. The report noted the significant progress made in developing implementation plans for the directorate-specific savings approved as part of the current year's budget, as well as identification of a range of measures to contribute towards both the 1.55% cross-Council efficiencies target and addressing residual pressures identified by service areas. An update was also provided on steps undertaken towards balancing the EIJB's budget for 2019/20.
- 3.2 In view of the trend of reducing savings delivery apparent in recent years, however, a risk contingency was applied in estimating the actual level of savings that will subsequently be delivered during the year. When combined with residual unmitigated service pressures and additional efficiency-related measures requiring to be identified, the report pointed to a residual gap of some £13.7m. This position assumed approval and subsequent delivery by the EIJB of measures sufficient to result in a balanced position for 2019/20.
- 3.3 Given the recommendations contained within the report to ratify use of sums from the Spend to Save and Council Priorities Funds, as part of the report's onward consideration by Council on 30 May, members agreed that options to address the residual gap highlighted would be brought to the Finance and Resources Committee's meeting on 15 August 2019.
- 3.4 At the meeting of Council on 27 June 2019, in considering a motion from Cllr Whyte on implementation of a Council-wide 1.55% efficiencies requirement in 2019/20,

members additionally agreed that a specific list of proposals addressing the requirement in full would be brought back to this meeting.

4. Main report

4.1 Since the Committee's last meeting, Executive Directors and the Chief Officer of the Edinburgh Integration Joint Board (EIJB), along with their management teams, have continued to work towards delivery of the four main objectives set out in the report to the Finance and Resources Committee on 7 March, namely:

- (i) Development of robust implementation plans for the specific savings actions totalling £29.2m¹ which were approved for delivery in 2019/20;
- (ii) Development of detailed and specific proposals to address the £9.5m efficiency savings target which was also approved as part of the 2019/20 budget;
- (iii) Identification of mitigating actions to address estimated combined residual pressures of £8.8m across the Communities and Families, Place and Resources Directorates; and
- (iv) Agreement, through the EIJB, of specific plans to address its estimated budget gap in 2019/20.

4.2 Addressing each of the above areas in full is required to allow the Council to plan, with reasonable confidence, to maintain expenditure within approved levels in 2019/20. In acknowledging that there is a degree of delivery risk for each aspect, however, elected members, the Chief Executive and Executive Directors, including the Chief Officer of the EIJB, will need to consider a range of measures to bring the current year's position back into balance. Further difficult choices will therefore be required in both this and subsequent years to secure financial sustainability.

Development of savings implementation plans – specific savings

4.3 Progress in developing implementation plans for all specific savings approved for delivery in 2019/20 continues to be regularly reviewed by the Corporate Leadership Team (CLT) Change Board. Additional project management support has also been allocated from the non-recurring £1m approved by Council in October 2018 to assist delivery of the more challenging approved savings measures. A progress update with regard to recruitment, associated costs and key milestones and deliverables for each of the workstreams supported by this additional investment is provided in Appendix 1.

4.4 Review of these implementation plans continues to show positive progress, with 93% of savings by value currently assessed, on the basis of confirmed or planned actions, as green or amber as set out in Appendix 2. This assessment shows, in

¹ Of the £29.8m of specific savings approved for delivery in 2019/20, £0.6m relates to areas that form part of wider savings plans or actions to mitigate pressures. As such, these savings are incorporated in determining the updated net residual pressures position considered as part of (iii) above.

particular, strong progress against those savings measures expected to be delivered, or relevant actions put in place, during the first three months of the year. Work is continuing both to explore the specific actions required to allow amber savings to be assessed as green and prioritise development of detailed plans for those approved measures currently assessed as red.

- 4.5 After successive years' efficiencies, the measures required to deliver the 2019/20 savings programme are correspondingly more challenging and there will almost inevitably be a degree of slippage in the year.
- 4.6 Although the financial risk is to an extent mitigated by the explicit incorporation of a specific contingency (discussed later in this report), effective deployment of the £1m additional project management resource and on-going review of wider savings delivery (and specifically the need for any remedial action) will be crucial to maintaining expenditure within budgeted levels.

Council-wide efficiencies target

- 4.7 The update to the Committee's meeting on 23 May 2019 noted that gross actions totalling £8.578m had, as of that time, been identified. This total includes the approved drawdown of £0.786m from the Council Priorities Fund which recognised the challenging nature of the 1.55% efficiency savings target.
- 4.8 Work within directorates has continued to identify potential measures to address the balance of this requirement. Appendix 3 provides an updated list of proposed measures totalling £9.5m, with the additional measures primarily identified within the Place Directorate. This revised list therefore addresses, in full, the motion agreed by Council on 27 June by setting out the measures by which it is planned that the 1.55% cross-Council efficiencies target be met. Members of the Committee are asked to note this updated list.
- 4.9 Finance has undertaken a readiness assessment of the delivery of the efficiency measures listed in Appendix 3. While some 64% of the measures concerned are currently assessed as green or amber, the analysis highlights a particular need for implementation across a number of cross-Council workstreams. As with the specific savings above, the implications of this assessment for the overall risk contingency are considered in Paragraph 4.23 below.

Residual pressures

- 4.10 Reporting during 2018/19 highlighted the need to address residual Directorate pressures on a sustainable basis through the identification and implementation of appropriate mitigating actions. The update to the Committee's previous meeting on 23 May 2019 intimated gross pressures across the Communities and Families, Place and Resources Directorates of £18.247m.
- 4.11 The report to that meeting also indicated that financial planning would be further informed by in-depth analysis of the 2018/19 outturn. This analysis has highlighted an increase in gross pressures of £1.3m, mainly comprising additional school-related required demographic provision outlined in the following paragraphs.

Communities and Families

- 4.12 In-year monitoring reports have consistently highlighted the impact of rising rolls upon required staffing levels within schools. Actual pupil roll numbers for 2018/19 and projected rolls for 2019/20 indicate a combined overall requirement for 25 additional primary classes since the 2017/18 academic year. Over the same period, the secondary school pupil roll has increased by over 1,000.
- 4.13 The Council's long-term financial plan has, for many years, recognised the cost impacts of these additional pupil numbers on teaching and other staffing requirements. In view of both wider corporate affordability and a desire to incentivise innovative means of meeting this demand, however, a 70% weighting has been applied to the level of corresponding corporate provision included within the budget framework. It has not, however, in recent years been possible to deliver savings in the way, or to the extent, envisaged, with the result that the year-on-year pressure in this area is increasing.
- 4.14 Given this, a review has been undertaken across the wider financial framework of inflation-linked provisions and monies received for education-related commitments and cost pressures relative to planning assumptions to determine whether capacity exists to acknowledge the full estimated cost of the pupil number increase. Following this review, it is proposed to reallocate £2m of these sums to Communities and Families in 2019/20, broadly addressing the current level of demographic pressure.

Further actions

- 4.15 As with the other workstreams noted in Paragraph 4.1, work is continuing to identify further actions to reduce this level of residual pressure. Appendix 4 sets out the composition of both the gross pressures and associated mitigating actions totalling £19.0m. This analysis assumes that the proposal in respect of demographic funding noted above is agreed.
- 4.16 As noted in the Committee's May update, £8m of corporate savings measures were included in the approved 2019/20 budget and, as a result, in contrast to previous years, the ability to mitigate residual service pressures through this route is more limited. A maximum further £3m of such corporate savings has therefore been reflected within the £19.0m of actions available to offset some of these residual pressures included in Appendix 4, resulting in a requirement to identify and deliver a further £0.540m of savings to address the requirement in full. It should be noted that use of savings from loan charges to offset pressures will result in the loss of opportunity to use this money to fund infrastructure.
- 4.17 As with the other savings measures, Finance has undertaken an updated readiness assessment based on plans in place and risks and dependencies to delivery. This analysis indicates that 87% of savings by value are assessed as either green or amber.
- 4.18 The report to the Committee's previous meeting noted that discussions were continuing with regard to mitigating the impact of an increase in employer's superannuation contribution rates following a review of actuarial assumptions for teaching staff by the UK Treasury. While it was anticipated, at the time of budget-

setting, that these changes would be largely offset by the receipt of Barnett Consequentials that would, in turn, be passed to Local Government by the Scottish Government, the approved budget nonetheless includes provision of £1.5m, being the estimated full-year effect of the unfunded element of around 21%.

- 4.19 Since the Committee's last meeting, confirmation has been received from the Scottish Government that offsetting funding, albeit at this stage only a one-off basis, will be provided in line with the assumed funded proportion above. Following the HM Treasury confirmation that implementation of this increase will be delayed until September 2019, however, a one-off saving of £0.5m is available in the current year to offset pressures and is included in the figures above.

Edinburgh Integration Joint Board (EIJB)

- 4.20 The report to the Committee's meeting on 23 May noted that, assuming both subsequent release of the £2.5m additional contribution held within the Council Priorities Fund and the proposed use of EIJB reserves, the residual EIJB budget gap for 2019/20 was £7.15m.
- 4.21 A further financial update was considered by the EIJB on 21 June 2019. Taking into account the Board's decision at that time not to make a one-off contribution from carried-forward investment monies received in respect of nationally-funded initiatives, the in-year gap remains at £7.15m. Discussions on the use of reserves and other mitigating measures between the partners are continuing.
- 4.22 This gap, in turn, assumes full delivery in 2019/20 of the Partnership's approved savings programme of £11.941m. The RAG status of these measures was reported to the EIJB's Savings Governance Board on 19 July. This analysis indicates that some 71% of savings by value are currently assessed as green or amber. Delivery of the savings programme, identification of measures to meet the gap and management of demand/budget pressures will therefore be critical in ensuring a balanced outturn position in 2019/20. It is proposed that management of the EIJB budget in 2019/20 and future years is based fully on the arrangements set out within the Integration Scheme i.e. that expenditure will be maintained within the levels of funding delegated to it by the Council and NHS Lothian.

Overall projected position for 2019/20

4.23 While, as noted in earlier sections of the report, the current assessment is for the majority of savings to be delivered in full, given the trends observed in recent years, it is prudent to incorporate delivery risk contingencies based both on past years' experience and the specific Finance assessments. At this stage, assuming implementation of all the actions included in Appendices 3 and 4, there is therefore a residual gap, after applying this risk contingency, of £11.416m, representing only a modest improvement relative to the position reported to the Committee's meeting on 23 May 2019. This position also continues to assume approval and subsequent delivery by the EIJB of measures sufficient to result in a balanced position in 2019/20.

Savings Category	Target	Identified	"Weighted" savings identified after application of risk contingency	Gap
	£m	£m	£m	£m
Approved Savings – specific measures	29.173	29.173	24.797 ²	4.376
Approved Savings - 1.55% Efficiencies	9.500	9.500	6.000	3.500
Residual pressures	19.574	19.034	16.034	3.540
Total	58.247	57.707	46.831	11.416

- 4.24 The net reduction of £2.3m in the residual gap since that reported to the Committee's meeting on 23 May 2019 primarily reflects a combination of:
- (i) upward revisions to the delivery risk contingencies for the efficiencies (particularly the Council-wide lean and income maximisation) workstreams and residual pressure mitigation measures, together totalling £2m;
 - (ii) further demographic-related pressures of £1.4m within Communities and Families, based on updated analysis of the 2018 and anticipated 2019 pupil intakes, offset by the provision of £2m of additional funding (i.e. a net *reduction* of £0.6m);
 - (iii) reduction in residual pressures and/or additional mitigations identified within the Communities and Families (£1m) and Place (£2.3m) Directorates; and
 - (iv) a £0.5m one-off saving relative to the level of 2019/20 budget framework provision following confirmation of the Scottish Government funding

² Assumes actual level of delivery of 85% based on a weighted assessment of currently-assessed green, amber and red savings.

allocation in respect of the increase in employer teachers' superannuation contributions effective from September 2019.

Further measures required to achieve financial balance

- 4.25 In view of both the level of assumed corporate savings (£8m within the approved budget and a further £3m identified in respect of service pressures mitigation) and available timescales for implementation of further measures, focussed action is required to address this residual gap. While discussions around flexibilities in loans fund advances are continuing, these will not provide sustainable savings approaching the level required over the medium-term and any such rescheduling will additionally require to form part of a wider strategy agreed with the Council's external auditor.

Council Priorities Fund

- 4.26 At the meeting of Council on 30 May 2019, members approved the release of up to £5m from the Council Priorities Fund pending development of sustainable measures to address the wider savings requirement on a recurring basis.
- 4.27 The revenue budget outturn report elsewhere on today's agenda indicates a provisional 2018/19 in-year underspend of £1.582m, with this sum set aside in the Council Priorities Fund. Subject to the outcome of the audit process, it is proposed that £1m of this sum be made available to supplement the £5m noted above.
- 4.28 If subsequently applied in full, as shown in Appendix 5, this would reduce the remaining savings requirement in 2019/20 to £5.416m. More fundamentally, however, it does not obviate the need for more difficult choices and prioritisation if financial sustainability is to be maintained during the period of the framework. In addition, use of one-off savings measures to balance the current budget will only increase future funding gaps and the level of savings required.

Development of additional actions

- 4.29 Given the currently unbalanced nature of the budget framework, Executive Directors and the Chief Officer of the EIJB are required to continue to examine all opportunities to control and contain expenditure within budgeted levels in 2019/20. A progress update on both this and any available flexibilities around loans fund rescheduling will be provided as part of a further report to be considered by the Committee on 10 October 2019.

Housing Revenue Account (HRA)

- 4.30 At month three, the HRA is forecasting a balanced position. As set out in the approved budget, it is expected that a £2.228m contribution to housing investment will be able to be made from in-year rentals received. This contribution is, however, dependent on the mitigation of key risks.
- 4.31 There remain significant budget pressures relating to housing repairs and maintenance. Work is underway through the Housing Service Improvement Plan to increase productivity and reduce sub-contractor spend through the introduction of the Total Mobile technology solution. There is also a risk to rental income with the

continued roll-out of Universal Credit; a contingency has therefore been put in place to manage this and will be regularly assessed throughout the year. These key risk areas will continue to be monitored closely and reported to the Housing, Homelessness and Fair Work Committee and Policy and Sustainability Committee as appropriate.

Trends in expenditure

- 4.32 At the Committee's meeting on 23 May 2019, members asked that further details be provided of in-year expenditure trends to consider whether instances of higher-than-average procurement-related expenditure in the early months of the financial year might influence initial full-year spend projections.
- 4.33 At a high level, the outturn report for 2018/19 elsewhere on today's agenda shows little variation between in-year service area projections and actual full-year expenditure, attesting to the broad accuracy of the monitoring process. In addition, however, a detailed analysis has been undertaken of relevant spend over the period from January to June 2019 inclusive to determine if any discernible trends are apparent. The results of this analysis are shown in Appendix 6.
- 4.34 Procurement-related expenditure has been analysed based on the payment date and, due to most payments being made in arrears, mainly relates to the previous month. As a result, for example, April data relates to March expenditure. Due to the requirement to complete the financial statements on an accruals basis, material amounts will have been accrued back to the 2018/19 financial year.
- 4.35 Within the data recorded for April, there are a number of one-off or significant payments, including £6.7m of funding for Edinburgh Leisure, the £7.3m Committee approved for the advance payment against the Council's ICT contract and £1.5m to the Scottish Qualifications Authority for examination fees.
- 4.36 Within the data recorded for May, there are £4m of grant payments for mainly cultural organisations, where 70% of the funding is made available to these organisations at the beginning of the year. Additionally, the payments section was managing a backlog of Health and Social Care invoices in April and May.
- 4.37 Based on a high-level analysis of the data, there is therefore no evidence of a spike in departmental revenue expenditure at the start of the financial year.
- 4.38 Capital expenditure shows a significant increase in expenditure at year end, which is in line with previous financial years. This is due to the requirement to ensure that capital expenditure on projects is certified towards the end of March for asset recording purposes.

5. Next Steps

- 5.1 As noted above, consideration of further measures to bring expenditure back within approved levels is continuing and a further update will be provided to the Committee on 10 October 2019.

6. Financial impact

- 6.1 The report acutely emphasises the importance of proactive management of pressures and delivery of approved savings. In view of the continuing significant projected in-year savings shortfall, however, urgent measures will require to be implemented during the year if the integrity of the framework is to be maintained.

7. Stakeholder/Community Impact

- 7.1 There is no direct relevance to the report's contents. In considering measures to secure the Council's wider financial sustainability, however, members may wish to consider both activities' respective contributions to the key outcomes of the Change Strategy and public engagement feedback on the Council's relative priorities.

8. Background reading/external references

- 8.1 [Finance Update](#), Edinburgh Integration Joint Board, 24 May 2019
- 8.2 [2019/20 Financial Plan](#), Edinburgh Integration Joint Board, 29 March 2019
- 8.3 [Performance Report](#), Edinburgh Integration Joint Board, 29 March 2019
- 8.4 [Revenue Budget Framework 2019/23 – Progress Update](#), Finance and Resources Committee, 7 March 2019
- 8.5 [Coalition Budget Motion](#), City of Edinburgh Council, 21 February 2019
- 8.6 [Feedback on the Change Strategy and Budget Proposals, 2018 and 2019](#), The City of Edinburgh Council, 21 February 2019
- 8.7 [Council Change Strategy: Planning for Change and Delivering Services 2019-2023](#), Finance and Resources Committee, 1 February 2019
- 8.8 [Council Change Strategy – Risks and Reserves 2019-2023](#), Finance and Resources Committee, 1 February 2019
- 8.9 [Revenue Budget Framework 2019/24 – progress update](#), Finance and Resources Committee, 23 May 2019
- 8.10 [Finance Update](#), Edinburgh Integration Joint Board, 21 June 2019

9. Appendices

Appendix 1 – Additional programme management support progress update

Appendix 2 - 2019/20 approved savings – current Finance RAG assessment

Appendix 3 – Efficiencies workstream, 2019/20 – actions identified to date and associated RAG assessment

Appendix 4 – Gross pressures and associated mitigations (with RAG assessments), 2019/20

Appendix 5 – 2019/20 Revenue Budget – Projected Expenditure Analysis

Appendix 6 – Procurement-related spend, January to June 2019

Project	FTE Allocated	FTE Recruited	Business Case Opportunity	Next Milestone
"Your Total Reward" Page 110	3 FTE	3 FTE in place	<p>Your Total Reward will review current Local Government Employee pay, terms and conditions and benefits. The project will meet our commitment to consolidate the Living Wage into base pay by 2021 and will seek to progress positively base pay and financial wellbeing for our lowest-paid employees. The project will also restore the pay differential for Grades 1, 2 and 3.</p> <p>The change proposals will remove complexity around pay/terms and conditions and drive a better organisational culture by introducing a simplified reward framework that promotes the right behaviours and supports effective service design/delivery. If approved in totality, the proposals will further reduce our gender pay gap by 1%, improve our Employee Value Proposition and align our pay and benefit terms and conditions to the wider market.</p>	<p>Initial senior stakeholder meetings have commenced with service area-specific data.</p> <p>Senior management feedback will be reviewed and considered in next CLT update.</p> <p>Consultation to commence Autumn 2019.</p>
Operational Efficiencies Programme	1 FTE	1 FTE in place	<p>CLT are reviewing opportunities for £9.5m efficiencies. The Project Manager is in place and developing the framework and tools to support the Programme.</p> <p>To date £6.5m of opportunities are underpinned by a detailed Implementation Plans, with further planning and controls being implemented in the other areas.</p>	<p>Regular reporting to CLT in place.</p> <p>Work ongoing to establish implementation plans for the remaining savings.</p>
Lean and Automation	9 FTE	Team of four internal staff have been recruited, all with Lean experience within CEC	<p>Part of the Efficiencies Programme.</p> <p>The Business Case approved in March 2019 outlined an opportunity for £1.25m in 2019/20.</p>	<p>The board is in place, with Heads of Service now meeting fortnightly to confirm opportunities and agree savings.</p> <p>9 FTE consists of 4 x Lean Experts (all recruited internally); 2 x digital analysts to develop online forms; 2 x new intelligent automation officers and 1 x business change officer to ensure changes delivered are sustainable.</p> <p>The initial pipeline of opportunities has been developed for CLT review.</p>

£1m additional programme management support update (continued)

Project	FTE Allocated	FTE Recruited	Business Case Opportunity	Next Milestone
Depots and Yards	2 FTE	1 FTE in place Additional PM to start on 15 July	The Business Case approved in March 2019 outlined an opportunity for £0.5m savings in 2020/21.	Business Case on Cultural Storage is currently undergoing financial scrutiny. This is an enabler to the Depot Strategy and Cultural Venue Review.
Asset Management: Service Design	3 FTE	1 FTE in place Offers issued for the remaining 2 FTE	The Business Case approved in March 2019 outlined an opportunity to deliver savings of £0.25m in 2019/20, with a total target of £2.45m through to 2021/22.	To date £0.093m has been secured towards the £0.250m target in 2019/20 Service Design Community engagement exercises in Gracemount and Trinity. A progress report is included elsewhere on today's agenda.
Fleet Review	1 FTE	1 FTE in place	The Business Case approved in March 2019 identified £1.5m of potential savings.	Full Business Case and Project Initiation Document to be produced for Change Board review Autumn 2019.

Change Strategy: Approved Budget Proposals 2019/20 - delivery assessment

Ref	Proposal	Department	2019/20 approved saving	2019/20 approved saving		
				Green	Amber	Red
CP.17	Enabling Educational Efficiencies – Third Party Grants (2018/19 additional spend)	C&F	0.250	0.250		
CP.45	Invest in Revenue Collection Officers	C&F	0.175	0.175		
CP.46	Invest to reduce temporary accommodation voids rates	C&F	0.090		0.090	
CP.47	Adoption of Scottish Government Framework for electricity and gas	C&F	0.030		0.030	
CP.56	NHS commissioned services	C&F	0.100	0.100		
CP.59	Carers' Act Funding	C&F	0.075	0.075		
CP.65	Efficiencies in the delivery of accommodated children's services	C&F	0.510	0.405	0.105	
CP.68	Library service - reduce book fund	C&F	0.200	0.200		
CP.69	ASN adaptations to mainstream schools	C&F	0.100	0.100		
CP.72	Heritage language	C&F	0.042	0.042		
CP.83	Support for Learning Management	C&F	0.200	0.200		
CP.90	Police funding	C&F	0.522	0.522		
Total C&F			2.294	2.069	0.225	0.000
CP.04 (i)	Edinburgh Leisure (Year 1 - Pay uplift)	C&F	0.350	0.350		
Total CE - Ed L			0.350	0.350	0.000	0.000
CP.33	Funding the Edinburgh Partnership and Third Sector Interface	CE	0.040	0.040		
CP.89	Reduce capacity in Strategy and Communications	CE	0.200	0.200		
Total CE			0.240	0.240	0.000	0.000
CP.08	Asset Management Strategy and Service Reprovisioning	Resources	0.250	0.091		0.159
CP.21	ICT Solutions Organisational Review	Resources	0.450	0.450		
CP.27	ICT/CGI Partnership Arrangements	Resources	0.050	0.050		
CP.28	Print and Mail Strategy	Resources	0.090		0.090	
CP.38	Emergency Service Provision for Edinburgh Shared Repairs Service	Resources	0.218	0.218		
CP.39	Investment portfolio rationalisation	Resources	0.415		0.415	
CP.40	Non Domestic Rates Appeals	Resources	0.800		0.800	
CP.42	Additional advertising income	Resources	0.470	0.070	0.400	
CP.44	Increasing Income from Castle Terrace Car Park	Resources	0.500	0.500		
CP.61	Business support services review	Resources	1.000	1.000		
CP.62	Property and FM: Management and Investment Estate Savings	Resources	0.515	0.515		
CP.63	Reduction in Executive Director of Resources budget	Resources	0.126	0.126		
CP.77	Upfront Payments	Resources	0.200		0.200	
CP.79	Property Maintenance Programme (2018/19 additional spend)	Resources	0.850	0.850		
CP.87	Corporate Learning and Development – Budget Reduction	Resources	0.250	0.250		
CP.88	Monitoring Officer (MO) – Budget Reduction	Resources	0.107	0.107		
CP.91	ICT Partnership – Contract Optimisation	Resources	1.200	1.200		
Total Resources			7.491	5.427	1.905	0.159
CP.01(ii)	Improved Approach to Street and Environmental Enforcement	Place	0.750		0.500	0.250
CP.05	Tourism and Marketing Reform	Place	0.300	0.300		
CP.06	Localities Phase Two	Place	0.300		0.150	0.150
CP.14	Area-Based Regeneration	Place	0.250		0.125	0.125
CP.13	Parking Action Plan Phase 2	Place	0.369		0.070	0.300
CP.23	Fleet Review	Place	0.500		0.500	
CP.25 (2)	Commercialism and Income Maximisation - Full Cost Recovery	Place	0.200		0.180	0.020
CP.25 (3)	Commercialism and Income Maximisation - Statutory Consents	Place	0.825	0.577	0.127	0.122
CP.25 (4)	Commercialism and Income Maximisation - Pre-planning Applications	Place	0.100	0.100		
CP.25 (5i)	Commercialism and Income Maximisation - Culture	Place	0.150	0.150		
CP.25 (5ii)	Commercialism and Income Maximisation - Parks and Greenspaces	Place	0.150	0.020		0.130
CP.32	Joint Procurement of Waste Contracts	Place	0.325		0.163	0.163
CP.49	Re-provision of public conveniences	Place	0.250		0.250	
CP.50	Clean and Green (2018/19 additional spend)	Place	0.250	0.250		
CP.51	Roads (Additional funding) (2018/19 additional spend)	Place	0.250	0.250		
CP.78	Capitalisation of Road Maintenance Budget	Place	0.500	0.500		
CP.81	Transport Reform	Place	0.500		0.500	
CP.82	Economic Development	Place	1.200		1.200	
CP.85	New Ways of Working - Public Safety and Business Continuity	Place	0.130		0.130	
Total Place			7.299	2.147	3.894	1.259
CP.15	Council Tax	Corporate	3.000	3.000		
CP.15	Loans charges	Corporate	5.000	5.000		
CP.19	Workforce Modernisation and Change Management	Corporate	0.500			0.500
CP.26	Contract Optimisation	Corporate	0.100	0.100		
CP.84	EDI	Corporate	1.047	1.047		
Total			9.647	9.147	0.000	0.500
Total newly-approved saving (excluding efficiencies)			27.321	19.380	6.024	1.918
Previously-approved savings for delivery in 2019/20:						
Parking - increase charges by average of 4.5% per annum over four years		Place	0.800	0.400	0.400	
Cultural grants		Place	0.052	0.052		
Discretionary income		C&F	0.096	0.096		
Discretionary income		HSC	0.013	0.013		
Discretionary income		Place	0.824	0.618	0.100	0.106
Discretionary income		Resources	0.067	0.067		
Council-wide total			1.000	0.794	0.100	0.106
Total approved savings for delivery in 2019/20 (excluding efficiencies)			29.173	20.626	6.524	2.024

Efficiencies workstream, 2019/20 - identified savings measures

Action	Description of Action	2019/20 £000	Green	Amber	Red
	Approved Budget Savings 2019-20: Operational Efficiencies at 1.55% of Net Expenditure	9,500			
Management Savings (C&F)	Communities and Families will review managerial structures and will produce a revised senior management structure. The part year savings for 2019/20 are estimated at £0.64m.	640	406	234	
Workforce Control (C&F)	Communities and Families will apply targeted vacancy control taking account of service needs and priorities. Essential child protection services and schools budgets will be exempt from additional vacancy controls.	700		700	
Workforce Control (C&F)	Family & Household Support and Quality Assurance have a number of existing vacancies. These vacancies will be frozen pending a wider review of the service which will also re-structure management posts.	350	350		
Workforce Control - Reduction in Agency and Overtime (Place)	Enhanced workforce controls will be implemented in Place to reduce overtime and agency spend. Recognising instances where permanent staff are not used for operational and economic reasons due to seasonal or irregular service patterns, an overall 5% reduction has been assumed. For illustration, this represents the equivalent of 16 FTE at grade 5.	900		450	450
Reduction in Discretionary Expenditure (Place)	Development and implementation of proposals to reduce further discretionary expenditure across the Place directorate, including staff travel.	650	180	235	235
Place Development - Efficiencies	Development and implementation of a range of measures to manage identified pressures and risks. It is anticipated that the material aspects of this workstream will come from process improvements and through a review of third party contract arrangements.	730	250	250	230
Place Management - Efficiencies	Development and implementation of a range of efficiency measures.	530		265	265
Workforce Control (Resources)	A 1.55% efficiencies savings target has been allocated to Finance (£78,000), HR (£59,000) and Legal and Risk (£25,000). The saving is anticipated to be achieved as follows: Finance-employee turnover; HR-full year effect of 2018/19 Organisational Review; Legal and Risk-review of recharge rates and time recording processes.	162	162		
Workforce Control (Chief Executive)	Proportionate share of Council-wide workforce control target	46	46		
Customer and Digital Services - Efficiencies	Implementation of a range of savings measures across Business Support, Customer and Digital Services, including employee turnover savings; employee savings achieved through changes in service delivery; review of existing contracts; channel shift savings; and review of income from external customers.	656	389	100	167
Operational Efficiencies - Lean Business Processes	Development and implementation of a pipeline of Lean reviews to simplify business processes, eliminate waste and develop lean and efficient processes, ensuring that we are making best use of our existing technologies; enabling development of a culture of continuous improvement and improving the quality and consistency of service.	1,250		350	900
Operational Efficiencies - Intelligent Automation	Development and implementation of a pipeline of reviews to automate high volume, low value repetitive business transactions to release savings, increase capacity, improve processing quality and accuracy, and enhance management information.	500		300	200
Operational Efficiencies - Income Generation	Development and implementation of proposals to generate additional income.	1,000			1,000
Operational Efficiencies - Reduction in Senior Management	Review and reconfiguration of senior management structures across the Council to reduce costs.	500	199	301	
Operational Efficiencies - Procurement	This workstream will develop a range of contract management efficiencies through robust grants and contract management, with a focus on the top Council suppliers, in terms of influenceable spend; and, implement a revised approach to requisitions / purchases, to enable a targeted constructive challenge of spend.	100		100	
Council Priorities Fund	This represents the drawdown of the balance set aside in the Council Priorities Fund which recognised the challenging nature of the £9.5m (1.55%) efficiencies savings target for 2019/20.	786	786		
	Operational Efficiencies - Gross Actions	9,500	2,768	3,285	3,447
Operational and Other Efficiencies - Savings Delivery Risk Adjustment	Interim risk adjustment applied against efficiencies workstream savings targets pending development of detailed savings implementation plans.	-3,500			
	Operational Efficiencies - Net Actions	6,000			
	Operational Efficiencies - Remaining Gap	3,500			

Gross pressures and associated mitigations, 2019/20

Pressure	Description of Budget Pressure	2019/20 £000
Home to School Transport	Expenditure on home to school transport increased from £5.5m in 16/17 to £7.4m in 18/19. In addition, approved savings of £0.4m in 2018/19 have not yet been delivered. The majority of the additional expenditure relates to children with additional support needs and there has been a significant increase in children receiving individual or high cost shared transport.	2,700
Homelessness	The shortage of suitable temporary accommodation is leading to the service having to place individuals in bed and breakfast accommodation. This is the most costly provision as the proportionate level of housing benefit the Council receives for B&B is low in comparison to other accommodation types.	1,400
Community Access to Schools	The budget for community access to secondary schools assumes a net surplus of £1.3m but at present is achieving £0.25m. Additional PPP and facilities management charges introduced in recent years have affected the net surplus being delivered.	1,050
Schools - Demography	Demography funding provided in recent years has been insufficient to meet the full impact of rising school rolls on the cost of the budget allocations determined through the Scheme of Devolved School Management.	2,363
Schools - Non Devolved Costs	Non-devolved costs for maternity cover, grounds maintenance and other central costs are in excess of available budgets.	900
Residual Pressures 2018/19 - Waste and Cleansing	Waste and Cleansing services have experienced underlying pressures including additional employee costs and higher than anticipated Landfill Tax expenditure. Measures, including the implementation of Millerhill operations and additional contract management efficiencies, are in place to address these underlying deficits through the Waste Improvement Plan and wider budget realignment.	2,935
Residual Pressures 2018/19 - Deferred Delivery of Approved Savings (Place)	Management action will be required in 2019/20 to deliver the full impact of savings approved by Council in February 2018 including: Economic Development review (£0.3m); Fleet savings (£0.2m); Roundabout and Verge advertising (£0.2m); and Garden Waste collection (£0.5m).	1,200
Residual Pressures 2018/19 (Place)	There are a range of underlying net budget pressures across Place Directorate including a shortfall in Pay and Display parking income; additional expenditure in Parks and Greenspace; and increasing legal fees relating to planning appeals.	847
Staff Increments 2019/20 (Place)	The estimated impact of staff increments in 2019/20 is £1.2m. Budget management measures including vacancy control and removal of discretionary spend budgets have been applied in 2018/19 and it will be significantly more challenging for managers to meet this cost than has previously been the case.	1,200
Transport Review 2019/20	There were a number of vacancies within the Transport service during 2018/19. The proposed structure within the current Roads and Transport organisational review represents an increase on current staffing. Further work will be undertaken to ensure that the final organisational structure is affordable and sustainable.	1,200
Parking Income 2019/20	In 2018/19, there was a marked change in parking behaviours which resulted in reduced pay and display income. A further provision of £0.45m is assumed against parking income in 2019/20 and this will be closely monitored on an ongoing basis.	450
Place - One-Off Mitigations in 2018-19	This pressure represents the reversal of a range of one-off measures which were applied in 2018-19.	1,606
Property and Facilities Management	This pressure includes residual savings of £0.903m to be achieved from the Asset Management Strategy which was approved by Act of Council 2016 and Property and Facilities Management employee turnover savings of £0.539m approved by Act of Council 2018.	1,723
	Gross Pressures	19,574

Action	Description of Mitigating Action	2019/20 £000	Green	Amber	Red
Homelessness - Reduction in use of Bed and Breakfast	A range of actions to reduce the use of Bed and Breakfast including 60 additional Private Sector Leasing properties (with lease premiums payable in order to attract landlords to the scheme), and 18 additional HRA properties being made available for temporary accommodation from the end of 2018/19.	1,000			1,000
Homelessness - Additional Housing Benefit	Increased income from a reduction in Housing Benefit clawbacks, resulting from a change in the mix of temporary accommodation types and the conversion of B&B properties to Shared Accommodation with access to cooking and cleaning facilities.	600	600		
Home to School Transport	Implementation of a range of actions to seek to reduce the pressure including: A more equitable home to school transport policy; a review of individual and high cost packages to identify alternative options; a new framework agreement for external transport hire; and a Transport Allocation Panel to assess all requests for individual transport.	700	400	300	
Community Access to Schools	A number of actions are being considered to seek to reduce the pressure including: transfer of the management of primary and special school lets and non-sports lets to Edinburgh Leisure; a revised opening hours model to reduce additional PPP and facilities management costs; and harmonisation of prices with Edinburgh Leisure.	600	250	350	
Early Years	Maintenance of existing staffing vacancies pending reconfiguration of the organisational structure to realign staffing responsibilities to fulfil the requirements of Early Learning and Childcare Expansion.	750	750		
Additional Income (C&F)	Fees and charges were increased by 5% on average and it is anticipated that this will deliver additional income above the level of budgeted increase.	120	120		
Service Containment of Increment Costs (Place)	Development and implementation of a range of savings measures across service areas to offset the cost of staff increments in 2019/20.	1,200	300	400	500
Localities and Communities Investment Funding	The Council's budget for 2018/19 approved an allocation of £0.25m to support investment in Communities and Localities with decisions on investment approved through Locality Committees. Due to the timing of approval and the lead in time required to deliver projects, it is estimated that expenditure incurred in 2019/20 will be £0.12m.	130	130		
Operational Efficiencies - Senior Management Review (Place)	Review of senior management arrangements within Place Management.	100		50	50
Realise Full Year Impact of Previously Approved Savings (Place)	Not all 2018-19 savings were realised in full. Management action will be undertaken to deliver the full impact of the Economic Development review (£0.3m); Fleet savings (£0.2m); Roundabout and Verge advertising (£0.2m); and Garden Waste collection.	1,200	1,000	200	
Implement Service Reforms (Place)	Development and implementation of service reforms to be implemented in year. Potential areas for change include reforms to Council Transport Companies; and implementation of cashless parking to reduce cash handling costs.	200		100	100
Reduction in Budget Pressures (Place)	Development and implementation of proposals to challenge and reduce the impact of identified cost pressures. This will include detailed analysis of the reduction in Pay and Display parking income which emerged in 2018-19 to consider potential action to mitigate the effect.	1,000	250	750	
Value for Money Audits (Place)	The proposal will build on case studies from other Local Authorities where VFM audits have been undertaken in terms of frequency of service operations, associated costs and citizen satisfaction. Association for Public Service Excellence (APSE) reports and recommendations will be evaluated for adoption of best practice.	300		150	150
Contract Efficiencies (Place)	Further contract management efficiencies will be negotiated and implemented in Place Management. The proposal will not impact on front line service delivery.	600		200	400
Millerhill Operations (Place)	The full year benefit of Millerhill operations will be realised in 2019-20.	1,800	1,800		
Transport Review (Place)	Review has reduced pressure through refinement of structure and a review of permissible capitalisation of costs in respect of creation of Council transport assets.	1,200	700	250	250
Planning Appeals (Place)	Policy to be agreed and applied to minimise cost to Council of defending cases.	300	150	150	
Pentland Hills Operations (Place)	The proposal relates to a review of operating arrangements including consideration of the allocation of operating costs between funding partners.	100		50	50
Property and Facilities Management	Pressures within the Division are forecast to be partly mitigated by a one-off saving of £1.134m in the budget for rates for the Council's operational properties. The anticipated reduction in rates liabilities is dependent upon the outcome of property rating revaluation appeals and therefore carries risk until revised rates revaluations are confirmed. Confirmation is anticipated in early October 2019.	1,134		1,134	

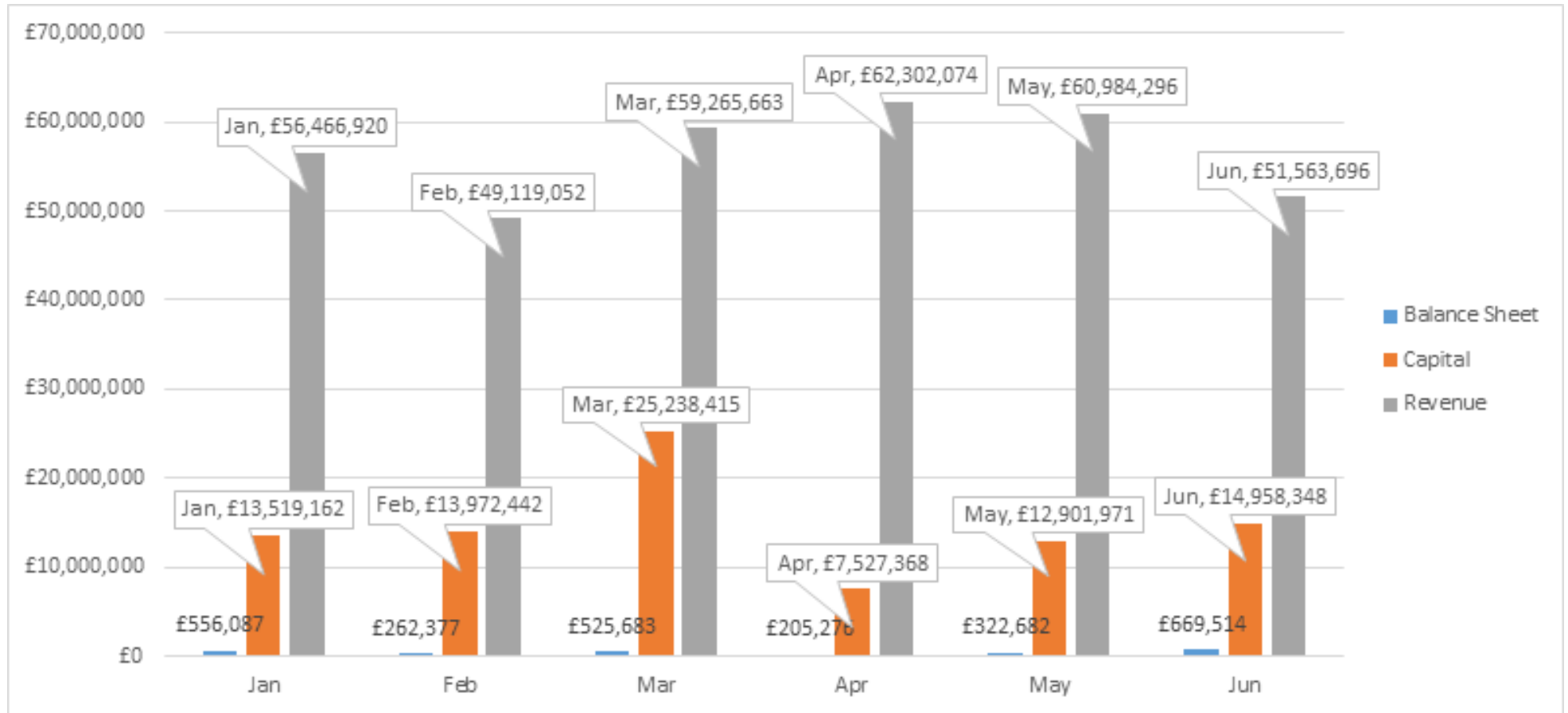
Action	Description of Mitigating Action	2019/20			
		£000			
Re-Profile of Expenditure	Carry forward of Property and Facilities Management earmarked balance from 2018/19 to mitigate the 2019/20 budget pressure.	500	500		
Schools - Demography	In light of the pressures noted above, it is proposed that £2m of corporate funding relating to currently-uncommitted inflation-related allowances and wider education-related commitments and pressures be reallocated to address demographic-related pressures within the Communities and Families Directorate.	2,000	2,000		
Corporate Budgets	Corporate budgets will be reviewed on an ongoing basis to seek to secure additional savings of up to £3m through a range of measures, including proactive treasury management to increase investment income and maximisation of Council Tax income through continuation of improvements in collection rates and ongoing review of the council tax base, discounts and exemptions.	3,000	3,000		
Teachers' pensions	While available only on a one-off basis, confirmation has now been received from the Scottish Government on the level of mitigating funding to be made available following changes to the teachers' superannuation contribution rate effective from September 2019. Given the later-than-anticipated implementation, there is expected to be an in-year saving of £0.5m relative to the level of provision contained within the budget framework.	500	500		
	Mitigation of Budget Pressures - Total Actions	19,034	12,450	4,084	2,500
Residual pressures - mitigations	Interim risk adjustment applied against mitigating actions pending development of detailed savings implementation plans.	-3,000			
Budget Pressures - Remaining Gap		3,540			

2019/20 Revenue Budget - Projected Expenditure Analysis
Period 3

	£m	£m
Projected service outturns (favourable)/unfavourable, prior to application of risk contingency		4.926
Comprising:		
Chief Executive's Service	0.000	
Communities and Families (less proposed reallocation of inflationary provision/other education-related funding to offset school-related demographic pressures)	4.750	(2.000)
Place Resources	1.236	
	0.940	
Health and Social Care*	0.000	
Non service-specific variances (favourable)/unfavourable		(4.286)
Comprising:		
Other inflationary-related uplifts	(1.000)	
Teachers' pensions - in-year saving due to revised implementation date for increase in employer's superannuation rate	(0.500)	
Investment income	(1.000)	
Approved contributions from reserves		
Council Priorities Fund - efficiencies workstream	(0.786)	
Sources of funding		
Council Tax	(1.000)	
Net overall projection prior to application of risk adjustments		0.640
Risk adjustments		10.776
Comprising:		
Approved Savings - £29.173m at 15%		4.376
Efficiencies (including Council-wide savings)		3.400
Residual pressure mitigation		3.000
Risk-adjusted projected outturn prior to reserves funding		11.416
Additional contributions from reserves:		
Council Priorities Fund (including £1m in respect of provisional 2018/19 underspend)	(6.000)	
Projected outturn		5.416

* - position shown for Health and Social Care assumes identification, and subsequent delivery, of sufficient measures to result in a balanced overall position for 2019/20.

Procurement-related spend, January to June 2019



Finance and Resources Committee

10am, Thursday, 15 August 2019

Capital Monitoring 2019/20 – Month Three Position

Executive/routine	
Wards	All
Council Commitments	

1. Recommendations

- 1.1 To note the projected capital outturn position for the general fund and Housing Revenue Account (HRA) at month three;
- 1.2 To note the Council's prudential indicators at month 3;
- 1.3 To note that updated forecasts will be provided at months 5 and 8; and
- 1.4 To refer the report to the Governance, Risk and Best Value Committee as part of its workplan.

Stephen Moir

Executive Director of Resources

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Capital Monitoring 2019/20 – Month Three Position

2. Executive Summary

- 2.1 The report provides capital expenditure and income forecasts for 2019/20, providing explanations for any variances.
- 2.2 At month three, slippage of £9.7m is forecast against the general fund capital expenditure budget of £268.7m. Capital income is projected to be £149.0m, resulting in a net requirement of £109.9m in loans fund advances.
- 2.3 The Housing Revenue Account (HRA) is reporting a balanced position at month 3.

3. Background

- 3.1 The Council set its capital investment programme for the period 2019-24 at its budget meeting of 21 February 2019. This budget has subsequently been revised to reflect slippage from 2018/19 and up to date project cashflows, as reported elsewhere on this agenda.
- 3.2 This report sets out forecast capital expenditure and income for the current financial year at month 3 and compares this with the revised capital budget.

4. Main report

General Fund

- 4.1 At month three, general fund expenditure is projected to be £259.0m, compared with a budget of £268.7m, resulting in projected slippage of £9.7m. Grants and other capital income are forecast to be £149.0m, with the remaining expenditure being funded by loans fund advances of £110.0m. A detailed position is provided in Appendix 1.
- 4.2 The slippage forecast at month 3 is a general provision of 5% of the total capital budget, in recognition of the fact that variances against budgets are likely to occur due to delays or unforeseen circumstances out with the Council's control. As the revised budget has been recently realigned to reflect current cash flow assumptions, there are currently no variances against individual project budgets.

However, project budgets and the general provision will be kept under review throughout the year and forecasts will be amended as appropriate.

- 4.3 The forecast includes estimated costs for the Tram to Newhaven project, based on the Final Business Case approved by Council on 14 March 2019. Work currently being undertaken as part of the Early Contractor Involvement will result in more refined cost and programme estimates, which will be reflected in future reports.
- 4.4 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.

HRA

- 4.5 The HRA capital investment budget position is shown in Appendix 2 and is forecasting a balanced position at month three. The forecasted gross expenditure at month three is £109.0m, which represents a 35% (£28m) increase on last year's programme, funded by capital receipts and grant income of £49.5m and loans fund advances of £59.5m.
- 4.6 Securing control of sites for new housebuilding and other owners' agreement for mixed tenure improvement work remain as the biggest challenges for programme delivery. Around a quarter of the total capital investment budget (£28.2m) is for strategic sites acquisition for Council's led new housing developments. The Council will continue to monitor and explore opportunities to purchase private sector sites and work with public sector partners to secure more land for development. Almost half of the budget for existing homes and estates (£14.7m) are related to improvement which depends on getting the agreement of owners within blocks. This will be progressed in parallel with the implementation of the Mixed tenure Improvement Strategy.

Prudential Indicators

- 4.7 The above forecasts are reflected in the Council's prudential indicators, which are set out in Appendix 3.

5. Next Steps

- 5.1 Finance staff will continue work with project and programme managers to monitor capital budgets. Further capital monitoring reports will be provided to Finance and Resources committee at months five and eight.

6. Financial impact

- 6.1 The projected 2019/20 general fund outturn outlines loans fund advances of £109.9m. The overall loan charges associated with this over a 20-year period would be a principal amount of £109.9m, interest of £64.2m, resulting in a total cost of £174.1m based on a loans fund interest rate of 4.6%. The loan charges will be

interest only in the first year, at a cost of £2.6m, followed by an annual cost of £8.6m for 20 years.

- 6.2 The projected 2019/20 HRA outturn outlines loans fund advances of £59.5m. The overall loans charges associated with this over a 20-year period would be a principal amount of £59.5m, interest of £34.8m, resulting in a total cost of £94.3m based on a loans fund rate of 4.6%. The loan charges will be interest only in the first year, at a cost of £1.4m followed by an annual cost of £4.6m for 20 years.
- 6.3 Borrowing required is carried out in line with the Council's approved Treasury Management Strategy.
- 6.4 The loan charge costs outlined above will be met from this year's general fund and HRA revenue budgets for loan charges.

7. Stakeholder/Community Impact

- 7.1 Consultation on the capital budget was undertaken as part of the Council's budget setting process.
- 7.2 The stakeholder and community impact of individual projects within the Council's capital programme is considered as part of the business cases for those projects.

8. Background reading/external references

- 8.1 [Capital Investment Programme 2019-20 to 2023-24](#)
- 8.2 [Housing Revenue Account Budget Strategy 2019-24](#)
- 8.3 [Coalition Budget Motion](#)
- 8.4 [Edinburgh Tram – York Place to Newhaven Final Business Case](#)

9. Appendices

Appendix 1 – Capital Monitoring 2019/20 – General Fund

Appendix 2 – Capital Monitoring 2019/20 – HRA

Appendix 3 – Prudential Indicators 2019/20

Appendix 1 Capital Monitoring 2019/20

General Fund Summary

Period 3

Expenditure	Approved Budget £000	Adjusts £000	Revised Budget £000	Actual to Date £000	Projected Outturn £000	Projected Variance £000	Projected Variance %
Communities and Families	110,193	-48,055	62,138	4,713	62,138	0	0.00%
Edinburgh IJB	239	-122	117	0	117	0	0.00%
Place	141,766	-48,814	92,952	11,360	92,952	0	0.00%
Resources - Asset Management Works	31,498	-4,459	27,039	8,189	27,039	0	0.00%
Resources - Other	11,706	-3,446	8,260	35	8,260	0	0.00%
Tram York Place to Newhaven	0	37,480	37,480	594	37,480	0	0.00%
Lending	18,118	22,556	40,674	6,005	40,674	0	0.00%
Local Development Plan (Unallocated)	6,000	-6,000	0	0	0	0	0.00%
General slippage in programme 5%	0	0	0	0	-9,705	-9,705	n/a
Total Gross Expenditure	319,520	-50,860	268,660	30,896	258,955	-9,705	-3.61%

Income

<i>Capital Receipts</i>							
General Asset Sales	6,318	0	6,318	170	6,318	0	0.00%
Ringfenced Asset Sales	10,000	0	10,000	0	10,000	0	0.00%
Less Fees Relating to General Receipts	0	0	0	-135	0	0	#DIV/0!
<i>Total Capital Receipts from Asset Sales</i>	<i>16,318</i>	<i>0</i>	<i>16,318</i>	<i>35</i>	<i>16,318</i>	<i>0</i>	<i>0.00%</i>
Drawdown from Capital Fund	6,311	0	6,311	0	6,311	0	0.00%
Developer and other Contributions	585	3,794	4,379	4,179	4,379	0	0.00%
Developers Contributions Transferred to Investments				-2,708	-2,708	-2,708	#DIV/0!
<i>Total Capital Receipts</i>	<i>23,214</i>	<i>3,794</i>	<i>27,008</i>	<i>1,506</i>	<i>24,300</i>	<i>-2,708</i>	<i>-10.03%</i>
<i>Grants</i>							
Scottish Government General Capital Grant	58,675	71	58,746	14,687	58,746	0	0.00%
Cycling, Walking and Safer Streets	834	0	834	16	834	0	0.00%
Management Development Funding	33,877	0	33,877	290	33,877	0	0.00%
Early Years and Childcare - Expansion	14,500	0	14,500	0	14,500	0	0.00%
Other Specific Government Grants	0	3,151	3,151	0	3,151	0	0.00%
Capital Grants Unapplied Account drawdown	11,297	2,310	13,607	0	13,607	0	0.00%
<i>Total Grants</i>	<i>119,183</i>	<i>5,532</i>	<i>124,715</i>	<i>14,993</i>	<i>124,715</i>	<i>0</i>	<i>0.00%</i>
Total Income	142,397	9,326	151,723	16,499	149,015	-2,708	-1.78%

Balance to be funded through Loans Fund Advance	177,123	-60,186	116,937		109,940	-6,997	-5.98%
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Appendix 2 Capital Monitoring 2019/20

Housing Revenue Account

Period 3

	Revised Budget £000	Actual to Date £000	Projected Outturn £000	Projected Variance	
				£000	%
Core Programme	35,632	3,232	35,632	0	0.0%
House Building	73,322	8,937	73,322	0	0.0%
Total Gross Expenditure	108,954	12,169	108,954	0	0.0%

Income					
Capital Receipts	17,917	0	17,917	0	0.0%
Developers and Other Contributions	23,000	17	23,000	0	0.0%
Specific Capital Grant	8,526	436	8,526	0	0.0%
Total Income	49,443	453	49,443	0	0.0%

Loans Fund Advances					
Loans Fund Advances	59,511		59,511	0	0.0%
Total	59,511		59,511	0	0.0%

Appendix 3 Capital Monitoring 2019/20

Prudential Indicators 2019/20 - Period 3

Indicator 1 - Estimate of Capital Expenditure

	2018/19 Actual £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	2022/23 Estimate £000	2022/23 Forecast £000	2023/24 Estimate £000	2023/24 Forecast £000
Council Wide / Corporate Projects	26	0	0	0	0	0	0	0	0	0	0
Contingency - Meadowbank Stadium	0	0	0	0	0	0	0	0	0	7,000	7,000
Lending	23,152	40,674	40,674	71,080	71,080	55,104	55,104	76,692	76,692	22,266	22,266
Communities and Families	28,431	62,138	62,138	96,617	96,617	1,707	1,707	165	165	165	165
Edinburgh Integration Joint Board	138	117	117	5,000	5,000	5,000	5,000	0	0	0	0
Place	109,572	92,562	92,562	159,302	159,302	29,963	29,963	36,785	36,785	19,835	19,835
Resources	2,652	8,260	8,260	5,000	5,000	0	0	0	0	0	0
Resources - Asset Management Works	21,770	27,039	27,039	30,000	30,000	25,516	25,516	20,450	20,450	14,000	14,000
Trams	0	37,870	37,870	74,318	74,318	58,004	58,004	29,731	29,731	0	0
General slippage / acceleration across programme (5%)	0		-9,705		-8,570		12,266		1,653		2,657
Total General Services	185,741	268,660	258,955	441,317	432,747	175,294	187,560	163,823	165,476	63,266	65,923
Housing Revenue Account		108,954	108,954	142,251	142,251	177,531	177,531	171,392	171,392	273,984	273,984
Total	185,741	377,614	367,909	583,568	574,998	352,825	365,091	335,215	336,868	337,250	339,907

The 'estimate' figures relate to those reported as part of the revised Capital Investment Programmes reported elsewhere on this agenda incorporating the final slippage and realignment after the outturn for 2018/19. Differences between these and the 'forecast' figures relate to slippage or acceleration in the programmes for the General Fund and HRA detailed in Appendices 1 and 2.

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

Indicator 2 - Ratio of Financing Costs to Net Revenue Stream

	2018/19 Actual %	2019/20 Estimate %	2019/20 Forecast %	2020/21 Estimate %	2021/22 Estimate %	2022/23 Estimate %	2023/24 Estimate %
General Services	11.38	10.58	10.44	10.72	10.44	10.39	n/a
Housing Revenue Account	39.98	41.64	42.08	44.64	46.96	49.41	50.89

Figures for 2019/20 onwards are indicative as neither the Council nor HRA has set a budget for these years. The figures for General Services are based on the current long term financial plan that ends in 2022/23. HRA figures are based on the current business plan.

Indicator 3 - Capital Financing Requirement

	2018/19 Actual £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	2022/23 Estimate £000	2022/23 Forecast £000	2023/24 Estimate £000	2023/24 Forecast £000
General Services (including finance leases)	1,079,328	1,204,762	1,195,057	1,427,511	1,409,236	1,435,184	1,429,175	1,407,995	1,403,639	1,330,486	1,328,786
Edinburgh Living LLP	2,734	26,862	26,741	89,178	89,009	143,004	142,835	217,650	217,481	236,784	236,615
NHT LLPs	87,143	103,651	103,651	107,693	107,693	107,693	107,693	107,693	107,693	107,693	107,693
Housing Revenue Account	377,454	415,351	415,351	415,678	415,678	479,677	479,677	526,588	526,588	675,321	675,321
Total	1,546,659	1,750,626	1,740,800	2,040,060	2,021,616	2,165,558	2,159,380	2,259,926	2,255,400	2,350,283	2,348,414

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

Indicator 4 - Authorised Limit for External Debt

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Borrowing	1,877,414	2,042,775	2,144,136	2,161,368	2,229,864
Credit Arrangements	362,049	348,696	334,889	321,642	308,395
Total	2,239,463	2,391,471	2,479,025	2,483,010	2,538,259

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

Indicator 5 - Operational Boundary for External Debt

	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m
Borrowing	1,590,928	1,810,979	1,945,178	2,039,102	2,129,863
Other Long-Term Liabilities	362,049	348,696	334,889	321,642	308,395
Total	1,952,977	2,159,675	2,280,067	2,360,744	2,438,258

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

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

	2019/20	2020/21	2021/22	2022/23	2023/24
	Forecast	Forecast	Forecast	Forecast	Forecast
	£000	£000	£000	£000	£000
Loans Fund Pooled Interest Rate 4.6251%					
General Fund Services (excluding Lending)					
Loans Fund Advances in year					
Year 1 - interest only					
Year 2 - principal and interest					
Housing Revenue Account (HRA)					
Loans Fund Advances in year (excluding borrowing for LLP programme **)					
Year 1 - interest only					
Year 2 - Core Programme - principal and interest					
Year 2 - House Building Programme - principal and interest					

Figures to follow

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

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Finance and Resources Committee

10.00am, Thursday, 15 August 2019

Chief Executive - Revenue Budget Monitoring 2019/20 - Month Three position

Executive/routine	
Wards	City-wide
Council Commitments	

1. Recommendations

- 1.1 It is recommended that the Finance and Resources Committee notes it is forecast outturn will be in line with the approved revenue budget for Chief Executive's services for 2019/20.

Andrew Kerr

Chief Executive

Contact: Iain Shaw, Principal Accountant

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Chief Executive - Revenue Budget Monitoring 2019/20 - Month Three position

2. Executive Summary

- 2.1 The report sets out the projected three-month revenue budget monitoring position for Chief Executive's services, based on actual expenditure and income to the end of June 2019 and expenditure and income projections for the remainder of the financial year.
- 2.2 Chief Executive's services are projecting expenditure and income within the approved budget for 2019/20. Chief Executive's services will continue to progress delivery of all approved savings, to achieve outturn expenditure in line with the approved revenue budget for 2019/20.

3. Background

- 3.1 The Council's Financial Regulations require submission of quarterly monitoring reports on service financial performance to the Finance and Resources Committee.
- 3.2 This report advises on the current outturn projection for Chief Executive's services for 2019/20, based on the position after three months of the financial year.

4. Main report

- 4.1 The Chief Executive's services revenue budget for 2019/20 is £8.963m. The budget includes the cost of the Chief Executive's office and the Strategy and Communications services.
- 4.2 The period three projection is for expenditure and income to be in line with the approved revenue budget for 2019/20. An analysis of the projection by service is provided in Appendix 1.
- 4.3 The revenue budget approved by Council on 21 February 2019 requires Chief Executive's services to achieve savings of £0.240m in 2019/20. Chief Executive's services budget also includes a savings target of £0.5m, planned to be achieved

through a reduction in senior management costs. All planned savings for Chief Executive's services are forecast to be achieved in 2019/20. An assessment of the achievement of savings targets is detailed in Appendix 2.

- 4.4 Senior Management savings of £0.199m (40%) have been achieved to date and are classified as 'Green' with the remaining balance of £0.301m being progressed and therefore classified as 'Amber', with the expectation of full delivery by the end of the financial year.

5. Next Steps

- 5.1 Continuing work to manage financial risks and take timely remedial action, where any adverse variance become apparent.

6. Financial impact

- 6.1 The report forecasts expenditure and income to be in line with the approved revenue budget for 2019/20. Attainment of a balanced position is the subject of continuing work to identify mitigating measures, active management of financial risks and taking timely remedial action, where any adverse variances become apparent.

7. Stakeholder/Community Impact

- 7.1 There is no direct relevance to the report's contents. The Council undertook a budget engagement exercise when developing the 2019/20 revenue budget.
- 7.2 There is no direct relevance of the report's contents to impacts on carbon, adaptation to climate change and sustainable development. The Council's revenue budget includes expenditure impacting upon carbon, adaptation to climate change and contributing to sustainable development. In addition, all budget proposals are now subject to an upfront assessment across these areas.

8. Background reading/external references

None

9. Appendices

Appendix 1 - Chief Executive's services:

1. Revenue Budget Monitoring 2019/20 - Month Three position
2. Revenue Budget Savings and Pressures 2019/20.

Appendix 1

Chief Executive's services

Revenue Budget Monitoring 2019/20

Month Three position

1. Forecast Revenue Outturn by Service

	Revised Budget	Projected Outturn	Projected Variance	Adverse / Favourable
	£'000	£'000	£'000	
Chief Executive	257	257	0	-
Strategy and Communications	9,206	9,206	0	-
Senior Management Council-wide savings target	-500	-500	0	-
Total Net Expenditure	8,963	8,963	0	-

2. Revenue Budget Savings 2019/20

Division	Saving Description	2019/20 £'000	Red/Amber/Green assessment
Strategy and Communications	Funding the Edinburgh Partnership and Third Sector Interface	40	
Strategy and Communications	Reduce capacity in Strategy and Communications	200	
	TOTAL	240	

Council-Wide Savings Target		
Senior Management (total of £0.5m)	199	
	301	
Council-Wide Savings Targets	500	

Finance and Resources Committee

10.00am, Thursday, 15 August 2019

Resources Directorate - Revenue Budget Monitoring 2019/20 - Month Three position

Executive/routine	
Wards	City-wide
Council Commitments	

1. Recommendations

It is recommended that the Finance and Resources Committee notes:

- 1.1 The Resources Directorate is currently projecting a budget pressure of £0.940m for 2019/20;
- 1.2 The Resources Management Team will continue to progress the identification of savings measures to offset this budget pressure to achieve outturn expenditure in line with the approved revenue budget for 2019/20;
- 1.3 the ongoing risks to the achievement of a balanced revenue budget projection for the Directorate.

Stephen S. Moir

Executive Director of Resources

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Finance Division, Resources Directorate

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Resources Directorate - Revenue Budget Monitoring 2019/20 - Month Three position

2. Executive Summary

- 2.1 The report sets out the projected three-month revenue monitoring position for the Resources Directorate, based on actual expenditure and income to the end of June 2019 and expenditure and income projections for the remainder of the financial year.
- 2.2 The Resources Directorate is currently projecting a budget pressure of £0.940m for 2019/20. The Directorate will continue to progress identification of savings measures to offset this budget pressure, to achieve outturn expenditure in line with the approved revenue budget for 2019/20. The attainment of this position is subject to ongoing actions to deliver all other approved savings together with the active management of risks and pressures.

3. Background

- 3.1 The Council's Financial Regulations require submission of quarterly monitoring reports on service financial performance to the Finance and Resources Committee.
- 3.2 This report advises on the currently projected outturn for the Resources Directorate revenue budget for 2019/20 based on the position after three months of the financial year.

