

# Notice of meeting and agenda

## Finance and Resources Committee

**10.00am Friday, 6th December, 2019**

Dean of Guild Court Room - City Chambers

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

The law allows the Council to consider some issues in private. Any items under “Private Business” will not be published, although the decisions will be recorded in the minute.

### Contacts

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Tel: 0131 529 4240 / 0131 529 4085

## **1. Order of business**

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

## **2. Declaration of interests**

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

## **3. Deputations**

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- 3.1 If any

## **4. Minutes**

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- 4.1 Minute of the Finance and Resources Committee of 10 October 2019 - submitted for approval as a correct record 9 - 20

## **5. Forward Planning**

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## **6. Business Bulletin**

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## **7. Executive decisions**

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- 7.1 Revenue Monitoring 2019/20 – Half-Year Report – Report by the Executive Director of Resources 39 - 54
- 7.2 Half Year Capital Monitoring 2019/20 Position – Report by the Executive Director of Resources 55 - 64

<b>7.3</b>	Resources Directorate - Revenue Budget Monitoring 2019/20 - Half Year Position – Report by the Executive Director of Resources	65 - 72
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<b>7.6</b>	Change and Budget Conversations Report – Report by Chief Executive	91 - 106
<b>7.7</b>	Change and Budget Citizen Focus Groups Report – Report by the Chief Executive	107 - 130
<b>7.8</b>	Workforce Dashboard – Report by the Executive Director of Resources	131 - 144
<b>7.9</b>	Plots W1-W4, Fountainbridge, Edinburgh - Proposed Transfer to Housing Revenue Account – Report by the Executive Director of Resources	145 - 150
<b>7.10</b>	The Friends of Duddingston Primary School Solar PV Proposal – Report by the Executive Director of Resources	151 - 156
<b>7.11</b>	Feasibility of Deep Energy Retrofit of Operational Council Buildings – Report by the Executive Director of Resources	157 - 164
<b>7.12</b>	Award of Contract - Project and Commercial Management Support for Granton Waterfront – Report by the Executive Director of Place	165 - 172
<b>7.13</b>	Corstorphine Community Centre – Report by the Executive Director of Place	173 - 218
<b>7.14</b>	Waiver for Gilmerton Road Short Break Service – Report by the Executive Director for Communities and Families	219 - 222

<b>7.15</b>	Elected Member Car Parking – Report by the Executive Director of Resources	223 - 226
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## **8. Routine Decisions**

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<b>8.1</b>	Land at 18b Ferry Road Avenue, Edinburgh - Proposed Disposal – Report by the Executive Director of Resources	227 - 232
<b>8.2</b>	5 Hamilton Place - Proposed New Lease – Report by the Executive Director of Resources	233 - 236
<b>8.3</b>	Restaurant Unit, Assembly Rooms, 54 George Street, Edinburgh - Proposed Lease – Report by the Executive Director of Resources	237 - 242
<b>8.4</b>	Edinburgh Shared Repairs Service - Progress Report to 30 September 2019 – Report by the Executive Director of Resources	243 - 252
<b>8.5</b>	Murrayburn Depot, Murrayburn Road, Edinburgh - Proposed Transfer to Housing Revenue Account – Report by the Executive Director of Resources	253 - 256
<b>8.6</b>	Former Colinton Mains Bowling Club, 221 Oxfangs Mains Road - Proposed Transfer to Housing Revenue Account – Report by the Executive Director of Resources	257 - 262
<b>8.7</b>	Award of Legal Services Framework Agreement – Report by the Executive Director of Resources	263 - 276
<b>8.8</b>	The Supply of Liquid Fuel – Report by the Executive Director of Place	277 - 282
<b>8.9</b>	Award of Contract for Traffic Modelling and Transport Planning Consultancy Services – Report by the Executive Director of Place	283 - 288
<b>8.10</b>	Appointments to Working Groups – Report by the Chief Executive	289 - 290

## **9. Motions**

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9.1 None.

## 10. Resolution to Consider in Private

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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 Part 1 of Schedule 7A of the Act.

## 11. Private Reports

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11.1	Treasury Management: Completion of Inverse Lender Option Borrower Option (LOBO) Loan Restructuring – Report by the Executive Director of Resources	291 - 296
11.2	Care at Home – Report by the Chief Officer, Edinburgh Health and Social Care Partnership	297 - 308
11.3	Continuation of Existing Contract Arrangements - Care Home Contracts – Report by the Chief Officer, Edinburgh Health and Social Care Partnership	309 - 314
11.4	Purchasing Properties for House Share – Report by the Executive Director for Communities and Families	315 - 322

### Laurence Rockey

Head of Strategy and Communications

## Committee Members

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Councillor Alasdair Rankin (Convener), Councillor Joan Griffiths (Vice-Convener), Councillor Chas Booth, Councillor Graeme Bruce, Councillor Gavin Corbett, Councillor George Gordon, Councillor Graham Hutchison, Councillor Andrew Johnston, Councillor Rob Munn, Councillor Neil Ross and Councillor Mandy Watt

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

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

### **Further information**

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If you have any questions about the agenda or meeting arrangements, please contact Lesley Birrell, Committee Services, City of Edinburgh Council, Business Centre 2.1, Waverley Court, 4 East Market Street, Edinburgh EH8 8BG, email [lesley.birrell@edinburgh.gov.uk](mailto:lesley.birrell@edinburgh.gov.uk).

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

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

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If you have any queries regarding this, and, in particular, if you believe that use and/or storage of any particular information would cause, or be likely to cause, substantial damage or distress to any individual, please contact Committee Services ([committee.services@edinburgh.gov.uk](mailto:committee.services@edinburgh.gov.uk)).

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# Minutes

## Finance and Resources Committee

10.00am, Thursday 10 October 2019

### Present

Councillors Rankin (Convener), Cameron (Vice-Convener), Booth, Bruce, Corbett, Dixon (substituting for Councillor Gordon for item 11), Gordon, Hutchison, Johnston, Neil Ross, Munn and Watt.

### 1. Minutes

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#### Decision

To approve the minute of the Finance and Resources Committee of 26 September 2019 as a correct record.

### 2. Finance and Resources Committee Work Programme

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The Finance and Resources Committee Work Programme was submitted.

#### Decision

To note the Work Programme.

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

### 3. Rolling Actions Log

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

#### Decision

1) To agree to close the following actions:

Action 7 – Action 7 – Motion by Councillor Burgess – Cameron House Community Centre (see agenda of 23 May 2019)

Action 8 – Treasury Management: Annual Report 2018/19

Action 9 (2) – Revenue Monitoring 2019/20 Period Three Report

Action 10 (1) – Corstorphine Youth and Community Centre

Action 13 – Common Good Assets Register

2) To otherwise note the Rolling Actions Log.

(Reference – Rolling Actions Log, submitted.)

## 4. Business Bulletin

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

### Decision

To note the Business Bulletin.

(Reference – Business Bulletin, submitted.)

## 5. Council Change Strategy: Planning for Change and Delivery Services 2019-2023

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An update was provided on progress in developing the evolving four-year change strategy with specific discussion on the budget-setting approach for 2020/21. Committee were advised of the outcome of a review of the principal expenditure and income assumptions and other relevant factors contained within the budget framework over the period to 2022/23.

### Decision

- 1) To endorse the adoption of addressing poverty, sustainability and wellbeing as the policy priorities which would provide a focus for development of the Council's budget for 2020-23.
- 2) To note the outcome of the medium-term review of the income and expenditure assumptions over the next three years and the consequent need to identify and deliver additional savings of at least £36m in 2020/21 and £87m by 2022/23, as well as those approved as part of previous years' budgets.
- 3) To note that a further report would be presented to the Committee in January 2020 that would set out the implications for the Council of the provisional Local Government Finance Settlement over the period of the budget framework.
- 4) To agree that the Council utilised current engagement material and the IIA process to inform its budget decisions and looked for further citizen feedback on those specific proposals which were new or had not been publicly discussed in previous years.

(References – Finance and Resource Committee, 1 February 2019 (Item 11); Joint report by Chief Executive and Director of Resources, submitted.)

## 6. Resources Directorate – Internal Audit Action Update

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Committee considered a report that followed Internal Audit's annual opinion for the City of Edinburgh Council for the financial year ended 31 March 2019 and the outcomes of Internal Audits completed at the end of the 2018/19 Internal Audit Plan, which had either a Councilwide finding and were applicable to all Directorates or were specific to the Resources Directorate.

## **Decision**

- 1) To note the 2018/19 Internal Audit opinion and the associated summary findings from the final audits undertaken in the plan relevant to the Resources Directorate.
- 2) To note the position in respect of the current open and overdue internal audit findings relating to the Resources Directorate.
- 3) To refer the report and any feedback from the Committee to the next available meeting of the Governance, Risk and Best Value Committee.

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

## **7. Capital Budget Strategy 2020-2030**

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Details were provided of priorities for council capital investment over the medium to long-term and the plan on how they could be funded. Priorities put forward for proposed additional funding included the Wave 4 schools programme, additional infrastructure required due to population growth and demography as well as increased investment in the Council's existing estate.

## **Decision**

- 1) To note the priorities for capital expenditure outlined in the report and the proposed funding solutions.
- 2) To note that delivery of funded capital expenditure priorities was dependent on the achievement of a balanced medium-term revenue budget.
- 3) To note that further reports would be presented to the Committee prior to the Council setting its budget in February 2020.
- 4) To refer the report to the Governance, Risk and Best Value Committee, as part of its programme of work.

(References – Finance and Resource Committee, 15 August 2019 (Item 7); report by Executive Director of Resources, submitted.)

## **8. Communities and Families Learning Estate**

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An update was provided on the replacement Castlebrae High School project and approvals that were required for the project to proceed. An overview of current financial pressures in other committed learning estate projects and how these would be addressed was also provided.

## **Decision**

- 1) To approve that the Executive Director of Communities and Families be authorised to sign on behalf of the Council the Design and Build Development Agreement (“the Contract”) with Hub South East Scotland Ltd for the construction of the replacement Castlebrae High School and any other documents related to the Castlebrae project.

- 2) To approve the transfer of land at Craigmillar from the Housing Revenue Account to Communities and Families to facilitate the construction of the replacement Castlebrae High School on the terms outlined in the report and on other terms and conditions to be agreed by the Executive Director of Resources.
- 3) To note the proposed realignment of the existing approved Communities and Families budget to ensure the delivery of priority projects.
- 4) To note the requirements for future learning estate capital projects which following further business case development will be submitted for consideration in the budget setting process for 2020-21 and beyond.

(References – Finance and Resource Committee, 11 October 2018 (Item 9); report by Executive Director of Communities and Families, submitted.)

## 9. Revenue Maximisation Project Report

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An update was provided on the revenue maximisation project work that had been undertaken during the last 3 months. The Committee was invited to scrutinise the progress made to date and to endorse this work being further progressed as part of the 2020/21 Change Strategy and Budget Setting process.

### Decision

- 1) To note the outputs from the diagnostic work undertaken during the initial 3 months of the project.
- 2) To endorse the principle that the Council should actively consider opportunities to maximise existing revenue streams and seek to generate new revenue streams to support the sustainability of the Council's budget and core services.
- 3) To endorse the alignment of any further activities in this area with the development of the Council's Change Strategy and Budget Setting for 2020/21, including active consideration of any capacity investment needed to support this work being progressed.
- 4) To agree that the Executive Director of Resources would provide a further update report to the Committee in March 2020.

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

## 10. Workforce Dashboard

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The Committee considered a report which provided 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 July 2019.

### Decision

To note the workforce information contained in the dashboard.

(References – Finance and Resource Committee, 15 August 2019 (Item 15); report by Executive Director of Resources, submitted.)



## 11. Community Centre Leases

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Leases for community centres dated to the mid-1990s and required modernisation. Approval was sought to the principle of modernising the leases on standard terms for all the community centres and proposed consultation with centre management committees in this regard.

### Decision

- 1) To approve the principle of implementing modern leases on standard terms for all community centres with management committees.
- 2) To approve consultation with the management committees on the draft standard lease terms appended to the report.

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

## 12. Lease for Drylaw Neighbourhood Centre, Groathill Road North, Edinburgh

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Approval was sought to grant of a new 25-year lease to Drylaw/Telford Community Association.

### Decision

To approve the grant of a new 25-year lease to Drylaw/Telford Community Association on the terms and conditions outlined in the report and on such other terms and conditions that might be proposed by the Executive Director of Resources.

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

## 13. Appointment of specialist design team to deliver three new primary schools to Certified Passivhaus standard

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Approval was sought to award the contract for multi-disciplinary design team services to Faithful and Gould Ltd under a Direct Award via the Crown Commercial Services Framework. The contract was initially to develop the design to RIBA stage 4 (procurement stage) with a break point at RIBA stage 2 (concept design). The cost to deliver the designs to RIBA stage 4 was £3,081,426. This aligned with fee levels associated with other available design frameworks and was within existing budgets. This approach would facilitate the delivery of the proposed new Primary Schools to Certified Passivhaus Standard by a suitably experienced, expert design team.

### Decision

To approve the award of the Contract for Design Services, initially to RIBA Stage 4 (Procurement stage), for three new Certified Passivhaus Primary Schools to Faithful and Gould Ltd for the contract value of £3,081,426 utilising the Crown Commercial Services Framework for Multi-Disciplinary Design Team Services.

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

## 14. Depots Strategy: Collections for the Future

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Details were provided of proposals to create a single, accessible collections storage facility (Collections Hub) and to revise current Council physical records storage arrangements to enable the delivery of the Council's Depot Strategy and the Culture Services Review, both contained within the Council's Change Strategy

### Decision

- 1) To agree the Business Case, for the creation of a new Collections Hub at Russell Road, as set out in the appendix to the report.
- 2) To agree the transfer of the Council's records storage to a third-party provider.
- 3) To agree the management of that contract and professional support was provided by the Council's Records and Archives Service.
- 4) To agree to ringfence the Broughton Market capital receipt within the Depots and Storage Strategy.

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

## 15. New Build Housing Framework Agreement Lot 2

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Approval was sought to award Lot 2 of the New Build Housing Framework Agreement to six contractors to support the delivery of new affordable homes.

### Decision

- 1) To approve the award of Lot 2 of the New Build Housing Contractor Framework Agreement to the following six Contractors:
  - CBC (Glasgow) Ltd
  - CCG (Scotland) Ltd
  - ENGIE Regeneration Ltd
  - Hadden Construction Ltd
  - Hart Builders (Edinburgh) Ltd
  - Robertson Partnership Homes 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 for this Lot, over the maximum four-year period of 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 Agreement and to note that these awards would be reported to Finance and Resources Committee under the quarterly procurement report for Awards of Contract.

(References – Finance and Resource Committee, 23 May 2019 (Item 17); report by Executive Director of Place, submitted.)

## **16. Bustracker – Contract Award**

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Approval was sought to award the contract for the installation of a new Content Management System (CMS), bus station information system and installation of a new on street Real Time Passenger Information (RTPI) system to the winning tenderer, 21st Century Solutions, at a maximum cost of £2.9 million. The new system would deliver real time information to bus users as well as onward travel information for tram, train and flight information via new colour screens capable of generating revenue via advertising.

### **Decision**

- 1) To note the decision taken on 9 March 2018 by the Transport and Environment Committee to authorise the procurement of new Bus Station Information hardware and software management system, to procure a new Content Management System (CMS) and to authorise the advancement of the on-street Real Time Passenger Information (RTPI) signage aspect of the project under the same contract, via an output-based specification, to challenge the current market.
- 2) To award the new bus station information system, CMS and RTPI on street sign system to 21st Century Solutions for a period of five years with the option of two four-year extension periods at an estimated value of £2.9 million.
- 3) To refer, subject to the Committee's consideration, the report to Council for approval of prudential borrowing of up to £2.35m, with the resulting annual repayments of £0.299m able to be met in full through reductions in on-going maintenance costs.

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

## **17. Award of Contract – Consultancy Services for Edinburgh Tram York Place to Newhaven Project**

---

Approval was sought for consultancy support to deliver the construction phase of the Edinburgh Tram York Place to Newhaven Project from November 2019 to March 2023 following successful completion of the Early Contractor Involvement phase. The contract awards which were recommended for appointment were Turner and Townsend Limited for a total cost of £6,799,000, Atkins Limited for a total cost of £1,195,000, Anturas Limited for a total cost of £776,337 and Scottish Water for a total cost of £2,656,348.

### **Decision**

- 1) To approve an award of Contract for a value of £776,337 through a waiver of the Contract Standing Order to Anturas Limited for Project Director, Community Consultation, and Project Assurance Services for the Edinburgh Tram York Place to Newhaven Project.

- 2) To approve an award of Contract, utilising Scotland Excel Technical Engineering, and Consultancy Services to Turner and Townsend Limited for £6,799,000. for Project and Commercial Management Services for the Edinburgh Tram York Place to Newhaven Project.
- 3) To approve an award of Contract, utilising Scotland Excel Technical Engineering, and Consultancy Services to Atkins Limited for £1,195,000 for Technical Advisory and Design Services for the Edinburgh Tram York Place to Newhaven Project.

(References – City of Edinburgh Council, 14 March 2019 (Item 2); report by Executive Director of Place, submitted.)

## **18. National Care Home Contract – Outcome of Negotiations**

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Results of national negotiations led by COSLA to determine the National Care Home Contract (NCHC) terms and conditions for 2019/20 were provided. Taking account of the responsibilities of the Integrated Joint Boards (IJBs), the COSLA negotiating team included representation from IJB Chief Officers and IJB Finance Officers.

### **Decision**

- 1) To note and endorse the baseline fee uplift of £1.148m with effect from 8 April 2019.
- 2) To note that any enhanced payments made to care home providers in 2019/20 would be made on the basis of demonstrated quality.
- 3) To agree the Edinburgh concession to the NCHC as set out in the main report.
- 4) To agree to apply a reduction of £25 per week on all rates for shared rooms.

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

## **19. Electric Vehicle Programme – Enforcements and Tariffs**

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A new enforcement and charging regime was needed for the use of on-street electric vehicle (EV) charging to ensure appropriate use of charging bays. Based on existing parking enforcement measures, a new regime had been developed and was detailed in the report along with proposed financial charges to apply to users of the EV charging network.

### **Decision**

- 1) To approve the enforcement and charging regime for the on street electric vehicle programme.
- 2) To note that the regime would also be applied to all Council off street sites.
- 3) To agree that the review after 6 months would consider continuous penalties and include further information on whether the EV Programme could pay for itself in a way that was weighted more on the per KW hour charge and less on the connection charge.
- 4) To agree to refer the report to the Transport and Environment Committee for noting.

(References – Transport and Environment Committee, 5 March 2019 (Item 7); report by Executive Director of Place, submitted.)

## **20. Summary Report on Property Transactions concluded under Delegated Authority**

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

### **Decision**

To note the 15 transactions detailed in the appendix to the report which had been concluded in terms of the Council's 'Scheme of Delegation to Officers'.

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

## **21. The Wood Centre, 100 Westburn Gardens - Proposed Disposal**

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Approval was sought for the sale of the property at The Wood Centre, 100 Westburn Gardens to Prospect Community Housing Limited.

### **Decision**

To approve the sale of the property at The Wood Centre, 100 Westburn Gardens to Prospect Community Housing Limited 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.

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

## **22. Proposed New Lease at Granton Castle Walled Garden**

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Approval was sought to grant a new 20-year lease to Friends of Granton Castle Walled Garden.

### **Decision**

To approve a new lease of Granton Castle Walled Garden to Friends of Granton Castle Walled Garden, on the terms outlined in the report and on other terms and conditions to be agreed by the Executive Director of Resources.

(References – Corporate Policy and Strategy Committee, 14 May 2019 (Item 21); report by Executive Director of Resources, submitted.)

## **23. Land at Clovenstone Gardens, Edinburgh - Proposed Disposal**

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Approval was sought for the sale of 1,788 sq m (0.44 acres) of land adjacent to Clovenstone Gardens, to J Smart & Co.

### **Decision**

To approve the sale of 1,788 sq m (0.44 acres) of land adjacent to Clovenstone Gardens, to J Smart & Co 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.)

## **24. Land at Prestonfield Gardens, Edinburgh - Proposed Disposal**

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Approval was sought for the sale of 460 sq m (0.11 acres) of land adjacent to 37 Prestonfield Gardens.

### **Decision**

To approve the sale of 460 sq m (0.11 acres) of land adjacent to 37 Prestonfield Gardens, 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.)

## **25. Contract Award and Procurement Programme (Period 1 January to 30 June 2019)**

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An update was provided on the scope of contracts awarded across the Council in the period 1 January to 30 June 2019. Details of the forthcoming procurement programme in relation to expected higher value contracts across the Council were also provided.

### **Decision**

To note the report and the contract awards made by officers under delegated authority. A further report would be submitted to the Committee in approximately six months' time.

(References – Finance and Resources Committee, 7 March 2019 (Item 27); report by Executive Director of Resources, submitted.)

## **26. Award of Contracts to the Open Framework for Support Services under Options 2, 3 & 4 of 'The Social Care (Self-Directed Support) (Scotland) Act 2013'**

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Approval was sought to appoint 18 providers to the Open Framework for Support Services under Options 2,3 & 4 of The Social Care (Self-Directed Support) (Scotland) Act 2013.

### **Decision**

- 1) To approve the appointment of 18 providers to the Open Framework for Support Services under Options 2,3 and 4 of The Social Care (Self-Directed Support) (Scotland) Act 2013.
- 2) To note that the report had also been submitted to the Education, Children and Families Committee for consideration on 8 October 2019.
- 3) To agree that the Framework duration would be for 48 months starting from the 1 November 2019.
- 4) To note that the total estimated maximum value of call off contracts to the Council, was £4,000,000. This would be dependent on the mix of direct payments and Options 2,3 and 4 services agreed with the service user.

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

## **27. Treatment and Disposal of Waste (Street Cleaning and Mechanical Street Sweeping) – Extension to Contract**

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Committee were advised that Council had an existing contract with Levenseat Ltd to provide services relating to treatment and disposal of waste from the Council's street cleaning and mechanical street sweeping activities. Retrospective approval was sought to extend the contract for a short period, by waiver of the Council's Contract Standing Orders, to ensure continuity of service and allow time to deliver these services via a different approach.

### **Decision**

To approve to extend the contract, via waiver of the Contract Standing Orders, for the treatment and disposal of waste from street cleaning and mechanical street sweepings. This would ensure continuity of service provision until the new contract for mechanical street sweepings could be implemented and arrangements were put in place to receive street cleaning waste at Council owned transfer stations with disposal via the Millerhill Energy from Waste Plant.

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

## **28. Edinburgh International Conference Centre – hotel and hospitality training school opportunity at The Haymarket Edinburgh**

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

### **Decision**

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

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

### **Declaration of Interests**

Cllr Cameron declared a non-financial interest in the above item as a member and Chair of the Edinburgh International Conference Centre Board.

Councillor Gordon declared a non-financial interest in the above item as a member of the Edinburgh International Conference Centre Board.

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# 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	January 2020		Executive Director of Resources Lead Officer: Katy Miller 0131 469 5522 <a href="mailto:katy.miller@edinburgh.gov.uk">katy.miller@edinburgh.gov.uk</a>	All F&R Committees	
2.	Progress Update on the Procurement of Hard FM services	January 2020		Executive Director of Resources Lead Officer: Kelly Faulds / Mark Stenhouse 0131 529 3415 <a href="mailto:kelly.faulds@edinburgh.gov.uk">kelly.faulds@edinburgh.gov.uk</a> / <a href="mailto:mark.stenhouse@edinburgh.gov.uk">mark.stenhouse@edinburgh.gov.uk</a>		
3.	Mixed Tenure Scheme of Assistance	January 2020		Executive Director of Place Lead Officer: Elaine Scott 0131 529 6789 <a href="mailto:e.h.scott@edinburgh.gov.uk">e.h.scott@edinburgh.gov.uk</a>		

Item	Key decisions	Expected date of decision	Wards affected	Director and lead officer	Progress updates	Council Commitments
4.	Resources Revenue Monitoring Report, 2019/20 Period 7/8	January 2020		Executive Director of Resources Lead Officer: Hugh Dunn 0131 469 3150 <a href="mailto:hugh.dunn@edinburgh.gov.uk">hugh.dunn@edinburgh.gov.uk</a>		
5.	Capital Monitoring Report, 2019/20 Period 7/8	January 2020		Executive Director of Resources Lead Officer: Hugh Dunn 0131 469 3150 <a href="mailto:hugh.dunn@edinburgh.gov.uk">hugh.dunn@edinburgh.gov.uk</a>		
6.	Edinburgh International Conference Centre Financial Appraisal	January 2020		Executive Director of Place Lead Officer: David Cooper 0131 529 6233 <a href="mailto:david.cooper@edinburgh.gov.uk">david.cooper@edinburgh.gov.uk</a>		

# Rolling Actions Log

## Finance and Resources Committee

6 December 2019

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
1.	12 June 2018	<a href="#">Provisions of Registrar Services</a>	To agree a report would be brought back to Committee reporting on registrar provision across the city.	Executive Director of Place	March 2020		Report deferred to March 2020
2.	4 December 2018	<a href="#">Temporary Accommodation Off-Contract Waiver</a>	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	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
			Committee would be best placed to consider it.				
3.	1 February 2019	<a href="#">Asset Management Strategy Transformation Programme</a>	To agree to explore the options and opportunities available for sponsorship of Council buildings and feedback to Committee as appropriate.	Executive Director of Resources	January 2020		<p><b><u>Update – November 2019</u></b></p> <p>The current Asset Management Strategy is to be superseded through the development of a Council wide Corporate Asset Strategy as recommended through the recent audit of the implementation of the asset management strategy and CAFM system. The framework of the Corporate Asset Strategy is in development and internal approval of the approach is planned for early 2020. Given the importance of these two</p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							<p>items, it is considered more appropriate, for an update on the Asset Management Strategy to reported to Finance &amp; Resources committee in Spring 2020, which will allow for a more detailed paper to be presented.</p> <p><b><u>Update September 2019</u></b></p> <p>The next Asset Management Strategy Update Report is due to Committee in January 2020 and these actions will be covered within this report.</p> <p><b><u>Update</u></b></p> <p>The proposed policy was considered and approved by the Policy and Sustainability Committee on 6<sup>th</sup> August 2019. The</p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							<p>implications arising from this will be included in the next quarterly Asset Management Strategy update to Committee.</p> <p><b><u>Update</u></b></p> <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>
4.	1 February 2019	<a href="#">Feedback on the Change Strategy</a>	To request that details of best practice and the methodology which sat	Chief Executive	August 2019		Additional information about the process behind each

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
		<a href="#">and Budget Proposals 2018</a>	behind the respondents to the engagement document be provided in future reports.				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.
5.	14 March 2019 (Full Council)	Motion by Councillor Watt – Funding of Temporary Accommodation for Homeless People	Calls for a report to be submitted to Finance & Resources Committee, within four cycles, which sets out a business case for a model of temporary accommodation for people with low support	Executive Director of Resources  Executive Director for Communities and Families	6 December 2019		<b>Recommended for closure</b> – report on agenda.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
		<a href="#">(see agenda of 14 March 2019)</a>	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.				
6.	30 January 2019  (action remitted from the North West Locality Committee March 2019)	<a href="#">Business Bulletin</a> – 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 the Service Level Agreement for janitorial services.	Executive Director of Resources	January 2020		Will be included as part of the Asset Management Strategy update reports to Committee.  <b><u>Update September 2019</u></b>  The next Asset Management Strategy Update Report is due to Committee in January 2020 and these actions



No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							will be covered within this report.
7.	15 August 2019	<a href="#">Revenue Monitoring 2019/20 Period Three Report</a>	<p>1) To agree that the Executive Director of Place would provide further information regarding Place Management Savings.</p> <p>2) To agree that the Head of Finance would provide a briefing note containing a list of savings that were rejected by the Council's Administration to Committee members</p>	<p>Executive Director of Place</p> <p>Executive Director of Resources</p>	As soon as possible		<u>2) Closed</u>
8.	15 August 2019	<a href="#">Corstorphine Youth and Community Centre</a>	<p>1) To instruct officers to use their best endeavours to work with the CCC to continue to identify all possible funding solutions</p>	Executive Director of Place			<u>1) Closed</u>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			including consideration in the capital spending review to be considered by committee in December 2019.				
			2) To request a report on the CCC business plan and the financial proposals for its December 2019 meeting.		December 2019		2) Report on agenda
			3) To instruct officers to provide a letter of comfort to the CCC and funders as appropriate.		August 2019		<b>3) Closed</b> A letter of comfort sent 28 August 2019

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
9.	15 August	<a href="#">Proposed New Lease, St Brides Community Centre, 10 Orwell Terrace, Edinburgh</a>	1) 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	Executive Director of Resources	October 2019		<b>Recommended for closure</b> – report on Community Centres, including St Brides, was considered at October Committee

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			<p>Brides Community Centre either directly or indirectly from the five-year sub lease to the EJBF.</p> <p>2) To note that a report was coming before Committee detailing the roles, remits, costs etc. of Community Centres across the city.</p>				
10.	15 August 2019	<a href="#">Lease for Drylaw Neighbourhood Centre, Groathill Road North, Edinburgh</a>	To agree to continue the report and that the Lease for Drylaw Neighbourhood Centre would be incorporated in to the wider report on Community Centres.	Executive Director of Resources	October 2019		<b>Recommended for closure</b> – report considered October 2019
11.	10 October 2019	<a href="#">Council Change Strategy: Planning for Change and Delivery Services 2019-2023</a>	To note that a further report would be presented to the Committee in January 2020 setting out the implications for the Council of the	Chief Executive / Executive Director of Resources	January 2020		

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			provisional Local Government Finance Settlement over the period of the budget framework.				
12.	10 October 2019	<a href="#">Capital Budget Strategy 2020-2030</a>	To note that further reports would be presented to the Committee prior to the Council setting its budget in February 2020.	Executive Director of Resources	January/February 2020		
13.	10 October 2019	<a href="#">Revenue Maximisation Project Report</a>	To agree that the Executive Director of Resources would provide a further update report to the Committee in March 2020.	Executive Director of Resources	March 2020		
14.	10 October 2019	<a href="#">Contract Award and Procurement Programme (Period 1 January to 30 June 2019)</a>	To note the contents of the report and the contract awards made by officers under delegated authority. A further report would be submitted to the Committee in	Executive Director of Resources	June 2020		

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			approximately six months' time.				



# Business bulletin

## Finance and Resources Committee

**10:00am, 6 December 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 Joan Griffiths</p> 	<p>Councillor Gordon Councillor Munn Councillor Bruce Councillor Hutchison Councillor Johnston Councillor Child Councillor Booth Councillor Corbett Councillor Neil Ross</p>	<p><a href="#">Veronica MacMillan</a> Tel: 0131 529 4283</p>

Recent news	Background
<p>At the Council meeting of <a href="#">14 March 2019</a>, 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. Updates were provided to Committee in <a href="#">May</a>, <a href="#">August 2019</a> and <a href="#">26 September 2019</a> (item 6.1).</p> <p>There has been an increase in customer requests for EUSS application assistance from an average of 6 per day in July, 9 per day in August, 24 per day in September and 28 per day in the period to 18 October 2019. One Saturday session was opened to manage high customer demand. Since the scheme started as a pilot in November 2018 there have been 1,957 appointments held. Around 5% of local applicants are being supported by using our free service. Had a charge of £14 been levied on all appointments this would have equated to £27,398. Council have approved £25,000 from the Priorities Fund to resource this service. Applications for assistance</p>	<p><a href="#">Robbie Beattie</a>, Senior Manager. Tel: 0131 555 7980</p>



continue to be received from across the country and amount to around 20% of total appointments.

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

Finance and Resources Committee on [12 June 2018](#) (item 7.18) approved, to the transfer of the property to Duncan Place Volunteer Management Committee (DPVMC) subject to the conditions outlined in the report:

Considerable progress has been made since the Committee decision and officials are currently considering a Community Asset Transfer Stage 2 Business Case Submission from DPVMC under the Community Empowerment (Scotland) Act 2015. It is anticipated that the applicants will submit a finalised submission shortly and a report will be provided to Committee in early 2020 for their consideration.

The Council is currently undertaking significant grant funded improvement works to the building, amounting to investment worth in excess of £2m. These works make provision for a full and intrusive programme of refurbishment works including structural alterations and extensive fabric repairs. The scope includes a new services installation, double glazed window units and wall and roof insulation to bring the building up to a modern standard. The contractor is proceeding well on site with a current anticipated completion date of 20 December 2019.

[Lindsay Glasgow](#),

Strategic Asset  
Management Manager

Tel: 0131 469 3312

### **Forthcoming activities**

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## Finance and Resources Committee

10.00am, Friday, 6 December 2019

### Revenue Monitoring 2019/20 – half-year report

Executive/routine Wards Council Commitments	Executive
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#### 1. Recommendations

- 1.1 Members of the Finance and Resources Committee are recommended to:
  - 1.1.1 note that, following the identification of a number of further mitigating measures across both Directorates and non-Directorate budgets, a balanced overall position is now being forecast for 2019/20;
  - 1.1.2 note that Executive Directors and the Chief Officer of the Edinburgh Integration Joint Board (EIJB) are required to monitor robustly and control proactively expenditure pressures for the remainder of the year;
  - 1.1.3 approve, subject to confirmation of the overall outturn and onward ratification by Council, the drawdown of up to £1.5m from the welfare reform allocated reserve;
  - 1.1.4 note the balanced projected position on the Housing Revenue Account (HRA) after making planned contributions towards housing investment; and
  - 1.1.5 refer this report to the Governance, Risk and Best Value Committee as part of its work programme.

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

Contact: Hugh Dunn, Head of Finance,  
Finance Division, Resources Directorate  
E-mail: [hugh.dunn@edinburgh.gov.uk](mailto:hugh.dunn@edinburgh.gov.uk) | Tel: 0131 469 3150

## Revenue Monitoring 2019/20 – half-year report

### 2. Executive Summary

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- 2.1 The report sets out the projected Council-wide revenue budget position for the year based on analysis of period six data, building on both the earlier period three forecast and the subsequent progress update considered by the Committee on 10 October. It outlines on-going activity being undertaken by Executive Directors and the Chief Officer of the Edinburgh Integration Joint Board (EIJB) to identify and implement savings measures and manage pressures sufficient to achieve a balanced year-end position in 2019/20 and, in due course, to re-establish the stability of the budget framework.
- 2.2 The updated position continues the trend of improvement apparent since the first quarter's report was considered by the Committee on 15 August 2019, with the subsequent identification of a number of further mitigating measures in both Directorates and non-Directorate budgets now allowing a balanced overall position to be forecast. This position is, however, heavily reliant upon significant one-off, non-Directorate specific savings and additional savings and/or income already assumed in the budget framework for future years. As a result, the wider need for Directorate expenditure to be contained within approved levels remains critical.

### 3. Background

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- 3.1 On 15 August 2019, members of the Committee considered the first detailed in-year Council-wide revenue monitoring report, based on analysis of period three data. Whilst outlining progress in the implementation of the service-specific savings approved as part of the 2019/20 revenue budget, given both (i) delivery shortfalls apparent in recent years and (ii) underlying pressures across a number of demand-led areas, the report highlighted the potential, without the identification of further mitigating measures, of a risk-adjusted overspend of some £11.4m, against which Council subsequently ratified use of a £6m contribution from the Council Priorities Fund, reducing the projected overspend to £5.4m.
- 3.2 In view of the seriousness of this position, a further interim update was provided as part of the *Change Strategy 2019/23* report considered by the Committee on 10 October. The report noted that the service-specific position remained essentially unchanged but with additional assumed one-off savings resulting from the ending of the Carbon Reduction Commitment (CRC) energy efficiency scheme and receipt of

a payment through the Business Rates Incentivisation Scheme (BRIS) for 2017/18. These savings, together totalling £0.9m, reduced the overall projected overspend to £4.5m. In considering that report, however, members noted that a more detailed update would be provided to the Committee's following meeting on 6 December.

## 4. Main report

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4.1 Executive Directors and the Chief Officer of the EIJB, along with their management teams, are continuing to work towards delivery of the four main objectives initially 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 £29.2m 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 residual pressures 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 necessary to enable 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 continue to have to make difficult choices 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 is regularly reviewed by the Corporate Leadership Team (CLT) Change Board. To facilitate delivery of the more challenging approved savings measures, members will be aware of Council's previous ratification of a non-recurring £1m contribution to supplement existing project management capacity. A progress update with regard to recruitment, associated costs and key milestones and deliverables for each of the workstreams supported by these additional resources is provided in Appendix 1.

4.4 Review of the corresponding implementation plans and resulting financial impacts for these savings continues to show positive progress, with 92% of savings by value currently assessed, on the basis of confirmed or planned actions, as green or amber as set out in Appendix 2. Within this total, an additional net £3.2m of savings are now rated as green relative to the earlier period three assessment, with a corresponding reduction in overall delivery risk over the remainder of the year. Given the comparatively late stage of the financial year, however, maximising delivery against the 11% of savings currently assessed as amber and mitigating, as

fully as is practicable, those assessed as red is likely to be vital in achieving a balanced position by the year-end.

### **Efficiencies-related savings**

- 4.5 The update to the Committee's meeting on 15 August 2019 set out the measures by which it was planned to meet the approved in-year efficiencies target of £9.5m. The current status of these savings is summarised in Appendix 3. Based on this assessment and the equivalent assessment for the Workforce Management and Change Management savings included in Appendix 2, a total of £3.493m of Council-wide savings (most materially those in respect of lean business process review, intelligent automation and income generation) are assessed to be at significant risk of non-delivery and thus reflected accordingly in the overall outturn projection, with other potential shortfalls incorporated, as appropriate, in service projected outturns. In addition to the immediate issue of identifying relevant mitigating measures in the current year, establishing an achievable level of savings or additional income in these areas in future years will be crucial to the longer-term integrity of the budget framework.

### **Residual pressures**

- 4.6 Reporting during 2018/19 consistently highlighted the need to address residual Directorate pressures on a sustainable basis through the identification and implementation of appropriate mitigating actions. This requirement has become more pressing given the increasingly challenging nature of the incremental savings requiring to be delivered to maintain overall financial balance.
- 4.7 Based on detailed analysis of the 2018/19 Directorate outturns, the report to the Committee's meeting on 15 August 2019 set out gross pressures across Communities and Families, Place and Resources totalling £19.6m. Some £19.0m of corresponding mitigating actions were identified, progress against which continues to be actively tracked. The Directorate-specific projections outlined later in this report reflect an assumption that 89% of these measures are on track for delivery, with the attendant detail shown in Appendix 4. As with the Directorate-specific measures above, while it is encouraging that an additional £3.1m of these actions are now assessed as green, the prompt taking of appropriate remedial action in respect of those assessed as amber or red will be crucial both in achieving a balanced overall outturn for 2019/20 and establishing solid foundations for the delivery of subsequent years' savings.

### **Directorate-specific forecasts**

- 4.8 Given the increasing risks inherent in maintaining expenditure within budgeted levels, earlier in-year reports for 2019/20 have been underpinned by additional scrutiny and adoption of a particular risk management focus, with a corresponding risk contingency captured at Council level. This approach also reflected the comparatively early stage of the year of those reports and the consequent need, in some cases, for additional details of implementation plans to become available. In light of the availability of further months' data and corresponding reduced opportunity to implement mitigating actions in the remainder of the year, however, a

Directorate-specific position, consistent with relevant responsibilities as set out within the Financial Regulations, has been adopted in this half-year report.

### **Communities and Families – projected overspend of £4.450m**

- 4.9 The Executive Director of Communities and Families is projecting net budget pressures of £4.45m for 2019/20 as a result of increasing costs in several demand-led areas of service provision. To date, projected unfunded gross budget pressures of £9.85m have been assessed. The main service areas affected continue to be temporary accommodation, home-to-school transport, rising school rolls, community access to schools and the delivery of approved operational efficiencies. Corresponding management action of £5.4m, offsetting a significant element of the pressure, has now been identified, leaving a net residual budget pressure of £4.45m.
- 4.10 While 96% of the Directorate's approved savings are assessed to be on track for delivery, the Executive Director of Communities and Families is fully committed to making all efforts to identify mitigations to reduce the residual pressures and to identify and implement management actions required to address these. This will include vacancy control measures, a review of reserves, identification of income generation opportunities, an examination of the scope to stop or reduce planned levels of expenditure, and the identification of any spend-to-save opportunities.

### **Place – projected overspend of £5.615m**

- 4.11 As of period six, the Executive Director of Place is projecting the potential for a year-end overspend of up to £5.615m. This forecast reflects a combination of:
- (i) brought-forward (and as-yet unmitigated) underlying pressures within, in particular, the Transport, Parks and Waste and Cleansing functions;
  - (ii) anticipated delays, or shortfalls, in delivery against a number of the service-specific measures approved as part of the budget motion (as shown in Appendix 2);
  - (iii) extended temporary cessation of elements of environmental testing; and
  - (iv) a need to identify specific plans to address elements of the Directorate's in-year efficiency target of £2.8m (Appendix 3).
- 4.12 The Place Senior Management and Divisional Management Teams are continuing work to address the financial challenge faced by the Directorate. Of £19.9m of savings requiring to be delivered in the year, almost 90% are now assessed as either green or amber. A budget management strategy, underpinned by a robust mid-year review, has also been formulated, with a series of additional measures instructed by the Executive Director to reduce the level of overspend further.

### **Resources – projected overspend of £0.670m**

- 4.13 As outlined in a separate, more detailed report elsewhere on today's agenda, the Resources Directorate is currently projecting a year-end budget pressure of £0.670m for 2019/20. The Directorate will continue to progress identification of

savings measures to offset this budget pressure, including a recruitment freeze in non-frontline teams and a ban on the use of agency workers, with a view to containing outturn expenditure within approved levels. Attainment of this position remains subject to ongoing action to deliver all approved savings, together with active management of risks and pressures.

#### **Chief Executive's Service – projected balanced position**

- 4.14 As of period six, the Chief Executive's Service continues to report a projected balanced position for the year.

#### **Edinburgh Integration Joint Board – projected balanced position**

- 4.15 The month three report considered by the Finance and Resources Committee on 15 August advised members of a remaining £7.15m 2019/20 funding gap for the EIJB, with discussions on the use of reserves and other mitigating measures between the partners continuing. This gap, in turn, assumed full delivery in 2019/20 of the Partnership's approved savings programme of £11.941m. The report also reasserted that management of the EIJB budget in 2019/20 and future years be based fully on the arrangements set out within the Integration Scheme i.e. that expenditure would be maintained within the levels of funding delegated to it by the Council and NHS Lothian.
- 4.16 A progress update was considered by the EIJB on 22 October. This report set out the potential for a balanced overall position for the year to be achieved, with the favourable movement since the earlier report attributable to a combination of:
- an updated assessment of the NHS Lothian financial position;
  - additional savings delivered through the savings and recovery programme;
  - use of existing EIJB reserves; and
  - one-off savings resulting from longer-than-anticipated roll-out of a number of initiatives, including community support investment and Carers' Act implementation.
- 4.17 As with the Council's own directly-provided services, attainment of this position is subject to a number of assumptions, including savings delivery and management of demand-led pressures. These assumptions will therefore continue to be closely monitored over the remainder of the year.
- 4.18 It is acknowledged that such use of one-off measures does not form the basis of longer-term financial sustainability and the Chief Officer, supported by the management team and other key stakeholders, has therefore initiated work on future years' financial planning.
- 4.19 Whilst projections indicate that the EIJB can reach an overall break-even position in 2019/20, the EIJB has not yet agreed payments to the Council to accompany the directions which have been received for delivery of functions delegated by the EIJB; discussions in this area are on-going. The EIJB Chief Finance Officer has reported a gap of £9.7m on payments to accompany the direction which has been issued to



the Council. Funding to address this gap has been identified however the EIJB has approved a recommendation by the Chief Officer that a decision on payments to the Council and NHS Lothian be taken in the context of any changes to financial forecasts, with recommendations on payments to be reported to the EIJB later in the financial year.