4. Main report

- 4.1 The Resources Directorate revenue budget for 2019/20 is £157.064m. This incorporates a series of Council wide budgets, including service costs for PPP Schools, rates and utilities expenditure for the operational property estate, the Council's external audit fee and the ICT contract cost.
- 4.2 The period three projection reflects a forecast net budget pressure of £0.940m. £1.014m of budget pressure is forecast in the Property and Facilities Management Division arising due to:

- 4.2.1 recurring budget pressures from 2018/19 from a shortfall of £0.942m against Asset Management Strategy savings targets;
 - 4.2.2 a current shortfall against the Service Design Programme savings target of £0.159m;
 - 4.2.3 a current shortfall of £0.770m against the 2019/20 1.55% efficiency savings target;
 - 4.2.4 other net budget pressures of £0.277m, which includes budget pressures for the Commercial Property Investment Estate rental income and Computer Assisted Facilities Management (CAFM) system implementation and support costs.
- 4.3 These budget pressures are forecast to be partly mitigated by a saving of £1.134m in the budget for non-domestic rates for the Council's operational properties, covering the period 2017-2020. The anticipated reduction in rates liabilities is dependent on the outcome of property rating revaluation appeals and therefore carries risk until revised rates revaluations are confirmed. Confirmation is anticipated in early October 2019.
- 4.4 Recurring budget pressures from the Asset Management Strategy Transformation Programme have arisen due to:
- 4.4.1 Committee decisions to alter the Facilities Management (FM) operating model, from the assumed FM Services model used to set savings targets, such the retention of a 5 day a week cleaning service and increased janitorial service provision compared to the proposed model;
 - 4.4.2 an increase in the size of the floor area of the Council's operational estate being required to be supported by FM Services when compared to the original FM Services assumed model. This demand led increase in FM costs resulted without adequate additional revenue allocation being provided to offset these rising demands primarily from the education estate;
 - 4.4.3 Estate Rationalisation savings being less than planned.
- 4.5 All other planned savings for the Resources Directorate are currently forecast to be achieved in 2019/20, with budget pressures forecast to be fully mitigated. However, the Committee is advised that 2019/20 is already proving to be an extremely challenging year for the Resources Directorate, with significant capacity and capability reductions having been made in all 5 Divisions over a number of successive years. This means that any additional reductions proposed to be made in future years will require Members to carefully balance the potential risks against the need to ensure the Council maintains robust governance, internal controls and a wholly effective three lines of defence model enabled by professional corporate services teams. For other elements of the Directorate to be reduced further, then

Members will need to equally give consideration to the critical role of Customer Contact and Transactions in delivering continued strong performance in respect of Council Tax and Non-Domestic Rates collection, as well as effective welfare and benefits administration on behalf of citizens. Other areas equally contribute substantial income or underwrite their own costs, such as through the effective management of the Commercial Property Investments portfolio, or through the internal recharging of Legal Services.

- 4.6 Further tightening of the already robust workforce controls and controls on discretionary expenditure have been implemented within the Directorate, with spending ceased or delayed, where no legal commitment exists. Through the implementation of these further “grip and control” measures across all 5 Divisions, the Resources Directorate will address the currently forecast net budget pressure of £0.940m and will seek to achieve a balanced outturn within the approved revenue budget for 2019/20. An analysis of the current projection at Month 3 by each of the Divisions is provided in Appendix 1.
- 4.7 The revenue budget approved by Council on 21 February 2019 required the Resources Directorate to achieve further savings of £8.283m in 2019/20. These are detailed in Appendix 2.
- 4.8 £5.952m (72%) of these new savings requirements are already forecast to be on track for full delivery and are assessed as ‘Green’. Progress is being made towards the delivery of a further £2.005m (24%) and these savings are currently assessed as ‘Amber’. There is currently insufficient evidence to be confident and assured that £0.326m (4%) of the new savings requirements are being progressed towards full delivery. Progress towards the successful delivery of savings plans is rigorously reviewed by the Executive Director and Heads of Service on a monthly basis.
- 4.9 The financial risks to the Resources Directorate revenue budget for 2019/20 include:
- 4.9.1 Approved savings within Customer and Digital Services, which are dependent on delivery and implementation of new technologies. Customer and Digital Services retains an ear-marked balance to mitigate a limited level of project slippage. It is anticipated this balance will mitigate this risk for 2019/20 only;
- 4.9.2 The requirement to achieve savings in the Customer and Digital Services budget to compensate for a reduction of £0.352m in Department of Work and Pensions Housing Benefit Administration Subsidy;
- 4.9.3 A potential shortfall in the recovery of Legal Services costs against the budgeted level of recharges. The potential risk is assessed as being between £0.2m and £0.4m. The Legal and Risk Divisional Management Team are actively tracking and reviewing recovery rates on a monthly basis, to identify if alternative mitigating measures will require to be implemented;

4.9.4 The outcome of property rating revaluation appeals for non-domestic rates within the Council's operational estate. Confirmation is anticipated in early October 2019.

5. Next Steps

5.1 Continuing work to identify mitigating measures through further workforce and discretionary expenditure controls to manage financial risks and taking timely remedial action, where any further adverse variances become apparent.

6. Financial impact

6.1 The report forecasts a budget pressure of £0.940m for the Resources Directorate for 2019/20. Attainment of a balanced year-end position is the subject of continuing work to identify mitigating measures, active management of financial risks and taking timely remedial action, where any further adverse variances become apparent.

7. Stakeholder/Community Impact

7.1 There is no direct relevance to the report's contents. The Council undertook a budget engagement exercise when developing the 2019/20 revenue budget.

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

8. Background reading/external references

8.1 None

9. Appendices

9.1 Appendix 1 - Resources Directorate Revenue Budget Monitoring 2019/20 - Month Three position

9.2 Appendix 2 - Resources Directorate: Revenue Budget Savings and Pressures 2019/20

Appendix 1

Resources Directorate

Revenue Budget Monitoring 2019/20

Month Three position

Forecast Revenue Outturn –by Division

	Revised Budget	Projected Outturn	Projected Variance	Adverse / Favourable
	£'000	£'000	£'000	
Customer and Digital Services	49,034	49,034	0	-
Finance	6,818	6,744	(74)	FAV
Human Resources	4,674	4,674	0	-
Legal and Risk	1,398	1,398	0	-
Property and Facilities Management	95,035	96,049	1,014	ADV
Executive Director and Directorate wide costs	105	105	0	-
Total Net Expenditure	157,064	158,004	940	-

Appendix 2

Resources Directorate: Revenue Budget Savings and Pressures 2019/20

Division	Saving Description	2019/20 £'000	Red/Amber/Green assessment
Customer and Digital Services	Digital Services Organisational Review	450	Green
Customer and Digital Services	ICT/CGI Partnership Arrangements	50	Green
Customer and Digital Services	Print and Mail Strategy	90	Amber
Customer and Digital Services	Business Support Organisational Review	1,000	Green
Customer and Digital Services	ICT Partnership – Contract Optimisation	1,200	Green
Customer and Digital Services	1.55% efficiency saving (total of £0.656m)	389	Green
		100	Amber
		167	Red
Customer and Digital Services	Upfront Payments	200	Amber
Directorate	Executive Director contingency	126	Green
Human Resources	Corporate Learning and Development	250	Green
Legal and Risk	Monitoring Officer	107	Green
Finance, HR, Legal and Risk	1.55% efficiency saving	136	Green
Property and FM	Edinburgh Shared Repairs Service	218	Green
Property and FM	Property Maintenance additional investment	850	Green
Property and FM	Service Design (total of £0.250m)	91	Green
		159	Red
Property and FM	Appeal of Non-Domestic rates	800	Amber
Property and FM	Increasing Income - Castle Terrace Car Park	500	Green
Property and FM	Additional advertising income (total of £0.470m)	70	Green
		400	Amber
Property and FM	Investment portfolio rationalisation	415	Amber
Property and FM	Management and Investment Estate Savings	515	Green
	TOTAL	8,283	

SUMMARY

	£'000	%
Green assessed	5,952	72
Amber assessed	2,005	24
Red assessed	326	4
TOTAL	8,283	100

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Finance and Resources Committee

10.00am, Thursday, 15 August 2019

Asset Management Strategy Transformation Programme - Update

Executive/routine Wards Council Commitments	Executive
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1. Recommendations

- 1.1. That Committee notes the update of the component parts of the Asset Management Strategy.

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Asset Management Strategy Transformation Programme - Update

2. Executive Summary

- 2.1 The Council's 2015 Asset Management Strategy (AMS) and the associated transformation programme were developed to create a credible, focused and financially sustainable delivery plan for the Council's operational and commercial property estates, as well as the in-house delivery teams within the Property and Facilities Management (P&FM) Division.
- 2.2 This report presents an update on the current position of the AMS.

3. Background

- 3.1 The Asset Management Strategy (AMS) and associated transformation programme is a significant element of the wider Council Change Portfolio, aimed at achieving more effective and efficient use of the Council's asset base and associated service provision, primarily Facilities Management.
- 3.2 The AMS sought to create a credible, focused, and sustainable delivery plan for Property and Facilities Management in the broadest sense. It aimed to deliver a fit-for-purpose, optimised, effectively utilised and safe estate; providing appropriate levels of service at an acceptable and efficient cost; and to act in a commercial manner, which seeks to maximise value and return for the Council.
- 3.3 The AMS update report to Committee, on 1 February 2019, highlighted the outcomes achieved from the original AMS approval; summarised the residual issues with the strategy and how these have impacted proposed savings; and focused on a deep dive of the current financial position and the requirement for additional savings from 2019/20, all in the context of an ever-increasing property estate.
- 3.4 Committee approved the report and noted that future reports would focus on the strategy moving forward, including updates on the component parts of the AMS. As such, this report should be read in conjunction with the Service Design report on the agenda of this meeting.

4. Main report

4.1 Investments Workstream

- 4.1.1 The original business case recommended the implementation of a clear investment strategy to be applied to the existing portfolio to produce a smaller, more focused and better performing portfolio. A further key element of this strategy was the move from concessionary rental agreements to market rents.
- 4.1.2 The cumulative savings for the AMS, related to the optimisation of the investment portfolio over a 5-year period, was £2.1m per annum, and although the income/financial benefits targets have been achieved, limited benefit could be credited to the original business plan.
- 4.1.3 Optimisation of the Investment Portfolio was achieved on a strategy of income maximisation through commercial management of the portfolio. The strategy moving forward was approved by Committee on 23 May and will continue as business as usual for the management of the portfolio with a proactive approach to the identification of lease events (rent reviews/lease expiries).
- 4.1.4 In respect of concessionary lets, where possible, efforts have been made to transfer properties which are let on concessionary arrangements to market value. These will be required to be considered on their own merits, on a case by case by Committee.
- 4.1.5 In summary, income maximisation will be the key focus but has to be managed against risks inherent in any property portfolio. For example, the recent liquidation of the Jamie's Italian restaurant chain has created a £300k in year pressure.

4.2 Asset Condition

- 4.2.1 The Asset Management Works (AMW) Programme was approved in February 2018 with a five-year budget totalling £118.9m to identify, plan, commission and deliver the capital Asset Management works. The AMW Programme has been developed to upgrade the condition of the Council's operational buildings to a condition of satisfactory or above and to address the backlog of maintenance issues over a 5-year period (2018/19 to 2022/23).
- 4.2.2 As reported to Committee on 23 May 2019, the first year (2018/19) of the five-year AMW Programme is now complete with good progress being made. The actual capital spend under the programme in 2018/19 was £21.29m, surpassing the approved 2018/19 budget of £17.57m by 21%.
- 4.2.3 Works are continuing for the 2019/20 planned works and are progressing smoothly with £9.66m actual spend as of the end of June 2019. The budget has increased considerably to £30m in 2019/20 and the main challenge in the coming year is to ensure that the planned works are delivered on time and to budget while minimising disruption to the operational properties as the majority of the works so far have focused on upgrading primary schools.

4.2.4 Although the works are phased over a 5-year period and with only full year 1 complete, ongoing improvements in asset condition are already evident as a direct result of the AMW Programme work. An annual detailed report will be presented to Committee in May/June each year.

4.3 **Estate Rationalisation**

The Service Design programme, looking at services and assets in individual communities, is being progressed in the Gracemount/Southhouse/Burdiehouse area as a pilot. A separate, more detailed, update report on the Service Design approach is on the agenda of this Committee.

4.4 **Facilities Management**

4.4.1 The transformation of the Facilities Management service continues with the recent completion of a review of Cleaning Supervisors across the city. An operational review of the Council's 750 cleaning staff is currently underway.

4.4.2 It is now 12-months since the launch of the new janitorial service following the review undertaken. Weekly meetings and customer feedback processes have been established with the main customer group, the Communities and Families Directorate. One of the important drivers behind this review was to upskill the workforce through the introduction of technology and modernised ways of working. One of the intended benefits was to enable staff to carry out minor repairs and maintenance duties in schools (such as the replacement of toilet seats) which previously would have been reported to the helpdesk and outsourced to contractors. Between August 2018 and 2019, over 2,000 such jobs were carried out by in-house staff which would have previously been carried out by external framework contractors to a value of circa £300,000.

4.5 **CAFM**

Significant progress has been made with the introduction of the Computer Aided Facilities Management (CAFM) system over the last two years. Following successful implementation of the Janitorial Model and the significant investment made in upskilling the staff, a mobile enabled service has been implemented which provides over 200 members of Janitorial Staff the ability to report Health and Safety issues identified on site direct to the FM helpdesk and allows the FM service to audit H&S checks undertaken on a daily basis. Over the next 6 months, the focus for the CAFM programme will be supporting the Hard FM re-procurement.

4.6 **Conclusion**

4.6.1 As previously reported, there is a direct correlation between the size of the Council estate and the increasing financial pressures associated with staffing, maintaining and repairing these properties.

4.6.2 Creating a financial sustainable P&FM business plan moving forward will require the closure of existing properties. There is a desire that any closures should be strategic and service led and the new approaches taken to engagement with local communities and stakeholders over service design need to be operationally and politically embraced if they are to succeed in rationalising the Council estate to the required degree.

Failure to do so will result in forecast savings being underdelivered and front-line services being spread thinner.

5. Next Steps

5.1 The AMS business case identified significant financial and non-financial benefits associated with the asset management and Property and Facilities Management function that are in line with the wider objectives of the Council's Transformation Programme.

6. Financial impact

6.1 The initial AMS target was to achieve recurring savings of £6.2m pa by 2020/21, broadly split into three distinct but inter-related areas as follows: -

- the rationalisation of the operational property estate (£2.2m);
- the modernisation of FM Services (£1.9m); and
- the optimisation of the investment portfolio (£2.1m).

6.2 On top of the savings above, a further £1.339m of savings were subsequently approved for 2018/19. The pressure from unachieved savings in 2018/19 was largely mitigated by one off actions. However, the recurring pressure carrying forward results in a starting deficit position for 2019/20. To this, new savings proposals approved for 2019/20 and beyond have to be added, resulting in the current pressure of £2.660m in 2019/20, increasing to £4.952m in 2020/21, as shown below: -

ALL PROPERTY AND FACILITIES MANAGEMENT SAVINGS - SUMMARY	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000
SAVINGS TARGETS	800	1,600	7,139	11,477	14,195
RED	55	0	198	2,660	4,952
AMBER	15	(280)*	175	1,860	2,575
GREEN	730	1,880	6,766	6,957	6,668
TOTAL	800	1,600	7,139	11,477	14,195

*Relates to an unbudgeted recurring cost that was mitigated by additional savings in 2017/18

7. Stakeholder/Community Impact

- 7.1 Communications have been established with the Trade Unions and regular meetings are held in relation to transformation. Engagement across the Council and with wider stakeholder groups has been, and continues to be, widespread in relation to the re-design of the FM function.
- 7.2 With the main focus of the 2018/19 AMW Programme works being on primary schools, and with this trend continuing in 2019/20, the main impact of the AMW Programme on the stakeholders and the community so far has been during the works delivery phase. To ensure the works are delivered in a safe manner and that school disruptions are kept to a minimum, regular co-ordination meetings are held with Communities and Families representatives.
- 7.3 The service led design approach will see an engagement and communication plan developed for each core area and put to the Programme Board for approval prior to any community engagement or consultation taking place.
- 7.4 No negative impacts on sustainability will arise from this report.

8. Background reading/external references

- 8.1 [Finance and Resources Committee - 24 September 2015](#)
- 8.2 [Finance and Resources Committee - 26 November 2015](#)
- 8.3 [Finance and Resources Committee - 14 January 2016](#)
- 8.4 [Finance and Resources Committee - 17 March 2016](#)
- 8.5 [Finance and Resources Committee - 9 June 2016](#)
- 8.6 [Finance and Resources Committee - 29 September 2016](#)
- 8.7 [Finance and Resources Committee - 1 December 2016](#)
- 8.8 [Finance and Resources Committee - 23 February 2017](#)
- 8.9 [Finance and Resources Committee - 23 January 2018](#)
- 8.10 [Finance and Resources Committee - 12 June 2018](#)
- 8.11 [Finance and Resources Committee - 27 September 2018](#)
- 8.12 [Finance and Resources Committee - 1 February 2019](#)

9. Appendices

None.

Finance and Resources Committee

10.00am, Thursday, 15 August 2019

Service Design Programme Update

Executive/routine Wards Council Commitments	Executive All
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1. Recommendations

- 1.1 Committee is recommended to note the commencement of the Service Design approach and the progress achieved to date in the initial three core areas.

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Executive Director of Resources

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Service Design Programme Update

2. Executive Summary

- 2.1 This report provides an update on the progress of the service design strategy and the initial core areas being undertaken in phase 1 of the programme.

3. Background

- 3.1 In the Asset Management Strategy update to Committee in September 2018, members approved the revised strategy to deliver property rationalisation by focussing on service led design at local level and the re-provisioning and co-location of existing services into single sites whilst exploring the delivery of multi-service hubs. This was agreed in acknowledgement of the challenges in achieving property rationalisation due to political and community opposition and the fact that all “low hanging fruit” had previously been targeted. This report provides an update on the progress of this new strategy.

4. Main report

- 4.1 Since the last update activities have focussed on promoting the approach to elected members and senior management via a series of presentations and a workshop, which elected members were invited to in December. This workshop highlighted the principles of a user centric, service led approach based on data and co-design with service users and service providers in an iterative and participatory process.
- 4.2 An outline programme of core areas has been developed and is attached in Appendix 1. The programme is focussed on areas where service design can improve service outcomes particularly where there are multiple assets in proximity such as Gracemount. Areas of disadvantage are likely to have most potential for this approach, as they tend to historically have clusters of assets, and gain the most benefit from improved service outcomes. Some areas of new investment, such as the Wave 4 school replacement, are also included as they offer the opportunity to develop community hubs but it should be noted that some of the schools are in areas where there may be limited opportunity for relocation of services e.g. Trinity, Currie, Balerno. Draft timescales have been agreed with the Communities and

Families service on the Wave 4 programme but require to be finalised as each core area is progressed.

- 4.3 A governance and delivery structure and Programme Board has been established, chaired by the Head of Property and Facilities Management as the Senior Responsible Officer to which monthly highlight reports on each core area are presented. Three core areas have now commenced: Gracemount (the pathfinder), Trinity and Pentlands (Balerno and Currie).
- 4.4 The Gracemount pathfinder is currently well into the data gathering and analysis stage with the first phase of community engagement now complete. The full service design approach is being undertaken with Edinburgh University's Edinburgh Living Lab (ELL) undertaking the data research and analysis, and independent community design and engagement and service design specialists coordinating the engagement activities. The first community workshop was undertaken on 30 May 2019 and the draft outputs from this are attached in Appendix 2. The phase 2 engagement is now underway and has been designed to promote and test suggestions that could address the issues and findings from phase 1.
- 4.5 Two other core areas, Trinity, and Currie/Balerno (Pentlands) have now commenced. Due to the timescales principally driven by the Wave 4 Schools programme and fewer property opportunities, the same full approach as Gracemount (where ELL, community design partner and service design specialist are undertaking the data analysis and engagement services) was not considered necessary. As these two areas have limited property rationalisation opportunities, the focus is on understanding views on service provision and any scope for improvements.
- 4.6 A lighter engagement process is being utilised for these areas, selecting elements of the engagement techniques used for Gracemount to reach the wider community. Architecture and Design Scotland (A&DS), (who are the engagement partner for the Wave 4 programme), are facilitating these processes supplemented by inhouse resource.
- 4.7 A&DS are facilitating the engagement process for Trinity which is focussing on the Phase 1 of Trinity Academy and any opportunities to integrate community facilities into the Phase 1 development. It is anticipated there will be limited service design opportunities for Phase 1, with wider community engagement to be focused on Phase 2, once funded.
- 4.8 The Pentlands engagement has also commenced, again using A&DS for the first workshop which was held on 19th June. This was intergenerational event, where adults and teenagers worked in groups and shared feedback on the community's experience of accessing services in the area and their needs and views for future services. This event forms part of a wider series of engagement and will dovetail with the engagement specifically regarding the replacement of Currie High School. The event was designed to reach the wider community, often harder to reach groups such as older people who may prefer a daytime meeting. It is, however, the first, information gathering, stage in the process, and other events will be planned. A&DS have also had information sessions with the school community on Liberton High School.

- 4.9 Following on from the community engagement a project webpage is being developed to share the feedback.
- 4.10 This service design (data/co-design) integration approach requires specialist skills of an organisation like the University of Edinburgh, Edinburgh Living Lab to carry out data analysis, if the objective is to create a methodology for decision making based on data and co-design with the community, one that can be improved as lessons are learnt from projects and then replicated across other projects (and potentially wider council projects).

5. Next Steps

- 5.1 Once the data and engagement phases are completed for core areas and business cases and options developed, proposals will be brought forward for consideration. Other core areas are scheduled to commence in the autumn and updates will be provided to the Committee on a regular basis.

6. Financial impact

- 6.1 The estimated cost of the first pathfinder area in Gracemount is £55,000 and funding was approved by CLT in February 2019.
- 6.2 Further budget requirements for the other programme areas are now being developed.

7. Stakeholder/Community Impact

- 7.1 An engagement and communication plan will be developed for each core area and will be put to the Programme Board for approval prior to any community engagement or consultation taking place.
- 7.2 Elected members will be fully consulted, and invited to participate in, any service design proposals within their ward.
- 7.2 No impacts on sustainability will arise from this report.

8. Background reading/external references

- 8.1 Please refer to September 2018 (item 7.6) Finance and Resources Committee papers.

9. Appendices

- 9.1 Appendix 1 Outline Master Programme
- 9.2 Appendix 2 Gracemount Community Engagement Phase 1

OUR COMMUNITY: GRACEMOUNT, BURDIEHOUSE, SOUTHOUSE
**COMMUNITY
ENGAGEMENT 1**



KEY FINDINGS PHASE 1 ENGAGEMENT

GRACEMOUNT AS A PLACE

People like:

- The **Walled Garden**.
- **'The Dip'** and other green spaces.
- Amenity of local **shops**.

People dislike:

- The **street environment**: including presence of litter, dog poo, smoking, vandalism and anti-social behaviour.
- The volume of **traffic**.
- Poor **walkability**, including difficulty crossing roads e.g. at Tesco (Gracemount Drive) and Captain's Road north-south.
- The feeling of **neglect** implied by poorly maintained and/or old buildings, outdoor spaces and public realm.
- Existing assets, such as the football pitches, **not being utilised**.
- Difficulties finding a **parking** space.

What services/facilities are commonly used?

- **Tesco** and **Scotmid** (local users)
- **Leisure Centre** (local and regional users)

What do people feel is missing?

- A **'proper' library** with a better range of books and dedicated library staff.
- A **'proper' community hub**, located in the central Gracemount area.
- A **'proper' playpark** for young children.
- A **'proper' (large) supermarket** e.g. Lidl.
- Free **activities** for young teens (12-15yrs)
- A **youth centre / cafe**
- A **bigger swimming pool** with flumes, crèche and soft play at the Leisure Centre.
- More **green space**, including community food growing space.
- **Intergenerational** spaces.
- Better **promotion and support** for existing services (e.g. VPCC, Walled Garden).
- Pedestrian and cycle **connections** and a high quality, green, public realm.

GRACEMOUNT'S SERVICES

What motivates people to use the current services?

- **VPCC** - to socialise, learn skills, meet others in a positive environment.
- **Leisure Centre** - for health and fitness, to socialise as an informal local hub/meeting place (cafe area), use facilities (swimming pool, gym) or access classes (fitness, sports) not available elsewhere.
- **Library at SE Locality Office** - incidental use to pass time whilst waiting for appointments, or dedicated visits to read books or attend book groups.
- **SE Locality Office** - to access essential services (non-optional use).
- **Schools** (Kaimies / Gracemount Primary / St Catherine's Primary / Gracemount High) - compulsory educational attendance.
- **Gracemount Medical Practice** - essential doctor/clinic appointments
- **Libertus** - to socialise, eat together, activities, 'get out of the usual four walls'.

What pains/frustrations are there?

- The **cost of Leisure Centre** activities.
- Lack of a bigger swimming pool, flumes, crèche and soft play.
- Lack of **activities for young people within the central Gracemount area**. Particularly free activities, and a space for teenagers to spend time in the evenings/at the weekend.
- Limited Leisure Centre **cafe opening hours** (e.g. only Saturday morning at weekend).
- Lack of **dedicated library staff**, greater range of books, and family atmosphere at the library (within SE Locality Office).
- Oversubscribed **meeting rooms** and poor booking system at SE Locality Office.
- Lack of **maintenance** resulting in the Mansion closure, and football pitches falling into **disrepair**. Feeling of 'lost community assets' and the associated services these offered (e.g. youth services).
- Lack of **Centre Manager at VPCC**, or staff whose role includes welcoming people to the centre and promoting activities.
- **VPCC too far away** (Southhouse) to attract service users or be considered Gracemount's community centre. Young people less keen to access services here - the 'wrong' side of Captain's Road from central Gracemount.
- Old **primary school buildings in poor condition**. without appropriate facilities for staff/students. This limits additional services or activities that could be provided within the school building e.g. PEEP classes at St Catherine's Primary.
- Lack of **disabled/young family dedicated parking** at the Leisure Centre/Libertus.

GRACEMOUNT'S SERVICES

What works well now?

- **Gracemount Walled Garden** group deliver significant positive community benefits (socialising, healthy food, therapeutic/'green gym').
- Library creates a **positive pleasant waiting environment** for service users (SE Locality Office).
- Primary school staff are highly regarded, the main barrier to better service delivery being the **fabric of the physical school buildings**, in terms of their design, condition, age, and available spaces/facilities.

Aspirations for the future

- Some services would **work well together** (GP, healthcare/social care/families/leisure services), and some would **benefit from separation** (e.g children's library and Criminal Justice appointment attendees).
- Generally an aspiration to **work more closely with colleagues from other services**, co-locating as appropriate. This was felt to enable better, more coordinated service delivery and ease of access. For example, via a 'one stop shop' community hub incorporating relevant services, whilst also providing a space for young people and intergenerational community activities.

GRACEMOUNT'S BUILDINGS

Which buildings are the most/least used?

- Most used: **Leisure Centre**
- Least used: **VPCC**

How do people access buildings (transport)?

- Large numbers **drive**, particularly if coming from further afield to the Leisure Centre, Libertus or SE Locality Office. Parking is a significant and contentious issue.
- **Bus routes** along Captain's Road are felt to be positive, offering easy transport access to the services within central Gracemount. However, VPCC is felt to be too far off the main bus route to be accessible to all.
- Local users often **walk**.

Ideas for the future:

- Demand for replacement school for **St Catherine's as a priority**, and also soon Gracemount Primary School. Focus should be on ensuring these new buildings have enough rooms/facilities to meet staff/student needs.
- More **green space** / growing spaces.
- A **community hub** incorporating youth services / cafe and free activities.
- A better connected, **pedestrian-friendly public realm**. Linkages to broader cycling network.
- A solution to **parking** issues.
- Better use of **existing assets** (astro pitch, expand positive impact of Walled Garden).
- **Centre Manager role** at VPCC/promotion of activities.
- Employ more **local people** within the buildings/ services.
- Kindergarten, youth centre, community centre, or teaching kitchen/catering college at **Gracemount Mansion**. **Opposition** to this being sold for private flats.
- Transformation of **Stables Block** into local food cafe to accompany Walled Garden.





View of 21 Century Homes, Gracemount House Drive, near to Gracemount Primary School and Gracemount Mansion

OVERVIEW OF PHASE 1 ENGAGEMENT ACTIVITIES

AIMS:

- Reveal community users' **values/ motivations** regarding service delivery/building use within their neighbourhood.
- Reaching as **diverse** a range of people as possible by using a range of online/digital and offline/in-person methods, going to people where they are, and including activities that don't feel like 'consultation'.
- **Listening** to and learning from service providers/building staff.
- **Empathising** and understanding different people's experiences relating to the same services/buildings but from many different angles.

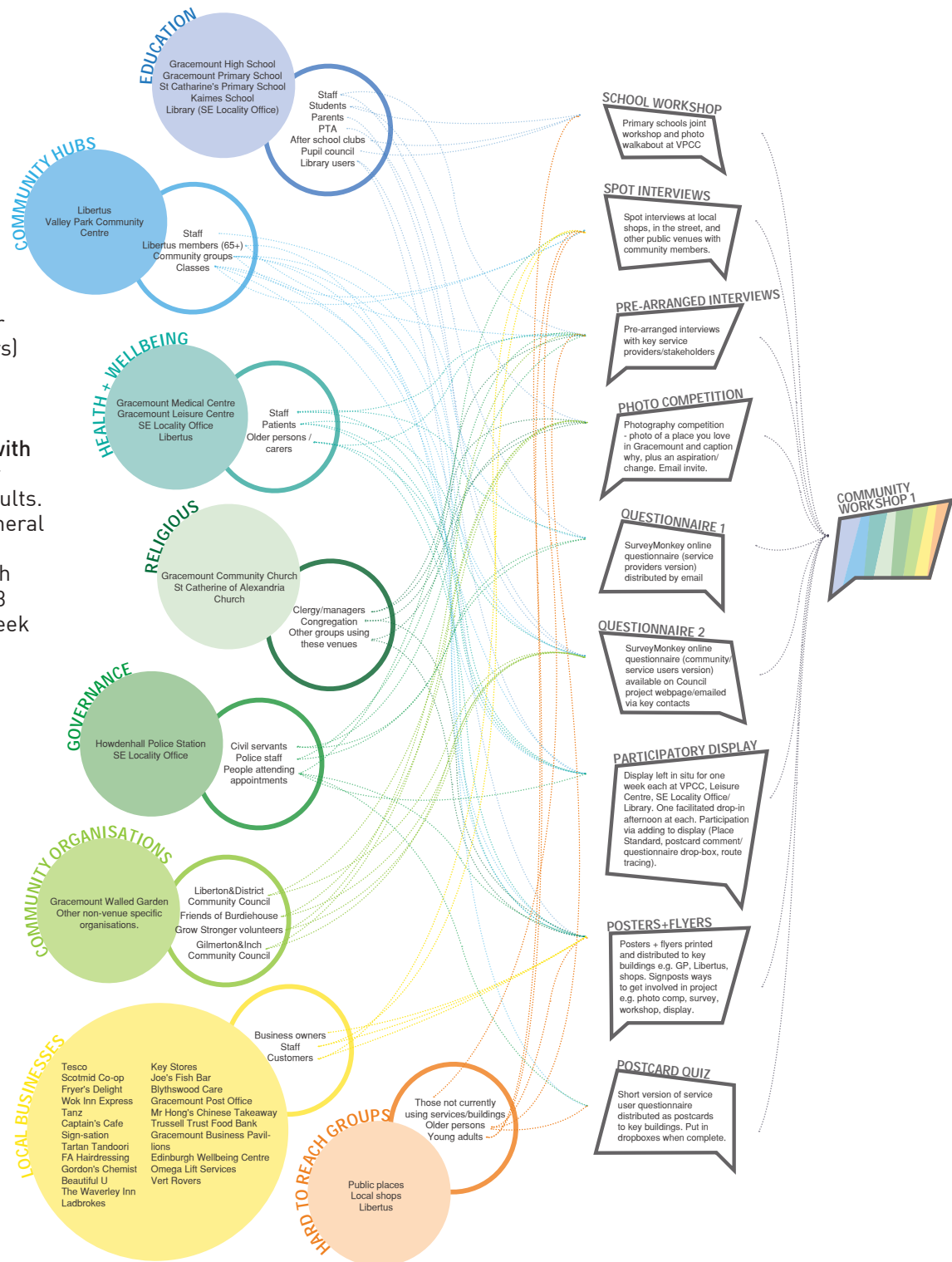
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DELIVERING VALUE BY:

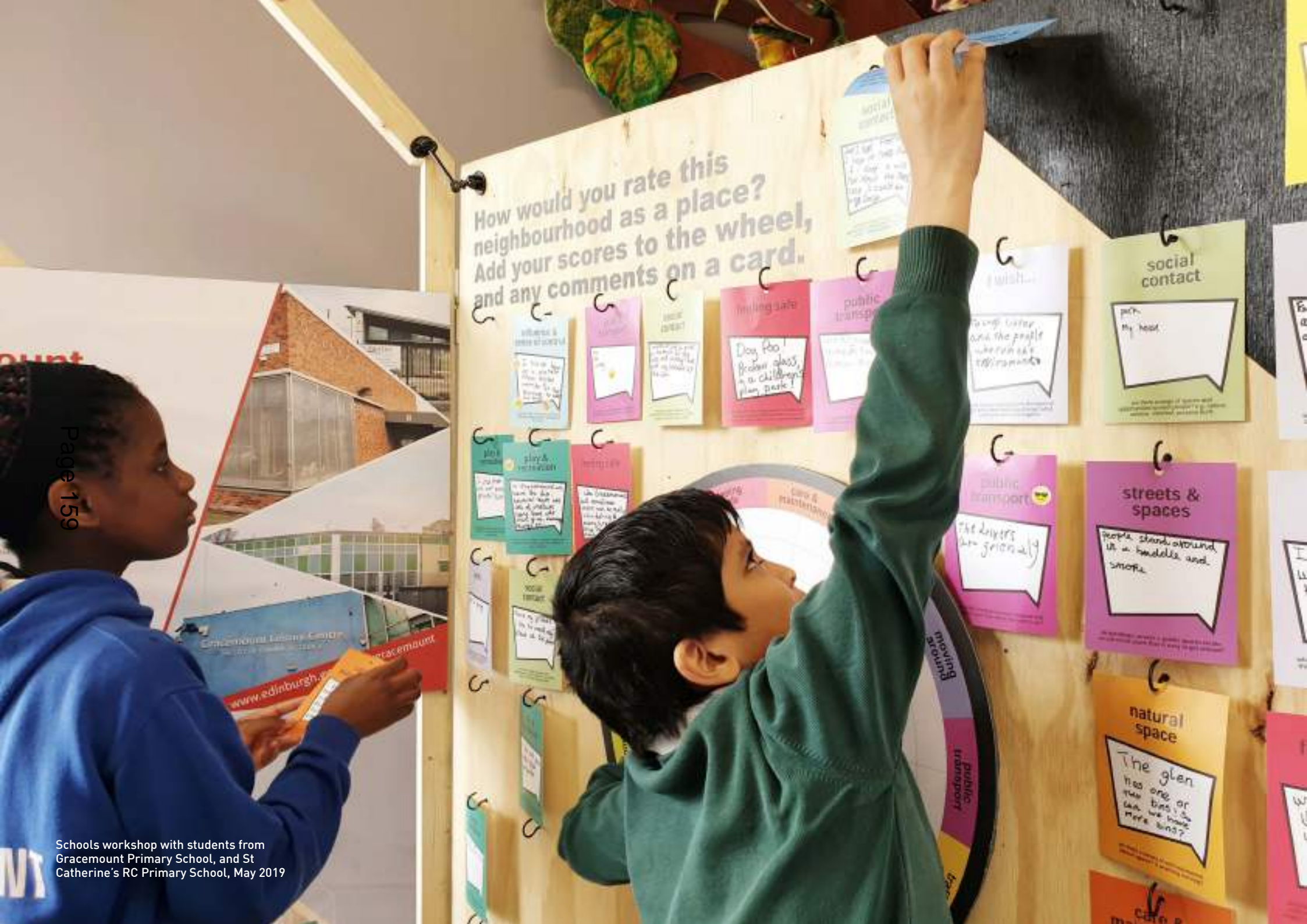
- **Synthesising** these different views across different Council departments, services and community groups to give a more complete picture.
- Highlighting **where there is already local capacity**, demand and enthusiastic people wanting to contribute to running services, just needing some support.
- Leading to solutions that best **address the actual issues in the most effective way**, and highlight where the opportunities lie that would have most impact locally.

ACTIVITIES:

- **Schools workshop**
- **Two online surveys** (versions for community and service providers)
- **Photo competition**
- **Pre-arranged interviews** (45-90mins) with service providers
- **Pre-arranged user interviews with hard-to-reach groups** e.g. older residents via Libertus, young adults.
- **Street 'spot' interviews** with general public in the area.
- **Moveable exhibition/display** with Place Standard wheel 'touring' 3 different local venues for one week each inviting participation.
- **Mini-survey** printed postcards
- **Posters** promoting ways to get involved.
- **Community workshop.**



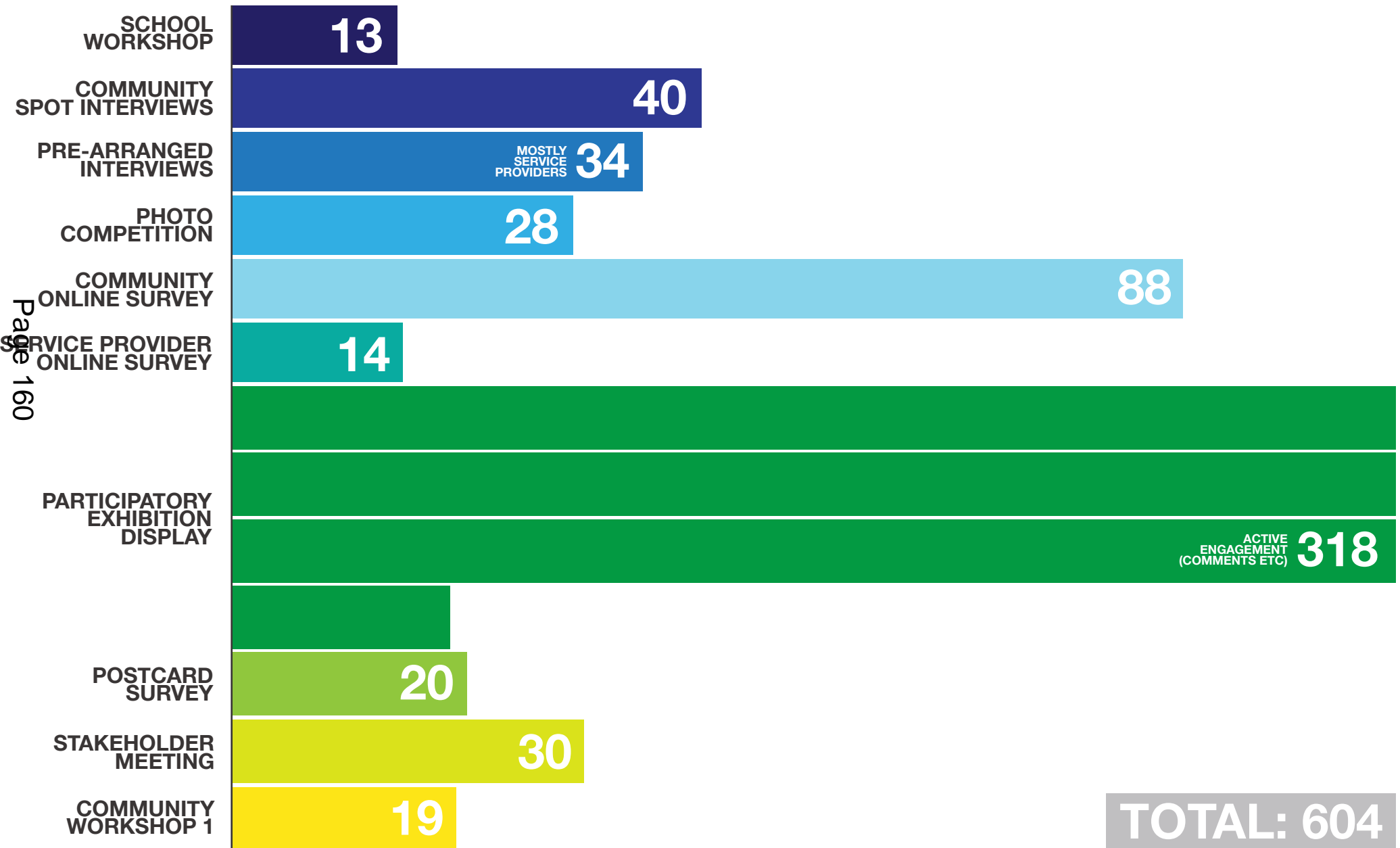




How would you rate this neighbourhood as a place?
Add your scores to the wheel,
and any comments on a card.

- social contact
- streets & spaces
- natural space
- public transport
- care & maintenance
- play & recreation

PHASE 1: NUMBERS OF PEOPLE ENGAGED



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INTERVIEWS

A key part of Phase 1 engagement were **interviews with service providers and community members / organisations**. Targeted in-depth interviews were complimented by 'spot' interviews with members of the public.

PRE-ARRANGED IN-DEPTH INTERVIEWS

Longer **semi-structured in-depth interviews** were pre-arranged with key service providers operating from Council-owned buildings in the Gracemount area. These contacts had been identified as part of the Community Profile process at the start of the project. By asking these contacts who else we should speak to, the list of stakeholders interviewed in this way grew, until we had spoken to 34 individuals / groups. This primarily included service providers (managers and front-line building staff) but also key community organisations/groups with a vested interest in particular buildings or spaces.

Each pre-arranged interview lasted between **45 minutes and 1.5 hours**. Interviews took place at a location/time best suited to each participant i.e. we 'went to them' rather than expecting them to come to us. Questions were based on the overall 'key questions' the wider project's community engagement plan aimed to address, but tailored as appropriate to the individual person, service/building, or context. This flexibility allows individuals to reveal additional insight or detail specific to their knowledge that it was not possible to anticipate in advance.

Interviews were audio-recorded to assist with note-taking. A **template consent form** covering how data would be used/stored was signed by each participant. This template is available for future applications. Audio files were anonymised and

stored in accordance with GDPR regulations, including deletion at project completion.

Participants were also provided a **project information sheet** covering project background, how to get further involved and hear back on the final project outcome. This is also available as a template for future Council projects relating to service design/property assets.

An **analysis spreadsheet** was set up to input interview data, coding each participant's responses into categories. Starting categories were defined by overarching key project questions, and added to themes emerged. This also allowed easy comparison of various interviewees' responses by theme.

SPOT INTERVIEWS WITH COMMUNITY MEMBERS

A total of **40 spot interviews** were undertaken. Typically, these are conducted by approaching **members of the public** 'where they already are'. For example, **in the street or at local shops**. This helps ensure a broader diversity of insight from the wider community, including hard-to-reach groups, rather than just those already using the services/buildings or heavily involved in local groups/services. This is also useful to help reveal why certain groups are not using certain services/buildings at present.

Front-line staff and those working in local shops were also targeted for informal impromptu spot interviews, to complement the pre-arranged interviews already conducted with (typically managerial) service/building staff. Front-line staff are particularly important to also speak with, as they see the day-to-day running of services and building operation first hand, and can provide particular insight into themes relating to barriers/frustrations/motivations for use of the service/building from the community or

service users' perspectives. Local shop owners also interact with community members on a daily basis so typically have a good feel for local sentiments about particular buildings, services or places, in addition to observations about adjacent public realm spaces.

Interviews were conducted on both a **weekday** (Thurs 18 May) and **weekend** (Sat 23 May) and at various times of day, to ensure the most diverse range of people were approached.

Verbal consent was used, and each participant was given a project information sheet (including other ways to get involved, and how to hear back on the final project outcome). Responses were anonymised. For spot interviews written notes were more practical than audio recording (which can make some participants feel uneasy and requires written consent). Interview data was input into the overall interview analysis spreadsheet under a separate tab to code each participant's responses by theme.

KEY



SERVICE PROVIDER INTERVIEWS

“

There are opportunities to work together on a masterplan for the area, connecting green spaces, connecting walks, to create a more tied together community. One of the biggest barriers to that at the moment is cars. ”

“

It's hard to recruit enough GPs [at the Medical Centre] to meet the demand. ”

“

Young people really need somewhere to play and hang out. The garden, woodlands and mansion have become an HQ for that. This green spot should be preserved for families/young children. And supported - financial, services. If you took it away, you're asking for trouble. Where would you displace that focus? ”

“

Valley Park closes early on a Friday but should be opened at the weekends and late on a Friday. The window shutters make the building look depressing and uninviting. You can't tell if the building is open or closed. They should create more awareness. Permanent staff are needed. ”

“

In terms of challenges, car parking is probably high on our [Leisure Centre] customers' lists. When the GP surgery and Libertus were built, and when Council introduced more of their staff here, the impact on car parking wasn't considered. We began to get a lot of problems, especially for our more infirm customers, and those with kids. Better car parking would make it more accessible. ”

“

Libertus' ambition is to be a community hub, with a wide range of services provided. ”

“

Gracemount needs a building that is open and functions as a youth club but with youth workers, a place for young people to hang out, with a cafe, but also get support for alcohol/drugs if in crisis as needed. A central place to be referred to. ”

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People come in to use the [Leisure Centre] cafe, without using any of the other services. It's a community hub. ”

“

There's a lot of criminal behaviour and people afraid to speak about it. There's gangs dealing drugs, using young people as couriers. Arranged fights between different gangs, teenagers drinking, knives stashed. There's an undercurrent of criminal activity in the area. Affinities between different areas. ”

“

Overnight Valley Park changed. When they removed the people that were qualified to understand the area: the Community Learning / Development workers, there used to be one in each community centre. That broke links with the community. ”

“

The key challenge at the moment is making (Kaimes) school's physical environment more student-friendly. ”

“

Young people tend to gather on the High School's astro, but that's not always safe. It's dark, and it's isolated, exposed, and no help around. So that can be a danger area. The young people want the lights left on in the evening so they can use the pitch. Otherwise they have to kick a ball around at the shops ”

“

Increasingly the services provided [in the SE Locality Office] are for vulnerable people. At the same time there has been a reduction in the management capacity of the library - so some of that developmental work in the library to keep it connected to the community - and as an asset to the wider community - have fallen away a bit. [...] Bookbug and other classes really transform the space, and have a really positive impact - both on people's behaviour and how welcoming the library and office feels. Perhaps there are different ways to re-energise and shape the library space, bearing in mind the vulnerable groups that are coming in. ”

“

The community centre (Valley Park) is too far into Southhouse, so it's not used by those in Gracemount. Southhouse, Burdiehouse, Gracemount are separate places. ”

“

The gym and Leisure Centre are unaffordable for young people and those on low incomes to use ”

“

The Mansion House could be an interesting community hub. ”

“ It doesn't feel good, reflect well on the area, when things are just left to rot (the mansion and football pitches). ”



COMMUNITY SPOT INTERVIEWS

“ We need a ‘proper’ community centre, and another GP. The current one it’s impossible to get an appointment at. There are lots of new homes, and not enough doctors to see everyone. ”

“ I’d like to see local people trained up and able to work here. At the moment its lots of professionals driving in from elsewhere to tell the local people what to do. Colonial. Patronising. It’s what always happen - the put the ‘professionals’ in charge of the poverty stricken people. ”

“ Young people want a place they can freely play, that’s not constantly supervised by adults but is safe. ”

“ It doesn’t feel good, reflect well on the area, when things are just left to rot (the mansion and football pitches). ”

“ That mansion was used for decades before us - a legacy. It’s been left in the deeds to young people. There’s a bike track there that the kids use, but it’s closed now. £1.5 million to repair and bring up to standard, or knock it down. The gardeners still use it. The primary kids. They love it there outside. [...] It’s a big loss to the community. [...] They tried to move youth services over to VPCC, but the kids won’t come here - it’s off the bus route, and outside of their territory - some of them come from Liberton. ”

“ It’s quite a run down area. It feels neglected round here. ”

“ Council didn’t maintain the Mansion properly - so now no-one can use the building. Such a waste. ”

“ I’d like to see outdoor spaces in Valley Park, and more opportunity for social ownership. ”

“ We need a place where families can go and do things together - a proper community centre. Accessible and affordable. And with classes on outside of working hours - it’s good for unemployed people that there are classes during the day, but if you’re working you can’t take your kids to them. They need to cater for those that do work as well. ”

“ I tried to get a room at Valley Park but couldn’t find a staff member who could help. The lack of organisation in the Community Centre was frustrating. ”

“ We need more areas for kids, like a bigger play area and a softplay. ”

“ I’d like Council to actually look after the area. Put down salt in winter and shovel snow *properly* from the disabled spaces. I remove litter, shovel snow so disabled people can get about. There’s only one bin for *all* these shops, and always litter overflowing. Council don’t care about us here - it’s always the same in this type of area - they just look after the posh areas because that’s where people complain more. ”

“ I’d never go to Valley Park - it’s too far and I went there once and the person on the front desk didn’t know what was going on - it’s not welcoming. So I never went back. ”

“ Gracemount needs a building that is open and functions as a youth club but with youth workers, a place for young people to hang out, with a cafe, but also get support for alcohol/drugs if in crisis. A central place to be referred to. ”

TOURING PARTICIPATORY DISPLAY

A bespoke exhibition display was built to invite participation from local people. This focussed on eliciting feedback on more general themes of 'place', in terms of the neighbourhood as a whole. This broader context helps set the scene in which the buildings/ services exist. For example, it helping identify other factors influencing service users' experience, or other gaps that exist in provision locally. This allows for a more joined up 'solution' as a project output.

The display was designed to invite participation without needing an attendant facilitator. It was situated in 3 locations for one week each during May 2019: Valley Park Community Centre, Gracemount Leisure Centre, and the SE Locality Office / Library. During that time, more than 318 people added their comments, scored their neighbourhood using the Place Standard wheel, or added route-mapping information.

The Scottish Government's 'Place Standard' tool was adapted for use

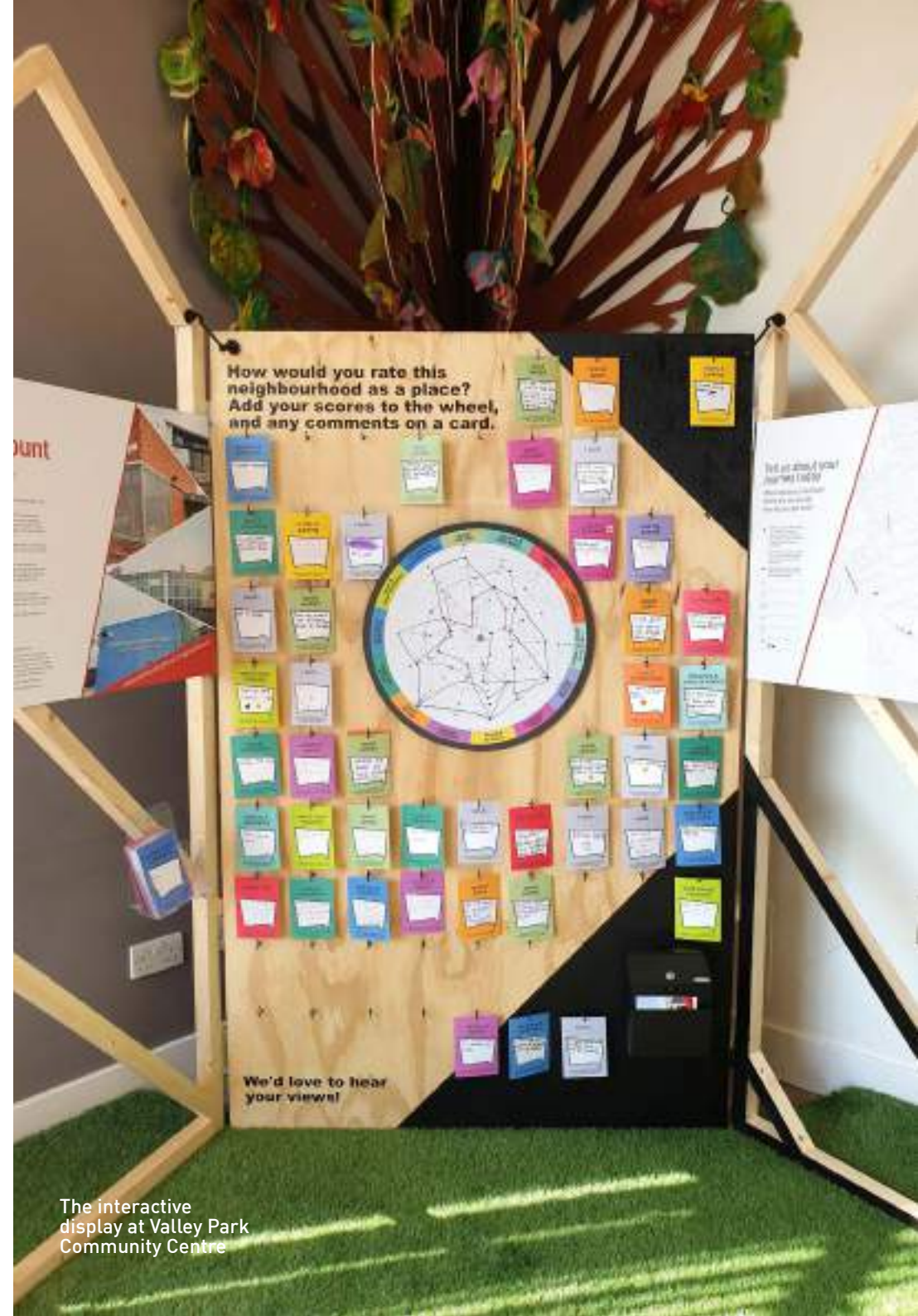
in the exhibition, via a spinning [Place Standard](#) wheel on which participants could score the Gracemount/Southhouse/ Burdiehouse neighbourhood according to 14 different categories. Comment cards were provided, for people to add their thoughts along these 14 themes. An additional 'I Wish' card helped capture and better understand local people's aspirations for the future of their neighbourhood.

Participants could also fill in a **postcard survey** about local services/buildings, and leave this in a black box mounted on the display. A **route-mapping** exercise inviting people to add where they had come from, were going to, and **mode of transport** was also included.

The exhibition display has been provided to the Council for **future use** within other neighbourhoods as part of the broader Service Design and Our Assets project. It will also be used for Phase 2 of this project to display photo competition entries and invite participation via a postcard survey.



The display at Gracemount Leisure Centre, May 2019



The interactive display at Valley Park Community Centre

PARTICIPATORY DISPLAY: COMMUNITY 'PLACE' COMMENTS

<p>housing & local community</p> <p>All the new housing will put more pressure on services. It's already hard to get a GP appt.</p> <p><small>do houses in the area support the needs of the community? is housing a positive feature of the area?</small></p>	<p>work & local economy</p> <p>I'd like more jobs, training and apprenticeships for local young people.</p> <p><small>is there an active local economy? are there opportunities for good quality work locally?</small></p>	<p>facilities & amenities</p> <p>There's no community hub in Gracemount. Valley Park is in Burdiehouse. I love swimming at the Leisure Centre.</p> <p><small>do facilities and amenities (the health, leisure, shopping, recreation etc.) meet your needs? are they easy to access?</small></p>	<p>play & recreation</p> <p>I'd like a bigger bike track. Leave the lights on at the big astro. Let us use the Leisure Centre pitches. More playparks.</p> <p><small>do you have a range of places to play and recreation? are there places for children or baby playparks?</small></p>	<p>I wish...</p> <p>More free activities and clubs for young people. More parks, a softplay, water flumes, less litter and vandalism.</p> <p><small>what are your aspirations for the future of this area? what would you change? what would you like to see happen?</small></p>
<p>streets & spaces</p> <p>It's difficult to walk due to all the cars. Traffic makes it hard to cross the street.</p> <p><small>do buildings, streets & public spaces create an environment that is easy to get around?</small></p>	<p>natural space</p> <p>I'd like more green space in the centre of Gracemount. Better maintained /connected green spaces.</p> <p><small>are there a density of well maintained natural spaces? is anything missing?</small></p>	<p>traffic & parking</p> <p>Streets are crowded with cars. Too many cars and not enough parking. Especially at the Leisure Centre.</p> <p><small>are there too many cars? do people take priority over traffic and parking?</small></p>	<p>public transport</p> <p>Gracemount is well served by bus routes. The drivers are very friendly.</p> <p><small>are public transport services frequent and reliable? does it get where you need to go?</small></p>	<p>care & maintenance</p> <p>Often glass, dog poo, litter on the pavement. Vandalism. It feels like no-one cares about outside spaces.</p> <p><small>are public buildings and common spaces well cared for? are there problems with litter, vandalism or dog waste?</small></p>
<p>social contact</p> <p>We meet at the Leisure Centre but the cafe isn't always open. We need more youth clubs.</p> <p><small>are there a range of spaces and opportunities to meet people? eg leisure, culture, informal, purpose built</small></p>	<p>influence & sense of control</p> <p>I don't like it when people smoke in our faces in the street. We have to walk past and can't do anything.</p> <p><small>do you feel able to take part in decisions and help change things for the better in this area?</small></p>	<p>moving around</p> <p>The pavement is very deteriorated and there are lots of potholes. It makes it difficult to get around.</p> <p><small>can you easily walk and cycle around using high quality routes?</small></p>	<p>feeling safe</p> <p>I don't feel safe. Gangs, shootings, motorbikes. I'd like more CCTV. Gang culture is a direct result of no community hub.</p> <p><small>do you feel safe in this area? are there any issues with security or different types of crime? are you happy to be seen in the area or do you prefer to avoid it?</small></p>	<p>identity & belonging</p> <p>Develop local social groups that young people can join. Territorialism limits social opportunities.</p> <p><small>does this place have a positive identity? do you feel you belong? do local groups help in bringing community together?</small></p>

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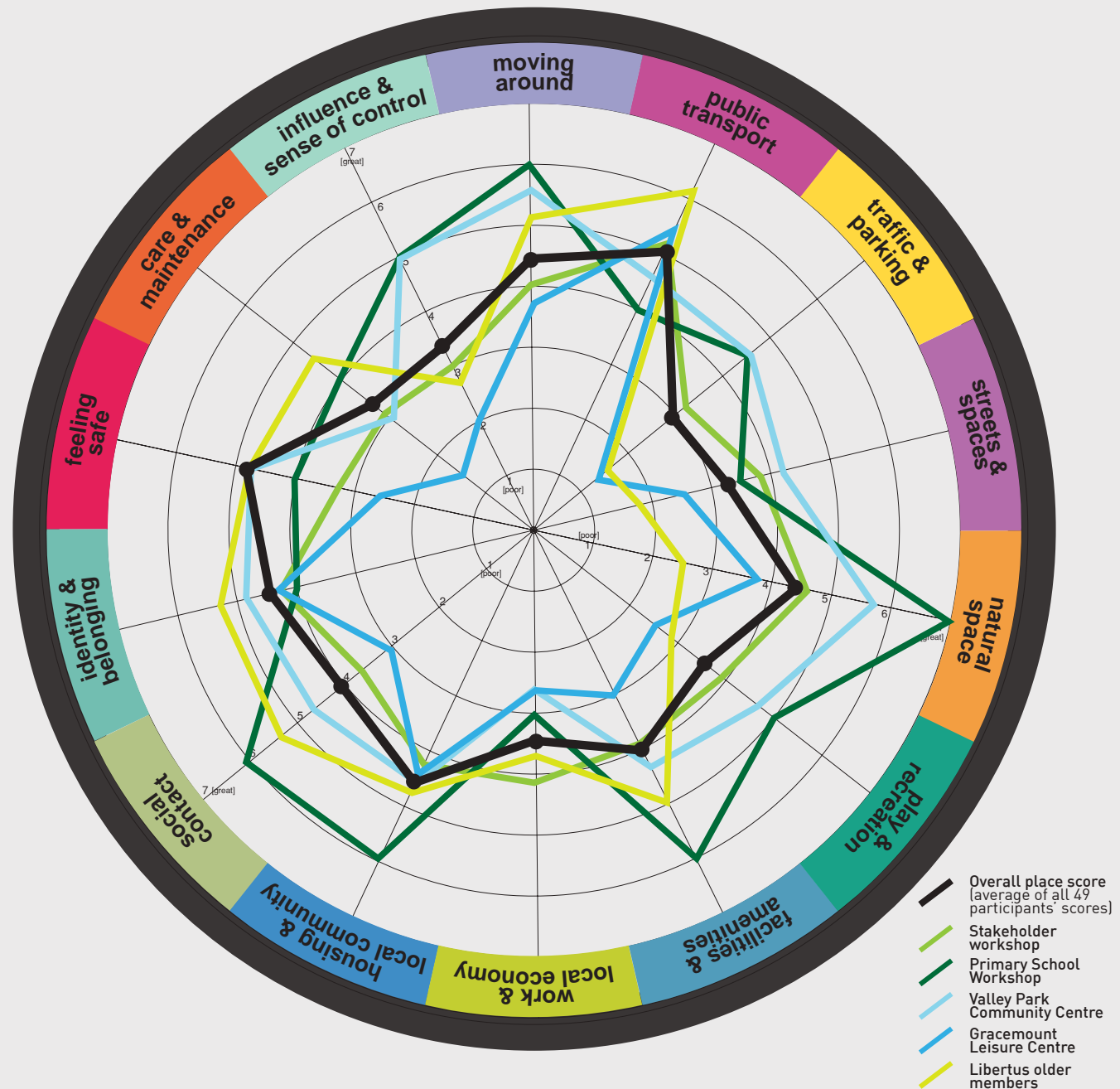
PARTICIPATORY DISPLAY: PLACE STANDARD FEEDBACK

The adjacent graphic summarises all 49 sets of Place Standard scores added to the participatory wheel during Phase 1 engagement. This includes participants' input whilst the display was situated in Valley Park Community Centre and Gracemount Leisure Centre, as well as targeted facilitated input from older community members at Libertus, the Primary Schools Workshop and initial Stakeholder Workshop (8 May). The SE Locality Office has not been included due to lack of participation at this venue. Due to sample sizes, this is only an indication of how some groups within the community may feel.

Public transport achieved the highest overall average score (5.11). This corresponds with positive comments about driver friendliness and proximity of multiple bus routes. Traffic and parking received the lowest overall average score (2.97). This is supported by comments regarding a car-dominated public realm, pedestrian difficulties crossing the road, and lack of sufficient car parking (particularly near the Leisure Centre).

Notable is the low score for 'traffic and parking' from Leisure Centre participants (1.4 average) - likely for this reason. Also interesting, is that the primary school children group gave the highest score for natural space (7.0). This corresponds with school-age children commenting they frequently spend time in the grounds of Gracemount Mansion, Burdiehouse Burn park and 'The Dip'. As a result, they may be more aware of and regularly use local green spaces, than - for example - the Libertus older members group, who conversely gave 'natural spaces' the lowest group score of 2.5, and typically are dropped at the door of Libertus by car/van direct from their home.

The group least satisfied overall with Gracemount as a place, were those visiting the Leisure Centre (average of 3.07 across all place categories). The most satisfied were the primary school children (average of 4.86 across all categories), despite giving the 'identity and belonging' category a lower score than any other group.



PARTICIPATORY DISPLAY: MODE OF TRANSPORT FEEDBACK

The participatory display incorporated a map allowing people to input the **mode of transport** used to visit that venue, as well as **where they had come from/were going to**. Data shown here relates to Leisure Centre visitors, as the high footfall of this venue resulted in the largest sample size.