### **Non-Directorate budgets**

- 4.20 While emphasising the tightness of the budget framework given the incorporation, within the approved 2019/20 budget, of significant savings in loans charges, the period three-based update considered by the Committee on 15 August intimated the availability, primarily on a one-off basis, of £3.5m of savings in corporate budgets, comprising a combination of savings against inflationary and pay-related provisions (£1.5m), loans charges (£1m) and additional Council Tax income (£1m). These savings were subsequently supplemented, following confirmation of the 2018/19 revenue outturn, by a £6m contribution from the Council Priorities Fund, the result of which was to commit fully the funds within it.
- 4.21 The interim update considered as part of the Change Strategy report on 10 October then intimated the availability in the current year of additional income of £0.9m from a combination of the CRC- and BRIS-related savings noted in Paragraph 3.2, reducing the overall projected overspend to £4.5m.
- 4.22 Consideration of any additional available non service-specific savings has continued since the Committee's last meeting. Discussions on available flexibilities with regard to loans fund advance rescheduling remain on-going, with the outcome anticipated to be reported to the Committee's meeting on 23 January 2020.
- 4.23 A further report on the Committee's agenda apprises members of the successful completion of recent Inverse LOBO loans restructuring. Conclusion of this transaction, in addition to delivering part-year reductions in interest costs, allows for the in-year "unwinding" of the related Equal Interest Rate calculation, together delivering total savings of £2.4m in 2019/20. Given the underlying composition of the Loans Fund, one third of this benefit accrues to the Housing Revenue Account, with the balance available to the General Fund, providing a further in-year loans charge saving of £1.6m.
- 4.24 Members will also be aware of the Council's established practice of earmarking any in-year underspend in respect of the Council Tax Reduction Scheme (CTRS) to address future years' welfare reform-related pressures. In view of on-going unmitigated pressures affecting the Temporary Accommodation service, it is proposed that, subject to the overall 2019/20 outturn and ratification by Council, £1.5m of 2018/19's previously-earmarked underspend be drawn down in 2019/20. Current-year spend projections will continue to be kept under review and all those eligible for support encouraged to take this up.

### **Overall projected position for 2019/20**

- 4.25 Taking into account the various changes set out in the preceding sections of this report, a balanced overall position is now forecast as set out in Appendix 5. While this is clearly to be welcomed, attainment of this position is subject to on-going

management of directorate pressures and risks for the remainder of the year. In this regard, a further update will be provided as part of the period eight-based report anticipated to be considered by the Committee on 23 January 2020. The implications of a £14.2m service overspend in 2019/20 for future years will, however, need to be considered as part of the 2020/23 budget process.

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

- 4.26 As of month six, the HRA is on track to generate the overall budgeted contribution to planned investment in existing and new homes. This assumes a series of ambitious savings and performance improvements required under the umbrella of the Housing Services Improvement Plan will be achieved in the second half of the year. To facilitate appropriate officer and member scrutiny, a Housing Services Improvement Plan Board has been set up in addition to the regular reporting to Housing Homelessness and Fair Work Committee.

## **5. Next Steps**

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- 5.1 As noted above, it is planned to provide a further in-year update to the Committee on 23 January 2020.

## **6. Financial impact**

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- 6.1 The report acutely emphasises the importance of proactive management of pressures and delivery of approved savings.

## **7. Stakeholder/Community Impact**

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- 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**

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- 8.1 [Finance Update](#), Edinburgh Integration Joint Board, 22 October 2019
- 8.2 [Council Change Strategy: Planning for Change and Delivering Services 2019-23](#), Finance and Resources Committee, 10 October 2019
- 8.3 [Capital Budget Strategy 2020-2030](#), Finance and Resources Committee, 10 October 2019
- 8.4 [Revenue monitoring 2019/20 – period three report](#), Finance and Resources Committee, 15 August 2019
- 8.5 [Revenue Budget Framework 2019/24 – progress update](#), Finance and Resources Committee, 23 May 2019
- 8.6 [Revenue Budget Framework 2019/23 – Progress Update](#), Finance and Resources Committee, 7 March 2019
- 8.7 [Coalition Budget Motion](#), City of Edinburgh Council, 21 February 2019
- 8.8 [Feedback on the Change Strategy and Budget Proposals, 2018 and 2019](#), The City of Edinburgh Council, 21 February 2019
- 8.9 [Council Change Strategy: Planning for Change and Delivering Services 2019-2023](#), Finance and Resources Committee, 1 February 2019
- 8.10 [Council Change Strategy – Risks and Reserves 2019-2023](#), Finance and Resources Committee, 1 February 2019

## **9. Appendices**

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Appendix 1 – Additional programme management support progress update

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

Appendix 3 – Efficiencies workstream, 2019/20 – current Finance RAG assessment

Appendix 4 – Pressure-mitigating measures, 2019/20 – current Finance RAG assessment

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

# Project management additional investment - update Appendix 1

Project	FTE Allocated	FTE Recruited	Business Case Opportunity	Next Milestone
Your Total Reward	3 FTE	1 PM and 1 Analyst in place	<p>“Your Total Reward” will review current Local Government Employee pay, T&amp;Cs 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. The change proposals will remove complexity around pay/T&amp;Cs 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 T&amp;Cs to the wider market.</p>	<p>Initial senior stakeholder meetings have commenced with service area-specific data.</p> <p>Planning for wider consultation has commenced.</p>
Operational Efficiencies Programme	1 FTE	1 FTE in place	<p>The half-year revenue monitoring report sets out the range of measures by which it was planned to meet the approved in-year efficiencies of target of £9.5m, progress against which is shown in Appendix 3 of this report. Work is continuing to identify further potential opportunities, including consideration of Lean and Automation as noted below.</p>	<p>Regular Reporting to CLT in place. To date £2.8m has been secured towards the £9.5m target in 2019/20</p> <p>Opportunities for future years’ savings to be developed and considered as appropriate as part of the 2020-2023 budget development process.</p>
Lean and Automation	9 FTE	Team of four internal staff have been recruited, all with Lean experience within CEC	<p>This workstream forms part of the Efficiencies Programme</p> <p>Across the Lean and automation workstreams, a pipeline of potential opportunities to a total annual value of £1.6m has been developed and work is continuing to develop and verify savings linked to those projects to be taken forward.</p>	<p>The board in place with Heads of Service is 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>
Depots and Yards	2FTE	<p>1 FTE funded until August 2019</p> <p>Additional PM started in July</p>	<p>The Business Case approved in March 2019 outlined an opportunity for £0.500m savings in 2020/21.</p> <p>Business Case on Cultural Storage including records options appraisal was approved by the Finance and Resources Committee on 10 October 2019. This is an enabler to the Depot Strategy and Cultural Venue Review.</p>	<p>Detailed Design of Bankhead Depot as new North West Sector</p> <p>Depots and Yards Business Case anticipated to be considered by Change Board in December 2019</p>

# Project management additional investment – update (contd.)

Project	FTE Allocated	FTE Recruited	Business Case Opportunity	Next Milestone
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 for £0.250m in 2019/20, with a total target of £2.45m through to 2021/22.  A progress Report was provided to the Finance and Resources Committee on 15 August 2019.	To date £0.089m has been secured towards the £0.250m target in 2019/20  Report on Gracemount approved at CLT on 4 September 2019. Update report anticipated to be considered by Change Board in December 2019
Fleet Review Page 49	1 FTE	1 FTE in place, funded until October 2019	The Business Case approved in March 2019 identified a target to deliver £1.5m of savings over three years including £0.5m in 2019/20.  Full Business Case reviewed by Change Board on 18 September 2019, agreed to change control the savings target to £0.5m over three years.	At month six, £0.3m is forecast to be delivered against the £0.5m approved savings target for 2019/20.  Business Case now approved and project moving into delivery phase.
Joint Waste Procurement	1 FTE	To be recruited	This project is seeking to secure savings of £0.65m over two financial years including £0.325m in 2019/20.  Additional Project Support has recently been approved to provide a dedicated focus on work with internal services and neighbouring authorities to undertake a number of key tasks including finalising specification requirements for new joint contracts; and working with CPS to progress these contracts through to procurement.	Project Support recruitment underway.
Roundabout and Verge Advertising	1 FTE	To be recruited	£0.300m savings target is not currently going to be achieved due to difficulties in contractual negotiations with the preferred bidder.  Additional Project Support has recently been approved to develop option appraisal which will consider: negotiation with second-placed bidder on the existing specification; new specification and re-advertise; and delivery of an in-house option through the appointment of a dedicated Commercial Officer.	Project Support recruitment underway.

Service	Saving title	Total £000	Green £000	Amber £000	Red £000	Change to RAG since Period 3 position
Communities and Families	Police funding	522	522	0	0	
Communities and Families	Efficiencies in the delivery of accommodated children's services	510	405	0	105	£0.105m Amber to Red
Communities and Families	Edinburgh Leisure (Year 1 - Pay uplift)	350	350	0	0	
Communities and Families	Enabling Educational Efficiencies – Third Party Grants (2018/19 additional spend)	250	250	0	0	
Communities and Families	Library service - reduce book fund	200	200	0	0	
Communities and Families	Support for Learning Management	200	200	0	0	
Communities and Families	Invest in Revenue Collection Officers	175	175	0	0	
Communities and Families	NHS commissioned services	100	100	0	0	
Communities and Families	ASN adaptations to mainstream schools	100	100	0	0	
Communities and Families	Carers' Act Funding	75	75	0	0	
Communities and Families	Heritage language	42	42	0	0	
Communities and Families	Invest to reduce temporary accommodation voids rates	90	0	90	0	
Communities and Families	Adoption of Scottish Government Framework for electricity and gas	30	0	30	0	
Chief Executive's Services	Reduce capacity in Strategy and Communications	200	200	0	0	
Chief Executive's Services	Funding the Edinburgh Partnership and Third Sector Interface	40	40	0	0	
Council-wide	Loans charges	5,000	5,000	0	0	
Council-wide	Council Tax	3,000	3,000	0	0	
Council-wide	EDI	1,047	1,047	0	0	
Council-wide	Discretionary income	176	176	0	0	
Council-wide	Contract Optimisation	100	100	0	0	
Council-wide	Workforce Modernisation and Change Management	500	0	0	500	
Place	Economic Development	1,200	1,200	0	0	£1.200m Amber to Green
Place	Discretionary income	824	618	206	0	
Place	Parking - increase charges by average of 4.5% per annum over four years	800	600	200	0	£0.200m Amber to Green
Place	Commercialism and Income Maximisation - Statutory Consents	825	730	95	0	£0.156m Amber to Green
Place	Capitalisation of Road Maintenance Budget	500	500	0	0	
Place	Tourism and Marketing Reform	300	300	0	0	
Place	Improved Approach to Street and Environmental Enforcement	750	250	350	150	£0.250m Amber to Green
Place	Roads (2018/19 additional spend)	250	250	0	0	
Place	Fleet Review	500	300	200	0	£0.200m Amber to Green
Place	Commercialism and Income Maximisation - Culture	150	150	0	0	
Place	Localities Phase Two	300	100	100	100	£0.100m Amber to Green
Place	Commercialism and Income Maximisation - Pre-planning Applications	100	100	0	0	
Place	Cultural grants	52	52	0	0	
Place	Re-provision of public conveniences	250	40	210	0	
Place	Commercialism and Income Maximisation - Parks and Greenspaces	150	20	65	65	
Place	Area-Based Regeneration	250	125	125	0	£0.125m Red/Amber to Green
Place	Parking Action Plan Phase 2	369	100	100	169	£0.100m to Green
Place	Commercialism and Income Maximisation - Full Cost Recovery	200	100	100	0	
Place	Joint Procurement of Waste Contracts	325	0	162	163	
Place	Transport Reform	500	0	500	0	
Place	New Ways of Working - Public Safety and Business Continuity	130	85	45	0	£0.085m Amber to Green
Place	Clean and Green (2018/19 additional spend)	250	0	250	0	£0.250m Green to Amber

Service	Saving title	Total £000	Green £000	Amber £000	Red £000	Change to RAG since Period 3 position
Resources	ICT Partnership – Contract Optimisation	1,200	1,200	0	0	
Resources	Business support services review	1,000	1,000	0	0	
Resources	Property Maintenance Programme (2018/19 additional spend)	850	850	0	0	
Resources	Property and FM: Management and Investment Estate Savings	515	515	0	0	
Resources	Increasing Income from Castle Terrace Car Park	500	500	0	0	
Resources	ICT Solutions Organisational Review	450	450	0	0	
Resources	Corporate Learning and Development – Budget Reduction	250	250	0	0	
Resources	Emergency Service Provision for Edinburgh Shared Repairs Service	218	218	0	0	
Resources	Reduction in Executive Director of Resources budget	126	126	0	0	
Resources	Monitoring Officer (MO) – Budget Reduction	107	76	31	0	
Resources	Asset Management Strategy and Service Reprovisioning	250	89	0	161	
Resources	Additional advertising income	470	70	0	400	£0.400m Amber to Red
Resources	ICT/CGI Partnership Arrangements	50	50	0	0	
Resources	Print and Mail Strategy	90	15	75	0	
Resources	Investment portfolio rationalisation	415	0	0	415	£0.415m Amber to Red
Resources	Non Domestic Rates Appeals	800	800	0	0	£0.800m Amber to Green
Resources	Upfront Payments	200	0	200	0	
	<b>All approved Directorate-specific savings</b>	<b>29,173</b>	<b>23,811</b>	<b>3,134</b>	<b>2,228</b>	
			81.6%	10.7%	7.6%	

Service	Title	Total £000	Green £000	Amber £000	Red £000	Change to RAG since Period 3 position
Communities and Families	Workforce Control	350	350	0	0	
Communities and Families	Management Savings	640	240	0	400	£0.400m Amber to Red
Communities and Families	Workforce Control	700	0	200	500	£0.500m Amber to Red
Chief Executive's Service	Workforce Control	46	46	0	0	
Council-wide	Council Priorities Fund	786	786	0	0	
Council-wide	Operational Efficiencies - Reduction in Senior Management	500	257	243	0	£0.058m Amber to Green
Council-wide	Operational Efficiencies - Procurement	100	100	0	0	£0.100m Amber to Green
Council-wide	Operational Efficiencies - Lean Business Processes	1,250	0	350	900	
Council-wide	Operational Efficiencies - Intelligent Automation	500	0	300	200	
Council-wide	Operational Efficiencies - Income Generation	1,000	0	0	1,000	
Place	Place Development - Efficiencies	730	250	480	0	£0.230m Red to Amber
Place	Reduction in Discretionary Expenditure	650	180	335	135	£0.100m to Amber
Place	Workforce Control - Reduction in Agency and Overtime	900	0	450	450	
Place	Place Management - Efficiencies	530	112	282	136	£0.112m Amber/Red to Green
Resources	Customer and Digital Services - Efficiencies	656	294	362	0	£0.167m Red to Amber
Resources	Workforce Control	162	162	0	0	
	<b>All efficiencies</b>	<b>9,500</b>	<b>2,777</b>	<b>3,002</b>	<b>3,721</b>	
			29.2%	31.6%	39.2%	



2019/20 Pressure-mitigating savings - RAG assessment as of period six

Service	Saving title	Total £000	Green £000	Amber £000	Red £000	Change to RAG since Period 3 position
Communities and Families	Early Years	750	750	0	0	
Communities and Families	Home to School Transport	700	700	0	0	£0.300m Amber to Green
Communities and Families	Homelessness - Additional Housing Benefit	600	600	0	0	
Communities and Families	Community Access to Schools	600	250	0	350	£0.350m Amber to Red
Communities and Families	Additional Income (C&F)	120	120	0	0	
Communities and Families	Homelessness - Reduction in use of Bed and Breakfast	1,000	0	0	1,000	
Council-wide	Corporate budgets	3,000	3,000	0	0	
Council-wide	Demography	2,000	2,000	0	0	
Council-wide	SG Pensions	500	500	0	0	
Place	Millerhill Operations (Place)	1,800	1,800	0	0	
Place	Reduction in Budget Pressures (Place)	1,000	1,000	0	0	£0.750m Amber to Green
Place	Transport Review	1,200	870	150	180	£0.170m Amber to Green
Place	Realise Full Year Impact of Previously Approved Savings (Place)	1,200	700	350	150	£0.150m Green to Red - Advertising and Transport
Place	Service Containment of Increment Costs (Place)	1,200	700	500	0	£0.400m Red to Green
Place	Planning Appeals	300	300	0	0	
Place	Localities and Communities Investment Funding	130	130	0	0	
Place	Contract Efficiencies (Place)	600	400	100	100	£0.400m Amber/Red to Green
Place	Operational Efficiencies - Senior Management Review (Place)	100	0	50	50	
Place	Implement Service Reforms (Place)	200	0	100	100	
Place	Value for Money Audits (Place)	300	0	150	150	
Place	Pentland Hills Operations (Place)	100	50	50		£0.050m Amber/Red to Green
Resources	Re-Profile of Expenditure	500	500	0	0	
Resources	Rates Appeals	1,134	1,134	0	0	£1.1m Amber to Green
<b>All pressure-mitigating savings</b>		<b>19,034</b>	<b>15,504</b>	<b>1,450</b>	<b>2,080</b>	
			81.5%	7.6%	10.9%	

	Revised Budget	Period Budget	Period Actual	Period Variance	Projected Outturn	Outturn Variance	Percentage Variance
	£000	£000	£000	£000	£000	£000	
<b>Service areas</b>							
Chief Executive's Service	8,963	4,482	4,411	(71)	8,963	0	0.0
Communities and Families	418,972	209,500	212,200	2,700	423,422	4,450	1.1
Health and Social Care	217,835	117,994	120,621	2,627	217,835	0	0.0
Place	44,938	22,469	27,252	4,783	50,553	5,615	12.5
Resources	163,330	96,232	85,763	(10,469)	164,000	670	0.4
Lothian Valuation Joint Board	3,678	1,839	1,839	0	3,678	0	0.0
Council-wide savings (Lean, Intelligent Automation, Income Generation and Senior Management)	(3,850)	(1,604)	(262)	1,342	(357)	3,493	(90.7)
<b>Service areas total</b>	<b>853,867</b>	<b>450,911</b>	<b>451,824</b>	<b>913</b>	<b>868,095</b>	<b>14,228</b>	<b>1.7</b>
<b>Non-service specific areas</b>							
Loan Charges	110,785				108,230	(2,555)	(2.3)
Other non-service specific costs less sums to be disaggregated:	22,929				21,429	(1,500)	(6.5)
- Apprenticeship Levy	1,857	929	951	22	1,857	0	0.0
- Carbon Tax/Climate Change Levy	967				467	(500)	(51.7)
- Discretionary Rates	500				500	0	0.0
Council Tax Reduction Scheme	26,319	n/a	n/a	n/a	26,319	0	0.0
Staff early release costs	2,500	n/a	n/a	n/a	2,500	0	0.0
Net Cost of Benefits	(127)	n/a	n/a	n/a	(127)	0	0.0
Interest and investment income	(11,145)	0	0	0	(11,145)	0	0.0
Business Rates Incentivisation Scheme, 2017/18 - payment received	0	0	0	0	(387)	(387)	n/a
<b>Non-service specific areas total</b>	<b>154,585</b>	<b>929</b>	<b>951</b>	<b>22</b>	<b>149,643</b>	<b>(4,942)</b>	<b>(3.2)</b>
<b>Movements in reserves</b>							
Capital Fund	1,178	1,178	0	(1,178)	1,178	0	0.0
Net contribution to / (from) earmarked funds	6,296	6,296	0	(6,296)	(1,990)	(8,286)	(131.6)
<b>Movements in reserves total</b>	<b>7,474</b>	<b>7,474</b>	<b>0</b>	<b>(7,474)</b>	<b>(812)</b>	<b>(8,286)</b>	<b>(110.9)</b>
<b>Sources of funding</b>							
General Revenue Funding	(356,927)	(178,464)	(178,464)	0	(356,927)	0	0.0
Non-Domestic Rates	(365,250)	(182,625)	(182,625)	0	(365,250)	0	0.0
Council Tax	(293,748)	(146,874)	(146,874)	0	(294,748)	(1,000)	(0.3)
<b>Sources of funding total</b>	<b>(1,015,925)</b>	<b>(507,963)</b>	<b>(507,963)</b>	<b>0</b>	<b>(1,016,925)</b>	<b>(1,000)</b>	<b>(0.1)</b>
<b>In-year (surplus) / deficit</b>	<b>0</b>	<b>(48,649)</b>	<b>(55,188)</b>	<b>(6,539)</b>	<b>0</b>	<b>0</b>	<b>0.0</b>

## Finance and Resources Committee

10am, Friday, 6 December 2019

### Half Year Capital Monitoring 2019/20 Position

Executive/routine Wards Council Commitments	Executive All
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#### 1. Recommendations

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

**Stephen S. Moir**

Executive Director of Resources

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## Half Year Capital Monitoring 2019/20 Position

### 2. Executive Summary

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- 2.1 The report provides capital expenditure and income forecasts for 2019/20, providing explanations for any variances.
- 2.2 At month six, slippage of £28.681m is forecast against the general fund capital expenditure budget of £281.274m. Capital income is forecast to be £157.263m, due to carry forward of £5.062m on Early Years 1,140 hours programme, resulting in a net requirement of £95.330m in loans fund advances.
- 2.3 At month six, the Housing Revenue Account (HRA) is reporting capital expenditure slippage of £6.893m which is offset by slippage of £6.971m in capital receipts due to delays in completion of new homes at North Sighthill and Craigmillar which is also reflected in the Place - Lending figures.

### 3. Background

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- 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 to this committee on 15 August 2019.
- 3.2 This report sets out forecast capital expenditure and income for the current financial year at month six and compares this with the revised capital budget.
- 3.3 The Capital Budget Strategy 2020-2030 was reported to Finance and Resources Committee on 10 October 2019.

### 4. Main report

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#### General Fund

- 4.1 At month six, general fund expenditure is projected to be £252.593m, compared with a budget of £281.274m, resulting in projected slippage of £28.681m. Grants and other capital income are forecast to be £157.263m, due to carry forward of £5.062m on Early Years 1,140 hours programme with the remaining expenditure being funded by loans fund advances of £95.330m. A detailed position is provided in Appendix 1.

- 4.2 Within Communities and Families, slippage includes;
- Early Years 1,140 hours programme of £5.062m which will be matched by corresponding carry forward of the Scottish Government grant, however, the Council is still on target to deliver additional hours before the statutory deadline;
  - Castlebrae of £1.883m in order to align expenditure to the final contract programme now that the project is on-site and work commencing;
  - Boroughmuir High School Extension of £1.764m due extension of delivery programme agreed with the school to meet operational requirements; and
  - Rising schools rolls of £1.761m to reflect updated expenditure forecasting for a variety of projects reflecting capacity constraints.
- 4.3 Within the Place Directorate, slippage includes;
- Energy Efficiency Street Lighting Project where there is slippage of £1.715m due to delays in contractor delivery of columns and lanterns;
  - North Bridge where there is slippage of £1.435m due to delays in temporary works scaffolding design and erection and the condition of the concrete deck, necessitating redesign;
  - Local Development Plan Roads Obligations where there is slippage of £1.400m. Work is being undertaken to develop a PMO schedule to deliver this project in-line with the Finance and Resources Committee approval.
  - Leith Theatre where there is slippage of £0.648m due to delays caused by relocation of an electrical substation; and
  - Dunard Centre where there is slippage of £0.500m due to uncertainty caused by the judicial review.
- 4.4 The forecast includes estimated costs for the Tram to Newhaven project which are based on the Final Business Case approved by Council on 14 March 2019 and the updated position following completion of Early Contractor Involvement stage of the project. The budget has been realigned to reflect the revised expenditure profile agreed following Early Contractor Involvement and remains within the time and budget parameters agreed by Council.
- 4.5 Within the Place - Lending figures, there is slippage in National Housing Trust payments where the Shrubhill payment of £4.723m which was due in February 2020 is forecast to slip into April/May 2020. There is also slippage on Edinburgh Living Mid-Market Rent (MMR) on-lending of £6.971m due to delays in completion of new homes at North Sighthill and Pennywell. The Council will delay borrowing to match the revised expenditure profiles.
- 4.6 There is a general slippage bias of 2.5% applied across the programme included in the figures provided in Appendix 1, resulting in additional slippage of £4.036m. This is 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. The Directorates have provided forecasts against project budgets and the general provision will be kept under review throughout the year and forecasts will be amended as appropriate.

- 4.7 Additional detail of the slippage and acceleration on capital projects is included in Appendix 2. This is split across five broad categories; however, it is worth noting that a project could exhibit an element of all the categories, but the overriding reason has been considered when applying a variance category.
- 4.8 Income from capital grants and capital receipts includes carry forward of £5.062m for the Early Years 1,140 hours programme. Members should be aware that the value and timing of capital receipts can be impacted by several factors including abnormal costs arising from survey results and offers contingent on planning approvals. Any revisions to the receipts programme will be reported within future capital monitoring reports.

### **HRA**

- 4.9 The HRA capital investment budget is £108.954 million for 2019/20, a 35% increase on the previous year and is the largest annual capital investment programme in Council homes. At period six, it is forecasting a slippage of £6.893m (6.3%) on the approved annual expenditure budget. There is corresponding slippage in capital receipts of £6.971m from Edinburgh Living MMR as clarified in 4.5, resulting in a net acceleration across the HRA of £0.078m. A detailed position is provided in Appendix 3.
- 4.10 This year's core capital programme includes installation of new heating systems, improved insulation and new windows and doors to enable homes to meet the Energy Efficiency Standard for Social Housing (ESSH); making them easier and cheaper to heat for tenants with 75% of homes expected to meet ESSH by the end of the year. The reported slippage on the core housing improvement programme is due to contractor capacity; including the loss of a major kitchens and bathroom contractor who went into administration at the end of the last financial year. To mitigate this risk in future, a new Housing Capital Framework is currently being procured and expected to be in place from April 2020. This will increase the number of lots and contractors who can be drawn upon to deliver the five-year capital programme.
- 4.11 The 2019/20 Council new build programme budget of £73.323m represents a 72% increase on the previous year's budget and is the largest Council annual new build programme to date. There are currently around 1,000 homes under construction, 2,000 homes in design development and/or procurement; including major strategic sites at Fountainbridge, Powderhall, Meadowbank and Granton. Around 400 new homes are expected to complete by the end of 2019/20. The house building programme is projecting slippage of £2.301m (3%) in gross expenditure in month six. There have been some delays in handover of homes from contractors with damages applied in accordance with contractual agreements. A significant

proportion of this year's budget will be used to purchase land from the General Fund for housing development through the HRA.

### **Prudential Indicators**

- 4.12 The above forecasts are reflected in the Council's prudential indicators, which are set out in Appendix 4.

## **5. Next Steps**

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- 5.1 Finance staff will continue work with project and programme managers to monitor capital budgets. A further capital monitoring report will be provided to the Finance and Resources Committee at month eight.

## **6. Financial impact**

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- 6.1 The projected 2019/20 general fund outturn outlines loans fund advances of £95.330m. The overall loan charges associated with this over a 30-year period would be a principal amount of £95.330m, interest and expenses of £86.058m, resulting in a total cost of £181.388m based on a loans fund interest rate of 4.6%. The average annual cost would be £6.046m for 30 years.
- 6.2 The projected 2019/20 HRA outturn outlines loans fund advances of £52.618m. The overall loans charges associated with this over a 30-year period would be a principal amount of £52.618m, interest of £47.500m, resulting in a total cost of £100.118m based on a loans fund rate of 4.6%. The average annual cost would be £3.337m for 30 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 the general fund and HRA revenue budgets for loan charges.

## **7. Stakeholder/Community Impact**

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- 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**

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- 8.1 [Capital Investment Programme 2019-20 to 2023-24](#), The City of Edinburgh Council, 21 February 2019
- 8.2 [Housing Revenue Account Budget Strategy 2019-24](#), The City of Edinburgh Council, 21 February 2019
- 8.3 [Coalition Budget Motion](#), The City of Edinburgh Council, 21 February 2019

- 8.4 [Edinburgh Tram – York Place to Newhaven Final Business Case](#), The City of Edinburgh Council, 14 March 2019
- 8.5 [Capital Monitoring 2019/20 – Month Three Position](#), Finance and Resources Committee, 15 August 2019
- 8.6 [Capital Budget Strategy 2020-30](#), Finance and Resources Committee, 10 October 2019

## **9. Appendices**

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Appendix 1 – Capital Monitoring 2019/20 – General Fund

Appendix 2 – Slippage and Acceleration on Projects

Appendix 3 – Capital Monitoring 2019/20 – HRA

Appendix 4 - Prudential Indicators 2019/20



## Appendix 1 Capital Monitoring 2019/20

## General Fund Summary

## Period 6

Expenditure	Approved Budget £000	Adjusts £000	Revised Budget £000	Actual to Date £000	Projected Outturn £000	Projected Variance £000	Projected Variance %
Communities and Families	116,193	-38,779	77,414	14,633	67,301	-10,113	-13.06%
Edinburgh IJB	239	-122	117	0	117	0	0.00%
Place	141,766	-35,116	106,650	26,772	100,646	-6,004	-5.63%
Place - Tram York Place to Newhaven	0	20,994	20,994	4,153	20,994	0	0.00%
Place - Lending	18,118	22,556	40,674	6,005	28,980	-11,694	-28.75%
Resources - Asset Management Works	31,498	-4,459	27,039	22,071	29,920	2,881	10.65%
Resources - Other	11,706	-3,320	8,386	233	8,671	285	3.40%
General slippage in programme 2.5% (excluding lending, TMDF and Tram)	0	0	0	0	-4,036	-4,036	n/a
<b>Total Gross Expenditure</b>	<b>319,520</b>	<b>-38,246</b>	<b>281,274</b>	<b>73,867</b>	<b>252,593</b>	<b>-28,681</b>	<b>-10.20%</b>
<b>Income</b>							
<i>Capital Receipts</i>							
General Asset Sales	6,318	127	6,445	2,593	6,445	0	0.00%
Ringfenced Asset Sales	10,000	0	10,000	0	10,000	0	0.00%
<i>Total Capital Receipts from Asset Sales</i>	<i>16,318</i>	<i>127</i>	<i>16,445</i>	<i>2,593</i>	<i>16,445</i>	<i>0</i>	<i>0.00%</i>
<i>Drawdown from Capital Fund</i>	<i>6,311</i>	<i>0</i>	<i>6,311</i>	<i>0</i>	<i>6,311</i>	<i>0</i>	<i>0.00%</i>
<i>Developer and Other Contributions</i>	<i>585</i>	<i>11,931</i>	<i>12,516</i>	<i>10,394</i>	<i>12,516</i>	<i>0</i>	<i>0.00%</i>
<i>Developers Contributions Transferred to Investments</i>	<i>0</i>	<i>0</i>	<i>-8,537</i>	<i>-5,854</i>	<i>-8,537</i>	<i>0</i>	<i>0.00%</i>
<b>Total Capital Receipts</b>	<b>23,214</b>	<b>12,058</b>	<b>26,735</b>	<b>7,133</b>	<b>26,735</b>	<b>0</b>	<b>0.00%</b>
<i>Grants</i>							
Scottish Government General Capital Grant	58,675	71	58,746	29,638	58,746	0	0.00%
Cycling, Walking and Safer Streets	834	59	893	0	893	0	0.00%
Transfer of Management of Development Funding (TMDF)	33,877	11,354	45,231	5,500	45,231	0	0.00%
Early Years and Childcare - Expansion	14,500	0	14,500	14,500	9,438	-5,062	-34.91%
Town Centre Fund	0	2,613	2,613	1,307	2,613	0	0.00%
Capital Grants Unapplied Account Drawdown	11,297	2,310	13,607	0	13,607	0	0.00%
<b>Total Grants</b>	<b>119,183</b>	<b>16,407</b>	<b>135,590</b>	<b>50,945</b>	<b>130,528</b>	<b>-5,062</b>	<b>-3.73%</b>
<b>Total Income</b>	<b>142,397</b>	<b>28,465</b>	<b>162,325</b>	<b>58,078</b>	<b>157,263</b>	<b>-5,062</b>	<b>-3.12%</b>
<b>Balance to be funded through Loans Fund Advance</b>	<b>177,123</b>	<b>-66,711</b>	<b>118,949</b>		<b>95,330</b>	<b>-23,619</b>	<b>-19.86%</b>

## Appendix 2 Capital Monitoring 2019/20

### General Fund Summary

#### Period 6

#### Slippage and Acceleration on Projects

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

#### Key to variance category

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

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

	<b>Period 6 Explanations for Significant Slippage / Acceleration</b>	<b>Variance Category</b>
<b>Communities and Families</b>	<b>£000</b>	
Early Years 1,140	-5,062 Slippage will be matched by carry forward of Scottish Government Grant	1
Castlebrae New Wave Four School	-1,883 Delay in going on-site but forecast matches contract, now on-site and work commencing	2
Boroughmuir High School Extension	-1,764 Delivery date rescheduled with school's agreement	2
Rising School Rolls General	-1,761 Expenditure now aligned to delivery programme for several projects	2
Boroughmuir High School	-1,316 Original build complete - retention being held	3
Leith Victoria Primary School	1,042 Acceleration in year	4
Meadowbank Sports Centre	995 Timing difference on income and expenditure	4
St Crispin's School	313 Acceleration in year	4
Net (slippage) / acceleration on various projects	-677 Various movements over a number of projects	2
<b>Total Communities and Families</b>	<b><u>-10,113</u></b>	
<b>Place (including Lending)</b>		
Edinburgh Living Mid-Market Rent	-6,971 Delays in completion of new homes at North Sighthill and Craigmillar	3
National Housing Trust	-4,723 Shrubhill payment of £4.7m due in February 2020 slipped into April/May 2020	3
Energy Efficiency Street Lighting	-1,715 Delays in contractor delivery of columns and lanterns	3
North Bridge Major Refurbishment	-1,435 Delays in temporary works scaffolding design and erection and condition of concrete deck, necessitating redesign.	1
LDP Roads	-1,400 Developing a PMO schedule to deliver the project	2
Leith Theatre	-648 Delay caused by relocation of an electrical substation	2
Dunard Centre	-500 Due to uncertainty caused by the judicial review	1
Net (slippage) / acceleration on various projects	-306 Various movements over a number of projects	2
<b>Total Place</b>	<b><u>-17,698</u></b>	
<b>Resources - Asset Management Works</b>		
Acceleration across the Asset Management Works programme	2,881 Various movements over a number of projects	4
<b>Total Resources - Asset Management Works</b>	<b><u>2,881</u></b>	
<b>Resources - Other</b>		
Net (slippage) / acceleration on various projects	285 Various movements over a number of projects	4
<b>Total Resources - Other</b>	<b><u>285</u></b>	
<b>Council Wide / Corporate Projects</b>		
Net (slippage) / acceleration on various projects	-4,036 Various movements over a number of projects	2
<b>Total Council Wide / Corporate Projects</b>	<b><u>-4,036</u></b>	
<b>Total for all Services</b>	<b><u>-28,681</u></b>	
<b>Summary of Variance Category</b>	<b>Period 6</b>	
1 Slippage due to unforeseen delays	-6,997	
2 Slippage due to optimistic budget	-12,475	
3 Slippage due to timing of payments	-14,725	
4 Acceleration on a project	5,516	
5 Projected final underspend	0	
	<b><u>-28,681</u></b>	

## Appendix 3 Capital Monitoring 2019/20

### Housing Revenue Account

#### Period 6

<b>Expenditure</b>	<b>Revised Budget £000</b>	<b>Actual to Date £000</b>	<b>Projected Outturn £000</b>	<b>Projected Variance</b>	
				<b>£000</b>	<b>%</b>
Core Programme	35,631	12,216	31,039	-4,592	-12.9%
House Building	73,323	18,889	71,022	-2,301	-3.1%
<b>Total Gross Expenditure</b>	<b>108,954</b>	<b>31,105</b>	<b>102,061</b>	<b>-6,893</b>	<b>-6.3%</b>
<b>Income</b>					
	<b>Revised Budget £000</b>	<b>Actual to Date £000</b>	<b>Projected Outturn £000</b>	<b>Projected Variance</b>	
				<b>£000</b>	<b>%</b>
Capital Receipts	17,917	3,971	10,946	-6,971	-38.9%
Developers and Other Contributions	23,000	21	23,000	0	0.0%
Specific Capital Grant	8,526	756	8,526	0	0.0%
<b>Total Income</b>	<b>49,443</b>	<b>4,748</b>	<b>42,472</b>	<b>-6,971</b>	<b>-14.1%</b>
<b>Balance to be funded through Loans Fund Advance</b>	<b>59,511</b>	<b>31,105</b>	<b>59,589</b>	<b>78</b>	<b>0.1%</b>

## Appendix 4 Capital Monitoring 2019/20

### Prudential Indicators 2019/20 - Period 6

Indicator 1 - Estimate of Capital Expenditure	2018/19	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22	2022/23	2022/23	2023/24	2023/24
	Actual £000	Estimate £000	Forecast £000	Estimate £000	Forecast £000	Estimate £000	Forecast £000	Estimate £000	Forecast £000	Estimate £000	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	28,980	80,154	91,848	55,104	55,104	76,692	76,692	22,266	22,266
Communities and Families	28,431	77,414	67,301	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	106,650	100,646	84,984	84,984	29,963	29,963	36,785	36,785	19,835	19,835
Resources	2,652	8,386	8,671	5,000	5,000	0	0	0	0	0	0
Resources - Asset Management Works	21,770	27,039	29,920	30,000	30,000	25,516	25,516	20,450	20,450	14,000	14,000
Trams	0	20,994	20,994	90,804	90,804	58,004	58,004	29,731	29,731	0	0
General slippage / acceleration across programme (5% 2.5% 19/20)	0	0	-4,036	0	-7,044	0	7,971	0	239	0	1,170
<b>Total General Services Expenditure</b>	<b>185,741</b>	<b>281,274</b>	<b>252,593</b>	<b>392,559</b>	<b>397,209</b>	<b>175,294</b>	<b>183,265</b>	<b>163,823</b>	<b>164,062</b>	<b>63,266</b>	<b>64,436</b>
<b>Housing Revenue Account Expenditure</b>	<b>108,954</b>	<b>102,061</b>	<b>102,061</b>	<b>142,251</b>	<b>142,251</b>	<b>177,531</b>	<b>177,531</b>	<b>171,392</b>	<b>171,392</b>	<b>273,984</b>	<b>273,984</b>
<b>Total Capital Expenditure</b>	<b>185,741</b>	<b>390,228</b>	<b>354,654</b>	<b>534,810</b>	<b>539,460</b>	<b>352,825</b>	<b>360,796</b>	<b>335,215</b>	<b>335,454</b>	<b>337,250</b>	<b>338,420</b>

The 'estimate' figures relate to those reported as part of the revised Capital Investment Programmes reported to Finance and Resources Committee on 16 August 2019 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, 2 and 3.

The 'Lending' figures relate to lending by the Council to National Housing Trust (NHT) bodies and Edinburgh Living LLPs. The Edinburgh Living LLPs 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	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22	2022/23	2023/24
	Actual	Estimate	Forecast	Estimate	Estimate	Estimate	Estimate	Estimate	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 2020/21 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	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22	2022/23	2022/23	2023/24	2023/24
	Actual	Estimate	Forecast	Estimate	Forecast	Estimate	Forecast	Estimate	Forecast	Estimate	Forecast
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
General Services (including finance leases)	1,082,132	1,209,580	1,197,656	1,379,227	1,360,258	1,386,900	1,375,902	1,359,711	1,348,952	1,275,202	1,265,613
Edinburgh Living LLP	2,734	26,862	19,770	107,326	100,186	161,152	154,012	235,798	151,966	254,932	148,834
NHT LLPs	87,143	103,651	98,928	107,693	107,693	107,693	107,693	107,693	107,693	107,693	107,693
Housing Revenue Account	377,454	415,351	408,458	415,678	408,785	479,677	472,784	526,588	519,695	675,321	668,428
<b>Total Capital Financing Requirement</b>	<b>1,549,463</b>	<b>1,755,444</b>	<b>1,724,812</b>	<b>2,009,924</b>	<b>1,976,922</b>	<b>2,135,422</b>	<b>2,110,391</b>	<b>2,229,790</b>	<b>2,128,306</b>	<b>2,313,147</b>	<b>2,190,568</b>

2018/19 Actual reflects audit adjustment. Forecasts include the capital financing requirement relating to PPP assets and advances to NHT and Edinburgh Living LLPs

# Finance and Resources Committee

10.00am, Friday, 6 December 2019

## Resources Directorate - Revenue Budget Monitoring 2019/20 – Half Year position

Executive/routine Wards Council Commitments	Executive All
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### 1. Recommendations

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It is recommended that the Finance and Resources Committee notes:

- 1.1 The Resources Directorate is currently projecting a forecast budget pressure of £0.670m for the 2019/20 financial year end;
- 1.2 The Executive Director and Heads of Service are continuing to progress the identification of additional 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

Contact: Iain Shaw, Principal Accountant,

Finance Division, Resources Directorate

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# Finance and Resources Committee

## Resources Directorate - Revenue Budget Monitoring 2019/20 – Half Year position

### 2. Executive Summary

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- 2.1 The report sets out the projected six-month revenue monitoring position for the Resources Directorate, based on actual expenditure and income to the end of September 2019 and expenditure and income projections for the remainder of the financial year.
- 2.2 The Resources Directorate is currently projecting a forecast budget pressure of £0.670m for the 2019/20 financial year end. The directorate will continue to progress with the identification and implementation of savings 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 approved savings together with the active management of risks and pressures.

### 3. Background

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- 3.1 The Council's Financial Regulations require submission of quarterly monitoring reports on Directorate 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 six months of the financial year.

### 4. Main report

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- 4.1 Resources Directorate revenue budget for 2019/20 is £163.330m. This includes Councilwide budgets for PPP school services, non-domestic rates and utilities (energy) expenditure for the whole operational property estate, including schools, the Council's external audit fee and the Digital Services / ICT contract cost.

- 4.2 The period six projection is a forecast budget pressure of £0.670m. This represents a favourable movement of £0.270m from the forecast adverse variance of £0.940m reported to Finance and Resources Committee on 15 August 2019.
- 4.3 The Customer and Digital Services Division is forecasting a budget pressure of £0.352m due to the requirement to achieve savings to compensate for a reduction of £0.352m in the Department of Work and Pensions (DWP) Housing Benefit Administration Subsidy. The DWP assess local authority grant allocations annually, with funding provided as a contribution to the cost of administering Housing Benefit. The level of grant allocated to each Council is based on Housing Benefit and Universal Credit caseload volumes together with an estimated volume of natural migrations from Housing Benefit to Universal Credit. In line with Government departmental efficiency savings, an efficiency saving reduction is also applied.
- 4.4 The Resources Directorate has a one-off budget pressure of £0.175m from its allocation of the additional cost of replacement end user devices in the Council's corporate ICT estate (which excludes schools). 5,403 corporate devices were included in scope of the originally agreed IT estate refresh project and contract with CGI, calculated with reference to the baseline of the 2015/16 ICT estate provided by BT and with an assumed reduction of 20% in device numbers required. In September 2019, there were an additional 750 devices in use across the Council's corporate ICT estate requiring support. This one-off pressure will be mitigated through additional savings identified in the Directorate's ICT costs.
- 4.5 A budget pressure of £0.572m is forecast for the Property and Facilities Management Division:
- 4.5.1 recurring budget pressure from 2018/19 from a shortfall of £0.942m against proposed Asset Management Strategy savings targets;
- 4.5.2 anticipated income of £0.4m from additional digital advertising not now forecast as achievable, owing to a lack of adjustment to the Council's Planning Guidance to support this proposal in report [Review of Planning Guidance : Outdoor Advertising and Sponsorship to Planning Committee](#) on 7 August 2019;
- 4.5.3 a shortfall against Service Design programme savings, as part of the long-term consolidation and reprovisioning of services across the City, of £0.159m. £91,000 of the Service Design programme savings target will be delivered in 2019/20 through improved utilisation and optimisation of operational estate assets;
- 4.5.4 a shortfall of £0.770m against the approved efficiency savings target;
- 4.5.5 other net budget pressures of £98,000, which includes budget pressures for Investment Estate rental income and Computer Assisted Facilities Management (CAFM) system implementation support costs.

- 4.6 These budget pressures are forecast to be partly mitigated by a backdated saving of £1.296m in the budget achieved for successful appeals in regard to non-domestic rates for operational properties, covering the period 2017-2019 and a reduction of £0.101m in the Edinburgh Shared Repairs Service operating costs.
- 4.7 At this stage of the year, estate-wide energy costs are forecast to be £0.4m less than budgeted. This position will be tracked throughout the Winter months, but has been planned for by the Council's Energy and Sustainability Manager.
- 4.8 The recurring budget pressure from the Asset Management Strategy has arisen due to:
- 4.8.1 changes in the Facilities Management (FM) operating model, from the 2015 assumed FM Services model used to set savings targets;
  - 4.8.2 an increase in the size of floor area of the Council's operational estate supported by FM Services compared to the original FM Services assumed model;
  - 4.8.3 Estate Rationalisation savings and property disposals being less than planned when originally set in 2015.
- 4.9 A shortfall of £0.273m in the recovery of Legal Services recharges is forecast. The Legal and Risk Division is tracking and reviewing recovery rates on a monthly basis to identify mitigating measures and to ensure income is optimised.
- 4.10 Favourable variances are forecast for employee costs for Finance (£0.100m) and Human Resources (£77,000), reflecting 2019/20 employee turnover levels.
- 4.11 To mitigate the remaining Resources Directorate adverse variance, the Executive Director of Resources has applied stringent financial controls across the Directorate, in addition to those previously in force, including a recruitment freeze on all new vacant posts and agency worker use, as well as ceasing all discretionary expenditure, where no legal or contractual commitment exists. At this stage, a saving of £0.350m is anticipated, based on employee turnover to date during 2019/20.
- 4.12 If all mitigation measures are fully realised, this would leave a residual unmitigated budget pressure for Resources Directorate of £0.670m. An analysis of the projection by each Division is provided in Appendix 1.
- 4.13 The revenue budget approved by Council on 21 February 2019 required Resources Directorate to achieve incremental savings of £9.053m in 2019/20. These are detailed in Appendix 2.
- 4.14 £6.616m (73%) of approved savings are currently forecast to be on track for full delivery and are assessed as 'Green'. Progress is being made towards delivery of a further £0.668m (7%) with these savings assessed as 'Amber'. Of the remaining



£1.769m, £1.296m is mitigated in 2019/20 by a one-off saving in the budget for rates for the Council's operational properties.