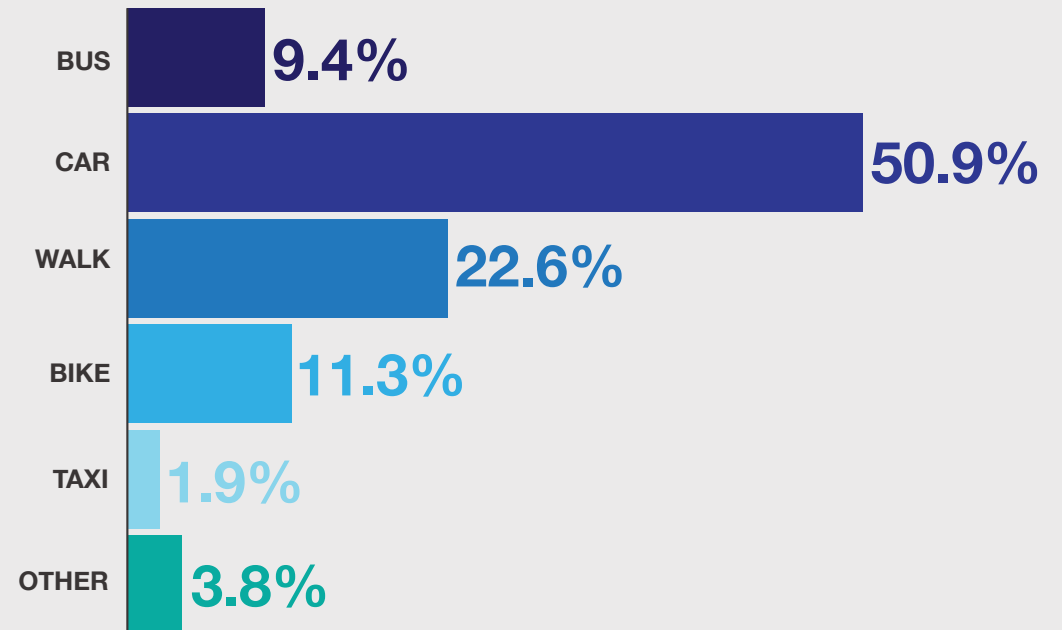
Destination mapping showed key public buildings/destinations visited in Gracemount, Burdiehouse and Southhouse as:

1. Gracemount Leisure Centre (by far the most frequently visited - as to be expected given the location of the display)
2. 'The Dip' and Burdiehouse Burn parkland
3. Gracemount Primary School
4. Tesco and Scotmid shops
5. Gracemount Walled Garden
6. St Catherine's Primary School

The **dominant mode of transport was driving by car** (50.9% of participants). This was supported by Place Standard written comments left on the display, which particularly focussed around a desire from Leisure Centre visitors for more car parking spaces.

The second most popular mode was **walking** (22.6%) - less than half of the car driving figure. This may indicate that just under a quarter of people visiting the Leisure Centre are likely to live locally. Following these two modes of transport were bike (11.3%) and bus (9.4%). A small number of participants arrived by taxi or 'other'.

Other destinations related to residential addresses or locations participants had boarded/disembarked buses.



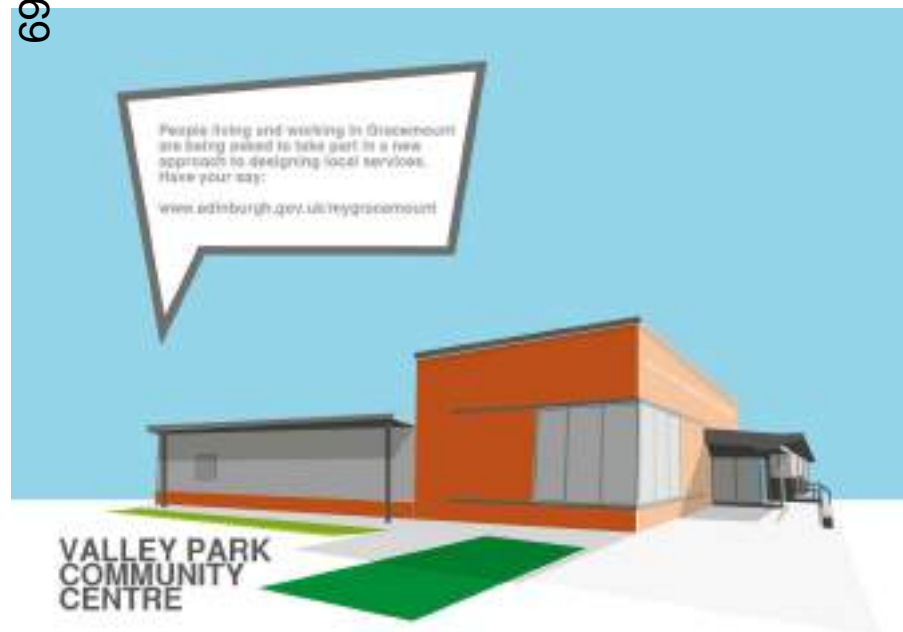
QUESTIONNAIRES / SURVEYS

A series of survey questionnaires formed an integral part of Phase 1 of engagement as part of the My Gracemount project (now called 'Our Community: Gracemount, Burdiehouse, Southhouse').

To help ensure the **widest diversity of people** could contribute their thoughts to the project, these were available both **digitally online** (promoted via the project webpage and direct email invitation) and via a **physical postcard**.

Hard to read groups, such as older residents - were targeted via additional facilitated sessions, working together with local group leaders (e.g. Positive Futures at Libertus), and via in-person conversations to ensure their input could also be captured.

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The local shops and welcome sign at Gracemount Drive

ONLINE SURVEY: SERVICE PROVIDERS

An online survey was created using Survey Monkey, **specifically targeted at those providing services**, or working from Council-owned buildings in the Gracemount, Burdiehouse and Southhouse area. Questions were based on the overarching project and engagement questions, including focus on which buildings/services people used, liked/disliked (and reasons why), and their aspirations for the future.

The online survey was **available for one month**, during May 2019. Service provider/building contacts identified during the Community Profile were contacted by email and invited to both take part themselves, and pass on to colleagues.

Total, 14 service providers filled in the survey. This figure is likely due to those the survey was emailed to having typically already spent 45mins-1.5hours speaking to us as one of the 34 in-depth interviews, and as such having felt they had already contributed their insight. The 14 respondents are therefore likely to be these key stakeholders' colleagues who had not already spoken to us directly. Most of those participating were from St Catherine's Primary School, Council's SE Locality Office, Gracemount Medical Centre and the Walled Garden.



Gracemount
Medical Centre

ONLINE SURVEY: SERVICE PROVIDERS_KEY FINDINGS

- Services located within the central Gracemount area were felt to have **good transport connections** by car (via the bypass) and bus (due to nearby bus connections/routes).
- Services needing to charge a fee were said to **exclude** those experiencing poverty, this is particularly pertinent given the area is SIMD 1/2, reducing service access to many local residents.
- Demand to improve spaces outside the buildings - in particular, **high quality outdoor public spaces** incorporating green space, playpark, running/walking tracks, and exercise equipment.
- Lifelong Learning's **Youth Talk and Street Work** have been very successful. Having community and school librarians part of the team also works well. There are strong relationships with Gracemount High School, and the locality office's Communities and Children/Families (social work) service. However, dedicated operational **budget for youth programmes** is needed, as well as additional staff resource to improve service delivery outcomes.
- **Gracemount Mansion and Walled Garden**
 - » **Positives:** Walled Garden and mansion grounds are a welcoming refuge for children, local people and wildlife, with the community garden a positive influence despite limited budget.
 - » **Negatives:** closure of the Mansion has resulted in a lack of facilities (toilets, cooking, warm dry gathering space) for garden volunteers/visitors. The building closure is starting to attract anti-social and unsafe behaviours around the mansion

structure. Repairs are also needed to a section of the Walled Garden which recently has become unsafe.

- » **Aspirations:** varies by stakeholder. Generally themed around utilising the mansion and/or grounds as a community resource if feasible, whilst acknowledging it may not be possible to utilise the Mansion building itself due to renovation costs. Ideas include a fully funded local third sector youth project within the Mansion building and grounds, development of a creative community space within the Mansion itself, and for the Stable Block to be transformed into a dynamic community run cafe/shop, training and educational space.

- **St Catherine's School**
 - » **Positives:** felt to have good pupil support, quality staff, and an inclusive and positive ethos.
 - » **Negatives:** safe, quality, outdoor green spaces needed for PE lessons and other activities. Separate dinner hall and activities hall needed. Lack of breakout spaces for additional learning activities. Limited space means constrained to single stream despite significant demand. Current building issues - water leaks, asbestos, lack of storage, dated IT equipment, poor sports facilities, larger playground needed.
 - » **Aspirations:** new school to address current buildings' failings, not to be located near a busy main road, and to have sufficient space (inside facilities and outside green space).
- **The Medical Centre**
 - » **Positives:** district nursing team is felt to have strong positive patient relationships.
 - » **Negatives:** patients queue outside in all

weather. Desire to form better connections with wider community/local projects and other service providers (current referrals through social care direct or online referral system restricting relationship development).

- » **Aspirations:** to develop closer relationships with local community groups and services, to be able to recruit enough GPs to meet demand.

- **SE Locality Office**
 - » **Positives:** having multiple services under one roof is seen as a positive, improving communication and service user outcomes.
 - » **Negatives:** conflicts between different users in the waiting room/library space (e.g. children visiting the library and sex offenders waiting for appointments with Council staff). Demand for more meeting room space to meet clients, and with additional security features. Busy reception can mean delays between service users arriving and staff being alerted they are here. "Tired-looking" building exterior off-putting to users. Library perceived as "in the Council office" so not used by young people.
- **Valley Park Community Centre**
 - » **Positives:** excellent facilities, potential and capacity for increased use.
 - » **Negatives:** Poor location, away from bus routes and too far into Southhouse to be safely accessed by those from wider Gracemount. Lack of full-time centre manager or community development staff limits promotion of existing services delivered within the building, and means visitors are often unclear who to speak to on arrival or what/how they can get involved.

ONLINE SURVEY: SERVICE PROVIDERS

“ It is really important to keep green spaces such as the walled garden as this is such an important local resource. ”

“ Better networking with local community services and groups would mean we are more engaged with what is going on locally. Communication between different sectors is not great. We visit people who are house bound so we have good connections with people on a personal level but we are not well connected to the local community/local projects. [District Nursing at the Medical Centre] ”

“ There needs to be a limit on how many services can realistically be based in the Council office and still be able to deliver a service. ”

“ Leaving the Mansion House vacant is inviting anti social and criminal activity into Gracemount. ”

“ The areas around the buildings need more attention - picking up rubbish, plants, signage etc. Looking nice encourages pride in your local environment. It doesn't look well cared for. Better play area for kids. Adult outside exercise equipment and walking/running track incorporated into the kids' play area and green space. More trees, planters with flowers etc. ”

“ A better swimming pool with more adventurous attractions for older teenagers - like the Olympia in Dundee. Flumes, diving boards, inflatables. But affordable. Better and cheaper gym access. A place where teenagers can hang out without disturbing others, lit at night. ”

“ There should be a centre solely for young people, that doesn't have to be shared with other users who might disapprove or feel intimidated, staffed all the time with a team of full time youth workers ”

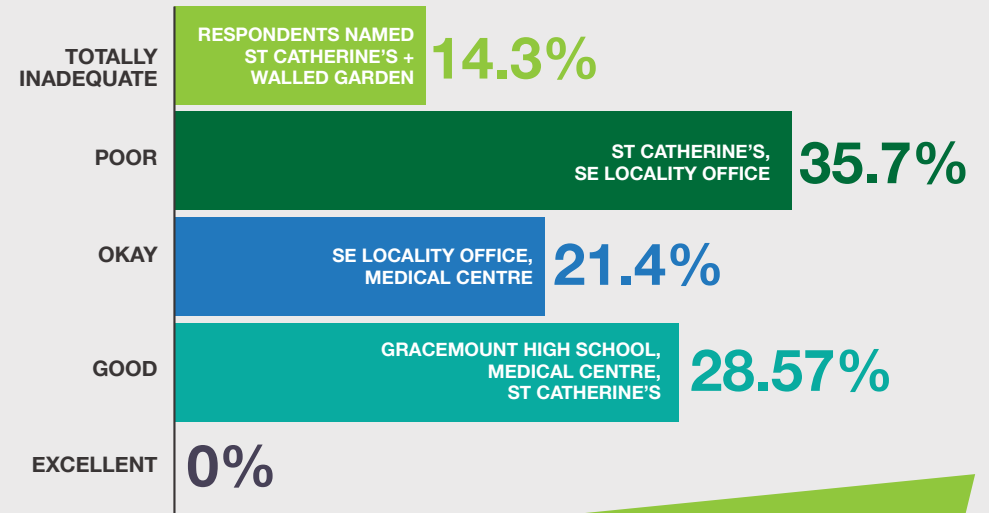
“ I think that Gracemount House has the potential for being a dynamic and creative space which is much needed in the area. I would like to see health services working alongside the local community and collaborating on creative solutions to local problems. A shared space for working would be fantastic. ”

“ Captain's Road [SE Locality Office] is an adequate office space for staff but lacks meeting space and is not young person friendly. The library is not seen by them as a place they want to go, unlike Moredun and Gilmerton libraries. It is perceived as being 'in the council', not 'n the community.' ”

“ It would be good to have touch down desks in the West Wing for 3rd Sector Staff, so they could work from here. This would improve communication with EHSCP and thus improve services. It would be useful to give EHSCP Council staff access to Gracemount Medical Centre with a fob, so they could easily access their DN colleagues. ”

“ Libertus is a great service. But what can we do for the well being of younger residents too. How do we tackle loneliness and social isolation for all ages? Can we do cross generational work? ”

How would you rate the physical building you deliver a service from, in terms of meeting the needs of service users and the community?



ONLINE + POSTCARD SURVEY: COMMUNITY COMMENTS

ONLINE SURVEY: COMMUNITY + SERVICE USERS

An online survey was also created using Survey Monkey, **specifically targeted at service users and local community members**. Questions were based on the overarching project and engagement questions, including focus on which buildings/services people used, liked/disliked (and reasons why), and their aspirations for the future.

The online survey was **available for one month**. The survey link featured on the My Gracemount (now 'Our Community') project webpage (www.edinburgh.gov.uk/mygracemount), and was promoted via council social media, posters and illustrative postcards distributed and displayed in public buildings and local shops, as well as a direct link emailed to key stakeholders identified in the Community Profile for further distribution to their networks. For example, schools sent this on to their mailing lists of parents. In total, **78 community members** filled in the survey.

POSTCARD SURVEY: COMMUNITY + SERVICE USERS

A **printed postcard short version** of the same survey was also produced. This was widely distributed to public buildings and local shops around the Gracemount area, as well as provided direct to leaders of hard to reach groups/activities to encourage their participation (for example, older residents, teenagers).

In total, **20 postcard surveys** were completed.

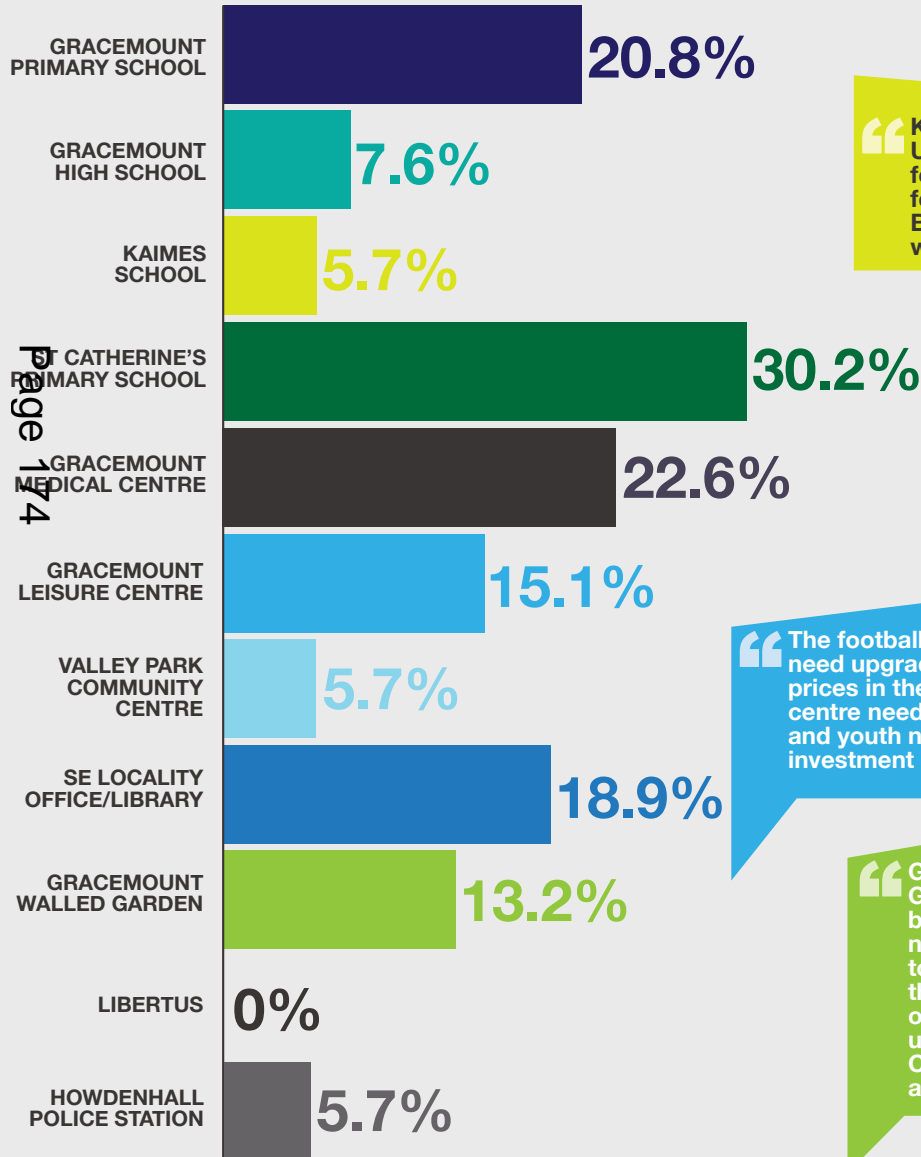
KEY FINDINGS

- The **most popular service was 'swimming at the Leisure Centre'**, with 61.3% of online survey respondents saying they used this service. The gym (32%) and fitness classes (26.7% of respondents) were also popular.
- The **Medical Centre** is also well used - with 46.7% of online survey respondents using this service.
- Schools were also **heavily used services by those responding to the survey**. 85.4% of online respondents or their family members attend Gracemount High School (16%), Gracemount Primary (36%), St Catherine's Primary (30.7%), or Kaimes School (2.7%). This overall figure was lower for postcard survey respondents (39%), many of whom were older members at Libertus that live in Liberton or other school catchment areas outside of Gracemount.
- The **library** within the SE Locality Office was used by 33.3% of respondents, and Grow Stronger at the **Walled Garden** by 17.3%.
- Other services **were less well used**. For example, no respondents to the online survey or their family stated they attend ESOL or Rag and Roll at Valley Park Community Centre, or use Transport Services at the SE Locality Office.
- The online survey showed 0% of respondents using Positive Futures and various 50+ clubs at **Libertus** (likely due to this being digitally available). This was **balanced by the postcard survey filled out in person**, which showed the majority of respondents both using Libertus and specifically naming it as the reason they liked Gracemount.
- **47% of respondents to the postcard survey** also stated they used **Valley Park Community Centre** - a higher proportion than the 28% of online survey respondents.
- There was broad **support for clustering relevant services**, but an awareness some services have value in separation. For example, a dedicated library as part of a community hub including family/children's services would be appropriate, but combining this with Criminal Justice services where appointment attendees spend time in this space would not.
- Opinion was divided whether a **youth centre should be a standalone space** dedicated to youth and youth services - or **incorporated** within a community hub.
- Concern regarding **impact of new housing** on existing services already felt to be over capacity.
- Strong demand for a **multi-functional integrated community centre and/or youth centre within central Gracemount** that incorporates relevant families/children/healthcare/social work services and a **'proper' library**. An intergenerational space which provides free activities and a safe place for young people to spend time in the evenings as well as during the day. A focus on employing local people as a core part of this centre/these services.
- Strong demand for the **Mansion and Walled Garden to be invested in, supported, and further developed as a community asset** and resource. Cited as a possible location for a new youth centre, community centre, cafe, or school/nursery, with continuation and further development of the Walled Garden and Stables as a growing space and social hub.
- Strong demand for **public realm improvements**, including overt focus on **green space, growing spaces, and sustainable travel** (walking, cycling routes), rethinking of parking, and better connecting existing buildings/spaces. This includes possibilities of better connecting up land between the four local schools.
- Strong demand for **new primary schools to replace St Catherine's and Gracemount Primary** with purpose-built new schools away from busy main roads, with high quality outdoor play areas and sufficient internal rooms and spaces to meet demand for clubs, activities, dining and teaching.
- Demand for an **extension to the High School**.
- Demand to **reduce prices at the Leisure Centre** to better accommodate local low-income people, and invest in the football pitches to the rear of the building (either retaining these as sports facilities or for another community use).
- Demand for **dedicated Valley Park staff** to help promote activities and welcome service users.

ONLINE + POSTCARD SURVEY: COMMUNITY COMMENTS

WHICH BUILDINGS COULD BE IMPROVED? HOW?

In terms of the buildings listed below, are there any you dislike or feel do not work well for those using them at present?



“Kaimes needs rethought. Unattractive. Poor access for taxis. Poor environment for learning. Go see Broomlands in Kelso and what can be achieved.”

“The primary school and high school will be stretched with all the new housing as they're already struggling for space.”

“The primary school is just depressing. It's pokey and falling apart and old fashioned and ugly and spread out in a weird way, like someone ate a primary school and then vomited it out again.”

“Poor state of [St Catherine's] building, potentially unsafe for use. Too small for school population.”

“The Medical Centre is insufficiently resourced to meet the growing needs of the community”

“[Leisure Centre] does not bring the local community together and is too expensive for the area.”

“The football pitches need upgraded, prices in the leisure centre need slashed and youth need more investment in them”

“Dedicated library staff needed. The library has gone significantly downhill in the past year or two. Our son used to love going there to choose some books, but the selection is now very poor. Appears to be more like an office/help desk with a few books chucked in the corner now, rather than an actual library.”

“Limited private space for meetings, building not fit for purpose.”

“Gracemount Walled Garden is wonderful, but the mansion house needs urgent attention to support the groups that used to work out of there but are now unable to because the Council hasn't looked after the building.”

“The police station is never open at times I've tried to access it!”

“Library could be improved and bring back a community centre manager to Valley Park!!”

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ONLINE + POSTCARD SURVEY: COMMUNITY COMMENTS

HOW COULD BUILDINGS AND SERVICES IN GRACEMOUNT BE IMPROVED?

“ There's no enough places for wee ones like nice playgrounds in this area. ”

“ The neighbourhood feels neglected and devoid of any real sense of community. ”

“ The SE Locality and Library need to be two separate buildings. We don't use the library because of all the people hanging about in there waiting to complain about things, it's not a nice friendly atmosphere. Also the library is tiny and has a terrible selection of books. ”

“ Valley park community centre have a lot of great activities on for older people and adult learning. However, beside a drop in youth group on a Friday afternoon, the space is not being used for regular youth work. ”

“ I'd like to see more suitable places for children to play, new play park, outdoor gym etc ”

“ [St Cat's] School and staff absolutely amazing. But can't say same about building. Looks old and not safe. ”

“ Schools and community locations are short of space for services to work together and are often not open at the weekend or evenings when families might access them. Speech & Language Therapy could offer more support to families if there were suitable spaces to use. My service would like to make better use of these locations but limitations of space and accessibility cause problems and limit what can be achieved. Staff are keen but unable to be flexible. ”

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“ There is no community building in Gracemount as the Mansion House is closed at the moment. ”

“ Leisure Centre cafe should be open at the weekends! It's only open Saturday mornings. ”

“ I think that things would improve if Council imagined this was Morningside instead of Gracemount. If they provided services that they would provide for the more affluent areas. That should be the guideline. This area, and other poorer areas are not treated with the same care by the Council as the richer areas. ”

“ There needs to be a space for professional, focused youth work. There are so many vulnerable young people in Gracemount who would hugely benefit from regular, organised group work, as well as 1:1 work, which other youth centres in Edinburgh offer (i.e the Citadel in Leith, Canongate in town). There is very little for young people to do in Gracemount and a youth centre/youth work would help address this. ”

“ Thinking about place and clustering services together that people would need, for example, the doctors surgery with services for older people who may struggle to get between them due to accessibility issues. Social work services, housing, money advice should all be provided together, and Healthier Wealthier Children asks for pregnancy and maternity services to be delivered alongside money advice services - locating these in GP practices would be good to see. But overall there should be a greater offer for children and young people in the area - an extended offer from the leisure centre alongside other youth club activities and other opportunities. ”

“ There is much more potential in the Walled Garden, making more workshops, more activities. The Mansion should be repaired and used for community groups, maybe a Cafe.. It would be nice to have a steam room or some spa space in leisure centre. ”

“ I’d like to see more suitable places for children to play, new play park, outdoor gym etc. ”

Playpark adjacent to Gracemount Leisure Centre, Libertus and Tesco is limited in size and play opportunities and popular with both families and other young people at peak times.

ONLINE + POSTCARD SURVEY: COMMUNITY ASPIRATIONS

HOW COULD BUILDINGS AND SERVICES IN GRACEMOUNT BE IMPROVED?

“ Increase GP/ healthcare provision to meet local needs - incorporate community health/ leisure facilities and expand GP services. ”

“ More classes in Valley Park, and better used. ”

“ More things for kids to do cheaply. ”

“ The Mansion could be a great base for a kindergarten. ”

“ Parking on the east side of Gracemount Drive from the Medical Centre to Captain's Road should be banned. ”

“ Create basic community facilities (toilets, small kitchen, meeting and storage areas) for the Walled Garden in order that it continue its activities. ”

“ Separate areas for traffic and parking with community hubs containing all the core services arranged in family friendly and accessible buildings. Employing people in their own community to train and develop kids and parents to look after and service their own environments. Co-located nurseries and elderly care. Libraries, gyms and cinemas where all ages can spend leisure and learning time as part of their daily routines. ”

“ A new school building for St Catherine's which will accommodate the increasing number of children who will be moving into the vast number of new builds in the area. ”

“ I would like to see regular pavement cleaning outside the primary schools and nurseries. Seriously. You can't wear sandals on those pavements in the summer. And litter bins! ”

“ Improve the green space. There is nowhere in the area that is safe and age appropriate for school children and teenagers. There is a small play area at Gracemount leisure centre but is only suitable for young children. ”

“ A purpose built community centre that has capacity for all that is in it and a library that works well as a library rather than a space that becomes a waiting room. ”

“ Talk Gracemount up. Improve the environment. Collect the rubbish. Rethink access to public buildings. Use imaginative architectural and landscaping solutions. Be overtly sustainable. ”

“ I'd like to be able to get hot and cold food [at Valley Park Community Centre], and for it to be used to its full potential. ”

“ More things for kids to do, better facility in Gracemount, get rid of the mansion and built a multi purpose building for the community to use and get the kids off the streets. ”

“ Traffic management to divert away from schools/ pedestrian areas. ”

“ Investment into the burnt out Stable Block as a community-run cafe, bakery and training kitchen. Investment into the Mansion. Investment into the Walled Garden as a refuge for biodiversity, as a therapeutic space, as well as a source of seasonal organic ingredients for the community run cafe. ”

“ Expand school and health accommodation to house more family services and make them more accessible in the evening or at weekends. Give children and young people a safe place to go outside of school hours and also places where families can access health, education and leisure activities. ”

“ There is a huge amount of land between the four schools and a brilliant opportunity to create a community hub. Shared state of the art facilities and resources would enhance learning and opportunities. Would also improve links between professionals involved in safeguarding vulnerable children and adults as social work, teachers, police & health workers can be found in one place. ”



“ I’d like to be able to get hot and cold food [at Valley Park Community Centre], and for it to be used to its full potential. ”

Valley Park Community Centre is often quiet and appears underused, despite its facilities

ONLINE + POSTCARD SURVEY: COMMUNITY ASPIRATIONS

WHAT WOULD YOU LIKE GRACEMOUNT TO BE LIKE IN 20 YEARS TIME?

“ Good mix of housing including affordable, part owned and private. Sufficient schools, health facilities, leisure facilities and local shops , cafés etc to accommodate the significant increase in residents in this area. ”

“ More community spirit and a good reputation for youth activities. ”

“ Separate areas for traffic and parking with community hubs containing all the core services arranged in family friendly and accessible buildings. Employing people in their own community to train and develop kids and parents to look after and service their own environments. Co-located nurseries and elderly care. Libraries, gyms and cinemas where all ages can spend leisure and learning time as part of their daily routines. ”

“ For it to be a welcoming place to live, nice buildings to look at and that are being used to benefit those in the community. ”

“ Roads that you don't drive around in zig zags to avoid potholes. Roads are a disgrace. ”

“ An area well connected by sustainable public transport, new cycle routes and a pedestrian focus with high percentage of people in well paid work. New imaginative sustainably designed facilities using stone and wood. Natural areas with good, well-thought out landscaping. Clean and litter-free throughout. A mixed community in terms of age and wealth where people are supportive of each other. ”

“ Area around mansion landscaped and integrated with an active community walled garden. ”

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“ A thriving community where everyone feels valued and involved. Gracemount pioneering a new approach to education, leisure and social care. ”

“ To have good spaces for schools, youth clubs, groups for individuals and families, groups for older people, churches, activities. To have good infrastructure for the community rather than things being tagged on or squashed in to existing spaces. ”

“ Greener, more cycling lanes, less litter/fly-tipping ”

“ Education, health and leisure facilities that can provide for the expanded population of south Edinburgh. Increased use of available green space for leisure. ”

“ More clean and greener space, youth groups, adult groups. ”

“ Bigger swimming pool, new outdoor sports facilities, better affordable shopping facilities and a proper community Centre with community cafe, family and youth activities. ”

“ More local businesses, community projects, gardens and green space. ”

“ A new education/ community hub, with modern primary school facilities, sports centre and community facilities. ”

“ I hope that in 20 years, Gracemount is a place which offers young people opportunities to relate to each other, adults, and their community in a positive way. This could be achieved through a centre which seeks to provide youth work to all ages of children and young people, with all sorts of interests. As well as perhaps some parenting work and intergenerational work. There will be a lot for young people to do, which is affordable to families living in poverty in the area and inclusive to those with disabilities also. ”

“ More commercial enterprises should be encouraged to move into the area. ”

“ It would be nice if the whole place was clean. and those horrible shops were demolished. It's like living in Granton in the early 80s. Depressing and ugly. ”

“ Improved traffic management and parking controls to make life safer for all residents. ”



Gracemount Community Park,
adjacent to Gracemount Primary
School and Gracemount Mansion

PHOTOGRAPHY COMPETITION

A photography competition ran for **3 weeks during May 2019** as part of Phase 1 of the My Gracemount project. Participants were invited to contribute a photo of a place they love in the Gracemount area, together with a caption communicating:

1. the reason **why** they chose that place
2. an **aspiration** for the future of the neighbourhood

A total of **28 photos** were submitted. These were sent in to the project via a mix of:

- **the project email address** - promoted via posters, postcards, Council project webpage, and social media.
- **schools workshop** - which included a group photo exercise, enabling those without camera-phones to contribute.
- **in-person interviews** - where public spot interviews revealed someone would like to submit a photo of a place important to them, but did not have a computer/email address/camera-phone/SLR enabling them to do so.

A number of **key themes** emerged from the photos and captions submitted:

- The **importance of local green spaces**, including The Dip, Walled Garden, Mansion grounds, and Burdiehouse Burn Valley Park and Nature Reserve to local people of all ages.
- The important role buildings such as Gracemount High School can play in offering a **space for community events** and activities (e.g. 'Stage'n'Slam').
- The importance of **informal community meeting places**, such as Captain's Cafe, given the lack of other community centre facilities.

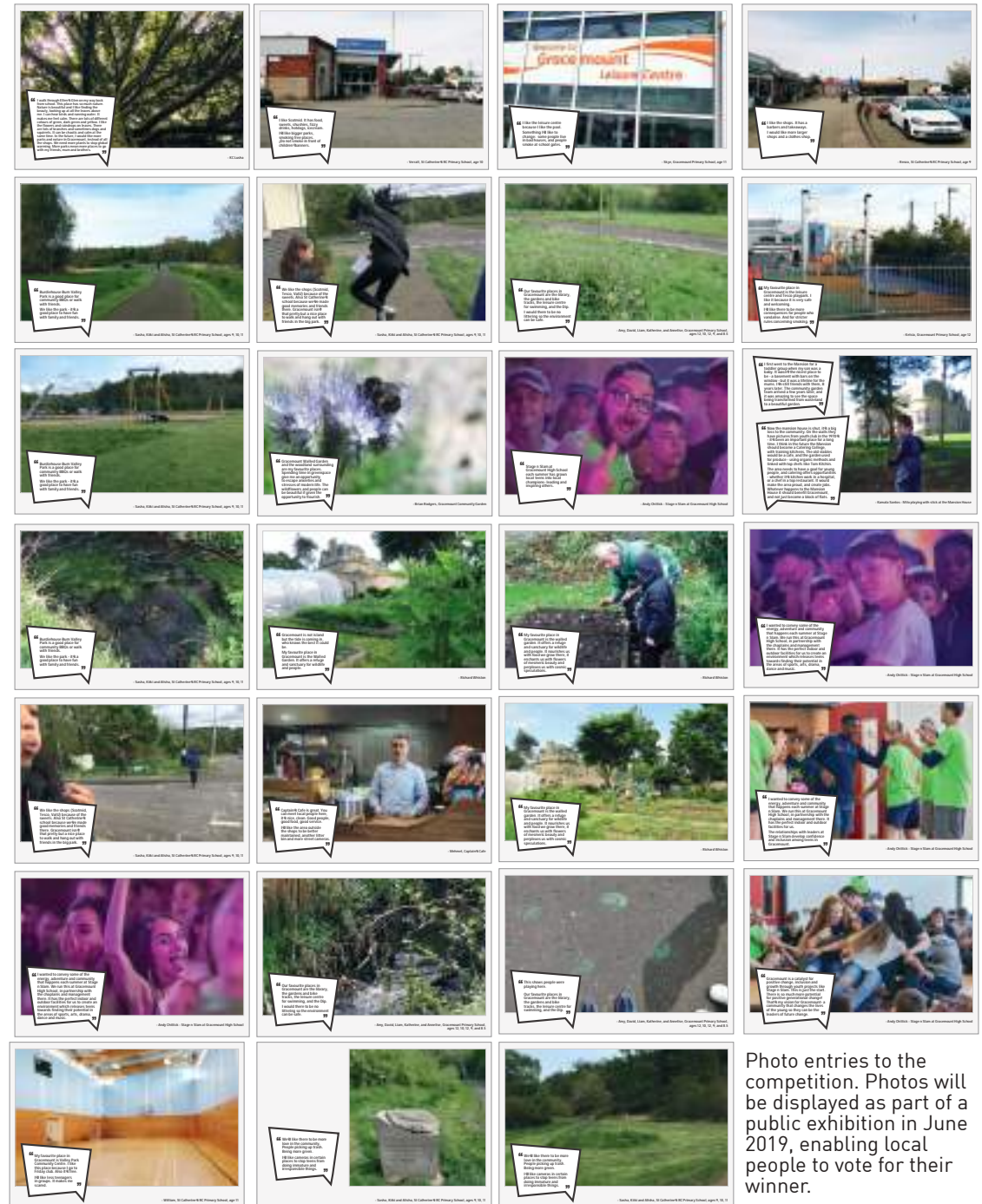


Photo entries to the competition. Photos will be displayed as part of a public exhibition in June 2019, enabling local people to vote for their winner.



“ I like the Dip because the equipment is not just for small kids. I'd like there to be a new pitch, a new bike track, a Cineworld, and after school club space. ”

PRIMARY SCHOOL WORKSHOP

A workshop was conducted in May 2019 with 13 students from **Gracemount Primary School** and **St Catherine's RC Primary School**. This was organised for early in the project's first phase of engagement to help gain insight from younger community members. This was particularly pertinent given the project's focus on schools.

The workshop included a **Place Standard** exercise including writing comment cards about Gracemount, Burdiehouse and Southhouse according to each category, and agreeing a group score for each using a spinning Place Standard wheel.

Large **A1 maps** of the area were used to add emoji stickers and annotation to reveal the children's feelings about various local places, buildings and services.

A **walkabout** exercise followed with small groups leading a facilitator around their favourite places in Gracemount. Each student was given a different role, including Note-taker, Journalist, Leader/Navigator and Photographer. **Photos** taken were entered into the broader project's photography competition.

KEY FINDINGS

- **Local shops** are extremely popular with primary age children for food.
- **'The Dip'** at Burdiehouse Burn Valley Park Nature Reserve is an important meeting place for young people.
- There is demand for more **bike tracks, green space, and youth clubs**.
- **Burdiehouse Burn Nature Reserve** is popular for family walks.
- **Smoking in the street, litter, vandalism, drug use, anti-social behaviour, and groups of teenagers** gathering in public spaces (including at 'The Dip') were felt to be negative aspects of the local environment that diminished feelings of safety, and prevented use of certain public spaces, particularly in the evening.
- The **grounds of Gracemount Mansion and Walled Garden** are a popular well-used spot for natural play, races and den-building.
- **St Catherine's School** is well loved by the students.
- Most children **walk to school** - living within 5-10 minutes walk.
- **Glass** on the High School astro pitch is a problem.
- The **library, High School and Friday drop-in at Valley Park** are well liked.



How would you rate this neighbourhood as a place?
Add your scores to the wheel,
and any comments on a card.

The display board contains several cards with the following headings: 'Public Transport', 'Safety', 'Green Spaces', 'Community', 'Public Transport', 'Safety', 'Green Spaces', 'Community', 'Public Transport', 'Safety', 'Green Spaces', 'Community'. The cards are arranged in a grid-like pattern around a central wheel.

My Gracemount

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ST. CATHERINES
P7

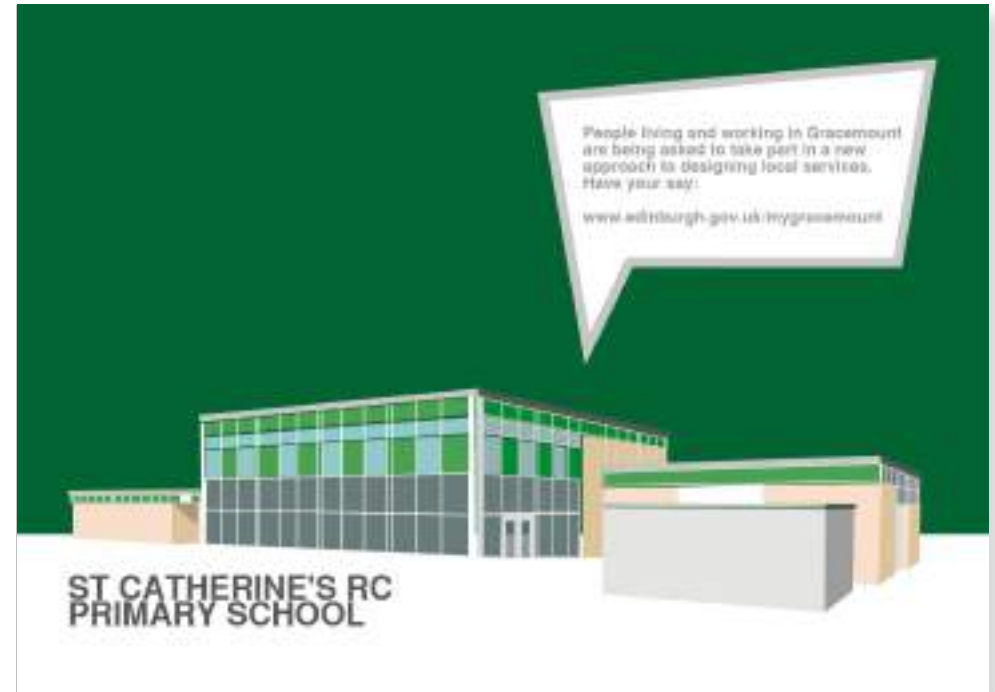
Primary school workshop. Each group sharing their views of the local area according to their comments and scores for each Place Standard category.

POSTCARDS / POSTERS

Printed postcards and posters were distributed to public buildings around Gracemount, Southhouse and Burdiehouse to promote the project, communicate the various ways stakeholders could participate, and offer an alternative printed version of the online survey.

These postcards and posters complemented online/digital engagement methods to help ensure the widest diversity of people could get involved in the project.

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PEDESTRIAN ROUTE-MAPPING: TRACING STUDIES

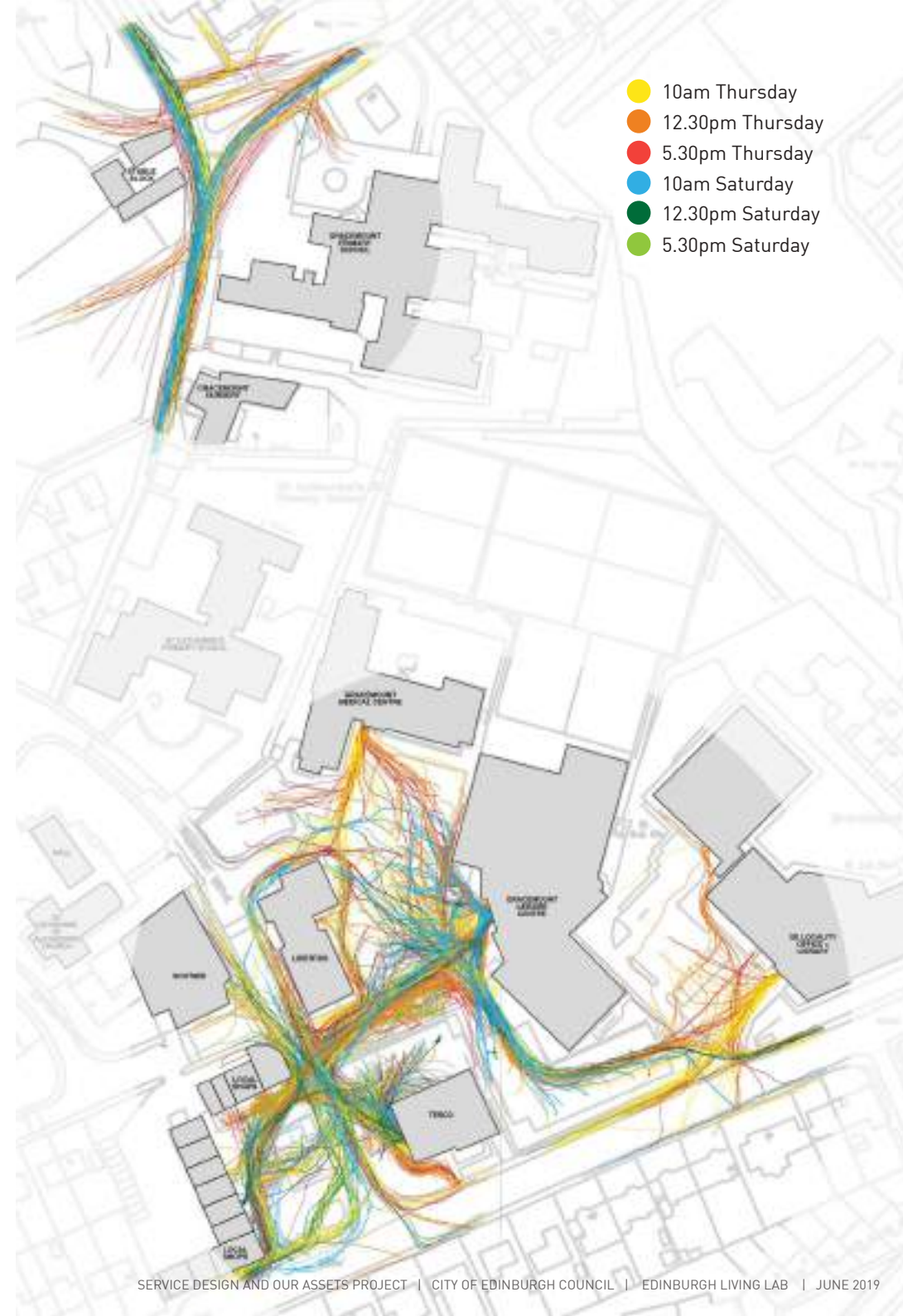
Tracing studies are a **direct observation** method used to map the routes that pedestrians use to move around the external public realm. This gives useful information about how service users are currently accessing public buildings in the local area. They also help reveal which routes are busiest, pedestrian desire lines, and any practical issues pedestrians experience moving around the area.

Tracing studies were conducted both a **weekday** (Thurs 23 May 2019) and **weekend** day (Sat 18 May 2019), at three times of day (10am, 12.30pm, 5.30pm) to give a better understanding of pedestrian flows throughout the day and week.

Studies were conducted at **6 locations** around Gracemount, for a 10 minute period each. Locations were chosen to focus on the central Gracemount service area and public realm due to the concentration of services and buildings. The pedestrian connection and Gracemount House Drive road near Gracemount Mansion and Gracemount Primary School were also focussed on.

OVERALL FINDINGS

- Tesco and the Leisure Centre are the two **primary destinations** for pedestrians in the area.
- The route with **heaviest footfall** is along the edge of the local shops, and through the pedestrianised footway between Libertus and the Tesco playpark toward/from the Leisure Centre.
- The **south/north pedestrian footway** between the Mansion and Gracemount Primary is also heavily used.
- The most popular location to **cross the road** at Gracemount Drive, is at this key desire line, moving between the north-east edge of the plaza in front of the local shops to/from the pedestrianised footway to the south of Libertus near the playpark. There is currently no designated pedestrian crossing point at this location, and frequently pedestrians were observed struggling to cross between cars.
- A large number of pedestrian journeys in the area **start or end by car**, particularly at the car park in front of the Leisure Centre and Tesco car park.



PEDESTRIAN ROUTE-MAPPING: TRACING STUDIES

FINDINGS BY TIME OF DAY/WEEK

- **Saturdays** were found to be busy with people in the morning but became significantly more quiet in the afternoon and evening. This corresponds with the Leisure Centre's peak period. On Saturday late afternoon and evening, young people were observed playing football on the concrete pavement slabs in front of the local shops and the takeaways started to become a popular destination.
- **Thursdays** showed a different pattern, with lunchtime and late afternoon rush hour particularly busy with pedestrians. The SE Locality Office / Library and Gracemount Medical Centre are only open on weekdays. This is evident from the pedestrian footfall which shows people only walking to/from these locations on weekdays, not at the weekend.

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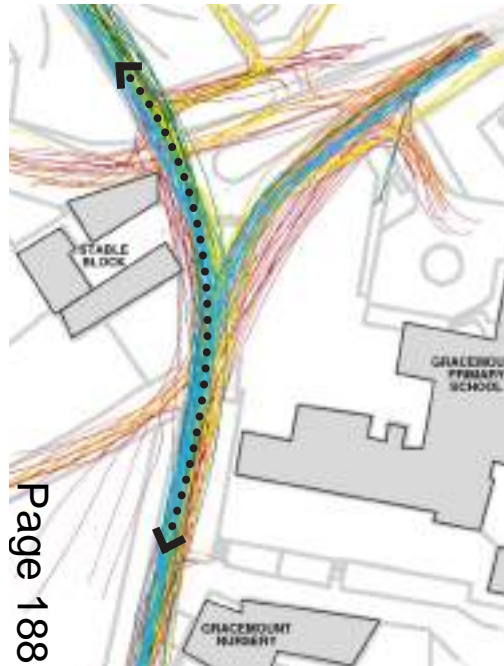
OTHER NOTES

Researchers observed large puddles build up to the south side of the car park between the Leisure Centre and SE Locality Office following heavy rain.

It should be noted that the Thursday observations coincided with the SE Locality Office being additionally used as a polling place. As such, more pedestrian flows may have been observed comparative to a 'normal' weekday.



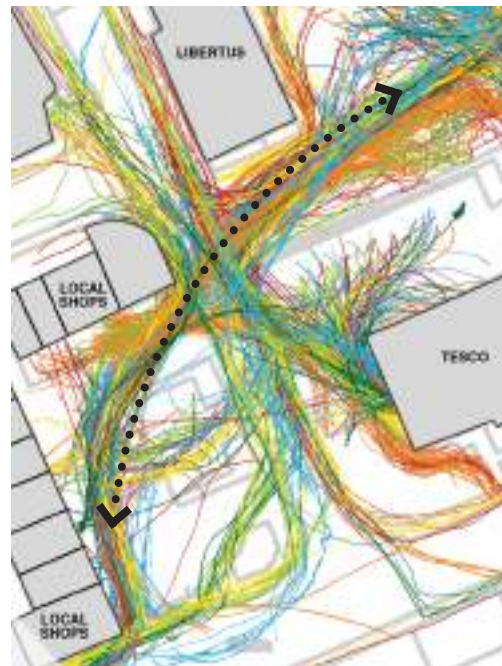
PEDESTRIAN ROUTE-MAPPING: TRACING STUDIES



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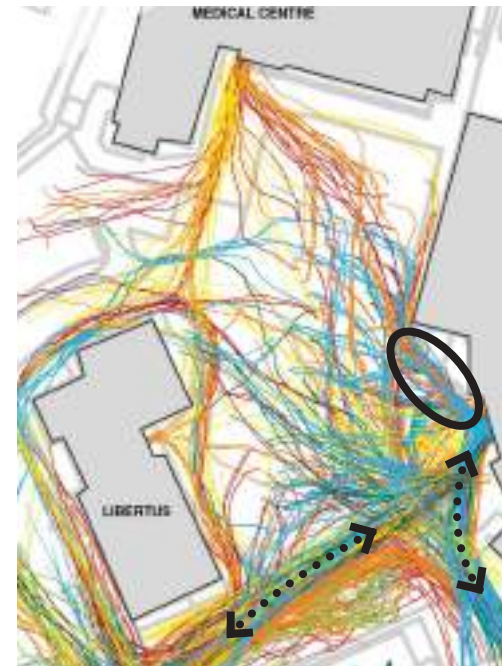
Gracemount Mansion, Walled Garden and Gracemount Primary School

- Very well used pedestrian route along west side of Gracemount Primary School, Gracemount Nursery and St Catherine's RC Primary School, connecting to housing to the north.
- This is a key north-south movement route between the services, shops and bus stops in the central Gracemount area and the residential area to the north.



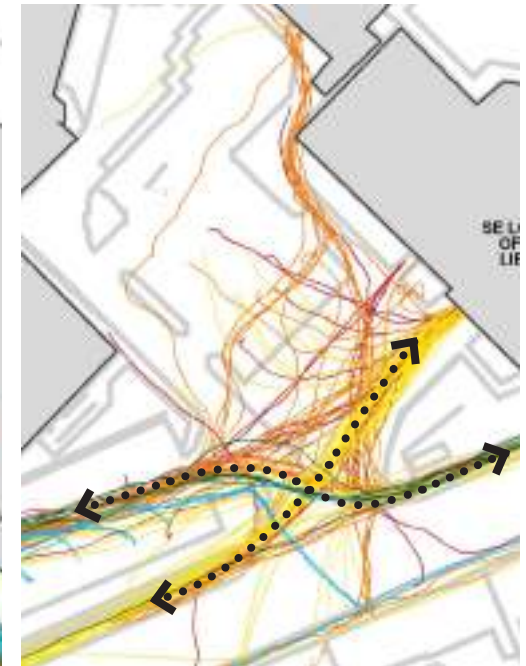
Local shops

- Heaviest footfall in the area falls along the pedestrian desire line between the west of Captain's Road and local shops, toward/from the Leisure Centre.
- There is also significant foot traffic to/from Tesco and the west side of Gracemount Drive. A large number of pedestrians also come from the Tesco car park having driven here.
- The playpark to the north of the Tesco car park is very well used by both families and young adults.



Leisure Centre, Playpark, Libertus, Medical Centre

- Main pedestrian flows to/from the Leisure Centre go to/from the car park to the south, the local shops to the south-west, or direct over the low walls to the car park to the north-west.
- The latter has become an informal route following pedestrian desire lines and is not facilitated by the existing pedestrian infrastructure. Instead pedestrians hop over low walls and planted areas to shorten their route between the north side of the central car park and Leisure Centre doors.
- A large number of pedestrians start/end their journeys in cars in this central car park.



SE Locality Office and Library

- This area is much quieter than elsewhere.
- There are two key routes through this area. One is between the SE Locality Office and west Captain's Road. The second is between the local shops (via the car park) and to/from the east end of Captain's Road. This was observed to be particularly popular with high school students on weekday lunchtimes.

Finance and Resources Committee

10.00am, Thursday 15 August 2019

Workforce Dashboard

Item number
Executive/routine
Wards
Council Commitments

1. Recommendations

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

Stephen S. Moir

Executive Director of Resources

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Human Resources Division, Resources Directorate

E-mail: katy.miller@edinburgh.gov.uk | Tel: 0131 469 5522

Workforce Dashboard

2. Executive Summary

- 2.1 This report provides a summary of workforce metrics for the core and flexible workforce, absence, transformation/redeployment, risk, and performance, as detailed on the Finance and Resources Committee Workforce Dashboard, for the period of May 2019.

3. Background

- 3.1 The dashboard reporting period is May 2019. Comparison is made to the previous dashboard reporting period, February 2019.

4. Main report

- 4.1 The attached dashboard (Appendix 1) provides workforce information on:
- the number of Full Time Equivalent (FTE) staff employed by the Council, the type of contract they are employed through and the turnover of new starts and leavers;
 - trends on absence rates, including the top five reasons for short and long-term absence;
 - the cost of the pay bill, including the cost associated with new starters and leavers;
 - insight relating to our performance framework (launched April 2017) including the percentage of annual conversations carried out and the number of Conversation Spotlight workshops carried out;
 - the number of VERA/VR leavers and associated cumulative budget savings; and
 - the number of redeployees and associated costs.

Core Workforce

- 4.2 All Figures referred to are contained in Appendix 3.
- 4.3 Our core workforce increased this period by 67 FTE to 14,803 FTE, and the basic salary pay bill increased by £37.3m to £455.1m. Workforce FTE and pay bill trends are shown in Figures 1 and 2. This increase is due to the cost of the 17/18 and 18/19 pay awards and 18/19 pay steps.
- 4.4 Figure 3 shows the change in FTE for the Local Government Employee (LGE), Teaching, Chief Official and Craft Apprentice groups between February 2019 and May 2019. The LGE group increased by 52 FTE and the Teaching group increased by 15 FTE in the period.
- 4.5 Figure 4 shows the change in Directorate FTE between February 2019 and May 2019. Whilst the FTE decreased in the Edinburgh Health and Social Care Partnership Directorate (down 18 FTE), there were increases in FTE (up 70 FTE) in the Communities and Families Directorate and Place (up 17 FTE).
- 4.6 Permanent contracts increased by 2 FTE, Fixed Term Contracts (FTCs) increased by 57 FTE, acting up and secondment arrangements increased by 14 FTE and apprentice/trainee contracts reduced by 6 FTE.
- 4.7 The annual cost of permanent contracts increased by £32.3m and FTCs increased by £4.5m. The cost of acting up and secondment arrangements increased by £600K and the cost of apprentices/trainees reduced by £32K.
- 4.8 The cost of organisation new starts was £1.2m and the cost of leavers was £2.2m, resulting in a net decrease in payroll expenditure of £1m.
- 4.9 The spend on Working Time Payments (WTPs) increased by £44K to £740K.
- 4.10 Figure 5 shows longer term Local Government Employee workforce change, between June 2015 and May 2019 (i.e. before and after Transformation).

Flexible Workforce

- 4.11 In the period, the costs for the flexible workforce increased by £0.3m and were in the region of £3.2m, with an equivalent FTE of approximately 1,055 FTE (Figure 6).
- 4.12 The spend on the agency workforce increased by £21K and cost the organisation £1.96m in the period. Of the total spend, 87% is attributable to the primary and secondary agency suppliers, whilst 13% relates to off-contract spend. The agency workforce this period was the equivalent of 674 FTE, with an average monthly workforce of 607 FTE (12-month average).
- 4.13 The agency cost trend is shown in Figure 7. Note that month on month agency cost fluctuation can be linked to the nature of the billing process.
- 4.14 The casual/supply workforce spend decreased by £4K this period. The casual/supply workforce this period was the equivalent of 161 FTE, with an average monthly workforce of 196 FTE (12-month average). The casual/supply cost trend is shown in Figure 8.

4.15 The total cost of overtime this period was £923K, up £58K since the previous period, and reflecting additional public holiday overtime working over the Easter period. A breakdown of the spend by overtime “type” is detailed in Figures 9 and 10. Around 54% of the spend was made at the enhanced overtime rate, 18% was paid at the public holiday rate, 21% was paid at plain time, 1% was contractual overtime, and 6% related to call-out hours. The overtime/additional hours worked this period was the equivalent of 220 FTE, with an average monthly workforce of 269 FTE (12-month average, callout hours excluded from FTE reporting). The overtime cost trend is shown in Figure 11.

Surplus Workforce

- 4.16 The total number of employees on the redeployment register has decreased by 4 since the last period. Of the 24 employees currently surplus; 17 have been temporarily redeployed and 7 are not currently redeployed into a temporary solution but are carrying out meaningful work in their old service area. The funding arrangements for the total surplus FTE is as follows; 14.3 FTE are corporately funded; 5.3 FTE are funded by their service and 2 FTE are funded externally.
- 4.17 Of those corporately funded; 8.2 FTE are currently redeployed, and 6.1 FTE are not currently redeployed. 13.3 FTE of the corporately funded FTE have been on the redeployment register for longer than 12 months and 1.0 FTE for a period of 6-12 months.
- 4.18 Employees who are part-funded corporately and by the service, and on-costs for NI and Pension, are included within the figures as appropriate.
- 4.19 As at the middle of June 2019, 1,035 FTE have left, or agreed to leave, the organisation under VERA/VR arrangements, achieving recurring savings of £39.4m since September 2015.
- 4.20 Following approval of new Council policy in respect of managing organisational change, we are currently implementing revised processes aimed at enhancing the support provided to displaced employees and minimising the length of time spent seeking redeployment.

Absence

- 4.21 In the period the monthly absence rate (reflecting days lost to absence in May 2019) decreased from 5.41% (February 2019) to 5.16% (see Figures 12, 13 and 14). The monthly absence trend for 18/19 is like that observed in 17/18, although the month on month absence rate has been marginally lower in 18/19.
- 4.22 The rolling absence rate for the organisation for the 17/18 year was 5.49%, reflecting 174K working days lost to absence in the period (approx. 775 FTE) (see Figures 15 and 16). The rolling absence rate for the organisation for the 18/19 year was 5.18%, reflecting 168K working days lost to absence in the period (approx. 748 FTE). Comparison of the 17/18 and 18/19 rolling rate demonstrates an overall reduction in organisation absence in the last 12 months.

Performance Framework

- 4.23 Looking Back performance conversations were due to take place by the end of March 2019 for employees on the standard April to March performance cycle (8,000 employees). The on time completion rate for this group is 55%, at March 2019. This compares with a 45% on time completion rate at last year. The completion rate at end of June 2019 was 67%.
- 4.24 At the end of June 2019, the Human Resources Division and Regulation and Professional Governance Team within Safer and Stronger Communities had achieved 100% completion and the Finance Division had achieved 98% completion for Looking Back 18/19 conversations. See Figure 17 and 18 for a breakdown of Looking Back 18/19 completion by Directorates and Divisions. Note that the figures only report on those groups in scope for Looking Back completion at present and do not reflect completion for groups not currently in scope.
- 4.25 Looking Ahead 19/20 conversations were due to take place by the end of April 2019. The on time completion rate for Looking Ahead at the end of April 2019 was 22%. The completion rate at end of June 2019 was 38%.
- 4.26 It is recommended that leaders communicate with managers across the relevant services to promote engagement with the performance framework and to encourage managers to hold and record Looking Back and Looking Ahead conversations with their employees.
- 4.27 It is recommended that detailed reporting on conversations that have not taken place/not been recorded be issued to Directors once completion rates reach a sufficient level (i.e. approaching 100%). HR will liaise with Executive Directors to provide this information.

5. Next Steps

- 5.1 To continue to monitor appropriate workforce data to evidence that the Council is on track to achieve targeted workforce controls and budget savings.

6. Financial impact

- 6.1 The achievement of agreed £38.9m savings through voluntary redundancy.
- 6.2 Salary costs for employees on redeployment (particularly those not redeployed).
- 6.3 Opportunity cost of lost working time due to sickness absence.
- 6.4 Agency, Overtime/Additional Hours expenditure.

7. Stakeholder/Community Impact

- 7.1 Stakeholder consultation and engagement, including senior management teams, Trade Unions and elected members, is ongoing.

8. Background reading/external references

- 8.1 Workforce Control Report and Dashboard to Finance and Resources Committee on 07 March 2019.

9. Appendices

Appendix 1: Finance and Resources Committee Workforce Dashboard

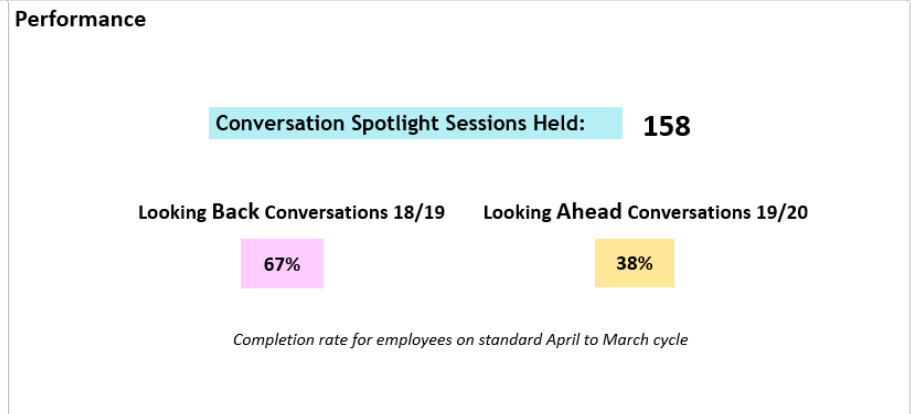
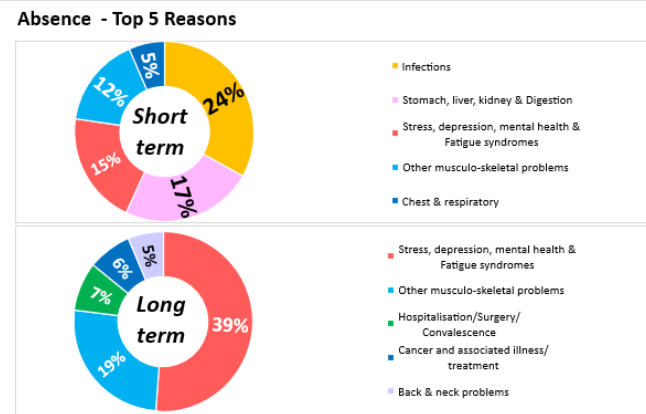
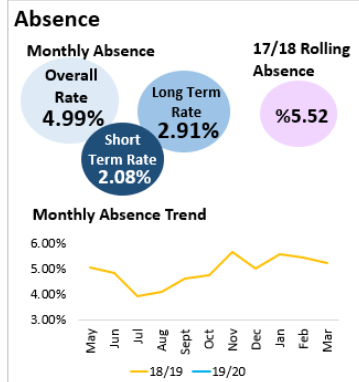
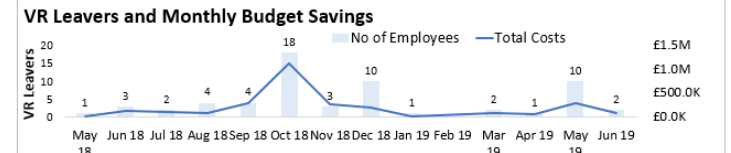
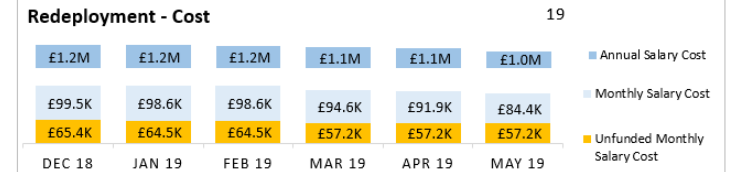
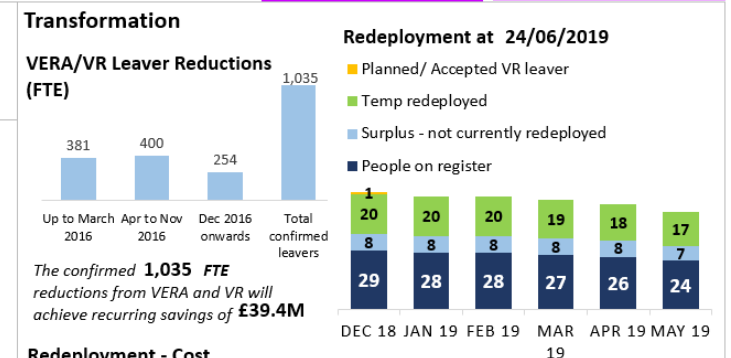
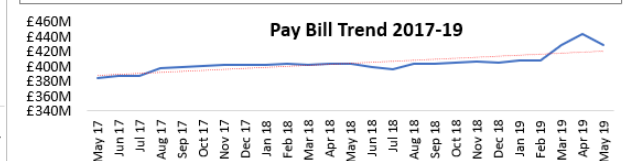
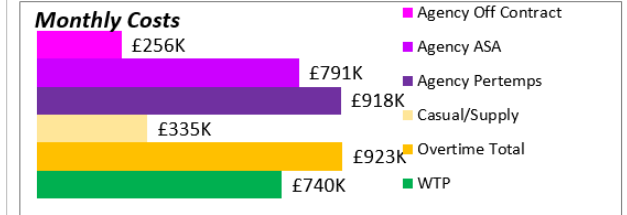
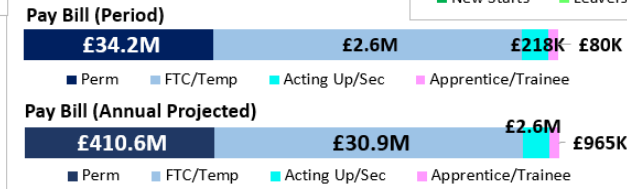
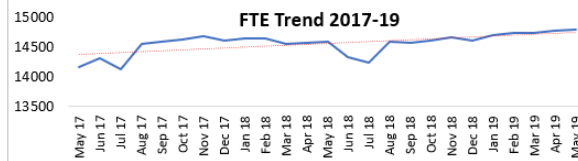
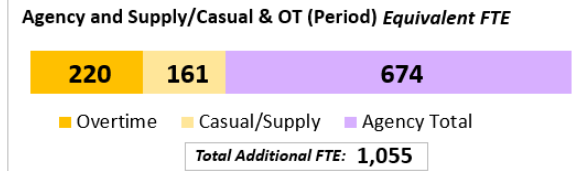
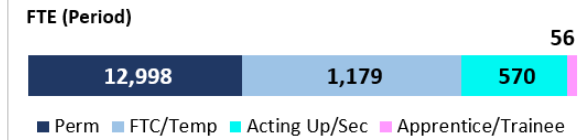
Appendix 2: Finance and Resources Committee Workforce Dashboard Glossary

Appendix 3: Workforce Management Information and Trends

Appendix 1: Finance and Resources Committee Workforce Dashboard

Workforce Dashboard: Finance and Resources Committee

Period: May 19 Issued: 18 June '19



Appendix 2: Finance and Resources Committee Workforce Dashboard

Workforce Dashboard Glossary: Finance and Resources Committee

Workforce FTE

FTE Actual: Sum of FTE for all staff on CEC payroll
Cost of total contracts/positions is not reported here

Headcount Actual: Total number of individual employees on CEC payroll

FTE (Period)

Breakdown of FTE by contract type for all staff on CEC payroll. A snapshot taken on 25th of each month (past 2nd payroll calc to capture all contractual changes, leavers etc). New starts after 1st of month are removed and included in the next month's FTE analysis. This methodology enables better syncing of workforce FTE data and new start/leaver data.