4.15 Financial risks in the Resources Directorate revenue budget for 2019/20 include:

4.15.1 Approved savings within Customer and Digital Services, which are dependent on the delivery and implementation of new ICT functionality. Customer and Digital Services retains an ear-marked balance of £0.607m to mitigate a limited level of project slippage. It is anticipated this balance will mitigate this risk for 2019/20 only;

4.15.2 Property repairs and maintenance expenditure exceeding the additional investment approved by Council in February 2018, to address the findings of Property Condition Surveys. Work is being progressed by Property and Facilities Management to assess expenditure and commitments. There remains a significant risk that expenditure will exceed resources in 2019/20;

4.15.3 Adverse Winter weather leading to higher than forecast energy costs;

4.15.4 Savings from management of vacant posts being less than anticipated.

## **5. Next Steps**

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

## **6. Financial impact**

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6.1 The report forecasts a budget pressure of £0.670m for Resources Directorate for 2019/20. Attainment of a balanced position is the subject of continuing work to identify further mitigating measures, active management of financial risks and taking timely remedial action, where any further adverse variances become apparent.

## **7. Stakeholder/Community Impact**

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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**

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- 8.1 [Resources Directorate - Revenue Budget Monitoring 2019/20 - Month Three position – report to Finance and Resources Committee 15 August 2019](#)

## **9. Appendices**

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- 9.1 Appendix 1 - Resources Directorate Revenue Budget Monitoring 2019/20 - Month Six position
- 9.2 Appendix 2 - Resources Directorate: Approved Revenue Budget Savings 2019/20

# Appendix 1

## Resources Directorate

### Revenue Budget Monitoring 2019/20

#### Month Six position

#### Forecast Revenue Outturn by Division

	Revised Budget	Projected Outturn	Projected Variance	Adverse / Favourable
	£'000	£'000	£'000	
Customer and Digital Services	54,187	54,539	352	ADV
Finance	6,720	6,620	(100)	FAV
Human Resources	4,709	4,632	(77)	FAV
Legal and Risk	1,353	1,626	273	ADV
Property and Facilities Management	96,135	96,707	572	ADV
Directorate and service-wide costs.	226	(124)	(350)	FAV
<b>Total Net Expenditure</b>	<b>163,330</b>	<b>164,000</b>	<b>670</b>	ADV

## Appendix 2

### Resources Directorate: Approved Revenue Budget Savings 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	15	Green
		75	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)	294	Green
		362	Amber
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	76	Green
		31	Amber
Finance, HR, Legal and Risk	1.55% efficiency saving	111	Green
		25	Red
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	Green
Property and FM	Increasing Income - Castle Terrace Car Park	500	Green
Property and FM	Additional advertising income (total of £0.470m)	70	Green
		400	Red
Property and FM	Investment portfolio rationalisation	415	Red
Property and FM	1.55% efficiency saving	770	Red
Property and FM	Management and Investment Estate Savings	515	Green
Property and FM	Edinburgh Shared Repairs Service	218	Green
	<b>TOTAL</b>	<b>9,053</b>	

SUMMARY	£'000	%
Green assessed	6,616	73
Amber assessed	668	7
Red assessed	1,769	20
<b>TOTAL</b>	<b>9,053</b>	<b>100</b>

# Finance and Resources Committee

10.00am, Friday, 6<sup>th</sup> December 2019

## Chief Executive - Revenue Budget Monitoring 2019/20 Half Year position

Executive/routine Wards Council Commitments	Routine City-wide
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### 1. Recommendations

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

**Andrew Kerr**

Chief Executive

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# Finance and Resources Committee

## Chief Executive - Revenue Budget Monitoring 2019/20 - Half Year position

### 2. Executive Summary

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- 2.1 The report sets out the projected six-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

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- 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 six months of the financial year.

### 4. Main report

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- 4.1 The Chief Executive's services revenue budget for 2019/20 is £9.023m. The budget includes the cost of the Chief Executive's office and the Strategy and Communications services.
- 4.2 The period six 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 required Chief Executive's services to achieve savings of £0.286m 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 £0.257m (51%) have been achieved to date and are classified as 'Green' with the remaining balance of £0.243m being progressed and therefore classified as 'Amber', with work ongoing to identify the additional savings required.

## 5. Next Steps

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

## 6. Financial impact

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- 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

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- 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

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- 8.1 [Chief Executive - Revenue Budget Monitoring 2019/20 - Month Three position - report to Finance and Resources Committee 15 August 2019](#)

## 9. Appendices

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### 9.1 Appendix 1 - Chief Executive's services:

- Revenue Budget Monitoring 2019/20 - Month Six position
- Revenue Budget Savings and Pressures 2019/20.

# Appendix 1

## Chief Executive's services

### Revenue Budget Monitoring 2019/20

#### Month Six 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	9,266	9,266	0	-
Senior Management Council-wide savings target	(500)	(500)	0	-
<b>Total Net Expenditure</b>	<b>9,023</b>	<b>9,023</b>	<b>0</b>	<b>-</b>

#### 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	
Strategy and Communications	1.55% efficiency saving	46	
	<b>TOTAL</b>	<b>286</b>	

<b>Council-Wide Savings Target</b>		
Senior Management (total of £0.5m)	257	
	243	
<b>Council-Wide Savings Targets</b>	<b>500</b>	



# Finance & Resources Committee

10:00am, Friday, 6 December 2019

## Treasury Management: Mid-Term Report 2019/20

Executive/routine                      Executive  
Wards  
Council Commitments

### 1. Recommendations

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- 1.1 It is recommended that the Committee:
  - 1.1.1 notes the mid-term report on Treasury Management for 2019/20; and
  - 1.1.2 refers the report to City of Edinburgh Council for approval and subsequent remit by the City of Edinburgh Council to the Governance Risk and Best Value Committee for scrutiny.

**Stephen S. Moir**

Executive Director of Resources

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# Treasury Management: Mid-Term Report 2019/20

## Treasury Management: Mid-Term Report 2019/20

### 2. Executive Summary

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- 2.1 The purpose of this report is to give an update on Treasury Management activity undertaken in the first half of 2019/20.
- 2.2 In accordance with the Strategy set in March 2019 the Council drew down no borrowing during the first half of the financial year apart from one tranche for Edinburgh Living of £1,284,315.00 on the 11<sup>th</sup> June from the PWLB. The overall approach continues to generate significant short-term savings in Loans Charges for the Council.
- 2.3 The investment return for 2019/20 continues to show out-performance against the Fund's benchmark, although low in absolute terms, while maintaining the security of the investments as a priority.

### 3. Background

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

### 4. Main report

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#### 4.1 UK Interest Rates

- 4.1.1 During the last six months of Brexit and Political uncertainty, the Bank of England's (BoE) Monetary Policy Committee (MPC) made no change to monetary policy. The minutes of the September meeting said the response to a no-deal Brexit could be in either direction and sees need for limited rate rise if Brexit is smooth.

## **4.2 Debt Management**

- 4.2.1 The Council continued to fund its borrowing requirement by reducing its investments. At the end of the period, redemption of the Council's Inverse LOBO loans with Nat West Markets was agreed and refinanced with a loan from the PWLB with transactions settled in early October. A report elsewhere in the agenda provides further details.
- 4.2.2 There were two significant events post the end of the half year. Firstly, at the start of October the UK Treasury took a policy decision to increase the margin on PWLB loans by 100bps. Secondly, the Notice to Proceed for the Tram to Newhaven project was issued and as this committed the Council to incurring the capital expenditure, the interest rate risk on the base funding requirement for the project was locked out.

## **4.3 Investment Outturn**

- 4.3.1 The Council's cash balances are pooled and invested via the Treasury Cash Fund subject to the limits set out in the Treasury Management Policy Statement. Appendix 2 provides detail on Council's investments.
- 4.3.2 As can also be seen in Appendix 2 Treasury Cash Fund performance continues to out-perform its benchmark although investment returns remain low.

## **5. Next Steps**

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- 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**

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

## **7. Stakeholder/Community Impact**

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

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

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- 8.1 None

## **9. Appendices**

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- 9.1 Debt Management Activity
- 9.2 Investment Out-turn
- 9.3 Debt Outstanding 30 September 2019

## Appendix 1

### Debt Management Activity

Debt Management Strategy for 2019/20 as outlined in the Strategy Report was:

*To address the borrowing requirement it is intended, subject to appropriate rates being available, to:*

- *Fund the 2019/20 requirement by reducing cash deposits further;*
- *Borrow for each tranche of LLP housing subject to meeting the viability test for the tranche;*
- *Seek to mitigate risk on major projects as the requirement becomes more certain.*

As previously reported to the Finance and Resources Committee, the Council had been in discussion with RBS / Nat West Markets over the options for restructuring the Council's Inverse LOBO loans. At the end of September the Council repaid the Inverse LOBO loans and refinanced them with a loan from the PWLB. At the same time, an additional £40m loan was taken from the PWLB as part of general interest rate risk management.

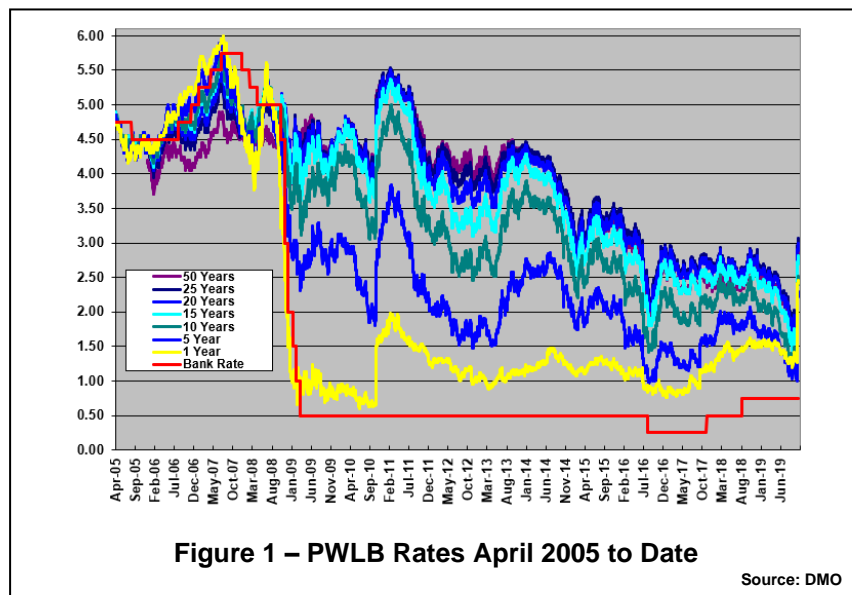
Figure 1 below shows the PWLB borrowing rates since April 2005. Our Treasury Advisors, Arlingclose issued the following update with regards gilt yields:

*Gilt yields remained volatile over the period on the back of ongoing economic and political uncertainty. From a yield of 0.63% at the end of June, the 5-year benchmark gilt yield fell to 0.32% by the end of September. There were falls in the 10-year and 20-year gilts over the same period, with the former dropping from 0.83% to 0.55% and the latter falling from 1.35% to 0.88%. 1-month, 3-month and 12-month LIBID (London Interbank Bid) rates averaged 0.65%, 0.75% and 1.00% respectively over the period.*

*Recent activity in the bond markets and PWLB interest rates highlight that weaker economic growth remains a global risk. The US yield curve remains inverted with 10-year Treasury yields lower than US 3-month bills. History has shown that a recession hasn't been far behind a yield curve inversion. Following the sale of 10-year Bunds at -0.24% in June, yields on German government securities continue to remain negative in the secondary market with 2 and 5-year securities currently both trading around -0.77%.*

There were 2 very significant events post the half year.

Firstly as can also be seen in Figure 1 below, on the 9<sup>th</sup> October just after the end of the Mid term period, the UK Treasury increased the margin applied to all PWLB loans by 100 basis points with immediate effect.



The PWLB’s statement included the following point:

*Some local authorities have substantially increased their use of the PWLB in recent months, as the cost of borrowing has fallen to record lows. HM Treasury is therefore restoring interest rates to levels available in 2019, by increasing the margin that applies to new loans from the PWLB by 100bps (one percentage point) on top of usual lending terms*

Secondly, the Notice to Proceed was issued for the Tram to Newhaven project. With the significant volatility which there had been in in Gilt Yields and significant upside risk in interest rates if the issues around the UK leaving the EU were seen as being resolved, the decision was taken to lock out the interest rate risk on base funding requirement for the project. £150m of PWLB borrowing was completed after the end of the first half of the financial year and has been included as planned in Table 1 below which shows the Council’s borrowing requirement over the next four years.

<b>Capital Funding v. External Debt</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
	<b>Outturn</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>
Debt b/fd	1,245,546	1,198,460	1,307,027	1,385,415	1,391,499
Cumulative Capital Expenditure b/fd	1,384,534	1,355,902	1,405,121	1,772,429	1,876,073
Over/underborrowed b/fd	-138,988	-157,442	-98,094	-387,014	-484,574
GF Capital Financed by borrowing	14,196	60,812	306,793	78,810	45,751
HRA Capital Financed by borrowing	16,500	52,618	50,416	44,927	24,100
Lending to LLPs	23,153	28,980	82,774	55,104	76,692
less scheduled repayments by GF	-60,791	-71,000	-49,166	-50,331	-51,409
less scheduled repayments by HRA	-20,115	-21,615	-22,883	-24,226	-25,650
less scheduled repayments by Joint Boards	-1,575	-517	-544	-556	-589
less scheduled repayments by LLPs		-59	-82	-84	-86
<b>Underlying Need to Borrow</b>	<b>-28,632</b>	<b>49,219</b>	<b>367,308</b>	<b>103,644</b>	<b>68,809</b>
plus total maturing debt	49,960	58,628	55,621	49,020	48,334
<b>Total Borrowing Requirement</b>	<b>21,328</b>	<b>107,847</b>	<b>422,929</b>	<b>152,664</b>	<b>117,143</b>
<b>Cumulative Borrowing Requirement</b>		<b>107,847</b>	<b>530,776</b>	<b>683,440</b>	<b>800,583</b>
Committed Market Borrowing			60,000		
Planned PWLB borrowing	2,874	167,195	74,009	55,104	76,692
<b>Debt at end of the year</b>	<b>1,198,460</b>	<b>1,307,027</b>	<b>1,385,415</b>	<b>1,391,499</b>	<b>1,419,857</b>
<b>Cumulative Capital Expenditure</b>	<b>1,355,902</b>	<b>1,405,121</b>	<b>1,772,429</b>	<b>1,876,073</b>	<b>1,944,882</b>
<b>Cumulative Over/Under Borrowed</b>	<b>-157,442</b>	<b>-98,094</b>	<b>-387,014</b>	<b>-484,574</b>	<b>-525,025</b>

Table 1 – Summary of Capital Advances v External Debt

This shows that the Council still has a significant borrowing requirement to fund in the medium term.

It is intended to continue the strategy of using investments to temporarily fund the Council's ongoing borrowing requirement in the short term. However, work will continue to investigate funding sources other than the PWLB which could be used to manage the Council's interest rate risk.

Edinburgh Living LLP's will continue to be considered on a tranche by tranche basis.

## Appendix 2

### Investment Out-turn

The Council's cash balances are pooled and invested via the Treasury Cash Fund subject to the limits set out in the Treasury Management Policy Statement. Figure 2 below shows the daily investment in the Cash Fund since April 2009. The Treasury Management strategy is to ensure that surplus funds are invested in accordance with the list of approved organisations for investment, minimising the risk to the capital sum and optimising the return on these funds consistent with those risks. The Cash Fund's Investment Strategy continues to be based around the security of the investments.

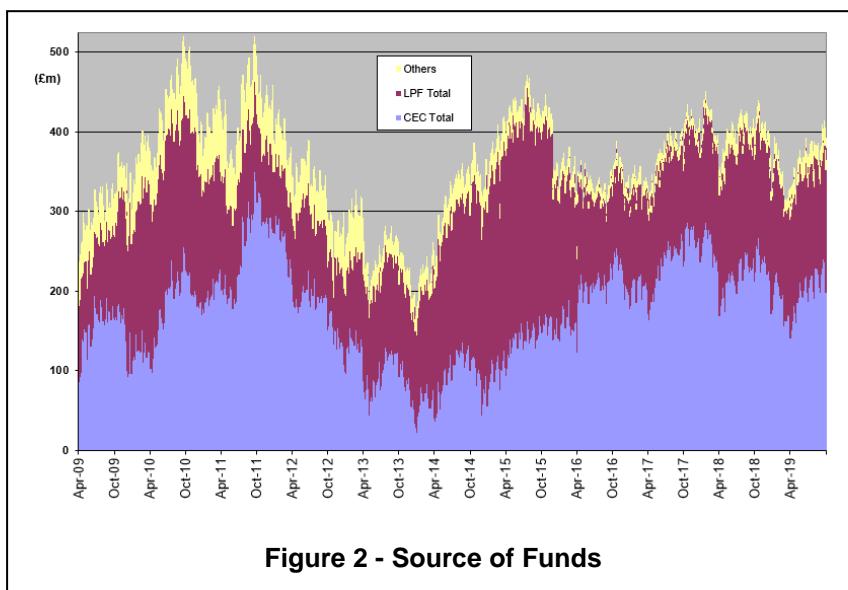


Figure 3 shows the rates achieved in the Friday auctions of UK Treasury Bills. Treasury Bill yields have been above what can be achieved in the inter Local Authority market and have provided a useful uplift in rate. At the end of September, the total of UK Treasury Bills held were £127m at an average rate of 0.747%.

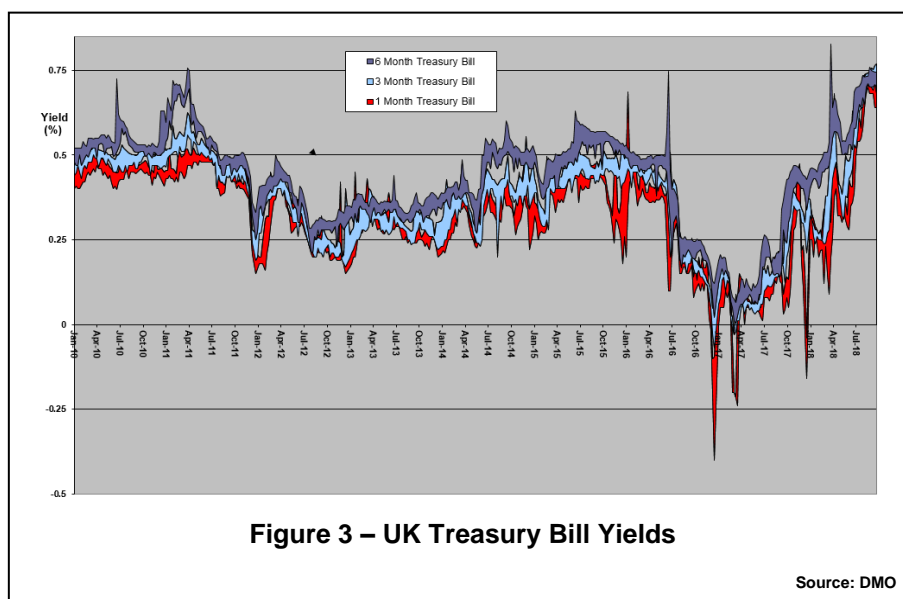
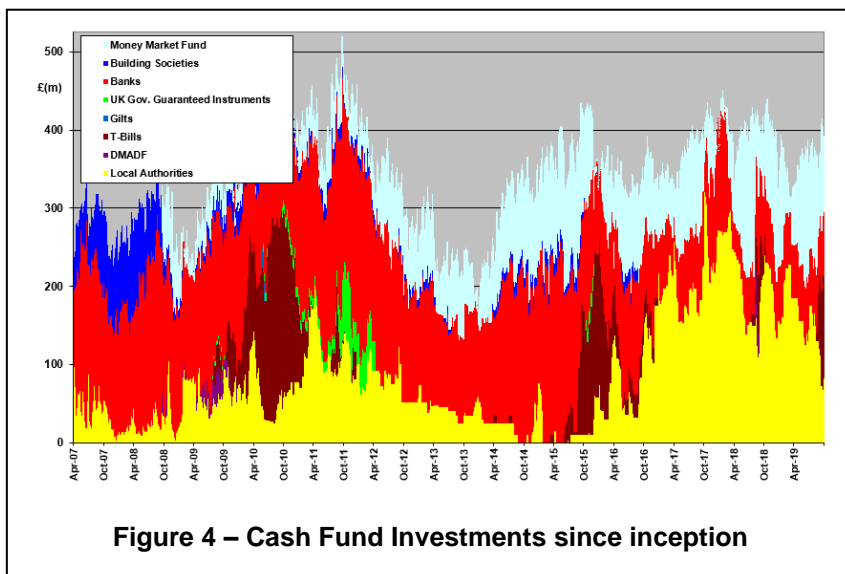
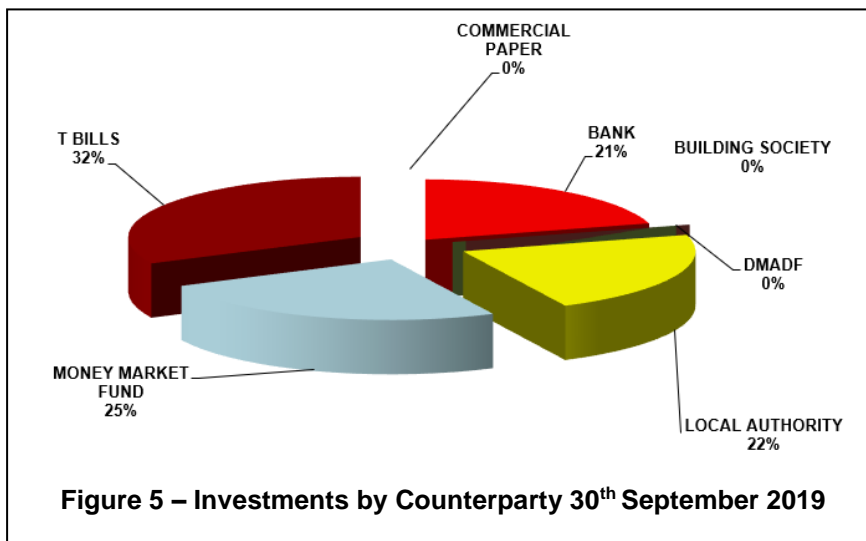




Figure 4 shows in detail the distribution on Cash Fund investments since inception in 2007. This shows the increased investment within UK Treasury Bills but also the continued investment within UK Local Authorities, Money Market Funds and Banks.

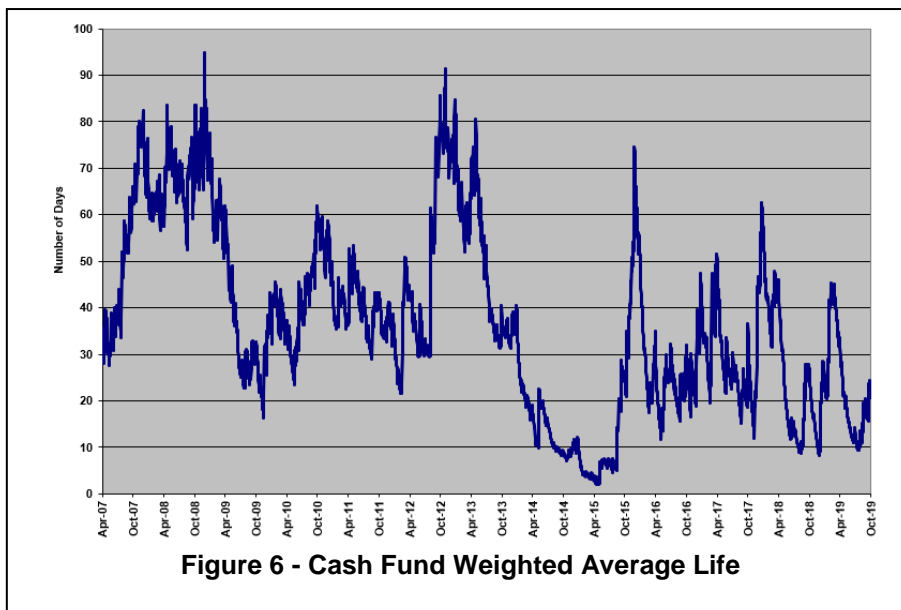


As can be seen in Figure 5 22% of the fund was invested in Local Authority deposits between 8 different authorities, 32% of the fund was held in UK Treasury Bills, 21% was invested with Banks in call accounts split between instant access and 31-day notice with HSBC and 25% on deposit with Money Market Funds.



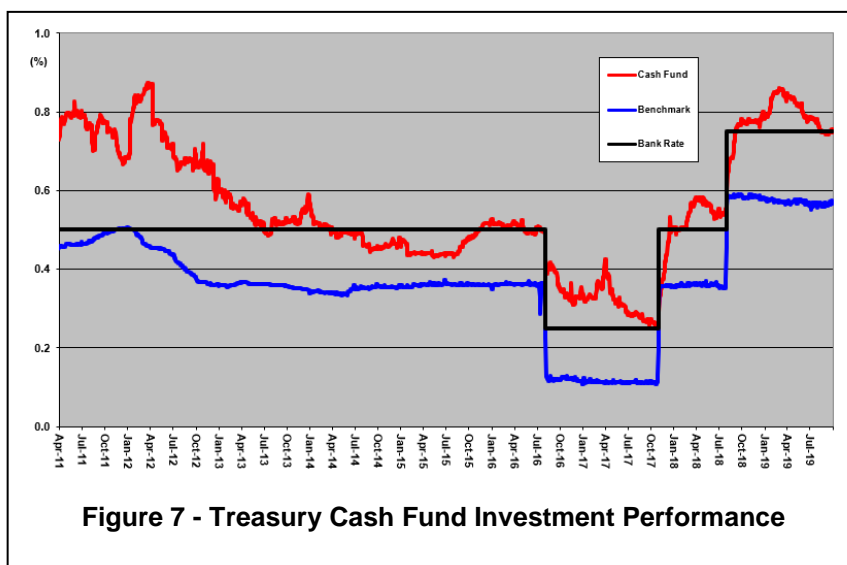
The strategy is to seek Local Authority and UK Treasury Bill trades which add value to relative MMF/Bank rates and make a positive performance contribution. With Gilt Yields being low many Local Authorities have taken advantage of the opportunity to lock out the low interest rates on offer. The resultant liquidity has reduced inter Local Authority market rates further.

As can be seen in Figure 6 the weighted average life of the fund increased slightly to 21 days at the end of September. This is mainly due to maturing Local Authority deposits and call account balances being reinvested with 1 and 3 month UK Treasury Bills.



### Cash Fund performance

The annualised rate of return for the Cash Fund for the six months to September 2019 was 0.79% against a benchmark of 0.57%. Figure 7 below shows the daily investment performance of the cash Fund against its benchmark since April 2011. As can be seen, Cash Fund performance has remained above benchmark. The dip in performance is due to reduced rates on offer from Local Authorities as they continued to borrow from PWLB due to low gilt rates before the DMO increased borrowing rates across the board by 100 basis points.



### Appendix 3

#### Debt outstanding 30<sup>th</sup> September 2019

##### Market Debt (non LOBO)

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

##### Market Debt (LOBO)

Loan Type	Start Date	Maturity Date	Principal Outstanding (£)	Interest Rate (%)	Annual Interest (£)
M	12/11/1998	13/11/2028	3,000,000.00	4.75	142,500.00
M	15/12/2003	15/12/2053	10,000,000.00	5.25	525,000.00
M	18/02/2004	18/02/2054	10,000,000.00	4.54	454,000.00
M	28/04/2005	28/04/2055	12,900,000.00	4.75	612,750.00
M	25/02/2011	25/02/2060	15,000,000.00	8.272	1,240,800.00
M	25/02/2011	25/02/2060	10,000,000.00	8.272	827,200.00
M	26/02/2010	26/02/2060	5,000,000.00	8.242	412,100.00
M	26/02/2010	26/02/2060	10,000,000.00	8.242	824,200.00
M	01/07/2005	01/07/2065	10,000,000.00	3.86	386,000.00
M	24/08/2005	24/08/2065	5,000,000.00	4.4	220,000.00
M	07/09/2005	07/09/2065	10,000,000.00	4.99	499,000.00
M	13/09/2005	14/09/2065	5,000,000.00	3.95	197,500.00
M	03/10/2005	05/10/2065	5,000,000.00	4.375	218,750.00
M	23/12/2005	23/12/2065	10,000,000.00	4.75	475,000.00
M	06/03/2006	04/03/2066	5,000,000.00	4.625	231,250.00
M	17/03/2006	17/03/2066	10,000,000.00	5.25	525,000.00
M	03/04/2006	01/04/2066	10,000,000.00	4.875	487,500.00
M	03/04/2006	01/04/2066	10,000,000.00	4.875	487,500.00
M	03/04/2006	01/04/2066	10,000,000.00	4.875	487,500.00
M	07/04/2006	07/04/2066	10,000,000.00	4.75	475,000.00
M	05/06/2006	07/06/2066	20,000,000.00	5.25	1,050,000.00
M	05/06/2006	07/06/2066	16,500,000.00	5.25	866,250.00
			212,400,000.00		

**PWLB**

<b>Loan Type</b>	<b>Start Date</b>	<b>Maturity Date</b>	<b>Principal Outstanding (£)</b>	<b>Interest Rate (%)</b>	<b>Annual Interest (£)</b>
A	12/11/2008	12/11/2019	277,076.95	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	273,000.75	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	1,038,832.30	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	4,309,909.05	3.66	176,888.32
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	7,149,605.57	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	2,654.08	3	85.31
M	14/07/2011	14/07/2030	10,000,000.00	4.93	493,000.00
E	15/06/1951	15/05/2031	2,812.26	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	2,715,081.66	2.65	71,949.66
A	11/06/2019	11/06/2059	1,284,315.00	2.23	28,640.22
M	02/12/2011	02/12/2061	5,000,000.00	3.98	199,000.00
			901,832,798.51		

#### SALIX INTEREST

##### FREE

Loan Type	Start Date	Maturity Date	Principal Outstanding (£)	Interest Rate (%)	Annual Interest (£)
Z	07/01/2015	01/09/2021	157,914.28	0.00	0.00
Z	31/03/2015	01/04/2023	631,014.09	0.00	0.00
Z	22/09/2015	01/10/2023	175,839.76	0.00	0.00
Z	29/03/2019	01/04/2029	139,978.53	0.00	0.00
			1,104,746.66		

#### Borrowing completed since 30th September

##### PWLB

Loan Type	Start Date	Maturity Date	Principal Outstanding (£)	Interest Rate (%)	Annual Interest (£)
A	01/10/2019	01/10/2059	1,343,557.00	1.74	23,377.89
A	02/10/2019	02/10/2059	40,000,000.00	1.8	720,000.00
M	04/10/2019	04/04/2060	40,000,000.00	1.69	676,000.00
A	14/10/2019	10/04/2053	110,000,000.00	2.69	2,959,000.00
			191,343,557.00		

# Finance and Resources Committee

10am, Friday, 6 December 2019

## Change and Budget Conversations Report

Executive/routine  
Wards  
Council Commitments

### 1. Recommendations

---

- 1.1 Notes the summary of workshops undertaken.
- 1.2 Notes the report will be included as part of the budget papers for Council in February.
- 1.3 Notes that further detail will be provided as to how this detail is reflected within budget proposals as part of the Budget and Change Strategy Report to Finance and Resources.

**Andrew Kerr**

Chief Executive

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## Change and Budget Conversations Report

### 2. Executive Summary

---

- 2.1 This report summarises the conversations on service change and budget prioritisation conducted with Council colleagues and citizens from July to October 2019. The full report on the findings is included as an appendix.

### 3. Background

---

- 3.1 Local authorities face increasingly difficult decisions about which services to provide and how to provide them, driven by national budget decisions, demographic change, and responding to the challenges of climate change. Edinburgh is a leading local authority on engaging on budget decisions and the Council's 2019 Change and Budget Conversation represents a further innovation in our approach for both colleagues and citizens. In the absence of clear, easy choices, the Council has made additional efforts in recent years to ensure that engagement is positive, educational, guided by the things participants want to say about the Council's budget. The Council has also made efforts to design and conduct consultation and engagement events in ways that are a constructive and enjoyable processes.

### 4. Main report

---

- 4.1 Strategy and Communications conducted 50 workshop groups with Council colleagues and Edinburgh citizens between July and October 2019. All used the Council's group engagement tool for budget discussion, developed in 2018 and updated in 2019.
- 4.2 93% of workshop participants agreed the group engagement tool was a good way of involving them, 2% disagreed; and 46% felt their views changed as a result of participating. Participants especially valued the opportunity to meet new people and learn more about different perspectives on Council spending.
- 4.3 Both colleagues and citizens felt the Council should spend more on mental health and homelessness, with a general belief that homelessness was a bigger problem in Edinburgh than previously.



- 4.4 Though citizen and colleague budget allocations made using the group engagement tool were similar, colleagues tended to put less money into libraries and community learning and development, and more money into schools, compared to citizens.
- 4.5 Colleagues made extensive suggestions for revenue generation, cost cutting and efficiencies which included: far more charges for use of public realm; more commercial approaches to business; radical transformation of working practices; default digital billing; and an end to no compulsory redundancies. This feedback was shared with Heads of Service to assist with budget options development.
- 4.6 Further detailed findings are included in the appendix.

## **5. Next Steps**

---

- 5.1 As set out in the October Finance and Resources Committee paper There are no plans for a further formal consultation on the budget. Budget proposals which have substantive impact on citizens and have not been previously subject to discussion will require consultation prior to implementation. This is likely to take place following the budget decision to provide sufficient time for informed consideration.

## **6. Financial impact**

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- 6.1 All costs were met from within existing budgets. The total cost of communications and focus groups was £12,639 (including citizen focus groups reported elsewhere).

## **7. Appendices**

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Change and Budget Conversations Report

# *Change and Budget Conversations*

A SUMMARY OF GROUP DISCUSSIONS WITH CITIZENS  
AND COLLEAGUES FROM JULY TO OCTOBER 2019

Strategy and Communications conducted 50 workshop groups with Council colleagues and Edinburgh citizens between July and October 2019. All used the Council’s group engagement tool for budget discussion, developed in 2018 and updated in 2019.

**In summary, these groups said:**

- 93% agreed the group engagement tool was a good way of involving them, 2% disagreed; 46% felt their views changed as a result of participating
- Participants especially valued the opportunity to meet new people and learn more about different perspectives on Council spending
- Both colleagues and citizens felt the Council should spend more on mental health and homelessness, with a general belief that homelessness was a bigger problem in Edinburgh than previously
- Though citizen and colleague budgets were similar, colleagues tended to put less money into libraries and community learning and development, and more money into schools, compared to citizens.

- Colleagues made extensive suggestions for revenue generation, cost cutting and efficiencies which included: far more charges for use of public realm; more commercial approaches to business; radical transformation of working practices; default digital billing; and an end to no compulsory redundancies. This feedback was shared with Heads of Service to assist with budget options development

Local authorities face increasingly difficult decisions about which services to provide and how to provide them, driven by national spending choices, demographic change, and climate change. Current approaches to work, travel, care, and education are unlikely to survive the next decade and local government cannot afford to lag behind.

But as decisions become more difficult, meaningful engagement with citizens and Council colleagues becomes more important and harder to achieve.

In the absence of clear, easy choices, the Council has made additional efforts in recent years to ensure that engagement is positive, educational, guided by the things participants want to say about Council spending and priorities rather than driven by specific Council led questions.

The Council's 2019 Change and Budget Conversation represents a further innovation in our approach for both colleagues and citizens. The group-based exercise more closely resembles the conversations that people would naturally have about local government services, and provides an opportunity for a stimulating exchange of views between community members which many participants found valuable and enjoyable.

In 2018, the Council's employee survey identified that while many colleagues supported change, they felt removed from decision-making; change was done to them, rather than something in which they were informed, active participants.

In 2019, Council Heads of Service were made the focal point of colleague engagement. They led discussions, they participated, and they listened to their team discuss local and Council-wide issues facilitated by the Council's group discussion tool, created for the 2018 public engagement on the Change Strategy and updated for 2019.

A small number of public engagement sessions were held which were aimed at older citizens (specifically sheltered housing residents) and secondary school-age children. Both of these groups have participated less in previous years engagements.

But the Council also conducted a series of ten focus groups with a diverse and representative selection of citizens to understand in detail what Edinburgh thinks about key services and how the city would react to policy issues.

This report summarises the learning from all these activities.

# Colleague and Open Public Workshops

Strategy and Communications conducted 50 workshop groups with Council colleagues and Edinburgh citizens between July and October 2019. Key facts about these workshops include:

- 40 workshop groups were held with Council colleagues. These were led by Head of Service level colleagues in general, though some were led by Executive Directors
- A key principle of these sessions was to involve colleagues, especially frontline, in discussions with their own senior managers about change and the future of the organisation and colleague sessions included time to discuss ideas and priorities for service development
- 7 workshop groups were held with the public which were located in sheltered housing complexes and deprived areas as these residents have participated less in previous budget engagement activities
- 3 workshop groups were held with secondary school pupils, in schools, as these residents have also participated less in previous budget activities
- An estimated 450 Council colleagues took part, along with 40 pupils, and 80 other citizens.

During both public and colleague workshops, participants were give information about the current financial challenge faced by the Council and took part in the budget group activity which Strategy and Communications developed in 2018 and updated to reflect changes since then.

This section of the report summarises the budget allocations made by participants, as well as colleague ideas for reducing costs, increasing income, and improving efficiency made by as part of the workshop groups.

Individual summaries of workshop feedback have already been provided to Heads of Service (as appropriate) for them to take forward and communicate back to their staff as needed.



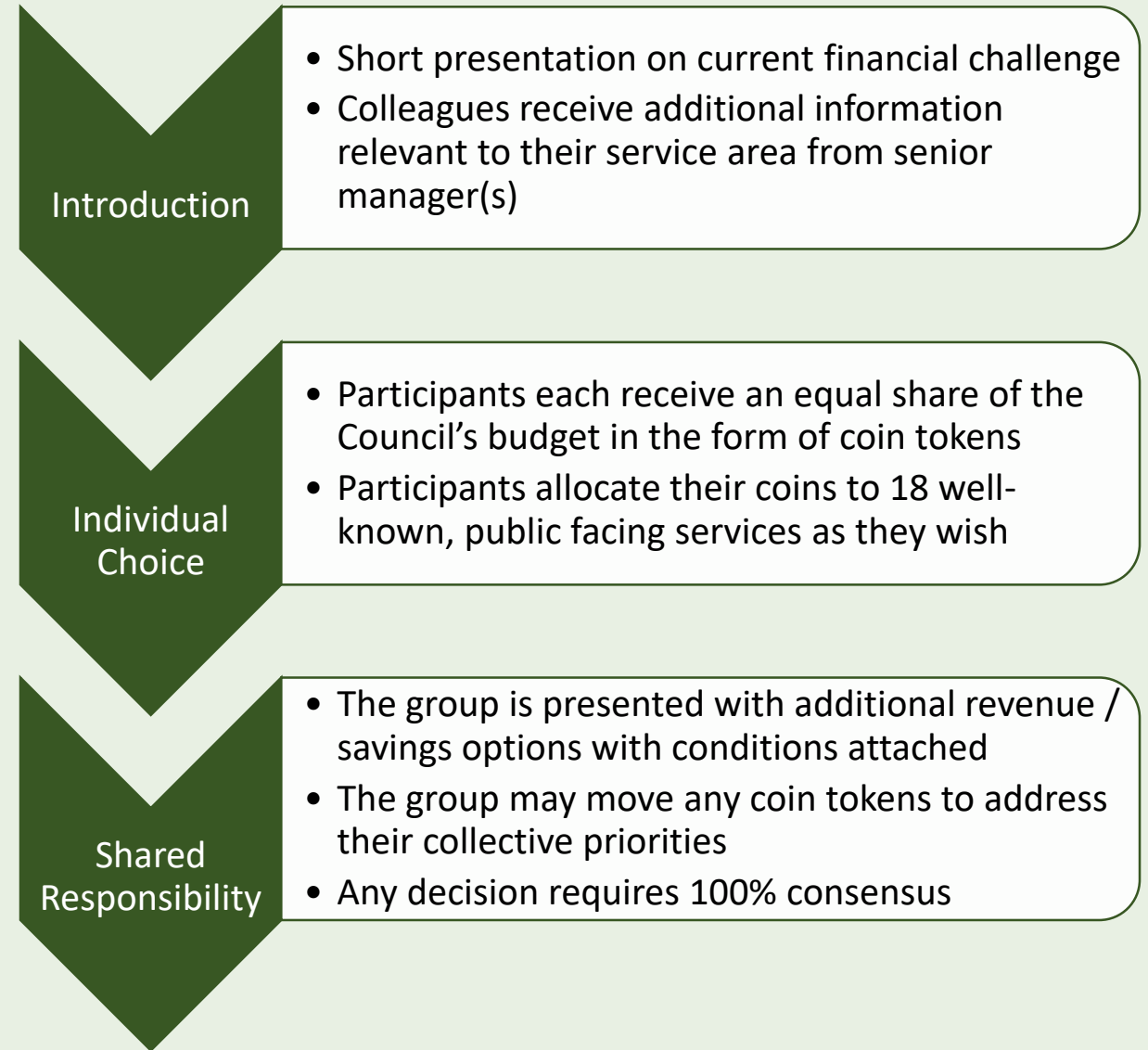
# Discussions Facilitated by Group Activity

The City of Edinburgh Council has been a leading UK authority for several years on engaging with residents about how it makes its strategic budget decisions, employing a range of electronic and in-person approaches to give citizens and other stakeholders a say in decisions that will affect them, their families and their community.

In 2018, Strategy and Communications developed a group-based discussion tool with the objective of:

- **Raising awareness** of the Council's overall financial position
- **Informing** citizens and Council colleagues about the relative levels of spending in services and the choices the Council faces in terms of continuing to deliver services that Edinburgh needs
- Enabling citizens and colleagues the opportunity to **provide useful, structured input** into the decision-making of the Council
- **Encouraging participation** in budget and change engagement activity, and in future Council engagement activities, by ensuring the experience of engagement itself was positive

Strategy and Communications employed a game-based approach to this, which balanced giving individual participants agency and a voice in decision-making alongside the need for a group to make a collective decision.



# Experience of Colleague and Public Workshops

Participants in the group activity were very positive about its design and function. Based on 498 feedback forms completed at the end of workshops, the results were:

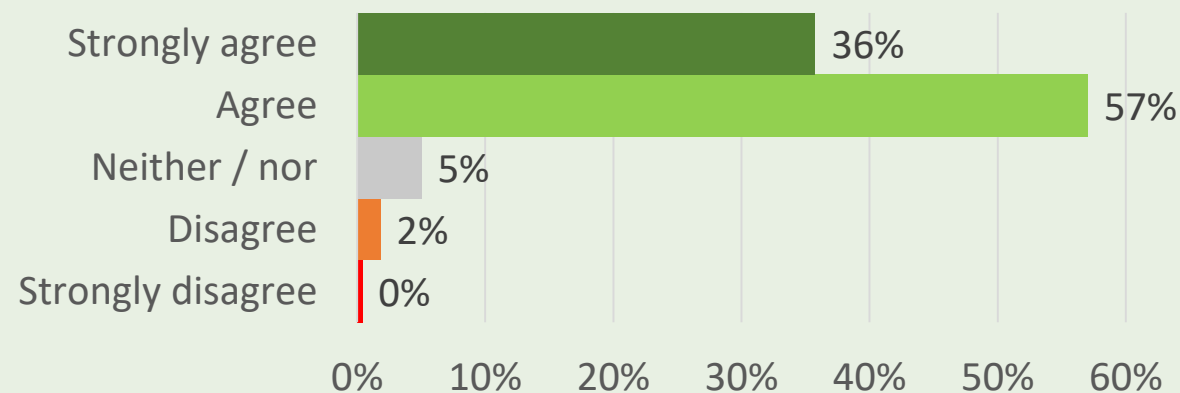
- 93% agreed that the activity was a **good way of engaging with citizens / colleagues** – 91% of public participants agreed, while 93% of Council colleagues agreed
- 72% agreed that they **knew more about the budget process** as a result of participating, 7% disagreed

• 46% of participants felt their **views had changed** as a result of participation

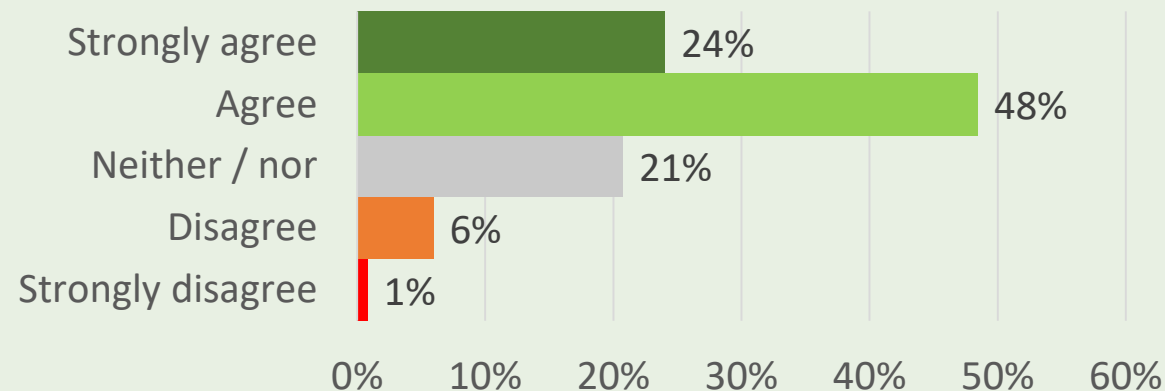
Participants were positive about the opportunities the group activity provided for meeting new people and learning about their views. They enjoyed both the individual placement of coins and the discussions with others.

Some operational issues occurred with delivery of the groups. One workshop of older residents in sheltered housing was misinformed that they were being invited to discuss waste collection and garden maintenance. School groups felt they would have been more productive if allowed to discuss the budget within their year groups, rather than with pupils of different ages.

How much do you agree or disagree that this is a good way of engaging citizens / colleagues?

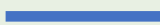




Agree / disagree: "I feel as though I know more about the budget process" (base 483)



# Budget Allocation Using Group Activity

The figure on the following page illustrates the average level of budget allocation to each of the 18 services, for all 50 workshop groups, relative to maximum allowed level of spending. Maximum allowed levels were all set slightly above current budgets to allow participants the opportunity to say they wanted to see an increase in spending.

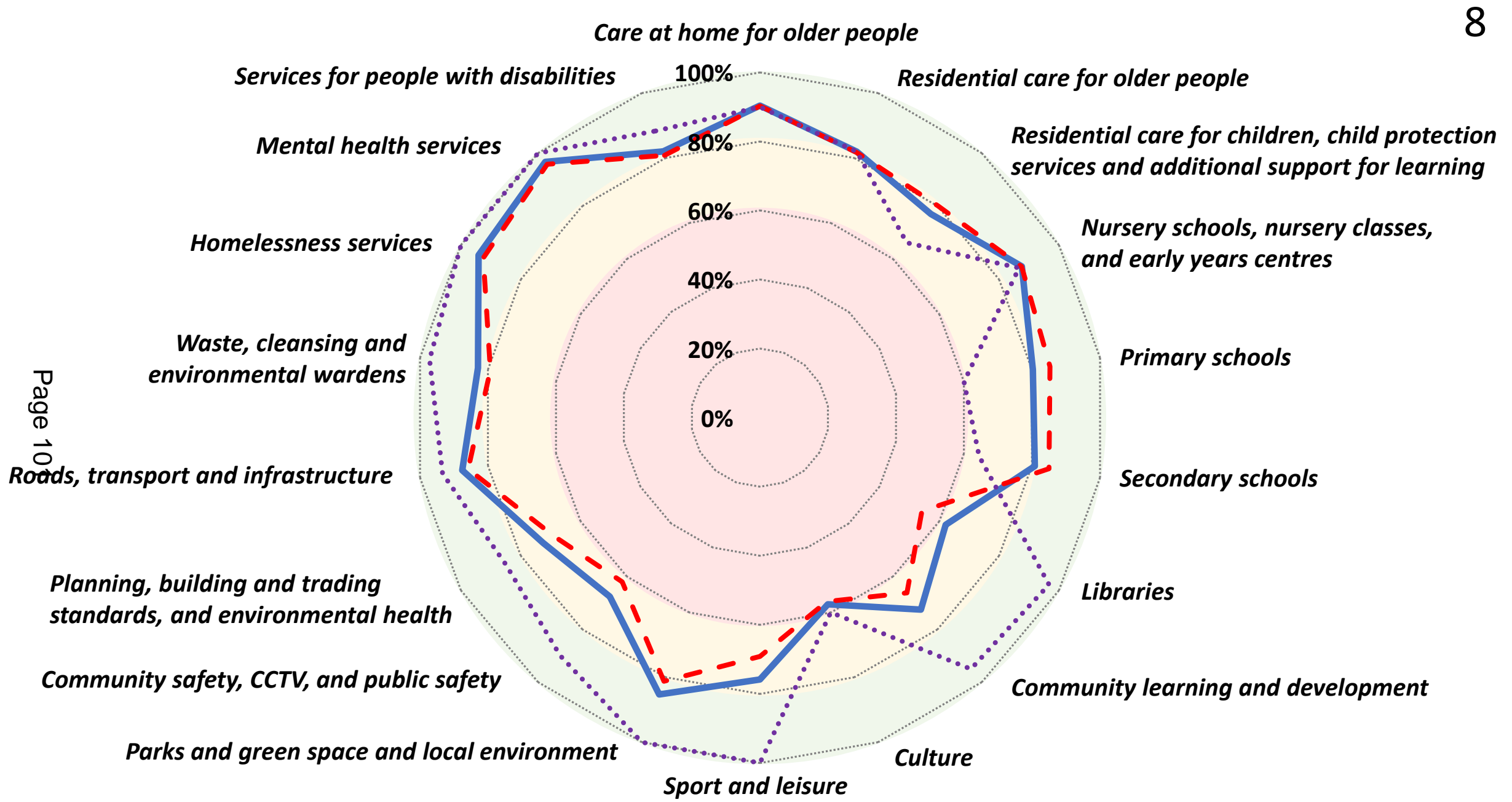
-  shows the average budgets from all workshop groups
-  shows budgets of only Council colleague groups
-  shows budgets of public (generally residents of sheltered housing) and schools groups

The table opposite shows average final budget allocations by all workshop groups as a percentage of the maximum allowed by the group activity.

Most groups felt that mental health services and homelessness required additional funding. By contrast, most groups made significant budget reductions for community safety, libraries and culture.

Service Area / Service Grouping	Budget Allocation %
Mental health services	97%
Homelessness Services	94%
Care at home for older people	90%
Nursery Schools, nursery classes and early years centres	88%
Roads, transport and infrastructure	88%
Parks and green space and local environment	85%
Waste, cleansing and environmental wardens	83%
Services for people with disabilities	82%
Residential care for older people	82%
Secondary Schools	81%
Primary Schools	80%
Residential care for children, child protection, ASL, etc.	77%
Sport and leisure	76%
Community learning and development	73%
Planning, building and trading standards, etc.	73%
Community safety, CCTV and public safety	68%
Libraries	62%
Culture	58%





As part of the group activity, Council colleagues were encouraged to suggest ideas which would meet one of three criteria and could be applied either to their own service, or to the Council as a whole. Those criteria were:

- Ideas that would generate new sources of revenue or increase existing sources of revenue
- Ideas that would make the Council more efficient
- Ideas that would reduce costs

Those ideas were noted and summaries of suggestions from colleagues were sent to their Head of Service for consideration when developing budget and change proposals.

This section of the report groups all colleague suggestions by theme, rather than by which service area suggested them.

## *Raising Revenue – Environmental Services*

- **Introduce parking charges on Sundays**
- **Increase fines** relating to waste and cleansing
- **Charge for pick-up of abandoned vehicles** – as happens in other local authorities
- **Review skip permits** – current charges for skip permits are reported as not covering the Council’s costs
- **Increased diligence in table and chair permit renewal** – some colleagues believe these permits are not always recharged at the end of a licence period resulting in lost revenue
- **Charge utilities / builders for occupying roads** and apply stricter regulation and enforcement if roads are not repaired properly. This was also suggested in citizen focus groups who wanted to see long occupation result in punitive charges
- **Implement a workplace parking levy**
- **Charge more for commercial filming** – the disruption caused by a recent film franchise was also mentioned by citizens, who felt the Council should have charged more given the expected profits of the film

## Raising Revenue – Corporate and Estate

- **Automatically move to paperless billing** and require opt-out
- **Awareness of external funding opportunities** and how to access them is low; Edinburgh misses out as a result
- **Increase rental costs on leased properties** with tougher terms for charities than currently used
- **Charge transaction fees** for all non-Direct Debit payments
- **Rent outdoor spaces for public events** similar to the Royal Parks in London
- **More enforcement of charges for businesses using parks for commercial purposes** such as gym classes
- **Set schools, libraries, etc. budgets based on income assumptions from rental of facilities, community rooms**
- **Corporate sponsorship or philanthropic naming** of Council buildings or services
- **Provide consultancy services** to other local authorities and arms-length organisations
- **Private advertising on the Council website**
- **Introduce a premium-rate number for the Contact Centre**
- **Open coffee shops in libraries** for example, by leasing space to a coffee shop chain

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## Raising Revenue – Culture and Tourism

- **Introduce a Transient Visitor Levy** – this option was widely supported by both colleagues and citizens
- **Introduce whole-property charges** for any home used for short-term lettings
- **One online Council shop** for Edinburgh material, gifts, archive services, museums and galleries shops
- **Lease Council-owned art work** that is not on display
- **Charge non-UK residents for access to museums and galleries**
- **Provide resident discounts for festivals** to encourage attendance

## Being Efficient

- **Co-locate with partners**, share operational and building costs
- **Share services with other local authorities**, e.g. forestry, building standards, finance, contact centre
- **Co-locate libraries** with community centres, schools, cafes, internet hubs, community cinemas, etc.
- **Decentralise from offices** and allow home or alternative working locations
- **Allow colleagues to buy additional annual leave days** within business needs
- **Introduce a four day week** to improve productivity, wellbeing and morale, and reduce sickness absence and travel
- **More flexible working hours**
- **Incentivise active travel during work** by cutting vehicle mileage payments
- **End policy of no compulsory redundancies**
- **Simplify procurement procedures** – current practice was felt to be burdensome
- **Internal recharging often does not work** as there are no dedicated staff to do this; this system needs to be reviewed

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## Cutting Costs

- **Explore alternatives to supply teachers** for the cover of short term illness, consider how one teacher could cover several classrooms using IT
- **Use remote-control drones for building inspections** instead of scaffolding
- **Introduce a pet fostering scheme** to avoid kennelling costs when owners need to go into hospital
- **End use of B&Bs and other short-lets for temporary accommodation**
- **Reduce / remove Neighbourhood Environment Programme** which was felt by colleagues to have delivered little benefit
- **Change attitudes to wastefulness** – e.g. use of second-hand goods
- **Reduce travel costs in education** – children should use active travel options
- **Invest in renewables** to reduce costs and provide long-term revenue streams
- **Stop accepting cash and cheque payments**
- **Reduce / stop grass cutting**

STRATEGY AND COMMUNICATIONS | CHIEF EXECUTIVE | THE CITY OF EDINBURGH COUNCIL  
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# Finance and Resources Committee

10am, Friday, 6 December 2019

## Change and Budget Citizen Focus Groups Report

Executive/routine  
Wards  
Council Commitments

### 1. Recommendations

---

- 1.1 Notes the summary of focus groups undertaken.
- 1.2 Notes the report will be included as part of the budget papers for Council in February.
- 1.3 Note that further detail will be provided as to how this detail is reflected within budget proposals as part of the Budget and Change Strategy Report to Finance and Resources.

**Andrew Kerr**

Chief Executive

Contact: David Porteous, Strategy Manager (Insight)

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## Change and Budget Citizen Focus Groups Report

### 2. Executive Summary

---

- 2.1 This report summarises the focus groups on service change and budget prioritisation conducted with citizens from September to October 2019. The full report on the findings is included as an appendix.

### 3. Background

---

- 3.1 Local authorities face increasingly difficult decisions about which services to provide and how to provide them, driven by national budget decisions, demographic change, and responding to the challenges of climate change. Edinburgh is a leading local authority on engaging on budget decisions and the Council's 2019 Change and Budget Conversation represents a further innovation in our approach for citizens. In the absence of clear, easy choices, the Council has made additional efforts in recent years to ensure that engagement is positive, educational, guided by the things participants want to say about the Council's budget. The Council has also made efforts to design and conduct consultation and engagement events in ways that are a constructive and enjoyable processes.

### 4. Main report

---

- 4.1 Strategy and Communications conducted 10 focus groups with citizens in September and October 2019. All used the Council's group engagement tool for budget discussion, developed in 2018 and updated in 2019.
- 4.2 Citizens felt the Council should spend more on mental health and homelessness, with a general belief that homelessness was a bigger problem in Edinburgh than previously.
- 4.3 Citizens wanted the Council to prioritise: radical new house building; care for the elderly; and improved maintenance of parks and other public spaces. There were also unprompted suggestions for income included introducing a transient visitor levy and a 'congestion' charge.



- 4.4 Citizens were divided on potential Council Tax increases, though most would be willing to pay more providing their priorities were addressed and would resent 'paying more and getting less'.
- 4.5 Citizens generally invested less in education in order to increase funding in care for older people and environmental services.
- 4.6 Citizens did not favour the disposal of any historic buildings unless specific criteria were met: assurance of maintenance; lease rather than sale; community use and access; and not to be used as a hotel or similar tourist accommodation.
- 4.7 Further detailed findings are included in the appendix.

## **5. Next Steps**

---

- 5.1 As set out in the October Finance and Resources Committee paper There are no plans for a further formal consultation on the budget. Budget proposals which have substantive impact on citizens and have not been previously subject to discussion will require consultation prior to implementation. This is likely to take place following the budget decision to provide sufficient time for informed consideration.

## **6. Financial impact**

---

- 6.1 All costs were met from within existing budgets. The total cost of communications and focus groups was £12,639 (including colleague and open citizen group engagements).

## **7. Appendices**

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Citizen Focus Groups Report

# *Change and Budget Conversations*

A SUMMARY OF GROUP DISCUSSIONS WITH CITIZENS  
IN SEPTEMBER AND OCTOBER 2019

# Executive Summary

Strategy and Communications conducted 10 focus groups with citizens in September and October 2019. All used the Council's group engagement tool for budget discussion, developed in 2018 and updated in 2019.

## In summary, these groups said:

- Citizens felt the Council should spend more on mental health and homelessness, with a general belief that homelessness was a bigger problem in Edinburgh than previously
- Citizens wanted the Council to prioritise: radical new house building; care for the elderly; and improved maintenance of parks and other public spaces. They were supportive of introducing a transient visitor levy and a congestion charge
- Citizens were divided on Council Tax increases, though most would be willing to pay more providing their priorities were addressed and resented 'paying more and getting less'
- Citizens did not favour the disposal of any historic buildings unless specific criteria were met: assurance of maintenance; lease rather than sale; community use and access; and not to be used as a hotel or similar tourist accommodation

Page 11

# Introduction

2

Local authorities face increasingly difficult decisions about which services to provide and how to provide them, driven by national spending choices, demographic change, and climate change. Current approaches to work, travel, care, and education are unlikely to survive the next decade and local government cannot afford to lag behind.

But as decisions become more difficult, meaningful engagement with citizens becomes more important and harder to achieve.

In the absence of clear, easy choices, the Council has made additional efforts in recent years to ensure that engagement is positive, educational, guided by the things participants want to say about Council spending and priorities rather than driven by specific Council led questions.

The Council's 2019 Change and Budget Conversation represents a further innovation in our approach for citizens. The group-based exercise more closely resembles the conversations that people would naturally have about local government services, and provides an opportunity for a stimulating exchange of views between community members which many participants found valuable and enjoyable.

# Citizen Focus Groups

Strategy and Communications conducted 10 focus groups with citizens of Edinburgh. All groups were audio recorded for accuracy. Key facts about the make-up of the focus groups include:

- **113 people were involved in total**
- Participants were recruited to ensure they were, collectively, representative of the population of the city
- 12 individuals were invited to participate in each group with a target of 10 participants being an ideal number
- Participants were **evenly split between men and women**
- **All were aged 16 and over, with 25% of the sample aged 16-24, 25% aged 25-44, 25% aged 45-64, and 25% aged 65 or over**
- **25% of participants were recruited each from Socio-Economic Groups (SEG) A+B, C1, C2, and D+E.** This is similar to the overall population of Edinburgh.
- Participants came from a **broad geographic spread across the city and included a range of ethnic and national backgrounds**

During focus groups, citizens were provided with the same information as staff and asked to complete the same group exercise. Citizens were asked questions based on their choices throughout the group activity – guided by those services which each focus chose to increase or reduce funding to.

In this way, groups were always discussing issues that were of interest and relevance to them – either because they saw them as essential or because they felt they were unnecessary.

The following summary of citizen feedback includes extensive verbatim quotes which are typical of discussions, as well as ideas and suggestions put forward by citizens themselves.



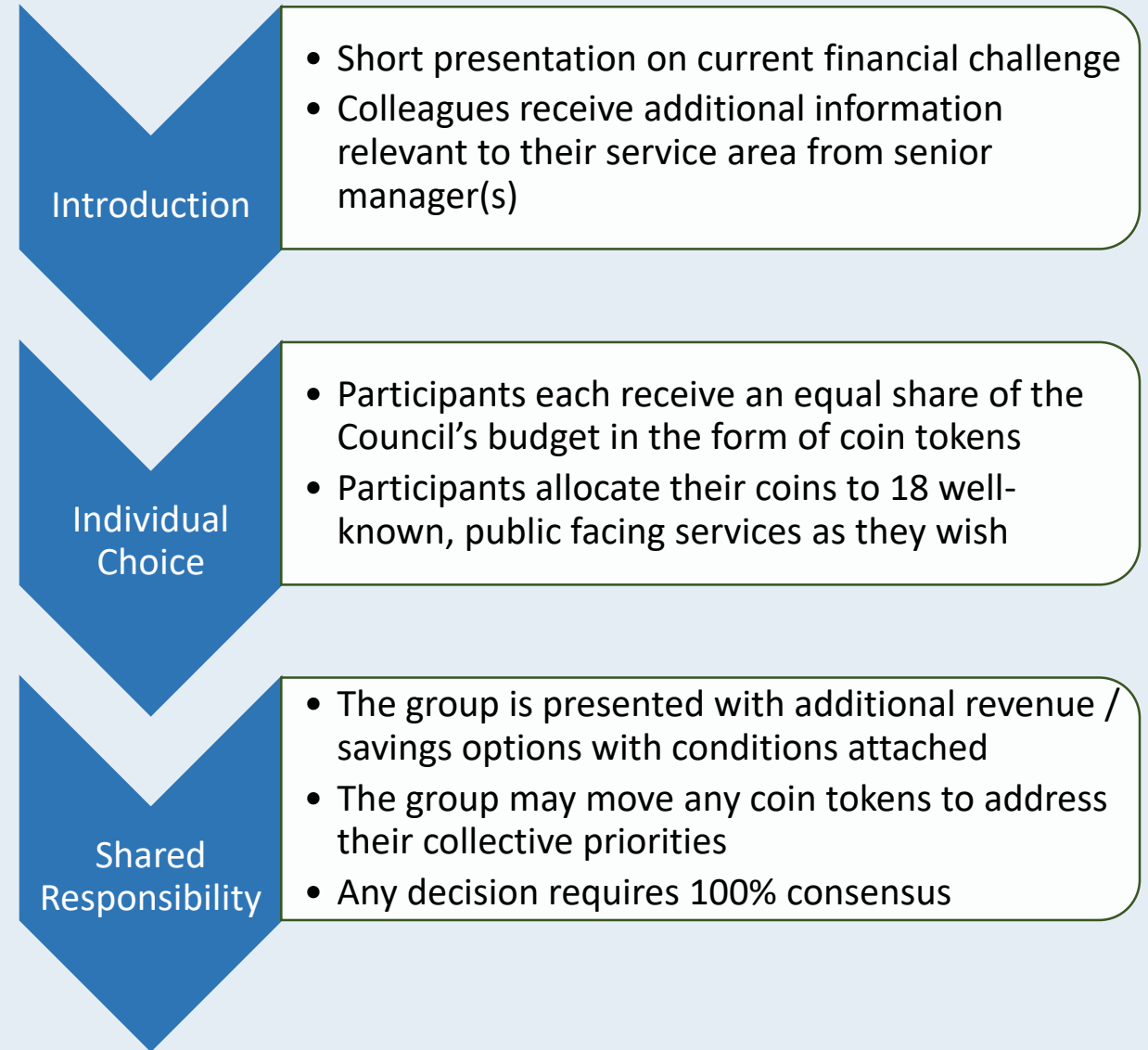
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In 2018, Strategy and Communications developed a group-based discussion tool with the objective of:

- **Raising awareness** of the Council’s overall financial position
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- Enabling citizens and colleagues the opportunity to **provide useful, structured input** into the decision-making of the Council
- **Encouraging participation** in budget and change engagement activity, and in future Council engagement activities, by ensuring the experience of engagement itself was positive

Strategy and Communications employed a game-based approach to this, which balanced giving individual participants agency and a voice in decision-making alongside the need for a group to make a collective decision.



## Raising Revenue

- **Tourist tax** – some believed this had already been introduced
- **Congestion charge** – though cost of public transport is a concern for families
- **More speed cameras** and restrictions around schools to deter car drop-offs and pick-ups
- **Student accommodation charges** of £1 per room, per night or students to pay Council Tax
- **Road hire charges** for long occupation by utility companies and large fines for utility companies who don't reinstate roads properly
- **Charge non-UK visitors** for entry to museums and galleries

## Improving Efficiency

- **Deposit-return scheme** for single-use plastics to increase recycling and reduce litter
- **Simplified domestic waste recycling systems**
- **Targeting subsidies for sports and leisure** to those who can't afford to pay, with citizens being enabled to access private facilities
- **Better out-of-hours access to school sport and leisure facilities** by young people and communities
- **Faster arrangement of care packages** to get older people out of hospital and back into their homes where possible
- **Merging libraries** with other community facilities and opening school libraries for use by the public

## Prioritising Spending

- **Radical new house building** to increase supply, reduce costs and tackle homelessness
- **Youth programmes** prioritised over community safety and enforcement
- **More officers** instead of more CCTV cameras
- **Better maintenance of parks** and playpark equipment, more evenly distributed across Edinburgh communities, and increase bins in parks
- **Care for older people** in their own home and in dedicated care facilities – recognising that everyone has to pay more to ensure everyone enjoys dignity in their old age

## Opposed

*"There must be other ways."*

*"I think people are struggling as it is."*

*"Me and my husband pay the same Council Tax as my children, and they're both working... we've only got our pensions."*

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*"Some of the services we used to have... aren't there anymore. You don't get your lighting fixed in the stair anymore and at the moment I'm organising to get that privately fixed."*

Citizens recognised the value in Council services and felt that national governments often left local government with tough choices in relation to which services to prioritise with insufficient resources. Some felt they would struggle to see how any increase in Council Tax would be affordable as their own incomes had not kept pace with other costs. Others wanted to see the Council make specific commitments for additional taxation which would result in observable improvements in the quality of services they received.

## Conditional

*"I think I'd be happy to increase Council Tax more if I knew what it was going to."*

*"You wouldn't mind paying it if you thought it was actually going to be beneficial. There is the perception amongst the population I know that there's a lot of money wasted."*

*"I don't mind paying it if everything's getting done, but I do grudge paying it if the streets and the potholes and everything are going to be the same as they are now."*

## Supportive

*"[The Council Tax freeze] was wrong... I'm not anybody to pay more tax than I have to, but something like that to cover... the increasing stress on Council services... I don't see why we shouldn't pay more and it's cost us a lot to lose ten years of 3% increase."*

*"You're paying for it through increased damage to your car because there's less money being spent on road maintenance. What you don't pay in Council Tax you pay elsewhere."*

*"It depends what kind of society we want to live in. If we want all these things, we have to pay for them... If you listen to the Scottish Government 'we want to have a Scandanavian system' whatever, but nobody will turn round and say 'we want to pay fifty percent tax'."*



## Opposed

*"They belong to the people of Edinburgh and not the Council."*

*"I don't like the thought of selling stuff that was gifted to us."*

*"The whole ethos of the city is based on culture."*

*"Edinburgh doesn't need any more hotels."*

*"You can only sell these places once."*

## Conditional

*"If there are buildings that aren't being used... there's no reason why they shouldn't be sold on, but there would have to be some kind of barriers to ensure it was for public good."*

*"Could you not sell them off giving priority to community interest companies?"*

## Supportive

*"I know a particular housing association who downsized and most of their employees are now working from home... it could benefit the workers with more flexibility."*

Citizens were generally opposed in principle to the sale of historic buildings, and were also opposed to any specific examples of public buildings suggested. They believed that the Council was a custodian of these shared assets and did not have discretion to sell them as it wanted. A major area of concern was how buildings would be used if sold, with very negative views attached to the hotel sector.

Making long-term leases of buildings was considerably less controversial than outright sale, but citizens would still expect to see these leases be to worthy organisations such as community groups. The historic nature of buildings was a key consideration in public deliberations – citizens were not concerned about what the Council did with buildings such as Waverley Court.



*"I had some friends up this weekend and they were helping to clean up and I said 'no, no, no - that doesn't go in the main bin, we have a food waste recycling bin' and that was a revelation to them... I love what Edinburgh's doing, I think a difficulty with it is the complexity of it - do your yoghurt pots go in the recycling or not? The bottom goes in, but the lid does not... you just pick something up and you want to know where to throw it."*

*"I work on Lothian Road and the bins from the shops... they just dump their stuff. I don't even think the Council collect them, I think they pay a private [collector] to come round... You walk down Lothian Road or Tollcross... it's just rammed with rubbish. It's not the Council's fault necessarily... but it's not a good look."*

*"You've got to have a bin strategy for your household because the services that are provided just aren't on it. When our kids were really young and our house was full of nappies it was just impossible."*

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Citizens tended to fully fund these services and were clear that domestic waste, street cleaning and wardens were all important. There was a strong belief that streets in their neighbourhood were cleaned to a reasonable standard, but more mixed views on the city centre where overflowing bins and trade waste had a big impact on their view of how clean the city was. A minority were in favour of direct charging based on weight of household waste, but most strongly opposed any further 'brown bin type' charging.

Citizens advocated for:

- **A deposit-return scheme** that covered single use items, which they felt would discourage littering or incentivise some people to collect bottles and cans
- **Better information** about what could be recycled and where, with single bin recycling collection being preferable



*“If you look at some of the parks in different parts of Edinburgh... and you see the difference in the way the parks are maintained. If you go to Morningside... the parks are all top notch. If you come further down, if you come to nearer Leith and you come to Pilrig and further into Craigmillar or whatever and everything just goes downhill and things are just left to rot.”*

*“A lot of the parks are also partly maintained by volunteers and that makes a huge difference.”*

*“I wish they would put more bins back in parks, because really solving the dog rubbish issue is not just take all the bins away so the rubbish won't happen. That's what's happened round our way... The bin men can't walk of course, they have to drive to it, so they took all the other bins away.”*

*“When I was bringing up my children, it's a safe place; it's a nice place... I have a dog that I walk... on the waterfront and I'd like it to remain as nice as it is as the moment.”*

Citizens were frequent park visitors and parks strongly influenced their feelings about the liveability of an area. There was surprise at how little was spent on parks and a belief that playparks were disappearing and maintenance had reduced. Some were very critical of ‘rewilding’ approaches, which they felt worsened the look of the city. There was a belief that parks in better areas enjoyed higher standards and this was unfair. While it was felt volunteers did a valuable service, including by fundraising, they were concerned about coming to rely on them for maintenance instead of the Council.

Citizens advocated for:

- **More bins in parks** to combat dog fouling. Many had encountered dog waste bags left unattended and they felt this was worse than not picking up after the dog, since it prevented waste from biodegrading.



*“The only way bikes and roads can work together is if bikes are separate from roads. It is too dangerous... On Leith Walk all the way to the top there's a separate avenue now for bikes... that's brilliant... at least you've got one section of the city that's car-free... it's a start.”*

*“I feel like in Corstorphine and Leith way, you've got such good transport... whereas if you're going out towards Gilmerton and the Royal Infirmary... they've got the worst bus service ever... and that's where everyone's moving 'cause it is cheaper to live out there.”*

*“There's nothing worse than you watching utility companies dig holes in the road, fill them in and then a week later they've got to be repaired by someone else... I've seen the same hole dug up ten times and it's never done properly... We pay for all these utilities. We're getting charged twice for the same thing. We're paying for utility companies - they're making the profits - then they dig up holes in the road and we have to pay for them to get repaired properly again - and that infuriates me.”*

The condition of roads was a major annoyance for some citizens and as a result this service was often fully funded. There was consensus that Edinburgh was moving in a 'no-car' direction. While more central residents felt people did not need to own a car, those in peripheral areas and shift workers felt it was essential to avoid long public transport delays.

Citizens advocated for:

- **More speed cameras** to raise revenue, and further measures around schools to discourage parents from dropping off their children by car
- **More restriction and charging of utility companies for roadworks** – it was felt the quality of repairs done by utility companies was poor and residents paid for repairs twice
- **Congestion charging** was supported even by drivers, but access and affordability of public transport (inc. trains) was a concern for many with families that relied on cars



*"I'm thinking more about organised children's sports, so getting kids playing football, rugby, whatever - getting them out ... the more money you spend there the less they're smashing up greenhouses or whatever else they do... gets them away from computers... The schools have now got these astro pitches and if a team's not paying £100 the gates are locked. I understand if a team's booked it they should get priority, but why not lets kids play on it if there's not."*

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*"The adults in these services are role models for a lot of these kids."*

*"The more you encourage young people to be outside, getting active, it's good for their health, it's good for their mind. The long term savings in terms of health... Immediately it's good for them and in the long term it makes sense too. It's a good thing to have for society - health, active people."*

*"I think it's a sector where the market... it's improved the choice there. Leisure centres and things, there's lot of them all over the place now, and I think could be given free to people that need it and could benefit... but I think about my local Warrender Park swimming baths - people can afford to be in there."*

Sport and leisure was seen as strongly linked to many other areas of public priority including active travel, community policing, and mental and physical wellbeing. Sports centres were also seen as providing non-sports community facilities.

Citizens advocated for:

- **More targeted subsidy** based on income or need, with the private sector providing many facilities rather than the Council or Edinburgh Leisure, and more activities for young people
- **Better out of hours access to school sport and leisure facilities** for communities, with free access for young people but paying users given priority





*"I've lived in Edinburgh all my life... I'm sure everyone has and I've walked home late at night and have never felt threatened. I would rather see police on the street, I would rather see police walking around, community Police officers and things like that... I think with the CCTV... it's a really expensive thing to have and I think there are other things that are better ways of doing it... better lighting in the street and if an incident happens then it needs to be more robustly dealt with."*

*"[The housing association] charge people when their kids destroy things. One of the kids broke something in the park by kicking it - on purpose; it wasn't an accident - so they took a bill round to the kids parents and they had to pay and it got fixed."*

*"I feel like CCTV helps when things are going wrong but it doesn't help the root causes."*

*"A lot of the CCTV's in the city centre... I got a car broken into, the supposed CCTV cameras weren't turned on."*

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Many groups made significant cuts to these services as a result of generally feeling safe in Edinburgh and some having personal experience of CCTV, police and community safety failing to deliver on expectations. CCTV was perceived to be often not working or looking the wrong way, but its supporters felt the police were too slow to respond, whereas CCTV provided evidence. It was felt that public safety should, wherever possible, be fully paid for by event organisers and passed on to ticket prices if necessary.

Citizens advocated for:

- **Shifting funding into programme for young people** who were often felt to be responsible for vandalism and anti-social behaviour because there was nothing else to occupy them
- **More officers** instead of more cameras, though existing cameras should certainly be operational
- **Charging those responsible**, whether this was businesses organising events or individuals who had caused damage to public property

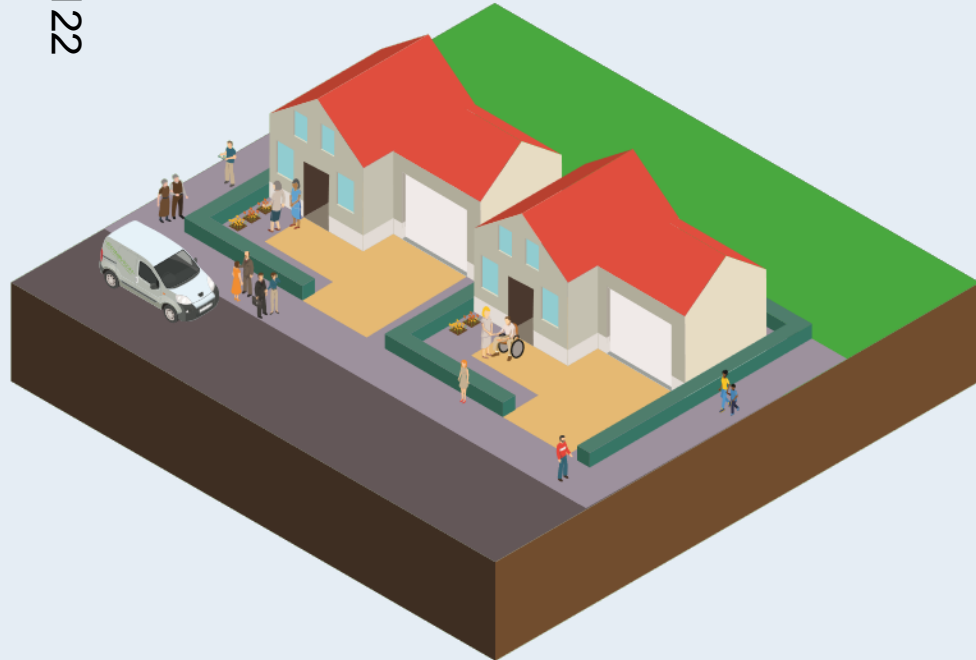


*“The idea of homelessness is people sleeping on the streets, but there's loads of people who don't have a permanent address.”*

*“The Council needs to start thinking outside the box... you've got to start thinking different ways, like the social bite, or modular housing which has taken off in some other parts of Europe. It's a cheaper way of getting houses up quicker for families and older single people, which is becoming a rising thing.”*

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*“I'm a student so I'm part of the problem... The rate that especially the University of Edinburgh has expanded over the last few years is completely unsustainable... Rents, especially in the centre, have gone up so much in the last few years for students, but obviously that means there's fewer and fewer houses for the rest of the population... Now students are being forced to pay £500, £600 for a room in the city centre... a lot of students who come here can afford that, that's fine for them, but it means everyone else is getting pushed farther and farther out... It's not really working for students or the rest of the population.”*



Citizens generally fully funded homelessness services. There was a strong belief that homelessness had become worse in Edinburgh over time and this was linked to high housing costs and limited supply of all housing, but especially Council housing. There was criticism of the EdIndex letting system, but this appears to be due to long waiting periods and limited choice.

Citizens advocated for:

- **Radical new house building** to provide affordable homes quickly
- **More charges for student accommodation** – such as £1 per room, per night for student housing, or for overseas students to pay Council Tax
- **Better access to mid-market rental** – while the idea was popular, providing references and demonstrating income were barriers for some

*“There's a lot of museums and galleries in Edinburgh and the Edinburgh ones which are run by Edinburgh Council clearly lack investment and therefore aren't that appealing to go into. There's a good exhibition at the City Art Centre at the moment, it's a paid exhibition, but apart from that, the ones you go further down the hill - the Museum of Edinburgh, the People's Story - those two, it feels like something hasn't been touched in there in about twenty-five years.”*

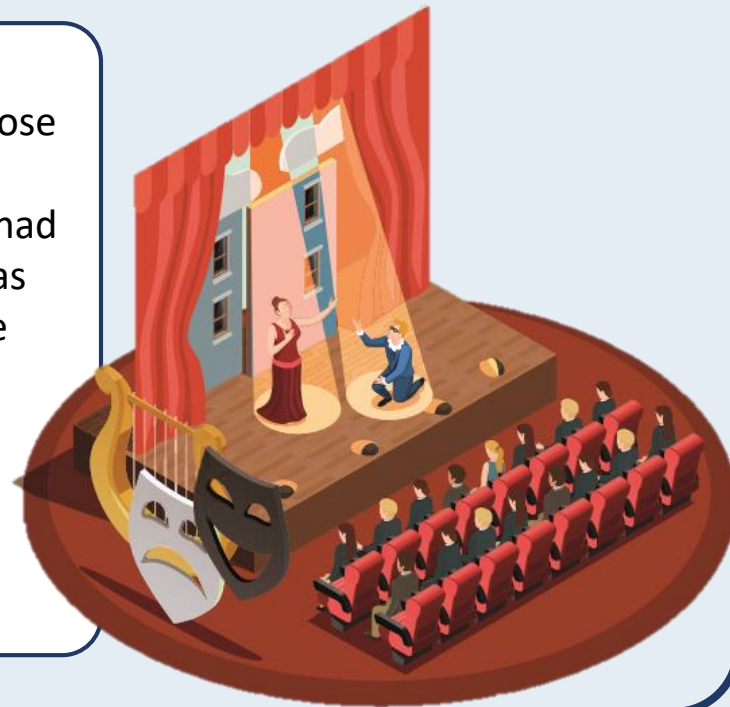
*“I'd be interested to know how much is spent to keep [museums] open when the retail stores inside them bring in very little - you know £50 a day, £100 a day if you're lucky - that doesn't even cover one member of staff... never mind visitor assistants... if you were to close that building that would save a lot of money.”*

*“There are so many people that when you've taken them once to see something like that, it becomes something they want... Once they've been, they know that it's for everybody.”*

Culture funding was generally reduced by citizens. Alongside a low awareness of what Council provides, there was a strong belief that large cultural events should be self-sustaining, and that those who were interested in cultural activity could generally afford to pay for them without any public subsidy. Council museums were compared unfavourably to the national collections by those who had visited, though most citizens were unaware of many of the Council's museums. However, there was great affection for the Museum of Childhood and a belief that once citizens were exposed to more cultural activity they would value it more.

Citizens advocated for:

- **Introducing a tourist tax** and ensuring other tourism related businesses were paying their way
- **Charging non-residents a nominal sum for entry** to museums and galleries. While charging any UK residents was strongly opposed, some tourist contribution was acceptable.



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*“Libraries are more than libraries now... it's not just a place to borrow a book, it's the activities that go on round the libraries. What I'm saying is that it shouldn't be a library anymore, it should be a community centre.”*

*“The local library... actually it's quite a mess, they don't even allow people to use the toilet... when I go there, on the few occasions, only to print out stuff may I add because I do everything else at home... it's like the workers there are childcare as well.”*

*“It's a free, accessible space for anyone in the community to go where you're not obliged to hand over money to be there... it's not a private building owned by a private company - it's a public resource.”*

*“I work at Stockbridge and I pass the library and I've very rarely seen it open... I've never been in it.”*

*“You can find everything online.”*

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Citizens generally made large cuts to libraries. Most citizens had not recently been to any library in the city and did not believe that libraries offered any services they would personally need. There was a belief that book lending had been made obsolete by a combination of factors including online resources, low cost of books, and the easy affordability of second-hand books to buy. However, there was strong belief that libraries currently functioned as much valued community facilities for other purposes, which citizens traditionally associated with community centres.

Citizens advocated for:

- **Merging libraries** with other local facilities such as community centres
- **Opening school libraries** to the public to save money



*“My mother-in-law died six weeks ago and she initially had a home in sheltered housing, but it got to the stage where she couldn't look after herself... She had carers coming in four times a day which was fantastic, but it got to the stage where she couldn't do anything.*

*“She had to wait on the carers coming. She had to wait virtually to somebody died in a nursing home before she got a place. She was only in it for five weeks before she died. She had to wait because there was no space available... It was like a conveyor belt, you know?”*

*“The day she died the nurses were actually collecting stuff while she was still lying and my wife was sitting with her. She was still lying there on the bed and the nurses were putting her stuff in bin bags to get it all moved out because somebody needs that bed. It seems cold hearted but that's the reality. You cannae blame the nurses, because that's the way things are.”*

**“There's lots of old people round our way who are being looked after at home by carers. I'm walking the dogs at half-six, seven o'clock in the morning and they're getting these old people out of their beds, into their clothes, giving them their breakfast.**

**“They're plonking them into their sitting rooms, going away and leaving them, and that's them – stuck in that room until someone comes at lunchtime to do the next turnaround. They'd be far better off in a home with things going on.”**



*“When I just got married, it was normal for our older folk to be cared for at home, you just wouldn't dream of sending them to a home...”*

*“But now the culture's changing in our society as well - the Sikh community, before they even get married they want to know where the elders are going to stay, who are they going to stay with... in those days we all cared for our old folk at home...”*

*“I was the youngest daughter in law and I had my mother-in-law for twenty-eight years... It just didn't enter your mind to think that she would go elsewhere.”*

*“It can't just be about what's most cost effective - there's got to be an element of what people want... A lot of people will want to stay at home, in their own home for as long as they can.”*

*“The elderly have paid into the system all their lives... my husband and me have paid in, we've worked all our lives... Why, at the end of the day, do we have to lose out?”*

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Citizens tended to fully fund or close to fully fund care for older people and most knew someone currently receiving a service or were concerned about needing this service themselves. Citizens believed it was important to give older people choice, but questioned whether care at home was sustainable or really provided older people with increased freedom or dignity.

Citizens advocated for:

- **Faster arrangement of care packages** to enable older people to be moved out of hospital quickly
- **More staff dedicated to getting older people out of hospital** and back into their own home, wherever possible
- **More funding for elder care**, recognising that everyone expects to live longer and these costs should be shared

*“I had a problem with my mum getting a care package... she spent most of her time in the hospital... she was well enough to be at home, there just wasn't enough money into the care package... About six months and then they did put a care package in place and then she had a fall and she got taken back to hospital...”*

*“It's strange, the Council took that care package away because she was in there for three days, then she had to stay in for another couple of months.”*

**“At the end of the day we're all going to get old... and if it means a government comes out and says we need to put up tax by three pence in the pound but it'll all go to care for the elderly, we'll need to face up to that.”**



**“Teachers are under increasing pressure, overworked and underpaid. I've got friends who are teachers who are working sixty or seventy hour weeks - it's crazy.”**

**“You can see how much schools... and the teachers in schools have been affected by the fact that they don't have learning assistants... those cuts are affecting how they perform in the schools.”**

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***The only way western economies can survive is by education. We can't compete with Brazil or China on labour costs.”***



***“You can't build a school in a week... the one at Portobello is an old, old building and there ins't room, physically, to have any more children and there's loads of people moving into Portobello... I don't know what you do... The new St John's they've just built isn't big enough for the amount of children that want to go and I don't think Portobello High School is either, because the council never have the foresight to see that actually you should have extra space, rather than building for the number you have at that point.”***

Though citizens felt that primary and secondary education were important, these services generally had large reductions in their budgets. Citizens were unwilling to reduce funding for services such as roads, waste collection and especially care for the elderly to fund education.

Citizens were concerned about existing school buildings, but worried the current schools were too small and low quality as a result of bad planning, and questioned whether the location and catchments of new schools had been influenced by local 'snobbery' rather than what was best for Edinburgh's young people.

Pressures on teachers and teachers buying supplies out of their own pocket were also concerns for citizens, and they felt that reductions in non-teaching posts had impacted on the quality of teaching.

**“It's so much more efficient to put money in earlier. If you put money into the first eighteen months, two years of people's lives, that's more efficient than putting it secondary schools... If primary is underfunded and early years is underfunded, there's less chance in recouping that loss in people, that gap later on.”**

***“I have friends who work and they do private nursery, which is £1,000 a month, which is ridiculous. If you're unemployed you get free nursery... If you're unemployed you're actually home, so I don't know why you're getting free nursery places.”***

**“If parents are able to access better pre-school, nursery provision then you see your tax revenue increase... A lot of this is about helping people try to be in work... so you can be in work for the whole day.”**

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Citizens generally reduced funding to nurseries. Some believed that care of young children was the responsibility of parents and that childcare should not be state funded. In particular, some felt it was unfair that people who were unemployed received free childcare hours, since they were at home anyway.