Additional FTE* (Period)

Breakdown of additional working hours utilisation for overtime and casual/supply represented as equivalent FTE. Agency cost converted to notional FTE value using average annual salary cost of £35k per FTE.

Overtime - actual units of time paid at last transaction date. Data extracted at week 1 to capture late payments.

Agency - cost of weekly invoicing from Permtemp, ASA and off-contract agencies. Data extracted after last weekly payroll in preceding month.

Casual/supply - actual units of time paid at last transaction date. Data extracted at week 1 to capture late payments.

FTE calculated on the basis that a full-time Local Government Employee works 36 hours per week over 52.18 weeks (1878 hours). This calculation will be developed for the next dashboard to take into account a 35 hours working week for Teacher T&C contracts and any other conditions identified at

FTE Trend

Archive data from previous S&I dashboard process.

Turnover FTE (Period)

Organisation new starts and leavers in the month. Does not report on internal new appointments (e.g. additional contracts, promotion) or ended contracts for multi-position holders (where other positions are still live).

Absence

All tables and graphs based on preceding 12 months absence data for all staff on CEC payroll.

Data extracted at week 1 to capture late data input.

Trend data - archive data from previous S&I dashboard process.

Pay Bill

Actual (Period): Sum of pro-rated basic salary for all staff on CEC payroll

Annual (Projected): Sum of pro-rated basic salary for all staff on CEC payroll*12

Pay Bill (Period)

Breakdown of basic pay by contract type for all staff on CEC payroll. Same reporting conditions as for FTE.

Pay Bill (Annual Projected)

Breakdown of basic pay by contract type for all staff on CEC payroll*12. Same reporting conditions as for FTE.

For trends analysis it should be noted that workforce FTE/cost vs new start/leaver FTE/cost will never match exactly due to the "internal churn" of the existing staff population, e.g. changes to working hours, additional contracts.

Monthly Costs

Actual cost of hours claimed for overtime, agency and casual/supply and payments made in period. Actual cost of transactions for all working time payments (variable, shifts, weekends, nights, disruption) at the last transaction date.

Pay Bill Turnover (Period)

As FTE. Costings report on the annual basic salaries (pro-rated) for new start and leaver populations.

Pay Bill Trend

Archive data from previous S&I dashboard process.

Transformation

VERA/VR Leaver Reductions (FTE)

Data from Finance

Redeployment - People

Headcount of staff on redeployment register with status surplus, temp redeployed, future dated VERA/VR leaver. Data extracted at 27th of month.

Redeployment - Cost

Figures reflect the gross cost of employees on redeployment register and include on-costs for NI and pensions.

VR Leavers and Cumulative Budget Savings

Data from Finance

Performance

Looking Ahead Conversations

Total number of conversations where target date for completion has been reached (last day of preceding month). Data extracted at week 1 to capture late input. Different service areas have varying rolling dates for completion of GR1-4. Staff do not fall into scope for completion analysis until the last day of their target month for completion has passed.

Looking Back Conversations

Total number of conversations where target date for completion has been reached (last day of preceding month). Data extracted at week 1 to capture late input. For the standard cycle, all looking back meetings should have taken place by 31/03/18. Different service areas have varying rolling dates for completion of GR1-4. Staff do not fall into scope for completion analysis until the last day of their target month for completion has passed.

Conversation Spotlight - Data from L&D.

Appendix 3: Workforce Management Information and Trends

Core Workforce: Management Information and Trends

Fig 1. FTE Trend

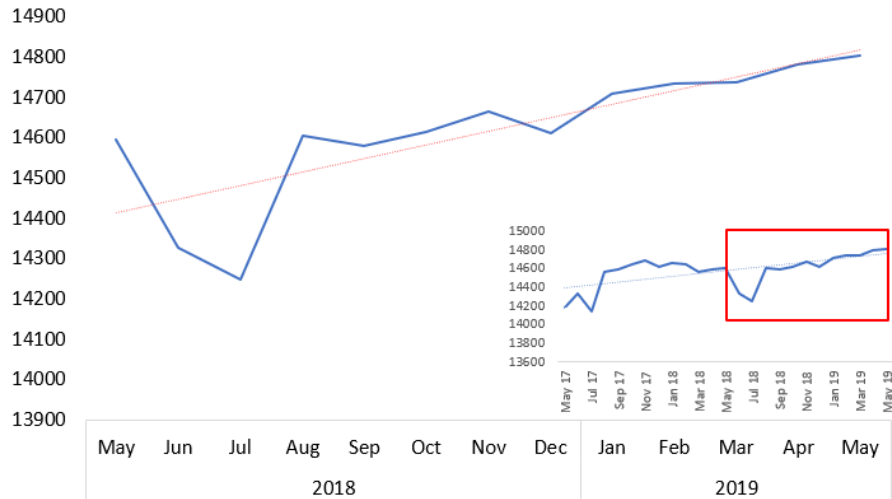


Fig 2. Pay Bill Trend

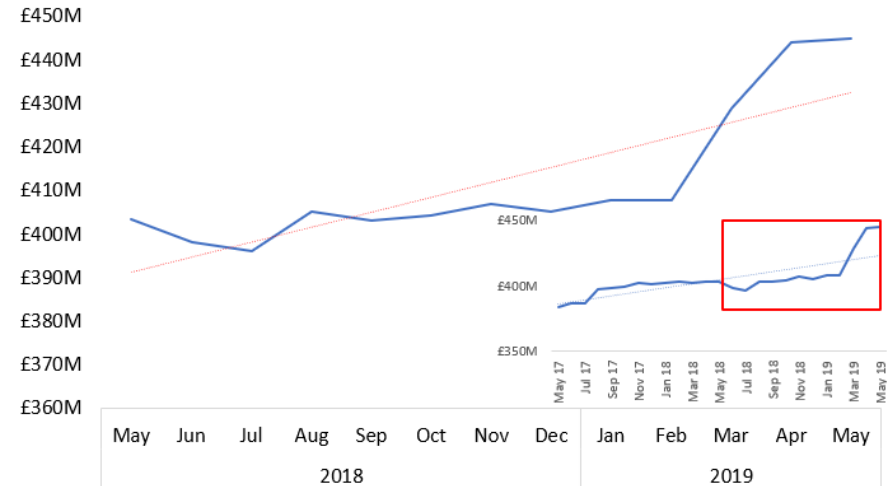


Fig 3 Core Workforce Groups

Category/ Group	Feb 2019		May 2019		Change in FTE	Change in Headcount
	FTE	Headcount	FTE	Headcount		
Local Government Employee GR1-GR12 including Craft	10923	13590	10975	13786	52	196
Chief Official	19	19	19	19	0	0
Craft Apprentice	21	21	21	21	0	0
Teaching Total	3773	4756	3788	4643	15	-113
Council Total	14736	18386	14803	18469	67	83

Fig 4 Core Workforce FTE by Directorate

Directorate	Feb 2019		May 2019		Change in FTE	Change in Headcount
	FTE	Headcount	FTE	Headcount		
Chief Executive	150	167	154	164	4	-3
C&F	7774	10031	7844	10096	70	65
EH&SCP	2217	2556	2199	2510	-18	-46
Place	2314	2739	2331	2771	17	32
Resources	2247	2856	2249	2899	2	43
Surplus	34	37	27	29	-8	-8
Council Total	14736.0	18386	14803	18469	67	83

Appendix 3: Workforce Management Information and Trends (continued)

Core Workforce: Management Information and Trends

Fig 5. Local Government Employee Workforce Change June 2015 to Current Period

Category/ Group	Grade	June 2015		June 2017		June 2018		May 2019		June 15 to May 19	
		FTE	Basic Salary Cost	FTE	Basic Salary Cost	FTE	Basic Salary Cost	FTE	Basic Salary Cost	Change in LGE FTE	Change in LGE Basic Salary Cost
<i>Front Line Staff</i>	GR1	624	£8.1M	638	£8.4M	595	£8.1M	583	£8.4M	-41	£359.4K
	GR2	244	£3.4M	198	£2.9M	170	£2.5M	175	£2.8M	-70	- £689.7K
	GR3	2374	£38.2M	2124	£34.9M	2089	£35.1M	2058	£36.5M	-316	- £1,657.2K
	GR4	2479	£45.8M	2567	£48.1M	2444	£46.8M	2581	£52.7M	103	£6.8M
<i>Front Line Manager/ Specialist</i>	GR5	1808	£40.6M	1563	£35.2M	1545	£35.3M	1644	£39.9M	-165	- £692.7K
	GR6	1421	£37.1M	1337	£35.9M	1397	£38.0M	1453	£42.1M	32	£5.0M
	GR7	1520	£48.0M	1296	£42.1M	1294	£42.4M	1303	£45.6M	-217	- £2,449.4K
	GR8	776	£29.2M	652	£25.1M	689	£26.7M	696	£28.8M	-81	- £406.6K
<i>Managers</i>	GR9	359	£15.9M	280	£12.9M	281	£13.0M	285	£14.2M	-74	- £1,741.3K
	GR10	118	£6.3M	123	£6.5M	117	£6.4M	118	£6.9M	0	£598.8K
	GR11	47	£3.0M	36	£2.3M	36	£2.4M	39	£2.8M	-8	- £178.7K
	GR12	31	£2.2M	33	£2.4M	38	£2.8M	41	£3.3M	10	£1.1M
Total		11801	£277.8M	10849	£256.8M	10694	£259.4M	10975	£283.8M	-826	£5973.3K

Appendix 3: Workforce Management Information and Trends (continued)

Flexible Workforce: Management Information and Trends

Fig. 6 Flexible Workforce in Period

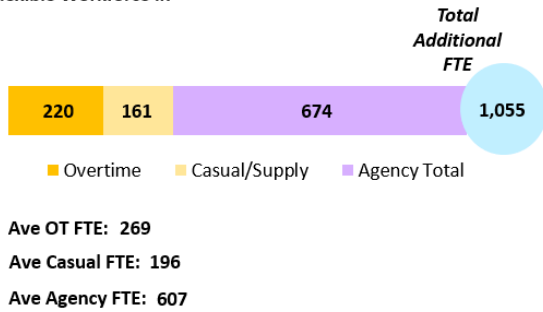


Fig. 7 Agency Trend

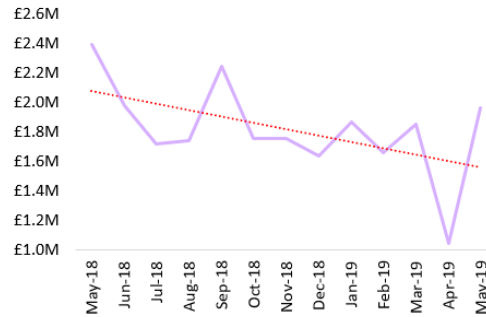


Fig. 8 Casual Trend

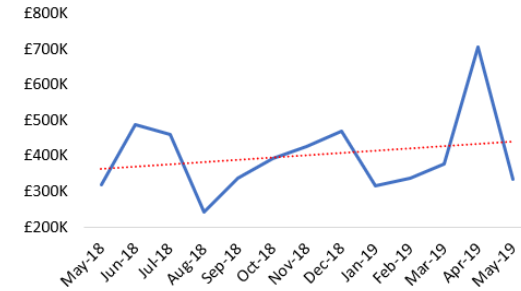


Fig. 9 Overtime by Type in Period

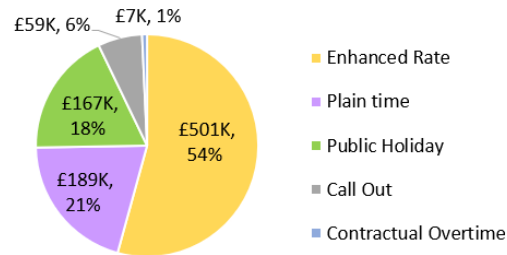


Fig. 10 Overtime by Type in Period - By Directorate

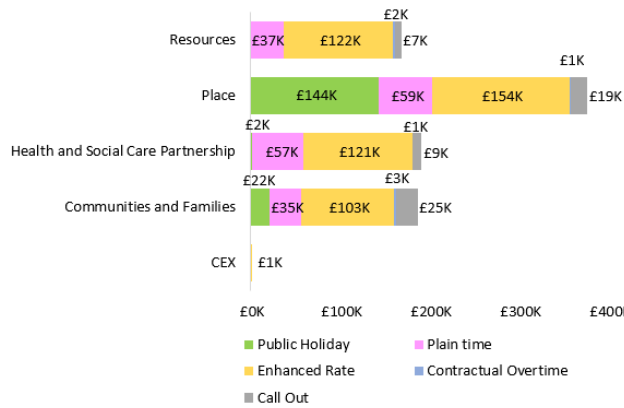
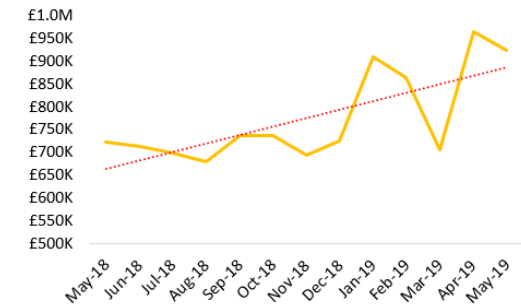


Fig. 11 Overtime Trend



Appendix 3: Workforce Management Information and Trends (continued)

Core Workforce: Management Information and Trends

Fig 12. Monthly Absence Rate

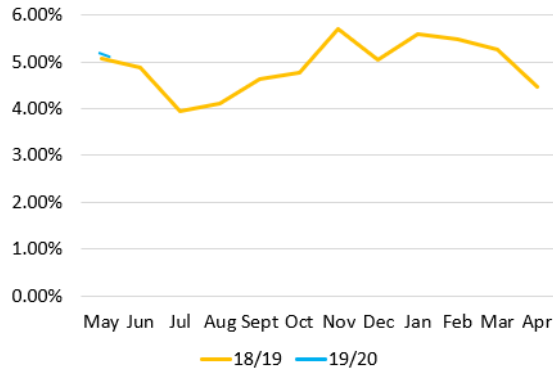
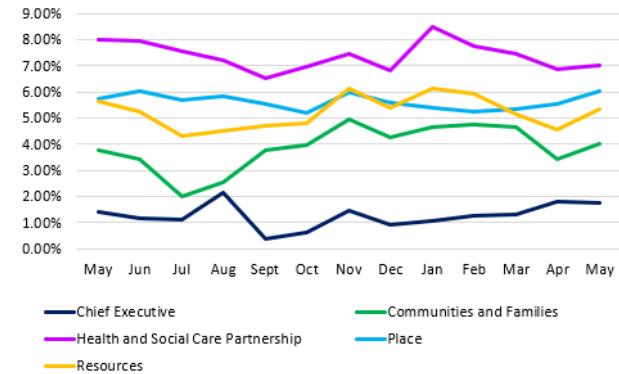


Fig 13. Monthly Days Lost

	18/19	19/20
May	13,842	13,862
Jun	12,906	
Jul	10,611	
Aug	11,776	
Sept	12,361	
Oct	13,207	
Nov	15,269	
Dec	14,003	
Jan	15,445	
Feb	13,701	
Mar	14,606	
Apr	12,051	

Fig. 14 Monthly Absence Rate 18/19 - Directorates



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Fig 15. Rolling Absence Rate

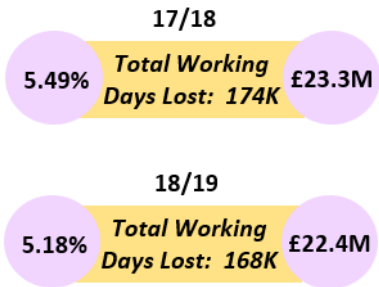
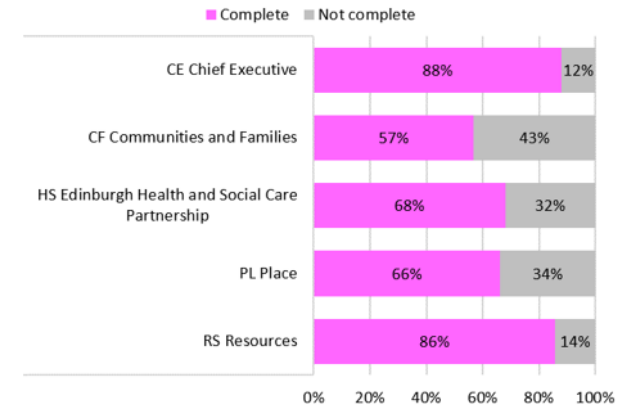


Fig. 16 Rolling Absence - Directorates

Directorate	Rate 17/18	Days Lost 17/18	Rate 18/19	Days Lost 18/19
Chief Executive	2.78%	1K	1.33%	0.4K
Communities and Families	3.61%	55K	3.76%	65K
Health and Social Care Partnership	9.05%	45K	8.51%	42K
Place	6.47%	33K	6.37%	33K
Resources	6.38%	31K	5.72%	28K

Fig. 17 Looking Back 18/19 Conversation Completion



Working days lost to absence between April and March 17/18 + 18/19

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Finance & Resources Committee

10.00am, Thursday, 15 August 2019

Commercial and Procurement Annual Report - 2019

Executive
Wards - All
Council Commitments

1. Recommendations

- 1.1 It is recommended that the Committee notes the contents of this report and approves the Commercial and Procurement Annual Report 2019 for publication.

Stephen S. Moir

Executive Director of Resources

Contact: Iain Strachan, Chief Procurement Officer,

Finance Division, Resources Directorate

E-mail: Iain.Strachan@edinburgh.gov.uk | Tel: 0131 529 4930

Commercial and Procurement Annual Report 2019

2. Executive Summary

- 2.1 The Commercial and Procurement Strategy 2016-2020 was approved by Committee on 1 December 2016. The Commercial and Procurement Annual Report provides the Committee with an update on the activity and outcomes that have been delivered through the Strategy from 1 April 2018 to 31 March 2019.
- 2.2 This report also discharges the Council's duties in terms of the Procurement Reform (Scotland) Act 2014, to prepare an annual report on its regulated procurement activities.

3. Background

- 3.1 The Council is obliged, under Section 18 of the Procurement Reform (Scotland) Act 2014, to prepare an annual report on its regulated procurement activities as soon as reasonably practicable after the end of each financial year.
- 3.2 The monitoring and reporting requirements for this annual report follow the guidance provided by the Scottish Government, which since last year has been enhanced to capture more data which will support its overarching report on public procurement activity across Scotland.
- 3.3 In terms of this guidance, the Council's annual report must, as a minimum, include:
- A summary of regulated procurements completed during the reporting period;
 - A review of whether those procurements complied with the Council's Procurement Strategy;
 - To the extent that any of those procurements did not comply, a statement on how the Council intends to ensure that future regulated procurements do comply;
 - A summary of community benefits fulfilled during the reporting period;
 - A summary of steps taken to facilitate involvement of supported businesses; and
 - A summary of regulated procurements the Council expects to commence in the next two financial years.
- 3.4 The report must be published and available on the internet and details of the publication of the report must be provided to the Scottish Government.
- 3.5 This is the second such report on the Council's Commercial and Procurement Strategy.

4. Main report

- 4.1 The activity included in the Commercial and Procurement Annual Report is, further to the Council's statutory reporting obligations, focussed on the 207 regulated contracts concluded by the Council in the year to 31 March 2019. These contracts had an aggregate estimated value of approximately £261m. By "regulated" the report means those contracts with a value of greater than £50,000 for goods and services and greater than £2m for works, in accordance with the terminology and thresholds as set by the relevant Scottish procurement regulations. There were over 200 other contracts awarded in this reporting period which were below the above thresholds, and so are not the subject of the same level of detail in this report.
- 4.2 The award of all contracts, whether above or below these thresholds, are subject to the Council's standard procurement processes, including the application of the Council's Contract Standing Orders. In terms of the Contract Standing Orders the award of certain contracts must be approved by the Finance and Resources Committee, depending upon value. However, to ensure regular monitoring of all contracts there is 6 monthly reporting to the Committee on all contracts awarded.
- 4.3 The Council's spend with third party suppliers in 2018/19 was approximately £634.8m. A breakdown of this by supplier sectors is included in the report. It is to be noted that Small and Medium Enterprise (SME) spend is 47% of total core spend, being suppliers the Council has spent more than £1,000 with. This level of SME spend is likely linked to the Council's higher spend on major construction projects, where sometimes only larger national companies will be able to bid, albeit the Council would still look to assist local SMEs securing suitable places elsewhere on the supply chain. The Local Government Benchmarking Framework figures for 2017/18 recorded the Council in 6th place out of all 32 authorities for local SME spend, and it is to be anticipated that the Council will be in a similar position when the figures for 2018/19 are released. In addition, 70% of suppliers awarded contracts in 2018/19 state they pay the real living wage.
- 4.4 The report addresses the Council's statutory duties and its compliance with the objectives contained in the Commercial and Procurement Strategy. Most of the objectives in the Strategy are assessed as having been met, with only a small number not yet met fully, and where further specific actions will be undertaken, in addition to the wider ongoing improvement activity within Commercial and Procurement Services. Some specific achievements of the Council's Commercial and Procurement Services, which have further secured these are objectives, are referred to below, at paragraph 4.7.
- 4.5 It is to be noted that later in 2019 work will commence on the preparation of a new Strategy, which will be submitted to the Committee in Spring 2020 for approval.
- 4.6 Community benefits are identified on a project by project basis, and are embedded in the Council's processes and procedures. Key delivery achievements in 2018/19 include 50 new jobs and 132 apprenticeships, and over £133,000 being awarded to local business and community groups. The relevant Scottish procurement regulations place specific requirements on the Council, for major contracts which have an estimated value above £4m, to consider whether to impose community benefit obligations. All 9 contracts the Council awarded above that threshold in 2018/19 included community benefit requirements.

In addition, there were an additional 45 contracts in this period where the Council included community benefits obligations, an increase from 23 in the previous financial year. Community benefits delivered in the reporting period range from apprenticeships, training, work experience and recruitment, to mentoring and community engagement. The delivery and reporting of community benefits is expected to improve moving forward, with the introduction of a new software programme, that will make the monitoring simpler and enable all relevant data to be centrally stored. The Council is also working with City Region Deal partners to adopt a uniform approach to community benefits on all City Region Deal projects too, and to utilise the same software programme.

- 4.7 The Council's Commercial and Procurement Services support all procurement activity across the Council, and lead on securing compliance with the Strategy. It is worth highlighting some of the teams more notable achievements in 2018/19, which include:
- 4.7.1 An increase in the Council's Procurement and Commercial Improvement Programme (PCIP) score to 87%, against a local authority average of 70%, this having been independently assessed by Scotland Excel on behalf of the Scottish Government;
 - 4.7.2 The work of the Council's Contract and Grant Management Team now being further embedded, with a Council wide contract management framework in place, online training launched, and regular contract managers/grant managers forums being held, alongside specific operational work and support to divisions/directorates, this is an area that will be promoted further across the Council in 2019/20;
 - 4.7.3 New Grant Standing Orders being submitted and approved by Council in December 2018, and the Contract Standing Orders themselves being subject to ongoing annual review, all of which helps support the Council's overall governance around such spend, and the securing of Best Value;
 - 4.7.4 A refreshed learning and development programme being rolled out for Commercial and Procurement Services staff, which has resulted in 91% of specialist procurement staff now holding or working towards Chartered Institute of Procurement and Supply (CIPS) professional qualifications;
 - 4.7.5 Additional external assessment having been undertaken by CIPFA to benchmark the procurement team against a wider selection from the UK public sector in December 2018, against the previous financial year. The outcomes noted that the total net cost of the central team as a percentage of the net revenue budget was 0.24% (the average from those assessed was 0.25%) the return on investment, however, was 17.86:1 compared to the average 3.03:1. Client satisfaction levels were 81% (average 80%). The team reassessed Customer Satisfaction in March 2019 and achieved +90.6% being very/satisfied; and,
 - 4.7.6 Commercial procurement savings of £38.5m were tracked and delivered in year, and new forecast savings of over £12m have been identified from contracts awarded in the period to be tracked over future years, this being in addition to the £150m secured from 2013/14 through to 2018/19.
- 4.8 New Council initiatives impacting upon procurement activity in the last year have included the introduction of Charters in respect of Construction and Modern Slavery. More generally, the Council's procurement activity provides support to the adoption and promotion of a number of policy and other strategic initiatives the Council is taking forward,

subject to the relevant Scottish procurement regulations and certain limitations they impose. Other such initiatives include the Council's Fair Trade Policy and the increased focus on environmental sustainability. However, the commitments pledged in the Construction and Modern Slavery Charters resulted in specific actions where it was agreed that an update would be reported back to Committee.

- 4.9 In respect of the Construction Charter, these commitments were adopted in August 2018 at the Finance and Resources Committee, a link to this report being included in Section 8, and an update in respect of actions that have been taken is the subject of a separate report on the agenda.
- 4.10 The Charter Against Modern Slavery was formally adopted and Council commitments approved by the Corporate Policy and Strategy Committee in October 2018, a link to this report again being included in Section 8. Following its introduction, a series of actions have been undertaken by the Commercial and Procurement Services as follows: -
- 4.10.1 Staff Training – the whole of Commercial and Procurement Services received awareness training on Human Trafficking and Modern Slavery obligations; Police Scotland also delivered training on high risk contracts and recent criminal cases; those staff registered with CIPS undertook sustainable procurement online learning and Essential Learning requirements were reviewed and updated for the whole team;
- 4.10.2 Charter Champion - A staff member with a particular interest has been appointed as the Modern Slavery Charter Champion, to lead on this work for Commercial and Procurement Services;
- 4.10.3 Supplier Page - the page on the Council's external website for supplier information has been updated with a link to the Council Commitments Against Modern Slavery;
- 4.10.4 Documents - the team's Police Scotland protocol checks have been reviewed and updated to reflect current requirements, Fair Work criteria has also been reviewed in line with new Government guidelines;
- 4.10.5 Informed by this increased knowledge and awareness, but recognising this is something that requires ongoing monitoring, since the Charter was adopted there have been no concerns over the potential involvement of modern slavery in the Council's supply chain.
- 4.11 The Commercial Excellence programme concluded at the end March 2018. The commercial skills and knowledge gained continue to support the Commercial and Procurement Strategy. Time did not enable a final overview of the programme to be included with the Annual Report in 2018, however Appendix 3 of this report now does so.

5. Next Steps

- 5.1 The current Strategy is due to end in March 2020. Monitoring of the delivery will continue and will be reported in August 2020. Alongside this activity the Council will consult on the next Strategy which will be brought forward to the Committee in Spring 2020 for adoption.

6. Financial impact

6.1 No additional costs to the Council are associated with this report.

7. Stakeholder/Community Impact

7.1 No consultation on the delivery of the Commercial and Procurement Strategy had been undertaken to produce the report. Engagement will, however, take place to commence the review of the current Strategy and preparation of the new one in 2020.

7.2 Compliance with the Procurement Reform (Scotland) Act 2014 will be met through providing an update on delivery of the Strategy and publication of the annual report.

7.3 There is no direct sustainability impact from the report, however it does provide and update on sustainable procurement practices.

8. Background reading/external references

8.1 [Item 7.4 Commercial and Procurement Strategy – Reports, 810.97 KB.](#)

8.2 [Item 7.14 - Commercial and Procurement Annual Report 2018 – Reports, 1.62 MB](#)

8.3 [Item 7.15 - Construction Charter – Reports, 419.63 KB](#)

8.4 [Item 8.2 - Charter Against Modern Slavery – Reports, 502.05 KB](#)

9. Appendices

Appendix 1 – Commercial and Procurement Strategy Annual Report 2018/19

Appendix 2 – Scottish Government Annual Procurement Report Annex A

Appendix 3 – Commercial Excellence Programme Summary

Commercial and Procurement Strategy Annual Report

Year Ended 31 March 2019



Commercial and Procurement Strategy – Annual Report

Year ended 31 March 2019

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Context

- 1.1 The Commercial and Procurement Strategy published in December 2016 included the commitment to provide an Annual Report on procurement outcomes achieved following the end of each Financial Year (FY).
- 1.2 The strategy sets out a framework designed to enable the Council to continue its journey of change and innovation through:
- Focusing procurement activity on delivering improvements for the people and communities of Edinburgh;
 - Building capacity and skills within the Council to improve commissioning and procurement activity;
 - Increasing the level of collaboration internally and externally;
 - Engaging proactively with providers to ensure maximum value and innovation;
 - Working cooperatively to support the local economy; and
 - Promoting sustainability and fair working practices through procurement.
- 1.3 The Council's public reporting obligations under the Procurement Reform (Scotland) Act 2014, are included in this report (incorporating the period 1 April 2018 to 31 March 2019), detailing the scope of regulated procurement activity in accordance with the strategy, set out as follows:
- A summary of regulated procurements completed during the reporting period;
 - A review of compliance with the Council's Commercial and Procurement Strategy;
 - A statement on how compliance will be achieved, monitored and reported for any regulated procurements that did not comply with the Council's Commercial and Procurement Strategy;
 - Community benefits fulfilled during the reporting period;
 - Steps taken to facilitate involvement of supported businesses; and
 - Future expected regulated procurements in the next two financial years.
- 1.4 Major procurements concluded in the year have included the Energy Efficient Street Lighting Replacement Programme, Meadowbank Sports Centre, the Transport and Infrastructure Framework and Shared House Accommodation and Outreach Services to support Homelessness. The Edinburgh York Place to Newhaven tram extension is also a notable major project that was the subject of a procurement exercise in the reporting period, although since the formal contract award did not take place until after 31 March 2019 it is excluded from contracts awarded data.
- 1.5 The diversity of the services, goods and works procured by the Council requires strong commercial and procurement knowledge and skills, as well as professional support to service areas through clear controls and guidance. In support of this a key area of focus in the last year included improvements to the contract management processes and practices through a new standard suite of guidance

documents and shared good practice with other public-sector organisations, this being supported by the launch of a new online learning tool. Regular contract management forums have also been introduced, and the Council is also piloting a new electronic contract management tool. The work that has been conducted around this was one of the factors that resulted in an improved score for the Council in its Procurement and Commercial Improvement (PCIP) assessment, an external assessment conducted on all local authorities by Scotland Excel on behalf of the Scottish Government.

1.6 Another area of focus was to improve the monitoring and reporting of community benefits which have been delivered. This included the launch of a new electronic tool 'Cenefits' which was developed through the Scottish Enterprise Open Innovation Programme. The programme is designed to take 'problems' to the supply market and ask for a solution, instead of a traditional pre-designed specification approach. We received over 50 notes of interest, with a small local Edinburgh company, Wildcat Applications being awarded the contract. The supplier will benefit from marketing the solution to other authorities.

1.7 Initial contract entries on to the Cenefits programme started at the end of 2018 and has focused on uploading data from new contracts. In this next year we will work with existing contractors to capture benefits delivered on legacy contracts. It is anticipated that this will enable the Council to more accurately track the delivery of community benefits.

1.8 The Council made commitments to several new charters in the last year which are of relevance to the work of Commercial and Procurement Services. These include the Charter Against Modern Slavery, the Charter for a Tobacco-free Generation (both approved at Corporate Policy and Strategy Committee on 2 October 2018) and the Construction Charter (approved by Finance & Resources Committee on 7 August 2018). These charters include delivery actions on Council procurements, resulting in the following actions: -

- Upskilling of staff through training and awareness;
- Amendments to procedural documentation;
- Increased due diligence checks;
- Supplier awareness, including updates to the external Council web pages; and
- Changes to contract handover and implementation procedures.

1.9 Commercial and Procurement Services have identified lead officers to act as Charter Champions to help promote and deliver on the commitments the Council has made in respect of these charters.

1.10 The key areas of focus in the next year include:

- Review of the Commercial and Procurement Strategy – a review of the current strategy which expires in March 2020, with an updated strategy to be brought forward to Finance and Resources Committee for adoption at that time;
- Supporting the delivery of Efficiencies and Best Value – working with services and external partners and key stakeholders to identify and deliver efficiencies and Best Value in the provision of services, aligned to the Council’s strategic objectives;
- Sustainable Procurement – greater focus on positive social and economic outcomes delivered through the Council’s procurement processes, including through community benefits, and working alongside our City Region Deal partners;
- Collaborations – looking for further ways to improve efficiencies and innovation by working more closely with external partners and key stakeholders;
- Increase in Small to Medium Enterprise (SME) Engagement – working with the Supplier Development Programme and economic development colleagues, to improve engagement and outcomes for SME suppliers, including building on the success of our recent ‘Meet the Real Buyer’ event held at Waverley Court and attended by over 100 suppliers;
- Improved Processes and Procedures – reviewing our processes and procedures, to ensure they are efficient and lean, and maximise our ability to make most effective use of the data we have captured, and in turn highlight and prioritise areas for improvement, as well as the reporting of good outcomes;
- Increase Expertise, Capacity and Effectiveness - further developing our staff and their knowledge, skills and expertise of public sector procurement, contract management and the Council’s procedures and governance arrangements in respect of these, including through training and ongoing development;
- Contract Management - further develop and embed the contract management framework across the Council to bring this key objective to a fully compliant stage.

Regulated Procurements Completed

2.1 Regulated procurements cover contracts with a value of £50,000 for goods/services and £2 million for works, which commenced on or after 18 April 2016. Section 18(2) of the Procurement Reform (Scotland) Act 2014 requires organisations to include: “a summary of the regulated procurements that have been completed during the year covered by the report”. Completed contracts are those where the award notice has been published or where the procurement process otherwise comes to an end. This includes contracts and framework agreements.

2.2 The Council maintains and publishes on its external website a record of contracts awarded. This ‘Contract Register’ provides information on current contracts and is updated on a regular basis to remove expired contracts and include new awards as appropriate. The register can be accessed on the Council’s website [here](#).

2.3 In addition to maintaining a public register, the Council reports to the Finance and Resources Committee on new contracts with a value above £1m as a minimum, or where such reporting is otherwise required. To ensure regular monitoring of all contracts a further six-monthly report on contracts awarded through competitive and non-competitive actions is reported to the Finance and Resources Committee; all public reports to the Committee are available on the Council’s website.

2.4 The summary of regulated procurements completed in the relevant period is provided as [Annex 1](#). These include procurements for goods, services and works, the total volumes and values are in Table 1. The regulated contracts include new projects, re-lets of recurring contracts and new contract extensions awarded in the period.

Table 1

Contract Type	Volume of New Contracts Awarded	Total Estimated Value of Contracts
Goods	25	£16,134,092
Services	179	£130,984,002
Works	3	£114,513,740
Total	207	£261,631,834

2.5 There were over 200 additional contracts awarded in the period which are below the regulated threshold and not the subject of this report. These contracts are, however, included in the Contract Register along with other lower value contracts awarded by the Council.

2.6 Collaboration opportunities with other public bodies can ensure greater efficiencies, where appropriate, and are included in the regulated and non-regulated contracts awarded. The key collaboration is with centres of expertise such as Scotland Excel and Scottish and UK Governments. Examples of this include: -

- Engagement with Fife Council, Scottish Parliament, West, East and Midlothian Councils as well as Scottish Borders on the Learning and Development Framework Agreement. Using the ‘light touch’ approach, the Framework has re-opened on a quarterly basis to allow new entrants and maximise opportunities for choice of provision;
- The Council procured Eco Stars Fleet Recognition system on behalf of all Scottish local authorities and new Business Gateway workshops for Edinburgh, East, West and Midlothian Councils;

- Scotland Excel – the Council has utilised 46 of the 65 framework agreements that it can participate in through our membership of Scotland Excel. New Frameworks adopted in the last year include Fresh and Cooked Meats and Fish, Winter Maintenance, Washroom Solutions, Swimming Pool Chemicals, Social Care Agency Staff, Children’s Residential Care and Hire of Vehicles and Plant;
 - NHS, Crown Commercial Services, ESPO, YPO, Halton Housing, HUBCo, and SCAPE frameworks have also been utilised to support Council procurements during the period including Digital Services and iCloud software, Electric Vehicle Charging Points, Aids for Daily Living, Heavy Catering Equipment and various construction projects.
- 2.7 Where appropriate the Council has used alternative sourcing opportunities to ensure the requirement for the Council to secure Best Value has been met. These included projects where there were economic or technical issues that may have detrimentally impacted on service delivery if a new tender was sought e.g. using existing suppliers to maintain equipment originally provided by that specific supplier rather than seeking to replace equipment.
- 2.8 Health and Social Care services included the direct award of contracts in accordance with the statutory guidance for care and support, ensuring the needs of individuals were paramount and secured the quality outcomes desired.
- 2.9 These instances described above are deemed to fall under the term ‘non-competitive action’, i.e. an award without a competitive procurement process. In line with the Council’s Contract Standing Orders (CSOs), there is provision to waive the standard process where it is in the Council’s best interest, having regard to various factors including (i) the obligation to secure Best Value, (ii) legal compliance and any potential risk of successful legal challenge, (iii) the principles of transparency, equal treatment, non-discrimination and proportionality and (iv) impact upon service users. A record of such instances (termed ‘waivers’ in the CSOs) is maintained and reported to the Finance and Resource Committee on a bi-annual basis.
- 2.10 In summary, non-competitive actions comprise approximately 4% of the regulated contracts awarded during the period of the report with 1% falling within care and support services.
- 2.11 The light touch tender approach for social and other specific services has continued with co-production on key care services. Examples in the reporting period include Homelessness Services, Domestic Abuse Services, Services for Syrian Refugees. The work with individuals using the services and the providers delivering the services has supported improvements to delivery models and the outcomes offered.
- 2.12 New projects using the, now tested, dynamic purchasing type approach are being undertaken using lessons learned from the Pupil Equity Funding and Learning and Development projects implemented in the previous reporting period.

Review of Procurement Compliance with Strategy

3.1 Despite being in place since 2016, the objectives in the Council’s Commercial and Procurement Strategy are aligned with the Council’s current strategic outcomes, and also incorporate the general duties of the Act in seeking to:

- Deliver Savings and Best Value;
- Improve Processes and Policies; and
- Increase Expertise, Capacity and Effectiveness.

3.2 The steps being taken to achieve these objectives and progress made in the reporting period are detailed at [Annex 2](#) along with an assessment of the level of compliance which has been achieved.

3.3 The savings that have been monitored and delivered through commercial and procurement activities have continued with over £38m in tracked outcomes in the last year. New projects tendered in the reporting period identified future commercial savings opportunities of £12m in addition to those being tracked in the new financial year.

3.4 Improving process and policy through the year has included work with the intelligent automation project to improve management information on purchase card usage and this is now included in the management information which is reported monthly to Directorates to provide a full insight on third party spend.

3.5 New data collection on Living Wage and zero hours contracts was introduced to capture these key Fair Work indicators from our supply chains in a more transparent way. The findings are summarised in the table below. The Council awarded over 51 ‘call-off’ contract awards in the year in relation to Frameworks, over 30 were not subject to statutory procurement requirements, therefore data is not held. Despite this, 70% of suppliers awarded contracts state they pay a real living wage rate. Living Wage Foundation Accreditation rates are low at 13%, but the Council will continue to encourage suppliers to consider Living wage accreditation, albeit legally this cannot be mandated by the Council.

Table 2

Contracts Concluded with ‘unique’ suppliers*	Suppliers Committed to paying Living Wage	Accredited Living Wage employers
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160	112	20
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*counts a supplier once

- 3.6 We will build on data processing in 2019/20 to further break down the detail on the types of contracts being awarded e.g. collaboration with central purchasing bodies or national bodies identifying the savings attributed to these arrangements alongside the local contracts and local collaborations.
- 3.7 The Procurement and Commercial Improvement Programme (PCIP) assessment, externally carried out by Scotland Excel on behalf of the Scottish Government, in March 2019 rated the Council's procurement performance, policies and procedures at an overall score of 87%, improving on some elements and maintaining on other elements of the Council's performance within the highest banding and above the local authority average of 70%. The main improvements came from the work to deliver better outcomes in contract management, delivering new process and procedures, training and regular forums alongside collaborative work with other public bodies to share best practice and enhanced staff capability.
- 3.8 Procurement capacity building has improved through training with 91% of the specialist team now holding or working towards professional qualifications with the Chartered Institute of Procurement and Supply (CIPS). This improvement in skills and learning also supported the higher PCIP score above.

Community Benefits Summary

- 4.1 Within its processes and procedures, the Council has embedded the requirement for community benefits to be considered and where appropriate sought and delivered for each procurement.
- 4.2 The Procurement Reform (Scotland) Act 2014 places specific requirements in major contracts with an estimated value of £4m and above, for the Council to consider whether to impose the requirement as part of the procurement and include details in the contract notice summarising what it will include. Of the 9 Council contracts that were above that £4m threshold all 9 were awarded with community benefit requirements imposed.
- 4.3 Community benefits delivered in the reporting period range from apprenticeships, training, work experience and recruitment, to mentoring and community engagement. The delivery and reporting of the community benefits is moving on to a new software programme 'Cenefits'. The overall volume of contracts where community benefits are sought over and above those 9 above has increased from 23 last year to 45 (+96%). There were over 50 'call-off' contracts awarded whereby the community benefit requirement, where appropriate would be covered at the Framework award stage. There were also a number of awards made for 'light touch' contracts or contract extensions where the nature of

the requirement led to additional benefits not being considered appropriate. We continue to seek community benefits and impose the requirement when appropriate.

4.4 The community benefits fulfilled in the last year have provided 50 jobs and 132 apprenticeships and 57 work placement opportunities for priority groups. These opportunities have come from construction projects for rising school rolls, school upgrades, care homes, childcare services, housing and waste contracts. In addition to these key outcomes, the contractors are also supporting a number of 'other' benefits to our communities and examples of this include: -

- Education events e.g. STEM (science, technology, engineering and maths), school and university careers events, curriculum support, site visits, CSCS training
- Business mentoring support for 3rd sector and micro businesses
- Funding support – grant investments, public realm art funds, school funds, digital skills, family centres, parks, playgroups and youth groups over £113k either directly or via One-City Trust
- Volunteering – support to environment projects, fundraising, sleep in the park
- Community engagement – tidy up campaigns, graffiti removal, material for community garden

Supported Businesses

5.1 The Council recognises the important role of businesses that support social and professional integration of disabled or disadvantaged persons (termed 'Supported Businesses'), and has continued to reserve contracts where appropriate to ensure the stepping stone into mainstream employment for disabled or disadvantaged persons provided by these businesses continues. The procurement activity with Supported Business has expanded to more organisations, 9 compared to 5 in 2017/18 and resulted in spend of £236,505 in 2018/19.

5.2 The Council continues to call-off from the Scottish Government Framework for Supported Factories and Businesses and local supported business such as the Grassmarket Community Project, a social enterprise providing bespoke furniture.

5.3 Total actual spend with Supported Businesses in the reporting period is shown in Table 3.

Table 3

North Lanarkshire Industries	£94,841
Dovetail Enterprises	£4,875
EESL Ltd	£932
Matrix Fife	£64,510
St Judes Laundry	£18,571

Grassmarket Community Project	£50,350
Delivered next day personally	£275
Haven Sign Factory	£564
The Lady Haigs Poppy Factory	£1,587
	£236,505

Future Regulated Procurements

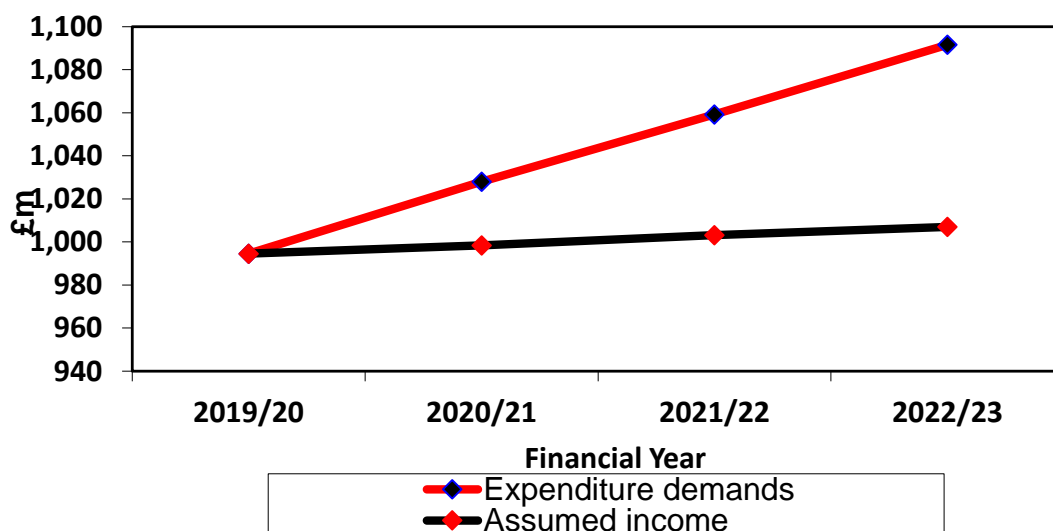
6.1 Over the next two years the Council will have a mix of recurring requirements and one-off projects to take to the market. Major projects include redevelopments such as Fountainbridge/India Quay, Meadowbank, Western Villages housing and other construction projects, and replacement contracts for Care at Home, Asset and Facilities Management, Housing Support and Active Travel.

6.2 A summary of regulated procurements anticipated in the next two years is provided in [Annex 3](#).

Finance

Financial Outlook

7.1 As in previous years, the Council continues to face significant financial challenges resulting from a combination of increases in service demand, inflationary pressures, legislative reform and heightened citizen expectations. These factors are set against a backdrop of reducing core Government grant income once account is taken of monies provided for the delivery of new, or expanded, commitments. The chart below shows the gap between projected expenditure demands and available funding. This gap would, other things being equal, increase if levels of Government funding were lower than anticipated or required demographic provision higher than currently provided for.



7.2 Based on these assumptions, it is anticipated that in order to maintain expenditure in line with income, the Council will need to identify and deliver at least £84m of recurring annual savings between 2020/21 and 2022/23. More immediately, the approved budget for 2019/20 is predicated on the delivery of some £39m of savings, as well as management of all service pressures and delivery of a

balanced budget by the EIJB. A progress update considered by the Finance and Resources Committee on 23 May 2019 highlighted a need for urgent actions to reduce the risk of significant in-year overspend. It is likely that identification of these mitigating actions will need to go beyond incremental efficiencies and consider more fundamental prioritisation of existing services if financial sustainability is to be maintained.

Council savings

7.3 Commercial savings targets which include efficiency savings, value for money and non-cash savings continue to be achieved by the Council. In 2018/19 the delivered savings through existing and new commercial projects achieved £ 38.5m against a forecast of £38.7m. This was in addition to the £150m of savings achieved through procurement activity between 2013/14 and 2017/18.

Council expenditure with third parties

7.4 In the period of the report the Council expenditure with third parties in 2018/19 was:

➤ £634,836,888

7.5 The third party spend has increased by 18% compared to last year (£539,998,897 in 2017/18), this is reflected in the category summary below, based on the Council's top 20 suppliers (by value of spend), where construction spend has increased from £63m in 2017/18 to £81.7m in 2018/19. This has been driven by property refurbishment projects in the main e.g. the upgrade of schools and other operational Council buildings, as well Council homes and procured through existing Council Framework Agreements.

7.6 The total volume of suppliers has changed only slightly with 10 fewer than last year and the local supply base has increased by 4% with data sitting at 42% of the total supplier spend (excludes spend through purchase card). The SME spend is 47% of total core spend of £603,020,367 (core spend equals suppliers we have spent over £1k with), the percentage is influenced by high spend levels with construction projects where for those larger projects it is more likely only larger national contractors will be able to bid, albeit the Council would still seek to ensure suitable opportunities for local SMEs elsewhere in the supply chain. In the recent Local Government benchmarking report for 2017/18 the Council procurement spend with SMEs was ranked 6th in Scotland.

7.7 The supplier spend categories cover around 30 different description types (e.g. construction, professional services and so on) a summary of category spend with our top 20 Suppliers is presented below in Figure 1 and remains largely unchanged from last year Figure 2.

Figure 1 2018-19

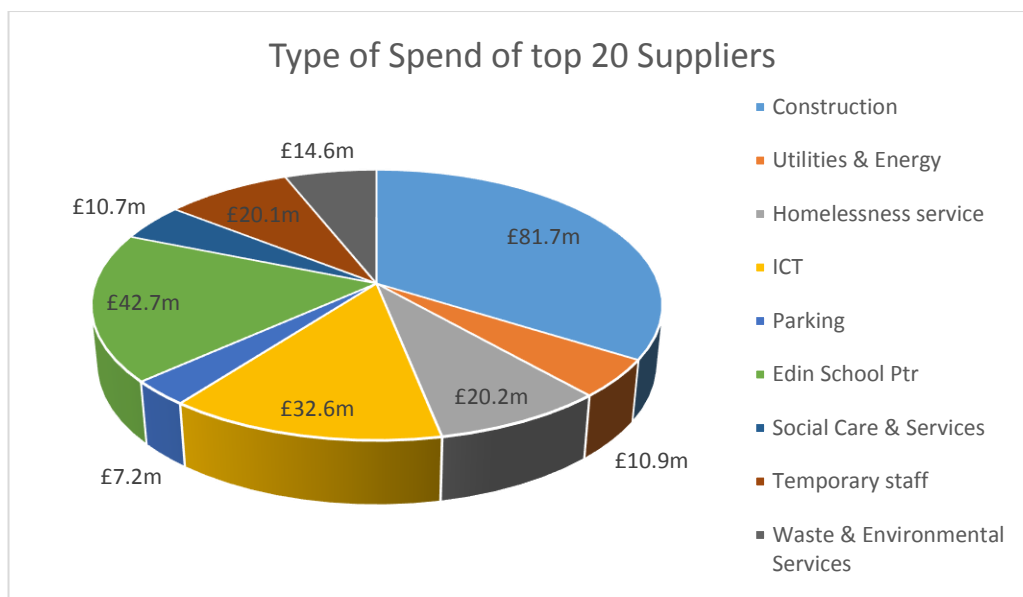
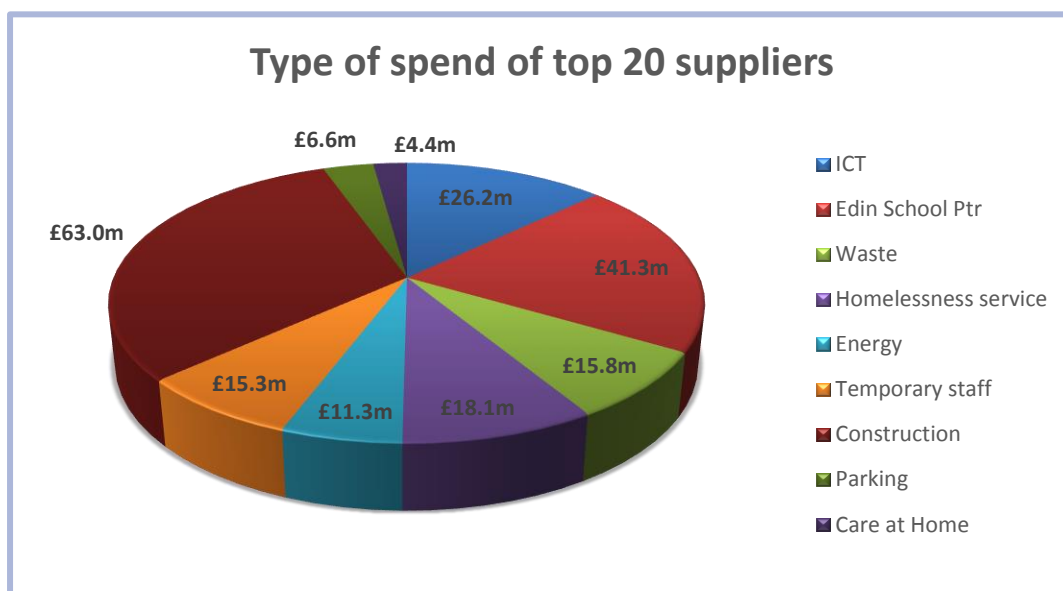


Figure 2 2017-18



Annex 1 – Regulated Procurements

Date of Award	Name of Supplier	Subject Matter	Estimated Value of the Contract	Start Date	End Date
GOODS CONTRACTS AWARDED - 25					
27/03/2018	Matic Media Services Ltd (GB) / GMP Print Solutions Ltd (GB) / Hobs Reprographics PLC (GB)	Large Format Printing and Exhibition Materials Framework	£400,000	01/04/2018	31/03/2020
27/04/2018	Lothian Shopmobility	Supply of wheelchairs	£78,207	01/05/2018	31/08/2018
03/05/2018	Nottingham Rehab Limited	Call off – YPO, Supply of Social Care equipment	£94,334	01/05/2018	31/01/2020
14/05/2018	Woodall Nicholson Limited/Mellor Coachcraft (GB)	Call-off sxl, Supply of 12 Welfare/Accessible Buses	£1,033,500	21/05/2018	20/05/2023
15/05/2018	Coffee Conscience Ltd	Coffee and tea supplies equipment, servicing	£127,458	01/06/2018	31/05/2020
01/06/2018	Sharp Business Systems UK PLC	Call off – SXL, Education & Office Furniture	£60,993	01/06/2018	02/06/2018
05/06/2018	Metcraft Lighting Limited	Framework Supply of Heritage Street Lighting Lot 1	£138,226	01/07/2018	30/06/2022

Date of Award	Name of Supplier	Subject Matter	Estimated Value of the Contract	Start Date	End Date
20/06/2018	Enevo UK Limited	Supply and Install of Litter Bin Sensors	£54,000	02/07/2018	01/07/2020
22/06/2018	Metcraft Lighting Limited	Edinburgh Heritage Street Lighting Framework – Lot 2	£154,169	01/07/2018	30/06/2022
26/06/2018	Azzurro Limited	Call-off- SXL, Furniture Provision Bankhead depot	£65,824	28/06/2018	30/06/2018
26/06/2018	CF Services Ltd	Call-off - SXL, Supply, installation and disposal of furnishings and furniture	£3,000,000	01/07/2018	28/02/2020
29/06/2018	Campbells Brothers Ltd, Campbells Prim Meat Ltd	Call Off – sxl, Supply of Fresh meats and fresh fish.	£2,640,000	01/10/2018	30/09/2021
01/07/2018	Community Products UK Ltd	Call off - sxl, Lot 6 - Pre-5 Furniture	£52,104	01/07/2018	02/07/2018
04/07/2018	Jewson Ltd (GB) / Colorado Construction & Engineering Ltd (GB)	Supply of natural stone paving products	£757,864	09/07/2018	08/07/2020
10/08/2018	Urbis Schreder Ltd	Edinburgh Conservation Lantern	£677,725	20/08/2018	19/08/2022
18/09/2018	Shimadzu UK Ltd	Laboratory equipment	£102,819	10/09/2018	09/09/2023
27/09/2018	Dawson Plant Hire	Hire of JCBs	£55,000	27/09/2018	31/10/2018
16/10/2018	Swarco UK Ltd	Call off – ESPO Supply and Install of Electric Vehicle Infrastructure	£63,883	29/10/2018	31/12/2018
20/11/2018	PJs Foods Ltd	Call off- NHS, Prepared Sandwiches	£329,139	01/12/2018	30/11/2022
23/11/2018	Metcraft Lighting Limited Zeta Specialist Lighting Limited	Framework Supply of Heritage Lanterns – Lots 3, 4,5, 6	£911,035	29/11/2018	28/11/2022
20/12/2018	Antalis Limited	Call off – NW Specialist paper	£280,000	03/01/2019	31/12/2020
21/01/2019	Cyclehoop Ltd	Cycle lockers and management services	£576,000	28/01/2019	27/01/2024
05/03/2019	Rentokil Initial Services Ltd	Call-off – SXL, Washroom solutions & products	£950,000	01/04/2019	31/03/2022
14/03/2019	Trustmarque Solutions Ltd	Call off – CCS Microsoft Licences 2019 - 2022	£3,456,812	01/04/2019	31/03/2022
22/03/2019	A & R Martin Limited	Production Equipment for Cultural Venues	£75,000	01/03/2019	30/04/2020
SERVICES CONTRACTS AWARDED - 179					
01/04/2018	Penumbra	Supported Accommodation	£122,212	01/04/2018	31/03/2020
01/04/2018	Link Living Ltd	Young Peoples Visiting Support Service	£2,343,440	01/04/2018	31/03/2021
01/04/2018	Simon Community Scotland/Streetworks	Street Outreach, Support Hub and Complex Needs Visiting Support Service	£7,167,400	01/04/2018	31/03/2021
01/04/2018	Bield Housing Association Ltd	Housing support for Older People	£100,823	01/04/2018	01/04/2019
01/04/2018	Cairn Housing Association Ltd	Housing support for Older People	£53,707	01/04/2018	31/03/2019
01/04/2018	Childrens Hospice Association Scotland	Respite Care	£179,520	01/04/2018	31/03/2021
01/04/2018	Ernst and Young LLP	Sustainable Community support – Care service	£150,856	01/04/2018	31/05/2018
01/04/2018	Jontek Ltd	Maintenance of alarm receiving centre	£91,000	01/04/2018	31/03/2019
01/04/2018	Mansfield Care	Housing support for Older People	£75,305	01/04/2018	31/03/2019
01/04/2018	Northcare Manor	Care Home services	£3,516,110	10/04/2018	09/04/2020
01/04/2018	Ochil Tower School Ltd	Respite Care placement	£230,000	01/04/2018	31/03/2020
01/04/2018	Ochil Tower School Ltd	Respite Care placement	£220,000	01/04/2018	31/03/2020

Date of Award	Name of Supplier	Subject Matter	Estimated Value of the Contract	Start Date	End Date
01/04/2018	Port of Leith Housing	Housing support for Older People	£51,581	01/04/2018	31/03/2019
01/04/2018	With You Limited	Housing support for Older People	£136,369	01/04/2018	31/03/2019
04/04/2018	Green Cross Training Ltd	First Aid Training	£100,000	01/04/2018	31/03/2021
05/04/2018	Arcadis LLP	Call off – CCS Hard FM Services Partner	£110,413	09/04/2018	09/04/2019
11/04/2018	Travelers Insurance Company Ltd	Edinburgh Trams Insurance	£1,438,063	31/05/2018	30/05/2021
20/04/2018	Collective Architecture Limited	Call off – Professional services	£987,000	20/04/2018	20/04/2019
20/04/2018	National Youth Choir of Scotland	Kodaly based music training	£59,117	20/04/2018	30/06/2018
20/04/2018	RSP Consulting Engineers LLP	Call off – Professional services	£97,950	20/04/2018	20/04/2019
20/04/2018	Will Rudd Davidson Edinburgh Ltd	Call off – Professional services	£323,145	20/04/2018	20/04/2019
23/04/2018	Barnardos Scotland	Managed Support services	£6,934,580	01/04/2018	31/03/2021
23/04/2018	Smith of Derby Limited	Maintenance of civic clocks	£109,966	23/04/2018	16/04/2021
30/04/2018	IHS Global Ltd	Construction information services	£109,119	30/04/2018	20/03/2020
01/05/2018	Action For Children	Residential care	£440,000	01/04/2018	31/03/2020
01/05/2018	Active Ark Limited	Residential care	£490,000	01/04/2018	31/12/2020
01/05/2018	Aecom Limited	Call off – Professional services	£379,140	01/05/2018	17/05/2019
01/05/2018	Aecom Limited	Call off – Professional services	£65,000	01/05/2018	01/05/2019
01/05/2018	Carr Gomm Scotland Ltd	Housing and support services	£599,015	02/04/2018	31/12/2020
01/05/2018	Currie & Brown UK Limited	Call off – Professional services	£205,920	01/05/2018	01/05/2019
01/05/2018	Currie & Brown UK Limited	Call off – Professional services	£140,400	01/05/2018	01/05/2019
01/05/2018	TRL (GB)	ECO Stars Fleet Recognition Scheme Framework	£750,000	01/05/2018	30/04/2020
01/05/2018	Horizons Residential Care Limited	Residential care	£380,000	01/04/2018	31/12/2020
01/05/2018	Horizons Residential Care Limited	Residential care	£380,000	01/04/2018	31/03/2020
01/05/2018	Steer Davies & Gleave Ltd	Legal services	£104,238	01/05/2018	01/05/2020
01/05/2018	Thomas & Adamson	Call off – Professional services	£162,500	01/05/2018	01/05/2019
04/05/2018	Cobalt Telephone Technologies Ltd	System maintenance service	£100,000	01/05/2018	01/05/2019
08/05/2018	AHR Architects Limited	Call off – Professional services	£75,000	08/05/2018	30/06/2019
09/05/2018	Enable Scotland	Care and Support	£64,000	09/05/2018	31/03/2019
09/05/2018	Johnson Poole & Bloomer	Call off - Site investigations	£80,388	30/06/2018	31/12/2018
10/05/2018	Edinburgh Coach Lines Ltd	Supported Bus Route	£202,000	01/04/2018	30/03/2019
10/05/2018	Lothian Buses PLC	Supported Bus Route	£109,700	01/04/2018	30/03/2019
10/05/2018	Maybo Ltd	Call off, staff training	£63,000	14/05/2018	13/05/2020
10/05/2018	Waverley Travel	Supported Bus Routes	£74,000	01/04/2018	30/03/2019
11/05/2018	Aecom Limited	Call off – Professional services	£73,000	11/05/2018	11/05/2019
14/05/2018	BHL Consultancy Ltd	NEC3 site supervision services	£219,648	18/06/2018	30/10/2020
16/05/2018	AW Jenkinson Woodwaste Ltd	Uplift and Recycling of Waste Laminates	£180,000	03/01/2018	01/06/2019