Attitudes towards this service may have been influenced by lack of personal experience. Most citizens do not have children in nursery and older citizens will not have attended nursery themselves, and may not have sent their own children to nursery schools.

However there was also a strong belief that early years education was disproportionately beneficial – that money spent on early education gave better returns than money spent on education in later years.



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# Finance and Resources Committee

10.00am, Thursday 6 December 2019

## Workforce Dashboard

Item number	
Executive/Routine	Routine
Wards	
Council Commitments	

### 1. Recommendations

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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

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## Workforce Dashboard

### 2. Executive Summary

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- 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 August 2019.

### 3. Background

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- 3.1 The dashboard reporting period is August 2019. Comparison is made to the previous dashboard reporting period, June 2019.

### 4. Main report

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- 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 reduced this period by 117 FTE to 14,684 FTE, and the basic salary pay bill increased by £2m to £441.5m. Workforce FTE and pay bill trends are shown in Figures 1 and 2.
- 4.4 Figure 3 shows the change in FTE for the Local Government Employee (LGE), Teaching, Chief Official and Craft Apprentice groups between June 2019 and August 2019. The LGE group increased by 34 FTE and the Teaching group increased by 81 FTE in the period.
- 4.5 Figure 4 shows the change in Directorate FTE between June 2019 and August 2019. There was a notable increase in FTE (up 161 FTE) in the Communities and Families Directorate.
- 4.6 Permanent contracts increased by 104 FTE, Fixed Term Contracts (FTCs) increased by 47 FTE, acting up and secondment increased by 1 FTE and apprentice/trainee contracts decreased by 6 FTE.
- 4.7 The annual cost of permanent contracts increased by £2.7m and FTCs increased by £700K. The cost of acting up and secondment arrangements decreased by £1.4m, and the cost of apprentices/trainees decreased by £119K.
- 4.8 The cost of organisation new starts was £10.3m and the cost of leavers was £6.1m.
- 4.9 The spend on Working Time Payments (WTPs) decreased by £6K to £726K.
- 4.10 Figure 5 shows longer term Local Government Employee workforce change, between June 2015 and August 2019 (i.e. before and after Transformation).

### **Flexible Workforce**

- 4.11 In the period, this workforce was equivalent to approximately 974 FTE. The associated costs for this period decreased by £1m. (Figure 6).
- 4.12 The spend on the agency workforce decreased by £800K and cost the organisation £1.8m in the period. Of the total spend, 96% is attributable to the primary and secondary agency suppliers, whilst 4% relates to off-contract spend. The agency workforce this period was the equivalent of 638 FTE, with an average monthly workforce of 616 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 £248K this period, predominantly in the Schools and Lifelong Learning service. The casual/supply workforce this period was the equivalent of 118 FTE, with an average monthly workforce of 195 FTE (12-month average). The casual/supply cost trend is shown in Figure 8.
- 4.15 The total cost of overtime this period was £690K, down £50K since the previous period. A breakdown of the spend by overtime “type” is detailed in Figures 9 and 10. Around 68% of the spend was made at the enhanced overtime rate, <1% was paid at the public holiday rate, 14% was paid at plain time, and 10% related to call-out hours. The overtime/additional hours worked this period was the equivalent of 219 FTE, with an average monthly workforce of 259 FTE (12-month average),

callout hours excluded from FTE reporting). The overtime cost trend is shown in Figure 11.

### **Displaced Workforce**

- 4.16 The total number of employees on the redeployment register has increased by 1 individual since the last period. Of the 34 employees currently displaced; 4 are planned leavers, 22 have been temporarily redeployed and 8 are not currently redeployed into a temporary solution but are carrying out meaningful work in their former service area. The funding arrangements for the total displaced FTE is as follows; 20.6 FTE are corporately funded; 9.0 FTE are funded by their service and 2.0 FTE are funded externally.
- 4.17 Of those corporately funded; 9.2 FTE are currently redeployed; 7.4 FTE are not currently redeployed and 4.0 are leaving on VR. 13.6 FTE of the corporately funded FTE have been on the redeployment register for longer than 12 months and 7.0 FTE for less than 6 months.
- 4.18 As at October 2019, £143,693 of salary costs have been saved from redeployment costs, as a result of colleagues securing alternative employment within or outwith the organisation.
- 4.19 With an ongoing focus on reducing costs across the Council we have asked for support from Executive Directors and their Heads of Service to ensure that line managers commit to try and find suitable alternative roles for those on the redeployment register. Equally, recruiting line managers are actively encouraged to consider committing to training and support to help employees on the register to reach the required standard for particular roles.

### **Absence**

- 4.21 In the period the monthly absence rate (reflecting days lost to absence in August 2019) decreased from 4.92% (June 2019) to 4.47% (see Figures 12, 13 and 14). The monthly absence trend for 19/20 is like that observed 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.

## **5. Next Steps**

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- 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**

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- 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**

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

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

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- 8.1 Workforce Control Report and Dashboard to Finance and Resources Committee on 10 October 2019.

## **9. Appendices**

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Appendix 1: Finance and Resources Committee Workforce Dashboard

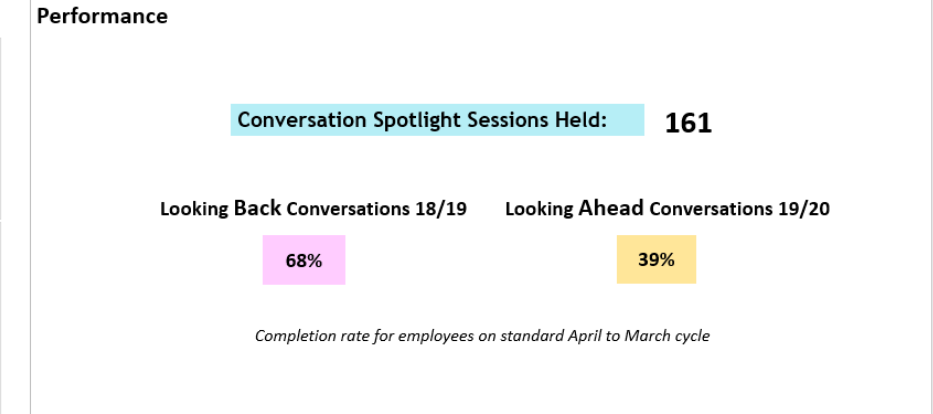
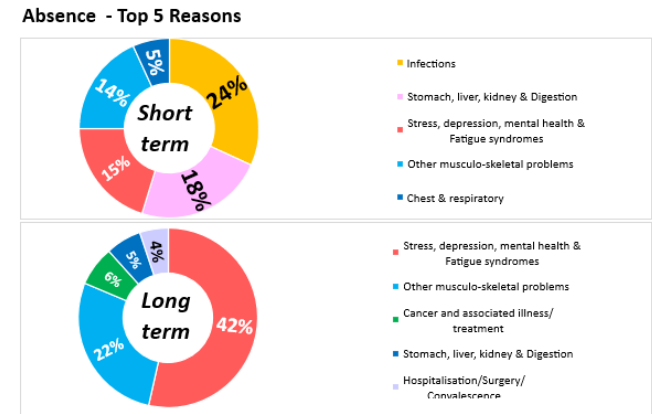
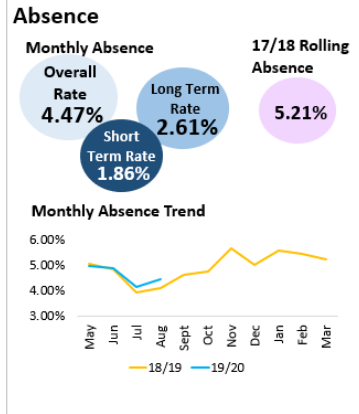
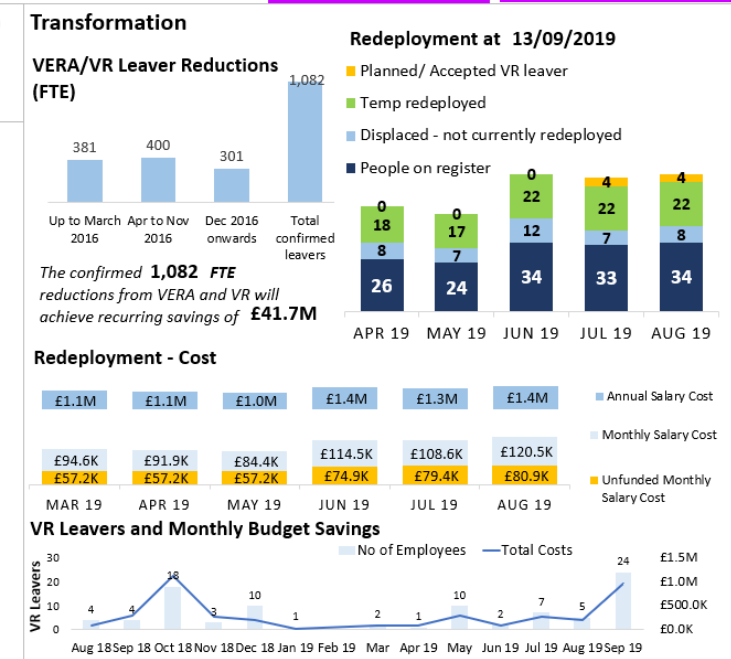
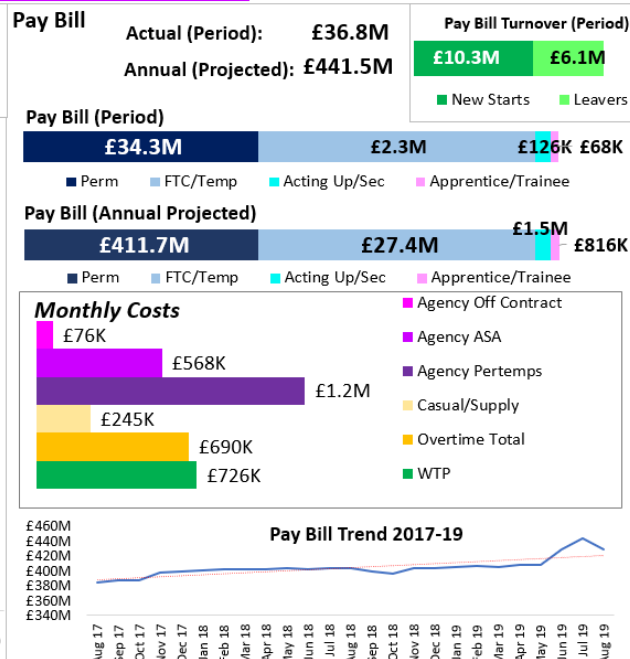
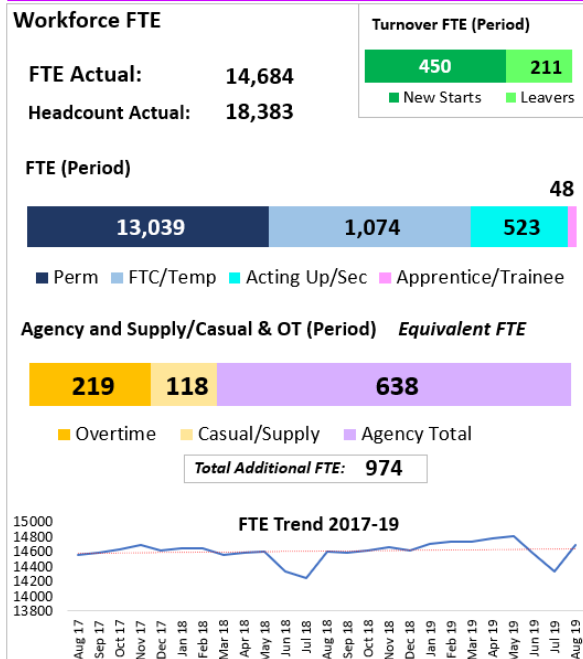
Appendix 2: Finance and Resources Committee Workforce Dashboard Glossary

Appendix 3: Workforce Management Information and Trends

# Appendix 1: Finance and Resources Committee Workforce Dashboard

## Workforce Dashboard: Finance and Resources Committee

Period: August 19 Issued: 30 Sep '19



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## Appendix 2: Finance and Resources Committee Workforce Dashboard

### Workforce Dashboard Glossary: Finance Resources Committee

#### Workforce FTE

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

**Headcount Actual:** Total number of individual employees on CEC payroll

#### FTE (Period)

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

#### Additional FTE\* (Period)

Breakdown of additional working hours utilisation for overtime represented as equivalent FTE. Agency cost and supply/casual cost converted to notional FTE value using average annual salary cost of £35/£25K per FTE.

Overtime - actual units of time claimed/paid for additional hours (excludes call-out OT hours) at last transaction date. Data extracted at week 1 to capture late payments.

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

Casual/supply - cost of hours claimed 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 to take into account a 35 hour working week for Teacher contracts and any other conditions identified at consultation.

#### 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

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

#### Pay Bill

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

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

#### Pay Bill (Period)

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

#### Pay Bill (Annual Projected)

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

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

#### Monthly Costs

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

#### Pay Bill Turnover (Period)

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

#### Pay Bill Trend

Archive data from previous S&I dashboard process.

#### Transformation

##### VERA/VR Leaver Reductions (FTE)

Data from Finance at week 4 of month.

##### 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

Pro-rated basic salary data for staff on redeployment register.

##### VR Leavers and Cumulative Budget Savings

Data from Finance at week 4 of month.

#### 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

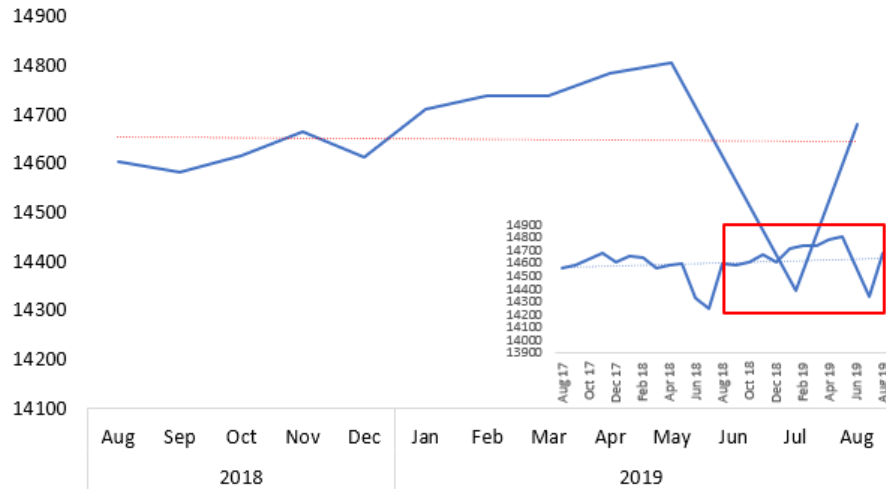


Fig 2. Pay Bill Trend

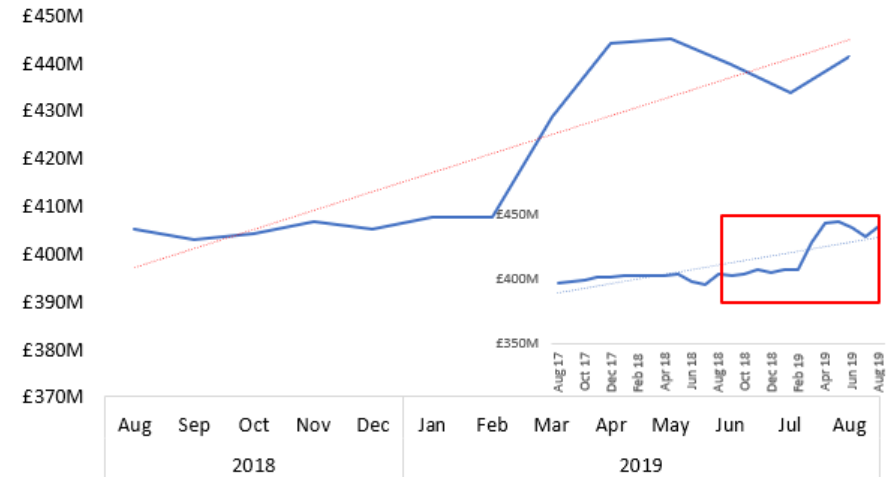


Fig 3. Core Workforce Groups

Category/ Group	June 2019		August 2019		Change in FTE	Change in Headcount
	FTE	Headcount	FTE	Headcount		
Local Government Employee GR1-GR12 including Craft	10808	13613	10842	13603	34	-10
Chief Official	19	19	19	19	0	0
Craft Apprentice	21	21	21	21	0	0
Teaching Total	3719	4658	3800	4740	81	82
<b>Council Total</b>	<b>14567</b>	<b>18311</b>	<b>14682</b>	<b>18383</b>	<b>115</b>	<b>72</b>

Fig 4. Core Workforce FTE by Directorate

Directorate	June 2019		August 2019		Change in FTE	Change in Headcount
	FTE	Headcount	FTE	Headcount		
Chief Executive	150	164	148	160	-2	-4
C&F	7658	9986	7820	10123	161	137
EH&SCP	2180	2498	2160	2479	-20	-19
Place	2332	2790	2330	2783	-1	-7
Resources	2221	2844	2199	2809	-22	-35
Displaced	27	29	27	29	0	0
<b>Council Total</b>	<b>14567</b>	<b>18311</b>	<b>14684</b>	<b>18383</b>	<b>117</b>	<b>72</b>



## Appendix 3: Workforce Management Information and Trends (continued)

### Core Workforce: Management Information and Trends

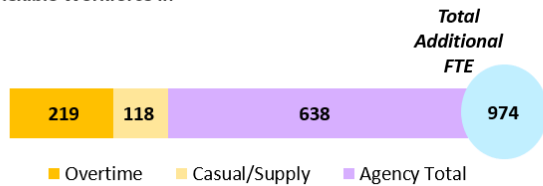
Fig 5. Local Government Employee Workforce Change June 2015 to Current Period

Category/ Group	Grade	June 2015		June 2017		June 2018		June 2019		August 2019		June 15 to August 19	
		FTE	Basic Salary Cost	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	576	£8.3M	575	£8.3M	-49	£248.2K
	GR2	244	£3.4M	198	£2.9M	170	£2.5M	167	£2.6M	161	£2.5M	-83	- £903.0K
	GR3	2374	£38.2M	2124	£34.9M	2089	£35.1M	1965	£34.9M	2030	£35.9M	-344	- £2,262.7K
	GR4	2479	£45.8M	2567	£48.1M	2444	£46.8M	2549	£52.0M	2524	£51.5M	45	£5.6M
<i>Front Line Manager/ Specialist</i>	GR5	1808	£40.6M	1563	£35.2M	1545	£35.3M	1634	£39.6M	1643	£39.8M	-165	- £841.6K
	GR6	1421	£37.1M	1337	£35.9M	1397	£38.0M	1444	£41.8M	1425	£41.3M	4	£4.1M
	GR7	1520	£48.0M	1296	£42.1M	1294	£42.4M	1294	£45.2M	1304	£45.5M	-217	- £2,502.3K
	GR8	776	£29.2M	652	£25.1M	689	£26.7M	700	£29.0M	697	£28.8M	-79	- £393.2K
<i>Managers</i>	GR9	359	£15.9M	280	£12.9M	281	£13.0M	279	£13.9M	283	£14.1M	-76	- £1,804.5K
	GR10	118	£6.3M	123	£6.5M	117	£6.4M	120	£7.0M	122	£7.1M	4	£789.0K
	GR11	47	£3.0M	36	£2.3M	36	£2.4M	38	£2.7M	37	£2.6M	-10	- £312.5K
	GR12	31	£2.2M	33	£2.4M	38	£2.8M	42	£3.3M	41	£3.3M	10	£1.1M
<b>Total</b>		<b>11801</b>	<b>£277.8M</b>	<b>10849</b>	<b>£256.8M</b>	<b>10694</b>	<b>£259.4M</b>	<b>10808</b>	<b>£280.5M</b>	<b>10842</b>	<b>£280.6M</b>	<b>-960</b>	<b>£2.8M</b>

Appendix 3: Workforce Management Information and Trends (continued)

Flexible Workforce: Management Information and Trends

Fig. 6 Flexible Workforce in Period



Ave OT FTE: 259  
 Ave Casual FTE: 195  
 Ave Agency FTE: 616

Fig. 7 Agency Trend

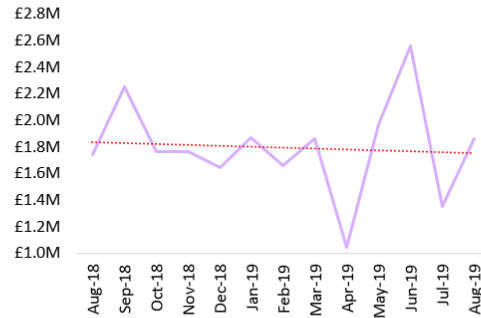


Fig. 8 Casual Trend

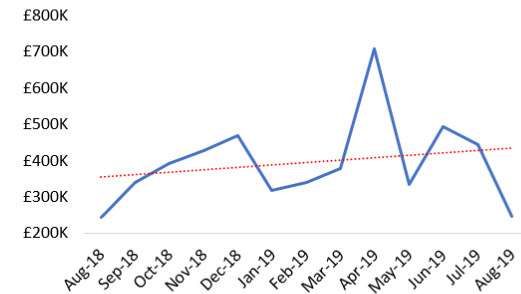


Fig. 9 Overtime by Type in Period

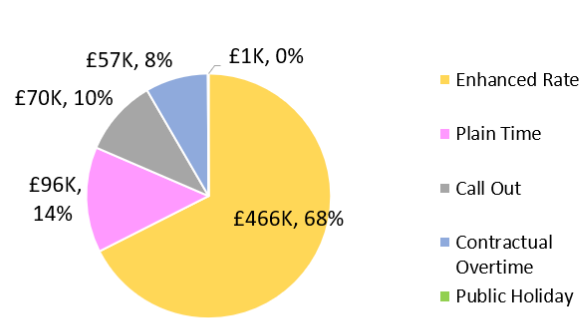


Fig. 10 Overtime by Type in Period - By Directorate

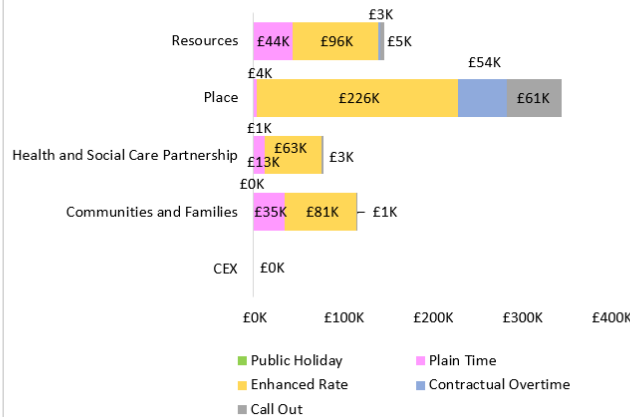
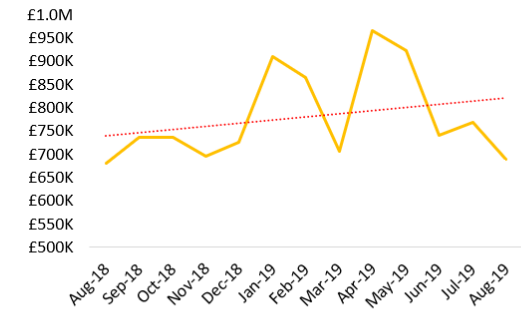


Fig. 11 Overtime Trend





Appendix 3: Workforce Management Information and Trends (continued)

Core Workforce: Management Information and Trends

Fig 12. Monthly Absence Rate

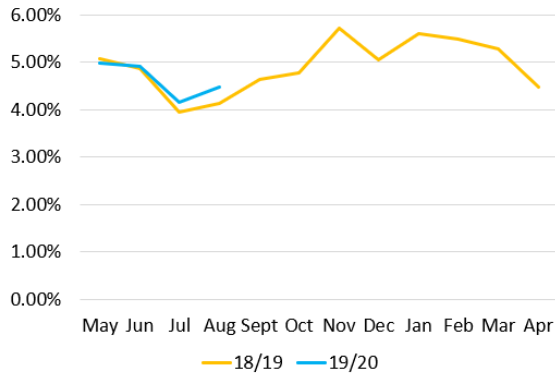


Fig 13. Monthly Days Lost

	18/19	19/20
May	13,842	13,862
Jun	12,906	13,139
Jul	10,611	11,395
Aug	11,776	12,275
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

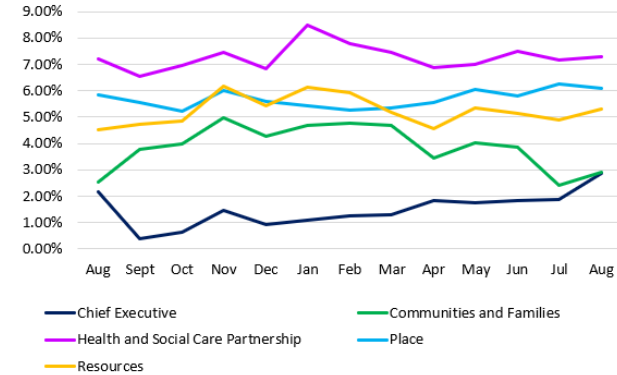
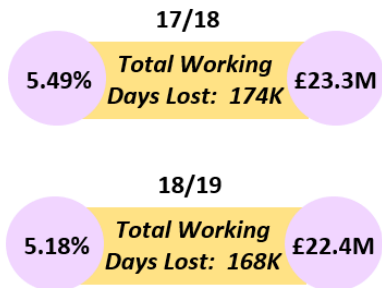


Fig 15. Rolling Absence Rate

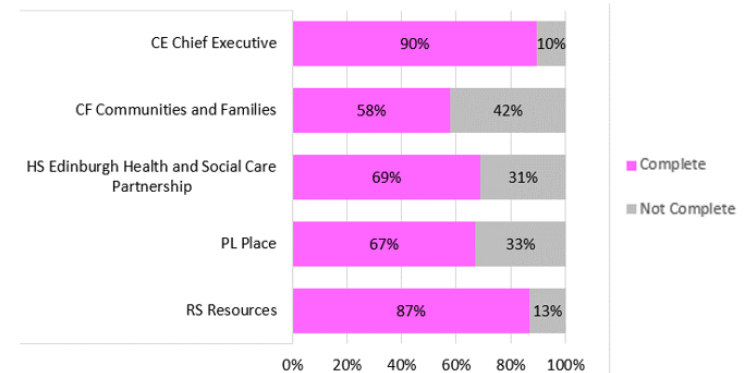


Working days lost to absence between April and March 17/18 + 18/19

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 July 19





# Finance and Resources Committee

10.00am, Friday, 6 December 2019

## Plots W1-W4 Fountainbridge, Edinburgh – Proposed Transfer to Housing Revenue Account

<b>Executive/routine</b>	Routine
<b>Wards</b>	9 – Fountainbridge / Craiglockhart
<b>Council Commitments</b>	<a href="#">1, 2, 10, 11</a>

### 1. Recommendations

---

1.1 That the Committee:

- 1.1.1 Approves the transfer of Plots W1-W4 Fountainbridge, Edinburgh to the Housing Revenue Account (HRA) 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: Graeme McGartland, Investments Senior Manager,

Property and Facilities Management Division, Resources Directorate

E-mail: [graeme.mcgartland@edinburgh.gov.uk](mailto:graeme.mcgartland@edinburgh.gov.uk) | Tel: 0131 529 5956

## Plots W1-W4 Fountainbridge, Edinburgh – Proposed Transfer to Housing Revenue Account

### 2. Executive Summary

---

- 2.1 A procurement process is ongoing to appoint a Development Partner for the delivery of over 400 homes, office and commercial space on the Council's site at Fountainbridge. Two of the four residential plots will be developed for a mix of affordable housing. This report seeks approval to transfer the residential development land to the Housing Revenue Account.

### 3. Background

---

- 3.1 The Council had retained ownership of 3.5 hectares (8.65 acres) of development land, Fountainbridge, following the development of the new Boroughmuir High School comprising plots E1–E2 (shaded blue and pink on the attached plan) and plots W1–W4 (shaded orange and yellow on the attached plan). Planning consent was granted in June 2016 for a mixed-use redevelopment of the site (reference: 14/02814/PPP). Detailed planning consent for plots W1-W4, was granted in December 2016 (reference: 16/03321/AMC).
- 3.2 On 27 March 2018, the Finance and Resources Committee (B agenda) approved the disposal of plot E1 to Vastint Hospitality BV for a residential-led development.
- 3.3 On 22 March 2018, the Housing and Economy Committee (B agenda) resolved to take forward a mixed-tenure housing development on plots W1-W4 and take forward an office-led development of plot E2.
- 3.4 On 28 June 2018, the Council agreed an increase in the number and proportion of social rented homes on the site and agreed in principle the proposed approach to the delivery of an office-led development on plot E2.
- 3.5 On 1 November 2018, the Housing and Economy Committee agreed the preferred procurement route was to partner with (or appoint) a single developer (or a single consortium of developers) to work with the Council to deliver development across the whole site rather than procuring partners for individual plots;
- 3.7 On 7 March 2019, the Finance and Resources Committee (B Agenda) approved the outline business case for the Fountainbridge development and agreed to the

initiation of a procurement process to appoint a development partner for the Fountainbridge development.

## **4. Main report**

---

- 4.1 The development proposals for the site (excluding plot E1 which, as set out above, has been sold) comprise of at least 436 homes (including 113 social homes and 64 mid-market rent and market rent homes) above 3,021 sqm (gross) of ground floor retail and professional services space and approximately 9,827 sq m of office space above 1,639 sq m of ground-floor commercial space.
- 4.2 The proposed development strategy is that the Council will seek to bring forward the development of the site as a single package in conjunction with a development partner. The development partner would deliver the social homes and mid-market homes to the Council for a construction profit, while the office space, commercial space, and remaining residential units would represent a development opportunity for which the partner would pay the Council a land receipt and seek to realise a development profit.
- 4.3 Plots W1-W4, on which the residential units will be developed currently sits on the General Fund. The completed units to be delivered for the Council will be owned by the HRA. To drawdown the allocated Affordable Housing Supply Programme (AHSP) funding from the Scottish Government for the new affordable homes the land to be developed should sit on the HRA.
- 4.4 To allow for further discussion with the development partner around the delivery of the residential sites, it is proposed to transfer all the development land (W1-W4) to the HRA. The HRA will then be entitled to recoup the costs of the transfer from the land receipt payable for the residential element of the development.
- 4.5 Officers have assessed the valuation of Plots W1-W4, based on the increased level of affordable units that will be provided, at £9.7 million. Should the development partner deliver a receipt relating to the residential plots more than this level, any surplus over the initial transfer value will be allocated to the General Fund.
- 4.6 This report seeks the transfer of plots W1 -W4 from the General Fund to the HRA for £9.7m (inclusive of fees).

## **5. Next Steps**

---

- 5.1 Following approval of the terms by Finance and Resources Committee, the site will transfer from the General Fund to the Housing Revenue Account.

## **6. Financial impact**

---

- 6.1 A capital receipt of £9.7 million (inclusive of fees) will be received by the General Fund.
- 6.2 The Council purchased the former brewery site at Fountainbridge for £13.75 million in 2012. The purchase price was split on a pro rata basis of £3.5 million for the new Boroughmuir High School site and £10.25million for the remaining development land.
- 6.3 Plot E1 was sold to Vastint for £5.835 million in March 2019. The procurement exercise seeking a development partner has indicated a minimum receipt of £13.2 million for the remaining land (which includes the sites to be transferred to the HRA for £9.7million).
- 6.4 Therefore, the total minimum return from the development land will total £19.035 million.

## **7. Stakeholder/Community Impact**

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- 7.1 Ward elected members have been made aware of the recommendations of the report.

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

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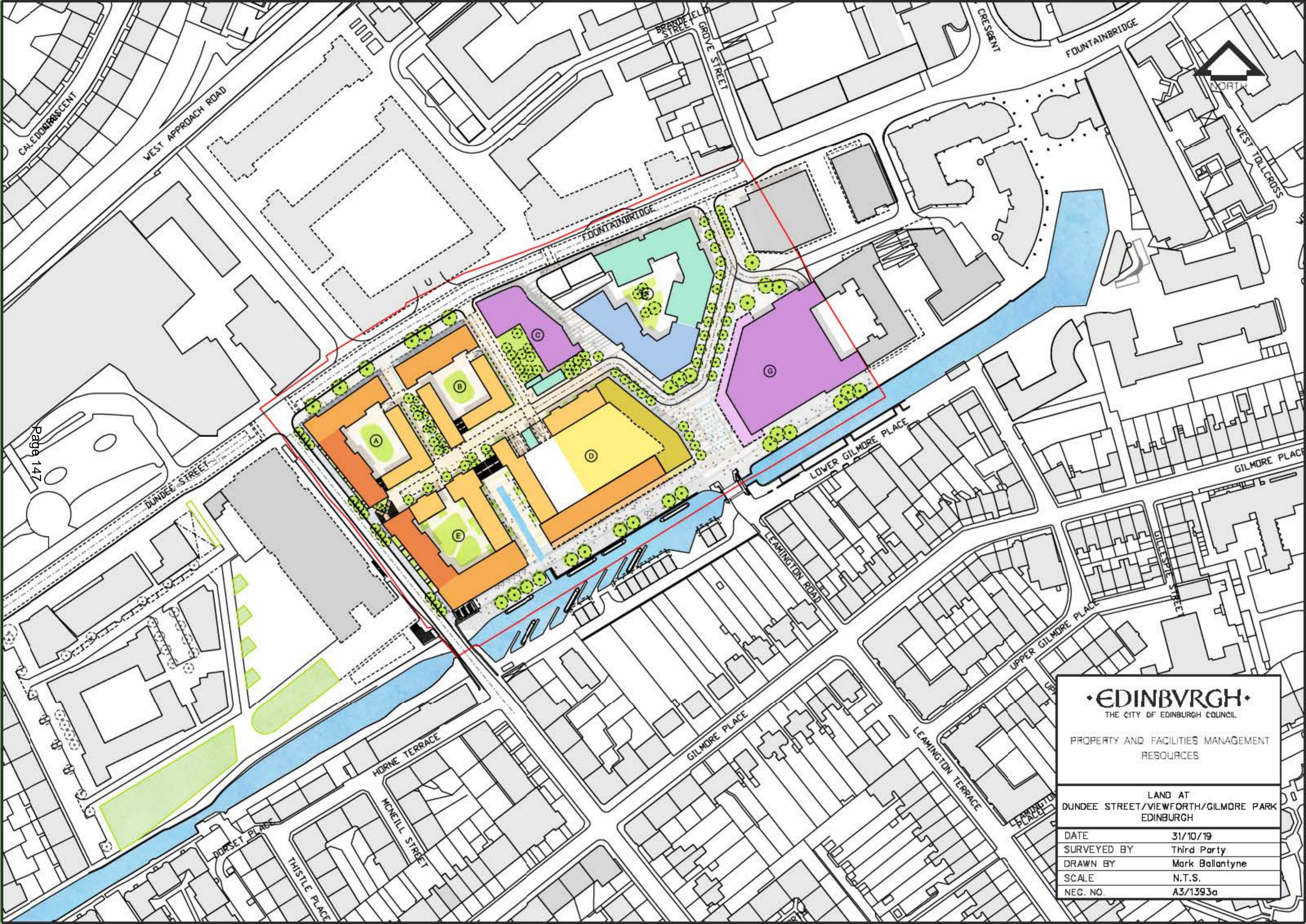
- 8.1 [India Quay Update - Referral from Housing and Economy Committee to Finance and Resources Committee 28 June 2018](#)
- 8.2 [Fountainbridge - District Heating and Procurement Strategy Report to Housing and Economy Committee 1 November 2018](#)

## **9. Appendices**

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Appendix 1 - Location Plan





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**• EDINBURGH •**  
 THE CITY OF EDINBURGH COUNCIL

PROPERTY AND FACILITIES MANAGEMENT  
 RESOURCES

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LAND AT  
 DUNDEE STREET/VIEWFORTH/GILMORE PARK  
 EDINBURGH

DATE	31/10/19
SURVEYED BY	Third Party
DRAWN BY	Mark Ballantyne
SCALE	N.T.S.
NEG. NO.	A3/1393a



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# Finance and Resources Committee

10.00am, Friday, 6 December 2019

## The Friends of Duddingston Primary School Solar PV Proposal

<b>Executive/routine Wards Council Commitments</b>	<b>Routine Craigentinny/Duddingston</b>
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### 1. Recommendations

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- 1.1 That Committee approves the grant a 21-year Licence to The Friends of Duddingston Primary School to install solar PV panels on Duddingston Primary School.

**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](mailto:paul.jones@edinburgh.gov.uk) | Tel: 0131 469 3607

## The Friends of Duddingston Primary School Solar PV Proposal

### 2. Executive Summary

---

- 2.1 The Friends of Duddingston Primary School (The Trust) have submitted a proposal for the installation of 30kW of solar photovoltaic panels on the roof of Duddingston Primary School. This report seeks approval to grant a 21-year licence to The Trust to install solar panels on Duddingston Primary School. The Trust have pre-registered for the UK Government's [Feed In Tariff](#) Scheme, and therefore need to install and commission the solar panels by the end of March 2020. In addition, The Trust have also secured (subject to due diligence) a grant from Scottish Power's [Green Economy Fund](#) which will cover around 50% of project costs. It is the intention of The Trust to raise the remaining funding through fundraising activities, with any shortfall being met via a loan.

### 3. Background

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- 3.1 The Friends of Duddingston Primary School (The Trust) is a [registered charity](#). The objectives of The Trust are to advance the educational experience of children attending Duddingston Primary School. The Trust has been a registered charity since 2014 and is run by volunteers.
- 3.2 Following dialogue with Duddingston Primary School and Council Officers, The Trust were successful in receiving pre-accreditation for the Government's [Feed In Tariff](#) Scheme. This will provide The Trust with a 20-year index linked payment for electricity generated from the solar panels and also a payment for electricity exported from the site (deemed at a rate of 50% of total solar generation).
- 3.3 The Council has already made a significant commitment to community-owned solar PV panels across its estate. In September 2015, Edinburgh Community Solar Co-operative raised £1.4m through a community share offer and went on to install 1.4MW solar PV across 24 Council owned buildings. The expansion of this scheme for up to a further 11 Council owned buildings is currently under consideration, following [approval of the Finance and Resources Committee](#) on 15 August 2019.

## 4. Main report

---

- 4.1 The Trust have submitted a proposal for the installation of 30kW of solar photovoltaic panels on the roof of Duddingston Primary School. The proposal and associated financial model has been reviewed by Officers in Property and Facilities Management and Finance.
- 4.2 The key driver for the proposal is to generate revenue for the objectives of The Trust (see [3.1](#)). There is potential for financial benefit to the Council which has been outlined in section 6 of this report. The scheme will help further the expansion of community energy co-operatives in Edinburgh and will also support the Council's objectives to increase renewable energy generation and reduce carbon emissions.
- 4.3 To help finance the scheme, The Trust have secured (subject to due diligence) a £16.2k grant from Scottish Power Energy Network's [Green Economy Fund](#). This will fund around 50% of total project costs. The remaining funding for the project will be secured either through fund raising activities or via a loan.
- 4.4 To meet the pre-accreditation requirements under the Feed in Tariff Scheme, The Trust will need to install and commission the solar PV system by the end of March 2020. This places a time pressure on the delivery of the works, which are anticipated to take 5 days to complete. The February school holiday week has initially been targeted for the majority of works but, as there are other asset management works scheduled during this period, this will depend on the ability to safely coordinate works.
- 4.5 The Trust have procured a contractor, through [Local Energy Scotland's](#) Solar PV Collective Purchase Framework, to design and install the solar PV System. Work is already underway on some preparatory elements of the project, including gird connection and building warrant applications and system design. The Trust has applied for support from Scottish Government's Community and Renewable Energy Scheme (CARES) to provide cover for any abortive costs from this work were the project not to proceed.
- 4.6 Through the scheme with Edinburgh Community Solar Co-operative, the Council has a defined approach and legal structure for the licence of roof space to community organisations for solar PV. This will provide a good foundation on which to build an appropriate agreement specific to The Trust's proposal. A key focus of any agreement, would be to ensure that any benefit accrued by The Trust from the panels, is distributed in line with the objectives outlined in their proposal. Furthermore, the legal agreement will also seek protections that The Trust will continue to deploy appropriate resource in both the management and maintenance of the solar installation and any accrued funds.
- 4.7 The licence agreement would last for a period of 21 years or 20 years after the panels have been commissioned whichever is shortest. Following the end of the agreement, the Council will retain the option to either own and operate the panels or request that The Trust decommission and remove the system. If there is an ongoing positive impact from the project and The Trust wishes to continue to operate the

panels beyond the 20-year period, then this option could be pursued at the discretion of the Council.

- 4.8 Under the proposal from the Trust, it is proposed that the tariff paid by the Council will be fixed at 12.4p/kWh for the duration of the project. This matches the current rate paid for electricity on the site. Therefore, on the assumption that electricity prices continue to rise, the Council will receive an increasing financial benefit from reduced cost electricity from solar PV generation. It is likely that some of the solar electricity generation from the panels will be exported to the grid. Under the terms of the Feed in Tariff agreement, 50% of solar PV generation will be assumed to be exported. To simplify the charging/invoicing structure between The Trust and the Council, and to avoid the costs associated with export metering, The Trust will also assume 50% of generation is exported. From analysis of current consumption, it is likely that more than 50% of the electricity will be used on site, providing a further financial benefit to the Council.
- 4.9 The Council will incur some modest costs in the application of staff time for design review, development of the legal agreement and during the installation phase to maintain overview of health of safety.

## **5. Next Steps**

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- 5.1 Subject to approval to grant a licence, work will be undertaken to finalise the legal agreement between the Council and The Trust.
- 5.2 The formal planning of installation works will take place, including the preparation of appropriate health and safety plans and the coordination of works with other scheduled works.
- 5.3 Any remaining design review and survey work will be undertaken.

## **6. Financial impact**

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- 6.1 The financial model provided by The Trust has been reviewed by Council Finance Officers. Based on the scenario testing carried out, it is likely that the proposal is financially viable and will result in a net benefit to The Trust of around £50k. The range of benefit outlined in the above scenario testing ranged from the £30k to £50k over the duration of the scheme.
- 6.2 Direct financial benefit for the Council is not the principal driver for this project however, based on detail provided to date, it is possible to provide an indicative outline of potential savings. As export for the panels will be deemed rather than metered, this could potentially create an initial financial benefit to the Council in the region of £500 - £1000/annum. On the assumption that energy costs will increase at a rate of 2.5%/annum over the next 20 years, the total saving to the Council from the scheme could range from £18k-£36k. It is important to note that there is a

degree of exposure to increased costs through the removal of panels for works, however this is largely mitigated by the fact that the roof of the school is new.

- 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 If the Trust are successful in securing 100% funding for the project, without the requirement for any borrowing, then it is anticipated that the project could generate up to £50,000 towards enhancing the educational experience of children attending Duddingston Primary School.

## **7. Stakeholder/Community Impact**

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- 7.1 The proposal from The Trust has a strong community focus and could have significant benefit for the children and associated communities surrounding the school.
- 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 \(Scotland\)](#). Based on current carbon emission factors for electricity, the system could reduce the schools carbon footprint by up to 6tCO<sub>2</sub> per annum. This figure will reduce as the electricity grid decarbonises.

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

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- 8.1 [Finance and Resources Committee, August 2019, Edinburgh Community Solar Co-operative – Phase 2](#)
- 8.2 [Transport and Environment Committee, June 2019, Business Bulletin, Edinburgh Community Solar Co-operative, Page 3-4](#)
- 8.3 [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](#)
- 8.4 [Corporate Policy and Strategy Committee, Tuesday 14 May 2019, Sustainability Approach](#)

## **9. Appendices**

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- 9.1 None.

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# Finance and Resources

10.00am, Friday, 6 December 2019

## Feasibility of Deep Energy Retrofit of Operational Council Buildings

Executive/routine Wards Council Commitments	Executive All
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### 1. Recommendations

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- 1.1 It is recommended that the Committee:
- 1.2 Notes that a budget of £100k is required to fully explore the feasibility, impact and strategic and financial value of undertaking deep energy retrofits;
- 1.3 Notes that the feasibility study, if funding was identified, would focus on representative building archetypes from key construction periods across the Council estate; and
- 1.4 That members consider funding a feasibility study as part of the budget setting process for 202/21.