Date of Award	Name of Supplier	Subject Matter	Estimated Value of the Contract	Start Date	End Date
16/05/2018	Keep Scotland Beautiful	Maintenance of environment systems	£240,000	01/04/2018	31/03/2022
20/05/2018	Canal View Care Ltd	Care Home Places	£1,173,213	21/05/2018	20/10/2020
23/05/2018	Link Living Ltd	Group Work for Young People Service	£73,350	02/07/2018	01/07/2021
25/05/2018	The Yard	Holiday Activity Programme	£675,530	29/05/2018	30/05/2019
29/05/2018	Ocean Serviced Apartments Ltd	Respite accommodation	£50,000	01/05/2018	31/12/2018
31/05/2018	Aecom Limited	Call off – Professional services	£50,000	23/04/2018	30/07/2018
31/05/2018	Swanton Care & Community Limited	Residential care	£185,000	31/05/2018	30/04/2019
01/06/2018	Curo Salus Ltd	Residential care	£488,000	01/04/2018	31/03/2020
06/06/2018	IMG Artists UK Ltd	Music performers, culture events	£175,000	01/04/2018	31/12/2018
07/06/2018	Eilis B Murray	Stenography services	£50,000	07/06/2018	31/05/2022
08/06/2018	H R Cartwright Consultancy	Building services adviser services	£92,000	17/04/2018	30/06/2018
08/06/2018	Len Murray	Building services adviser services	£88,000	17/04/2018	30/06/2018
09/06/2018	Stephen Quinn Associates Ltd	Building services adviser services	£105,000	17/04/2018	30/06/2018
12/06/2018	Ashurst LLP	Legal services	£1,000,000	01/07/2018	30/06/2019
13/06/2018	LearnPro Limited	Maintenance, training system	£215,229	01/06/2018	31/07/2020
15/06/2018	Cyrenians	Supported Accommodation	£92,056	25/06/2018	31/03/2019
20/06/2018	JMT Care Services Ltd	Fostercare services	£77,310	01/04/2018	30/08/2018
26/06/2018	Action for Children	Residential care	£164,000	16/07/2018	20/01/2019
29/06/2018	Wrixon Security Services Limited	Secure transport services	£120,000	29/06/2018	31/12/2025
02/07/2018	Carr Gomm Scotland Ltd	Care and Support service	£1,800,000	02/07/2018	01/07/2020
02/07/2018	Clyde & Co (Scotland) LLP	Legal services	£250,000	02/07/2018	02/07/2023
02/07/2018	Penumbra	Care and Support service	£137,052	02/07/2018	01/07/2020
03/07/18	Aecom Limited	Call off – Professional services	£823,107	03/07/2018	02/07/2019
03/07/18	Aecom Limited	Call off – Professional services	£678,064	03/07/2018	02/07/2019
03/07/2018	Dunedin School	Education support services	£82,000	01/04/2018	31/07/2018
04/07/2018	Safe Families for Children (Scotland)	Family Support Volunteer Service	£739,500	01/07/2018	30/06/2021
06/07/2018	Balfour Beatty Civil Engineering Ltd	Call off – Scape, Professional Bridge services	£112,875	06/07/2018	02/11/2018
10/07/2018	Airwave Solutions Ltd	Radio services	£53,598	01/06/2018	01/06/2023
11/07/2018	St. Albans Lodge (GB) / Camstone (Scotland) Ltd (GB) / Leamington House (GB) / K&S Mir Ltd T/A Cameron Guest House Group (GB) / rowan alba limited (GB) / Ardblair Guest House (GB) / MS Properties (Edinburgh) Ltd T/A AAA Guest House (GB) / Bainfield Ltd (GB) / 3A Solutions Ltd trading as Maple Leaf Group (GB) / Rowan Alba limited (GB)	Open Framework for Temporary Accommodation, Shared Houses & Shared House with Inclusive Housing Support	£40,000,000	03/08/2018	03/08/2020

Date of Award	Name of Supplier	Subject Matter	Estimated Value of the Contract	Start Date	End Date
11/07/2018	GTS Solutions CIC	Call off - SXL Transport Marshals services	£58,047	01/06/2018	31/03/2019
12/07/2018	ExecSpace Limited	Call off, SP conference venues	£140,000	12/07/2018	11/07/2019
17/07/2018	City of Glasgow College	Call off, Staff Training	£230,760	13/08/2018	12/08/2020
17/07/2018	North Edinburgh Childcare	Call off, Staff Training	£91,200	13/08/2018	12/08/2020
19/07/2018	Gerald Eve LLP	Call off, CCS professional services	£331,980	23/07/2018	22/07/2021
19/07/2018	Lothian Buses PLC	Supported Bus Services	£241,500	27/07/2018	31/03/2019
25/07/2018	Public-i Group Limited	Call off, Braintree Council, Webcasting service	£164,290	01/08/2018	31/07/2021
26/07/2018	Scene One Search and Selection Limited	Professional services	£55,000	26/07/2018	31/10/2018
07/08/2018	The Welcoming Association(GB) / Saheliya (GB)	English Language Teaching and Cultural Integration Support	£385,200	16/07/2018	15/07/2020
09/08/2018	Winning Moves UK Ltd	Advertising	£54,000	01/09/2018	31/10/2021
17/08/2018	Borders Buses Ltd, Stagecoach East Scotland, Edinburgh Coach Lines Ltd, E&M Horsburgh Ltd, First Scotland East Ltd, Waverley Travel, Lothian Buses	Supported Bus Services Framework	£4,800,000	02/07/2018	01/07/2022
17/08/2018	Sweco UK Holding Limited	Call off – SXL Workplace travel technical services	£117,924	01/09/2018	31/05/2019
20/08/2018	Capita Property & Infrastructure Ltd	Call off – Professional services	£244,000	20/08/2018	31/12/2020
21/08/2018	Andy McKinnell Ltd	Professional observer service	£154,000	21/08/2018	20/08/2021
22/08/2018	Dunedin School	Educational services	£570,000	22/08/2018	30/06/2020
24/08/2018	University of Edinburgh	Advice and Support	£70,000	01/04/2018	31/03/2019
27/08/2018	Jacobs Engineering UK Ltd	Call off, SXL Technical services	£524,427	29/08/2018	31/05/2019
27/08/2018	Matrix Fife	Call off, SP Upholstery	£90,000	01/09/2018	30/11/2019
27/08/2018	Turner & Townsend Infrastructure	Call off, SXL Technical services	£135,000	29/08/2018	31/05/2019
30/08/2018	Action For Children	Residential Care	£347,000	30/08/2018	31/03/2020
03/09/2018	Swanton Care & Community Limited	Residential Care	£89,000	03/09/2018	25/05/2019
05/09/2018	JMT Care Services Ltd	Care service	£77,310	01/07/2018	30/09/2018
05/09/2018	Scottish Nursing Guild	Recruitment service	£245,000	25/03/2018	30/10/2018
06/09/2018	Progressive Partnership Ltd	Call off, SG - Market Research service	£235,840	10/09/2018	09/09/2019
14/09/2018	Thomas & Adamson	Call off, Professional services	£642,339	14/09/2018	13/09/2019
14/09/2018	Thomas & Adamson	Call off, Professional services	£718,171	14/09/2018	13/09/2019
17/09/2018	iCOM Works Ltd	Tenant Discount scheme	£195,403	25/09/2018	24/09/2020
18/09/2018	City Health Clinic Limited	Driver Medicals for Taxi and Public Hire Cars	£95,000	09/09/2018	01/09/2019
18/09/2018	Collective Architecture	Call off, Professional services	£215,587	18/07/2018	17/09/2020
18/09/2018	Collective Architecture	Call off, Professional services	£315,963	18/09/2018	17/09/2019
25/09/2018	Enable Scotland	Residential care	£223,000	06/10/2018	18/11/2020
25/09/2018	Enable Scotland	Residential care	£298,000	15/10/2018	06/04/2020
25/09/2018	The Action Group	Residential care	£90,436	25/10/2018	25/01/2020

Date of Award	Name of Supplier	Subject Matter	Estimated Value of the Contract	Start Date	End Date
26/09/2018	Hermes Equity Ownership Services Limited	Investment Management services	£250,000	01/07/2018	30/06/2019
27/09/2018	Alzheimer Scotland-Action on Dementia	Care services	£174,227	01/09/2018	31/03/2020
27/09/2018	Scene One Search and Selection Limited	Professional Services	£128,000	01/07/2018	30/04/2019
28/09/2018	Action For Children	Residential Care	£447,700	01/10/2018	31/03/2020
28/09/2018	Field And Lawn Limited	Festive Lighting and trees	£305,490	03/10/2018	02/10/2020
03/10/2018	Stepping Stones North Edinburgh	Early years services	£93,194	01/04/2019	31/03/2020
09/10/2018	Barnardos Scotland	Training events	£55,512	01/04/2018	31/03/2020
09/10/2018	National Youth Choir of Scotland	Kodaly based music training	£57,760	15/08/2018	30/06/2019
10/10/2018	Borders College, Fife College	SVQ Children Social Services Training	£185,700	15/10/2018	14/10/2020
11/10/2018	Siemens Mobility Ltd	Traffic Signal Maintenance, Supply and Installation	£200,000	04/11/2018	31/03/2019
11/10/2018	Zurich Municipal	Insurance services	£274,036	01/07/2018	01/07/2019
12/10/2018	Studio arc Design Consultants Ltd	Update and installation of museum displays	£69,450	01/09/2018	31/12/2018
19/10/2018	Bloom Procurement Services Ltd	Call off, Design support service	£143,399	19/10/2018	06/06/2021
22/10/2018	Dunedin School	Specialist education services	£570,000	22/10/2018	30/06/2019
30/10/2018	Arcus Consultancy Services Limited	Specialist recruitment services	£106,730	01/11/2018	31/03/2019
30/10/2018	Midland Software Limited	Software licences	£56,500	01/10/2018	31/12/2018
01/11/2018	Modern Mindset Ltd	Call off, CCS – Management tools and online services	£92,530	01/11/2018	30/10/2020
05/11/2018	Change, Grow, Live	Offender Recovery Service (extension)	£503,126	01/04/2019	31/03/2020
05/11/2018	Hymans Robertson	Call off, NCCT - Actuarial Services	£922,512	01/01/2019	31/12/2022
13/11/2018	Alere Toxicology Plc	Laboratory test kits	£372,480	19/11/2018	18/11/2021
14/11/2018	Changeworks Recycling Ltd	Collection of paper	£140,000	30/04/2018	31/03/2019
14/11/2018	Roberts Partnership Ltd, Edinburgh Chamber of Commerce, Targeting Innovation Limited, STEP	Business Gateway services Framework	£3,616,130	19/11/2018	18/11/2020
14/11/2018	Central Radio Taxis (Tollcross) Ltd (GB), Edinburgh City Private Hire Ltd (GB)	Framework Agreement for Unescorted Passenger Journeys	£6,000,000	15/12/2018	14/12/2021
14/11/2018	Gateway Shared Services	Management of Schools Work Placement Programme	£88,500	01/07/2018	30/06/2019
15/11/2018	Crisis UK	Rent Deposit Guarantee Service	£443,009	28/01/2019	27/01/2022
15/11/2018	Energy & Compliance Limited t/a Compliance365	Call off, SXL - Energy Performance Certificates	£67,390	19/11/2018	19/03/2020
22/11/2018	Action For Children	Holiday Activity Programme	£60,000	01/04/2019	31/03/2020
23/11/2018	David Narro Associates Ltd	Call off, Professional services	£84,672	23/11/2018	22/11/2019
27/11/2018	Torus Design Ltd	Design Consultancy Services for Bridges	£100,000	01/06/2018	31/03/2019
27/11/2018	We Are Ready Ltd	Cultural venue performer services	£58,000	01/11/2018	28/02/2019

Date of Award	Name of Supplier	Subject Matter	Estimated Value of the Contract	Start Date	End Date
28/11/2018	Scott & Co (Scotland) LLP (GB), Walker Love (GB)	Sheriff Officer and Debt Collection Services Framework	£879,371	01/02/2019	31/01/2023
28/11/2018	Heywood Ltd	Integrated Pension Administration & Payroll Software System	£2,947,430	28/11/2018	27/11/2028
03/12/2018	Mark Porteous Funeral Directors Ltd	Funeral Services	£72,000	03/12/2018	02/12/2020
05/12/2018	Hamilton Waste and Recycling Ltd	Receipt and Recycling of Waste	£90,000	01/12/2018	31/03/2020
06/12/2018	Lloyd Smith Photography & Film (GB), Stuart Nicol Photography (GB), Gavin Bryce, Daysix Film Production (GB), Colin Hattersley Photography (GB), Graham Clark Photographer (GB), Tanami (GB), Raw Film Productions (GB), Sync or Swim Productions (GB), Glass Bullet Productions Ltd (GB), Holyrood Partnership (GB), Alan McCredie Photography (GB), Greg Macvean Photography (GB)	Photography and Video Services Framework	£140,000	01/01/2019	31/12/2021
11/12/2018	ABM Facility Services Scotland Limited	Cleaning service	£105,000	01/02/2019	01/08/2019
11/12/2018	Team Netsol Ltd	ICT system maintenance	£115,200	11/12/2018	11/10/2019
12/12/2018	Redburn (Europe) Limited	Pension Investment Research	£50,000	01/01/2019	31/12/2019
18/12/2018	APS Group Scotland Ltd	Call off, CCS – specialist print services	£160,000	01/02/2019	31/01/2021
18/12/2018	Arlingclose Limited	Treasury Management services	£150,000	03/01/2019	02/01/2021
19/12/2018	Barnardos Scotland	Transition services for young people	£62,400	01/04/2019	31/07/2019
19/12/2018	Barnardos Scotland	Residential care short breaks	£145,000	01/11/2018	31/03/2019
19/12/2018	Credo Care Ltd	Fostercare placement services	£122,300	01/10/2018	31/03/2019
19/12/2018	JMT Care Services Ltd	Fostercare placement services	£100,130	01/10/2018	31/03/2019
19/12/2018	Midland Software Limited	Software upgrade	£182,211	18/12/2018	01/04/2019
21/12/2018	Ecosse Sports Ltd t/a Replay Maintenance	Call off, SXL – maintenance and inspection of pitches	£114,306	03/12/2018	02/12/2020
27/12/2018	Charles River Development Limited	Investment Front Office Software System	£3,259,369	27/12/2018	26/12/2022
27/12/2018	Richmond Fellowship Scotland	Care Service for young people	£122,800	31/12/2018	28/02/2019
28/12/2018	IBM United Kingdom Ltd	ICT Audit of software and licenses	£87,592	01/01/2019	31/12/2019
10/01/2019	Levenseat Ltd	Treatment and Disposal of waste	£240,000	24/11/2018	07/03/2019
15/01/2019	Muirhouse Medical Group	Research and innovation service	£58,750	01/04/2018	30/06/2019
16/01/2019	Community Renewal Trust (Consortium)	Edinburgh Targeted and Integrated Employability Service	£3,600,000	01/04/2019	31/03/2021

Date of Award	Name of Supplier	Subject Matter	Estimated Value of the Contract	Start Date	End Date
16/01/2019	IMG Artists UK Ltd	Artists Agents for Cultural Venues	£175,000	01/01/2019	31/07/2019
28/01/2019	MCR Pathways	Young People support service	£240,000	01/01/2019	30/09/2019
30/01/2019	Bethany Christian Trust	Homelessness Services	£121,673	01/04/2019	30/09/2019
11/02/2019	Inform Communications PLC	Call off, CCS – ICT System upgrades	£398,000	01/03/2019	28/02/2021
14/02/2019	Osiris Educational Woodhall Spa Limited	Specialist training for teaching staff	£84,050	01/04/2018	30/04/2019
15/02/2019	David Ogilvie Engineering Ltd	Personalised inscription Plaques	£200,000	01/03/2019	01/03/2022
15/02/2019	Glendale Grounds Management Ltd (GB)	Garden Aid and ad hoc grounds maintenance Framework	£2,500,000	01/03/2019	28/02/2023
15/02/2019	Sibcas Limited	Relocation of Temporary Nursery Unit	£178,025	13/02/2019	31/08/2019
05/03/2019	Projecting Limited	System support	£68,875	28/02/2019	30/09/2019
20/03/2019	Edinburgh Young Carers Project	Young Carers Support Service	£91,690	01/04/2018	30/06/2020
22/03/2019	Changeworks Recycling Ltd	Servicing of paper banks	£75,000	01/04/2019	31/10/2019
22/03/2019	Meallmore Ltd	Adult care services	£439,900	31/03/2019	31/03/2020
22/03/2019	War Productions Limited	Audio Visual and Projection Equipment	£60,000	01/03/2019	30/04/2020
22/03/2019	Waverley Care	Adult care services	£555,977	31/03/2019	31/03/2020
25/03/2019	Common Ground Mediation Ltd	Mediation Services for Children and young people	£85,000	01/04/2019	31/03/2022
28/03/2019	Barnardos Scotland	Respite services for Children	£350,000	01/04/2019	31/03/2020
28/03/2019	Childcare Connections Limited, North Edinburgh Childcare, Kizcare, Smilechildcare	Subsidised Childcare for Working Parents	£4,380,100	01/04/2019	31/03/2022
28/03/2019	Scottish Adoption Association	Adult adoption counselling services	£430,920	01/04/2019	31/03/2023
WORKS CONTRACT AWARDED - 3					
13/04/2018	Crummock (Scotland) Ltd (GB), Luddon Construction Ltd (GB), Kiely Bros Ltd (GB), Mackenzie Construction Ltd (GB), MacLay Civil Engineering Ltd (GB), Robertson Civil Engineering (GB), T&N Gilmartin (Contractors)Ltd (GB), Aggregate Industries UK LTD (GB), Colas Ltd (GB), Lightways (Contractors) Limited (GB), Markon Limited (GB), Lanes Group (GB), DAMM Environmental (GB)	Transport and Infrastructure Framework	£60,000,000	30/04/2018	29/04/2020
04/06/2018	Amey OW Limited	Energy Efficient Street Lighting Replacement	£15,219,449	05/06/2018	04/06/2021
24/01/2019	John Graham Construction Ltd, t/a Graham Construction (GB)	Call off, Construction Works, Meadowbank Sports Centre	£39,294,291	24/01/2019	23/01/2021

Annex 2 – Compliance with Procurement Strategy

Strategy objectives

1. Deliver Savings and Best Value (and we will do this by):		
Item	Our Progress	Status
Working together to identify opportunities and continuing to challenge the status quo	<ul style="list-style-type: none"> ➤ Adoption of a Business (Commercial) Partnering approach in relation to procurement matters; ➤ Close working with 'customers' across and external to the organisation to identify new and innovative solutions – challenging the existing, striving for improvement; ➤ Services considered on a cross-directorate (Council wide) basis to deliver holistic solutions; and ➤ Best Value efficiencies borne from within the Commercial and Procurement Services team and by Directorates, captured within the Commercial Pipeline tracker. 	Fully Complied
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 230</p> Focusing on the delivery of a service which delivers successful preventative care and early intervention through the localities model	<ul style="list-style-type: none"> ➤ Review and delivery of alternative service delivery models based around localities approach; ➤ Collective working, inclusive of Health and Social Care / Communities and Families integration with third party providers as one to deliver successful services; ➤ Shift in emphasis to preventative and early interventions and, where appropriate, delivery at a locality level; and ➤ Significant change impacted through co-production with service users and providers. 	Fully Complied
Improving contract and supplier relationship management across the Council to ensure optimum value and innovation from our contractual relationships	<ul style="list-style-type: none"> ➤ The Contract and Grants Management (CAGM) team oversee strategy and Council-wide best practice; ➤ Contract management framework has been created to be used by contract managers in all Council service areas. It is a toolkit for contract management activities throughout a contract's lifecycle and has a strong focus on supplier management and compliance; ➤ Contract management framework was co-produced with corporate teams across the Council (including Risk, Resilience, Information Governance, Health and Safety and Internal Audit) as well as contract managers <p>The CAGM team lead on delivering operational efficiencies, reviewing the Council's top suppliers, securing better outcomes, best value and improved performance;</p>	Partially Complied

1. Deliver Savings and Best Value (and we will do this by):

Item	Our Progress	Status
	<ul style="list-style-type: none"> ➤ The CAGM team work to ensure that key suppliers and contract managers develop partnership working relationships, proactively manage risks and take advantage of specific contractual opportunities to deliver innovation and efficiencies; and ➤ Contract Management Training has been developed and Contract Management Forums are ongoing focussing on sharing best practice and lessons learned. 	
<p>Applying a whole life costing approach which balances cost, quality and sustainability</p>	<ul style="list-style-type: none"> ➤ Whole life cost considered early at the time of strategy development, with evaluation focused on a balanced cost, quality and sustainability threshold; ➤ Focus shift from 'price only' evaluation, to Whole Life Costing procurement supporting the local economy; ➤ Whole Life costing included within procurement service templates, to be considered on every appropriate opportunity; and ➤ Continual monitoring on the use of whole-life costing within our tender approach, with Best Practice shared and recorded for future reference. 	Fully Complied
<p>Increasing market engagement and benchmarking to drive competitive tenders and to improve quality through best practice</p>	<ul style="list-style-type: none"> ➤ Regulated procurements embrace market engagement, research and benchmarking in order to maximise quality and value. Various 'Meet the Buyer / Supplier' events held throughout the period; ➤ Evaluation process establishes scale of commercial opportunity, complexity and political and/or social impact, with an outcome categorisation rating; ➤ Collaboration with other Local Authorities and/or public-sector partners, benchmarking undertaken to establish baseline and learn of best practice within the sector; ➤ Frequent market engagement through Prior Information Notice on Public Contracts Scotland, advertising engagement and co-production events on the Edinburgh Compact website; and ➤ Use of third sector engagement organisations such as Edinburgh Voluntary Organisations Council and Coalition of Care and Support Providers in Scotland (CCPS). 	Fully Complied
<p>Increasing collaboration through the City and Lothians as well as with other public-sector organisations</p>	<ul style="list-style-type: none"> ➤ Ongoing commitment and active contribution to Scotland Excel collaborative approach with all our Local Authority Partners; 	Fully Complied

1. Deliver Savings and Best Value (and we will do this by):		
Item	Our Progress	Status
	<ul style="list-style-type: none"> ➤ Focus on increased collaboration with other public-sector organisations with recent engagement with the Scottish Prison Service and University of Edinburgh; and ➤ New collaborative contracts introduced with partners such as East, West and Midlothian Councils, NHS Lothian, NHS Fife, North and South Ayrshire Councils, Aberdeenshire Council and Police Scotland. 	
Maximising Community Benefits	<ul style="list-style-type: none"> ➤ Community Benefits imposed in all contracts over £50,000 where appropriate for supplies, services and works; ➤ Development of model questions for contracts and frameworks to encourage appropriate and preferred benefits linked to our communities; ➤ Community Benefit requirements continue to provide a method of including social and economic matters in public contracts; ➤ Successful delivery of a number and range of different community benefits within period; and ➤ Community Benefits captured internally and reported to CPS senior management. 	Fully Complied

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2. Improve Processes and Policies by:		
Item	Our Progress	Status
Developing a light touch procurement regime for health and social care services which will deliver the best service outcomes for the available budget.	<ul style="list-style-type: none"> ➤ The 'light touch' procurement regime used extensively to deliver better outcomes - service users and providers of services. Significant resources dedicated to co-production and service redesign with third sector partners e.g. Mental Health, Domestic Abuse, Day Services and Homelessness Services ➤ Approach ensured continuity of care for those already in receipt of services using 'direct award' in specific circumstances; and ➤ Innovative processes (based upon Dynamic Purchasing Systems), to provide the flexibility and access to capacity to deliver a more comprehensive range of services. Building on initial procurements using this method and the lessons we learned from an operational aspect further procurements are underway. 	Fully Complied
Working closely with service areas in commissioning activities to fully		Fully Complied

2. Improve Processes and Policies by:

Item	Our Progress	Status
<p>comply with the Procurement (Scotland) Regulations 2015, Procurement Reform (Scotland) Act 2014, Procurement 2016 and Statutory Guidance by embedding requirements in our procurement handbook and standard procurement documentation</p>	<ul style="list-style-type: none"> ➤ Regulations and statutory guidance embedded into the Contract Standing Orders and reviewed on an annual or as required basis; ➤ Contract Standing Orders have provided the policy to amend and improve processes and procedures utilised to support compliance of commissioning for goods, works and services required; ➤ Regulated procurements tendered via PCS website; ➤ Case Law under the new regulations is reviewed to incorporate good practice and learning into own processes and documentation; ➤ Council Procurement Handbook updated to reflect guidance changes; and ➤ Procurement documentation reviewed and amended to reflect changes in legislation and Contract Standing Orders 	Fully Complied
<p>making sustainable procurement business as usual, and incorporating community benefits in all appropriate contracts with values of £50,000 and above</p>	<ul style="list-style-type: none"> ➤ Council's Sustainable Procurement Policy Outcomes commit to maximising social and economic benefits from all procurement activity; ➤ Procurement document suite incorporates prompts to aid inclusion of social, economic and environmental benefits to support our policy and Council strategic aims; ➤ Sustainable procurement is pivotal in our procurement handbook and CSOs which is part of our induction process for staff and annual policy awareness compliance checks; ➤ As above, community benefits imposed in contracts over £50,000 where appropriate; and ➤ Procurement training provided to staff to support their learning and understanding of their influence. 	Fully Complied
<p>Applying Fair Work requirements to procurements and encouraging the adoption of these and promotion of the Living Wage</p>	<ul style="list-style-type: none"> ➤ New Fair Work Best Practice Guidance launched by Scottish Government in June 2018 used to refresh procurement staff awareness on this statutory duty; ➤ Relevance of Fair Work Practices is considered for all regulated procurements; ➤ Key aspect considered in the procurement journey ensuring this is adequately addressed where appropriate; ➤ Embedded in the relevant procurement documentation templates inclusive of the Procurement Plan, Invitation to Tender, Evaluation Questions and the Terms and Conditions; and 	Fully Complied

2. Improve Processes and Policies by:

Item	Our Progress	Status
	<ul style="list-style-type: none"> ➤ Processes developed to ensure compliance with legislative duty to consider sustainable procurement in every project and contract with robust Fair Work Practices embedded within. 	
<p>Supporting local businesses and SMEs through closer working with City Strategy and Economy and other partners, and by making our processes more streamlined and accessible</p>	<ul style="list-style-type: none"> ➤ Council has board representative and supports Supplier Development Programme Scotland to deliver their procurement training programme to SMEs. Close relationships with the Place Directorate; ➤ Meet the Buyer events attended each year and hosting of contract specific events to ensure potential SMEs and the Council deliver best value through a better understanding of project and procurement process, examples of project specific events are, Edinburgh Tram to Newhaven, Meadowbank Sports Arena Redevelopment, Fountainbridge Housing and Commercial Property Redevelopment These events specifically target opportunities for sub-contractors within the main contracts. ➤ Contract Standing Orders include the provision to support the use of local SMEs for purchasing under £50,000. At least one SME from the City of Edinburgh or a significant employer within the City of Edinburgh shall be invited to tender in any process for purchases/ contracts of an estimated value of £50,000 or less; ➤ 'Light Touch' frameworks specifically designed to attract bids from SME and Micro Businesses by reducing the administrative and financial burden of putting a bid in, e.g. Learning and Development Framework and Option 2 and 3 for Children's Services. ➤ Contracts lotted appropriately to support SMEs bid for goods, services and works aligned to their business model and to support our local supply chain deliver best value for the council; and ➤ Collaborative bids supported and training is provided where the market indicates this would be preferred to ensure a valued and compliant bid is secured. 	Fully Complied
<p>Working closely with the third sector and supported businesses to deliver better outcomes for service users and our communities</p>	<ul style="list-style-type: none"> ➤ Consideration to involvement of third sector supported businesses in Regulated Procurements is included at the early strategy stage of a project; ➤ Regular meetings with Edinburgh Voluntary Organisations Council (EVOC) as one of our third sector representations; ➤ Third Sector Organisations have been commissioned to co-production and strategies, for example, Day Care Services in conjunction with the Council ➤ Sizeable increase in usage of existing supported businesses such as North Lanarkshire Industries, Dovetail Enterprises, EESL Ltd, Matrix Fife and St Jude's Laundry as a result of internal promotion across the Council; and 	Fully Complied

2. Improve Processes and Policies by:

Item	Our Progress	Status
	<ul style="list-style-type: none"> ➤ Attending supported business events to gain insight to developments and cascading the detail and contact information to council staff. 	
<p>Promoting compliance by contractors and sub-contractors with the Health and Safety legislation</p>	<ul style="list-style-type: none"> ➤ Working closely with Health and Safety professionals the CAGM team introduced the Contract Handover and Management Report (CHMR) which details processes for monitoring risks, health and safety, financial standing, Business Continuity; ➤ The CMHR advises suppliers and contract managers that health and safety requirements for contracts should be determined during the procurement process and details the necessary monitoring required during a contract's lifecycle; ➤ The CMHR further ensures that suppliers and contract managers are aware of their roles and responsibilities by ensuring that details of Health and Safety information provided to suppliers and the Council prior to commencement, during the contract, assurance and all incident reporting is properly logged and recorded; ➤ Guidance is in place to assist managers plan and commission construction related property alteration or refurbishment works to ensure works comply with relevant Health and Safety legislation, procurement requirements, building standards and Council processes; ➤ A works planning checklist is in place with prompt to risk assessments, responsibilities, relevant policy and contact details of responsible parties; ➤ Assessment and monitoring carried out by relevant departments, procurement process includes reference to Health and Safety where applicable; and ➤ The Council Health and Safety Policy sets out contract owner's responsibilities for managing contractors. 	<p>Fully Complied</p>
<p>Promoting the highest standards of animal welfare and encouraging the procurement of fairly and ethically traded goods and services</p>	<ul style="list-style-type: none"> ➤ Edible Edinburgh Sustainable Food City Plan is referenced in our procurement documents when buying foods; ➤ References through User Intelligence Groups that feed into Scotland Excel frameworks through which the majority of our goods and food supplies are purchased; and ➤ Fair trade considerations included within recent coffee projects for internal cafes 	<p>Fully Complied</p>

2. Improve Processes and Policies by:

Item	Our Progress	Status
<p>Continuing to improve compliance using our Purchase to Pay (P2P) processes to maximise the controls available.</p>	<ul style="list-style-type: none"> ➤ Purchase to Pay (P2P) process continues to strictly control payments whilst ensuring payment to suppliers occurs in a timeous fashion. Statistics relating to adherence are collated and communicated to Directorates across the Council. Consideration to inclusion of Purchase Card spend within this data set; ➤ 'Vendor form' (new suppliers) modified to capture information and provide guidance in relation to 'micro businesses', GDPR legislative compliance (relating to privacy statement) and secure transfer of sensitive data. ➤ Initial scoping of overall Council process (for subsequent publication on Council's intranet site), working in partnership with colleagues from Internal Audit and HR, to support Council-wide understanding and compliance with the Intermediaries Legislation (IR35), Roles and responsibilities identified to enable robust monitoring across the Council. ➤ Enhancement of bank account change process, to ensure that when a supplier alters bank details on multiple occasions in short time period, a review of the financial stability of the supplier will be triggered. This process raised awareness of potential supplier instability and ensures up to date review of supplier financial evaluation is undertaken. 	<p>Fully Complied</p>
<p>Ensure as far as reasonably practicable that payments to contractors and down through the supply chain are made no later than 30 days after a valid invoice is presented</p>	<ul style="list-style-type: none"> ➤ Adoption of Standard Terms and Conditions for all regulated procurements to ensure the requirement for the Council to pay undisputed invoices within 30 days of receipt; ➤ All regulated procurements in period included terms and conditions regarding the prompt payment of Contractors making payment to their nominated sub-contractors; and ➤ 95.15% of invoices, met the KPI and were paid within 30 days during the reporting period. ➤ In view of 'Construction Policy Note 01/2019: Project Bank Accounts - Revised Thresholds and Procedures', roles and responsibilities identified and communicated across relevant Council Directorates to ensure adherence to new thresholds from March '19, as these requirements become more commonplace across the Council. 	<p>Fully Complied</p>

3. Improve Processes and Policies by:

Item	Our Progress	Status
Developing a light touch procurement regime for health and social care services which will deliver the best service outcomes for the available budget.	<ul style="list-style-type: none"> ➤ New 'light touch' procurement regime used extensively to deliver better outcomes - service users and providers of services alike, e.g. Pupil Equity Funding' and Learning and Development providers; ➤ Approach ensured continuity of care for those already in receipt of services using 'direct award' in specific circumstances; and ➤ Innovative processes (based upon Dynamic Purchasing Systems), to provide the flexibility and access to capacity to deliver a more comprehensive range of services. 	Fully Complied
Promoting and supporting professional training opportunities through apprenticeships, trainee programme and continuing professional development options for wider specialist team including CIPS and learning opportunities offered via Scotland Excel	<ul style="list-style-type: none"> ➤ Encouragement, mentoring and support to staff to embrace learning opportunities and undertake appropriate CIPS training, resulting in 91% of specialist procurement staff holding or working towards professional qualifications; ➤ Support to two procurement apprentices working on SVQ and up to five procurement trainees in specialist development with on the job and study opportunities provided; ➤ Staff study towards and attainment in CIPS Level 4 Diploma and Level 5 and 6 advanced Diploma; and ➤ CPD opportunities supported, including events on recent case law, specialist services such as care or sign language, leading to more experienced staff attaining Chartered Status of CIPS membership. 	Fully Complied
Developing practical delivery skills in Commercial and Procurement Services through training, secondments, work shadowing and mentoring activity	<ul style="list-style-type: none"> ➤ Development and Implementation of Commercial Training Plan for staff, covering variety of different training opportunities e.g. refresh on savings methodologies, demand management, and procurement systems; ➤ Training events undertaken from external providers and legal experts, updates on case law, or Police Scotland awareness on serious and organised crime risks to public procurement; ➤ Workshops on Human Trafficking and whole team awareness of Modern Slavery and supply chains; and ➤ Providing work shadowing opportunities to staff new to commercial roles such as contract management. 	Fully Complied
Promoting Commercial and Procurement Services across the Council to support compliance and improved commercial awareness by delivery of drop in sessions,	<ul style="list-style-type: none"> ➤ Variety of promotional, training and engagement sessions using internal website and drop in sessions; ➤ Regular Contract and Grants Managers' forums are learning opportunities with attendee driven agendas raising awareness of commercial performance, compliance; 	Fully Complied

3. Improve Processes and Policies by:

Item	Our Progress	Status
alongside a library of learning events	<ul style="list-style-type: none"> ➤ Bespoke Contract Management online learning has been developed to improve commercial awareness and improve supplier relationships/delivery of service; ➤ Regular attendance at Finance 'Lunch and Learn' events growing profile of team and improving understanding of roles and responsibilities relating to procurement, performance monitoring and contract management; ➤ Contract Standing Order training events provided to Schools, Elected Members (undertaken for new Elected Members this year), the Corporate Leadership Team (CLT) and ad hoc on demand to service areas; ➤ 'Quick Quote' training. learning and development programme extended to wider Council to support tender document development; ➤ Intranet regularly updated with library of support documentation and changes such as modifications to the Contract Standing Orders, Grants Standing Orders, Contract Management Framework and relevant policies and charters e.g. Sustainability Policy, Construction Charter and community benefits; and ➤ Regular meetings Council wide to raise awareness of commercial performance, compliance and support future contract planning, e.g. Schools' Business Managers Forum, and Procurement Boards across a variety of Directorates within the Council. 	Fully Complied
Engaging with other local authorities and other organisations which provide scope for knowledge transfer and efficiency through working together	<ul style="list-style-type: none"> ➤ Regular engagement through Scottish Government Local Procurement Forum (SGLPF), Scotland excel user groups, Scottish Procurement; ➤ Sharing insight on contract management and other projects with local authority and other public-sector colleagues to support knowledge transfer and market insight; ➤ Staff engaged in Procurement People of Tomorrow events and attendance at the Annual Procurex event; and ➤ Sharing knowledge and best practice through engagement in performance improvement groups and presenting at Scotland Excel conferences. 	Fully Complied
Improving contract and supplier management practices across the Council	<ul style="list-style-type: none"> ➤ The contract management framework provides guidance to contract managers around the measurement of benefits (financial and non-financial) and promotes regular monitoring of suppliers; ➤ Supplier performance is tracked and monitored by the relevant contract manager with innovations and lessons learned recorded in contract records and community benefits measured using our bespoke Cenefits system; 	Part Complied

3. Improve Processes and Policies by:		
Item	Our Progress	Status
	<ul style="list-style-type: none"> ➤ The standard supplier agenda template includes a standing item on supplier innovation and developments encouraging ongoing dialogue focused on continuous improvement; ➤ Key performance indicators are used particularly on higher value and high-risk contracts to motivate suppliers to perform and continually improve; ➤ The CAGM team work to ensure that key suppliers and contract managers develop partnership working relationships, proactively manage risks and take advantage of specific contractual opportunities to deliver innovation and efficiencies; Contract Management Training has been developed and Contract Management Forums are ongoing focussing on sharing best practice and lessons learned. ➤ Commercial and Procurement Services working in partnership with Directorates have facilitated the development of overarching contract/supplier management processes, information, advice and guidance; ➤ Collaborative working and partnership relationships with service providers encouraged through adoption and application of standard practices/policies and best practice in contract management; and ➤ Development of relationships with major framework providers and counterpart teams in other local authorities, public sector and third sector organisations. Identifying best practice to deliver best value and drive continuous improvement across sectors. 	

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Plan to Improve Future Compliance

While Procurement Strategy Compliance is being met across most objectives and our contract management actions have made significant improvements in policy and process in the last year, we consider there were further improvements to be achieved through embedding the new arrangements.

Deliver savings and Best Value (and we will do this by):
<p>Improving contract and supplier relationship management across the Council to ensure optimum value and innovation from our contractual relationships</p> <ul style="list-style-type: none"> ➤ Embed policy into practice. ➤ Reinforce the application of effective contract management as policy supported by Contract Standing Orders.

Increase Expertise, Capacity and Effectiveness (and we will do this by):

Improving contract and supplier management practices across the Council

- Continue to offer relevant training and guidance to improve and embed contract and grant management process and procedure;
- Review adoption of new processes and provide support where needed to improve practices;
- Engage and develop relationship with new major providers as contracts and frameworks are renewed.

Annex 3 – Future Procurement Activity

New Procurements				
Brief Contract Description	Contract Estimated Value	Expected Contract Notice Date	Expected Award Date	Expected Start Date
Granton Waterfront Redevelopment	£ 650,000,000	01/10/2020	01/04/2021	01/10/2021
Fountainbridge/India Quay - Residential and Mixed Use	£ 70,000,000	01/08/2019	01/05/2020	01/08/2020
House Builder / Developer for Meadowbank	£ 50,000,000	01/04/2020	01/04/2020	01/10/2021
Western Villages Housing Development	£ 48,000,000	01/08/2019	01/03/2020	01/05/2020
Powderhall Development	£ 27,000,000	01/11/2019	01/05/2020	01/08/2020
Silverlea Development	£ 12,000,000	01/09/2019	01/05/2020	01/06/2020
Coatfield Lane Redevelopment	£ 6,000,000	30/11/2019	01/05/2020	01/08/2020
Recurring Procurements				
Brief Contract Description	Contract Estimated Value	Expected Contract Notice Date	Expected Award Date	Expected Start Date
Care at Home Services	£ 300,000,000	01/07/2020	01/06/2021	01/10/2021
Asset/Facilities Management	£ 250,000,000	01/09/2019	01/08/2020	01/10/2020
Housing Support with Care at Home	£ 160,000,000	12/01/2020	01/09/2020	01/10/2020
Active Travel Associated Works Framework	£ 80,000,000	01/09/2019	01/04/2020	01/04/2020
Foster Care	£ 50,000,000	20/01/2020	01/10/2020	01/11/2020
Children's Residential Care	£ 45,000,000	01/09/2019	01/07/2020	01/08/2020
Housing Property Framework R&M	£ 35,000,000	01/09/2019	01/02/2020	01/04/2020
Professional Services Framework	£ 32,400,000	01/08/2019	02/02/2020	01/04/2020
Building Renovation trade materials, managed services	£ 25,000,000	01/02/2021	31/12/2021	01/04/2022

Managed Services for Private Sector Leasing	£ 22,545,250	01/06/2019	31/12/2019	01/04/2020
Nursing & Dementia Care Home Services - Castlegreen & North Merchiston	£ 22,000,000	10/02/2020	08/12/2020	10/04/2021
Day Opportunities for Older People	£ 21,000,000	01/12/2019	01/09/2020	01/10/2020
Install, Repair & Maintenance of CCTV Systems and Assoc Infrastructure	£ 10,000,000	01/04/2020	01/02/2021	01/04/2021
Carer Support Services	£ 8,000,000	31/08/2019	01/05/2020	01/06/2020
Care- Night Cover	£ 8,000,000	20/01/2020	01/09/2020	01/10/2020
Mental Health Wellbeing Services	£ 7,000,000	31/10/2019	30/03/2020	01/04/2020
Multi - Functional Devices - Print Services	£ 5,790,000	29/06/2019	28/11/2019	28/02/2020
Manned Security Guarding	£ 5,038,543	01/10/2019	07/01/2020	01/04/2020
Global Custody Services	£ 4,000,000	01/12/2020	01/10/2021	01/03/2022
Vacant Property Protection & Services.	£ 3,000,000	01/09/2019	01/04/2020	01/04/2020
Term Service Contract for Road Design	£ 3,000,000	01/09/2019	31/08/2020	01/09/2020
Adult Sensory Support	£ 2,000,000	01/02/2020	15/09/2020	01/10/2020
Care and Repair services	£ 1,250,000	01/02/2020	01/09/2020	01/10/2020
Property Consultancy Services	£ 1,200,000	01/07/2019	31/03/2020	01/04/2020
Homelessness Prevention: Support to Establish a Home	£ 1,200,000	10/07/2019	20/12/2019	01/04/2020
ICT Support Services for Lothian Pension Fund	£ 1,200,000	20/01/2020	20/01/2021	01/04/2021
Edinburgh and Midlothian Offender Recovery Service (EMORS)	£ 1,000,000	01/09/2019	30/03/2020	01/04/2020
Further and Higher Education Training	£ 1,000,000	01/04/2020	01/09/2020	01/10/2020
Black Asian Minority Ethnic (BAME) Women Support Services	£ 900,000	01/08/2019	05/12/2019	01/04/2020
Provision of Merchant Services	£ 881,000	01/11/2019	01/02/2020	02/06/2020

British Sign Language (BSL) Services	£	812,500	01/04/2020	01/12/2020	01/04/2021
Maintenance of radio mast	£	807,784	01/09/2020	01/10/2021	01/11/2021
Core Banking Services	£	800,000	25/06/2019	15/09/2019	01/01/2020
Lift Maintenance	£	800,000	01/11/2019	01/01/2020	01/04/2020
Community development for people in recovery from drug and alcohol addiction	£	550,000	01/10/2019	01/08/2020	01/10/2020
Internal Audit Services	£	500,000	30/01/2020	01/05/2020	05/05/2020
Volunteer-Based Service Alcohol Related Brain Disorder	£	340,000	01/11/2019	30/06/2020	01/07/2020
Provision of Cash in Transit Services	£	317,000	01/11/2019	01/02/2020	01/07/2020
Kennelling Services	£	300,000	01/09/2019	31/12/2019	01/08/2020
Health Risk Detection and Management Solution	£	300,000	01/12/2019	01/09/2021	01/10/2021
Confidential Waste Recycling and Disposal	£	250,000	01/10/2019	30/03/2020	01/04/2020
Learning Management System	£	230,000	01/10/2019	01/04/2020	01/08/2020
Events in the Meadows and Inverleith during Summer festival 2020-2022	£	180,000	01/08/2019	01/10/2019	01/06/2020
External Audit services	£	150,000	02/03/2020	01/10/2020	01/11/2020
City Centre West End Cycle Link Monitoring	£	150,000	01/04/2020	31/08/2020	01/09/2020
Whistleblowing Hotline	£	147,000	12/10/2019	10/05/2020	12/05/2020
Servicing for Fleet Workshop Equipment	£	125,000	01/10/2019	30/03/2020	01/04/2020
Marketing and PR Specialist services	£	108,000	31/10/2019	01/02/2020	01/04/2020
Housing Service Focus Group Programme	£	100,000	15/07/2019	17/09/2019	01/10/2019
Monitoring of Hand and Arm Vibration Syndrome	£	100,000	01/09/2019	01/03/2020	01/04/2020
Manual Vehicle Wash/Steam Clean for Fleet services	£	100,000	01/10/2019	30/03/2020	01/04/2020

Device Repairs	£ 92,000	01/08/2019	01/11/2019	01/12/2019
Tachograph Analysis Service	£ 88,000	01/09/2019	30/01/2020	31/03/2020

Glossary

Term	Description
Best Value	The legal duty to secure continuous improvement in the performance of the Council's functions as set out in section 1 of the Local Government in Scotland Act 2003.
CIPS	The Chartered Institute of Procurement and Supply (CIPS) is the leading body representing the field of procurement and supply chain management.
Collaboration	When two or more groups of people or organisations engage in procurement work together for mutual benefit.
Commercial Awareness	Evidence of commercial acumen. Awareness of the need for efficiency, cost-effectiveness, customer/stakeholder support, a knowledge of the sector and the services the organisation provides and will provide in the future, considering the strategic objectives, current economic climate etc. A track record of appropriate procurement skill and experience, evidence of on-going/continual training and development. (desirable and post/org specific) professional qualification/undertaking or willingness to undertake as appropriate.
Contract Management	The process of monitoring the performance of a supplier to contract.
Co-production	The real and meaningful involvement of the citizens of Edinburgh including future recipients of the service and key stakeholders and suppliers (both current and potential) in how and what community services and related goods and works are delivered with regard to the National Standards for Community Engagement.
Demand Management	To take costs out of an organisation by addressing the drivers for spend, aligning spend to business need and eliminating unnecessary consumption. Demand management examples: Challenging requirements that specify brand or other over specification.
Framework Agreement	An agreement or other arrangement between one or more contracting authorities and one or more economic operators which establishes the terms (in particular the terms as to price and, where appropriate, quantity) under which the economic operator will enter into one or more contracts with a contracting authority in the period during which the framework agreement applies.
Procurement strategy	Strategy for procurement within an organisation (can be called policy).
Small Medium Enterprise (SME)	The category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding 50 million euro and/or an annual balance sheet total not exceeding 43 million euro.
Stakeholder	Any person or group who has a vested interest in the success of the procurement activity, i.e. either provides services to it, or receives services from it.
Supplier / Provider / Contractor	An entity who supplies goods or provides services or execution of works.
Supply Chain	All activities, resources, products etc. involved in creating and moving a product or service from the supplier to the procurer.

Supported Business	Either the organisation's main aim should be the social and professional integration of disabled or disadvantaged persons, or the contract should be performed within a sheltered employment programme.
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Appendix 2 - Annual Procurement Report template

[NOTE: reference to contract is also to be construed as meaning a Framework Agreement]

<u>1. Organisation and report details</u>	
a) Contracting Authority Name	City of Edinburgh Council
b) Period of the annual procurement report	1 April 2018 to 31 March 2019
c) Required by s18 Procurement Reform (Scotland) Act 2014 to prepare an annual procurement report? (Yes / No)	Yes
<u>2. Summary of Regulated Procurements Completed</u>	
a) Total number of regulated contracts awarded within the report period	207
b) Total value of regulated contracts awarded within the report period	£261,631,834
c) Total number of unique suppliers awarded a place on a regulated contract awarded during the period	160
i) how many of these unique suppliers are SMEs	120
ii) how many of these unique suppliers how many are Third sector bodies	11
<u>3. Review of Regulated Procurements Compliance</u>	
a) Number of regulated contracts awarded within the period that complied with your Procurement Strategy	207
b) Number of regulated contracts awarded within the period that did not comply with your Procurement Strategy	0
<u>4. Community Benefit Requirements Summary</u>	
Use of Community Benefit Requirements in Procurement:	
a) Total number of regulated contracts awarded with a value of £4 million or greater.	9
b) Total number of regulated contracts awarded with a value of £4 million or greater that contain Community Benefit Requirements.	9
c) Total number of regulated contracts awarded with a value of less than £4 million that contain a Community Benefit Requirements	45

Key Contract Information on community benefit requirements imposed as part of a regulated procurement that were fulfilled during the period:

d) Number of Jobs Filled by Priority Groups (<i>Each contracting authority sets its own priority groups</i>)	50
e) Number of Apprenticeships Filled by Priority Groups	132
f) Number of Work Placements for Priority Groups	57
g) Number of Qualifications Achieved Through Training by Priority Groups	n/k
h) Total Value of contracts sub-contracted to SMEs	n/k
i) Total Value of contracts sub-contracted to Social Enterprises	n/k
j) Total Value of contracts sub-contracted to Supported Businesses	n/k
k) Other community benefit(s) fulfilled	£113,451

5. Fair Work and the real Living Wage

a) Number of regulated contracts awarded during the period that have included a scored Fair Work criterion.	37
b) Number of unique suppliers who have committed to pay the real Living Wage in the delivery of a regulated contract awarded during the period.	112
c) Number of unique suppliers who are accredited Living Wage employers and were awarded a regulated	20

contract awarded during the period.

- d) Number of unique suppliers who have signed up to the Scottish Business Pledge and were awarded a regulated contract awarded during the period.

9

6. Payment performance

- a) Number of valid invoices received during the reporting period.

395,172

- b) Percentage of invoices paid on time during the period (“On time” means within the time period set out in the contract terms.)

95.15%

- c) Number of regulated contracts awarded during the period containing a contract term requiring the prompt payment of invoices in public contract supply chains.

207

- d) Number of concerns raised by sub-contractors about the timely payment of invoices within the supply chain

n/k

7. Supported Businesses Summary

- a) Total number of regulated contracts awarded to supported businesses during the period

1

- b) Total spend with supported businesses during the period covered by the report, including:

£236,505

- i) spend within the reporting year on regulated contracts

64,510

- ii) spend within the reporting year on non-regulated contracts

171,995

8. Spend and Savings Summary

- a) Total procurement spend for the period covered by the annual procurement report.

£634,836,888

b) Total procurement spend with SMEs during the period covered by the annual procurement report.	£283,419,572
c) Total procurement spend with Third sector bodies during the period covered by the report.	n/k
d) Percentage of total procurement spend through collaborative contracts.	n/k
e) Total targeted cash savings for the period covered by the annual procurement report	£38,700,000
i) targeted cash savings for Cat A contracts	n/a
ii) targeted cash savings for Cat B contracts	n/a
iii) targeted cash savings for Cat C contracts	n/a
f) Total delivered cash savings for the period covered by the annual procurement report	£38,500,000
i) delivered cash savings for Cat A contracts	n/a
ii) delivered cash savings for Cat B contracts	n/a
iii) delivered cash savings for Cat C contracts	n/a
g) Total non-cash savings value for the period covered by the annual procurement report	n/a
<u>9. Future regulated procurements</u>	
a) Total number of regulated procurements expected to commence in the next two financial years	60
b) Total estimated value of regulated procurements expected to commence in the next two financial years	£1,977,752,077

Commercial Excellence Programme Summary

1. Background

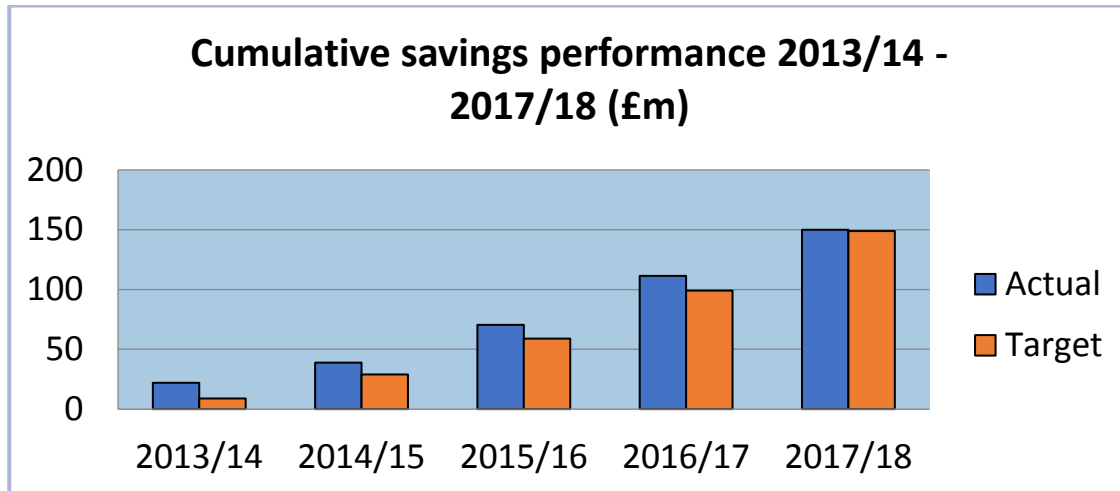
- 1.1 The Council appointed EY in March 2013, on a gain-share basis, to assist the Council with the delivery of the Commercial Excellence programme over a five-year period.
- 1.2 The Council recognised that operational changes were required to improve savings opportunities through its procurement activity following an initial pipeline review, and the EY appointment was made to assist in the delivery of the change, with the following overall aims: -
 - 1.2.1 deliver £149m of cashable savings for the Council over five years;
 - 1.2.2 transform the existing operational procurement team into a fit-for-purpose and sustainable in-house commercial unit; and
 - 1.2.3 raise the standards in buying practices and processes across the Council.
- 1.3 The EY support to the Council's Commercial and Procurement Services (CPS) ended in March 2018. During the five years several update reports were provided to committee, in addition to reporting in respect of the Council's procurement strategy.
- 1.4 The savings achieved, and improvements made between 2013 and 2018, are summarised in this appendix.

2. Programme Summary

2.1 The Commercial Excellence programme had a Council-wide strategic approach with, in essence, a focus on 3 workstreams. These workstreams drew upon best practice, whilst aligning with the needs of the Council, and were as follows, namely (i) commercial and procurement delivery, which identified and delivered a wide range of projects securing savings and wider non-financial benefits, (ii) improving commercial practice, namely by changing buyer and supplier behaviour to help protect targeted savings and drive additional benefits, and (iii) capability development, which built skills and awareness across the Council to enable the ongoing delivery of the programme.

Savings

- 2.2 To address the identified financial challenges, and help sustain essential services, the primary objective of the programme was to deliver financial savings. The Council's savings target was achieved through a range of initiatives, as referred to above, which included (i) improved commercial awareness, (ii) improved recording, monitoring and tracking of commercial outcomes, (iii) improved processes and controls, (iv) cost avoidance and (v) income maximisation opportunities.



- 2.3 The EY staff were embedded within CPS, and worked together with Directorates to engage on new ideas generated from market insights and benchmarking analysis. This resulted in new or early re-tender of contracts and reduction in demand, which provided cash savings and/or improved efficiency.
- 2.4 In excess of 700 projects were delivered through the programme. Savings projects of note include those in respect of ICT and LED street lighting replacement, whilst the JC Decaux advertising and Festival Wheel contracts demonstrated the Council's ability to generate income from commercial opportunities.

Transformation

- 2.5 Capability development of the procurement team was a key element within the overall aims of the programme. In 2012 the Council scored 51% in the Procurement Capability Assessment (PCA), which was conducted by Scotland Excel on behalf of the Scottish Government. The PCA results improved year on year with 59% in 2013 and 76% in 2014.
- 2.6 The Procurement and Commercial Improvement Programme (PCIP) is the mechanism which replaced PCA in 2016 for assessing procurement performance, again carried out by Scotland Excel. The PCIP assessment in July 2017 rated the Council at an overall score of 85%, placing the Council in the highest band and significantly above the local authority average of 64%. In March 2019 a focused re-assessment increased the Council's overall score to 87%.
- 2.7 The scores achieved reflect the Council's investment in staff training and development. CPS worked with EY to develop and deliver a core programme of change, including developing knowledge around influencing and negotiation, risk management, customer experience and Council business, and the skills and confidence in CPS staff have increased significantly. Procurement and commercial skills and knowledge have also been improved through Council investment in the Chartered Institute of Procurement and Supply

(CIPS) professional training programme for new trainees and existing staff. Current development programmes continue, and include improving staff's technical skills in procurement law, coaching and negotiation skills, contract and supplier management and sustainability.

- 2.8 During the five years, new procurement processes were introduced collaboratively and embedded to ensure consistency in approach to the delivery of procurement projects through 5 stages. The '5 stage process', as it is now known throughout the Council, covers: – identification of the opportunity, development of the proposal, approval of the proposal, implementation of the project and operation and measurement. This approach has been introduced to support all procurement projects, along with a new suite of templates and guidance produced by Council staff which reflects best practice, Council policies and new legislation.
- 2.9 Commercial development and investment has continued to extend beyond CPS, in recognition of the need to deliver better value and make each pound go further in difficult financial times. In August 2017 a Contract and Grants Management team was introduced, along with the development of online learning tools to ensure contracts actually deliver the savings expected through the procurement process and improve supplier relations. Contract Standing Orders are reviewed on a regular basis, and other improvements include (i) embedding co-production as standard in the procurement process for health and social care services, (ii) a requirement to consider how community benefits might be secured through new procurement exercises, and (iii) improvement of controls and visibility on off-contract spend.
- 2.10 At the end of the five-year partnership with EY, CPS staff feel that the transfer of skills and additional commercial awareness EY brought has enabled them to continue to confidently deliver the benefits underpinning the Commercial Excellence programme without on-going use of external assistance.
- 2.11 The progression of CPS during the programme has also been recognised elsewhere, with the Council being successful in winning several industry awards, including the CIPFA award for innovation, improvement and best practice in 2015 for the Commercial Excellence programme, and the GO Scotland award for sustainable procurement in 2016.

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Finances and Resources Committee

10.00am, Thursday 15 August 2019

Update on the implementation of the Construction Charter

Executive
Wards - All
Council Commitments

1. Recommendations

- 1.1 It is recommended that the Finance and Resources Committee note the ongoing work of the Council in promoting the Construction Charter Commitments.

Stephen S. Moir

Executive Director of Resources

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Finances and Resources Committee

Update on the implementation of the Construction Charter Commitments

2. Executive Summary

- 2.1 On 16 August 2018, the Council adopted the Construction Charter Commitments (“the Charter”), which set out the expectations the Council has for those contractors who undertake construction work on the Council’s behalf.
- 2.2 The Charter comprises 8 separate commitments to promote the adoption of fair work practices, and high standards in respect of workmanship, employment status, health and safety and apprenticeship training, amongst other matters.
- 2.3 This report provides an update to the Committee on the Council’s promotion of the commitments set out in the Charter.

3. Background

- 3.1 At the Finance and Resources Committee on 16 August 2018, the Committee agreed that the Council adopt the Charter. A link to the Committee report, and the Construction Charter Commitments themselves, can be found in Section 8 of this report.
- 3.2 As stated above, the Charter was intended to promote the adoption of fair work practices, and high standards in respect of workmanship, employment status, health and safety and apprenticeship training, amongst other matters.

4. Main report

- 4.1 The Council is investing significantly in the building of new assets and infrastructure, and major refurbishment and improvement works, right across the City. The Capital Works Investment Plan includes expected spend over the next five years of more than £2 billion.
- 4.2 Procurement legislation imposes an obligation on the Council to comply with the sustainable procurement duty, to improve the economic, social and environmental wellbeing of the authority’s area. Linked to this, the Council also complies with

Scottish Government guidance on addressing fair work practices in procurement, and where appropriate secures community benefits from contractors. As such, the promotion of the central principles of the Charter are already embedded in the Council's procurement processes, including its Contract Standing Orders. Making sustainable procurement business as usual, together with those linked objectives as referred to in this report, is also a key element of the Council's current Commercial and Procurement Strategy. A link to the Strategy is included in Section 8 of this report.

- 4.3 The Council's Annual Procurement Report for 2018/19 is considered elsewhere on the agenda for this meeting. However, that report details a number of related community benefits that were secured in the last financial year and which are of relevance, including the creation of 50 new jobs and 132 apprenticeships, as well as 70% of suppliers confirming that they pay a real living wage.
- 4.4 Since the Charter's adoption and considering that a number of the commitments were already the subject of established practice and legal obligations on the Council, the Council's Commercial and Procurement Services have been further promoting, and embedding, the Charter principles in ongoing activity.
- 4.5 The Charter is included on the Supplier pages on the Council's external website, to provide clarity and promotion of the manner in which the Council expects its contractors will operate. A link to the relevant page of the website is included here: http://www.edinburgh.gov.uk/downloads/download/2814/construction_charter_commitments
- 4.6 In general terms, it is to be noted that there are certain aspects of the Charter where the Council's approach is relevant to more than 1 commitment within it. However, an update on the Council's compliance with the Charter commitments is provided as follows:

Commitment 1: High Working Standards

- 4.7 This commitment covered a number of aspects around contractors' approach to employment status, health and safety, standards of works and apprenticeship training, amongst other matters. As the Committee will be aware, in procurement exercises, the Council continues to set selection and award criteria that recognise and encourage fair work practices. This covers matters such as whether a contractor pays a living wage and its approach to the promotion of health and wellbeing, and inclusion within the workplace. Tender submissions are assessed and scored in line with the weighting percentages set for the tender in question. Whilst there are standard terms and conditions for all Council contracts, commitments given as part of a tender submission would also form part of the formal contract awarded to the winning tenderer. Commercial and Procurement Services keep the Council's approach to such matters under review, to ensure it maximises the outcomes that can be delivered but does so in a proportionate manner that still secures value for money and is compliant with the relevant regulations.

Commitment 2: HMRC Compliance

- 4.8 This commitment encouraged HMRC compliance by contractors. The Council's standard contract terms and conditions provide that contractors must comply with all relevant legislative requirements. In addition, the Supplier page on the Council's external website also makes it clear that contractors and subcontractors within the construction industry must be registered with HMRC's Construction Industry Scheme before they can be paid by the Council. The Council has also been actively improving its procedures around the application of the IR35 regulations.

Commitment 3: Health and Safety

- 4.9 This commitment highlighted that the health and safety of workers on all the Council's construction projects is paramount. Through its tender selection and award criteria process referred to above, the Council ensures the contractors are able to meet the required standards in relation to health and safety. Where appropriate, this assessment reviews the volume of any health and safety breaches, as well as the number of reportable instances and near misses. Contractors' performance in relation to health and safety and related legislative compliance would also be monitored closely by project managers through the Council's contract management framework.

Commitment 4: Excellence in Skills and Training

- 4.10 The commitment related to the promotion of construction industry skills and training, and the expectation that contractors will engage in this, to ensure the highest possible standards in Council projects. As covered elsewhere, this is something that would be overseen by the Council's tender assessment and selection process. In particular, mandatory criteria can be set to ensure that the Council is using contractors who promote excellence in skills and trainings, which would be evidenced by the holding of certain relevant specialist qualifications. The Council also works with its contractors to identify appropriate training programmes and secure the use of community benefits in all regulated procurements. Through community benefits proposals, the Council has secured apprenticeships, training opportunities and work placements for disadvantaged and long term unemployed people.

Commitment 5: Trade Union Recognition

- 4.11 The Council cannot mandate its contractors to engage with trade unions in a particular way. Further, some contractors may not recognise trade unions, or if they do will have their own local/national agreements in place. However, it is to be expected that the benefits that trade unions can bring to the construction workplace will be separately promoted through the Council's wider approach to tender assessment, and the sustainable procurement duty, as summarised elsewhere in this report. As an organisation, the Council has in place agreed and established mechanisms for consultation and negotiation with its recognised trade unions. This is underpinned by the agreed Working Together Protocol which has been in place since July 2014, and which sets out the way that we will work together to achieve

our shared interests. There are also a number of formal meetings which are in place at an organisational and Directorate level, at which relevant matters are raised and discussed, these include the Council Health and Safety Forum, the Directorate Joint Consultative Groups and Joint Consultation Committees. If the trade unions had concerns over the manner in which the Council's contractors were complying with the Charter then these could be raised via these arrangements. It is understood that since the Charter's adoption no concerns have been so raised.