**Stephen S. Moir**

Executive Director of Resources

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## Feasibility of Deep Energy Retrofit of Operational Council Buildings

### 2. Executive Summary

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- 2.1 This report has been prepared in response to a motion approved by the Policy and Sustainability Committee, on 6 August 2019, requesting that the Council explore the feasibility of undertaking a deep energy retrofit for Council buildings. In order to progress with a feasibility study, a budget of £100k is required. Subject to funding being identified, a focus of the feasibility study will be to seek to establish the parameters under which a deep energy retrofit delivers best value across representative building archetypes.

### 3. Background

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- 3.1 On 6 August 2019, the Policy and Sustainability Committee approved a new [Energy Management Policy for Operational Buildings](#). Following on from a motion from Councillor Main, Committee agreed to the following two actions against this report ([Minute](#) Section 10, decision 4 and 5):
- To agree to explore the feasibility to undertake a deep retrofit to building regulations Gold, or PassivHaus standard, of at least one Council building per year; and
  - To agree that the Finance and Resources Committee would receive a further report on the current programme identifying which building(s) would be retrofitted during 2019-20 and what standard would be achieved.
- 3.2 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 has commissioned independent research to inform a roadmap for meeting the 2030 targets. A feasibility study in to the deep energy retrofit of Council buildings will help inform how both operational buildings and the wider city and can contribute towards the delivery of this target.



- 3.3 In November 2018, Property and Facilities Management produced a briefing note in response to an action from September 2018 Finance and Resources Committee ([Item 5.2 Rolling Actions Log - Point 15](#)) to summarise the outcomes from the 3 year Knowledge Transfer Partnership with Edinburgh Napier University. The note provided an overview of the key considerations and challenges that the Council faced in the drive to reduce carbon emissions across its operational properties. This included a recommendation that further research and consultation was required to define the best approach for improving the fabric across the Council's operational buildings and highlighted Passivhaus retrofit standard, [EnerPHit](#), as an option for existing buildings with a long-term future. The requested action from Policy and Sustainability Committee would build on the work undertaken during the Knowledge Transfer Partnership.
- 3.4 The Council is committed to reducing its carbon footprint across its operational property estate and has made significant progress in recent years. For new build properties, through analysis undertaken during the Knowledge Transfer Partnership with Edinburgh Napier University, Property and Facilities Management have led on the identification of Certified Passivhaus Classic as the appropriate standard to adopt in response to the challenges faced, with a view to progressing on to Passivhaus Plus and Premium in the future. Passivhaus is a proven standard which addresses the recognised performance gap between projected new building energy consumption and actual, operational, energy consumption, an issue recognised at a national level. In October 2019, Finance and Resources Committee approved the [award of a contract](#) for the design of three new Certified Passivhaus Primary Schools. Work is also underway on the feasibility of building a new Council High School (Currie) to Passivhaus standards.
- 3.5 The Council is investing significantly in its operational 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.
- 3.6 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 the inhouse [SALIX](#) fund and Council spend to save funding to support energy efficiency and renewables projects. Work is also underway to increase the Council's renewable generation, with community-owned solar proposals from Edinburgh Community Solar Co-operative and The Friends of Duddingston Primary School currently under consideration. Furthermore, the Council is adding to its own solar estate through new build works and property refurbishments.

## 4. Main report

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- 4.1 The action from Policy and Sustainability Committee includes two key actions: to explore the feasibility to undertake a deep retrofit to building regulations Gold, or Passivhaus standard, and; to identify which building(s) would be retrofitted during 2019-20 to building regulations Gold or Passivhaus Standard.
- 4.2 Given the complexities, time, cost and potential disruption to building users, it is not feasible to undertake such an extensive energy retrofit within 2019/20. This report will therefore aim to provide an overview of the considerations and approach for exploring the feasibility of a deep energy retrofit of the existing operational estate. The identification of specific buildings for retrofitting and any associated timescales for programming works will be given further consideration in the feasibility study. This purpose of this report is to seek consideration of a budget to progress with the feasibility study. Any buildings which are subsequently identified for deep energy retrofit are likely to cost more in terms of the initial capital required to retrofit. A portion of the extra capital cost would be offset by the future energy and operational cost savings but the return on this investment is not likely to fall within conventional payback periods.
- 4.3 There are clear distinctions between different standards and therefore the resulting outcomes. For example, Scottish Building Standards set carbon targets based on a Simplified Building Energy Model (SBEM). The model can have limitations, and certainly, as is the case with new builds, there can be a large gap between the modelled SBEM performance and the actual performance of buildings. Building standards silver, gold and platinum are only available for schools and include several other sustainability factors, not just energy, some of which may be more challenging for a refurbishment to meet. Careful consideration therefore needs to be given to both the design standards set and the delivered outcome.
- 4.4 At present, whilst there are a few established rigorous retrofit standards, knowledge of deep energy retrofit amongst both large estate holders and the wider construction industry is not at an advanced stage. There are only a few UK case studies detailing buildings that have been retrofitted extensively to rigorous standards such as [EnerPHit](#) (the Passivhaus retrofit standard). This emphasises the importance of undertaking a feasibility study to ensure appropriate planning and actions, as well as advancing in-house Council knowledge.
- 4.5 A focus of the feasibility study would be to seek to establish the parameters under which a deep energy retrofit delivered best value. There are other routes to decarbonisation, such as through the electrification of heat, or through onsite renewables. Consideration needs to be given to where the balance of best value sits between reducing energy demand and decarbonising energy supply.
- 4.6 The building archetype will influence the feasibility of delivering a deep energy retrofit. Predominant factors will be the practicality of improving the thermal properties of the building (i.e. increased insulation, air permeability and triple glazing) and the best value balance between reducing energy demand and decarbonising the supply of energy. The Council operates a diverse estate with a

wide range of buildings. One of the first actions of the feasibility study will be to identify which specific building archetypes will be targeted for review.

- 4.7 It is important to note that from an operational perspective, what may work in one building might not work in another for either practical or operational reasons. For example, it may not be feasible or cost effective to close a building for 12 months to carry out disruptive works therefore, other interventions to reduce carbon may be deemed more cost effective. Similarly, the scale of measures that can be considered may be restricted by planning constraints. The feasibility study will aim to detail the scales of intervention available to the specific building archetypes and outline potential operational impacts.
- 4.8 Improving the energy efficiency of the Council's built estate is a key objective of Property Facilities Management. However, to deliver on carbon reduction targets, we must expand beyond individual buildings and consider what is best for the wider area in line with the Scottish Government's consultation on the requirement for [Local Heat and Energy Efficiency Strategies](#). The outcomes of the feasibility study would help inform these objectives.
- 4.9 As part of Property and Facilities Management's Energy Management System, a steering group has been set up with key managers to help drive forward the aims and associated objectives of the Energy Management System (in line with requirements as set out under [ISO50001](#)). This steering group will provide oversight of the feasibility study. Strategic Asset Management will be responsible for commissioning the feasibility study and budget management. The Capital Programmes Team will provide technical oversight and project management support. The Energy and Sustainability Team will provide support and input as a key stakeholder.

## 5. Next Steps

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- 5.1 Subject to approval of scope and budget for the feasibility study, Strategic Asset Management will raise a commission for the delivery of the feasibility study.
- 5.2 Given the current knowledge and experience of the market, it will be important to ensure that a consultant(s) or institution with appropriate knowledge and skill is engaged to carry out the feasibility study. The Capital Programmes Team, in consultation with other key stakeholders, will investigate routes to delivery and progress any subsequent procurement.
- 5.3 Subject to funding, Property and Facilities Management will report back, in due course, to Finance and Resources Committee to update/seek approval on appointment and advise on the costs, timescales and final scope for the project.

## 6. Financial impact

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- 6.1 In 2018/19 the Council spent £5.8m on Electricity and £3.2m on Gas use across its operational buildings resulting in 37,334 tonnes of CO<sub>2</sub> Emissions. The delivery of more efficient buildings will help reduce associated energy charges and carbon emissions.
- 6.2 The request for a provisional budget of £100k is reflective of the level of detail and analysis that will be required to properly inform the feasibility study. Once further work has been carried out to progress selection of an appropriate consultant/institution to deliver the works, Property and Facilities Management will report back on anticipated cost. The Committee is however advised that £100k is not available to underwrite this work, given the revenue budget status for the Resources Directorate as reported elsewhere on this agenda.
- 6.3 It is important to note that, whilst there would be a reduction in energy costs resulting from a deep energy retrofit, the investment required to carry out a deep energy retrofit is unlikely to fall within the terms of conventional payback periods.

## 7. Stakeholder/Community Impact

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- 7.1 Investigating the feasibility of deep energy retrofit will contribute towards the Council's objective to mitigate its carbon impacts and adapt to climate change assisting in the delivery of the Council's obligations under the [Climate Change Act \(Scotland\)](#).
- 7.2 By leading on the investigation of innovative and rigorous best practice energy efficiency solutions the Council can demonstrate further opportunities for carbon reduction across its estate and set a positive example for organisations within Edinburgh and more widely.

## 8. Background reading/external references

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- 8.1 [Corporate Policy and Strategy Committee, Tuesday 14 May 2019, Sustainability Approach](#)
- 8.2 [Policy and Sustainability Committee, Tuesday 6 August 2019, Energy Management Policy for Operational Buildings](#)
- 8.3 [Finance and Resources Committee, Thursday 10 October 2019, Appointment of specialist design team to deliver three new primary schools to Certified Passivhaus standard](#)
- 8.4 [The future of energy in Scotland: Scottish energy strategy, Scottish Government, December 2017](#)

**9. Appendices**

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9.1 None

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# Finance and Resources Committee

10.00am, Friday, 6 December 2019

## Award of Contract – Project and Commercial Management Support for Granton Waterfront

Executive/Routine      Executive  
Wards  
Council Commitments

### 1. Recommendations

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- 1.1. It is recommended that the Finance and Resources Committee:
- 1.1.1 approves the award of contract to Arcadis Consulting UK Limited under the Scotland (SXL) Engineering and Technical Consultancy Framework to provide Project and Commercial Management Support to the Council's in-house delivery team for the regeneration of Granton Waterfront; and
  - 1.1.2 notes the evaluation of the procurement was based on a series of day rates for key roles which may be required to deliver the Outline Business Case (OBC) and the amount will not exceed the £604,658 notional cost identified through the procurement process.

**Paul Lawrence**

Executive Director of Place

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# Finance and Resources Committee

## Award of Contract – Project and Commercial Management Support for Granton Waterfront

### 2. Executive Summary

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- 2.1 The Council have an ambitious place-based approach to regeneration in Granton Waterfront and are committed to creating a strong multi-disciplinary in-house team which will be supported where required by specialist expertise and additional project and commercial management capacity and capability.
- 2.2 A high-level Project Delivery Plan (PDP) and prospectus setting out the Granton vision, strategy, funding requirement and approach to development of OBC is being developed for consideration by Policy and Sustainability Committee in 2020. Programme management support for the development of the PDP has been provided by Turner Townsend under the Scotland (SXL) Engineering and Technical Consultancy Services Framework. This appointment has now concluded.
- 2.3 This report seeks approval to award the contract for additional Project and Commercial Management Services to support the Council's in-house team to deliver the regeneration of Granton Waterfront, to Arcadis Consulting UK Limited. The award is split into three key stages:
  - 2.3.1 OBC;
  - 2.3.2 business case (BC); and
  - 2.3.3 procurement and delivery.
- 2.4 The value to take the programme through the initial stage to produce an OBC is £214,013. This sum is based on an expected number of day rates to bring in the additional expertise and services required to complete the OBC. As work on the OBC progresses, this may fluctuate depending on the requirements of the consultant. On completion of each stage, the Council retains the option to review the scope or terminate services. It is estimated that it will take around 12 months to complete the initial stages to produce the OBC.
- 2.5 On satisfactory completion of the OBC, a report will be presented to a future committee requesting approval to extend the Contract in line with Contract Standing Orders for the BC.



### 3. Background

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- 3.1 Granton Waterfront is identified as a Strategic Development Area in the adopted Edinburgh Local Development Plan (LDP).
- 3.2 Edinburgh Waterfront, of which Granton is part, is one of seven strategic sites prioritised for delivery as part of the Edinburgh and South-East Scotland City Region Deal.
- 3.3 The Council currently owns around 50 Hectares of developable land at Granton Waterfront, providing an opportunity alongside key partners to take a lead role in the regeneration of a vibrant new coastal quarter, keeping the community and placemaking at the heart of future redevelopment.
- 3.4 In September 2018, the Council appointed Collective Architecture to lead a multi-disciplinary team to prepare a Development Framework for Granton Waterfront. This work is nearing completion.
- 3.5 At its meeting on 14 May 2019, [Corporate Policy and Strategy Committee](#) received an update on the delivery of Granton Waterfront which highlighted the intention to progress an OBC alongside delivery of early action projects over the next 12-18 months. This included a commitment to look at the viability of a tram connection to Granton.
- 3.6 On 23 May 2019, [Finance and Resources](#) agreed to award a short-term extension to extend the initial appointment of Turner Townsend under the Scotland (SXL) Engineering and Technical Consultancy Services Framework to provide programme and project management capability to support the delivery of Granton Waterfront to the end of October 2019. This appointment provided interim Project Director Support to the project team, Programme Management Office (PMO) support and preparation of a PDP. On 25 October 2019, [Policy and Sustainability Committee](#) agreed in principle to allocate £2.15m of the currently available City Strategic Investment Fund (CSIF) to support delivery of the Council's strategic regeneration priorities for which Granton is one, final approval to allocate these funds will be sought from City of Edinburgh Council on 21 November 2019.

### 4. Main report

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- 4.1 Transformation of former industrial land at Granton Waterfront into a vibrant new coastal quarter will enhance social, physical and economic benefits not only at a local level but at a city and regional level. Regeneration of this area will bring over £1 billion public and private investment and the creation of thousands of employment and training opportunities over the next 10-15 years.
- 4.2 The Development Framework setting out the vision and key principles to guide future development in Granton Waterfront is nearing completion and will be presented for approval to Planning Committee late in 2019/20. Land within Council ownership will provide over 3,000 homes, a primary school, healthcare facility,

retail, culture and other business space alongside high quality public realm and a new coastal city park.

- 4.3 A high-level PDP and prospectus setting out the Granton vision, strategy, funding requirement and approach to development of OBC is being developed for consideration by Policy and Sustainability Committee in 2020. Programme management support for the development of the PDP has been provided by Turner Townsend under the Scotland (SXL) Engineering and Technical Consultancy Services Framework. This appointment has now concluded.
- 4.4 In 2020 a Council Programme Director will be recruited to lead a multi-disciplinary team responsible for developing the OBC and taking forward the delivery of Granton regeneration. The Programme Director will be responsible for ensuring that the local community, stakeholders and elected members continue to be fully engaged in the development of proposals for Granton.
- 4.5 It is anticipated that work in developing an OBC will take around 12 months and require further surveys and technical due diligence, alongside design development, funding and procurement options and market engagement. During that time the in-house team will require to draw on specialist expertise and additional project management resources. External consultancy support is also required to ensure that momentum is retained in taking forward work on funding strategy whilst recruitment is undertaken to posts within the team.
- 4.6 A mini competition utilising Lot 7 of the Scotland (SXL) Engineering and Technical Consultancy Services Framework has been undertaken to enable the programme to move through the next key stages of, OBC, BC and Procurement and delivery. The Council retains the right to review the scope or terminate services at completion of each key stage to align with in-house resources.
- 4.7 The mini competition was published on Public Contracts Scotland on 10 July with 6 tenders received by the due date. Tenders were evaluated on a price/quality ratio of 30/70 to encourage competition but not at the expense of high quality of service delivery.
- 4.8 All six tenders were received, compliant and evaluated in accordance with the quality criteria set out in the invitation to tender. The criteria is provided in Appendix 1.
- 4.9 The compliant tenders were 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 70%.
- 4.10 The pricing submissions for each tender were opened and checked for compliance and accuracy and allocated 30% for price.
- 4.11 The quality score was then combined with the score from the price evaluation to derive an overall score for the six bidders out of a maximum of 100%.
- 4.12 The scores achieved by the bidders is identified below:

Bidder	Quality Score	Price Score	Total Score
Bidder 1	45.85	30.00	75.85
Bidder 2	42.00	25.55	67.55
Bidder 3	42.00	25.27	67.27
Bidder 4	45.15	20.47	65.62
Bidder 5	42.00	23.06	65.06
Bidder 6	40.95	20.03	60.98

- 4.13 Arcadis Consulting UK was the top bidder with a total score of 75.85, therefore this report recommends their appointment for this commission.
- 4.14 Arcadis Consulting UK have identified a team to provide a full range of project management and professional inputs with experience from many of the UK's largest projects to deliver a broad scope of service to support Council officers to produce the OBC, BC and support programme delivery on completion of the BC.
- 4.15 An international consultancy with a strong local presence, Arcadis has global expertise in buildings, infrastructure, water and the environment. Arcadis has its own strategic research team and is at the forefront of research into future trends including mobility and zero carbon.
- 4.16 With Arcadis, the Council also has the opportunity to benefit from world leading capabilities in new technologies including City Analytics and Parametric Design Modelling for Offsite Manufacture to quickly assess viability to address affordability issues and unlock the full economic potential of Granton Waterfront towards better placemaking and inclusive growth.
- 4.17 Arcadis will bring additional and complimentary expertise to a strong in-house team to drive forward this ambitious programme of regeneration.

## 5. Next Steps

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- 5.1 A recruitment process will commence to appoint a Programme Director to recruit and lead a multi-disciplinary team responsible for developing the OBC for Granton.
- 5.2 A start date of January 2020 aligned to the completion of the existing interim Project Management support provided by Turner Townsend will be agreed with Arcadis Consulting UK Ltd and contract award documentation issued to commence appointment to support the Council's project team
- 5.3 In line with The Public Contracts (Scotland) Regulations 2015, the Council will issue an award notice on Public Contracts Scotland.

- 5.4 On satisfactory completion of the first two stages to produce the BC, and as appropriate, a report will be presented to a future committee requesting approval to extend the Contract in line with Contract Standing Orders for the Procurement and Delivery phase.

## **6. Financial impact**

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- 6.1 The value of work to produce the OBC for Granton Waterfront is based on a notional value of £604,658. It is anticipated that this work will be carried out by a mix of in-house staff and external consultancy.
- 6.2 On 25 October 2019, Policy and Sustainability Committee agreed, in principle, that £2,150,000 of the current available balance of CSIF will be set aside to support the Council's strategic regeneration priorities; including regeneration of Granton Waterfront. This is subject to approval by City of Edinburgh Council on 21 November 2019.
- 6.3 The in-house and consultancy costs associated with delivery of the OBC will be funded from a combination of HRA funding and CSIF and will not exceed the notional value.
- 6.4 This project will attract over £1 billion public and private sector investment into an area of north Edinburgh which currently suffers from piecemeal development due to market failure to deliver on previous masterplans and high levels of inequality, enhancing economic, social and environmental outcomes both at a local, city and regional level.
- 6.5 The costs of procuring this contract is estimated at up to £10,000.

## **7. Stakeholder/Community Impact**

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- 7.1 Significant consultation has taken place over the last 12 months with partners and the local community on developing the Framework to guide future development in Granton Waterfront.
- 7.2 The development of the OBC and BC which will include a funding and procurement strategy for Granton will help ensure that development proceeds in alignment with the vision and development framework.
- 7.3 Arcadis have committed to undertaking community benefits in relation to this commission and will work with the Project Team and will use the Council's community benefits portal Cenefits to identify opportunities which will support the local community.
- 7.4 All Arcadis employees proposed for this commission are paid in excess of the National Living Wage.

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

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8.1 N/A.

## **9. Appendices**

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9.1 Appendix 1 – Summary of Tendering and Evaluation Process.

## Appendix 1 - Summary of Tendering and Tender Evaluation Processes

<b>Contract</b>	Project and Commercial Management Support for Granton Waterfront	
Notional contract value	£604,658	
Procurement Route chosen	Mini Competition	
Tenders returned	6	
Name of Recommended Consultant	Arcadis Consulting UK Limited	
Price / Quality ratio	30/70	
	<b>Price</b>	<b>30%</b>
	<b>Quality</b> Project Team – 30% Approach – 15% Team Experience – 40% Interview – 15%	<b>70%</b>
Evaluation Team	Development and Regeneration Manager Investments Senior Manager Housing Construction Project Manager Senior Accountant	

# Finance and Resources Committee

10.00am, Friday, 6 December 2019

## Corstorphine Community Centre

Executive/routine	Executive
Wards	6 – Corstorphine/Murrayfield
Council Commitments	<a href="#">35</a>

### 1. Recommendations

- 1.1 It is recommended that the Finance and Resources Committee:
- 1.1.1 notes that the estimated costs of delivering the Corstorphine Community Centre are now £2.264m, with a funding gap of £886,000, of which £750,000 is sought from the City of Edinburgh Council;
  - 1.1.2 notes that no funds are currently identified in the 2019/20 financial year for the Corstorphine Community Centre and that there is currently no provision for this project in the capital budget strategy for 2020-2030, meaning that the Council currently cannot fund the project unless it were to divert budget from other projects;
  - 1.1.3 notes that the Albion Trust has advised the Council that it will not proceed with the redemption of the preference shares in Albion Equity Limited and as such this funding source will not be available for this, or any other project; and
  - 1.1.4 notes that the Council’s strategy for capital expenditure is agreed through the budget setting process due to be reported to Council in February 2020.

**Paul Lawrence**

Executive Director of Place

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## Corstorphine Community Centre

### 2. Executive Summary

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- 2.1 Corstorphine Community Centre, a Scottish Charitable Incorporated Organisation, is seeking to develop the Corstorphine Community Centre at an estimated cost of £2.264m. There is currently an £886,000 funding gap of which £750,000 is sought from the Council. No Council funds have been identified for the project in the 2019/20 financial year and there is currently no provision for this project in the capital budget strategy for 2020-2030, meaning that the Council currently cannot fund the project unless it were to divert budget from other projects.
- 2.2 It was originally envisioned that the redemption of preference shares in Albion Equity Limited would deliver an income to the Council of £350,000, this could have potentially been used to provide funding to the project. The Council has now been advised by the Albion Trust that they will not proceed with the share redemption at this time. As a result, this money will not be available as potential funding.
- 2.3 Should the Scottish Government opt to hold a second round of the Town Centre Fund, the Centre could be put forward as a priority project. Similarly, the project could be put forward as an unfunded capital priority to be considered alongside other Council priorities where and when funding become available.

### 3. Background

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- 3.1 Corstorphine Community Centre (CCC) (a Scottish Charitable Incorporated Organisation) is seeking to develop the Corstorphine Youth and Community Centre (the Centre) (formerly referred to as the Corstorphine Youth and Community Centre) at 14 Kirk Loan. Designs for the Centre were granted planning permission in May 2016. CCC has stated that work can begin promptly if funding is secured.
- 3.2 The projected cost of the development is £2.264m of which the CCC currently holds approximately £1.378m (60.9%), leaving a funding gap of £886,000 (39.1%). The Centre was considered by elected members as a potential project to be funded from the 2019/20 capital budget but was not included in the agreed budget.
- 3.3 On [6 June 2019](#), the Housing and Economy Committee recommended that:
- 3.3.1 *“...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”.*

- 3.4 Albion Equity Limited, a subsidiary of the Albion Trust (in the process of being replaced by Norton Park SCIO), 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 £350,000. The City of Edinburgh Council agreed to this on [30 May 2019](#). Subsequently, the Albion Trust has stated that they are unable to redeem the shares.
- 3.5 On [15 August 2019](#), the Finance and Resources Committee considered a report on the Centre. The report set out two options for bridging the £750,000 funding gap: to reallocate funding from existing projects in the current Capital Investment Programme to the Centre or to consider funding as part of the 2020-25 capital budget process alongside other Council priorities.
- 3.6 A delegation from the CCC attended the Committee. The delegation noted that, while the community has raised approximately £500,000, there was a funding gap and support would be needed from the Council to enable this gap to be bridged. The CCC also noted that there was no Council community centre in the Corstorphine / Murrayfield ward and that the temporary community hub would be lost due to the pending redevelopment of the leased unit at 191 St John's Road. The CCC further noted that they were required to report back to the Robertson Trust (one of their donors) regarding the position on funding in September 2019.
- 3.7 The Finance and Resources Committee instructed officers to:
  - 3.7.1 use their best endeavours to work with the CCC to continue to identify all possible funding solutions including consideration in the capital spending review.
  - 3.7.2 provide a letter of comfort to the CCC and funders as appropriate; and
  - 3.7.3 bring a report on the CCC business plan and the financial proposals to the Finance and Resources Committee in December 2019.
- 3.8 Officers have carried out these actions as requested.

## **4. Main report**

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### **Funding options**

- 4.1 There is currently no Council funding identified to fund this project either in the current financial year or in the current capital budget strategy 2020-30 (which was considered by this committee on [10 October 2019](#)), meaning the Council currently is not able to fund the project unless it were to divert budget from other projects.

- 4.2 The Council's budget setting process for next financial year and the capital budget strategy for 2020-30 is currently underway and is due to report to Council in February 2020. It is through this process that budget allocations are made and through which consideration can be given to the use of Council reserves.
- 4.3 Council officers have reviewed with CCC potential other funding solutions for the development. CCC has already explored many of the most relevant third party grant funds with which Council officers are familiar. Applications to key funders such as the National Lottery Community Fund have been unsuccessful. The prospects for closing the funding gap using third-party grants are therefore agreed to be limited.
- 4.4 A letter of comfort was issued to CCC on 30 August 2019. The letter advised that the Finance and Resources Committee was unable to identify a funding source for the Centre on 15 August 2019 but that the matter remained under serious consideration and that the Council's best endeavours would be used to find a solution. Officers offered to engage directly with funders to set out the Council's position if that would be assistance.
- 4.5 The Albion Trust discussed the share redemption on 28 November 2019. They have advised the Council that they will not proceed with the share redemption and as such, this money will not be available as potential funding.
- 4.6 The Scottish Government has advised that the Town Centre Fund is not expected to be repeated in 2020/21. However, should it opt to hold a second round of the Town Centre Fund, the Centre could be put forward as a priority project. Again, any funding provided would be on condition that the Council would receive a golden share in the completed building.

### **Business plan**

- 4.7 Council officers have requested that the CCC provide its business plan for the Centre (attached as appendix one). The business plan notes that value engineering has been carried out to save costs. However, costs have arisen as the scope of the project has been widened to include the demolition and rebuilding of the "Lesser Hall"; this was originally planned to be done at a later stage but the development of adjacent land and resultant loss of access means the Lesser Hall could only be redeveloped if this was done as part of the main build.
- 4.8 The overall costs of delivering the Centre have risen to £2.264m (plus VAT), with a funding gap of £886,000, of which £750,000 is sought from the City of Edinburgh Council. The CCC itself holds £1.378m. This indicates that, were the Council to provide the CCC with £750,000, there would remain a funding gap of £136,000; albeit CCC notes that it has made other funding applications. The £2.264m does not include fit-out costs or any VAT that is unable to be reclaimed.
- 4.9 The business plan states that, should funding be secured, CCC would put the building contract out to tender in January 2020, with a view to commencing work in March/April 2020 for completion in June/July 2021. CCC notes that the remaining north façade of the former building is deteriorating and delaying the project is likely to result in further damage and costs.

- 4.10 The business plan projects that the Centre will break even in its second year of trading. By year five, the Centre is projected to have income of £152,438 and expenditure of £148,753, representing a small profit of £3,685. It is noted that £26,235 (17.2%) of income is from grants and donations suggesting that if these are lower than forecast the Centre could move to a loss-making position.
- 4.11 The completed building is proposed to have four staff members (a manager, an admin works, and two caretakers), with staffing costs totalling £77,545 in year five, accounting for over 50% of total running costs. It would be financially challenging to retain this level of staffing, particularly given the risk flagged above that a small drop in donation income could push the Centre to a loss making position.
- 4.12 It is noted that CCC has registered for VAT. This would enable it to reclaim most VAT payable on construction works but conversely would require it to pay VAT on “most” of its income. CCC has confirmed that the figures presented in the business plan take this VAT liability into account.

## **5. Next Steps**

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- 5.1 None identified at this stage.

## **6. Financial impact**

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- 6.1 As set out above, there is currently no Council funding identified to fund this project either in the current financial year or in the capital budget strategy 2020-30 (which was considered by this committee on [10 October 2019](#)), meaning the Council currently is not able to fund the project unless it were to divert budget from other projects.
- 6.2 This report is for noting only and as such there is no associated financial impact.

## **7. Stakeholder/Community Impact**

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- 7.1 There is strong support in the local area for the Centre.

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

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- 8.1 ["Albion Equity Ltd – Disposition of Council’s Preference Shares" – report to the City of Edinburgh Council \(30 May 2019\)](#)
- 8.2 [“Motions and Amendments” – Housing and Economy Committee \(6 June 2019\)](#)
- 8.3 [“Corstorphine Youth and Community Centre” – report to the Finance and Resources Committee \(15 August 2019\)](#)
- 8.4 [“Capital Budget Strategy 2020-2030” – report to the Finance and Resources Committee \(10 October 2019\)](#)

## 9. Appendices

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### 9.1 Appendix one – Corstorphine Community Centre business plan

by virtue of paragraph(s) 6 of Part 1 of Schedule 7A  
of the Local Government(Scotland) Act 1973.

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# Finance and Resources Committee

10am, Friday, 6 December 2019

## Waiver for Gilmerton Road Short Break Service

Executive/routine  
Wards All  
Council Commitments

### 1. Recommendations

---

- 1.1 The Finance and Resources Committee is asked to:
  - 1.1.1 Approve the payment of up to £308,533 to Action for Children as Edinburgh's contribution to the cost of short break provision for disabled children and young people (Gilmerton Road Care Home) as part of a service level agreement with NHS Lothian, and the other Lothians councils

#### **Alistair Gaw**

Executive Director of Communities and Families

Contact: Sean Bell, Senior Manager, Children with Additional Support Needs

E-mail: [Sean.Bell@edinburgh.gov.uk](mailto:Sean.Bell@edinburgh.gov.uk) | Tel: 0131 469 3129

## Waiver for Gilmerton Road Short Break Service

### 2. Executive Summary

---

- 2.1 This report seeks approval for the waiver of Contract Standing Orders to allow payment to Action for Children as a part of a service level agreement with NHS Lothian, and the other Lothians councils. This service delivered by Action for Children at Gilmerton Road Care Home provides short breaks for a maximum of five children and young people with a learning disability and challenging behaviour up to the age of 19.

### 3. Background

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- 3.1 The Gilmerton Road Care Home service provides short breaks for a maximum of five children and young people with a learning disability and challenging behaviour up to the age of 19. The service also provides an 'emergency' bed for young people in crisis.
- 3.2 The children and young people have planned breaks of varying lengths and frequency based on their, and their family's needs. Children and families also receive 'Outreach' support between periods of residential respite.
- 3.3 The service is situated in a residential area of south Edinburgh, close to local amenities and public transport links. The accommodation consists of a single storey, six-bedroom building with an enclosed garden/play area. The building is adapted to cater for any young person who uses a wheelchair.
- 3.4 The key aim of the project is to prevent family breakdown which would see children admitted into hospital on a long-term basis and or become Looked After and Accommodated in residential institutions. The project provides a comprehensive and flexible support service for children and their families, as responsive as possible to their needs.



## 4. Main report

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- 4.1 There has been a service level agreement in place with Action for Children led by City of Edinburgh Council until 31<sup>st</sup> March 2019 at which point NHS Lothian as the largest funder took on responsibility to manage and to lead on the future procurement of the service. The three Lothians councils (Midlothian, East Lothian and West Lothian) are also part of this arrangement. Each local authority has an identified number of nights at the residential unit it can then allocate to families and a number of outreach hours that can be allocated to families.
- 4.2 Under the current agreement, children resident in Edinburgh are assigned 726 nights respite each year and 3,554 hours of outreach.
- 4.3 The statutory partners agreed that it was necessary to test the market to ascertain if there were other organisations interested in and capable of delivering a short break service for disabled children and young people. A waiver to cover 2019-20 was agreed by Directors to enable a procurement process to go forward. NHS Lothian has advised that this process will take longer than initially expected and therefore a further year of operation by Action for Children under the service level agreement is required.
- 4.4 Should this waiver not be agreed for 2020-21, Communities and Families would then need to seek other short break provision at considerably higher cost and there may be a risk to children as they may not be able to remain at home.

## 5. Next Steps

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- 5.1 A procurement process for the service beyond 2020-21 is being led by NHS Lothian in partnership with the local authorities. NHS Lothian will be publishing a Prior Information Notice in November 2019 to alert the market to a future contract opportunity. It is intended to publish a full Invitation to Tender in June 2020 with a start date for the new contract of 1<sup>st</sup> April 2021.

## 6. Financial impact

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- 6.1 The cost of the service for City of Edinburgh Council for 2020-21 is estimated to be £308,533 and this will be contained within the Children's Services budget. NHS Lothian will contribute approximately £538,000 to the total running costs of the service (£1,048,000) which helps to offset the costs to the local authorities.

## **7. Stakeholder/Community Impact**

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- 7.1 The Care Inspectorate undertook inspections in August 2019 (Outreach Work) and April 2018 (Care Home). The reports from these inspections highlighted parental satisfaction with the services.
- 7.2 Under The Carers (Scotland) Act 2016 and The Children (Scotland) Act 1995, the Council has a duty to support families with a disabled child and the service provided at Gilmerton Road supports the council to meet this duty.
- 7.3 There are no adverse equalities or sustainability impacts arising from this report.

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

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N/A

## **9. Appendices**

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N/A

# Finance and Resources Committee

10.00am, Friday, 6 December 2019

## Elected Member Car Parking

Executive/routine Wards Council Commitments	Executive All
---	------------------

### 1. Recommendations

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- 1.1 The Committee is recommended to:
  - 1.1.1 Approve the removal of free parking spaces provided to Councillors; and,
  - 1.1.2 Approve the proposed vehicle access restrictions on use of the Quadrangle as detailed in this report.

**Stephen S. Moir**

Executive Director of resources

Contact: Peter Watton, Head of Property and Facilities Management,  
Property and Facilities Management Division, Resources Directorate

E-mail: [peter.watton@edinburgh.gov.uk](mailto:peter.watton@edinburgh.gov.uk) | Tel: 0131 529 5962

## Elected Member Car Parking

### 2. Executive Summary

---

- 2.1 The Council has recently considered questions and motions regarding elected member car parking arrangements and the related vehicle use of the Quadrangle in front of the City Chambers. This report recommends a consistent and clear approach for the future, by proposing the removal of all free car parking spaces and restricting vehicle access to and use of the Quadrangle.

### 3. Background

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- 3.1 On 14 March 2019, the Council considered a question from Councillor Corbett that stated "Further to the Council meeting in 31 May 2018 and the oral answer given by the Convenor to the supplementary question to 5.2:

1. *What progress has been made on the review of councillors free car parking passes?*
2. *Which councillors have passes for the APCOA parking at Waverley Court; George IV bridge (Central library); and any other parking in the vicinity of the City Chambers.*

- 3.2 On 19 September 2019, the Council approved the following motion by Councillor Claire Miller and amendment by the Scottish Liberal Democrat Group:

*"Council:*

*Notes that drivers routinely use the quadrangle of City Chambers to park vehicles for prolonged periods of time;*

*Agrees that vehicles usage of the quadrangle should be restricted to legitimate and responsible use, and asks Council officers to prepare a report for the Finance and Resources Committee on the following:*

- i) What criteria exist to permit vehicle access to the quadrangle and, if different, the criteria to be allowed to park there;*
- ii) To what extent the quadrangle is being used for long periods (i.e. more than 1-2 hours) or on a regular basis (i.e. more than once a week) by particular categories of users;*

- iii) *Proposals on how access and parking could be better managed/restricted to ensure only legitimate and reasonable use; and*
- iv) *The report to include an update on the review of Councillors free parking passes as requested at the March Council meeting.*

3.3 The purpose of this report is to address the content of the question and the Council approved motion and amendment, to provide clarity for future use.

## 4. Main report

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### **Councillor Car Parking**

4.1 In response to the question to Council, on 14 March 2019, elected members were asked to confirm their position regarding Councillor car parking. The significant majority of formal responses received were consistent in the opinion that the privilege of having a free parking space should be removed. Consequently, and in the absence of any alternative option, it is proposed that all Councillor free car parking spaces are removed from use.

### **The Quadrangle at the City Chambers**

4.2 There is no current, documented policy relating to the use of the Quadrangle by vehicles. The absence of a formal policy has the practical effect that on a day to day, the presumption has been applied that it should not be used for car parking.

4.3 As part of the engagement with elected members, referred to in paragraph 4.1, all formal responses supported the position that car parking in the Quadrangle should cease and then be enforced. On the basis that restrictions are now to be put place, subject to approval by Committee, and that legitimate and responsible use will be enforced, it is proposed that all vehicles are banned with the exception of the following:

- Emergency services;
- Official Council, Lord Provost / Lord Lieutenancy, Depute Lord Provost and Bailies specific business;
- Wedding reception vehicles;
- Essential maintenance vehicle access;
- Essential operational business, e.g., CCTV operations
- Any necessary parking to provide reasonable adjustments as part of our accessibility requirements arising from the Equality Act.

4.4 Notwithstanding the exceptions listed above, every effort will be made to ensure that these uses are kept to a minimum with the use of the Cockburn Street entrance encouraged.

## **5. Next Steps**

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- 5.1 The recommendations of this report, if approved, will be formally communicated as policy and will then be implemented and enforced from 1 January 2020.

## **6. Financial impact**

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- 6.1 There are no financial impacts arising from this report

## **7. Stakeholder/Community Impact**

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- 7.1 All elected members were asked to consider these proposals in March 2019.

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

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- 8.1 N/A

## **9. Appendices**

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- 9.1 N/A

# Finance and Resources Committee

10.00am, Friday, 6 December 2019

## Land at 18b Ferry Road Avenue, Edinburgh – Proposed Disposal

Executive/routine	Routine
Wards	4 – Forth
Council Commitments	<u>2</u>

### 1. Recommendations

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1.1 That Committee:

- 1.1.1 Approves the disposal of land at 18b Ferry Road, Edinburgh to North Edinburgh Childcare 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: Deborah Bruce, Investment Officer

Property and Facilities Management Division, Resources Directorate

E-mail: [deborah.bruce@edinburgh.gov.uk](mailto:deborah.bruce@edinburgh.gov.uk) | Tel: 0131 469 3931

## Land at 18b Ferry Road Avenue, Edinburgh – Proposed Disposal

### 2. Executive Summary

---

- 2.1 North Edinburgh Childcare (NEC) hold a ground lease over land at 18b Ferry Road Avenue expiring in 2055. To raise funding for an extension to the facility, NEC has approached the Council to acquire the heritable title to the land. This report seeks approval to dispose of the land on the terms and conditions outlined in this report.

### 3. Background

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- 3.1 'A Blueprint for 2020: The Expansion of Early Learning and Childcare in Scotland - ELC Expansion Planning Guidance for Local Authorities' issued in March 2017 by the Scottish Government set out local authorities' responsibility for the implementation and delivery of an expanded entitlement of 1140 hours of free ELC in their area. The vision for expansion is underpinned by the principles of Quality, Flexibility, Accessibility and Affordability. The City of Edinburgh Council's Commitments 32 and 33 for this administration reflect the vision in the Blueprint:
- 3.2 *Double free early learning and child care provision, providing 1140 hours a year for all 3- and 4-year olds and vulnerable 2-year olds by 2020*
- 3.3 *33. Make early years' provision more flexible to fit families' needs and provide additional resources to families in difficulty so that no children are educationally disadvantaged when they start formal schooling*
- 3.3 A key element in the 'Blueprint for 2020' is that parents have choice in the provision available to them by making sure expansion to 1140 hours is 'provider neutral'. This requires that the Council work with its partner providers to ensure that they are meeting National Standard quality requirements and that the service they provide is sustainable.
- 3.4 North Edinburgh Childcare (NEC) operate in an area of the city that has a high level of demand for Early Learning and Childcare places and is identified by the Council as a priority in terms of providing the necessary infrastructure to meet demand for places. The Council plan to construct a new nursery as part of the redevelopment of Pennywell Town Centre to meet a significant proportion of this demand. However, the provision of further sustainable capacity through the Council's



partners will reduce pressure on the Council's infrastructure programme and provide parents with greater choice in childcare provision.

- 3.5 North Edinburgh Childcare (NEC) currently lease 0.68 hectares (1.68 acres) on a ground lease from the Council which expires in 2055 as shown shaded pink on the attached plan. The current rent is £1 per annum. The ground was leased to NEC at £1 per annum, who then constructed the building principally through grant aid. Consequently, the building is currently owned by NEC.
- 3.6 NEC operate a childcare facility and currently provide 66 spaces across a variety of age groups for children aged up to 5 years. NEC work in partnership with the Council and the centre is also an SQA accredited training centre and to date have put over 350 individuals into employment in this sector across Edinburgh and the Lothians.
- 3.7 To provide a further 87 childcare spaces, NEC are seeking to raise funds for an extension to the centre. The project is estimated to cost £1.75 million with £1.0 million having been successfully raised to date principally from the Robertson Trust and Resilient Scotland.
- 3.8 An application will be made to the National Lottery Community Grants programme for the remainder of the funding. A pre-requisite for the Lottery to consider the application is that NEC own the land, and this has been confirmed to the Council.
- 3.8 Consequently NEC has made an approach to the Council to acquire purchase their leasehold interest in the property.

## 4. Main report

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- 4.1 The following terms have been provisionally proposed:
- Subjects: Land extending approximately 0.68 hectares (1.68 acres) at 18b Ferry Road Avenue;
  - Purchaser: North Edinburgh Childcare;
  - Price: £1;
  - Overage: Should the Purchaser dispose or develop the land within 10 years from the date of entry for any other use than childcare facilities, the Council will be entitled to receive a clawback of 75% of sale transaction;
  - Site Investigations: Should the purchaser's investigations uncover environmental damages or additional risks to the proposed development, the Purchaser shall have the option to continue occupation based on the existing lease for the unexpired term;

- Costs: The purchaser will pay CEC legal costs (capped at £2,500);

4.2 The Council's commercial interest in the land is the right to receive £1 per annum of the next 36 years and, as such, the land is of limited market value to the Council. An overage provision will be included within the sale agreement to compensate the Council against a future sale at a higher value based on an alternative use.

## **5. Next Steps**

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5.1 Following approval of the terms by Finance and Resources Committee, solicitors will be instructed to conclude the legal documentation.

## **6. Financial impact**

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6.1 The financial impact to the Council will be minimal as the current long lease on the property is at a rent of £1 per annum.

## **7. Stakeholder/Community Impact**

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7.1 Ward elected members have been made aware of the recommendations of the report.

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

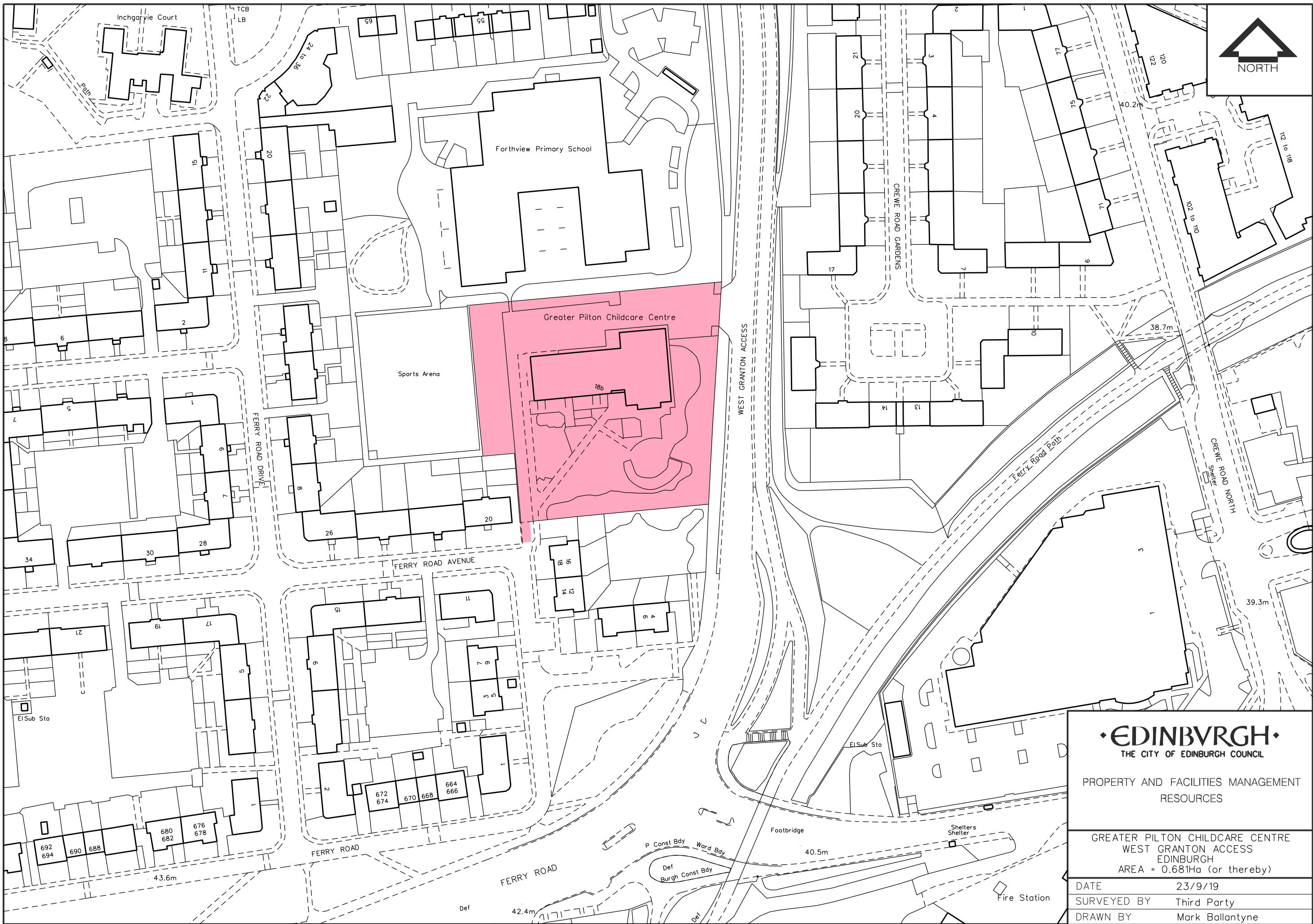
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8.1 Not applicable.