Commitment 6: Recruitment

- 4.12 This commitment promoted the adoption of fair and transparent recruitment practices by contractors. Again, this is something that would be promoted and overseen by the Council's tender assessment and selection process.

Commitment 7: Blacklisting

- 4.13 This commitment made it clear that the Council considers blacklisting to be unacceptable. Blacklisting is prohibited by the Employment Relations Act 1999 (Blacklists) Regulations 2010. In line with procurement legislation, all tenderers are required to provide information on any blacklisting activity within their organisation. If a contractor was to admit to any such activity during a tender process, the Council would have the ability to reject its bid. In the period since the Charter was adopted there have been no known instances of Council contractors having been found to have breached the blacklisting regulations.

Commitment 8: Government Buying Standards

- 4.14 This commitment required all relevant construction contracts to comply with Government buying standards. Council contracts require contractors to ensure they comply with all relevant legal obligations and hold a BSEN ISO 9001 (or equivalent) accreditation, or else satisfy the Council that relevant arrangements are in place. This accreditation relates to quality management and ensures that the contractor's workforce is sufficiently skilled and that it has established satisfactory training arrangements.

5. Next Steps

- 5.1 The Council will continue to promote the Charter to its contractors, and further embed its principles into the Council's procurement procedures, subject to compliance with the relevant legislative framework. To date, the Council has not had to take any specific action to deal with allegations of non-compliance in respect of the Charter.
- 5.2 A staff member within Commercial and Procurement Services has recently taken on the role of Construction Charter Champion, which will help support the Council's ongoing commitment to the Charter and its underlying principles, including liaising with contract managers on major Council construction projects, to help monitor compliance.

6. Financial impact

- 6.1 There is no direct financial impact associated with this report. As reported at the time of the adoption of the Charter, there will, however, be indirect costs associated with the ongoing promotion and monitoring of the Charter, especially if concerns were raised over compliance by Council contractors.

7. Stakeholder/Community Impact

- 7.1 The Charter should help secure positive impacts on the employees of those contractors who are working on the Council's construction projects, by ensuring they experience fair work practices, ongoing training and development and have the ability to access support through trade unions and trade bodies.
- 7.2 The Charter should also help secure positive impacts on those staff members and members of the public who are affected by Council construction projects, including through increased vigilance around health and safety.
- 7.3 The trade unions were consulted at the time of the adoption of the Charter, and they will be able to provide ongoing feedback on it through the normal Council engagement framework.

8. Background reading/external references

- 8.1 [Item 7.15 - Construction Charter – Reports, 419.63 KB](#)
- 8.2 http://www.edinburgh.gov.uk/downloads/file/4608/procurement_strategy

9. Appendices

None.

Finance and Resources Committee

10am, Thursday, 15th August 2019

Award of Contract – Edinburgh Tram York Place to Newhaven Owner Controlled Insurance Programme

Routine
Wards
Council Commitments

1. Recommendations

- 1.1. That the Finance and Resources Committee:
 - 1.1.1 Approves the award of contract for Lot 1 (Construction “All Risks”, Existing Structures and Advanced Business Interruption (including Terrorism)) of the Edinburgh Tram York Place to Newhaven Owner Controlled Insurance Programme to QBE Insurance (Europe) Ltd for the contract value of £605,937;
 - 1.1.2 Approves the award of contract for Lot 2 (Third Party Liability Insurance) of the Edinburgh Tram York Place to Newhaven Owner Controlled Insurance Programme to QBE Insurance (Europe) Ltd for the contract value of £644,000; and
 - 1.1.3 Approves the award of the contract for the additional excess layer of the Third Party Liability Insurance to Chubb for the contract value of £84,000.

Stephen S. Moir

Executive Director of Resources

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Award of Contract – Edinburgh Tram York Place to Newhaven Owner Controlled Insurance Programme

2. Executive Summary

- 2.1. This report seeks approval to award the contract for Lots 1 and 2 of the Edinburgh Tram York Place to Newhaven Owner Controlled Insurance Programme to QBE Insurance (Europe) Ltd. The contract will be for the same time period of the Edinburgh Tram York Place to Newhaven Swept Path and Infrastructure and Systems Contracts.
- 2.2. This report also seeks approval to award the contract for the excess layer Third Party Liability policy to Chubb.

The total value of these contracts is £1,333,937.

3. Background

- 3.1. At its meeting on 21 December 2017 the Tram Board approved the adoption of an Owner Controlled Insurance Programme (OCIP) to enable Insurance Services and the Council's insurance advisers, Aon Risk Services to start the delivery process including preparation of a detailed market presentation and a full procurement exercise. It was approved that the OCIP would comprise the following covers:
 - Contractors All Risks, Plant and Materials for the value of the Swept Path and Infrastructure and Systems Contracts
 - Existing Structures for a sum insured of £25m
 - Delayed Start Up for a sum insured of £8m
 - Third Party Liability with a Limit of Indemnity of £50m
- 3.2. An OCIP is a project specific insurance programme placed by the Council on behalf of all contractual participants. It is designed to meet project/contract specific exposures of the Council, the main contractors and other parties involved in the project including sub-contractors, owners of the existing assets (trams and current control systems) and any others as necessary.

- 3.3. In addition to the sums insured and limit of indemnity set out in 3.1 the OCIP also details the various excesses under each cover. In the event of a claim the party responsible for the claim will meet the excess.
- 3.4. On 4 May 2018, Commercial and Procurement Services, in conjunction with the Council's Insurance Services and its advisors commenced market research for the Edinburgh Tram York Place to Newhaven Owner Controlled Insurance Programme by placing a Prior Information Notice (PIN) in the Official Journal of the European Union to gauge interest and inform the procurement exercise. The PIN included an option for interested insurers to respond to a questionnaire.
- 3.5. Five organisations returned questionnaires and their responses allowed the Council to finalise a procurement strategy which would have the potential for maximum interest from the market while ensuring the Council obtained best value.
- 3.6. A project team, comprising representatives from Insurance Services, Commercial and Procurement Services, Aon Risk Services, Turner and Townsend and the Tram extension project team, was established to review the market engagement and support the strategy going forward.
- 3.7. One of the questions in the questionnaire related to the limit of indemnity for the Third Party Liability cover and the responses that were received showed that none of the interested insurers would be prepared to provide the full £50m limit. However, all advised that they would be prepared to provide a primary layer of either £5m or £10m. The accepted market practice in this instance is to purchase excess layers at incremental levels.
- 3.8. Aon confirmed that there is a well-established excess layer market who would be able to provide additional layers and that this would be the most cost-effective way to arrange cover.

4. Main report

- 4.1. The Edinburgh Tram York Place to Newhaven Owner Controlled Insurance Programme (the OCIP) contains 2 lots:

Lot 1 – Construction “All Risks”, Existing Structures and Advanced Business Interruption (Delayed Start Up) including Terrorism.

This cover will indemnify the Council, all contractors and sub-contractors, professional consultants and others in respect of all risks of loss, destruction or damage to the permanent or temporary works, materials, goods, plant machinery and equipment used in connection with the design, construction, erection, commissioning and testing of the project. The cover will incept upon commencement of work and end at the completion of the defects liability period.

Lot 2 – Third Party Liability Primary Layer of £10m Limit of Indemnity

This cover will provide insurance, for all project parties, for claims for damage to property or for injury to third parties arising out of the project, for both negligent and non-negligent risks. The cover will incept upon commencement of work and end at the completion of the defects liability period.

- 4.2. A detailed specification was issued providing an overview of the York Place to Newhaven project, information was provided on both the Swept Path and Infrastructure and Systems contracts, projected fare revenue modelling and full details of the scope of cover required for both Lots along with the proposed policy wording.
- 4.3. The project team concluded that the most appropriate ratio for price/quality would be 70/30. This would encourage competition but not at the expense of maintaining confidence in a high quality of service delivery.
- 4.4. One tender was received for both Lots 1 and 2. The response was a compliant response and was scored as excellent quality in relation to our requirements.
- 4.5. The market for insurance is a small market in relation to the scope of Owner Controlled Insurance and therefore a low return was in line with expectations. Prospective bidders who submitted market research questionnaires declined to bid citing other commitments and the size of the construction project as being too small and outwith their core business, another organisation failed to meet the prescribed timeline.
- 4.6. The sole bidder has extensive experience in providing similar insurance services and provided an excellent quality submission against the set criteria. Their costs were in line with expectations and being suitably competitive meeting the initial cost plan assessment of the likely costs.
- 4.7. The compliant tender was evaluated in accordance with the quality criteria set out in the Invitation to Tender. The criteria are provided in Appendix 1.
- 4.8. The compliant tender for each lot was evaluated in accordance with the scoring criteria. The appropriate weightings were applied to each of the individual evaluation criteria to arrive at a final quality score out of 30%.
- 4.9. The pricing submissions for each lot were opened and checked for compliance and accuracy and allocated the maximum score of 70% for price.
- 4.10. The quality score was then combined with the score from the price evaluation to derive an overall score for the sole bidder out of a maximum of 100%.

4.11. The scores achieved by the sole bidder were:

Lot 1

Bidder	Quality Score	Price Score	Total Score
QBE	26.4	70.00	96.4

Lot 2

Bidder	Quality Score	Price Score	Total Score
QBE	26.4	70.00	96.4

4.12. Aon subsequently carried out a marketing exercise to obtain terms for the remaining £40m Limit of Indemnity under the Third Party Liability policy. The best terms were supplied by Chubb who have agreed to provide the full £40m excess layer with no amendments to the proposed policy wording.

5. Next Steps

- 5.1. A start date aligned to the commencement of the Swept Path contract will be agreed with QBE and contract award documentation issued.
- 5.2. In line with The Public Contracts (Scotland) Regulations 2015, the Council will issue an award notice on Public Contracts Scotland with onward notice to OJEU.
- 5.3. Cover for the Excess Layer Third Party Liability policy will be instructed.

6. Financial impact

- 6.1. Prior to commencing the procurement exercise Aon, the Council's insurance advisers, prepared a paper to provide indicative pricing for both lots. The total indicative cost was placed at £1,411,200 (+/- 20%). This is based on a total limit of indemnity for Lot 2 of the required £50m.
- 6.2. The total cost has now been established at £1,333,937 which is within the parameters in 6.1.
- 6.3. To avoid excessive additional premiums being charged by insurers in the event of the infrastructure contract overrunning or overall contract costs increasing and to provide a level of cost certainty, the project team took the decision to request that bidders include details of percentage increases for both Lots for the following:

Each and every 3 month extension due to factors other than an insured peril

The first 10% increase in contract costs due to factors other than an insured peril

Each and every further 10% increase in contract costs

- 6.4. The costs associated with the procurement of this contract are up to £10,000 which includes internal and external project resource.

7. Stakeholder/Community Impact

- 7.1. There are no direct stakeholder of community impacts as a result of this report.

8. Background reading/external references

- 8.1. N/A

9. Appendices

Appendix 1 – Summary of Tendering and Evaluation Processes

Appendix 1 - Summary of Tendering and Tender Evaluation Processes

Contract	Edinburgh Tram York Place to Newhaven Owner Controlled Insurance Programme	
Estimated contract value	£1,333,937	
Procurement Route chosen	Open	
Tenders returned	1	
Name of Recommended suppliers	QBE Insurance (Europe) Ltd Chubb	
Price / Quality ratio	70/30	
	Price	70%
	Quality	30%
	Scope of Cover	Pass/Fail
	Service Delivery	80%
	Added Value	20%
Evaluation Team	Assistant Insurance Manager Aon, Insurance Advisors	

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Finance and Resources Committee

10.00am, Thursday, 15 August 2019

Award of Workplace Travel Planning Contract 2019-21

Executive/routine	
Wards	All
Council Commitments	17 , 18 , 19

1. Recommendations

1.1 It is recommended that Committee:

- 1.1.1 approves the award of contract to Peter Brett Associates LLP to deliver the workplace based aspect of the 'Smarter Choices, Smarter Places (SCSP) sustainable travel behaviour change programme from 1 September 2019 to 31 May 2020, with the option to extend to 31 May 2021, subject to allocation of further external funding.

Paul Lawrence

Executive Director of Place

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Award of Workplace Travel Planning Contract 2019-21

2. Executive Summary

- 2.1 This project is part of Paths for All's [Smarter Choices, Smarter Places \(SCSP\)](#) behaviour change programme, which is funding sustainable travel behaviour change projects across Scotland. The project is fully funded by the Council's allocation of Paths for All (external) funding.
- 2.2 Following a recent procurement process to appoint a consultancy to deliver and evaluate the Council's workplace travel behaviour change project, this report seeks the approval to award the contract for this element of the Council's SCSP programme to Peter Brett Associates LLP.
- 2.3 The contract will run for nine months, commencing on 1 September 2019 until 31 May 2020, with the option to extend the contract to carry out the next year's work package to 31 May 2021. The contract extension would be only be an option if the Council is successful in securing SCSP funding for the period beyond 2019-20. The decision on this is expected to be announced in April 2020.
- 2.4 The value of the original nine-month award is £139,184. The anticipated value of the potential extension is £150,000, subject to SCSP allocation and scope of services required. The expected total value over the two years is £289,184.
- 2.5 The Transport and Environment Committee considered the proposed outline SCSP programme for 2019-21 on [6 December 2018](#).

3. Background

- 3.1 The Council has been successful in its bid for SCSP funding for a fifth consecutive year. This is awarded to the Council for the delivery of behaviour change projects designed to reduce single car occupancy and encourage greater uptake of active and sustainable modes of transport for everyday journeys. This is revenue funding for projects that make use of social marketing and behaviour change techniques, as opposed to the provision or improvement of infrastructure, which is funded by other budgets. Awareness raising measures are part of the Council's plans to change travel behaviour, alongside investments in building suitable infrastructure, and the greatest potential for behaviour change is possible when these measures are run in

parallel. These measures are enabling the Council to make progress towards achieving the actions of the [Active Travel Action Plan](#) and the [Local Transport Strategy 2014-2019](#), which will be replaced by the new City Mobility Plan currently being developed.

- 3.2 The Transport and Environment Committee considered the proposed outline SCSP programme for 2019-21 on 6 December 2018. The programme consists of four areas:
 - 3.2.1 workplaces;
 - 3.2.2 schools;
 - 3.2.3 communities; and
 - 3.2.4 research and policy.
- 3.3 For the past four years, as a major part of the work being undertaken on the SCSP programme, the Council has commissioned a travel planning consultancy to deliver a travel behaviour change project involving large workplaces in Edinburgh, where a high percentage of the workforce travel to work alone by car. Geographically, most of the businesses the Council is working with are based in the Edinburgh Park/South Gyle area, but other large employers have been reached. Sixty-five unique employers have been engaged in the programme to date.
- 3.4 The aim has been to provide organisations with incentives to encourage employees to travel sustainably (by walking, cycling, using public transport or car-sharing) to work and to address the issue of high numbers of people habitually travelling alone by car. This project seeks to persuade people to choose alternative modes of transport, to ease road congestion and have a positive impact on the Council's aspirations for improving air quality, place-making for people and developing a sustainable city. The project also seeks to influence business travel policies and to encourage businesses to offer more alternatives to driving alone for business travel. In addition, the project aims to build monitoring capacity, to be able to measure changes in awareness and behaviour over time.
- 3.5 The programme, over the past four years, has achieved success in:
 - 3.5.1 recognition for excellence in Partnership Working at the Scotland Excel Supplier Awards in 2018;
 - 3.5.2 92% of employers have provided feedback that they will continue to promote and run travel planning initiatives as a result of the programme. In previous years, this has been reported as 77% in 2018; 67% in 2017 and 70% in 2016. The most recent survey data shows that 42% of organisation representatives who responded had not run initiatives before and all of these organisations have said that they will now continue to do so;

- 3.5.3 delivering 201 two-hour long awareness-raising events, intended to be suited to reach people during lunch breaks in workplaces across the city, which has been able to provide one to one engagement on travel choices with 6,039 employees in total, distributing 14,525 active travel maps, at 65 unique employers, in 72 employer sites over the past four years;
 - 3.5.4 completion of a range of initiatives to engage with employees, for example the Commuter Challenge, inviting participants to log their journeys in travel logs, and win prizes for choosing to use sustainable transport modes to travel to work. Challenges of this type have engaged with 2,823 people and the most recent survey data shows that 41% of participants indicated they are more likely to travel sustainably as a result of taking part;
 - 3.5.5 completion of qualitative and quantitative monitoring aspects of the programme, such as feedback surveys, live comments via a bespoke website, and in-depth interviews with people travelling via a range of transport modes, and working for different types of organisation. These interviews used research methods that set out to understand motivations for travel mode choice, and the propensity for travel choices to be influenced by the awareness-raising measures which are part of the project; and
 - 3.5.6 further information is available in Appendix 1.
- 3.6 Paths for All were asked to comment on the project for the purposes of this report and advised “this part of City of Edinburgh Council’s SCSP programme is considered to be a great success and Paths for All fully supports the work that is being carried out. Behaviour change occurs over a number of years and it is essential that this high quality and effective initiative is continued with Paths for All funding. Aberdeen, Aberdeenshire, East Ayrshire, Falkirk, North Ayrshire and Stirling Councils all deliver initiatives that are targeted specifically at workplaces. In addition, a few local authority grant recipients have used SCSP funding to increase sustainable commuting by their own workforces”.

4. Main report

- 4.1 Commercial and Procurement Services (CPS), in collaboration with the Active Travel team, commenced the procurement process for workplace travel planning consultancy services for 2019-21 in January 2019.
- 4.2 A mini competition under the Scotland Excel Framework Agreement 06-16, Engineering and Technical Consultancy Services (Lot 2 Transportation and Traffic) was identified as the most appropriate route to market and all twenty potential suppliers were invited to submit a bid on Public Contracts Scotland (PCS).
- 4.3 The tender invitations were distributed via PCS on 3 May 2019. The tender return date was 29 May 2019. There were three submissions.

- 4.4 All tenders received were evaluated, by separate panels from CPS and the Active Travel team, based on most economically advantageous tender (MEAT) criteria, weighted 70:30 for quality and price. Quality being of greater importance due to the nature of the service. A summary of the tendering and tender evaluation process is included in Appendix 2.
- 4.5 The recommendation for award of contract is based on the completed evaluation scores for the tenders as detailed below:

Supplier	Price score % (out of 30)	Quality Score % (out of 70)	Combined Score % (out of 100)
Peter Brett Associates LLP	20.12	56.00	76.12
Supplier B	30.00	39.38	69.38
Supplier C	28.62	31.50	60.12

- 4.6 The supplier with the highest overall score, which represents the most economically advantageous tender, was Peter Brett Associates LLP.

5. Next Steps

- 5.1 Contract award documentation will be prepared and issued for a contract start date of 1 September 2019.
- 5.2 In line with the Procurement (Scotland) Regulations 2016, the Council will issue an award notice on Public Contracts Scotland.

6. Financial impact

- 6.1 As in previous years, this programme is funded by SCSP funding, awarded to the Council by Paths for All, on behalf of Transport Scotland. Funding for this financial year must be committed by 31 March 2020, however, to evaluate the success of the project the contract will run until 31 May 2020. The same durations and timeline will be allocated for work undertaken in 2020-21, if the extension option is utilised. This is in accordance with SCSP grant guidance.
- 6.2 The SCSP programme requires 50% match funding from the local authority and its potential partners to claim the SCSP grant. Match funding for the whole SCSP programme has been identified from the capital footway renewals budget.
- 6.3 The Council has been awarded a total of £507,000 of SCSP funding for 2019-20, of which up to £150,000 has been allocated for the fifth year of work on workplace travel planning.

- 6.4 The value of the original nine-month award is £139,184. The anticipated value of the potential extension is £150,000.
- 6.6 The option to extend the contract for a further period will be reviewed following contract appointment, during contract delivery and after considering the consultant's ability to meet key performance indicators.
- 6.7 The contract extension will also be subject to further SCSP funding being awarded to the Council for 2020-21, which would fully fund this piece of work.
- 6.8 The costs associated with procuring this contract are estimated up to £10,000.

7. Stakeholder/Community Impact

- 7.1 A project website was set up in 2018 to enable individuals from businesses engaged in the programme to comment on the project and make suggestions during project delivery.
- 7.2 Annual surveys with business contacts and their employees have been carried out to ascertain areas of strength, and preferred offerings in the programme. This has helped to achieve value for money from the contract by offering initiatives which are the most popular and well-attended by organisations and their employees, and therefore have the most potential for one to one interactions and discussions around travel choices, and for influencing the choices made by individuals.
- 7.3 Further consultation with individual businesses is planned to continue during project delivery in 2019-20. This will identify the measures which will be most suitable for their workplace, and enable the Council to be more effective in tailoring the offer to individual workplaces. The contract specification focuses on increasingly tailoring initiatives to organisations' needs from this point in the project, as it has been identified that this will be important to continue the momentum built over the past few years, and to ensure the project continues to be relevant and beneficial to organisations.
- 7.4 General Data Protection Regulations (GDPR) are being closely adhered to relating to the monitoring aspects of the contract, to ensure that the Council receives data which is fully anonymised, and is not traceable to individuals.
- 7.5 In terms of carbon impacts, the project aims to complement other measures the Council is taking to create more sustainable environments, such as the City Centre Transformation, discussions around a Workplace Parking Levy, the City Mobility Plan, Low Emission Zones, the promotion of active and sustainable travel modes for leisure and commuting trips, and the Council's investment in improved infrastructure to facilitate behaviour changes and create safer environments for walking and cycling.

- 7.6 There is a draft Integrated Impact Assessment (IIA) for the whole 2019-21 SCSP programme, which is planned to be refreshed with the successful consultants input when appointed, along with others who are involved in the delivery of initiatives funded by the Council's allocation of SCSP funds. It is important to ensure that the Council is taking account of the needs of people with protected characteristics during project delivery and a full assessment will take place with relevant officers and delivery partners.

8. Background reading/external references

- 8.1 [Local Transport Strategy 2014 - 2019](#)
- 8.2 [Active Travel Action plan 2016](#)
- 8.3 [Summary of other SCSP funded projects across Scotland on Paths For All website](#)
- 8.4 [Finance and Resources Committee report – 16 August 2018 item 8.6](#)
- 8.5 [Transport and Environment Committee - report on the wider Smarter Choices, Smarter Places programme initiatives – 6 December 2018 item 7.5](#)

9. Appendices

Appendix 1 - Monitoring Context

Appendix 2 – Tender Evaluation Process

Appendix 1 – Monitoring Context

Positive progress made on travel planning

- Travel planning support continues to be offered to large workplaces within the city, and this package of work involves creating toolkits for organisations to enable them to arrange their own initiatives. In turn, initiatives have more opportunity to be relevant to employees, for example by co-ordinating with existing initiatives within the company. This approach can also have benefits in facilitating behaviour change within the organisation, as more peer-to-peer conversations can take place. This is a different approach than has been previously offered, which has mostly involved the consultancy delivering initiatives in workplaces which are engaged in the programme.

Presentation of outcomes and outputs

- Monitoring data is presented twice throughout the year to grant funders Paths for All at 6 month (September) and 12 month (May) reports.
- Producing condensed monitoring for the SCSP programme outwith the requirements of the grant funder is challenging because funding is allocated on a year-by-year basis, and this funding is for the delivery and monitoring of initiatives during that time frame. Longer term funding would enable longer term planning for both delivery and monitoring of initiatives, and conversations have taken place with Paths for All in this regard.
- Reports are now considered by Transport and Environment Committee in December of each year, and these cover progress in the past financial year, in the current financial year, and the proposals for bidding for funding in January. Outputs and outcomes of the programme are outlined.

Appointment of monitoring consultants

- The Council recently commissioned a monitoring consultant to assist with the known requirement for good quality monitoring across the SCSP programme. This will involve a review of all data gathered with a view to producing summary reports of the past four years, and of the past 12 months designed to be read by senior managers and elected members. Social Marketing Gateway were appointed in July 2019, and will work with the Council until May 2020, with the option to extend this contract for a further 12 months at the discretion of the Council.

Appendix 2 – Tender Evaluation Process

Contract	CT2686 Workplace Travel Planning 2019-21
Contract period (including extensions)	Nine months 1 September 2019 to 31 May 2020 with the option to extend to carry out the next years' work package to 31 May 2021.
Estimated contract value (including extensions)	£139,184 for the initial nine month period. If SCSP funding is achieved to cover the second period, a budget of £150,000 will be allocated to the workplace travel planning contract extension. Totalling the contract value to £289,184 over the full contract duration.
Procurement Route Chosen	Mini Competition under Scotland Excel Framework Agreement 06-16, Engineering and Technical Consultancy Services (Lot 2 Transportation and Traffic)
Governing UK Regulation	Public Contracts (Scotland) Regulations 2015 and the Procurement Scotland Regulations 2016
Standing Orders observed	2.4 EU Principles been applied 3.2 Director has responsibility for all Contracts tendered and let by their Directorate 5.1 (b) Tenders evaluated on basis of most economically advantageous criteria 8.1 Procurement process conducted electronically via Public Contracts Scotland.
Tenders returned	Three
Tenders fully compliant	Three
Primary criterion	Most economically advantageous offer
Evaluation Team	Officers from Road Safety and Active Travel.
Procurement Costs	Up to £10,000

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Finance and Resources Committee

10.00am, Thursday, 15 August 2019

Traffic Signal Equipment Maintenance and Ancillary Support Services – Award of Contract

Executive/routine	Executive
Wards	All
Council Commitments	7 , 16 , 17 , 27

1. Recommendations

- 1.1 It is recommended that the Finance and Resources Committee approves the award of contract for Traffic Signal Equipment Maintenance and Ancillary Support Services to Siemens Mobility Limited for a period of four years, with the option to extend up to a further two years, at the estimated value of £4.5m. The new contract is expected to commence on 1 September 2019.

Paul Lawrence

Executive Director of Place

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Finance and Resources Committee

Traffic Signal Equipment Maintenance and Ancillary Support Services – Award of Contract

2. Executive Summary

- 2.1 The contract provides maintenance and repair services for the city's traffic signals infrastructure and includes options for maintenance of related traffic control and or information equipment across the city, thus reducing any disruption to pedestrians, cyclists, public transport users and general traffic that may be caused by faulty traffic control equipment.
- 2.2 The Council's existing term maintenance and repair contract for all traffic signal and related equipment within the city is set to expire and thus a subsequent support contract is required.
- 2.3 This report seeks approval to award the Traffic Signals Equipment Maintenance and Ancillary Support Services contract to Siemens Mobility Limited. This will replace the existing contract and is expected to commence on 1 September 2019.

3. Background

- 3.1 The current contract for maintenance and repairs of traffic signals was approved on 30 September 2014, for a period of four years. This was subsequently extended via a waiver to allow time to complete the tender process and is set to expire.
- 3.3 A full review of previous delivery model was undertaken to identify what elements of the scope worked well, which didn't and those which were no longer required.

4. Main report

- 4.1 The scope of this contract includes:
 - 4.1.1 maintenance, inspection and repair of all traffic signal installations and associated communications equipment;
 - 4.1.2 renewal/replacement of traffic signal infrastructure as a result of deterioration/decay;

- 4.1.3 installation of new traffic signal infrastructure resulting from damage by third parties; and
- 4.2 Market engagement was undertaken, with the small market of suppliers to support the development of the specification requirements.
- 4.3 The tendering process was carried out in accordance with the Public Contracts (Scotland) Regulations 2015 and Council Standing Orders. The tender opportunity was published on the Public Contracts Scotland (PCS) portal on 15 May 2019. A total of six companies expressed an interest, with one tender submission being received by the deadline date of 18 June 2019. A summary of the evaluation process is provided in Appendix 1. Feedback was sought from those who had shown interest but did not bid.
- 4.4 The tender evaluation process was undertaken using a cost/quality ratio of 60% cost and 40% quality. The balance on quality increased on previous tender with greater emphasis on health and safety, fair work practices and the low market capacity.
- 4.5 It is recommended that the Traffic Signals Equipment Maintenance and Ancillary Support Services contract be awarded to Siemens Mobility Limited for a period of four years, with the option to extend up to a further two years.
- 4.6 Key Performance Indicators (KPIs) are included to manage the delivery and include: time for completion for urgent and non-urgent repairs, inspection completed on programme, fault clearance notification time, carbon footprint reduction and reported incidents/accidents and observation notices per annum.

5. Next Steps

- 5.1 The contract will be managed by the service area to ensure delivery meets the performance requirements.

6. Financial impact

- 6.1 The cost of this service for maintenance to infrastructure is fixed for the first two years of the contract thereafter prices will be reviewed and agreed annually with the Council, however, work volumes and therefore costs, can vary slightly on a month to month basis dependent on the level of activity and volume of any road traffic incidents.
- 6.2 The estimated maximum value of this contract is £4.5m (circa £0.750m per annum). This will be contained within the Street Lighting and Traffic Signals Infrastructure revenue budget.
- 6.3 The costs associated with procuring this contract incorporating legal fees are estimated to be between £20,001 - £35,000.

7. Stakeholder/Community Impact

- 7.1 The Council has a statutory obligation to maintain the roads infrastructure under the Roads (Scotland) Act 1984, thus ensuring that the infrastructure for which it is responsible is, so far as is practicable, maintained to the required standard. The appointment of this contractor will ensure the Council meets its statutory obligations.
- 7.2 Failure to put in place a new contract could lead to the breakdown of maintenance activities on the city's traffic signals infrastructure, resulting in potential accidents and/or delays on the Council controlled road network, thus leading to reputational damage for the Council. .
- 7.3 Community benefits have been imposed on the contract and include the recruitment of a modern apprentice, school support via STEM programme, volunteering by Siemens staff with overall value package of £0.2m over the contract term.
- 7.4 The contractor and sub-contractors pay the Living Wage rate and do not use zero-hour contracts.

8. Background reading/external references

- 8.1 None.

9. Appendices

- 9.1 Appendix1 - Summary of Tendering and Tender Evaluation Processes.

Appendix 1 – Summary of Tendering and Tender Evaluation Processes

Contract	CT2450: Traffic Signal Equipment Maintenance and Ancillary Support Services.	
Contract Period	1 September 2019 to 31 August 2025.	
Estimated Total Contract Value (including extensions)	£4.5m	
Procurement Route Chosen	Official Journal of the European Union (OJEU) Open Procedure (Works).	
Tenders Returned	1	
Bidder	Siemens Mobility Limited	
Price/Quality Split	Price 60	Quality 40
	Criteria	Weighting (%)
Evaluation Criterion and Weightings	Quantity, Competency and Experience of Personnel	10%
	Arrangements for Plant, Equipment and Spares	15%
	Delivering the requirement, including technical ability	10%
	Quality Environmental, Business Continuity	10%
	Previous Experience and capability-maintenance	20%
	Previous Experience and capability-ancillary support services	20%
	Traffic Equipment Standards	5%
	Fair Work Practices	5%
	Community Benefits	5%
Evaluation Team	Officers from Traffic Signals Services, and Transport Services.	

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Finance and Resources Committee

10.00am, Thursday, 15 August 2019

Trade Materials and Associated Trades - Extension to Contract Waiver

Executive/routine Wards Council Commitments	Executive
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1. Recommendations

- 1.1 The Finance and Resources Committee is asked to:
- 1.1.1 approve a two-year extension, by way of a waiver to the Council's Contract Standing Orders, to the contract currently held by Travis Perkins Trading Company Limited (TPTC) for the supply and delivery of trade materials for the Council's Housing Property service (HP), the said extension to commence on 1 April 2020; and
 - 1.1.2 note the total cost of the contract extension is approximately £8m (£4m per annum) exclusive of VAT. This cost may fluctuate depending on the volume and cost of materials required to service the repairs undertaken by HP.

Paul Lawrence

Executive Director of Place

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Finance and Resources Committee

Trade Materials and Associated Trades - Extension to Contract Waiver

2. Executive Summary

- 2.1 The existing contract with TPTC provides the Council with trade materials and commodities to carry out approximately 140,000 repairs per annum within Council housing stock.
- 2.2 The purpose of this report is to request the Committee approve a waiver to the Council's Contract Standing Orders to allow a two-year contract extension to TPTC at a cost of approximately £4m per annum, exclusive of VAT.
- 2.3 This extension is being requested following completion of a detailed risk assessment considering all internal and external factors which concluded that it is not in the Council's best interests to commence the re-procurement process for these services until early 2020.
- 2.4 This risk assessment took account of the contractual and operational risks and opportunities in relation to progressing a re-procurement process, the timing of the same and future contract requirements.

3. Background

- 3.1 On [27 November 2014](#), the Finance and Resources Committee approved the award of contract to TPTC for the supply and delivery of trade materials and commodities to the Council for a period of three years with the option to extend annually for a maximum of two further years. The contract has already been extended for the maximum period and should end on 31 March 2020.
- 3.2 A procurement exercise to award a new materials supplier contract commenced in 2018 with the intention to going to tender in February 2019 in order to meet the required contract start date of 1 April 2020.
- 3.3 A Prior Information Notice was published and a "Bidders day" was held. Market testing was undertaken with potential bidders who were given the opportunity to meet with the Council, discuss the future contract and deliver a presentation showing how their company could fulfil the requirements of the contract. It was also

made clear at this point that the Council would welcome bids from groups of local small and medium-sized enterprises.

- 3.4 However, during this early engagement it became clear that the proposed timetable would mean that planned essential upgrades to technology would not be in place until the award of this contract was made, leading to significant operational risk.
- 3.5 Further, the Council has been exploring opportunities to collaborate with other public sector organisations such as neighbouring local authorities and further educational institutions to maximise potential economies of scale and sharing of best practice. Extending this contract will enable this approach to be further developed.

4. Main report

- 4.1 This report outlines the proposal to extend the existing Trade Materials and Associated Trades contract arrangement for two years, to address the risks identified during the pre-procurement process and to enable further discussions with other partners and local authorities on collaborative working to progress.

Contract Extension, Value and Timeframe

- 4.2 It has been assessed that the most appropriate time to formally commence the re-procurement exercise for the Council's Trade Materials and Associated Trades contract would be early 2020.
- 4.3 Publishing the formal procurement notice in early 2020 allows sufficient time for risks described below to be mitigated considerably and would enable the contract to be awarded later in the year (2020) and would provide sufficient time to make the required arrangements for the contract to begin on 1 April 2022.
- 4.4 To enable this to happen, a two-year extension of the current contract is required. The value of the extension is approximately £4m per annum (£8m in total), exclusive of VAT.
- 4.5 In preparation for this proposed extension, the Council asked TPTC to bring forward a proposal for the additional two years. This has been benchmarked against the existing materials rates with other local authorities and Scotland Excel and is assessed as continuing to secure Best Value for the Council.
- 4.6 This extension will also generate an additional total income rebate to the Council of £80,000 - £100,000 and an additional £80,000 community benefits funding to the Legacy Fund, currently managed through One City Trust.

System Upgrades

- 4.7 There are two critical systems (Northgate and Total Mobile) used by officers in planning and carrying out repairs in Council owned properties. During the pre-procurement process it became clear that both required essential upgrades and that progressing with the procurement before these are done would lead to significant operational risk to the Council.

- 4.8 It is intended that the upgrades to Northgate and Total Mobile will be completed by early 2020, allowing the tender process to include all required information on the Council's systems. This will enable the bidders to tender fully scoped ICT solutions.

Contract Arrangements and Processes

- 4.9 In addition to the tendering process, the set up of a contract of this nature requires up to 12 months to ensure that the handover is seamless and that there is no loss of service. This preparation time is used to ensure supplier systems are fully integrated with the Council's, and ensuring testing, security compliance, training and processes are rolled out. Communications with stakeholders and trade unions will also take place.
- 4.10 Within the preparation time, logistics and arrangements need to be established for out of hours storage and collection of materials, workable logistics for emergency items and business continuity processes mapped out and tested.

Collaborative Approach

- 4.11 The Council has been exploring opportunities to collaborate with other public sector organisations such as neighbouring local authorities, further educational institutions and third sector partners to maximise potential economies of scale and sharing of best practice.
- 4.12 It is believed that by working in partnership, economies of scale would offer greater commercial efficiencies and Best Value for the Council.
- 4.13 One housing management company has already discussed with Council officers the opportunity to procure jointly as a collaborative partner. However, significant work will be required to ensure any resulting procurement is suitably scoped and tightly governed. These arrangements include:

Service Level Agreements

- 4.14 The Council is engaging with potentially interested bodies to scope out:
- 4.14.1 a suitable Memorandum of Understanding;
 - 4.14.2 Benefits – sharing of best practice, financial, social, environmental;
 - 4.14.3 Risks and mitigations;
 - 4.14.4 Scope of contract and contract management; and
 - 4.14.5 Rebates and Community Benefits.

Benefits of Collaborative Working

- 4.15 Such collaborations could provide many financial and customer service benefits which support the Council's commitment to achieving budget savings, greater efficiencies and improving customer satisfaction. Benefits could include:
- 4.15.1 A higher rebate back to the Council from the overall increase in contracted spend and anticipated competitive rates from bidders. This will depend on the legal arrangement between the Council and any prospective partner but

officers will work to ensure that there are measurable benefits to any such arrangement;

- 4.15.2 “Free issue” – currently capital and responsive contractors working in Council homes are contracted for labour and materials. Tender exercises are underway to re-procure contracts for both the repairs and maintenance and capital frameworks for housing. The option to award ‘labour only’ works will be incorporated into these frameworks. This allows for materials to be purchased through the new supplier on this contract, thus further increasing the financial rebate totals due to the Council;
 - 4.15.3 Opportunity for other public sector organisations to ‘buy in’ would further increase the benefits of “economies of scale”;
 - 4.15.4 Joint Community Benefits leverage; and
 - 4.15.5 Best practice and knowledge sharing.
- 4.16 The recommended extension will allow the Council more time to mitigate and reduce the identified risks, whilst assessing any potential opportunities to ensure the specification and contract model is fit for purpose and offers the best solution to the Council to minimise risk and costs.

5. Next Steps

- 5.1 Subject to approval:
 - 5.1.1 TPTC will continue to provide trade materials for Council housing stock until 31 March 2022;
 - 5.1.2 the Council will continue supplier management with TPTC to develop a collaborative strategic approach to realise anticipated future commercial efficiencies and secure Best Value under the extended contract; and
 - 5.1.3 TPTC will extend current depot rentals to ensure provision of service to the Council.
- 5.2 Also, subject to approval, officers will progress with the arrangements for procurement of the new contract, engaging with potential suppliers, partners and stakeholders as appropriate.

6. Financial impact

- 6.1 The maximum value of the extension to contract is £8m exclusive of VAT. This will be contained within the Housing Revenue Account (HRA) budget.
- 6.2 This extension will also generate an additional total rebate to the Council of £80,000 - £100,000 and an additional £80,000 funding to the Legacy Fund, currently managed through One City Trust.

7. Stakeholder/Community Impact

- 7.1 Risk of challenge from other potentially interested suppliers has been assessed as low. The contract extension period allows the Council the opportunity to work collaboratively and issue a joint tender with other public sector partners which has scope to be more attractive to the supply market.
- 7.2 If this waiver is not approved, there is a significant risk that the Council will fail in its obligation to perform its repair service to our tenants and putting vulnerable people at risk as this contract is essential to provide the materials required to carry these works out.
- 7.3 Contract Standing Order 9 provides an option for the Council to waive the Contract Standing Orders where the requirement is in the Council's best interest having regard to Best Value, risk, the general principles of procurement and the impact upon service users. It is assessed that the recommendation to extend the current contract will satisfy these requirements.
- 7.4 Any disruption to service delivery increases risks in respect of: Health and Safety, Council's responsibility and reputation and is expected to result in an escalation of complaints and decrease in customer satisfaction.

8. Background reading/external references

- 8.1 None.

9. Appendices

- 9.1 None.

Finance and Resources Committee

10.00am, Thursday, 15 August 2019

Corstorphine Youth and Community Centre

Executive/routine	Executive
Wards	6 – Corstorphine/Murrayfield
Council Commitments	35

1. Recommendations

1.1 Committee are asked to:

- 1.1.1 Note that the Housing and Economy Committee in June 2019 requested that Finance and Resources Committee release funding from Albion Equity Limited to the development of Corstorphine Youth and Community Centre (CYCC) as outlined in paragraph 3.6.1;
- 1.1.2 Note that the redemption of shares in Albion Equity Limited may not proceed and that the earliest that this will be known is quarter 4 2019/20 and as a result the associated payment may not be forthcoming; and
- 1.1.3 Note that a funding source for the expenditure has not been identified and that the request be considered, as appropriate, as part of the mid-year monitoring and 2020/25 budget setting processes.

Paul Lawrence

Executive Director of Place

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Corstorphine Youth and Community Centre

2. Executive Summary

- 2.1 Corstorphine Community Centre (CCC), a Scottish Charitable Incorporated Organisation, is seeking to develop the Corstorphine Youth and Community Centre (CYCC) at a cost of circa £2m. There is currently a £0.750m funding gap. The [Housing and Economy Committee](#) has recommended that the Finance and Resources Committee consider how funding “can be found to enable the Corstorphine Youth and Community Centre development to proceed, either as match funding or council resources”.

3. Background

- 3.1 The Corstorphine Public Hall (built 1891-1903) was a public hall at 14 Kirk Loan in Corstorphine, Edinburgh. In October 2013, the building was largely destroyed by fire with only the façade remaining. Since October 2013, there have been considerable efforts on the part of the community to restore the Hall. As an interim solution, activities are being run out of a leased unit at 191 St John's Road.
- 3.2 Corstorphine Community Centre (CCC) (a Scottish Charitable Incorporated Organisation) is seeking to redevelop the site to deliver the CYCC. Designs for the CYCC, which would incorporate the façade of the former Corstorphine Public Hall, were granted planning permission in May 2016. The projected cost of the project is approximately £2m of which the CCC currently holds approximately £1.25m, leaving a funding gap of £0.750m. The CCC has stated that work can begin promptly if funding can be secured.
- 3.3 The Council has no material interest in the former Corstorphine Public Hall site.
- 3.4 The CYCC was considered by elected members as a potential project to be funded from the 2019/20 capital budget, but ultimately was not included in the agreed budget.
- 3.5 In January 2019, the CCC approached the Council to ask about the Scottish Government Regeneration Capital Grant Fund as a means of bridging the £0.750m funding gap. The Council's Economic Development service provided the CCC with advice on various grant opportunities.

- 3.6 In February 2019, the CYCC was added to the list of potential projects to be funded from the Council's £2.613m share of the Scottish Government's Town Centre Fund. On 6 June 2019, the Housing and Economy Committee agreed the allocations of the Town Centre Fund. The CYCC was not allocated any funding. However, the Committee agreed the following coalition motion:
- 3.6.1 "...recommends the Finance and Resources Committee of August 2019 release funds from Albion Equity Ltd shares, to the Corstorphine community centre project, and calls for a further report to the most appropriate executive committee before the end of August 2019, on how any additional requirements beyond this amount can be found to enable the project to proceed, either as match funding or council resources".
- 3.7 Albion Equity Limited, a subsidiary of the Albion Trust, is the owner and operator of Norton Park Business and Conference Centre. The Council exchanged its ownership of the Centre in return for 350,000 £1 preference shares in Albion Equity Limited in 1995. In February 2019, the trustees of the Albion Trust approached the Council to ask it to redeem its preference shares for their market value of £0.350m. The City of Edinburgh Council agreed to this on [30 May 2019](#).
- 3.8 Through discussion with the trustees of Albion Equity Limited it has been ascertained they will potentially not be able to redeem the Council's preference shares at their book value due to other funding pressures meaning the realisation of £350,000 via this route is uncertain. The trustees have indicated that they will consider the redemption of shares in the third quarter of 2019.
- 3.9 On 26 June 2019, officers from the Economic Development service met with the Chair and Vice Chair of CCC. At the meeting, the Chair and Vice Chair of CCC advised that they had exhausted all available grant funding application processes and that loan funding of the project was not viable. The CCC also made it clear to officers that the funding currently secured comes from a variety of sources and that it is time-bound. If the funding gap is not met now the agreed funding will start to fall away. The position set out was that grant funding is sought now to avoid this happening.

4. Main report

- 4.1 As set out above, there is a £0.750m funding gap to deliver the CYCC and there is no certainty about whether the Albion Equity Ltd Shares will be redeemed in the near future. The CCC have made clear representation to the Council that this funding is needed now in order to avoid the funding gap widening. In response to the coalition motion of 6 June 2019 two broad options have been identified and these options are set out in more detail below:
- 4.1.1 Review current expenditure and funding budgets. This would entail reducing funding from projects in the current Capital Investment Programme and reallocating it to the CYCC. The Priorities Fund is now committed with the remaining sum being identified to offset part of this year's revenue

overspend. There is currently no certainty that the Albion Trust shares will be redeemed and therefore this cannot be identified as a funding source at this time. Thus, a funding source of £0.750m would need to be identified. The mid-year capital monitoring report would give an opportunity to consider possible funding options and will be reported to Finance and Resources Committee in December, which could align with a decision by Albion Equity Trust.

- 4.1.2 Consider funding as part of the 2020-25 capital budget process. This would allow funding of this development to be considered alongside other Council priorities with a decision on funding in February 2020 and by this time there will be greater clarity in relation to the Albion Trust shares. There is, however, a risk that the funding gap may have grown by this stage.

5. Next Steps

- 5.1 If agreed, the CYCC will be added to the list of funding requirements to be considered as part of the 2020/25 budget process.

6. Financial impact

- 6.1 If funding is ultimately agreed this would entail the Council identifying a funding source either from the existing Capital Investment Programme or as part of the 2020-25 budget process.

7. Stakeholder/Community Impact

- 7.1 There is strong support in the local area for the CYCC project.

8. Background reading/external references

- 8.1 ["Albion Equity Ltd – Disposition of Council's Preference Shares" – report to the City of Edinburgh Council \(30 May 2019\)](#)
- 8.2 ["Town Centre Fund – Allocations Report" – report to the Housing and Economy Committee \(6 June 2019\)](#)

9. Appendices

- 9.1 None.

Finance and Resources Committee

10am, Thursday 15 August 2019

Appointments to Working Groups 2019/20

Executive/routine Wards Council Commitments	Executive All
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1. Recommendations

- 1.1 To appoint the membership of the Joint Consultative Group in Appendix 1.
- 1.2 To appoint the membership of the Elected Member ICT and Digital Sounding Board in Appendix 2.
- 1.3 To appoint the membership of the Council Health and Safety Consultation Forum in Appendix 3.
- 1.4 To postpone the re-appointment of the Property Sub-Committee until such time as a meeting of the Sub-Committee is deemed necessary.
- 1.5 To approve the remits of the Joint Consultative Group, Elected Member ICT and Digital Sounding Board, and the Council Health and Safety Consultation Forum 2019/20 as set out in appendices 1 to 3 of this report.

Andrew Kerr

Chief Executive

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Appointments to Working Groups 2019/20

2. Executive Summary

- 2.1 The Finance and Resources Committee is invited to appoint the membership of the Joint Consultative Group, Elected Member ICT and Digital Sounding Board and the Council Health and Safety Consultation Forum.
- 2.2 The proposed membership structures and remits of each are detailed in appendices 1 to 3 of this report.

3. Background

- 3.1 The Council, at its meeting on 2 May 2019, appointed the membership of the Finance and Resources Committee including the Convener and Vice-Convener.
- 3.2 The Council, at its meeting on 27 June 2019, approved revised political management arrangements.
- 3.3 The Finance and Resources Committee, at its meeting on 23 January 2018, approved the amended constitution of the Joint Consultative Group (JCG).

4. Main report

- 4.1 The Committee is required to appoint the membership of its Working Groups for 2019/20.
- 4.2 While there is no requirement for the membership of working groups to be proportionate to that of the Council, it is suggested that this is good practice.
- 4.3 The proposed membership has therefore been adjusted to reflect the overall political balance on the Council. It is, however, open to the Committee to alter the membership where it feels this is warranted.
- 4.4 The proposed membership structures and remits are set out in Appendices 1 to 3 of this report.

5. Next Steps

5.1 Not applicable.

6. Financial impact

6.1 Not applicable.

7. Stakeholder/Community Impact

7.1 Not applicable.

8. Background reading/external references

8.1 [Minute of Finance and Resources Committee of 23 January 2018](#)

8.2 Minute of Council Meeting of 2 May 2019

8.3 Minute of Council Meeting of 27 June 2019

9. Appendices

Appendix 1 – Joint Consultative Group

Appendix 2 – Elected Member ICT and Digital Sounding Board

Appendix 3 – Council Health and Safety Consultation Forum

Joint Consultative Group (JCG)

Current Membership – 7 members

(2 SNP, 2 Conservative, 1 Labour, 1 Green and 1 SLD)

Councillors Rankin (Convener), Hutchison, Main, McVey, Neil Ross, Whyte and **1 Labour Group Vacancy**.

Other Members

15 representatives appointed by the recognised Trade Unions as follows:

- UNISON (5 representatives)
- UNITE (4 representatives)
- GMB (1 representative)
- Educational Institute of Scotland (3 representatives)
- Scottish Secondary Teachers' Association (1 representative)
- National Association of Schoolteachers/Union of Women Teachers (1 representative)

Remit

The Joint Consultative Group (JCG) is constituted with the purpose of providing a means of regular consultation between the City of Edinburgh Council and its employees and, where appropriate, submitting views to the Finance and Resources Committee of the Council for consideration.

The functions of the JCG are:

- To inform employee representatives on the activities, economic situation and development of the Council and to consult on the structure and development of employment within the Council
- To inform and consult employee representatives on any proposals made by the City of Edinburgh Council involving substantial changes in the organisation of work and their effects on employment relations
- To consider any matter relating to the employment of Council employees which may be referred to the JCG by the City of Edinburgh Council or by any of the Trade Unions, including matters referred for consideration by directorate Joint Consultative Committees; provided that no question of an individual's employment circumstances (e.g. pay, wage, grading, discipline, promotion, efficiency, etc) shall be within the scope of the JCG.

Elected Member ICT and Digital Sounding Board

Current Membership - 8 members

(2 SNP, 2 Conservative, 2 Labour, 1 Green and 1 SLD)

Councillors Rankin, Howie, Hutchison, Johnston, Neil Ross, Watt, **1 Labour Group vacancy and 1 Green Group vacancy.**

Remit

The Sounding Board oversees and scrutinises the delivery of the Council's ICT and Digital Services Contract, with a specific focus on:

- The risks associated with the delivery of the ICT and Digital Services Contract;
- The financial resources required;
- The cost/value of the ICT and Digital Services Contract to the Council;
- The Council's need to demonstrate best value;
- An assurance that ICT and Digital services contract is meeting the needs of the Council's stakeholders, including citizens.

Health and Safety Consultation Working Forum

Current Membership - 1 member

(Vice-Convener of the Finance and Resources Committee)

Remit

The remit of the Health and Safety Consultation Working Forum is to:

- To promote a low tolerance approach to health and safety risks.
- To consider, review and make recommendations to the Corporate Health and Safety Manager and/or Council Health and Safety Group on the following areas:
 - Health and safety performance;
 - Accident investigations and action taken;
 - Health and safety matters referred from the Council Health and Safety Group;
 - Reports from the Health and Safety Executive, where appropriate;
 - Reports submitted by the Corporate Health and Safety Team;
 - Requirements for health and safety training;
 - Health and safety communication in the workplace;
 - Health and safety reports that have been submitted by Safety Representatives and that have not been resolved at a local level.
- To assist in the development of Council policy, procedures and guidance on matters relating to health and safety at work.
- To raise awareness of Council Health and Safety initiatives.

Finance and Resources Committee

10am, Thursday, 15 August 2019

Finance Policies – Assurance Statement

Executive/routine
Wards
Council Commitments

1. Recommendations

1.1 Members of the Finance and Resources Committee are asked:

- 1.1.1 to note and be assured that the Finance policies detailed in this report have been reviewed and are considered to remain current, relevant and fit-for-purpose.

Stephen S Moir

Executive Director of Resources

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Finance Policies – Assurance Statement

2. Executive Summary

- 2.1 In accordance with the Council's policy review framework, the Head of Finance has undertaken an annual review of the suite of policies falling within his remit. This review has attested to their on-going currency, relevance and appropriateness.

3. Background

- 3.1 Council policies are key governance tools. They help to realise the Council's vision, values, commitments and outcomes and are critical to its operations, ensuring that statutory and regulatory obligations are met in an efficient and accountable manner.
- 3.2 To strengthen arrangements in this area, a corporate policy framework was approved in September 2013 to ensure that all current policies are easily accessible and created, revised and renewed in a consistent manner and to an agreed standard.
- 3.3 In order that Council policies remain current and relevant, all Directorates and Heads of Service are required to review those policies falling within their respective remits on an annual basis. This report sets out the conclusions of the most recent year's review of policies falling within the remit of the Head of Finance in his capacity as the Council's Section 95 Chief Financial Officer.

4. Main report

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

Financial Regulations

- 4.3 The City of Edinburgh Council operates under a set of documents that governs and guides the decisions made by the Council and its officers and ensures that robust, clear and accountable organisational frameworks are in place. The Council's Financial Regulations form an integral part of these key documents, with their content reviewed on an at-least six-monthly basis.
- 4.4 The [Regulations](#) outline, at a summarised level, the arrangements the Council has put in place to discharge its responsibilities under section 95 of the Local Government (Scotland) Act 1973. Section 95 states that every local authority shall make arrangements for the proper administration of its financial affairs and shall secure that the proper officer of the authority (termed the Section 95 Officer) has responsibility for the administration of those affairs. The Head of Finance is the Council's designated Section 95 officer.
- 4.5 A number of minor amendments to the Regulations' content, primarily to ensure continuing alignment to the Council's organisational structures and responsibilities, were approved by Council on 27 June 2019. These changes formed part of [the wider annual review of the Council's Operational Governance Framework](#), encompassing revisions to a number of related documents, specifically the Procedural Standing Orders for Council and Committee Meetings, Committee Terms of Reference and Delegated Functions and Scheme of Delegation to Officers.
- 4.6 The Financial Regulations are supplemented by a more detailed set of Finance Rules outlining the procedures to be adopted across a wide range of finance-related activity including budget monitoring, income collection, supplier payment, treasury management and insurance. Having previously been fully updated in early 2018, a further parallel review has recently been undertaken, with the refreshed version published on the Council's intranet. Internal hyperlinks have also been incorporated within the Finance Rules to improve accessibility and more quickly locate relevant guidance.

Contract Standing Orders

- 4.7 As with the Financial Regulations above, the Council's [Contract Standing Orders](#) (CSOs) form part of the Council's core set of governance-related documents. The contents are subject to regular scrutiny and review, with briefing sessions held as appropriate for both staff and elected members. The CSOs also now incorporate the previously-separate Guidance on the Appointment of Consultants.
- 4.8 The CSOs apply (with certain exceptions) to all contracts made by or on behalf of the Council for the procurement of the execution of works, the supply of goods and materials and/or the provision of services. The overarching aim of the CSOs is to improve purchasing controls such that Best Value is delivered and the Council's statutory obligations are observed.
- 4.9 Following the coming into force of The Procurement Reform (Scotland) Act 2014, Public Contracts (Scotland) Regulations 2015 and Procurement (Scotland) Regulations 2016, the CSOs were fully updated and approved by Council in June

2016 to ensure continuing compliance with legislative requirements. The opportunity was also taken at that time to provide greater clarity on the appropriate use of waivers and improved guidance on the role of co-production in the purchasing and delivery of community services. A number of minor changes clarifying managers' responsibilities with regard to contract management and contract award notifications were then incorporated as part of the June 2018 review.

4.10 Following consideration of both feedback from Directorates and wider opportunities to adopt procurement best practice, additional changes were then approved by Council as part of the review of the suite of operational governance documentation in June 2019. The main elements of these changes were:

- (i) clarifying requirements to demonstrate the delivery of best value for smaller-value purchases;
- (ii) revising the threshold for newly-commissioned consultancy spend requiring prior approval by the Finance and Resources Committee;
- (iii) revising the definition of a consultant to exclude the appointment of design teams and specialist services required for works contracts, such as quantity surveyors, cost consultants and architects, with these appointments now subject to the standard CSO procedures for service contracts;
- (iv) setting out contract and supplier management arrangements for frameworks or contracts used by more than one Directorate, with this responsibility lying with the Directorate with the largest actual or anticipated spend; and
- (v) clarifying the locus of the CSOs' provisions in respect of the Lothian Pension Fund.

Anti Money-Laundering Policy

4.11 While less formal arrangements were already in operation, the Corporate Policy and Strategy Committee approved the Council's [Anti Money-Laundering Policy](#) on 13 May 2014. The policy sets out procedures for mitigating the risk that money-laundering affects the Council's activities and monitoring their effectiveness. Where relevant activity is suspected, however, the policy also clarifies reporting routes and the resulting investigative action that will be undertaken.

4.12 The contents of the policy have previously been communicated to staff in those areas most susceptible to money-laundering activity and on-going requirements in this area, taking into account changes in staffing and responsibilities, continue to be considered. Review of the policy's content in June 2019 has confirmed its on-going relevance and that, other than minor updating to maintain alignment with evolving organisational structures, no substantive changes are required at this time.

Fraud Prevention Policy

4.13 The Council's [Policy on Fraud Prevention](#) was approved by the Finance and Resources Committee on 31 October 2013. This policy is supplemented on an annual basis by a review of external fraud prevention and detection activity, with the [2017/18 Annual Report](#) presented to the Finance and Resources Committee on 11 October 2018 and this year's report due to be considered in October. An update to Finance and Resources Committee – 15 August 2019

the complementary [Anti-Bribery Policy](#) was approved by the Corporate Policy and Strategy Committee on 28 March 2017.

- 4.14 The Fraud Prevention policy forms part of a core set of employee policies and, as such, was included in recent years' mandatory policy refresh exercises, with all staff required to confirm that they had read and understood its contents. This assurance has been strengthened by continuing targeted training in areas more susceptible to fraud-related activity.
- 4.15 Awareness of the anti-bribery policy, in addition, forms part of staff induction procedures, with a corresponding e-learning module also available. As with the anti-money laundering policy, its contents primarily comprise guiding principles and reporting procedures and, as such, following review and updating for revised organisational structures, these remain relevant to all staff, with no substantive changes required at this time. Further measures to promote enhanced awareness of both policies' contents are being considered by the Council's Serious and Organised Crime Group.

Corporate Debt Policy

- 4.16 The Council's [Corporate Debt Policy](#) was approved by the Corporate Policy and Strategy Committee on 3 September 2013. The policy covers the principal income streams of Council Tax, Non-Domestic Rates, house rents and sundry (miscellaneous) debt and outlines how the Council will seek to strike an appropriate balance between its financial needs and the social needs of its customers.
- 4.17 The policy's content was the subject of in-depth elected member consideration as part of a cross-party member-officer working group, with [the principal recommendations of the group approved by elected members](#) on 9 June 2015. This review resulted in a number of primarily-stylistic changes to the policy's contents, with the underlying principles having been assessed to remain sound.
- 4.18 Further minor changes have been made in the intervening period to ensure the policy's continuing relevance to the Council's activities and organisational structures. This year's review was considered by the Policy and Sustainability Committee on 6 August 2019 and noted that the policy's contents remained relevant and appropriate and that no changes were therefore required.

Corporate Charging Policy

- 4.19 In recognising the need for greater consistency and transparency in the setting of charges for Council services, the Council's [Corporate Charging Policy Framework](#) was approved by the Finance and Resources Committee on 5 June 2014. One change effected by approval of the policy was the application of an inflation-linked uplift to charges for all services unless prevented by the existence of pre-existing plans, legal requirements or other compelling service considerations. This change was once again reflected in the February 2019 budget motion and a comprehensive [register of fees and charges](#) levied by the Council has subsequently been published on the Council's website.
- 4.20 In common with most of the other policies falling within the Finance remit, the Corporate Charging Policy primarily sets out broad principles and these remain

valid, with no substantive changes required at this time. In view of the Change Strategy's particular emphasis upon income maximisation-related activity, however, the effectiveness of applying the policy's principles will be reviewed over the coming months.

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

- 4.21 While not considered policies in the sense of the others included within this document, the [Annual Treasury Strategy](#) was approved by Council on 14 March 2019 and the [Council's Risks and Reserves Strategy](#) approved as part of setting the Council's 2019/20 budget on 21 February 2019. Review of the existing policies to ensure their on-going applicability was implicit in these reports.

Revenue and Capital Budget Strategies

- 4.22 While again considered to fall outside the scope of this review, it is anticipated that detailed revenue and capital budget strategies will be considered by the Finance and Resources Committee at its October meeting.

5. Next Steps

- 5.1 The policies set out within this report will continue to be subject to a process of on-going review, with corresponding reporting to the Finance and Resources and/or other relevant Committees in the case of any material, policy-related proposed changes.

6. Financial impact

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

7. Stakeholder/Community Impact

- 7.1 The process of review outlined above will continue to seek to strike an appropriate balance across transparency, accessibility, fairness and equity of the Council's activities.

8. Background reading/external references

- 8.1 Relevant reading and references are hyperlinked within the main body of the report.

9. Appendices

One – Assured Policies

Appendix 1 – Assured Policies

Policy title:	Financial Regulations
Approval date:	<i>25 October 2012 (date of original approval)</i>
Approval body:	<i>Council</i>
Review process:	<i>Content fully reviewed by Head of Finance, liaising as appropriate with section contacts as part of parallel updating of Finance Rules.</i>
Change details:	<i>The most recent changes mainly reflect continuing alignment to organisational structures and responsibilities. These revisions were approved by Council on 27 June 2019. An updated set of Finance Rules was also published on the Council's intranet in June 2019.</i>

Policy title:	Contract Standing Orders
Approval date:	<i>25 October 2012 (date of original approval)</i>
Approval body:	<i>Council</i>
Review process:	<i>Content reviewed by Chief Procurement Officer, liaising as appropriate with senior service contacts and the Head of Legal and Risk.</i>
Change details:	<i>The main elements of the recent changes are set out in Paragraph 4.10 of the main report and were approved by Council on 27 June 2019.</i>

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

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

Policy title:	Corporate Debt Policy
Approval date:	<i>3 September 2013 (with a number of subsequent amendments)</i>
Approval body:	<i>Corporate Policy and Strategy Committee</i>
Review process:	<i>Content reviewed by policy authors</i>
Change details:	<i>No changes were recommended as part of the annual review of the Policy reported to the Policy and Sustainability Committee on 6 August 2019.</i>

Policy title:	Corporate Charging Policy Framework
Approval date:	<i>5 June 2014</i>
Approval body:	<i>Finance and Resources Committee</i>
Review process:	<i>Content fully reviewed in light of Council policy, legislative requirements and wider policy environment</i>
Change details:	<i>No substantive changes at this time, although actioning its underlying principles will be considered more widely as part of the Change Strategy.</i>

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Finance and Resources Committee

10.00am, Thursday, 15 August 2019

Annual Fraud Prevention and Detection Report

Executive/routine
Wards
Council Commitments

1. Recommendations

- 1.1 To note continued work by the Council on Fraud Prevention and Detection during the 2018/19 financial year.

Stephen S. Moir

Executive Director of Resources

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Customer and Digital Services Division, Resources Directorate

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Annual Fraud Detection and Prevention

2. Executive Summary

- 2.1 The annual report provides an overview of fraud prevention and detection activities undertaken in 2018/19.

3. Background

- 3.1 The Council is responsible for a wide range of counter fraud activities. These are designed to detect, investigate, prevent and report fraud and ensure that public money is spent on essential services for the community.
- 3.2 Housing Benefit fraud, is undertaken by the Single Fraud Investigation Service (SFIS) at The Department for Work and Pensions.
- 3.3 The Council investigate and detect fraudulent activity that is out with the remit of central government bodies such as the Department for Work and Pensions. External/customer fraud is investigated by the Council's Corporate Fraud Investigation Team (CFIT).
- 3.4 Internal Audit also considers whether appropriate controls have been established across the Council to support prevention and detection of potentially internal and external fraudulent activities by Council employees as part of their Governance, Risk, and Best Value Committee approved Internal Audit annual plan.
- 3.5 These areas are responsible for liaising with Council services to raise awareness of appropriate fraud prevention controls and counter measures.