## **9. Appendices**

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9.1 Appendix 1 - Location Plan



SITE PLAN

SCALE 1:1250

<b>• EDINBURGH •</b> THE CITY OF EDINBURGH COUNCIL	
PROPERTY AND FACILITIES MANAGEMENT RESOURCES	
GREATER PILTON CHILDCARE CENTRE WEST GRANTON ACCESS EDINBURGH AREA = 0.681Ha (or thereby)	
DATE	23/9/19
SURVEYED BY	Third Party
DRAWN BY	Mark Ballantyne
SCALE	1:1250 @ A3 SIZE
NEG. NO.	A3/2180

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# Finance and Resources Committee

10.00am, Friday, 6 December 2019

## 5 Hamilton Place- Proposed New Lease

<b>Executive/routine</b>	Routine
<b>Wards</b>	5 – Inverleith
<b>Council Commitments</b>	<a href="#">2</a>

### 1. Recommendations

---

1.1 That Committee:

- 1.1.1 Approves a 10 year lease to Wee Greek Kitchen Limited of the premises at 5 Hamilton Place, Edinburgh, 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](mailto:seli.mcvittie@edinburgh.gov.uk) | Tel: 0131 529 5871

## 5 Hamilton Place- Proposed New Lease

### 2. Executive Summary

---

- 2.1 The restaurant at 5 Hamilton Place was vacated in summer 2019 when the previous occupier ceased trading. The property was placed on the market with 5 bids received at a closing date. This report seeks approval to grant a new lease to the Wee Greek Kitchen Ltd, on the terms and conditions outlined in the report.

### 3. Background

---

- 3.1 The subjects, extending to 65 sq m (700 sq ft) or thereby, located at 5 Hamilton Place comprises of ground and basement areas along with an external courtyard as shown outlined in red on the attached plan.
- 3.2 The previous lease was terminated in summer 2019 when the tenant, who had also operated a restaurant, ceased trading. The rent under the previous was £16,000 per annum.
- 3.3 Following a successful marketing campaign, at closing date, five offers were received. The offers have been evaluated with the preferred bidder selected.

### 4. Main report

---

- 4.1 The following terms have been provisionally agreed:-
- Subjects: 5 Hamilton Place, Edinburgh;
  - Tenant: Wee Greek Kitchen Limited (SC634052);
  - Term: 10 years;
  - Rent: £23,000 per annum;
  - Use: Class 3, Restaurant;
  - Rent Review: The rent will be reviewed on the fifth anniversary, and 5 yearly thereafter, on an upward only basis;
  - Repair: Tenant, full repairing;

- **Costs:** The tenant shall be responsible for the Council's reasonably incurred legal costs and their own in costs associated with the preparation of the lease. The tenant shall also be responsible for Land and Building Transaction Tax, registration dues and VAT as appropriate;
- **Other terms:** As contained in a standard lease.

## **5. Next Steps**

---

- 5.1 Following approval of the terms by Finance and Resources Committee, solicitors will be instructed to conclude the legal documentation.

## **6. Financial impact**

---

- 6.1 A rental income of £23,000 will be generated to the General Property Account, an increase of 21% on the previous rent received of £16,000 per annum.

## **7. Stakeholder/Community Impact**

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- 7.1 Ward elected members have been made aware of the recommendations of the report.

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

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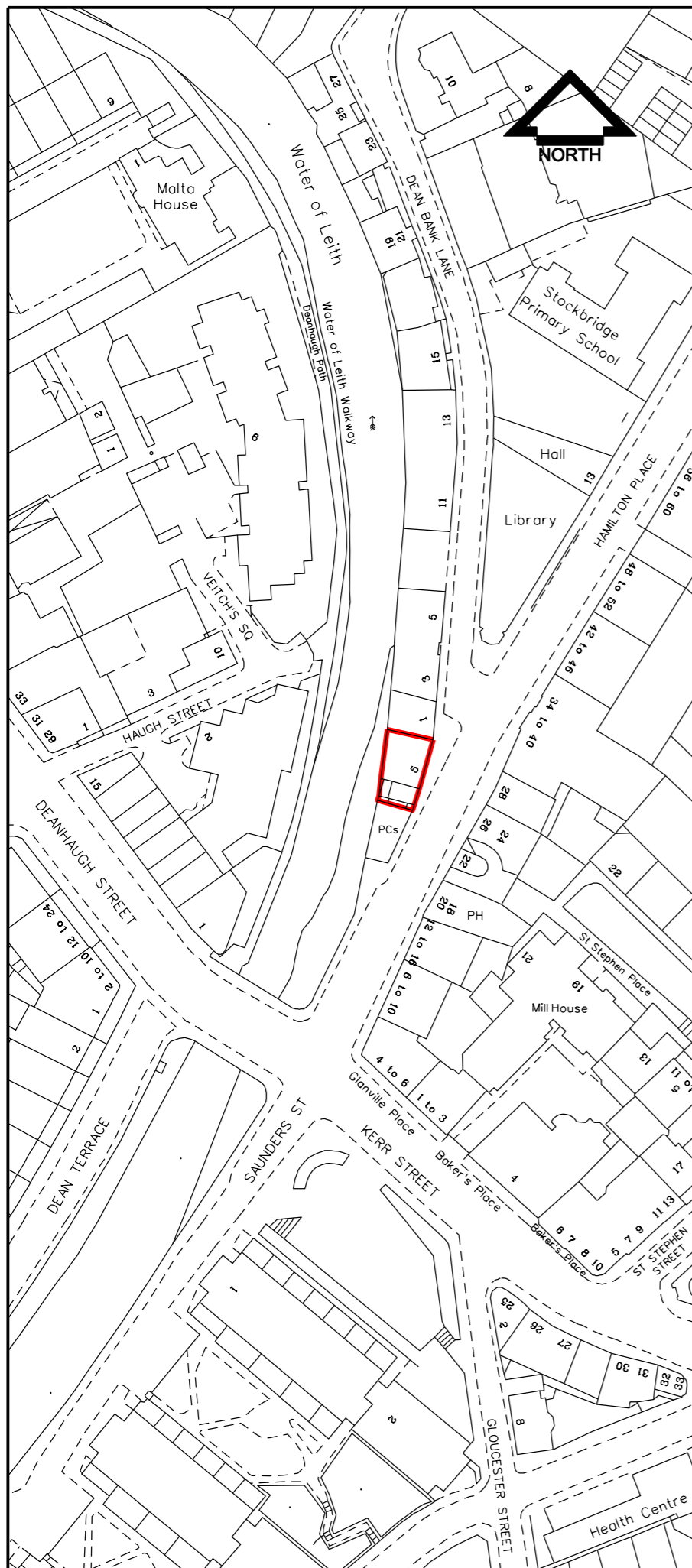
N/A

## **9. Appendices**

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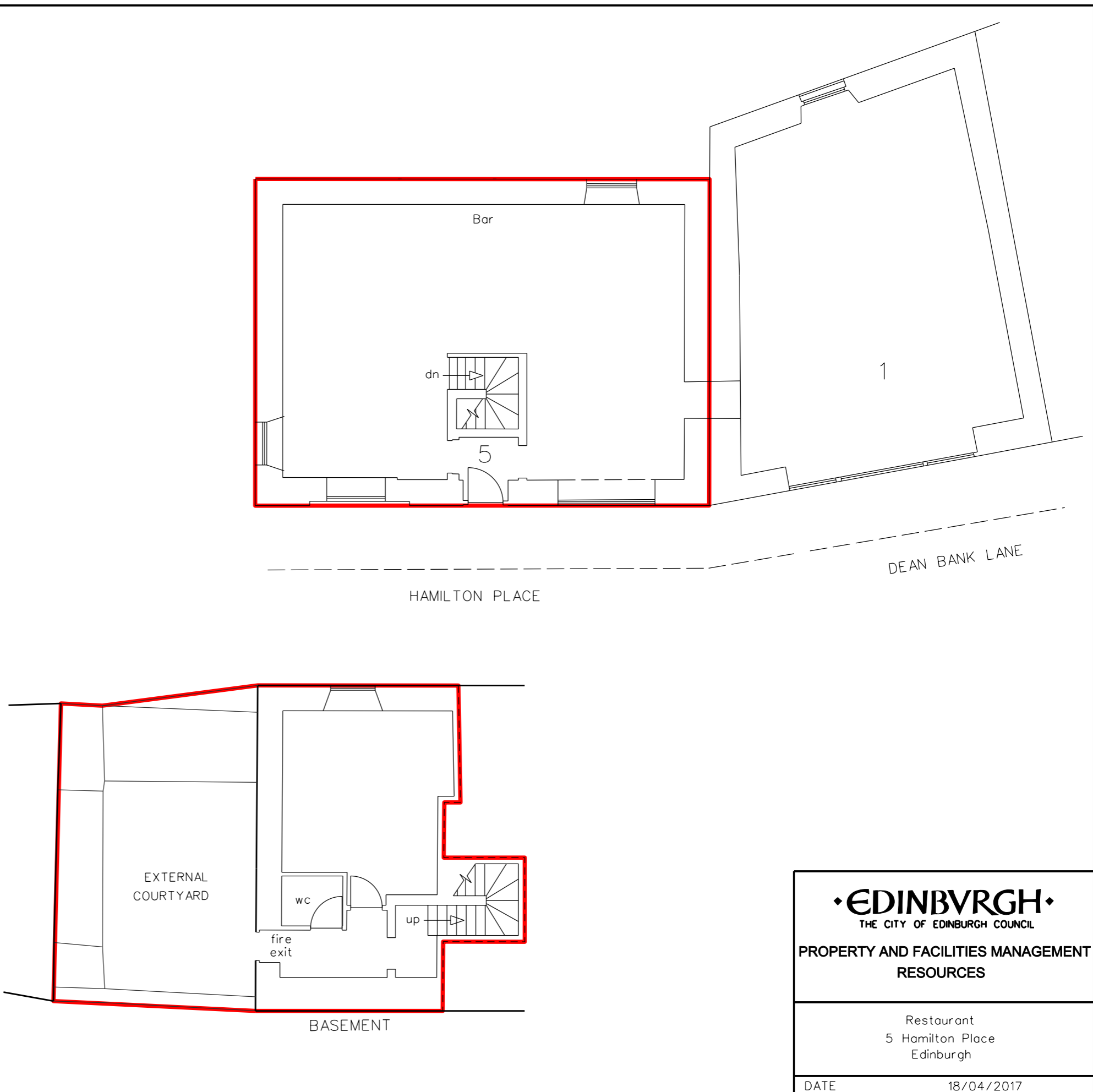
Appendix 1 - Location Plan





LOCATION PLAN

PHOTOGRAPHICALLY REDUCED NOT TO SCALE



FLOOR PLAN

AREA OF LEASE SHOWN DELINEATED RED

<b>• EDINBURGH •</b> THE CITY OF EDINBURGH COUNCIL	
<b>PROPERTY AND FACILITIES MANAGEMENT RESOURCES</b>	
Restaurant 5 Hamilton Place Edinburgh	
DATE	18/04/2017
SURVEYED BY	MB,AP
DRAWN BY	Fiona McDonald
FILE NO.	
NEG. NO.	A3/929 A



# Finance and Resources Committee

10.00am, Friday, 6 December 2019

## Restaurant Unit, Assembly Rooms, 54 George Street, Edinburgh – Proposed Lease

Executive/routine	Routine
Wards	11 – City Centre
Council Commitments	

### 1. Recommendations

---

1.1 That Committee:

- 1.1.1 Approves a new 15 year lease of the restaurant unit at the Assembly Rooms, George Street, Edinburgh to Stack and Still Limited 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](mailto:mark.bulloch@edinburgh.gov.uk) | Tel: 0131 529 5991

## Restaurant Unit, Assembly Rooms, George Street, Edinburgh – Proposed Lease

### 2. Executive Summary

---

- 2.1 The Assembly Rooms contains three commercial units on the ground floor of the building. As a result of the liquidation of Jamie's Italian Limited, the restaurant unit became vacant and has been marketed for lease. The report seeks approval for a new 15 year lease to Stack and Still Limited on the terms and conditions outlined in the report.

### 3. Background

---

- 3.1 The Assembly Rooms benefitted from a major refurbishment completed in 2012. The refurbishment created commercial space consisting of a restaurant and two retail units.
- 3.2 The retail units on the George Street frontage are let to Rox and L'Oreal, providing a rental income of £240,000 per annum (Rox) and £111,250 per annum (L'Oreal).
- 3.3 The restaurant unit, extending to approximately 643 sq m (6,920 sq ft) or thereby and shown on the attached plan, was leased to Jamie's Italian Limited for 25 years from 30 March 2012 at an initial rent of £253,000 per annum. The rent was increased to £297,000 per annum following a rent review on 30 March 2017.
- 3.4 Jamie's Italian Limited entered into a Company Voluntary Arrangement (CVA) in February 2018 and subsequently liquidated on 21 May 2019 and the unit has been vacant since that time.
- 3.5 The property was marketed for lease and discussions have subsequently taken place with interested parties, however, Stack and Still Limited, has come forward and proposed formal heads of terms.
- 3.6 Stack and Still Limited is the UK's largest urban pancake and licensed bar venue. Their flagship venue was opened in West George Street, Glasgow in October 2018 with two further openings at Silverburn (large shopping centre south west of Glasgow city centre) and Glasgow Fort (large shopping centre east of Glasgow city

centre). This business has been hugely successful and now has funding to expand into Edinburgh.

## 4. Main report

---

4.1 Following negotiation, the following main heads of terms are provisionally agreed:

- Subjects: Restaurant unit, Assembly Rooms, 54 George Street, Edinburgh as show on attached plan;
- Tenant: Stack and Still Limited (Company Number SC599871);
- Term: 15 years from date of entry with tenant option to extend for five years;
- Break Options: Tenant only break options at years five and 10 subject to providing no less than six months written notice;
- Rent: The higher of a base rent of £150,000 per annum or 8% of gross annual turnover net of VAT and capped at £300,000 per annum;
- Rent Review: Base rent will be reviewed on each fifth anniversary of the date of entry in line with RPI with collar and cap of 1% and 3%;
- Incentive: Equivalent of 12 months rent free with half rent paid for years 1 and 2;
- Use: Restaurant within existing Class 3 planning consent;
- Costs: Both parties to meet own costs with Tenant responsible for LBBT and registration dues.

## 5. Next Steps

---

5.1 Following approval of the report by Committee, solicitors will be instructed to progress the legal documentation to enter into the new lease.

## 6. Financial impact

---

6.1 The proposal provides a minimum of £150,000 per annum rental income to the Council. A minimum £75,000 per annum will be received for the first two years due to the incentive.

6.2 The average turnover across the three existing sites is £60,000 per week. If the tenant can maintain that turnover level the rent would increase to £249,600 per annum (8% of gross annual turnover net of VAT and capped at £300,000). It should

be noted that the Assembly Rooms restaurant unit is much larger and provides many more covers than the Glasgow outlets, however, there are obvious locational differences.

- 6.3 Whilst the proposed rent is less than was received from the previous tenant, the proposal received follows extensive marketing and reflects the current market rental value for the unit.
- 6.4 On the basis of the base rent, the proposals will require Property and Facilities Management to mitigate a budget pressure of £222k pa in F/Y 2020/21 and 2021/22 and a maximum of £147k pa from F/Y 2022/23 onwards. It is proposed that this mitigation be recovered from the wider investment portfolio before further budget savings can be offered from this wider income stream.

## **7. Stakeholder/Community Impact**

---

- 7.1 Ward elected members have been made aware of the recommendations of the report.
- 7.2 The proposals have been discussed with Council Officers in Culture Division, Place Directorate.

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

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- 8.1 N/A

## **9. Appendices**

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- 9.1 Appendix 1 – Location Plan



SITE PLAN

PHOTOGRAPHICALLY REDUCED NOT TO SCALE

<b>• EDINBURGH •</b> THE CITY OF EDINBURGH COUNCIL	
PROPERTY AND FACILITIES MANAGEMENT RESOURCES	
RESTAURANT UNIT 54 GEORGE STREET EDINBURGH	
DATE	31/10/19
SURVEYED BY	
DRAWN BY	Mark Ballantyne
SCALE	1:1250 @ A3 SIZE
NEG. NO.	A3/1155

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# Finance and Resources Committee

10.00am, Friday 6 December 2019

## Edinburgh Shared Repairs Service - Progress Report to 30 September 2019

Executive/routine Wards Council Commitments	Routine All
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### 1. Recommendations

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1.1 That Committee:

1.1.1 Notes the update on the progress of Edinburgh Shared Repairs Service (ESRS) to 30 September 2019;

1.1.2 Notes the management information dashboard report to 30 September 2019 in Appendix 1; and

1.1.3 Notes the examples of customer feedback provided in Appendix 2.

**Stephen S. Moir**

Executive Director of Resources

Contact: Jackie Timmons, Edinburgh Shared Repairs Service Manager,

Property and Facilities Management Division, Resources Directorate

E-mail: [jackie.timmons@edinburgh.gov.uk](mailto:jackie.timmons@edinburgh.gov.uk) | Tel: 0131 529 6778

## Edinburgh Shared Repairs Service Progress Report to 30 September 2019

### 2. Executive Summary

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- 2.1 This report provides details on the operational progress of the Edinburgh Shared Repairs Service (ESRS) to 30 September 2019.

### 3. Background

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- 3.1 ESRS became fully operational in 2017.

### 4. Main report

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#### **Service Operation**

#### **Operational Process and Procedure**

- 4.1 The implementation of a charge for the provision of outstanding debt information in relation to statutory notices is being progressed. This is scheduled within ICT's programme to be implemented early in 2020. The level of the charge is to be assessed following confirmation of ICT implementation costs. The annual income generated is expected to be between £150k and £250k.

#### **Communications**

- 4.2 The autumn 2019 communications plan for the Service is underway. The plan includes 100 lamp post wraps, leaflet drops to 20,000 tenement flats in hot spots of the city, social media posts on Facebook and Twitter, digital ads and radio advertising. We have seen evidence of a significant increase in website downloads while the plan is live.
- 4.3 The ESRS manager attended a conference 'Tenements Today, Tenements tomorrow' in Glasgow arranged by the Scottish Civic Trust and members of the Scottish Parliamentary Working Group (SPWG) on Tenement Maintenance, at which amongst other prominent speakers, the Minister for Housing spoke on the recommendations of the SPWG. The minister has still to provide the detailed



response in Parliament this year. The recommendations are expected to include legislative change which is likely to impact Local Authority enforcement powers.

The event highlighted and linked the 'human element' of this issue with the built environment. This aspect is significant and is why ESRS receive so many positive comments from owners whom we support. A summary of the positive feedback received so far in 2019 is included in Appendix 2.

- 4.4 The Edinburgh Evening News have printed several articles in October on stone falls in Edinburgh. The reports have been very positive and highlight the work of ESRS, particularly the success of the Missing Shares Scheme.

#### **Innovation and development**

- 4.5 As featured in the Finances and Resource Business Bulletin in August, ESRS and Housing are progressing with the Scottish Government Digital Directorates CivTech programme. This programme provides a fast and cost-effective method of procurement for one-off challenges. The aim is to provide a solution to a public sector problem with private sector technical creativity and innovation. The Council's first ever challenge to be accepted by the programme is, 'How can we use technology to manage the property condition of communal areas in privately owned tenements?' This includes mixed tenure, partly Council owned, tenements. The programme is currently just entering the 'accelerator stage' with one company (of 12 who bid for this opportunity) who will develop a Minimum Value Product in consultation with the Council's challenge sponsor team.

- 4.6 It is hoped that tenement owners and the Council will have the opportunity to use a digital web application to assist with all aspects their common repairs and maintenance. With around 20,000 tenement buildings in Edinburgh, there is significant commercial opportunities to make this unique product viable for the successful company. It is expected that this product will be an additional tool to help private owners and the Council as an owner, to create a tenement community in each tenement stair. The vision is that this will create the behaviours and engagement needed between owners to get works arranged and done privately.

#### **ESRS Workload Update**

- 4.7 The total number of cases in ESRS has reached 241. Of the 241 cases, 63 are open and 178 have been closed, with successful intervention on 165 cases and 13 completed projects. Successful intervention represents 68% of the total number of cases. 26 have reached enforcement, representing 11% of all cases.

#### **Panel Decisions**

- 4.8 The Project Panel has taken a total of 63 decisions. Since the last update report, 10 decisions have been made to progress cases to enforcement and approve missing share applications.

#### **Mixed tenure Projects – Place Development**

- 4.9 Consultation is ongoing between ESRS and colleagues in Place Development in relation to the delivery of the Mixed Tenure Improvement Strategy. The ESRS

manager is a member of the Mixed Tenure Improvement Board. ESRS are consulted generally on processes used in relation to engagement with owners on proposed mixed tenure housing projects around the city. ESRS are currently undertaking this role in some of these cases.

### **Missing Share Cases**

- 4.10 The Missing Shares scheme continues to be invaluable to owners when undertaking common repairs privately. There have been 35 missing share applications received by ESRS with many more calls and e-mails for advice and guidance requested from owners. Tenement repairs in these cases have benefitted 349 owners in total. The value of work enabled privately through the scheme amounts to £1,451,699. In half of these cases the missing share owner has paid the monies due prior to the Council making the payment which is a positive outcome of the scheme. To date ESRS has paid and invoiced owner's bills amounting to £47,846, all of which is recoverable.

### **Private work enabled by ESRS**

- 4.11 The total value of works enabled by ESRS amounts to approximately £3.5m.

### **The Enforcement Service**

- 4.12 Of the total 26 projects enforced, 13 projects have been completed on site and billed out. 13 projects are progressing through enforcement at different stages.

### **The Emergency Service**

- 4.13 The number of monthly service requests (SR's) from July to September has been consistent at an average of 61 cases per month. In September alone, 10 SR's related to dangerous masonry or roofs. The service continues to be involved along with other Council services in relation to the major fire incident at Fountainbridge, where there was loss of life.

### **ESRS Finance Update**

- 4.14 Appendix 1 includes charts to demonstrate overall billing and debt outstanding. This shows that 97% of all invoices issued for all recoverable services have been paid, are in instalment plans or have registered inhibition orders. Of the paid enforcement works invoiced, 86% were paid within three months of billing the owners. The two enforced projects billed out since the last report have already achieved a collection rate of 73% within two months of invoicing owners.

## **5. Next Steps**

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- 5.1 The Service will continue to evolve, and processes and procedures are reviewed as business as usual through lessons learnt.

## **6. Financial impact**

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- 6.1 The forecast budget for ESRS has been reduced to £0.77m for 2019/2020 as approved by the ESRS Board in December 2018, which has allowed ESRS to contribute to the wider budget saving proposals for 2019/20.
- 6.2 The bad debt provision for ESRS for 2019/20 will be re-assessed after the year end.

## **7. Stakeholder/Community Impact**

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- 7.1 Customer feedback is an important tool for ESRS, it allows ESRS to reflect on process and procedure. ESRS has had positive feedback in 2019/20, Appendix 2 includes examples of feedback received by the service so far this year.

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

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- 8.1 [Report to City of Edinburgh Council, 12 February 2015, Shared Repairs Services -Development of a New Service.](#)
- 8.2 [Report to City of Edinburgh Council 11 December 2014, Shared Repairs Services -Development of a New Service -](#)
- 8.3 [Edinburgh Shared Repairs Service – Missing Share](#) – report to Finance and Resources Committee, 5 September 2017

## **9. Appendices**

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- 9.1 Appendix 1: ESRS Management Information Dashboard
- 9.2 Appendix 2: Customer Feedback examples in 2019/20

# Appendix 1 - Edinburgh Shared Repairs Service Dashboard - September 2019

Monthly progress update (for reporting purposes month end is 30 September)

## ESSENTIAL WORKS SERVICE

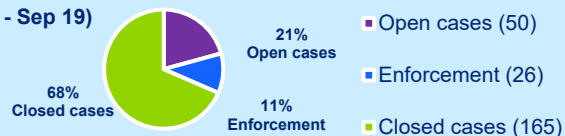
Total number of cases has reached **241**. The workload currently consists of 63 open cases with 178 closed with successful intervention or completed projects.

Projects where a S26 Notification letter has been issued = 23

## EMERGENCY SERVICE

The emergency repairs service recorded **52** requests for service this month. **41** site visits were drainage related. **10** calls were reports of masonry or roof defects and **1** call was received from the fire service. Advice and information was provided to customers who called to report defects which did not result in a contractor instruction.

### Case Status (Sep 15 - Sep 19)



### CASE WORKLOAD PROGRESS

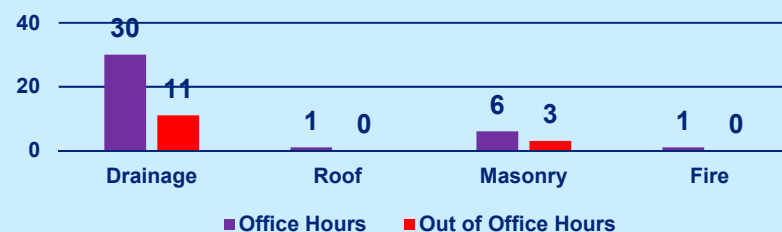
CASE WORKLOAD PROGRESS		NO.
<b>Facilitation:</b>	• Consultation only	6
	<b>Missing Share:</b>	
	• Case open	9
	• Case closed	26
<b>Surveys:</b>	• Case open	0
	• Case closed	8
<b>Intervention:</b>	• Pre-Intervention	19
	• Intervention	10
	• Successful Intervention / Closed cases	131
	• Council Share process (pay CS)	6
<b>Enforcement:</b>	• Open	13
	• Projects complete	13
<b>Total Number of Cases</b>		<b>241</b>

ESRS PANEL DECISIONS RECORD	APPROVED	REJECTED	TOTAL
Missing Share	24	1	25
Enforcement	32	5	37
Enforcement – Additional Works During Project	1	0	1
<b>TOTAL</b>	<b>57</b>	<b>6</b>	<b>63</b>

### EMERGENCY SERVICE WORKLOAD

	Jul 19	Aug 19	Sep 19
No. of service requests (Site Visits)	64	68	52
No. of emergency repair inspections resulting in statutory notices issued 31(4) & 24(2)	51	40	32
No. of drainage repairs resulting in statutory notices issued 31 (1) & (3) - (Complex)	0	1	0

Number of Service Requests  
01 September 2019 to 30 September 2019



### KEY PLANNED ACTIVITIES

The 2019 Autumn communication campaign has been planned. An amended Toolkit will be uploaded to the website. The CivTech programme has commenced for the ESRS/Housing Challenge on Tenement maintenance.





## ESRS Essential Works Dashboard

Programme dashboard as at 30 September 2019

### OVERVIEW OF PROGRESS

On 5 September 2017, the Finance and Resource committee approved the Council's use of legislative powers under Section 50 of the Housing (Scotland) Act 2006 to pay funds into owners' maintenance accounts. The table below summarises those cases approved by the ESRS Project Panel.

### MISSING SHARES OVERVIEW

PROJECTS	TOTAL OWNERS	VALUE OF PROJECT	AMOUNT OF MISSING SHARES APPROVED / IN PROGRESS	TOTAL MISISNG SHARE OWNERS	PAID / DUE BY CEC
<b>Projects</b>					
32 Projects	307	£1,350,417	£186,823	42	£101,918
Project 33	18	£8,547	£475	2	£950
Project 34	18	£36,048	£1,479	1	£1,479
Project 35	6	£56,687	£9,448	2	£18,896
<b>TOTAL</b>					
35	349	£1,451,699	£198,225	47	£123,243

### PRIVATE WORKS ENABLED BY THE ESRS

PROJECTS WORKLOAD	VALUE OF WORKS (Inc VAT)	CEC FINANCIAL COMMITMENT
Successful Intervention	£2,062,819	£0
Missing Shares	£1,451,699	£123,243
<b>TOTAL</b>	<b>£3,514,518</b>	<b>£123,243</b>



## Customer Service Dashboard

Programme dashboard as at 30 September 2019

CUSTOMER CONTACT DOWNLOADS from ESRS WEBSITE		NO.
<b>ESRS Toolkits</b>	• Tenement Toolkit downloaded	502
<b>ESRS Missing Shares</b>	• Missing Shares Guidance downloaded	601
<b>Release of Ownership details</b>	• Process for Release of Absent owners details downloaded	151

ALL CUSTOMER CONTACTS	Jul 19	Aug 19	Sep 19
Solicitors Enquiries	457	426	397
Phone Calls	651	691	672
E-Mails	263	185	344
<b>Total Customer Contacts</b>	<b>1371</b>	<b>1302</b>	<b>1413</b>

FORMAL CUSTOMER CONTACTS	Jul 19	Aug 19	Sep 19	ESRS WEBSITE VISITS	
FOI's	3	0	1	September 2019	8,062
SPSO Enquiries	1	0	0		
Stage 1 complaints	2	2	1		
Stage 2 complaints	1	2	0		

## ESRS Risk Register

TOP 5 RISKS	MITIGATION	RAG
1. <b>Alignment with Property and Housing strategies</b>	Risk – SOP's drafted without due consideration for policy and procedures in other areas of P& FM and Housing, leading to conflict with the Council's overall housing strategy. Mitigation - Procedural documents shared with relevant directorate staff. ESRS Board includes Housing colleague. ESRS manager on Mixed Tenure Improvement Strategy Board.	Yellow
2. <b>Contractor Management of Framework KPI's etc</b>	Risk - Lack of Contract Management of Framework Contractors leading to poor performance of contractors and reputational risk to CEC. Mitigation - to be carried out by a staff member now recruited into ESRS structure.	Yellow
3. <b>IT / Systems Admin / Upgrades</b>	Risk - ICT issues and pending server migration could impact service delivery and information fidelity. Mitigation - ESRS pursuing ICT amendments for known issues. Officers in contact with ICT/CGI to identify potential service impacts.	Yellow
4. <b>Release of Ownership Information Procedure</b>	Risk - Implementation of new Release of Ownership Information process presents risk for potential data breaches. Mitigation - Process subject to consideration by IGU prior to approval. New SOP's implemented. Staff training session conducted.	Yellow
5. <b>PEC-R Issues</b>	Risk - System errors within PEC-R database prevent ESRS staff from retrieving Ownership and Statutory Notice information. Mitigation - ESRS are investigating additional IDOX support.	Green



# ESRS Finance Dashboard

Programme dashboard as at 30 September 2019

## Debt Recovery

### OVERVIEW OF PROGRESS

In debt over three months old the collection rate for Enforcement works is at 97%. Of the outstanding balance, £19,979 is currently being collected through instalment plans.

### BILLING AND PAYMENT INFORMATION

	NO OF PROJECTS	BILLED	PAID	INSTALMENT PLANS	INHIBITIONS	BALANCE
Enforcement	13	£604,726	£523,431	£11,843	£46,453	£22,999
Missing Share	13	£47,846	£29,319	£8,136	£0,00	£10,391
Survey Charge	8	£10,429	£10,429	£0,00	£0,00	£0
<b>TOTAL</b>	<b>34</b>	<b>£663,001</b>	<b>£563,179</b>	<b>£19,979</b>	<b>£46,453</b>	<b>£33,390</b>
<b>OVERALL BAD DEBT PROVISION FOR ESRS (2014-19)</b>						<b>£59,955</b>

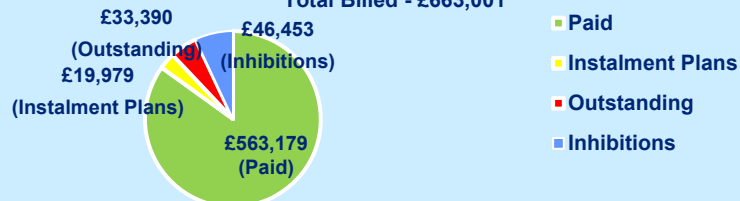
### EMERGENCY WORKS

Total value of invoices issued for emergency repairs in 2018/19	£578,513 (Current collection Rate is 93%)
Total value of invoices issued for emergency repairs and call out fees in 2019/20 (Apr-Aug 19)	£143,611 (Current collection Rate is 83%)

ENFORCEMENT PROJECTS (not yet billed)	MAJOR	MINOR	ESTIMATED VALUE
1. Under £10,000			
2. Under £50,000		11	£256k
3. Under £250,000	3		£229k
4. Over £250,000			
<b>TOTAL (13 projects)</b>	<b>3</b>	<b>11</b>	<b>£485k</b>

### ESRS - All Projects Overview

Total Billed - £663,001



## Work In Progress (WIP)

### OVERVIEW OF PROGRESS

The WIP this month includes costs for Essential works Projects and includes Consultant costs not yet billed. Invoices are issued within four months of Project completion.

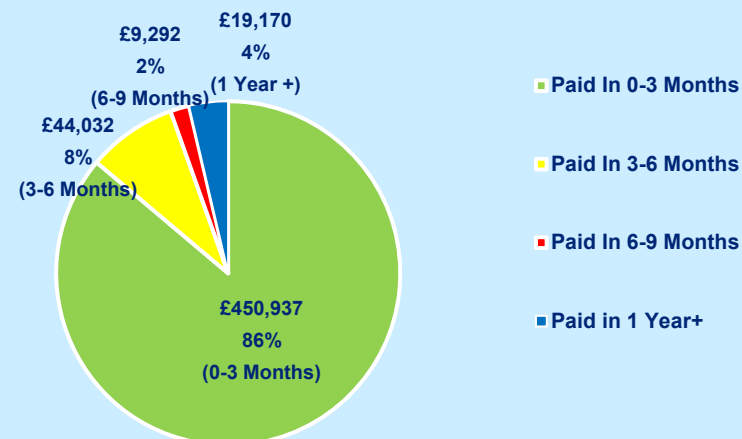
### ESSENTIAL WORKS WIP

Overall position	Jul 19	Aug 19	Sep 19
Value of Payments to Contractors	£26k	£40k	£0k
Value of Invoices issued to Owners (excluding project management fee)	£66k	£0k	£0k
WIP	£23k	£35k	£81k
* Contractors retention cost still to be incurred	£11k	£11k	£11k

## Debt Recovery (Speed of Payments)

### Speed of Payments for Enforced Projects

Total Paid as at 30<sup>th</sup> September 2019 is £523,431





## Appendix 2 (1 of 2)

# Edinburgh Shared Repairs Service Feedback from customers so far in 2019-2020



May 2019

### Drainage job

I can honestly say that I have **never before dealt with someone in public service as diligent, pro-active and efficient as she.**

### Intervention

I am **ever so thankful** for your guidance and support through this difficult neighbour issue. I must say the tenement toolkit was very useful but your **kind offer of support** with an email if it was needed was greatly appreciated.

### Missing Share

**I could never have done this without your help** and nothing I can say will ever express the thanks I owe you.

### Missing Share

I would like to thank you for explaining the scheme to my neighbour in the first instance ,and your colleague who I spoke to a few weeks ago **for excellent advise**. Case Officer also spoke with the troublesome neighbour, which I think was important in getting us out of the deadlock.

June 2019

### Training Delivered to A Property Factor Company in Edinburgh by ESRS Case Officers

Hi, **thank you, that was such a massive help**, I think it will make a massive difference with our projects.

September 2019

### Drainage job

Can you please pass on to the service manager our sincere thanks for **how quickly and efficiently this problem has been dealt with**. The property officer is in school just now, sectioned off the area and is trying to locate the appropriate services to address it. **I think this is the quickest response I have encountered**, so many, many thanks.



## Appendix 2 (2 of 2)

July 2019

### **Missing Share application**

I would like to take this opportunity to thank all of you who have played a part in this repair especially those who worked with me in the Shared Repair section to secure those 2 missing payments.

**Thank you so much for all your help.** *(This was a mixed tenure block of 12, 2 x missing shares and where the Council also owned 1 property).*

### **Drainage Job**

We have had problems with drains and a leak in the stair.

One of your property officers, has been dealing with our problems. Right from the start she has been **extremely helpful** and **willing to help** in any way she can. She **always keeps us informed and up to date** with what's going on and replies to emails promptly. I wanted to let you know how hard she has worked to help us. She has gone over and above and I felt she should get some recognition for that. Please let her know that we have really appreciated how helpful she's been.

September 2019

### **Drainage Job**

'The Girl in charge **was Very Good** (underlined 3 times!!).

### **Emergency - Out Of Hours**

This message of appreciation very much extends to you. **You've been brilliant**, and continue to be.

### **Missing Share application**

That's great news, thanks very much, **you have been of great assistance** and that is very much appreciated.



# Finance and Resources Committee

10.00am, Friday, 6 December 2019

## Murrayburn Depot, Murrayburn Road, Edinburgh – Proposed Transfer to Housing Revenue Account

<b>Executive/routine</b>	Routine
<b>Wards</b>	2 – Pentland Hills
<b>Council Commitments</b>	<a href="#">1, 2, 10, 11</a>

### 1. Recommendations

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1.1 That Committee:

- 1.1.1 Approves the transfer of Murrayburn Depot, Murrayburn, Edinburgh to the Housing Revenue Account (HRA) 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: Graeme McGartland, Investments Senior Manager,

Property and Facilities Management Division, Resources Directorate

E-mail: [graeme.mcgartland@edinburgh.gov.uk](mailto:graeme.mcgartland@edinburgh.gov.uk) | Tel: 0131 529 5956

## Murrayburn Depot, Murrayburn Road, Edinburgh – Proposed Transfer to Housing Revenue Account

### 2. Executive Summary

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- 2.1 The Council's depot strategy to reduce the number of operational buildings will release the depot at Murrayburn. The depot has been identified as an opportunity to assist with the delivery of the Council's affordable housing targets. This report seeks approval to transfer the depot to the Housing Revenue Account.

### 3. Background

---

- 3.1 On 2 February 2016, the Finance and Resources Committee approved a report setting out the investment strategy for the Council's depots estate. Revised at Finance and Resources Committee on 4 December 2018, the Depots Gateway Review is going much further than previously proposed, consolidating from 16 to six depot sites. This included addressing the Council's ambition to expand and increase its housing supply by disposing of Murrayburn Depot, and other sites, for mixed tenure housing.
- 3.2 On 10 October 2019, the Finance and Resources Committee approved the Depot Strategy: Collections for the Future Report which set out the proposal to create a single, accessible collections storage facility (Collections Hub) and to revise current Council physical records storage arrangements to enable the delivery of the Council's Depot Strategy and the Culture Services Review, both contained within the Council's Change Strategy.
- 3.3 The Murrayburn depot site extends to approximately 2.44 hectares (6.03 acres) as shown outlined and hatched in red on the attached plan.
- 3.4 The [Strategic Housing Investment Plan \(SHIP\)](#) Strategic Housing Investment Plan (SHIP) sets out the Council's commitment to deliver 20,000 affordable homes over the next 10 years alongside its housing association partners.

### 4. Main report

---

- 4.1 The Council's house building programme continues to make good progress with 553 homes completed, over 700 under construction and a further 3000 in design

development. The programme does however need additional development sites to continue with the programme.

- 4.2 An initial feasibility study by the HRA suggests the subject site is viable of a mixed tenure housing development of approximately 200 units.
- 4.3 Transferring the site to the HRA will allow the drawdown of allocated Affordable Housing Supply Programme (AHSP) funding from the Scottish Government for new affordable homes.
- 4.4 A transfer figure of £3.6 million has been agreed. The site value is based on the assessment by Property and Facilities Management of the value of the site for an affordable led housing development.
- 4.5 Whilst it is possible that a higher gross land value could be achieved should the site be placed on the market, a transfer to the HRA gives certainty over the level of receipt which would be payable within a shorter timescale as it is not conditional on detailed planning consent being in place.
- 4.6 Retaining the site in Council ownership also provides future place making/ regeneration opportunities in the wider Murrayburn area.

## **5. Next Steps**

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- 5.1 Following approval of the terms by Finance and Resources Committee, the site will transfer from the General Fund to the Housing Revenue Account.

## **6. Financial impact**

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- 6.1 A capital receipt of £3.6 million (inclusive of fees) will be received by the General Fund.

## **7. Stakeholder/Community Impact**

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- 7.1 Ward elected members have been made aware of the recommendations of the report.

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

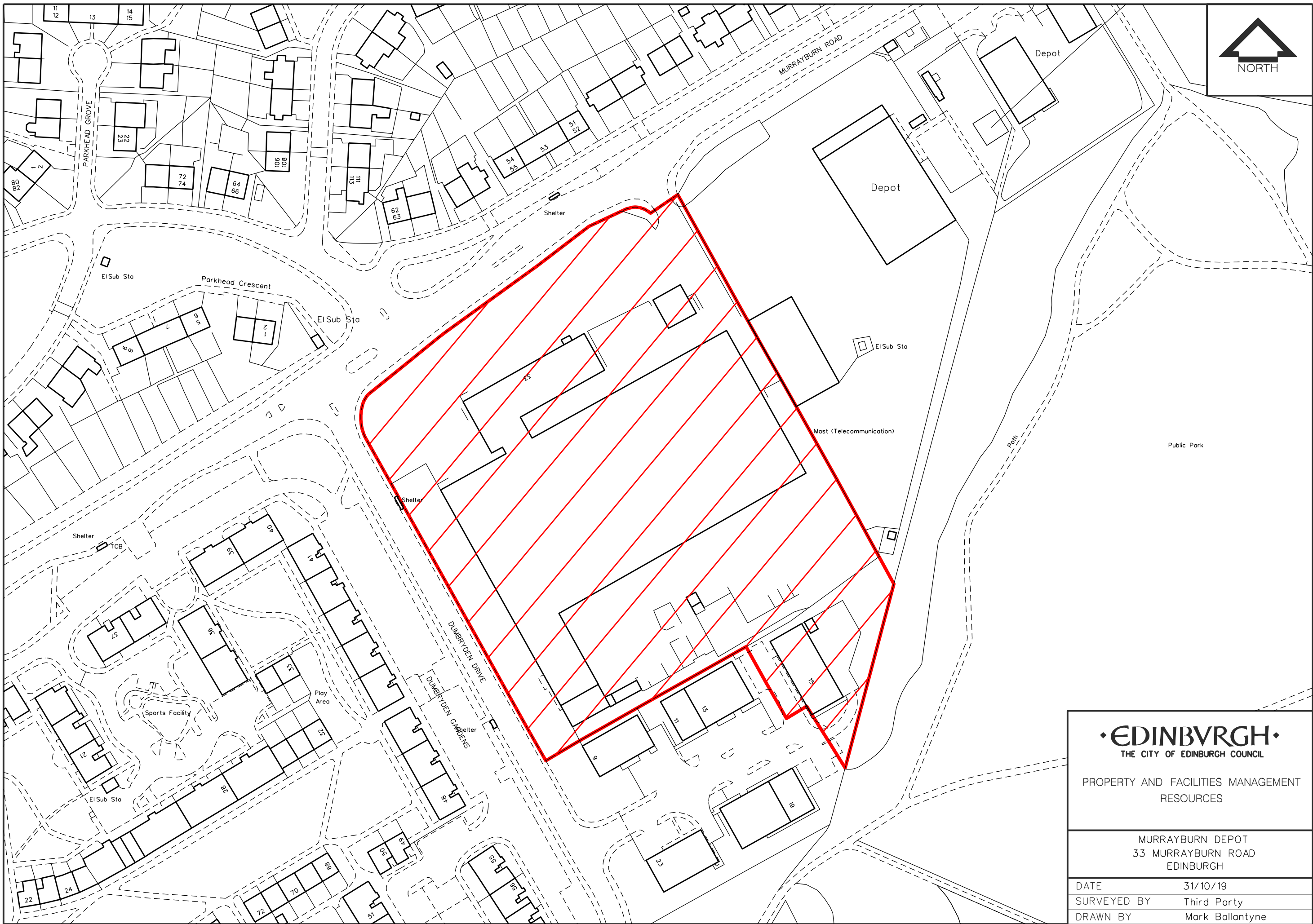
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- 8.1 [Depot Strategy: Collections for the Future](#)

## **9. Appendices**

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Appendix 1 - Location Plan



<b>• EDINBURGH •</b> THE CITY OF EDINBURGH COUNCIL	
PROPERTY AND FACILITIES MANAGEMENT RESOURCES	
MURRAYBURN DEPOT 33 MURRAYBURN ROAD EDINBURGH	
DATE	31/10/19
SURVEYED BY	Third Party
DRAWN BY	Mark Ballantyne
SCALE	1:1250 @ A3 SIZE
NEG. NO.	A3/2191

LOCATION PLAN

PHOTOGRAPHICALLY REDUCED NOT TO SCALE

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# Finance and Resources Committee

10.00am, Thursday, 6 December 2019

## Former Colinton Mains Bowling Club, 221 Oxgangs Road North – Proposed Transfer to Housing Revenue Account

Executive/routine	Routine
Wards	8 – Colinton/Fairmilehead
Council Commitments	<a href="#">1</a>

### 1. Recommendations

---

1.1 That Committee:

- 1.1.1 Approves the transfer of the former Colinton Mains Bowling Club, 221 Oxgangs Road North to the Housing Revenue Account (HRA) 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: Deborah Bruce, Investment Officer,  
Property and Facilities Management Division, Resources Directorate

E-mail: [deborah.bruce@edinburgh.gov.uk](mailto:deborah.bruce@edinburgh.gov.uk) | Tel: 0131 469 3931

## Former Colinton Mains Bowling Club, 221 Oxfords Road North – Proposed Transfer to Housing Revenue Account

### 2. Executive Summary

---

- 2.1 Colinton Mains Bowling Club ceased to operate in 2018 and their lease of the Council owned bowling green came to an end in September 2018. Following a feasibility study for an affordable housing development 21<sup>st</sup> Century Homes have declared an interest in transferring the site to the HRA to form part of the Council's house building programme.