4. Main report

- 4.1 Fraud allegations are received from a variety of sources, including members of the public, Department for Work and Pensions, HM Revenues and Customs, the Police and the National Fraud Initiative (NFI) exercise. During 2018/19, CFIT detected customer fraud of £1,164,130 and recovery action is ongoing. CFIT have worked collaboratively with services affected to strengthen controls to reduce future fraud. Details of the types of fraud identified are detailed in Appendix 1.
- 4.2 The Council participates in Audit Scotland's NFI exercise. This is a comprehensive data matching exercise that operates over a two year rolling

period and compares information held by public bodies. The latest exercise commenced in February 2019. NFI work is ongoing and concludes in December 2019. Appendix 2 details results to the end of April 2019, identifying fraud/error equating to £8,904.

- 4.3 The Council operates a web based system that allows the public to report suspected cases of fraud. Following an initial assessment, allegations against Council employees are referred to the relevant service area for investigation. These allegations are tracked and investigation outcomes are reported as part of the annual fraud detection report. Allegations against third parties are passed to CFIT who engage relevant service areas or outside agencies to complete the investigation. Where appropriate both CFIT and Internal Audit provide advice and assistance to support investigations.
- 4.4 During the 2018/19 financial year, two allegations of fraud were reported directly to Internal Audit. Details are included in Appendix 3

5. Next Steps

- 5.1 The Corporate Fraud Investigation Team, Internal Audit and Digital Services, will continue to work collaboratively to provide financial safeguards and deter potential fraudulent activity.

6. Financial impact

- 6.1 While there is no direct financial impact as a result of this report, the actions of the Corporate Fraud Investigation Team and Internal Audit provide a financial safeguard. Outcomes from investigations provide service areas with evidence to recover any fraudulent sums claimed.

7. Stakeholder/Community Impact

- 7.1 There is no direct impact on stakeholders or community arising from this report.

8. Background reading/external references

- 8.1 [Fraud Prevention and Detection - Annual Report 17/18, Finance and Resources Committee 11 October 2018](#)
[Corporate Debt Policy](#)
[Corporate Fraud and Corruption Policy](#)
[Policy on Fraud Prevention](#)
[Policy on Anti Bribery](#)

9. Appendices

- 9.1 Appendix 1 - Corporate Fraud Team - 2018/19
Appendix 2 - National Fraud Initiative - 2018/19

Appendix 3 - Public Reported Cases of Suspected

Corporate Fraud Team - 2018/19

During 2018/19, the Corporate Fraud Investigation Team (CFIT) **detected customer fraud** of over **£1,164,000** with recovery action ongoing (**£355,519 recovered as at 31/03/19**).

- **Benefit Administrative Penalties (£15,170)**
Administrative penalties occur when a Benefit claimant deliberately fails to provide details of a change of circumstance, which then results in a benefit overpayment. Council investigate these cases on behalf of the Secretary of State.
- **Discretionary Housing Payments (£619)**
These payments are awarded to claimants in receipt of Housing Benefit and suffering from financial hardship. Overpayments occur when a claimant fails to provide the correct information when applying or fails to report a change in circumstances.
- **Scottish Welfare Fund Payments (£34,600)**
A Community Care Grant aims to help people on benefits who may have to go into care unless they get some support to stay at home or if they are leaving any form of care and need help to set-up their own home. A Community Care Grant can also help families facing exceptional pressures, with one-off items, like a cooker or a washing machine. Savings have been identified where items have been claimed for but were not actually required by the customer.
- **Council Tax Reduction Scheme (CTRS) (£57,827)**
CTRS is available to claimants who are experiencing financial difficulties and find themselves unable to make their Council Tax payments. Payments in error occur when a claimant fails to provide the correct information when applying for the scheme or fails to report a change in circumstances.
- **Council Tax Discounts and Exemptions (£423,382)**
Discounts and exemption incorrectly applied due to the customer providing false information or failing to report a change of circumstance e.g. liability, student status, empty properties etc. NB: Additional discounts and exemptions are also removed as part of ongoing business review activities, however, these are not classified as fraudulent for the purpose of this report.
- **Recovered Tenancies – non residency and illegal sublets of Council homes (£252,000)**
The Audit Commission recommend that Local Authorities use a notional figure of £18,000 when calculating potential loss to the Council. This figure incorporates the cost of temporary accommodation for genuine applicants, legal costs to recover the property, re-let cost and the rent foregone during the void period between tenancies. 14 tenancies were successfully recovered.
- **Disabled Blue Badges (£2,460)**
The Blue Badge (Disabled Parking) Scheme provides a national arrangement of parking concessions for those people who have a permanent or substantial disability. The misuse of the Blue Badge scheme undermines the benefits of the scheme, impacts upon local traffic management and creates hostility amongst other badge holders and members of the public. It can result in a genuinely disabled person being unable to access designated parking spaces.
- **School Placements (No direct saving)**
This important work ensures that school catchment areas are appropriately applied. While there are no direct financial implications this activity ensures genuine applications

are less likely to be declined and avoids the cost of hiring more teachers and classroom assistants due to fraudulent activity.

- **Non Domestic Rates (£372,996)**

Discounts and exemption incorrectly applied due to customer providing false information or failing to report a change of circumstance e.g. liability status, empty properties etc. NB: Additional discounts and exemptions are also removed as part of ongoing business review activities, however, these are not classified as fraudulent for the purpose of this report.

- **Garden Waste (£5,076)**

This important work ensures that customers who apply for exemption from the annual Garden Waste charge correctly fall into one of the non-paying exemption categories.

National Fraud Initiative

Dataset	Examples of possible Fraud	Cases Investigated	Investigation Type	Fraud No.	Errors No.	Recovery £
Pensions	Obtaining the pension payments of a deceased person, Exceeding new income limits after taking added years	229	All matches	0	33	Not Concluded at this time
Income/ Council Tax	Incorrectly claiming exemptions	749	High Risk matches	0	0	0
Housing Benefits	Incorrectly claiming benefits	568	High Risk matches	1	1	£8,127.70
Private supported care home residents	Payments for deceased resident	194	All Matches	0	7	£777.06
Housing Rents and Other	Ineligible tenants, Tenant on waiting list for second property, Inappropriate attempt to purchase property R.T.B.	8	Sample completed due to low level of risk	0	0	0
Payroll/HR	Obtaining employment when not entitled to work in the UK Second Job whilst paid long term sick	0	High Risk Matches	0	0	0
Trade Creditors Standing Data (Procurement)	Fraudulent or erroneous payments where supplier set up with more than one reference, Inappropriate Suppliers on database	0	High Risk matches	0	0	0
Trade Creditors History (Payments)	Duplicate payments for same goods/services Incorrect Payments made Employees (or family) invoicing services to Council	0	Sample completed due to low level of risk	0	0	0
Blue Badge Permit / Residents Parking	Permit used by someone other than approved user	0	High Risk matches	0	0	0
Resident Parking Permits	Individuals who have a resident parking permit have been matched to deceased records.	0	High Risk matches	0	0	0
Procurement to Payroll	To identify potential undeclared interests that have been given a pecuniary advantage.	0	High Risk matches	0	0	0
Immigration	To identify employees who are not entitled to reside and/or are not entitled to work in the UK	0	High Risk matches	0	0	0
Total		1,748		1	41	£8,904.76

Public Reported Cases of Suspected Fraud

CATEGORY	Number of Reported Cases
External	
Tenancy or Other Housing	1
Internal	
Allegations made against Staff	1
Total Relevant Allegations	2

Finance and Resources Committee

10.00am, Thursday, 15 August 2019

Carbon Reduction Commitment (CRC) Annual Report

Executive/routine	
Wards	All
Council Commitments	

1. Recommendations

- 1.1 Notes the Council's carbon footprint for the financial year 2018/19;
- 1.2 Notes the annual report was submitted to the Environment Agency by the statutory deadline of the end of July;
- 1.3 Notes that 2018/19 is the final year of reporting under the Carbon Reduction Commitment Energy Efficiency Scheme.

Stephen S. Moir

Executive Director of Resources

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Carbon Reduction Commitment (CRC) Annual Report

2. Executive Summary

- 2.1 This report details the Council's Carbon Reduction Commitment carbon footprint for the financial year 2018/19 and the subsequent submission of data to the Environment Agency in compliance with legislation. 2018/19 is the final year of reporting under the Carbon Reduction Commitment Energy Efficiency Scheme (CRC). In response to the closure of CRC, Property and Facilities Management are currently seeking ISO50001 accreditation for their Energy Management System. This system will ensure resilience, rigour and governance is maintained to energy management process.

3. Background

- 3.1 The Carbon Reduction Commitment (CRC) is a mandatory reporting scheme to improve energy efficiency in large public and private organisations. The Council has been required to comply with the CRC since legislation came into force in 2010.
- 3.2 Organisations that participate are required to monitor their energy use and report on energy consumption annually. An annual report must be submitted by the end of July based on the energy consumed in the previous period from 1 April to 31 March.
- 3.3 For each compliance year, organisations need to pay for and surrender allowances to cover annual CO₂ emissions. Organisations have two windows in which allowances can be purchased directly, these being April (forecast sale) with payment due in June, or in September (buy to comply sale). There is also an option to purchase allowances via a market place where organisations can sell surplus allowances. This option will be investigated to determine if it offers an opportunity for the Council to purchase allowances at a reduced rate.
- 3.4 In March 2016, the Government announced the closure of the CRC Scheme. 2018/19 is the last compliance year. This will therefore be the last report regarding the scheme and the CRC Handbook, as approved by Committee in September 2018, will be retained for audit purposes but will no longer be maintained as a working document.

- 3.5 In response to the fall in revenue created from the closure of CRC, the UK Government will be increasing [Climate Change Levy](#) charges. These charges are applied to the invoicing of eligible electricity and gas supplies increasing directly the cost of energy.
- 3.6 Property and Facilities Management are currently seeking [ISO50001](#) accreditation for their Energy Management System. The application of a certified Energy Management System will provide resilience and governance to energy management in Property and Facilities Management. This mitigates against the risk of decreased governance and visibility in energy management following the UK Government's closure of the CRC Scheme. Property and Facilities Management appointed [The British Standards Institution](#) in April 2019 to support certification of ISO 50001 and the final pre-accreditation audit scheduled for November 2019.
- 3.7 The Council has approved a new [Sustainability Approach](#) which sets a net zero carbon target for Edinburgh by 2030. Under the Sustainability Approach, the Council is commissioning independent research to inform a roadmap for meeting the 2030 targets.

4. Main report

- 4.1 There are three main energy (gas and electricity) supply categories that the Council must report on under the CRC Scheme. These are:
- Gas and electricity consumption for non-domestic Council buildings;
 - Gas and electricity consumption by the Council's property pension portfolio (that qualifies under the rules of the CRC scheme); and
 - Electricity consumption by street lighting and traffic signals.
- 4.2 The following information has been included in the annual report submission to the Environment Agency:

Total Energy Consumption

Source	Consumption (kWh)	Emissions (tCO ₂)	Allowances @ £17.20	%of Total Emissions
Electricity	79,967,744	24,514	£421,641	52.5%
Gas	120,771,682	22,219	£382,167	47.5%
TOTAL	200,739,426	46,733	£803,808	-

- 4.3 2018/19 reportable CRC emissions for the Council are calculated to be 46,733tCO₂, with 52.5% of emissions being associated with electricity and 47.5% associated with gas. The total cost of allowances for 2018/19 is £803,808 This cost is representative based on the advance purchase price of allowances for 2018/19. The actual cost to the Council will depend on whether a reduced price can be sourced through the CRC market place for the remaining allowances required. The maximum potential cost of allowance purchase, along with a breakdown of energy consumption and associated emissions can be found in Appendix 1.

Reported CRC Emissions Footprint

	Emissions (tCO ₂)	% decrease
Emissions 2014-15	73,452	
Emissions 2015-16	68,607	6.6%
Emissions 2016-17	60,044	12.5%
Emissions 2017-18	55,884	6.9%
Emissions 2018-19	46,733	16.4%
Emissions Reduction (2017/18 to 2018/19)	9,151	

- 4.4 The Council's 2018/19 CRC footprint decreased by 16.4% in comparison to 2017/18 with the annual total emissions for the Council decreasing by 9,151tCO₂. The decrease in carbon emissions can be partly attributed to a decrease in the carbon emission factor for electricity. The emission factor for electricity in 2018/19 is 20% lower than in 2017/18. This is a result of an increasing portion of renewable generation contributing towards grid supplied electricity.
- 4.5 Electricity consumption reported under the CRC scheme has dropped by 3.3% between 17/18 and 2018/19. Reductions in electricity achieved through the Council's Energy Efficient Street Lighting programme, re-modelling of the property estate and investment in energy efficient technologies will all have had a contributory impact on reduced electricity demand.
- 4.6 Gas consumption across Council buildings reduced by 8.4% between 17/18 and 2018/19. The milder weather in 2018/19 will have contributed significantly to the reduction in gas across the Council's estate. Continued investment in improving the condition of the Council's estate will also have positively impacted gas consumption. This includes investment in more efficient boiler plant and associated controls and the improved fabric of the buildings.

Overview of Carbon Reduction Projects

- 4.7 The Energy Efficient Street Lighting Programme, for the conversion of approximately 54,000 street lights across Edinburgh to energy efficient lanterns, is ongoing. The programme will deliver a sustained reduction in electricity consumption, energy costs and carbon use as well as reducing lantern maintenance, replacement and waste disposal costs. Works started in June 2018 and, once complete, will deliver a significant reduction in associated electricity consumption. The full upgrade is programmed to be complete by 31 May 2021.
- 4.8 The Council is investing significantly in its property estate through the asset management works programme. Whilst the primary focus of these works remains the improvement in the condition of the Council's buildings, there has been a consequential benefit on energy efficiency through works such as boiler replacements, controls upgrades, lighting replacements, window replacements and roof replacements. From an energy management perspective, there is a continued focus on investment and management of the Council's Building Energy Management Systems. In addition to capital funding routes, Property and Facilities Management draws on both [SALIX](#) and Council spend to save funding to support energy efficiency projects.

5. Next Steps

- 5.1 The evidence pack for 2018/19 CRC reporting year will be recorded and stored in line with guidance in the CRC Handbook.
- 5.2 As this is the final CRC reporting year, no further action will be required to comply with CRC legislation. Carbon reporting will continue through other activities, such as through the [Public Bodies Climate Change Duties Report](#).

6. Financial impact

- 6.1 The Council's maximum CRC compliance cost for 2018/19 is projected at £808,477. This compares with a cost of £915,471 in 2017/18. This figure assumes that the remaining allowances required for compliance with the CRC scheme need to be purchased at the highest rate of £18.30. Purchasing allowances as part of the forecast sale and using carried forward allowances from 2017/18 has resulted in a projected saving of £46,737 in the 2018/19 financial year. As highlighted, there may be an opportunity to purchase allowances at a lower rate through the CRC market place.
- 6.2 Following the closure of CRC, the rate charged for [climate change levy](#) has increased for eligible energy supplies. This increase will cost the Council an additional £375,364 in climate change levy payments across the CRC portfolio

based on 2018/19 consumption levels. The net saving between 2018/19 CRC costs and the forecast increase in climate change level charges in 2018/19 is £428,444.

7. Stakeholder/Community Impact

- 7.1 The impacts of this report in relation to the three elements of the Climate Change (Scotland) Act 2009 Public Bodies Duties have been considered. Effective monitoring of energy consumption should lead to informed decision making to reduce the Council's carbon emission footprint.

8. Background reading/external references

- 8.1 Environment Protection Agency [CRC Phase 2 guidance \(2015\)](#)
- 8.2 [Carbon Reduction Commitment Annual Report](#), Finance and Resources Committee, 27 September 2018
- 8.3 [Public Bodies Climate Change Duties Report](#), Corporate Policy and Strategy Committee, 2 October 2018
- 8.4 [Capital Investment Programme 2018/19 to 2022/23](#), Finance and Resources Committee, 8 February 2018

9. Appendices

Appendix 1 – Breakdown of CRC Figures

Appendix 1 Breakdown of CRC Figures

The tables presented below provide a breakdown of energy consumption and carbon emissions related to the Council's operational property portfolio, Lothian Pension Fund properties and qualifying unmetered electricity supplies.

Council Building Energy Consumption

Source	Consumption (kWh)	Emissions (tCO ₂)	Allowances @ £17.20	%of Total Emissions
Electricity	50,014,895	15,384	£264,601	41%
Gas	120,113,935	22,098	£380,089	59%
TOTAL	170,128,830	37,482	£644,691	

Council buildings accounted for 170,128,830kWh of energy which equates to 37,482tCO₂ or 80% of total reportable emissions.

Pension Property Portfolio

Supply	Consumption (kWh)	Carbon (TCO ₂ e)	Allowances @ £17.20	% of Total Emissions
Electricity	964,724	294	£5,058	71%
Gas	657,747	121	£2,077	29%
TOTAL	1,622,471	415	£7,135	

Lothian Pension Fund accounted for 1,622,471kWh of energy which equated to 415tCO₂ or 1% of total reportable emissions. These costs are recovered from Lothian Pension Fund.

Unmetered Supplies

Supply	Consumption (kWh)	Carbon (TCO _{2e})	Allowances @£17.20	% of Total Emissions
Street Lighting	26,702,129	8,139	£139,997	92.1%
Traffic Signals	2,202,951	672	£11,550	7.6%
Festival Lighting	83,045	25	£435	0.3%
TOTAL	28,988,125	8,836	£151,982	

Unmetered supply consumption accounted for 8,836tCO₂, or 19% of total reportable carbon emissions. Street Lighting is the largest contributor of unmetered consumption, with street lighting representing 17.4% of total reportable emissions. Unmetered supplies do not have a meter and consumption is based on a schedule which details the number of lamps (or traffic units) and burn hours.

CRC Allowance Purchases

The information in the table below outlines the purchases of allowances for CRC compliance. Organisations have two windows in which allowances can be purchased, these being April (forecast sale) with payment due in June, or in September (buy to comply sale). Allowances purchased in April in advance of the CRC compliance year attracted a saving of £1.10 per allowance. Council practice has been to purchase allowances in April, thus generating a saving on the costs of CRC. This strategy has been altered for 2018/19, which is the final year of CRC reporting, to mitigate against the risk of having remaining unusable allowances at the end of the CRC scheme. Under this approach, a reduced number of allowances were purchased in the advance sale. Figures in the table below, detail a cost for the remaining balance of required allowances of £18.30 which is the maximum cost the Council will have to pay. As highlighted in the report, there may be an option to secure a lower price for allowances on the CRC market place.

	Allowances	£
Allowances brought forward from 2017/18 (@ cost of £16.60 per allowance)	21,022	£348,966
Allowances purchased in April 2018 (@ cost of £17.20 per allowance)	10,000	£172,000
Allowances purchased (@ a cost of £18.30 per allowance)	15,711	£287,511
Total (max) value of allowances for 2018/19 (final year) scheme compliance	46,733	£808,477

Cost of allowances at September 2019 prices (@ £18.30 per allowance)	£855,214
Cost of allowances brought forward from 2017/18 and allowances purchased in April 2018 and purchase of allowances September 2019 (at max rate of £18.30)	£808,477
Minimum saving through take up of allowances in the forecast sale	£46,737

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Finance and Resources Committee

10.00a.m., Thursday, 15 August 2019

Contract Award for the Supply of Electricity to Council Properties

Routine
Wards
Council Commitments

1. Recommendations

That Committee;

- 1.1 Notes that, through the national agency agreement which the Council is a party to, the Scottish Government have, on behalf of the Council, awarded a contract to EDF Energy Customers Ltd for the supply of electricity to the Council, for the period 1 April 2019 to 31 March 2021.

Stephen S. Moir

Executive Director of Resources

Paul Jones, Energy and Sustainability Manager

Property and Facilities Management Division, Resources Directorate

E-mail: paul.jones@edinburgh.gov.uk | Tel: 0131 469 3607

Report

2. Executive Summary

- 2.1 A new Scottish Government Framework Agreement (Framework) for the Supply of Electricity for the Scottish Public Sector was awarded, on 1 April 2018, to EDF Energy Customers Ltd.
- 2.2 On 21 June 2019, a 2-year contract for the Council's electricity supply was awarded by the Scottish Government through the Framework for the period 1 April 2019 to 31 March 2021. The contract has an estimated value of £22,301,000 for the full contract period. Based on the Council's consumption, the forecast cost avoidance savings through the use of this framework are estimated at £590,000 over the 2-year contract period.

3. Background

- 3.1 On 20 March 2012, the Finance and Resources Committee approved an Agency Agreement between the Council and the Scottish Ministers allowing the Scottish Government to procure both gas and electricity on the Council's behalf and on the behalf of all other participating public sector organisations.
- 3.2 A new framework for the Supply of Electricity to the Scottish Public Sector was then awarded on 1 April 2018 by the Scottish Government to EDF Energy Customers Ltd for a period of three years with the option to extend for three 12-month periods to 31 March 2024, at the sole discretion of the Scottish Government.
- 3.3 As the first year of the framework was only available to the Scottish Government to enable forward buying of electricity, the Framework became available for wider public sector on 1 April 2019.

4. Main report

- 4.1 The Scottish Government followed a robust tendering process in accordance with Public Contracts (Scotland) Regulations 2015 to award the 2018 framework. Three compliant bids were received and a price: quality ratio of 50:50 was used to ensure that best value was achieved, with EDF Energy Customers Ltd being the successful bidder.
- 4.2 The Scottish Government utilised the first year of the framework for wholesale trading using a flexible purchasing model to ensure that advantageous rates were available to the Scottish public sector at contract start. Pre-purchase of energy continues throughout the life of the framework via a robust process and is overseen

by a Risk Management Committee (comprising of representatives from Central Government, Local Authorities, NHS and others), adhering to strict rules of exposure limits and their risk management strategy. The flexible purchasing model smooths out the peaks and troughs of market fluctuations and avoids payment of a 'risk -premium' to suppliers, whilst improving budget predictability, in order to keep cost down.

- 4.3 As per the Agency Agreement between the Scottish Ministers and the Council, the Scottish Government carried out the tendering of electricity supply on the Council's behalf.
- 4.4 On 21 June 2019, the Scottish Government, on behalf of the Council, awarded a contract for the supply of electricity to the Council for a 2-year period (from 1 April 2019 to 31 March 2021).

5. Next Steps

- 5.1 The new contract pricing will take effect immediately for sites within the Council estate currently registered with EDF Energy Customers Ltd. New sites requiring transfer will be processed for registration and access to the contract rates within the first 12 months of the contract.

6. Financial impact

- 6.1 The UK has recently been subject to significant energy price increases. Year 1 of this contract will result in an approximate price increase of 12%, and year 2 with an additional increase of approximately 6%.
- 6.2 Based upon the Council's electricity consumption, the 2-year contract is valued at approximately £22,301,000.
- 6.3 Through the framework the Scottish Government have made cost avoidance savings by flexible trading of wholesale electricity, removal of third party intermediaries (commission payments) and favourable management fees for the contract duration.
- 6.4 Based on the Council's consumption, the forecast cost avoidance savings are estimated at £590,000 over the 2-year contract period.
- 6.5 The billing rate for 1 April 2019 to 31 March 2020 has been fixed. Year 2 wholesale energy is still currently being traded and therefore is a forecast. It should be noted that figures are subject to change due to the nature of the commodity.
- 6.6 The Council's budget framework includes provision to recognise the impact of increasing energy tariffs on its expenditure. When account is taken of both the net impact of the ending of the Carbon Reduction Commitment scheme and parallel changes to Climate Change Levies, the overall level of provision contained within the framework is anticipated to be sufficient to meet the tariff increases set out within this report.

- 6.7 Utilisation of the Agency Agreement with the Scottish Ministers remains the best route to market for utility supplies through aggregated Public Sector spend and continues to offer best value to the Council.
- 6.8 The costs associated with procuring this contract are estimated to be up to £10,000.

7. Stakeholder/Community Impact

- 7.1 The Scottish Government engaged with the market by publishing a Request for Information on Public Contracts Scotland in 2017, with six suppliers responding which were considered when formulating the Procurement Strategy.
- 7.2 EDF Energy Customers Ltd:
- are Living Wage Foundation accredited;
 - do not operate Zero Hours contracts; and
 - are signed up to the Scottish Governments Scottish Business Pledge.
- 7.3 Sustainability benefits achieved as a result of the framework include a range of Energy Efficiency Services available as additional services;
- 7.4 Community Benefits are available via the framework and engagement is set to begin in the coming months, Benefits will be recorded and measured using the benefits system. The Community Benefits available via this framework are as follows:
- apprenticeship training programmes including apprentice schemes for EDF Energy's renewables business in Scotland;
 - work experience placements for school pupils, funding transport and lunches to enable children from deprived areas to take part;
 - work with local authorities to register schools with EDF Energy's online schools programme 'The Pod' - focusing on energy, Science, Technology, Engineering and Mathematics (STEM); and
 - support for schools to engage in EDF's supported education and training schemes including the Engineering Education Scheme (EES) and Go4SET programme with the Engineering Development Trust (EDT) Scotland in local high schools.

8. Background reading/external references

- 8.1 Finance and Resources 20 March 2012, seeking approval for the Council to adopt The Scottish Government Agency Agreement - [Item 18 Agency Framework Agreements for the Purchase and Supply of Electricity and Natural Gas on Behalf of the City of Edinburgh Council](#)
- 8.2 Finance and Resources 20 March 2012 Minutes of approval (refer to No. 16) – [Minute 20 March 2012](#)

9. Appendices

- 9.1 N/A

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Finance and Resources Committee

10:00am, Thursday, 15 August 2019

Proposed New Lease to Boroughmuir Rugby Club at Meggetland, Edinburgh

Executive/routine	Routine
Wards	09 – Fountainbridge/Craiglockhart
Council Commitments	2

1. Recommendations

1.1 That Committee:

- 1.1.1 Approves a new 25-year lease to Boroughmuir Rugby Club at Meggetland Sports Complex, Edinburgh, on the terms outlined in this report and on other terms and conditions to be agreed by the Executive Director of Resources.

Stephen S. Moir

Executive Director of Resources

Contact: Lesley Dryden, Estates Surveyor.

Property and Facilities Management Division, Resources Directorate

E-mail: Lesley.dryden@edinburgh.gov.uk | Tel: 0131 529 4600

Proposed New Lease to Boroughmuir Rugby Club

2. Executive Summary

- 2.1 The report seeks approval to grant a new 25-year lease to Boroughmuir Rugby Club at a stepped rent on full repairing and insuring terms, thus mitigating the Council's liability over future maintenance costs.

3. Background

- 3.1 Boroughmuir Rugby Club (BRC) occupy a clubhouse which forms part of the Meggetland Sports Complex managed by Edinburgh Leisure.
- 3.2 A lease was granted to BRC in 2006 after the erection of the newly built club house facilities that was part of the Meggetland development, as shown on the attached lease plan.
- 3.3 The lease was for a period of 30-years at an initial passing rent of £7,500 pa. The lease also had provision for RPI rental uplifts every five years and a profit share relating to a percentage of tenant's turnover once a ceiling had been reached. The Council retained responsibility for external repairs
- 3.4 By 2013, the tenant had accrued rent arrears of approximately £30,000. To assist the tenant, a decision was taken to suspend the rent demands and a repayment arrangement made for the outstanding debt.
- 3.5 The arrears accrued were a combination of the base rent and profit share. Following negotiations at that time, it was proposed the club would be offered a new 50-year lease at a peppercorn rent subject to the arrears being paid. In practice, the proposal was implemented, and the arrears were paid in full. There is however no evidence of a Committee authority for a new 50-year lease.
- 3.6 The Club has subsequently made several management changes and laterally won entry into the Super 6 Rugby League. According to BRC's audited accounts, the club is now making a fair and maintainable profit.

- 3.7 Consequently, a new lease is sought principally to clarify a number of ongoing responsibilities such as repairs and maintenance and also to allow the continued and future occupation to fulfil the requirements of Super 6 status. It is proposed, that the new lease will eventually bring the rent up to a level commensurate with the market.

4. Main report

- 4.1 It is clear that the arrangements entered into by the club in 2013 were in good faith but recent fresh negotiations were entered into to regulate the position and provide clarity moving forward. Due to the implementation of the Asset Management Strategy, the Council's position was that a peppercorn rent would not be acceptable and therefore the negotiations sought to strike a balance between achieving market rent and allowing the club to secure future financial stability. The outcome of these discussions is that the following terms have been provisionally agreed:
- Subjects: The existing clubhouse, Meggetland Wynd, Edinburgh;
 - Lease Term: 25 years from date of entry;
 - Date of Entry: 1 September 2019;
 - Rent: Stepped Rent Up to £18,000 per annum excluding VAT
 - Year 1: £10,000
 - Year 2: £12,000
 - Year 3: £14,000
 - Year 4: £16,000
 - Year 5: £18,000;
 - Rent Reviews: Reviewed at year 10 and every 5th anniversary thereafter, upwards only to a Market Rent;
 - Use: Clubhouse;
 - Repairing and Insuring: Full repairing and insuring basis;
 - Non-Domestic Rates: The rates liability is solely at the Tenants expense;
 - Utilities / Shared Services: Tenant to pay;
 - Other terms: Edinburgh Leisure will have the right to use the patio area on match days;
 - The lease also agrees that the tenant will pay 6.5% costs towards maintenance of the car park, which will provide a contribution to the Council when resurfacing works are required.

5. Next Steps

- 5.1 Should Committee approve this report, the lease will be drafted on the above terms.

6. Financial impact

- 6.1 A rental income of £18,000 per annum by year five will be received in to the General Property Account.
- 6.2 The Council will pass the full liability of repairing obligations on to the tenant.

7. Stakeholder/Community Impact

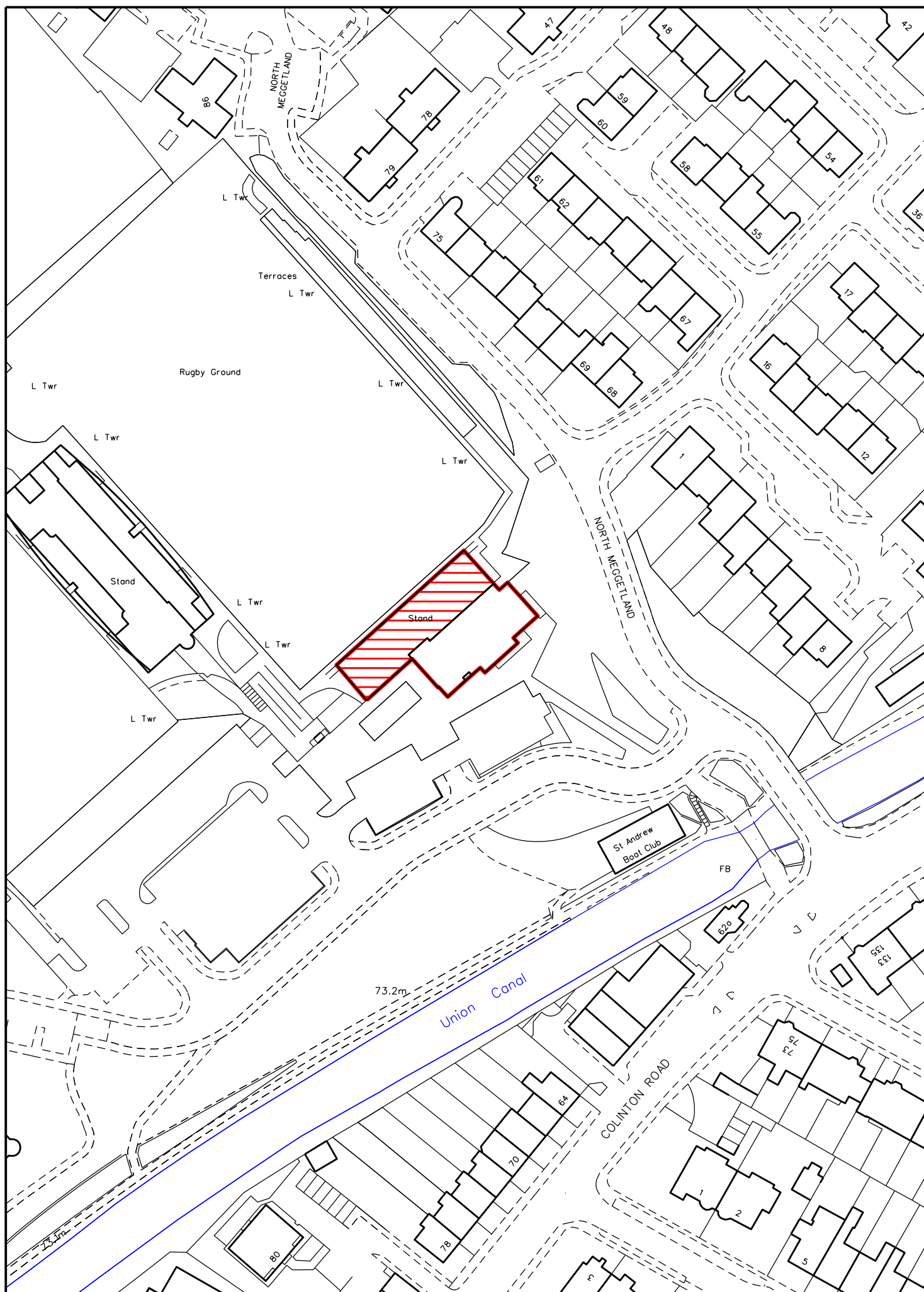
- 7.1 Given that this is a replacement lease, there is no change to the carbon impacts. An Integrated Impact Assessment checklist has been undertaken and has concluded that a full IIA is not required.
- 7.2 Local Councillors have been informed of this proposal and Edinburgh Leisure have been consulted.

8. Background reading/external references

- 8.1 None

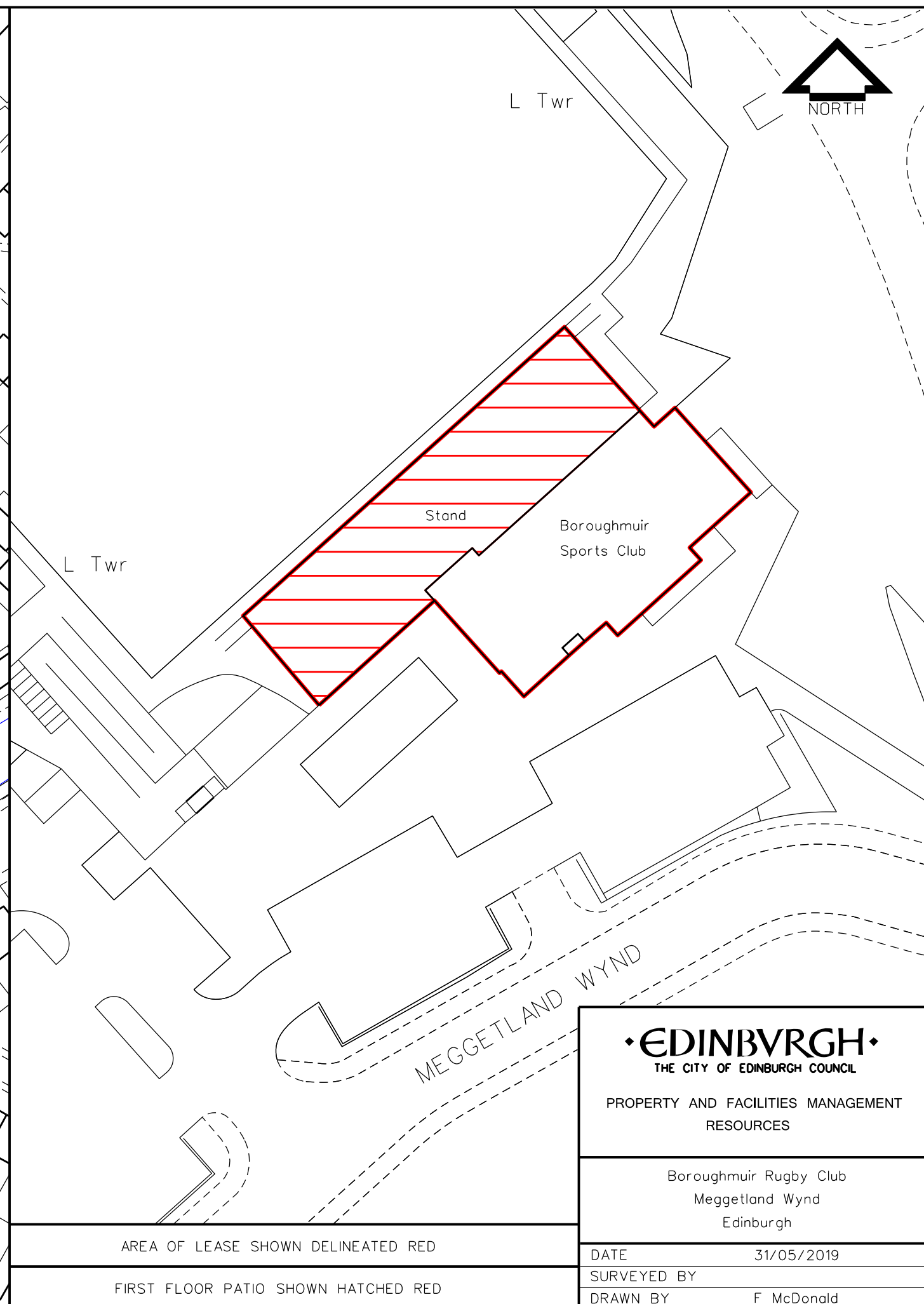
9. Appendices

- 9.1 Appendix 1 – Lease Plan.



LOCATION PLAN

SCALE 1:1250



SITE PLAN

SCALE 1:500

• EDINBURGH • THE CITY OF EDINBURGH COUNCIL	
PROPERTY AND FACILITIES MANAGEMENT RESOURCES	
Boroughmuir Rugby Club Meggetland Wynd Edinburgh	
DATE	31/05/2019
SURVEYED BY	
DRAWN BY	F McDonald
FILE NO.	
NEG. NO.	NT2271/A3/2139

AREA OF LEASE SHOWN DELINEATED RED

FIRST FLOOR PATIO SHOWN HATCHED RED

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Finance and Resources Committee

10.00am, Thursday, 15 August 2019

5 Cockburn Street, Edinburgh – Proposed Lease Extension

Executive/routine	Routine
Wards	11 – City Centre
Council Commitments	10

1. Recommendations

1.1 That Committee:

- 1.1.1 Approves a 20 year lease extension to Yi Sun of retail premises at 5 Cockburn Street, Edinburgh, on the terms outlined in this report and on other terms and conditions to be agreed by the Executive Director of Resources

Stephen S. Moir

Executive Director of Resources

Contact: Iain Lamont, Investment Portfolio Officer

E-mail: iain.lamont@edinburgh.gov.uk | Tel: 0131 529 7610

5 Cockburn Street, Edinburgh – Proposed Lease Extension

2. Executive Summary

- 2.1 The retail unit at 5 Cockburn Street is let to Yi Sun and trades as Perre. The lease expires on 27 November 2019 and then tenant has requested a 20 year lease extension effective from this date to provide enhanced security of tenure. The report seeks approval to grant a 20 year lease extension to Yi Sun on the terms and conditions outlined in the report.

3. Background

- 3.1 The shop premises at 5 Cockburn Street extends to 18.14 sq m (195 sq ft) or thereby and is shown outlined in red on the attached plan.
- 3.2 Since September 2016, Yi Sun has been the tenant at the property operating a jewellery shop business. The current rent is £8,680 per annum.
- 3.3 The existing lease expires on 27 November 2019 and the tenant has requested the Council grant a 20 year lease extension until 27 November 2039.

4. Main report

- 4.1 The following terms have been provisionally agreed:
- Subjects: Retail shop at 5 Cockburn Street, Edinburgh;
 - Lease Extension: 20 years from 28 November 2019 until 27 November 2039;
 - Rent: £9,500 per annum (to be effective from 28 November 2019);
 - Rent Reviews: 28 November 2024 and 5 yearly thereafter to Market Rental Value;
 - Use: Class 1 Retail Use;

- Repairs: Full repairing and maintaining obligation;
- Other terms: As contained in the subjects existing lease;
- Costs: Tenant responsible for all Council and Legal costs.

4.1 The tenant has fulfilled all their legal and financial obligations in terms of the existing lease.

5. Next Steps

5.1 Following approval of the terms by Finance and Resources Committee, solicitors will be instructed to conclude the transaction.

6. Financial impact

6.1 An increase in rent to £9,500 per annum to the General Property Account, effective from 28 November 2019.

7. Stakeholder/Community Impact

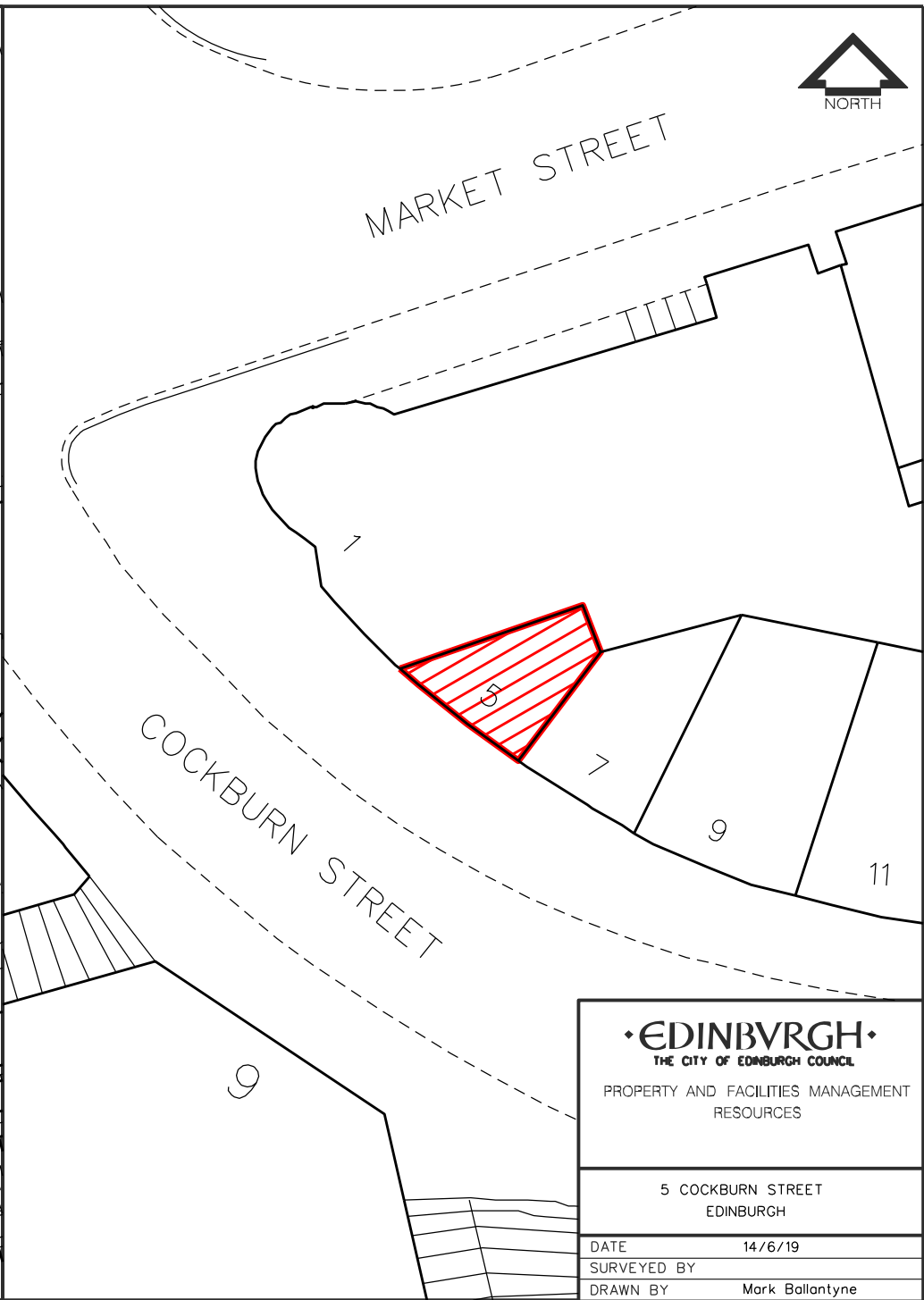
7.1 Ward elected members have been made aware of the recommendations of the report.

8. Background reading/external references

8.1 N/A

9. Appendices

Appendix 1 - Location Plan



LOCATION PLAN

PHOTOGRAPHICALLY REDUCED NOT TO SCALE

SITE PLAN

• EDINBURGH • THE CITY OF EDINBURGH COUNCIL	
PROPERTY AND FACILITIES MANAGEMENT RESOURCES	
5 COCKBURN STREET EDINBURGH	
DATE	14/6/19
SURVEYED BY	
DRAWN BY	Mark Ballantyne
SCALE	N.T.S.
NEG. NO.	A4/208

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

Finance and Resources Committee

10.00am, Thursday, 15 August 2019

Clubhouse and Grounds, Double Hedges Road, Edinburgh – Proposed New Lease

Executive/routine	Routine
Wards	16 – Liberton/ Gilmerton
Council Commitments	10

1. Recommendations

1.1 That Committee:

- 1.1.1 Approves a new 20 year lease of the clubhouse and grounds, Double Hedges Road, Edinburgh to Liberton Rugby Club on the terms outlined in this report and on other terms and conditions to be agreed by the Executive Director of Resources.

Stephen S. Moir

Executive Director of Resources

Contact: Seli McVittie, Investment Officer

E-mail: seli.mcvittie@edinburgh.gov.uk | Tel: 0131 529 5871

Clubhouse and Grounds, Double Hedges Road, Edinburgh – Proposed New Lease

2. Executive Summary

- 2.1 In order to provide greater security of tenure and to allow the tenant to better plan for the future, Liberton Rugby Club have requested a new 20 year lease of the property that has been leased to them since 1979. This report seeks approval to grant this new lease on the terms and conditions outlined in the report.

3. Background

- 3.1 The clubhouse and grounds, extending to 0.05 hectares (0.121 acres) or thereby, is located at Double Hedges Road, Edinburgh, and is shown outlined in red on the attached plan.
- 3.2 The property has been leased to Liberton Rugby Club since 1979. The current lease will expire on 11 January 2020. The current rent is £600 per annum, which is considered concessionary.
- 3.3 On 23 May 2019, the Committee considered a report on the Commercial Property Portfolio and noted the continuing strategy of maximising income from property assets. A move, where appropriate, from concessionary to market rent agreements forms an important part of this strategy.

4. Main report

- 4.1 The following terms have been provisionally agreed:-
- Subjects: Clubhouse and grounds extending to 0.05 hectares (0.121 acres) or thereby;
 - Tenant: Liberton Rugby Football Club;
 - Rent: £2,300 per annum;
 - Term: 20 years;

- Rent Reviews: The rent will be reviewed on the 5th anniversary and 5 yearly thereafter, on an upwards only basis, linked to the increase in retail price index over the 5 year period;
- Repairs: Full repairing and insuring liability on the tenant;
- Use: The tenant shall use the premises as a rugby clubhouse and ancillary;
- Costs: Each party will meet their own costs;
- Other terms: As contained in a standard commercial lease.

4.2 The proposed rent of £2,300 per annum is considered to represent the market level for a property of this nature and use.

5. Next Steps

5.1 Following approval of the terms by Finance and Resources Committee, solicitors will be instructed to conclude the transaction.

6. Financial impact

6.1 The Council will now achieve the market rent of £2,300 from 12 January 2012, an increase of £1,700 per annum to the General Fund.

6.2 The Council will now receive a market rent for an asset that was previously let on a concessionary basis.

7. Stakeholder/Community Impact

7.1 Ward elected members have been made aware of the recommendations of the report.

8. Background reading/external references

8.1 N/A

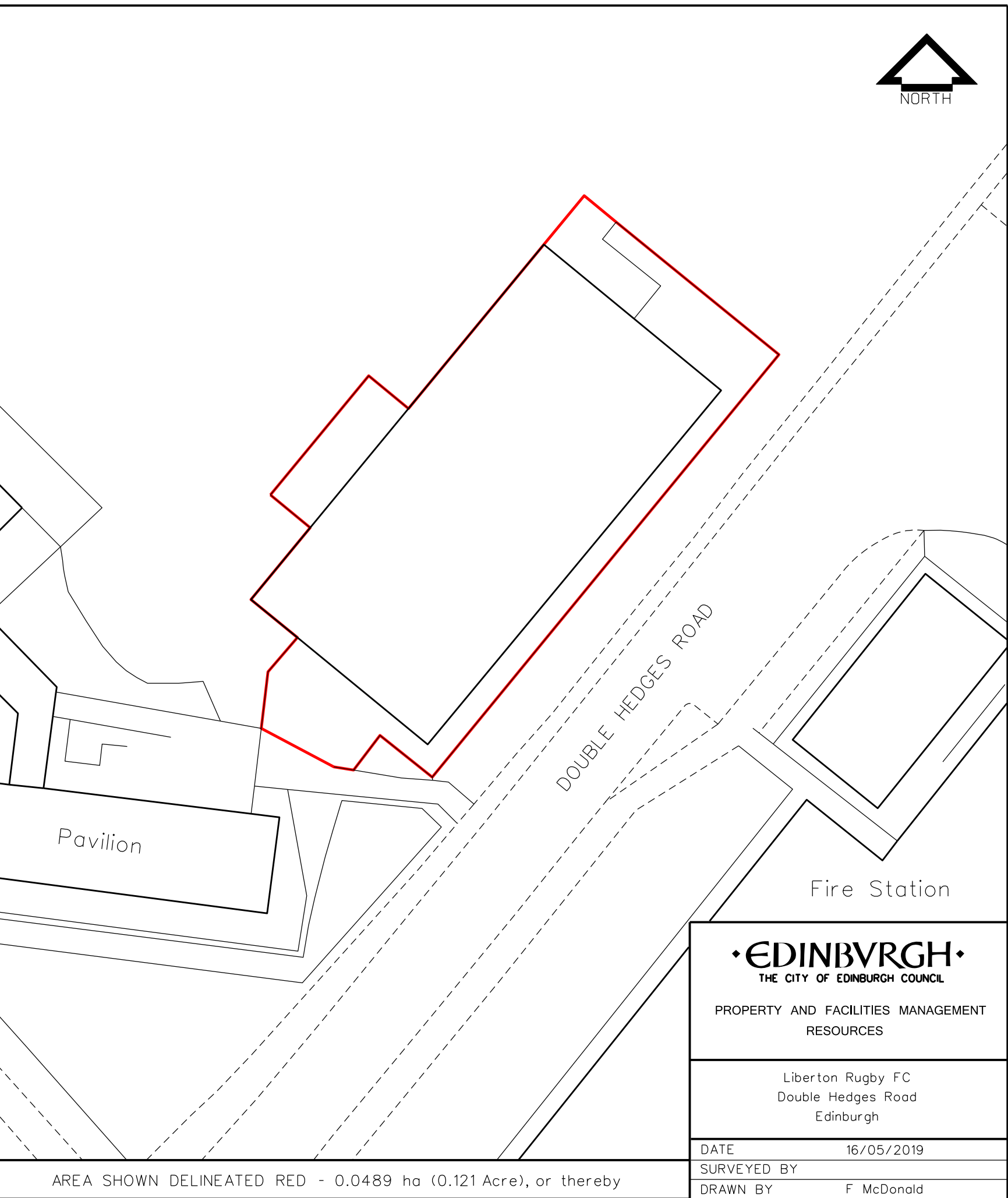
9. Appendices

9.1 Appendix 1 - Location Plan



LOCATION PLAN

SCALE 1:1250



SITE PLAN

SCALE 1:250

AREA SHOWN DELINEATED RED - 0.0489 ha (0.121 Acre), or thereby

• EDINBURGH • THE CITY OF EDINBURGH COUNCIL	
PROPERTY AND FACILITIES MANAGEMENT RESOURCES	
Liberton Rugby FC Double Hedges Road Edinburgh	
DATE	16/05/2019
SURVEYED BY	
DRAWN BY	F McDonald
FILE NO.	
NEG. NO.	NT2770/A3/2122

Finance and Resources Committee

10.00am, Thursday, 15 August 2019

Joppa Community Tennis Club, Joppa Grove – Proposed New Lease

Executive/routine	Routine
Wards	17 – Portobello/Craigmillar
Council Commitments	10

1. Recommendations

- 1.1 That the Finance and Resources Committee approves a 20 year lease of tennis courts and grounds at Joppa Grove to Joppa Community Tennis Club, on the terms and conditions as outlined in the report and on other terms and conditions to be agreed by the Executive Director of Resources

Stephen S. Moir

Executive Director of Resources

Contact: Seli McVittie, Investment Officer

Property and Facilities Management Division, Resources Directorate

E-mail: seli.mcvittie@edinburgh.gov.uk | Tel: 0131 529 5871

Joppa Community Tennis Club, Joppa Grove – Proposed New Lease

2. Executive Summary

- 2.1 The tennis club at Joppa Grove has historically been leased to Portobello Community Council with the lease expiring on 30 June 2019. This report seeks approval to grant a new 20 year lease to Joppa Community Tennis Club on the terms and conditions outlined in the report.

3. Background

- 3.1 The pavilion, tennis courts and grounds, extending to 0.19 hectares (0.46 acres) or thereby, is located on Joppa Grove and is shown outlined in red on the attached plan.
- 3.2 Historically, the lease for the tennis club has been held in the name of Portobello Community Council, with Joppa Community Tennis Club being the occupier and responsible for the payment of rent and internal repairs.
- 3.3 The current lease expired on 30 June 2019 and is now running on a month to month basis until such a time a new lease is put in place.
- 3.4 Joppa Community Tennis Club have requested a new lease direct from the Council.
- 3.5 The current rent is £50 per annum and is considered concessionary.
- 3.6 On 23 May 2019, the Committee considered a report on the Commercial Property Portfolio and noted the continuing strategy of maximising income from property assets. A move, where appropriate, from concessionary to market rent agreements forms an important part of this strategy.

4. Main report

- 4.1 The following terms have been provisionally agreed:-
- Subjects: Pavilion, tennis courts and grounds, Joppa Grove;
 - Tenant: Joppa Community Tennis Club;

- Rent: Stepped over five years-

Years 1 and 2	£400 per annum
Years 3 and 4	£800 per annum
Years 5	£1,200 per annum
- Term: 20 years from the date of entry;
- Rent Reviews: The rent will be reviewed on the 5th anniversary and 5 yearly thereafter, on an upwards only basis, linked to the increase in retail price index over the 5 year period;
- Repairs: Full repairing and insuring liability on the tenant;
- Other terms: As contained in the existing lease;
- Costs: Each party will be liable for their own costs.
- Incentives: One year rent free to cover the cost of repairing the roof. The Council should have previously undertaken the work.
- Renewal: Right to renew on similar lease terms at the applicable commercial terms at that time.

4.2 The rent of £1,200 per annum is considered to be the market level for a property of this nature and use. In order to ease the transition from the concessionary rent, the increase will be phased over the first 5 years of the lease.

5. Next Steps

5.1 Following approval of the terms by Finance and Resources Committee, solicitors will be instructed to conclude the transaction.

6. Financial impact

6.1 The Council will receive an annual income of £400 in years one and two, £800 in years three and four, and £1,200 in year five, attributable to the General Fund.

6.2 The Council will now receive a market rent for an asset that was previously let on a concessionary basis.

7. Stakeholder/Community Impact

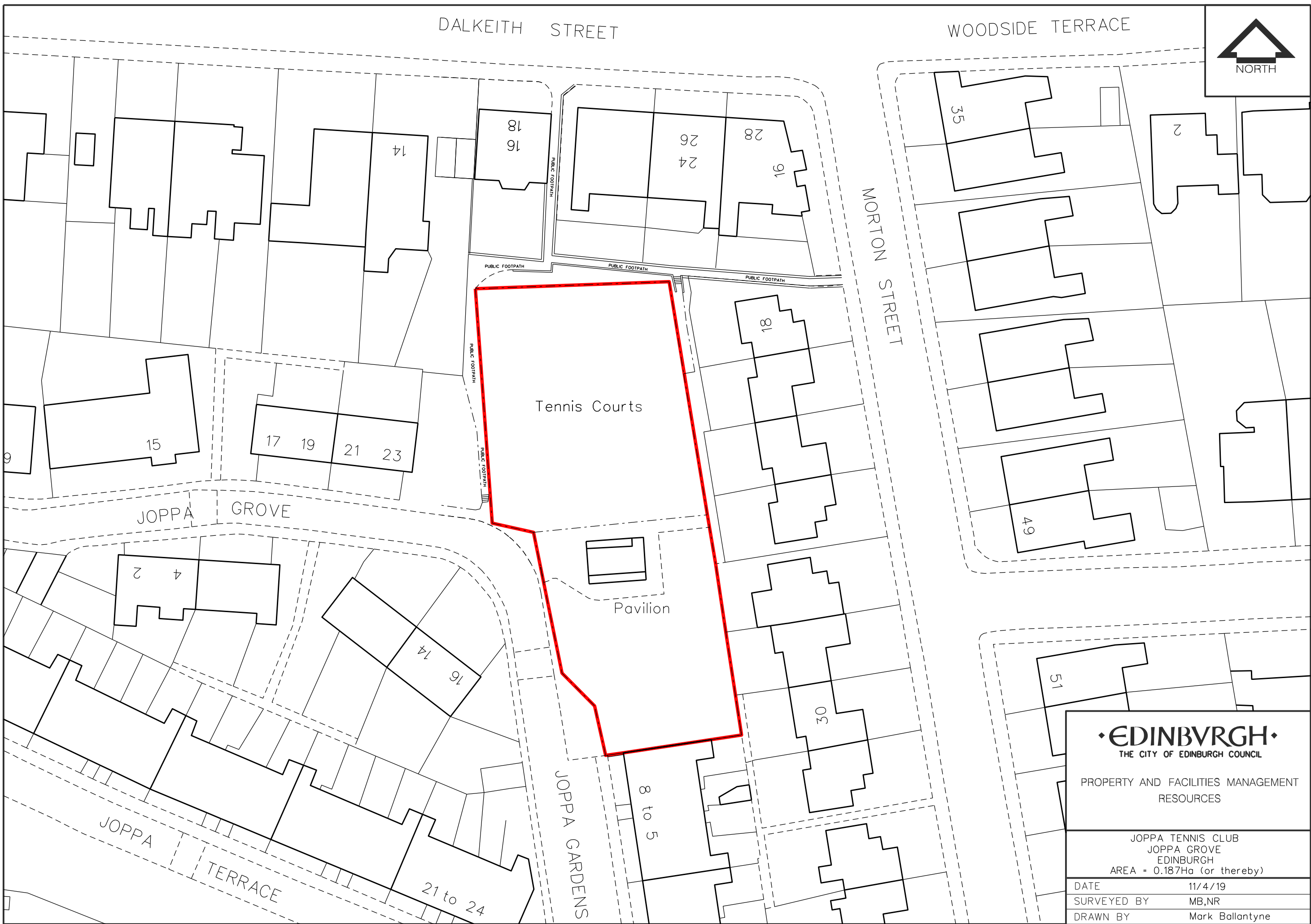
7.1 Ward elected members have been made aware of the recommendations of the report.

8. Background reading/external references

8.1 N/A

9. Appendices

Location Plan



• EDINBURGH • THE CITY OF EDINBURGH COUNCIL	
PROPERTY AND FACILITIES MANAGEMENT RESOURCES	
JOPPA TENNIS CLUB JOPPA GROVE EDINBURGH AREA = 0.187Ha (or thereby)	
DATE	11/4/19
SURVEYED BY	MB,NR
DRAWN BY	Mark Ballantyne
SCALE	1:500 @ A3 SIZE
NEG. NO.	A3/2108

SITE PLAN

SCALE 1:500

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Finance and Resources Committee

10.00am, Thursday, 15 August 2019

82 Joppa Road, Edinburgh – Proposed New Lease

Executive/routine	Routine
Wards	17 – Portobello/Craigmillar
Council Commitments	10

1. Recommendations

1.1 That Committee:

- 1.1.1 Approves a new 15-year lease to Mr Harem Murdochy at 82 Joppa Road, Edinburgh on the terms outlined in this report and on other terms and conditions to be agreed by the Executive Director of Resources.

Stephen S. Moir

Executive Director of Resources

Contact: Stewart Irwin, Investment Portfolio Officer

Property and Facilities Management Division, Resources Directorate

E-mail: stewart.irwin@edinburgh.gov.uk | Tel: 0131 529 5951

82 Joppa Road, Edinburgh – Proposed New Lease

2. Executive Summary

- 2.1 The former public convenience at 82 Joppa Road was previously marketed for disposal but did not lead to a sale being completed. The property has now been remarketed for lease and this report seeks approval to grant a new 15-year lease extension to Mr Harem Murdochy on the terms and conditions outlined in the report.

3. Background

- 3.1 The former toilet premises at 82 Joppa Road extend to 83.16 sq m (895 sq ft) as shown outlined in red on the attached plan.
- 3.2 The property was originally marketed for sale, in 2016 although the disposal did not complete. In April 2019, the property was remarketed for lease. A condition of the marketing was that any proposed use had to demonstrate that toilets would be provided for use by the public during opening hours, to be maintained at the tenant's expense.
- 3.3 A closing date was set for 22 May 2019 when 5 offers were received.
- 3.3. Mr Harem Murdochy submitted the preferred offer which proposes to convert the property for use as a café with kitchen, with W.Cs and ancillary storage.

4. Main report

- 4.1 Following negotiations between the Council and Mr Harem Murdochy the following terms have been provisionally agreed:-
- Subjects: 82 Joppa Road, Edinburgh;
 - Lease term: 15-year lease from date of entry / completion;
 - Rent: £25,000 per annum;

- Repair: Full repairing and insuring lease;
- Rent Review: The rent will be reviewed on the 5th anniversary, upwards only, to open market rental value;
- Use: The tenant shall use the premises as a hot food café with kitchen with W.Cs and ancillary storage.
- Costs: Each party will be responsible for their own legal and professional costs in relation to the new lease negotiations;
- W.C / Public Access: The tenant will provide both male and female disabled access toilets with baby changing facilities. The tenant will provide free public access to these toilet facilities within trading hours when possible, acting reasonably;
- Other terms: As contained in a standard commercial lease.

4.2 It is a condition of the offer that planning permission is in place for the proposed use.

5. Next Steps

5.1 Following approval of the terms by Finance and Resources Committee, solicitors will be instructed to conclude the transaction.

6. Financial impact

6.1 A rental of £25,000 per annum, with potential for uplifts at future rent reviews, will be received by the General Fund for 15 years.

7. Stakeholder/Community Impact

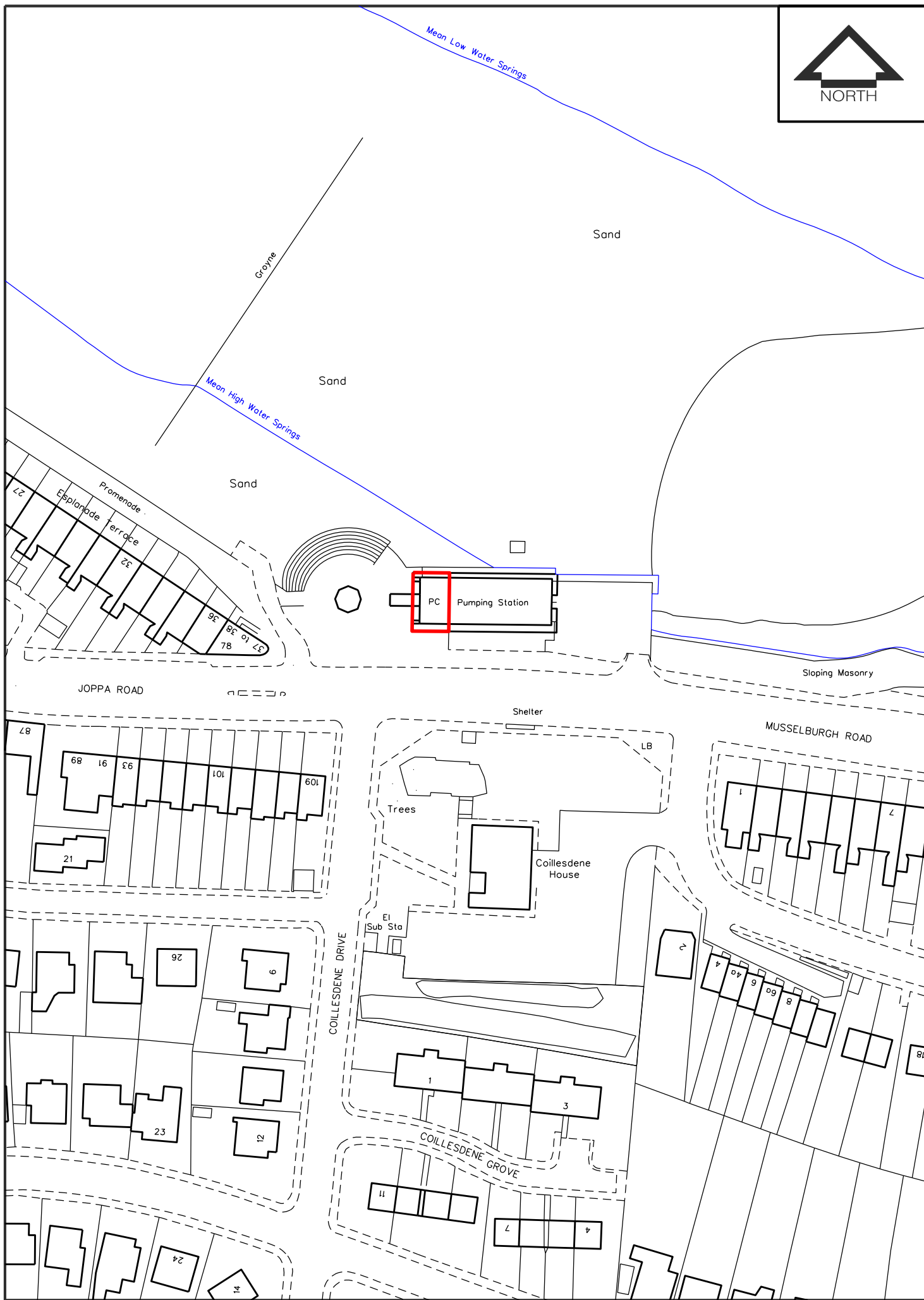
7.1 Ward elected members have been made aware of the recommendations of the report.

8. Background reading/external references

8.1 N/A

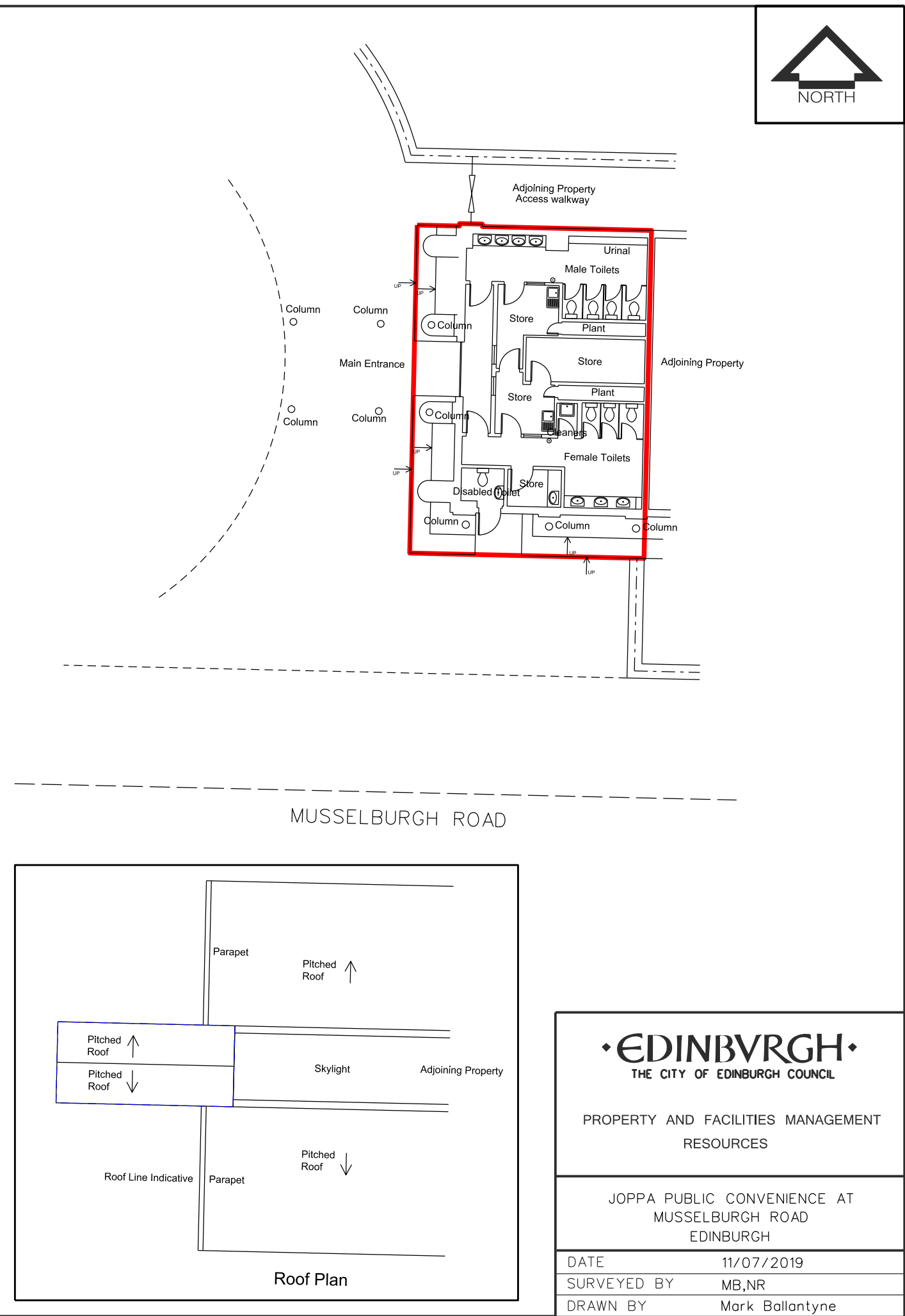
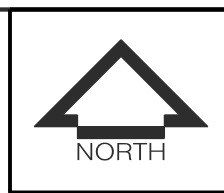
9. Appendices

Appendix 1 - Location Plan



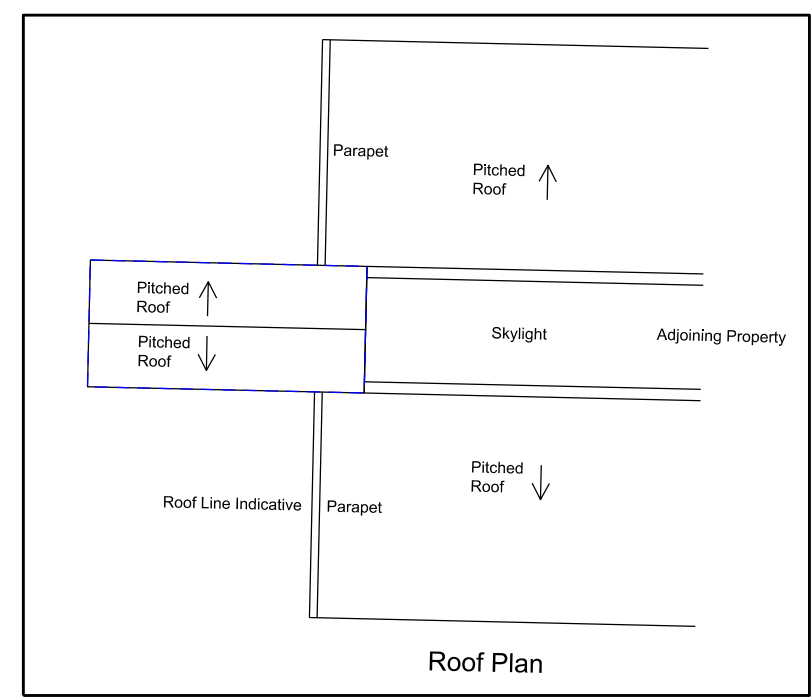
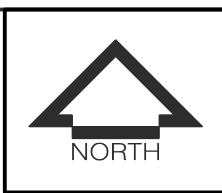
LOCATION PLAN

SCALE 1:1250



SITE PLAN

SCALE 1:200



Roof Plan

• EDINBURGH • THE CITY OF EDINBURGH COUNCIL	
PROPERTY AND FACILITIES MANAGEMENT RESOURCES	
JOPPA PUBLIC CONVENIENCE AT MUSSELBURGH ROAD EDINBURGH	
DATE	11/07/2019
SURVEYED BY	MB,NR
DRAWN BY	Mark Ballantyne
SCALE	1:200 @ A3 SIZE
NEG. NO.	A3/1657

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Finance and Resources Committee

10.00am, Thursday, 15 August 2019

19 Stanley Street, Edinburgh – Proposed Lease Extension

Executive/routine	Routine
Wards	17 – Portobello/Craigmillar
Council Commitments	10

1. Recommendations

1.1 That Committee:

- 1.1.1 Approves a 20 year lease extension to Edinburgh Palette for the industrial yard premises at 19 Stanley Street on terms and conditions as outlined in this report and on other terms and conditions to be agreed by the Executive Director of Resources.

Stephen S. Moir

Executive Director of Resources

Contact: Stewart Irwin, Investment Portfolio Officer

E-mail: stewart.irwin@edinburgh.gov.uk | Tel: 0131 529 5951

19 Stanley Street, Edinburgh – Proposed Lease Extension

2. Executive Summary

- 2.1 The industrial yard at 19 Stanley Street is let to Edinburgh Palette and is operated as a site for container based artist studios/workshops which are available for rent. The lease expires on 19 August 2023 and the tenant has requested a 20 year lease extension, effective from this date. This report seeks approval to grant a 20 year lease extension to Edinburgh Palette on the terms and conditions outlined in the report.

3. Background

- 3.1 The industrial yard at 19 Stanley Street extends to 0.34 hectares (0.84 acres) as shown outlined in red on the attached plan.
- 3.2 Since August 20018, Edinburgh Palette has been the tenant providing artist studio/workshop units for rent from shipping containers. The current rent is £24,000 per annum.
- 3.3 The existing lease expires on 29 August 2023 and the tenant has requested an extension for 20 years, effective from this date, to provide enhanced security of tenure and improve fund raising opportunities.

4. Main report

- 4.1 4.1 The following terms have been provisionally agreed:-
- Subjects: Yard premises at 19 Stanley Street;
 - Tenant: Edinburgh Palette;
 - Rent: £24,000 per annum;
 - Term: 20 year extension from 20 August 2023 until 19 August 2043;

- Rent Reviews: 20 August 2023 and 5 yearly thereafter to open market value (upwards only);
- Repairs: Full repairing and insuring liability on the tenant;
- Other terms: As contained in the existing lease;
- Costs: The tenant will be responsible for all Council and Legal costs.

5. Next Steps

- 5.1 Following approval of the terms by Finance and Resources Committee, solicitors will be instructed to conclude the transaction.

6. Financial impact

- 6.1 A rental of £24,000 per annum, with potential for uplifts at future rent reviews, will be received by the General Fund for a further 20 years.

7. Stakeholder/Community Impact

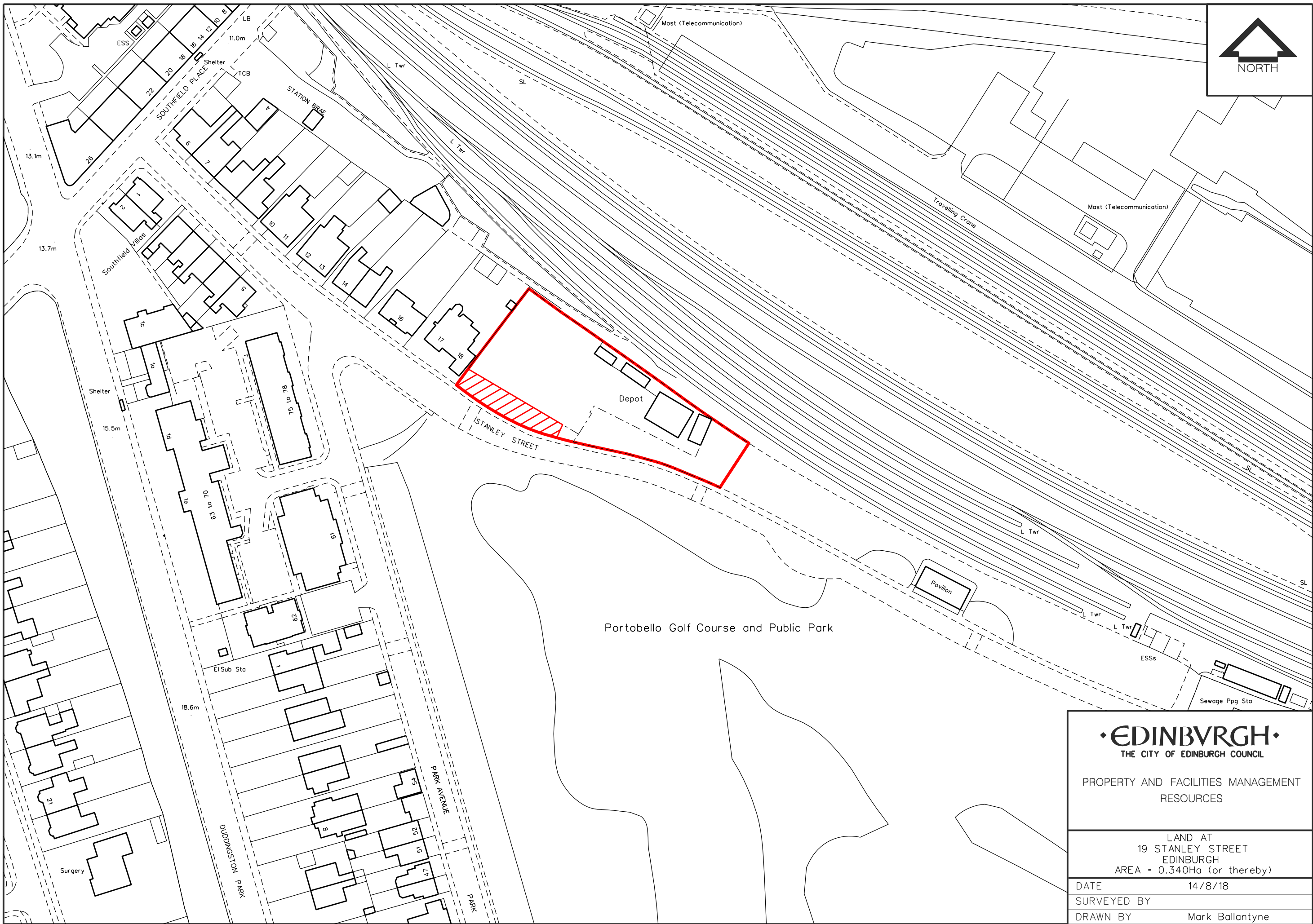
- 7.1 Ward elected members have been made aware of the recommendations of the report.

8. Background reading/external references

- 8.1 N/A

9. Appendices

Appendix 1 - Location Plan



SITE PLAN

SCALE 1:1250

• EDINBURGH • THE CITY OF EDINBURGH COUNCIL	
PROPERTY AND FACILITIES MANAGEMENT RESOURCES	
LAND AT 19 STANLEY STREET EDINBURGH AREA = 0.340Ha (or thereby)	
DATE	14/8/18
SURVEYED BY	
DRAWN BY	Mark Ballantyne
SCALE	1:1250 @ A3 SIZE
NEG. NO.	A3/1996

Finance and Resources Committee

10.00am, Thursday, 15 August 2019

South Gyle Crescent, Edinburgh – Various Ground Lease Extensions

Executive/routine	Routine
Wards	3 – Drumbrae/Gyle
Council Commitments	10

1. Recommendations

1.1 That Committee:

- 1.1.1 Approves extensions on four ground leases held by GM Investment Trustees at South Gyle Crescent to 1 September 2114 on the terms as outlined in this report and on other terms and conditions to be agreed by the Executive Director of Resources.

Stephen S. Moir

Executive Director of Resources

Contact: Mark Bulloch, Portfolio Manager – Investments

Property and Facilities Management Division, Resources Directorate

E-mail: mark.bulloch@edinburgh.gov.uk | Tel: 0131 529 5991

South Gyle Crescent, Edinburgh – Various Ground Lease Extensions

2. Executive Summary

- 2.1 The Council has four ground leases at South Gyle Crescent, Edinburgh let to GM Investment Trustees. The individual leases have various expiry dates and the tenant has requested each lease be extended to expire at the same time. The report seeks approval for each lease to be extended to provide an unexpired term of 175 years on the terms and conditions outlined in the report.

3. Background

- 3.1 GM Investment Trustees is the tenant of the Council on four ground leases at South Gyle Crescent, as shown shaded on the attached plan, with a combined rental income of £121,485 per annum.
- 3.2 No 9 South Gyle Crescent extends to 0.12 hectares (0.30 acres) with a current expiry date of 17 June 2112 and has a rent of £5,023 per annum.
- 3.3 No 9A-C South Gyle Crescent extends to 0.41 hectares (1.01 acres) with a current expiry date of 20 April 2113 and has a rent of £21,030 per annum.
- 3.4 No 12-12A South Gyle Crescent extends to 2.0 hectares (4.94 acres) with a current expiry date of 28 May 2077 and has a rent of £72,000 per annum.
- 3.5 No 13-15 South Gyle Crescent extends to 2.43 hectares (6.0 acres) with a current expiry date of 16 July 2071 and has a rent of £23,432 per annum.

4. Main report

- 4.1 The main heads of terms provisionally agreed between the Council and GM Investment Trustees Limited are as follows:
- Subjects: Four ground leases at 9, 9A-C, 12-12A and 13-15 South Gyle Crescent;
 - Landlord: The City of Edinburgh Council;

- Tenant: GM Investment Trustees Limited;
- Lease Expiry: 1 September 2194;
- Rent: As existing (total £121,485);
- Rent Review: Rent review clause to be standardised for clarification;
- Use: Various industrial and trade counter units on site;
- Costs: Tenant to meet all costs and fees.

4.2 The tenant has fulfilled all their legal and financial obligations in terms of the existing lease.

4.3 The proposal is in the council's best commercial interests as the longer term will ensure a competitive yield should the Council consider disposal.

5. Next Steps

5.1 Following approval of the report by Committee, solicitors will be instructed to progress the legal documentation to extend the lease in each case.

6. Financial impact

6.1 The current income across the four leases is £121,485 per annum with potential for further uplifts at future rent reviews.

6.2 The rent review provisions are calculated at 31.55% of the 'Commercial Rack Rental' of the buildings on site.

6.2 The extended lease term increases the investment value of the assets should a disposal be considered in the future.

7. Stakeholder/Community Impact

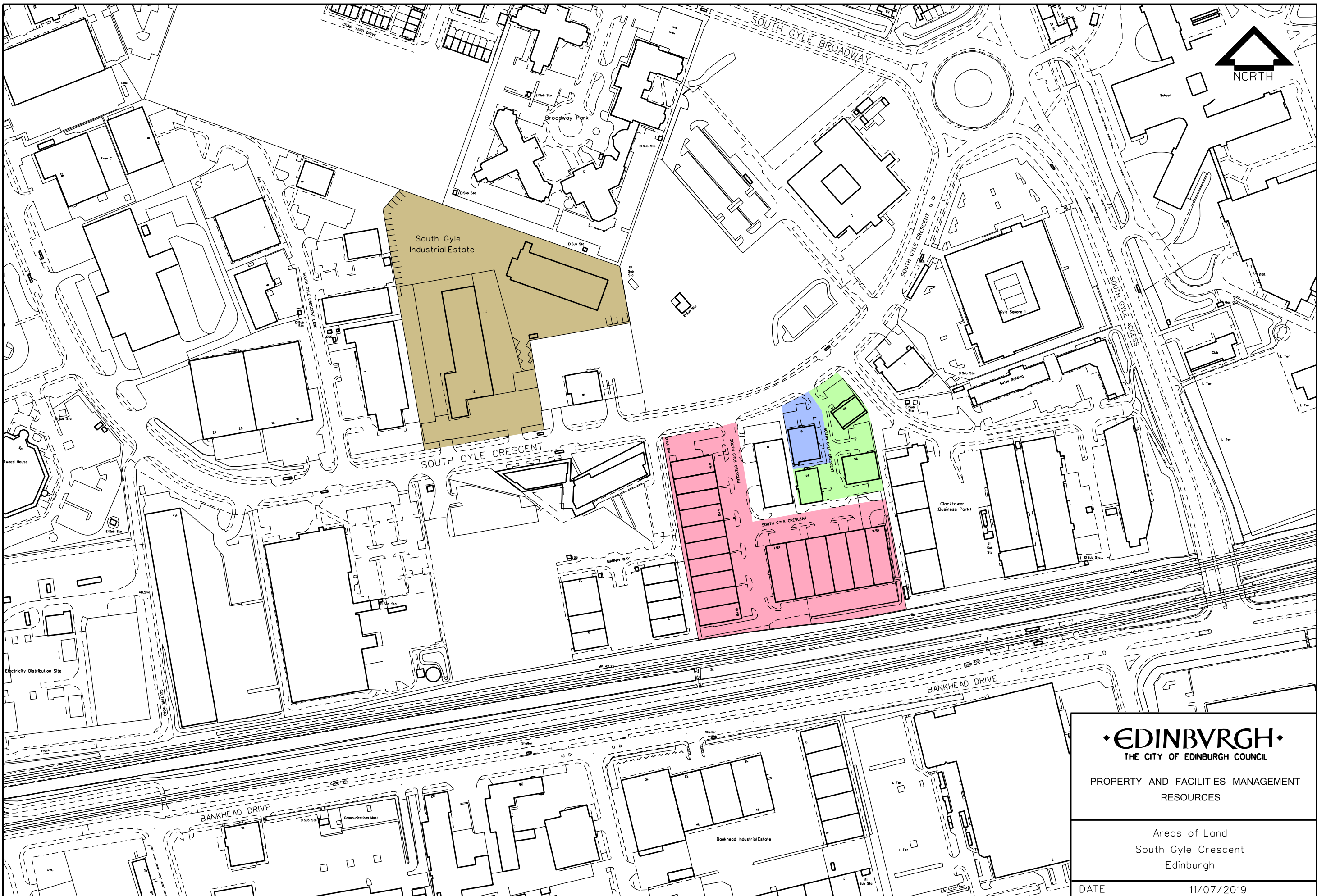
7.1 Ward elected members have been made aware of the recommendations of the report.

8. Background reading/external references

8.1 N/A

9. Appendices

Appendix 1 - Location Plan



9 SOUTH GYLE CRESCENT

12-12A SOUTH GYLE CRESCENT

9A-C SOUTH GYLE CRESCENT

13&15 SOUTH GYLE CRESCENT

• EDINBURGH •
THE CITY OF EDINBURGH COUNCIL

PROPERTY AND FACILITIES MANAGEMENT
RESOURCES

Areas of Land
South Gyle Crescent
Edinburgh

DATE	11/07/2019
SURVEYED BY	
DRAWN BY	F McDonald
SCALE	1:2500 @ A3
NEG. NO.	NT1971/A3/2150

Finance and Resources Committee

10.00am, Thursday, 15 August 2019

Gas Servitude at Saughton Public Park

Executive/routine	Routine
Wards	7 – Sighthill/Gorgie
Council Commitments	N/A

1. Recommendations

- 1.1 That Committee approves the grant of a Deed of Servitude in favour of Scottish Gas Networks PLC under the terms and conditions outlined in this report.

Stephen S. Moir

Executive Director of Resources

Contact: Greg Manson, Graduate Surveyor/Technician

E-mail: greg.manson@edinburgh.gov.uk | Tel: 0131 529 5774

Gas Servitude at Saughton Public Park

2. Executive Summary

- 2.1 This report seeks Committee approval for the grant of a Deed of Servitude relating to an existing 24-inch diameter gas main approximately 476m in length.

3. Background

- 3.1 Scottish Gas Networks PLC (SGN) have requested a formal Deed of Servitude over an existing gas main at Saughton Public Park, Stevenson Road, shown on the attached plan. The gas main is believed to have been laid by the Council's predecessors prior to the nationalisation of the gas industry in 1950.

4. Main report

- 4.1 Committee approval is sought to grant a Deed of Servitude relating to the existing 24-inch diameter gas main approximately 476m in length on the following terms and conditions:
1. Grantor: City of Edinburgh Council
 2. Grantee: Scottish Gas Networks PLC (SGN)
 3. Rights: The Deed of Servitude will allow SGN rights to lay down, construct, inspect, maintain, protect, use, replace and remove or render unusable a gas main in in the area shaded yellow on the plan.
 4. Fees: The Council's legal and surveyors' fees will be paid by SGN

5. Next Steps

- 5.1 If Committee approval is granted, the Council will enter into a Deed of Servitude with SGN in accordance with the terms and conditions stated within this report.

6. Financial impact

- 6.1 The Council's legal and surveyors' fees will be met by SGN.

7. Stakeholder/Community Impact

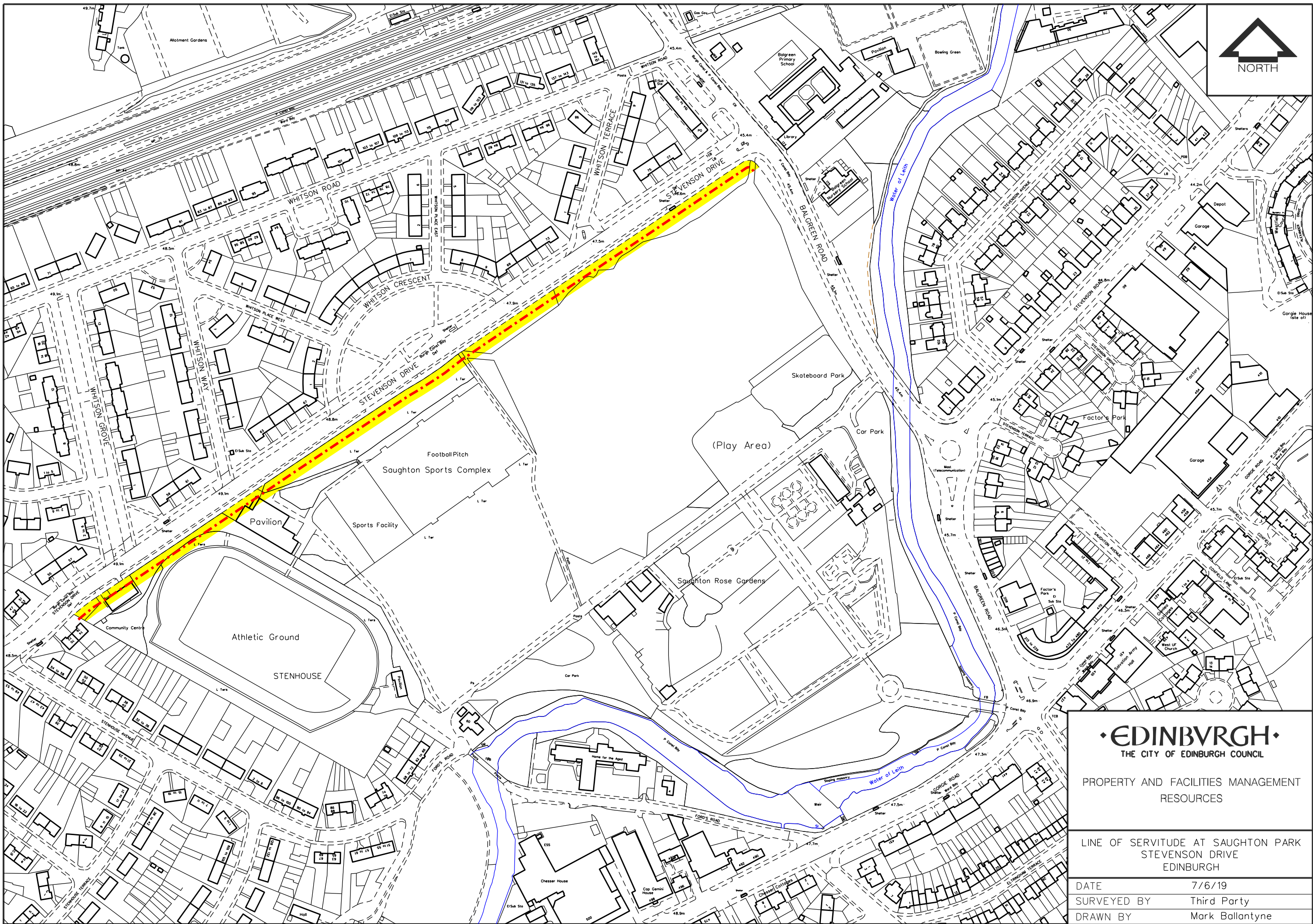
- 7.1 The gas main currently supplies residents and businesses in the surrounding area.
- 7.2 Council Parks officers from the south west neighbourhood office have been consulted and are in support of the project.
- 7.3 The impact on equalities has been considered. The Integrated Impact Assessment (IIA) checklist has been completed and the outcome is that a full IIA is not required for this report. There is little relevance to equality and no negative impact on the environment given the services provided by the gas main.

8. Background reading/external references

- 8.1 N/A

9. Appendices

- 9.1 Appendix 1 – Location Plan



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• EDINBURGH •
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PROPERTY AND FACILITIES MANAGEMENT
RESOURCES

LINE OF SERVITUDE AT SAUGHTON PARK
STEVENSON DRIVE
EDINBURGH

DATE	7/6/19
SURVEYED BY	Third Party
DRAWN BY	Mark Ballantyne
SCALE	1:2500 @ A3 SIZE
NEG. NO.	A3/2136

SITE PLAN

SCALE 1:2500

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

Finance and Resources Committee

10.00a.m, Thursday, 15 August 2019

Proposed New Lease, St Brides Community Centre, 10 Orwell Terrace, Edinburgh

Executive/routine Wards Council Commitments	Routine Sighthill / Gorgie 2,7 , 31,35 , 39, 46 , 46,52
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1. Recommendations

- 1.1 That Committee approves the lease of St Brides Community Centre to the St Brides Management Committee on the terms outlined in this report and other terms and conditions to be agreed by the Executive Director of Resources.

Stephen S. Moir

Executive Director of Resources

Contact: Amanda Fraser, Estates Surveyor,

Property and Facilities Management Division, Resources Directorate

E-mail: amanda.fraser@edinburgh.gov.uk | Tel: 0131 529 5931

Proposed New Lease, St Brides Community Centre, 10 Orwell Terrace, Edinburgh

2. Executive Summary

- 2.1 St Brides Management Committee have occupied St Brides Community Centre for many years with no record of a formal lease. Edinburgh Jazz and Blues Festival approached St Brides Management Committee with a proposal to share the building, which would allow them to run a five-year music project funded through the Platforms for Creative Excellence (PLACE) co-investment programme. A temporary lease was granted to the Committee from 3 January 19 to meet the funding requirements of the PLACE programme pending a Committee decision on a longer term agreement, which is the purpose of this report.

3. Background

- 3.1 In 1993, St Brides Community Centre was transferred to the Council from the Church of Scotland.
- 3.2 The St Brides Management Committee (SBMC) are in occupation, running the venue for community purposes in partnership with Council staff from Lifelong Learning. SBMC have invested in the building facilities over the years, including a new stage, seating and lighting.
- 3.3 A number of other community centre are in a similar position and this has led to an ongoing review of lease terms.
- 3.4 The building is used on a regular basis by various community groups including a community café (providing a weekly lunch club for the elderly), mother and child groups, a local choir and a book club. There is also regular use by third parties for dance, exercise and other private classes as well as for parties, exhibitions and other similar uses.
- 3.5 The Platforms for Creative Excellence (PLACE) programme is a five year co-investment programme between the Council, Scottish Government and the Edinburgh Festivals and is a legacy of the 70th anniversary of the Edinburgh festivals in 2017. On 20 March 2018, the Culture and Communities Committee approved a report that noted the workstreams for the PLACE programme and the

Outline Evaluation Framework and Programme Management Plan on which applications for funding would be assessed.

- 3.6 On 11 October 2018, the Culture and Communities Committee approved funding to 11 Festival organisations with the Edinburgh Jazz and Blues festival (EJBF) awarded £645k. The bid by EJBF was predicated on a submission that would underpin a strong future, with impact at local community, Edinburgh, Scottish and international levels with a base at St Brides Community Centre. The programme would include:
- Community music engagement programme for Edinburgh;
 - Carnival, multi-cultural arts, and street arts hub for the city and Scotland;
 - Support for the Scottish jazz and blues sector, including an annual conference; a rehearsal and small-scale performance centre in Edinburgh; and new international initiatives;
 - A long-term relationship with an established Edinburgh community group, aiming to increase cultural, social, and economic benefit for the local community.
- 3.9 To allow SBMC to permit occupation by EJBF, the Council are required to grant a lease to SBMC so that they could have the legal ability to, in turn, grant an occupational licence/sub lease to EJBF, which is the purpose of this report.

4. Main report

- 4.1 As with all community centres, the Council currently meets all the running costs for the building, including cleaning, janitorial cover, utilities and all repairs and maintenance. There are a number of other community centres in a similar position with no recognised and/or outdated lease and this has led to an ongoing review of lease terms. A report on new standard lease terms for all community centres will be presented for consideration to a future meeting of Committee.
- 4.2 In this case, SBMC has requested a five-year lease of the property. This would allow the SBMC to enter into a sublease agreement with the Edinburgh Jazz and Blues Festival who have funding through the PLACE co-investment programme, to run a five-year music programme. The Edinburgh Jazz and Blues Festival require a minimum term of five years to meet the funding criteria.
- 4.3 To meet the deadlines for set up and activities to commence, entry was required by 3 January 2019 and therefore a temporary agreement was issued to SBMC, pending a more permanent agreement as detailed below.

4.4 Following negotiations, the following main terms have been provisionally agreed:

Subjects:	St Brides Centre, 10 Orwell Terrace, Edinburgh;
Tenant:	St Brides Management Committee;
Lease Term:	Five years;
Rent:	Peppercorn;
Sublease:	St Brides Management Committee will be permitted to enter in to a five-year occupational agreement with the EJBF:
Rates:	The Tenant will be responsible for all non-domestic rates payments;
Repair:	The Council will be responsible for the repair and maintenance of the property and will be required to keep the property wind and watertight. Other repairs will be carried out subject to the necessary budget being available. The Council will continue to be responsible for utility bills and the current level of cleaning and janitorial costs;
Additional Cost:	Any additional janitorial and cleaning costs that arise from the Increased occupation of the venue, will be recovered by the Council from the tenant; and
Costs:	The tenant will pay the Council's costs and fees associated with the lease.

5. Next Steps

- 5.1 If Committee approval is granted, the Council will seek to enter into a five-year lease with the tenant on the terms stated in the report.

6. Financial impact

- 6.1 The Council currently has an annual expenditure of approx. £50,000 in meeting the running costs of St Brides. This includes all costs associated with cleaning, janitorial staff, repairs, maintenance and utilities. It should be noted that the repair and maintenance costs fluctuate year to year, the costs for 2017/2018 were £56,300. Future years could be higher or lower.
- 6.2 The proposed rent is a concession but is similar to all other Council owned community centres. The estimated market rent of £72,000 per annum (which could be achieved on a full repairing and insuring basis).

7. Stakeholder/Community Impact

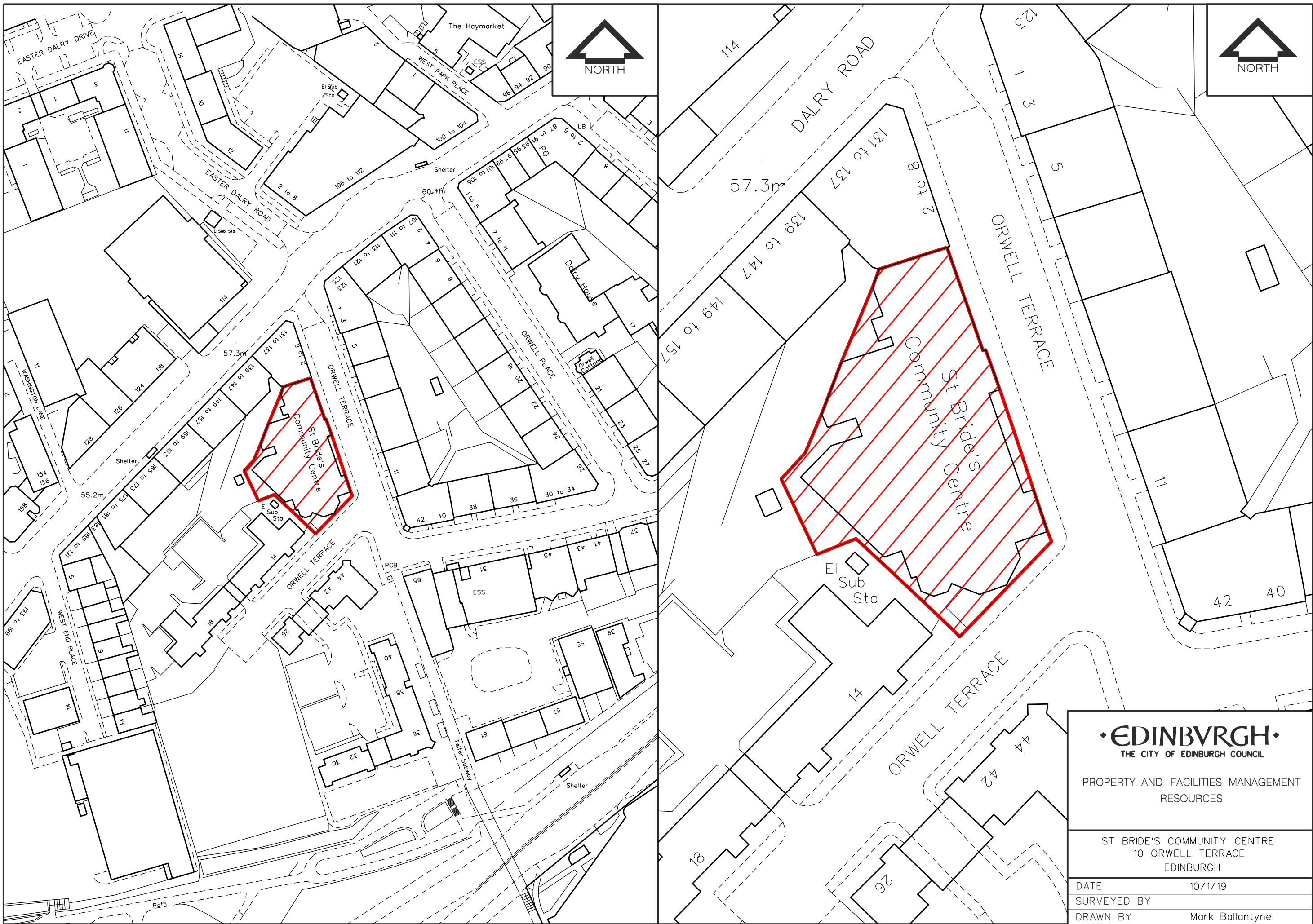
- 7.1 Council Officers have ensured full engagement with St Brides Management Committee and the Edinburgh Jazz and Blues Festival, throughout this process. Ward Councillors have been made aware of the recommendations contained within this report.
- 7.2 The impact on equalities has been considered and an enhancement of rights has been identified as the new lease will ensure that the facility continues to provide an important community centre service while also running a new community music project. This directly links to an enhancement of Council Commitments 2,7,31,35,39,46, and 52.
- 7.3 The impact on sustainability has been considered and deemed to have no negative impact on the environment as the result of the proposed new lease. This is because the building use will not change substantially.

8. Background reading/external references

- 8.1 Report Culture and Communities Committee on 20 March 2018 – The Platforms for Create Excellence (PLACE) programme.

9. Appendices

- 9.1 Appendix 1 – Location Plan



LOCATION PLAN

PHOTOGRAPHICALLY REDUCED NOT TO SCALE

SITE PLAN

• EDINBURGH •
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PROPERTY AND FACILITIES MANAGEMENT
 RESOURCES

ST BRIDE'S COMMUNITY CENTRE
 10 ORWELL TERRACE
 EDINBURGH

DATE 10/1/19

SURVEYED BY

DRAWN BY Mark Ballantyne

SCALE N.T.S.

NEG. NO. A3/2060

Finance and Resources Committee

10.00am, Thursday, 15 August 2019

Lease for Drylaw Neighbourhood Centre, Groathill Road North, Edinburgh

Executive/Routine	Routine
Wards	5 - Inverleith
Council Commitments	35

1. Recommendations

- 1.1 That Committee approves the grant of a new 25-year lease to Drylaw/Telford Community Association on the terms and conditions outlined in this report and on such other terms and conditions that to be agreed by the Executive Director of Resources.

Stephen S. Moir

Executive Director of Resources

Contact: Claire Donaldson, Graduate Surveyor / Technician

Property and Facilities Management Division, Resources Directorate

E-mail: claire.donaldson@edinburgh.gov.uk | Tel: 0131 529 5772

Lease for Drylaw Neighbourhood Centre, Groathill Road North, Edinburgh

2. Executive Summary

- 2.1 Drylaw/Telford Community Association wish to extend their lease for the Drylaw Neighbourhood Centre. This report seeks approval to grant a new 25-year lease.

3. Background

- 3.1 There are 39 Council owned community centres in Edinburgh, the majority of which are leased out to management committees. The management committees work in partnership with Lifelong Learning, FM and Business Support, and operate in accordance with the Council's model constitution for community centres to deliver a wide range of activities and other services to local communities.
- 3.2 There are also a number of community centres that have been established and function without such direct management input or property cost contribution from the Council. Drylaw Neighbourhood Centre is one such centre. In this case, the Council leased the land at £1 per annum and the Neighbourhood Centre was erected by Drylaw/Telford Community Association (the Tenant) funded through Urban Aid.
- 3.3 The area of ground leased, as outlined red on the attached location plan (Appendix 1), is located in Drylaw and held on the Housing Account. The area extends across 4,600 sqm, or thereby, over a combination of developed urban land (1,600 sqm (35%), or thereby, and shaded grey on the attached location plan) and designated open space (3,000 sqm (65%), and shaded green on the attached plan). The potential for any major re-development of the site is limited given the open space designation.

4. Main report

- 4.1 Drylaw Neighbourhood Centre opened on 5 November 1995 and delivers a wide range of programmes for children, young people, adults, older people and families. The organisation is a charity with the objective of promoting the advancement of

education, public participation in sport and the provision of recreation facilities, with the object of improving the conditions of life of the inhabitants of Drylaw/Telford. The charity is managed by a voluntary board of trustees.

- 4.2 The existing lease between the Council and the Drylaw/Telford Community Association dates from December 1994 and is due to end on 21 December 2019. Consequently, the Association has approached the Council stating their interest of a lease extension of 25 years on similar terms.
- 4.3 It is considered that a new lease is required rather than a lease extension as the lease terms require modernisation to reflect changes in law over the past 25 years. One of the consequences of this, from a strict legal perspective, is that the building reverts to the Council ownership, which would be the position in any event on conclusion of the original ground lease.
- 4.4 As with all new leases, options have been considered in terms of the appropriate rent in this case. Three options are legally available as follows:
1. Continue to lease the subject(s) at a nominal rent, at £1 per annum.
 2. Charge a rent of based on the area of ground, at £11,600 per annum (based on a comparable industrial ground leases).
 3. Charge a full market rent for the whole property (includes ground and community centre development), estimated at £35,000 per annum.
- 4.5 Drylaw/Telford Community Association have asked that the rent remains at a nominal level and state that any increase will have a negative impact on the services they can provide and may ultimately force the centre to close.
- 4.6 As Committee has been previously advised, when considering the rent to be recommended, the particular circumstances of each case warrants consideration. While the Asset Management Strategy, approved in 2015, promoted the conversion of concessionary lets to full market rental level, the level of analysis on individual cases, at that time, was limited to a black or white assessment, i.e., the Asset Management Strategy took no cognisance of the social, local or political aspects that typically reflect the reality when making decisions of this nature. In this case, the asset is a community facility built and operated from for over 20 years and has no property strain cost to the Council.
- 4.7 Previous reports considered by Committee since May 2017 have been considered and, it is noted that identical circumstances existed with the Venchie at Niddrie Mains Terrace granted a new 25- lease at £1 per annum, on 5 September 2017. It is for the reasons set out above, that option 1 is recommended.
- 4.8 Draft Heads of Terms (provisionally agreed with Drylaw/Telford Community Association) are as follows:
- Tenant: Drylaw/Telford Community Association;
 - Transaction Type: New lease;
 - Lease Duration: 25 years;

- Rent: Option 1, 2 or 3 stated above.
- Use: The property will only be used as a community centre for enhancing education, leisure and health and wellbeing, and improving conditions for the surrounding community;
- Repair/Maintenance: Tenants full repairing and insuring obligation;
- Fees: Tenant is responsible for the Landlords reasonably incurred surveying and legal costs in preparation of the lease.

5. Next Steps

- 5.1 If Committee approval is granted, the Council will enter into a new lease with the Drylaw/Telford Community Association in accordance with the terms and conditions stated within this report.

6. Financial impact

- 6.1 The Drylaw/Telford Community Association will continue to be responsible for all maintenance costs, rates and other outgoings associated with the leased subject(s).

7. Stakeholder/Community Impact

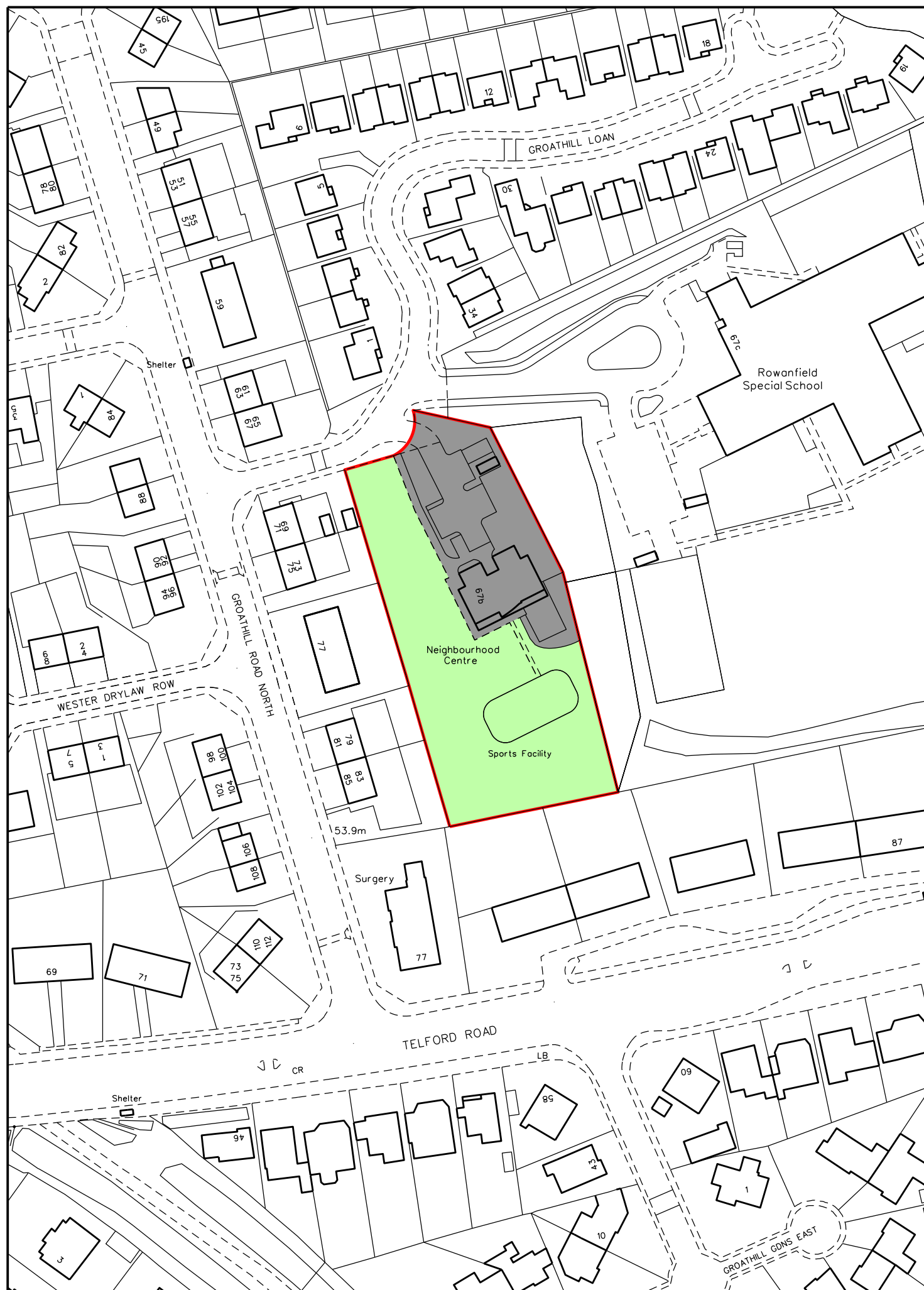
- 7.1 Community centres are a positive contribution to the local community by providing learning and development opportunities, physical activities and social support to the members it serves.
- 7.2 Local Councillors have been informed about this proposed transaction and report.
- 7.3 The Integrated Impact Assessment (IIA) checklist has been completed and the outcome is that a full IIA is not required for this report. The proposal of this report is to grant a new lease to a tenant who has been in occupation of the subject(s) for a number of years and presents no/minimal impact on equality, economy and the environment.

8. Background reading/external references

- 8.1 [Item 7.2 Transformation Programme: Property and Asset Management Strategy](#) – Finance and Resources Committee 24 September 2015.

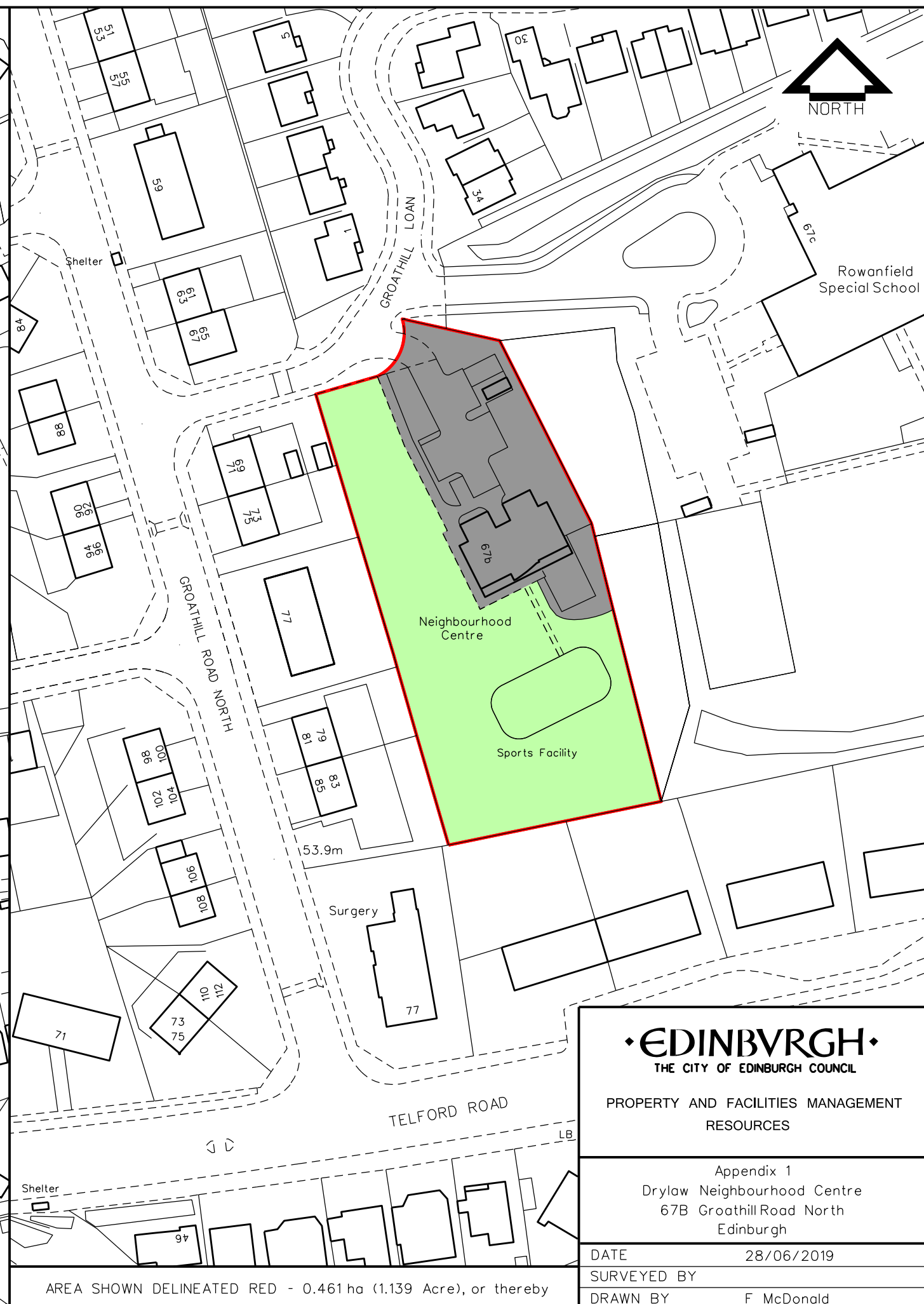
9. Appendices

- 9.1 Appendix 1 – Location Plan



LOCATION PLAN

SCALE 1:1250



SITE PLAN

SCALE 1:1000

• EDINBURGH • THE CITY OF EDINBURGH COUNCIL	
PROPERTY AND FACILITIES MANAGEMENT RESOURCES	
Appendix 1 Drylaw Neighbourhood Centre 67B Groathill Road North Edinburgh	
DATE	28/06/2019
SURVEYED BY	
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Finance and Resources Committee

10.00am, Thursday, 15 August 2019

Edinburgh Community Solar Co-operative – Phase 2

Executive/routine
Wards
Council Commitments

1. Recommendations

- 1.1 That Committee delegates decision making authority to the Executive Director of Resources, in consultation with the Convenor and Vice-Convenor of Finance and Resources Committee, to grant a 21-year Licence to Edinburgh Community Solar Co-operative to install solar PV panels on up to 11 Council owned buildings.
- 1.2 Note that any grant of licence shall be subject to Edinburgh Community Solar Co-operative submitting a viable business case that demonstrates both the financial and wider community benefit of the proposal.

Stephen S. Moir

Executive Director of Resources

Contact: Paul Jones, Energy and Sustainability Manager,
Property and Facilities Management Division, Resources Directorate

E-mail: paul.jones@edinburgh.gov.uk | Tel: 0131 469 3607

Edinburgh Community Solar C-operative – Phase 2

2. Executive Summary

- 2.1 In 2016, Edinburgh Community Solar Co-operative (ECSC) installed 1.4MW of solar PV panels in 24 Council buildings. The [Board](#) of Edinburgh Community Solar Co-operative are currently preparing a proposal and financial model for a second phase of solar panel installations. In order to meet the timelines set within the Government's feed in tariff scheme, this report is requesting that Committee delegate decision making authority to the Executive Director of Resources, in consultation with the Convenor and Vice-Convenor of Finance and Resources Committee, to grant a 21 year Licence to Edinburgh Community Solar Co-operative to install solar PV panels on up to 11 Council owned buildings. Any approval would be subject to Edinburgh Community Solar Co-operative submitting a viable business case that demonstrates both the financial and wider community benefit.

3. Background

- 3.1 Edinburgh Community Solar Co-operative (ECSC) is one of the largest urban renewables projects in the UK. Three Elected Members sit on the [board of ECSC](#) (Cllrs MacInnes, Doran and Burgess).
- 3.2 In August 2015, the Finance and Resources Committee approved the [grant of a 21 year licence](#) to Edinburgh Community Solar Co-operative (ECSC) to install solar PV panels on the roofs of Council owned buildings. In September 2015, ECSC raised £1.4m through a community share offer and went on to install 1.4MWh solar PV across 24 Council owned buildings. Since the project started shareholders have received a return on investment of 5% (linked to RPI) per annum. The shares are structured on a reducing balance basis. £37k of surplus from the scheme has been paid in to the community benefit fund with £29k currently allocated to community projects.
- 3.3 In 2018/19, 1.1GWh of renewable electricity was generated by panels owned by ECSC across 21 Council operated buildings and 3 Edinburgh Leisure sites. 70% of this electricity was used directly onsite reducing building related carbon emissions by over 230 tonnes.

- 3.4 Under the original scheme, the rate that the Council pays for electricity is fixed at 2015 electricity rates. There has been limited financial saving to the Council to date, as many sites had to change their utility tariff structure to support the metering of solar PV export, which resulted in a disaggregation of charges reducing the initial opportunity for saving. However, it is anticipated that the Council will realise a saving on electricity costs of around £6k in 2019/20 from onsite use of ECSC's solar generation in Council operated buildings. If, as anticipated, electricity costs continue to increase, then this saving will become more pronounced over the duration of the contract.

4. Main report

- 4.1 ECSC are looking to progress a second phase of community-owned solar panel installations. Following initial discussion between the Council and ECSC, an outline list of suitable buildings were identified. This includes 4 Edinburgh Leisure buildings and 7 Council buildings (See Appendix 1)
- 4.2 Historically, qualifying solar panel installations have been able to benefit from Government subsidy in the form of a [Feed in Tariff](#). This scheme closed for solar installations at the end of March 2019, but community groups were able to benefit from pre-accreditation which requires installations to be completed within 12 months of registration. ECSC applied for pre-accreditation for phase 2 buildings and therefore need to complete installations by March 2020 to qualify for Feed in Tariffs.
- 4.3 ECSC have carried out an initial technical assessment of the proposed phase 2 buildings that has established outline feasibility. They are currently working on a detailed proposal and an associated financial model (see Appendix 2 for an outline of the anticipated level of detail that the proposal will include).
- 4.4 Given the compressed timeline involved with securing the feed in tariff payment, Committee approval is being sought to delegate decision making on the phase 2 proposal and subsequent grant of a 21 year Licence to Edinburgh Community Solar Co-operative to install solar PV panels on up to 11 Council owned buildings, to the Executive Director of Resources, in consultation with the Convenor and Vice-Convenor of Finance and Resources Committee. This approach will allow ECSC time to develop a financial model and detailed proposal without compromising the ability for ECSC to meet Feed in Tariff deadlines. Once submitted, the proposal and financial model will be subject to review and comment by Council Officers to ensure due diligence is carried out.
- 4.5 If a decision to proceed with the project is received, ECSC will raise funds for the project through a community share offer and, once funding is in place, progress with the procurement and appointment of a contractor(s) to deliver the works. Without a detailed proposal from ECSC it is not possible to list benefits or highlight the scale of the project. However, the original phase of the project demonstrates that ECSC have the capability to raise funding, install and manage solar PV panels and

maintain and distribute a community benefit fund. The expansion of the project aligns well with the wider Council's wider [Sustainability Approach](#) including the target to reach net zero carbon emissions by 2030.

- 4.6 There is an inherent risk with a compressed programme. This will be a focus of Council Officers both during the evaluation of the proposal /financial model and during any subsequent consideration of design submissions and the management of site works. There is a possibility that some (or all) of the works may not meet the March 2020 deadline for feed in tariffs, therefore, the sensitivity of the financial model to feed in tariffs will be considered alongside other factors during evaluation.
- 4.7 It is anticipated that phase 2 can be accommodated via a variation to the existing legal agreement which will limit the level of legal input required to support the second phase. However, Council resource will be required to support the assessment of the proposal and financial model and during design review and installation works. Phase 2 buildings include key operational buildings for the Council therefore appropriate coordination of works to minimise operational impact will be critical.

5. Next Steps

- 5.1 Once submitted, ECSC's proposal and financial model will be scrutinised by Council Officers to assess viability, benefits and risks. Outcomes will be reported to the Executive Director of Resources to inform delegated decision making.
- 5.2 If approval to proceed with phase 2 is granted, work will be undertaken to draft the associated variation to the existing legal agreement, and a project team will be formed to support the review of designs and coordination of site works.

6. Financial impact

- 6.1 Paragraph 3.4 of this report provides high level detail on the financial impact of the first phase of solar panel installations by Edinburgh Community Solar Co-operative. However, direct financial benefit for the Council is not the principal driver for this project. Whilst there is the opportunity of reduced electricity tariffs over time, there is a degree of exposure to increased costs through either the removal of panels for works or the disposal of buildings during the 21-year life of any licence.
- 6.2 A second phase of panel installations will require significant input from Council Officers within Property and Facilities Management, Legal Services and Finance.
- 6.3 Through the encouragement of energy co-operatives there is the opportunity to accelerate the expansion of distributed generation across Edinburgh. This offers the potential to support Council targets with limited financial commitment from the Council.

- 6.4 The potential creation of additional money for the community benefit fund through a phase 2 of solar PV installations would benefit community groups.

7. Stakeholder/Community Impact

- 7.1 Edinburgh Community Solar Cop-operative are a community benefit society with over 540 members. They aim to maximise the social, economic and environmental benefits of renewable energy.
- 7.2 The expansion of building mounted solar PV panels across the Council estate will contribute towards the reduction of building related carbon emissions and assist in the delivery of Council obligations under the [Climate Change Act \(Scotland\)](#).

8. Background reading/external references

- 8.1 [Transport and Environment Committee, June 2019, Business Bulletin, Edinburgh Community Solar Co-operative, Page 3-4](#)
- 8.2 [Finance and Resources Committee, August 2015, Approval to Grant a Licence to Edinburgh Community Solar Co-operative to Install Solar PV Panels on Council Owned Buildings](#)
- 8.3 [Corporate Policy and Strategy Committee, Tuesday 14 May 2019, Sustainability Approach](#)

9. Appendices

Appendix 1 – List of Proposed Phase 2 Buildings

Appendix 2 – Outline detail requested in Phase 2 Proposal

Appendix 1 – List of Proposed Phase 2 Buildings

East Neighbourhood Office

St John's RC Primary School

Bankhead Depot

Drumbrae Library Hub

Seafield Recycling Centre

Sighthill Recycling Centre (still under defect liability period following construction, therefore works only suitable post April 2020)

Waverley Court Office

Edinburgh International Climbing Centre	Edinburgh Leisure
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Kirkliston Leisure Centre	Edinburgh Leisure
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Craiglockhart Leisure Centre	Edinburgh Leisure
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Gracemount Leisure Centre	Edinburgh Leisure
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Appendix 2 – Outline of detail requested in Phase 2 Proposal

Overview of the Proposal	List of buildings, proposed size of installations, solar electricity generated, price of solar electricity purchased from ECSC, benefits to Edinburgh and Council (including projected solar generation and proposed community benefit)
Delivery	Procurement route, programme (including building warrant/planning timelines and dates for site access) and project delivery team (detailing responsibilities for management of health and safety, management of site works and technical review of design)
Operational Management	Detail on how the scheme will be managed over duration of the project (20 years).
Funding and Financials	Detail on share offer (capital to be raised, timescales, return on investment for investors), financial model outlining business case including capital costs, income, expenditure and share repayment across the duration of the project, sensitivity analysis, projections for community benefit fund
Risk Register	Key project risks (to be developed in discussion with Council Officers)

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of the Local Government(Scotland) Act 1973.

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by virtue of paragraph(s) 12 of Part 1 of Schedule 7A
of the Local Government(Scotland) Act 1973.

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Amendment by the Liberal Democrat Group

Finance and Resources Committee

15 August 2019

Item 8.13 – Proposed New Lease, St Brides Community Centre, 10 Orwell Terrace, Edinburgh

Delete the recommendation and replace with:

To request that the report is continued and is brought back to Committee in one cycle containing further information in connection with the proposed lease of St Brides Community Centre to explain 1. The added benefits to the Council and to the community, and any other reasons, that justify the Council's commitment to pay for all the running costs of this Community Centre compared to other community centres where there is no contribution to such costs; and 2. The financial benefits, if any, that may accrue to St Brides Community Centre either directly or indirectly from the five year sub lease to the EJBF.

Moved by Cllr Neil Ross

Seconded by

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