### 3. Background

---

- 3.1 Colinton Mains Bowling Club closed in September 2018 due to falling membership and ever increasing maintenance costs. The Club held the land on a 5 year lease from the Council which has now come to an end.
- 3.2 The area of land extends to approximately 0.27 hectares (0.70 acres) as shown outlined in red on the attached plan.
- 3.3 The [Strategic Housing Investment Plan \(SHIP\)](#) sets out the Council's commitment to deliver 20,000 affordable homes over the next 10 years alongside its housing association partners. The Finance & Resources Committee has previously approved the transfer of several sites for the development of affordable housing by the HRA in March 2015, March 2017 and January 2018.

### 4. Main report

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- 4.1 Since becoming vacant, the site has fallen into disrepair and has attracted anti-social behaviour. There is no demand for the site to continue as a bowling club. Consequently, the next step is to consider the disposal of the site for redevelopment.
- 4.2 The Council's house building programme continues to make good progress with 553 homes completed, over 700 under construction and a further 3000 in design

development. The programme does however need sites to continue with the programme.

- 4.3 The HRA has undertaken a feasibility study on the site which demonstrates that it would be suitable for an affordable housing development of around 22 units.
- 4.4 A transfer figure of £440,000 has been agreed (abnormal costs of development will be deducted from the value). The site value is based on the assessment by Property and Facilities Management of the value that could be achieved if the land was sold on the open market with no extraordinary costs associated with the development.
- 4.5 Plans are progressing to demolish the former pavilion on the site. If this work is undertaken by the HRA, the costs will be deducted from the transfer value.

## **5. Next Steps**

---

- 5.1 Following approval of the terms by Finance and Resources Committee, the site will transfer from the General Fund to the Housing Revenue Account.

## **6. Financial impact**

---

- 6.1 A capital receipt of £440,000 will be received by the General Fund.

## **7. Stakeholder/Community Impact**

---

- 7.1 Ward elected members have been made aware of the recommendations of the report.

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

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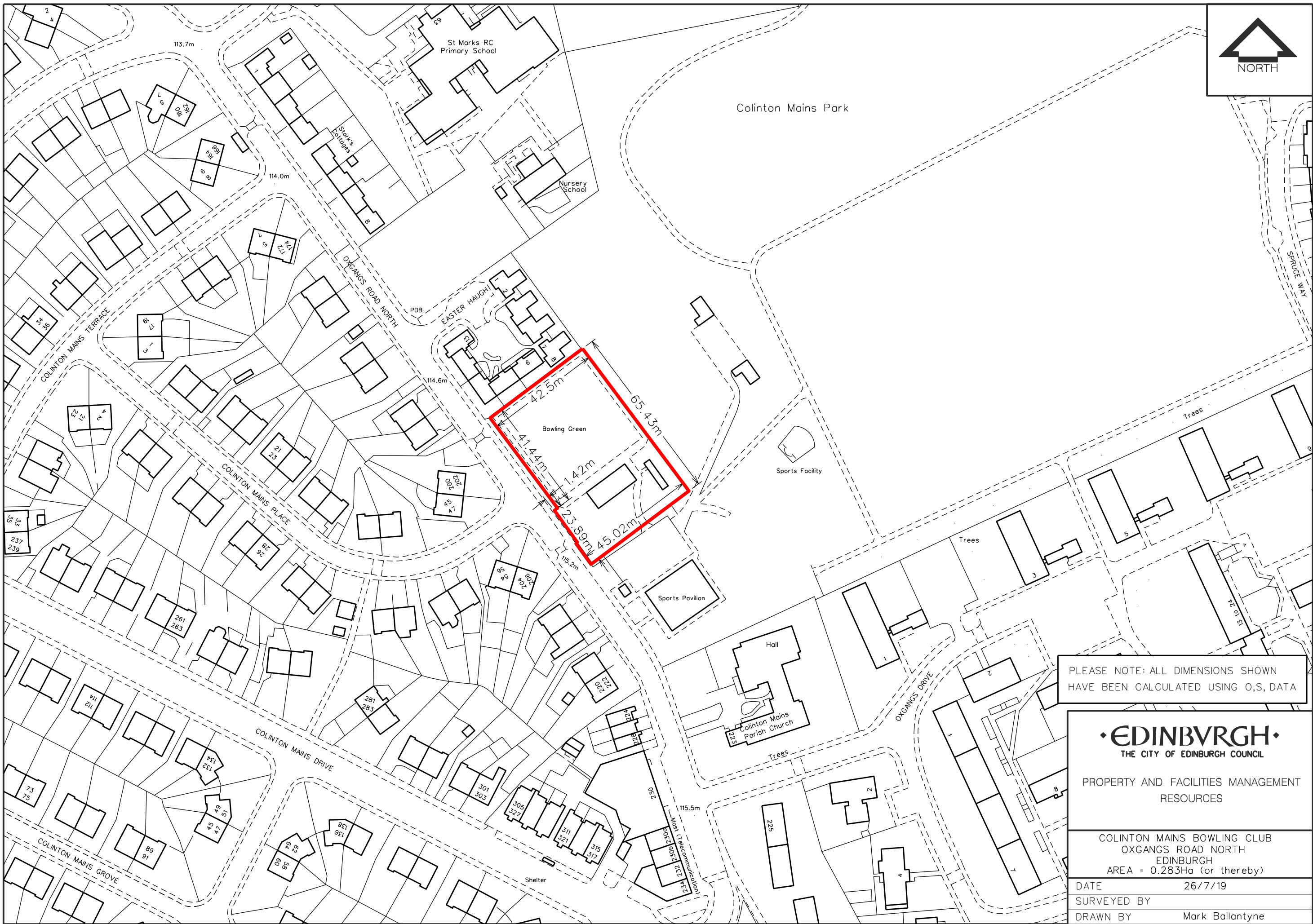
- 8.1 [Transfer of General Fund Sites to Housing - Report to Finance and Resources Committee 19 March 2015](#)  
[Strategy - Accelerating Housing Delivery and Brownfield Regeneration - Report to Finance and Resources Committee 23 March 2017](#)  
[Accelerating Housing Delivery and Brownfield Regeneration Update Report - Report to Finance and Resources Committee 23 January 2018](#)  
[Strategic Housing Investment Plan \(SHIP\) 2019-2024 - Report to Housing and Economy Committee 1 November 2018](#)

## 9. Appendices

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### 9.1 Appendix 1 - Location Plan





PLEASE NOTE: ALL DIMENSIONS SHOWN HAVE BEEN CALCULATED USING O,S, DATA

**• EDINBURGH •**  
THE CITY OF EDINBURGH COUNCIL  
PROPERTY AND FACILITIES MANAGEMENT  
RESOURCES

COLINTON MAINS BOWLING CLUB OXGANGS ROAD NORTH EDINBURGH AREA = 0.283Ha (or thereby)	
DATE	26/7/19
SURVEYED BY	
DRAWN BY	Mark Ballantyne
SCALE	1:1250 @ A3 SIZE
NEG. NO.	A3/1984

SITE PLAN

SCALE 1:1250

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# Finance and Resources Committee

10am, Friday, 6 December 2019

## Award of Legal Services Framework Agreement

Item no  
Executive  
Wards All  
Council Commitments

### 1. Recommendations

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- 1.1 It is recommended that the Finance and Resources Committee:
- 1.1.1 Approves the award of a framework agreement for Legal Services to seven providers over six lots; Anderson Strathern LLP, Brodies LLP, Clyde & Co (Scotland) LLP, CMS Cameron McKenna LLP, Harper Macleod LLP, Morton Fraser LLP and Shepherd and Wedderburn LLP.
  - 1.1.2 Approves the commencement of the framework on 21 December 2019 for an initial period of two years, with two further optional twelve month extensions, at an estimated total value of £12 million.

**Stephen S. Moir**

Executive Director of Resources

Contact: Nick Smith, Head of Legal and Risk

Legal and Risk Division, Resources Directorate

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# Finance and Resources Committee

## Award of Legal Services Framework Agreement

### 2. Executive Summary

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- 2.1 This report seeks approval to award a six lot framework agreement for legal services to seven providers: Anderson Strathern LLP, Brodies LLP, Clyde & Co (Scotland) LLP, CMS Cameron McKenna LLP, Harper Macleod LLP, Morton Fraser LLP and Shepherd and Wedderburn LLP to commence on 21 December 2019 for an initial period of two years, with two further optional twelve month extensions, at a total estimated value of £12 million.

### 3. Background

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- 3.1 The City of Edinburgh Council has an in-house legal team which provides advice and support on all legal matters for its ongoing day to day operations and in relation to Council projects. However, external legal advisors are required for specialist advisory support or when the internal team has limited capacity.
- 3.2 The Council currently contracts with a number of legal firms through a five lot framework agreement; Commercial, Property and Planning, Litigation, Employment and Major Projects. This agreement commenced on 21 December 2015 and expires on 20 December 2019.
- 3.3 This model benefitted from access to specialist external advice at a much lower rate than would be paid in the open market and fixed hourly rates for the duration of the framework. The relatively large potential of work and fees from the Council encouraged strong competition, along with the cachet attached to working for Edinburgh as a capital city given the complexity and high profile work undertaken.
- 3.4 The framework was open to other local authorities which resulted in utilisation by Stirling and West Lothian Councils.

### 4. Main report

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- 4.1 The framework has been remodelled and will now consist of six lots, with the inclusion of Debt Recovery as an additional lot. Following an invitation to other local authorities, the Council has established that the framework will be utilised by East Lothian Council, Midlothian Council, West Lothian Council and Stirling Council. Collaboration has increased the estimated spend value of this framework and, in turn, made this opportunity more appealing to the market.

- 4.2 The six lots are detailed below:
- 4.2.1 Lot 1 - Commercial
  - 4.2.2 Lot 2 - Property and Planning
  - 4.2.3 Lot 3 - Litigation
  - 4.2.4 Lot 4 - Employment
  - 4.2.5 Lot 5 - Major Projects
  - 4.2.6 Lot 6 - Debt Recovery
- 4.3 A Prior Information Notice (PIN) was issued on 1 April 2019 on Public Contracts Scotland to provide awareness of this opportunity to the legal market. A total of 31 law firms expressed interest in this framework at that time.
- 4.4 Commercial and Procurement Services (CPS), in conjunction with the service area, undertook a full Official Journal of the European Union (OJEU) tender exercise. On 14 June 2019, the Council published a Contract Notice under Open Procedure, as set out in the Public Contracts (Scotland) Regulations 2015, with a tender submission deadline of 15 July 2019.
- 4.5 The procurement procedure allowed the Council to identify suitable tenders in terms of compliance with the procurement regulations and the service specific criteria.
- 4.6 To identify providers offering Best Value the tender evaluation included an emphasis on quality as well as price and submissions were assessed on the basis of most economically advantageous tender.
- 4.7 A cost/quality ratio of 40%/60% was applied to encourage competitive hourly rates and to ensure that the quality was of a high standard. To further protect the quality element a minimum quality threshold of 60% was applied, with the Council having discretion to disqualify tenderers who did not achieve this threshold.
- 4.8 A total of 31 providers registered interest in the Contract Notice and tenders were received from 16 providers:
- 4.8.1 Lot 1 received ten submissions;
  - 4.8.2 Lot 2 received eleven submissions;
  - 4.8.3 Lot 3 received six submissions;
  - 4.8.4 Lot 4 received eight submissions;
  - 4.8.5 Lot 5 received twelve submissions; and
  - 4.8.6 Lot 6 received five submissions.
- 4.9 One submission received for Lot 6 was deemed non-compliant and accordingly 51 submissions were evaluated. Based upon historical usage, the service area had identified the maximum number of providers to be awarded to each lot.
- 4.10 A summary of tendering and the tender evaluation process is attached at Appendix 1 and providers recommended for award is attached at Appendix 2.

- 4.11 The framework will be managed by the Head of Legal and Risk and the Senior Legal Manager, Legal Services who will track benefits and monitor Key Performance Indicators.
- 4.12 It is anticipated that the framework will commence on 21 December 2019 for an initial two year period with two further optional twelve month extensions.

## 5. Next Steps

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- 5.1 Subject to approval, the services will commence on 21 December 2019 and will allow the Council to meet its obligations in regard to the provision of external legal services.
- 5.2 The framework will be primarily utilised by the City of Edinburgh Council and in addition, may be used by East Lothian Council, Midlothian Council, West Lothian Council and Stirling Council who expressed their wish to collaborate.
- 5.3 The Contracts and Grants Management team (CAGM) will engage with the Senior Legal Manger, to ensure that effective contract management is delivered throughout the framework lifecycle as detailed and agreed in the Contract Management and Handover Report. All efficiencies identified in the procurement process should be delivered by the service area through proactive supplier engagement, monitoring of management information, application of Key Performance Indicators and tracking of relevant budgets.

## 6. Financial impact

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- 6.1 The framework value is estimated at £12,000,000 over the contract period.
- 6.2 The Council requires all providers to deliver a cost rebate to the Council and all other Participating Authorities in relation to fees rendered which will exclude all third party fees (such as legal fees payable by third parties in relation to planning contribution agreements). Providers will provide a cost rebate in the sum of £2,500 for each increment of £50,000 of fees rendered; this will apply cumulatively over the contract period and extensions. Based upon the current framework spend and excluding third party fees, Legal Services have estimated that the rebate model could generate income of up to £50,000 per annum which will equate to £200,000 over the life of the contract as shown in the table below:

	19/20	20/21	21/28	22/23	23/24	Total
Rebate Model	£12,500	£50,000	£50,000	£50,000	£37,500	£200,000
<b>Total</b>	<b>£12,500</b>	<b>£50,000</b>	<b>£50,000</b>	<b>£50,000</b>	<b>£37,500</b>	<b>£200,000</b>

- 6.3 To encourage competitive hourly rates a cost ratio of 40% was established and hourly rates will be fixed for the duration of the contract.
- 6.4 A benchmarking exercise against Crown Commercial Services framework (which does not have a rebate model) was carried out; a direct comparison of hourly charge rates with a major law firm has established that the Council has achieved competitive rates for this contract.

- 6.5 Providers have committed to the provision of the following benefits, at no additional cost to the Council, which will provide free upskilling and added value to this contract:
- 6.5.1 up to six training seminars per annum to Council staff on agreed topics;
  - 6.5.2 secondment opportunities; and
  - 6.5.3 lessons learned sessions following significant project work.
- 6.6 The costs associated with procuring this framework agreement are estimated to be between £20,000 and £30,000.

## **7. Stakeholder/Community Impact**

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- 7.1 Consultation and engagement has been undertaken in the form of a questionnaire to current framework providers and internal service users.
- 7.2 There are no impacts on carbon, adaption to climate change and sustainable development arising directly from this report.
- 7.3 The Sustainable Procurement Policy was considered and applied through the request of community benefits. The providers will be required to deliver community benefits in line with the value of work awarded by the Council; benefits to be delivered will be agreed at the contract commencement and monitored throughout the life of the contract by the contract manager.
- 7.4 The framework recommended for award is compliant with procurement regulations and the Contract Standing Orders. The risk of legal challenge relating to contractual arrangements for the provisions of this service is thereby reduced.

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

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None

## **9. Appendices**

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Appendix 1 – Summary of Tendering and Tender Evaluation Process

Appendix 2 – Providers Recommended for Award

## Appendix 1 – Summary of Tendering and Tender Evaluation Process

<b>Contract</b>	<b>Legal Services Framework – Lot 1 Commercial</b>	
Contract Period	21 December 2019 – 20 December 2021 with two optional twelve month extensions (2 + 1 + 1)	
Estimated Contract Value (including extensions)	£2.3 million	
Procurement Route Chosen	Open Procedure	
Tenders Returned	10	
Name of Recommended Supplier(s)	Morton Fraser LLP Anderson Strathern LLP Brodies LLP Harper Macleod LLP Shepherd and Wedderburn LLP	
Price / Quality Split	<b>60 % Quality</b>	<b>40 % Cost</b>
	<p>To encourage competitive fixed hourly rates a cost ratio of 40% has been established.</p> <p>It is essential that the quality is of a high standard, therefore the driving factor is quality, to further protect this element a minimum quality threshold of 60% was applied.</p> <p>Delivery Team – 30%</p> <p>Service Delivery Methodology – 30%</p> <p>Continuous Improvement - 15%</p> <p>Performance Management – 10%</p> <p>Fair Work Practices - 5%</p> <p>Data Protection – 5%</p> <p>Business Continuity – 5%</p>	
Evaluation Team	Three Council Officers from Legal Services Team	



<b>Contract</b>	<b>Legal Services Framework – Lot 2 Property and Planning</b>	
Contract Period	21 December 2019 – 20 December 2021 with two optional twelve month extensions (2 + 1 + 1)	
Estimated Contract Value (including extensions)	£3 million	
Procurement Route Chosen	Open Procedure	
Tenders Returned	11	
Name of Recommended Supplier(s)	Anderson Strathern LLP Morton Fraser LLP Harper Macleod LLP Brodiess LLP	
Price / Quality Split	<b>60 % Quality</b>	<b>40 % Cost</b>
	<p>To encourage competitive fixed hourly rates a cost ratio of 40% has been established.</p> <p>It is essential that the quality is of a high standard, therefore the driving factor is quality, to further protect this element a minimum quality threshold of 60% was applied.</p> <p>Delivery Team – 30%</p> <p>Service Delivery Methodology – 30%</p> <p>Continuous Improvement - 15%</p> <p>Performance Management – 10%</p> <p>Fair Work Practices - 5%</p> <p>Data Protection – 5%</p> <p>Business Continuity – 5%</p>	
Evaluation Team	Two Council Officers from Legal Services Team and one Council Officer from Property and Facilities Management	

<b>Contract</b>	<b>Legal Services Framework – Lot 3 Litigation</b>	
Contract Period	21 December 2019 – 20 December 2021 with two optional twelve month extensions (2 + 1 + 1)	
Estimated Contract Value (including extensions)	£2.4 million	
Procurement Route Chosen	Open Procedure	
Tenders Returned	6	
Name of Recommended Supplier(s)	Anderson Strathern LLP Morton Fraser LLP Harper Macleod LLP	
Price / Quality Split	<b>60 % Quality</b>	<b>40 % Cost</b>
	<p>To encourage competitive fixed hourly rates a cost ratio of 40% has been established.</p> <p>It is essential that the quality is of a high standard, therefore the driving factor is quality, to further protect this element a minimum quality threshold of 60% was applied.</p> <p>Delivery Team – 30%</p> <p>Service Delivery Methodology – 30%</p> <p>Continuous Improvement - 15%</p> <p>Performance Management – 10%</p> <p>Fair Work Practices - 5%</p> <p>Data Protection – 5%</p> <p>Business Continuity – 5%</p>	
Evaluation Team	Three Council Officers from Legal Services Team	

<b>Contract</b>	<b>Legal Services Framework – Lot 4 Employment</b>	
Contract Period	21 December 2019 – 20 December 2021 with two optional twelve month extensions (2 + 1 + 1)	
Estimated Contract Value (including extensions)	£750,000	
Procurement Route Chosen	Open Procedure	
Tenders Returned	8	
Name of Recommended Supplier(s)	Anderson Strathern LLP Clyde & Co (Scotland) LLP Harper Macleod LLP Brodies LLP	
Price / Quality Split	<b>60 % Quality</b>	<b>40 % Cost</b>
	<p>To encourage competitive fixed hourly rates a cost ratio of 40% has been established.</p> <p>It is essential that the quality is of a high standard, therefore the driving factor is quality, to further protect this element a minimum quality threshold of 60% was applied.</p> <p>Delivery Team – 30%</p> <p>Service Delivery Methodology – 30%</p> <p>Continuous Improvement - 15%</p> <p>Performance Management – 10%</p> <p>Fair Work Practices - 5%</p> <p>Data Protection – 5%</p> <p>Business Continuity – 5%</p>	
Evaluation Team	Two Council Officers from Legal Services Team and one Council Officer from Human Resources	

<b>Contract</b>	<b>Legal Services Framework – Lot 5 Major Projects</b>	
Contract Period	21 December 2019 – 20 December 2021 with two optional twelve month extensions (2 + 1 + 1)	
Estimated Contract Value (including extensions)	£2.85 million	
Procurement Route Chosen	Open Procedure	
Tenders Returned	12	
Name of Recommended Supplier(s)	Anderson Strathern LLP CMS Cameron McKenna LLP Shepherd and Wedderburn LLP	
Price / Quality Split	<b>60 % Quality</b>	<b>40 % Cost</b>
	<p>To encourage competitive fixed hourly rates a cost ratio of 40% has been established.</p> <p>It is essential that the quality is of a high standard, therefore the driving factor is quality, to further protect this element a minimum quality threshold of 60% was applied.</p> <p>Delivery Team – 30%</p> <p>Service Delivery Methodology – 30%</p> <p>Continuous Improvement - 15%</p> <p>Performance Management – 10%</p> <p>Fair Work Practices - 5%</p> <p>Data Protection – 5%</p> <p>Business Continuity – 5%</p>	
Evaluation Team	Two Council Officers from Legal Services Team and one Council Officer from Place Development	

<b>Contract</b>	<b>Legal Services Framework – Lot 6 Debt Recovery</b>	
Contract Period	21 December 2019 – 20 December 2021 with two optional twelve month extensions (2 + 1 + 1)	
Estimated Contract Value (including extensions)	£700,000	
Procurement Route Chosen	Open Procedure	
Tenders Returned	5	
Name of Recommended Supplier(s)	Anderson Strathern LLP	
Price / Quality Split	<b>60 % Quality</b>	<b>40 % Cost</b>
	<p>To encourage competitive fixed hourly rates a cost ratio of 40% has been established.</p> <p>It is essential that the quality is of a high standard, therefore the driving factor is quality, to further protect this element a minimum quality threshold of 60% was applied.</p> <p>Delivery Team – 30%</p> <p>Service Delivery Methodology – 30%</p> <p>Continuous Improvement - 15%</p> <p>Performance Management – 10%</p> <p>Fair Work Practices - 5%</p> <p>Data Protection – 5%</p> <p>Business Continuity – 5%</p>	
Evaluation Team	One Council Officer from Legal Services Team and two Council Officers from Customer and Digital Services	

## **Appendix 2 – Providers Recommended for Award**

### **Lot 1 Commercial (5 Providers appointed to framework)**

<b>Provider</b>	<b>Quality Score 60/100</b>	<b>Cost Score 40/100</b>	<b>100% of Tender to Final Score</b>
Morton Fraser	55.50	33.91	89.41
Anderson Strathern LLP	45.00	40.00	85.00
Brodies LLP	51.00	30.29	81.29
Harper Macleod LLP	42.75	36.81	79.56
Shepherd and Wedderburn LLP	51.00	25.67	76.67
Tenderer 6	40.50	32.92	73.42
Tenderer 7	41.25	31.18	72.43
Tenderers 8 – 10 failed to achieve the minimum 60% quality threshold			

### **Lot 2 Property and Planning (4 Providers appointed to framework)**

<b>Provider</b>	<b>Quality Score 60/100</b>	<b>Cost Score 40/100</b>	<b>100% of Tender to Final Score</b>
Anderson Strathern LLP	58.50	40.00	98.50
Morton Fraser	58.50	32.53	91.03
Harper Macleod LLP	54.00	35.31	89.31
Brodies LLP	59.25	29.05	88.30
Tenderer 5	54.75	29.91	84.66
Tenderer 6	47.25	30.72	77.97
Tenderer 7	51.75	24.62	76.37
Tenderer 8	44.25	31.19	75.44
Tenderer 9	51.75	20.88	72.63
Tenderer 10	47.25	23.65	70.90
Tenderer 11	49.50	19.29	68.79

### **Lot 3 Litigation (3 Providers appointed to framework)**

<b>Provider</b>	<b>Quality Score 60/100</b>	<b>Cost Score 40/100</b>	<b>100% of Tender to Final Score</b>
Anderson Strathern LLP	51.75	40.00	91.75
Morton Fraser	52.50	35.47	87.97
Harper Macleod LLP	46.50	38.50	85.00
Tenderer 4	39.00	31.68	70.68
Tenderers 5 & 6 failed to achieve the 60% minimum quality threshold			

**Lot 4 Employment (4 Provider appointed to framework)**

<b>Provider</b>	<b>Quality Score 60/100</b>	<b>Cost Score 40/100</b>	<b>100% of Tender to Final Score</b>
Anderson Strathern LLP	47.25	40.00	87.25
Clyde & Co	48.00	31.41	79.41
Harper Macleod LLP	42.75	35.56	78.31
Brodies LLP	46.50	29.26	75.76
Tenderer 5	42.75	32.76	75.51
Tenderer 6	44.25	30.21	74.46
Tenderer 7	40.50	31.51	72.01
Tenderer 8	47.25	23.22	70.47

**Lot 5 Major Projects (3 Providers appointed to framework)**

<b>Provider</b>	<b>Quality Score 60/100</b>	<b>Cost Score 40/100</b>	<b>100% of Tender to Final Score</b>
Anderson Strathern LLP	45.00	40.00	85.00
CMS Cameron McKenna LLP	57.75	24.16	81.91
Shepherd and Wedderburn LLP	53.25	27.02	80.27
Tenderer 4	40.50	38.75	79.25
Tenderer 5	46.50	31.89	78.39
Tenderer 6	49.50	22.92	72.42
Tenderer 7	38.25	32.82	71.07
Tenderer 8	36.00	34.23	70.23
Tenderer 9	36.00	14.42	50.42
Tenderers 10 - 12 failed to achieve the minimum quality threshold			

**Lot 6 Debt Recovery (1 Provider appointed to framework)**

<b>Provider</b>	<b>Quality Score 60/100</b>	<b>Cost Score 40/100</b>	<b>100% of Tender to Final Score</b>
Anderson Strathern LLP	46.50	40.00	86.50
Tenderers 2 – 4 failed to achieve the minimum quality threshold			
Tenderer 5 – Non Compliant			

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# Finance and Resources Committee

10.00am, Friday, 6 December 2019

## The Supply of Liquid Fuel

Routine  
Wards All  
Council Commitments

### 1. Recommendations

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- 1.1 It is recommended that the Finance and Resources Committee:
- 1.1.1 notes that the Scottish Government established a new Liquid Fuels Contract (SP-19-009) in September 2019;
  - 1.1.2 notes that the Executive Director of Place, under delegated authority powers, approved the adoption of the new Scottish Government Liquid Fuels - Contract SP-19-009 for the period 14 October 2019 – 6 December 2019; and
  - 1.1.3 approves two call off contracts from the Scottish Government Contract for the period 7 December 2019 to 31 March 2022 (with the option to extend each for a further 12 months). The two contracts have an estimated value of £7.8m (for the four-year contract):
    - 1.1.3.1 the award of a contract to RIX Petroleum (Hull) Ltd for the supply of gas oil for heating; and
    - 1.1.3.2 the award of a contract to Certas Energy UK Ltd t/a Scottish Fuels for the supply of diesel, gas oil and petroleum.

**Paul Lawrence**

Executive Director of Place

Contact: Rob Fraser, Fleet Resource and Asset Manager

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## The Supply of Liquid Fuel

### 2. Executive Summary

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- 2.1 This report seeks the approval of the Committee for the adoption of the new Scottish Government Liquid Fuels - Contract SP-19-009. This contract runs from 14 October 2019 to 31 March 2022 with the option to extend to 31 March 2023. This award is for two call off contracts for the supply of fuel to the Council.
- 2.2 The previous Liquid Fuel contract (which was also run by Scottish Government) ended on 13 October 2019. In order to provide continuity, call off contracts for the supply of fuel to the Council were approved under Delegated Authority by the Executive Director of Place to cover the period 14 October 2019 and 6 December 2019. The estimated cost of fuel during this period was £0.390m.

### 3. Background

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- 3.1 The Council fleet is the biggest user of fuel with an average consumption of 2.5 million litres of diesel (road vehicles, and plant) and 22,000 litres of unleaded petrol (some cars and grass cutting equipment).
- 3.2 If there is severe winter weather demand for fuel can increase due to additional gritting duties. This is generally a small increase of up to 5% on the current overall usage.
- 3.3 The Council operates four bulk fuel sites to supply the fleet and allow services across the Council to obtain fuel.
- 3.4 In addition to the fleet use, this contract is expected to also be for a small number of Council buildings e.g. Lagganlia.
- 3.5 The previous contract for Liquid Fuel was procured through the Scottish Government. This ended on 13 October 2019. In advance of the contract ending, Scottish Government co-ordinated a procurement exercise for all local authorities across Scotland through Crown Commercial Service (CCS).
- 3.6 Scottish Procurement and CCS have developed and designed a formal sourcing strategy with input from a wide variety of stakeholders and advisors. The previous contract operated successfully for all 74 customers of the contract, with no significant issues raised.

- 3.7 This Scottish Government contract consists of four Scottish lots, (North, West, Central and South) and is divided into fuel types for all postal codes (including remote areas and Islands).

## 4. Main report

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- 4.1 The supply of fuel is categorised as a supply contract called off from the CCS National Fuels Framework Agreement which was tendered at 80% Quality and 20% Price. This ratio was used to ensure that quality of service, including continuity of supply, was the driving principle.
- 4.2 The market for liquid fuels is different to other commodities bought by Scottish Procurement because it operates in a global market. The rationale behind Scottish Procurement undertaking a collaborative call off from the CCS National Fuels Framework Agreement is to achieve the best possible price by having the ability to influence the margin paid and security of supply on behalf of the Scottish Public Sector.
- 4.3 It should be noted that this contract is for delivery of bulk fuels to high value high risk customers, such as heating for schools.
- 4.4 Scottish Procurement has a strong track record of working in partnership with CCS with all necessary protocols well established over time. As a consequence, Memorandums of Understanding are in place with each customer utilising the contract.
- 4.5 Since 2015 no incidents of liquid fuel shortages have been reported by public bodies participating in the Scottish Government CCS call off.
- 4.6 This procurement was undertaken through an eAuction in order to fix the suppliers margin for the contract term (this is set at 2 pence per litre).

### **Interim Contract Arrangements**

- 4.7 The previous contract ended on 13 October 2019 however the procurement process did not conclude in time for the new arrangements to be reported to Finance and Resources Committee in advance of this date.
- 4.8 On that basis, and to provide continuity, a call-off arrangement for the supply of Liquid Fuel was approved by the Executive Director of Place in accordance with the Council's Contract Standing Orders. This arrangement covers the period 14 October 2019 to 6 December and the estimated cost of this £0.390m.

### **New Contract Arrangements**

- 4.9 The two call-off contracts which are relevant to the supply of Liquid Fuel to the City of Edinburgh Council are:
- 4.9.1 Certas Energy UK Ltd t/a Scottish Fuels for the supply of diesel, gas oil and unleaded petrol; and

4.9.2 RIX Petroleum (Hull) Ltd for the supply of gas oil for heating.

4.10 The expected cost of these contracts over the full four years of the contract is estimated at £7.8m (based on current usage and fuel price).

## **5. Next Steps**

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5.1 Assuming Committee approve the award of these two call-off contracts, the arrangement will run until 31 March 2022 (with the option to extend for one further year).

5.2 Within the Council, this contract will be managed by the Fleet and Workshops service with support from Procurement.

## **6. Financial impact**

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6.1 The cost of liquid fuel is budgeted and paid for within individual service departments, depending on usage.

6.2 The price of fuel supply is comprised of three elements:

6.2.1 the supplier's margin, which is fixed for the duration of the contract;

6.2.2 the CCS Commission fee of 0.2 pence per litre; and

6.2.3 the fuel price which fluctuates dependant on the published oil market price.

6.3 CCS publish the fuel prices weekly and have a 'bill checker' available on their website.

6.4 The estimated procurement cost of these call off contracts is below £0.01m.

6.5 The estimated value of these contracts, including the extension option is £7.8m based on current usage in litres, and fuel price. This is expected to be split 21% to the award to RIX Petroleum (Hull) Ltd and the remainder to Certas.

6.6 The volatile nature of fuel prices, and planned changes to the Council's fleet mean that the actual value of this contract may change.

## **7. Stakeholder/Community Impact**

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7.1 As this report deals with the supply of a commodity that is central to the operation of the Council, there should be no direct impact on stakeholders or communities.

7.2 The biggest impact public bodies can make in reducing CO2 from liquid fuel, gas and electricity is by:

- improving the energy efficiency of their buildings (heating oil, gas and electricity);
- reducing their travel/fleet journeys (petrol and diesel); and

- moving petrol and diesel vehicles to low or zero carbon sources for their power such as electricity.

7.3 Given the Council's commitment to net zero carbon by 2030 this type of call off contract does not commit the Council to using the full amount of fuel outlined in this report. Officers are currently looking at how to reduce carbon emissions over the four years of the contract. (For example: services are reviewing the current fleet to ensure that this is appropriate for the service delivered, ensuring that the vehicles are the correct type and well suited to their tasks, and increasing the fuel efficiency of all vehicles but particularly the larger vehicles. The Council is also actively replacing smaller vehicles with alternatively powered vehicle where this is possible.

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

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8.1 None.

## **9. Appendices**

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9.1 None.

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# Finance and Resources Committee

10.00am, Friday, 6 December 2019

## Award of Contract for Traffic Modelling and Transport Planning Consultancy Services

Executive/routine                      Routine  
Wards  
Council Commitments

### 1. Recommendations

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- 1.1 The Finance and Resources Committee is asked to:
- 1.1.1 approve the award of a contract to Jacobs UK Ltd for a period of three years (from 16 December 2019 to 15 December 2022) with the option to extend for an additional 12 months to 15 December 2023; and
  - 1.1.2 note the total estimated contract value is £1,000,000 annually (£4,000,000 for the full contract term including extensions) and that an estimated saving of 4% will be achieved as a result of the award of this contract.

**Paul Lawrence**

Executive Director of Place

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E-mail: [ewan.kennedy@edinburgh.gov.uk](mailto:ewan.kennedy@edinburgh.gov.uk) | Tel: 0131 469 3575

## Award of Contract for Traffic Modelling and Transport Planning Consultancy Services

### 2. Executive Summary

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- 2.1 This report seeks approval to award a contract for Traffic Modelling and Transport Planning Consultancy Services to Jacobs UK Ltd. The contract term is three years, with the option to extend for a further 12 months (undertaken at the sole discretion of the Council).
- 2.2 The total estimated annual contract value is £1,000,000 annually (£4,000,000 for the full contract term including extensions).

### 3. Background

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- 3.1 The Council has an ambitious programme to deliver a number of transformational plans and projects (particularly over the next five years).

Commitments include:

#### Strategic Plans

- City Mobility Plan,
- City Plan 2030,
- Low Emission Zone,
- Scottish Government's Strategic Transport Projects Review 2 (providing input to).

#### Major Infrastructure

- City Centre Transformation Programme (£314m),
- West Edinburgh Transport Improvements Programme (£36m),
- Active Travel Investment Programme (£62m).



- 3.2 In order to progress commitments, the Council is heavily dependent on multi-model traffic modelling services. However, the field of multi-modal traffic modelling is highly specialised and is not a discipline which is currently available within the Council.
- 3.3 The existing contract for modelling services ended on 30 June 2019 and therefore, to continue essential specialist support to strategic plans and projects, such as the City Mobility Plan, City Centre Transformation and the further development of Tram, a new contract is required.
- 3.4 Under the previous contract a suite of strategic city traffic models was developed by the lead contractor Steer and their support contractor Jacobs UK Ltd (the incumbent suppliers). These models were subsequently inherited by the Council and the incumbent suppliers continued to provide the Council with related support service consisting of:
  - 3.4.1 specialist transport planning consultancy advisory services; and
  - 3.4.2 model utilisation, maintenance, development and administration (for and on behalf of the Council and 3<sup>rd</sup> parties, such as utilities companies and developers, permitted by the Council to make of the models for the purposes of planning major roadworks or diversions in the city etc).
- 3.5 It should also be noted that the new contract incorporates a Model Maintenance Fund whereby 3<sup>rd</sup> party users of the models will pay into a fund which is ringfenced for the purposes of keeping the models current and adding innovative functions into the models.

## **4. Main report**

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- 4.1 In accordance with the Public Contracts (Scotland) Regulations 2015 and Council Standing Orders, Commercial Procurement Services conducted a mini-competition utilising the ESPO (Eastern Shires Purchasing Organisation) Framework 664 - Consultancy Services - Lot 5 - Highways, Transport and Logistics. This framework was selected as it offered access to a range of suitable qualified suppliers.
- 4.2 On 19 September 2019 all 26 suppliers on Lot 5 of the Framework were invited to submit a tender through the Procurement Contracts Scotland (PCS) portal.
- 4.3 Jacobs UK Ltd were the only supplier that submitted a tender by the closing date on 25 October 2019. In this instance Jacobs UK Ltd will be the lead supplier with Steer providing support. The Council is working with the Framework owner to establish why no other bids were received in this instance.
- 4.4 Jacobs UK Ltd tender demonstrated suitability in terms of both quality and cost. The mandatory selection criterion was met and the quality score for their tender submission was 65%, which demonstrates a satisfactory response. A summary of Tendering and Tender Evaluation Processes is provided in Appendix 1.

## 5. Next Steps

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- 5.1 Contract award documentation will be prepared and issued for Contract start date of 16 December 2019.

## 6. Financial impact

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- 6.1 Considering tendered hourly rates, it is estimated that a saving of 4% will be achieved (£40,000 pa, total £160,000 for four years), although the actual savings will be dependent on contract usage which will vary over the term of the contract.
- 6.2 The supplier will also charge the tendered hourly rates to 3<sup>rd</sup> party users. In addition, as detailed in section 3.4 of this report, the supplier will charge 3<sup>rd</sup> party users a model maintenance fee (10% of the total value of the modelling work charged to the 3<sup>rd</sup> party by the supplier). Considering historical 3<sup>rd</sup> party usage data it is estimated that income into the Model Maintenance Fund will amount to £3,200 (£12,800 for the full contract term including extensions).
- 6.3 The hourly rates quoted are fixed for the 1<sup>st</sup> year of the contract and thereafter annual variations will be considered, limited to RPI % increases.
- 6.4 These services are required by a significant number of individual projects. The incurred costs of services will be met by the individual project as required. Typically these projects are capital funded.
- 6.5 The costs associated with procuring this contract are estimated to between £10,000 and £20,000.

## 7. Stakeholder/Community Impact

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- 7.1 It is envisaged that the contracted services will not:
- 7.1.1 impact on the community;
  - 7.1.2 have any health and safety, governance, compliance or regulatory implications; and
  - 7.1.3 impact on carbon impacts, adaption to climate change or sustainable development.
- 7.2 By way of Community Benefits achieved in respect of this contract, the supplier has committed to (on an annual basis):
- 7.2.1 volunteer at four local community charitable project or events;
  - 7.2.2 volunteer to undertake work within communities for four days;
  - 7.2.3 participate in Career Support Programmes with three schools; and
  - 7.2.4 participate careers days at five schools.

7.3 The contracted services will contribute to the following Council Commitments:

7.3.1 [Building for a future](#) Edinburgh - a planning system that works to protect and develop our city:-

- improve planning enforcement to ensure that all developers, large or small, conform to Edinburgh's policies and developer's commitments; and
- protect Edinburgh World Heritage Status and make sure developments maintain the vibrancy of our city in terms of placemaking, design and diversity of use.

7.3.2 Deliver a sustainable future - a better environment and transport systems that works for all:-

- keep the city moving by reducing congestion, improving public transport to rural west Edinburgh and managing roadworks to avoid unnecessary disruption to the public; and
- deliver the tram extension to Newhaven by 2022 after reviewing the business case and delivery plan to ensure they are robust.

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

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8.1 N/A.

## **9. Appendices**

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9.1 Appendix 1 – Summary of Tendering and Tender Evaluation Processes.

## Appendix 1 – Summary of Tendering and Tender Evaluation Processes

Contract	CT2732: Traffic Modelling and Transport Planning Consultancy Services	
Contract Period	3 years (from 16 December 2019 to 15 December 2022) with the option to extend for an additional 12 months to 15 December 2023.	
Estimated Total Contract Value (including extensions)	£4,000,000	
Procurement Route Chosen	ESPO Framework Mini-Competition	
Tenders Returned	1	
Price / Quality Ratio (defined by overarching Framework)	<b>Quality 60</b>	<b>Price 40</b>
Evaluation Criterion and Weightings	<b>Selection Criteria</b>	
	Compliance with Specification	Pass/Fail
	<b>Award Criteria</b>	
	<b>Weighting (%)</b>	
	Contract Delivery Methodology	20%
	Competency of Key Personnel	20%
	Delivering Innovation	15%
	Contract Management & Best Value	10%
	Business Continuity	10%
	Quality Assurance	10%
	Information Asset Management	10%
Community Benefits	5%	
Evaluation Team	Senior Transport Team Leader, Citywide Networks Transport Officer, Citywide Networks Citywide Networks Manager, Citywide Networks Senior Project Manager, Major Projects	

# Finance and Resources Committee

10am, Friday 6 December 2019

## Appointments to Working Groups

Executive/routine Wards Council Commitments	Executive All
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### 1. Recommendations

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- 1.1 To note that Councillor Griffiths has been appointed as Vice-Convenor of the Finance and Resources Committee and therefore has taken on the role of Chair of the Council Health and Safety Consultation Forum.

#### Andrew Kerr

Chief Executive

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## Appointments to Working Groups

### 2. Executive Summary

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- 2.1 The Finance and Resources Committee is required to appoint the membership and approve the remits of its' working groups.

### 3. Background

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- 3.1 The Committee agreed at its meeting of 15 August 2019 to appoint the Vice-Convenor of the Finance and Resources Committee as the Chair of the Council Health and Safety Consultation Forum.

### 4. Main report

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- 4.1 Councillor Griffiths was appointed by the Council at its meeting on 24 October 2019 as Vice-Convenor of the Finance and Resources Committee and as such has taken on the role of Chair of the Council Health and Safety Consultation Forum.

### 5. Next Steps

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- 5.1 Not applicable.

### 6. Financial impact

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- 6.1 Not applicable.

### 7. Stakeholder/Community Impact

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- 7.1 Not applicable.

### 8. Background reading/external references

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- 8.1 Minute of Council Meeting of 24 October 2019  
8.2 Minute of Finance and Resources Committee of 15 August 2019

### 9. Appendices

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None.

by virtue of paragraph(s) 6, 9 of Part 1 of Schedule 7A  
of the Local Government(Scotland) Act 1973.

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by virtue of paragraph(s) 8, 9 of Part 1 of Schedule 7A  
of the Local Government(Scotland) Act 1973.

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