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Notice of meeting and agenda

Housing, Homelessness and Fair Work Committee

10.00 am Monday, 20th January, 2020

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 Any items under “Private Business” will not be published, although the decisions will be recorded in the minute.

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THE CITY OF EDINBURGH COUNCIL

1. Order of Business

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

2. Declaration of Interests

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

3. Deputations

3.1 If any.

4. Minutes

5. Forward Planning

6. Business Bulletin

7. Executive Decisions

8. Routine Decisions

9. Motions

9.1 If any.

Laurence Rockey

Head of Strategy and Communications

Committee Members

Councillor Kate Campbell (Convener), Councillor Mandy Watt (Vice-Convener), Councillor Chas Booth, Councillor Jim Campbell, Councillor David Key, Councillor Kevin Lang, Councillor John McLellan, Councillor Claire Miller, Councillor Gordon Munro, Councillor Iain Whyte and Councillor Norman Work

Information about the Housing, Homelessness and Fair Work Committee

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

Further information

If you have any questions about the agenda or meeting arrangements, please contact Jamie Macrae, Committee Services, City of Edinburgh Council, Business Centre 2.1, Waverley Court, 4 East Market Street, Edinburgh EH8 8BG, Tel 0131 553 8242 / 0131 529 3009, email jamie.macrae@edinburgh.gov.uk / sarah.stirling@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.

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Any information presented by individuals to the Council at a meeting, in a deputation or otherwise, in addition to forming part of a webcast that will be held as a historical record, will also be held and used by the Council in connection with the relevant matter until that matter is decided or otherwise resolved (including any potential appeals and other connected processes). Thereafter, that information will continue to be held as part of the historical record in accordance with the paragraphs above.

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Minutes

Housing, Homelessness and Fair Work Committee

10.00am, Thursday 31 October 2019

Present

Councillors Kate Campbell (Convener), Watt (Vice-Convener), Booth, Jim Campbell, Key, Lang, McLellan, Miller, Munro, Whyte and Work.

1. Minutes

Decision

1) To approve the minute of the Housing, Homelessness and Fair Work Committee of 29 August 2019 as a correct record.

2) To approve the minute of the Housing, Homelessness and Fair Work Committee of 13 September 2019 as a correct record.

2. Work Programme

The Housing, Homelessness and Fair Work Committee Work Programme for October 2019 was presented.

Decision

To note the Work Programme.

(Reference – Work Programme, submitted.)

3. Housing, Homelessness and Fair Work Committee Rolling Actions Log

The Housing, Homelessness and Fair Work Committee Rolling Actions Log for October 2019 was presented.

Decision

1) To agree to close the following actions:

- Action 1(2) – Rent Pressure Zones
- Action 5(1) – Promoting Play on Housing Revenue Account Land – 'No Ball Games' Signs

- Action 7 – Rent Pressure Zone Update
- Action 9(2) – Improved Access to Edinburgh Airport
- Action 11 – Business Bulletin – West Edinburgh Relief Road
- Action 13(3) – Edinburgh Economy Strategy – Annual Progress Report
- Action 15(1) – Marketing Edinburgh Update
- Action 17(1) – Emergency Motion by the Coalition – Parks and Cemeteries Homeless Evictions
- Action 19 – Business Bulletin
- Action 20 – Delivery Strategy for Powderhall
- Action 25 – Emergency Motion by the Coalition Support for Crisis's 'Cover the Cost' Campaign
- Action 26 – Emergency Motion by the Green Group Shelter Scotland campaign: Are You With Us?

2) To otherwise note the remaining outstanding actions.

(Reference – Rolling Actions Log, submitted.)

4. Housing, Homelessness and Fair Work Committee Business Bulletin

The Housing, Homelessness and Fair Work Committee Business Bulletin for October 2019 was presented.

Decision

To note the Business Bulletin.

(Reference – Business Bulletin, submitted.)

5. Rapid Rehousing Transition Plan – Engagement Plan

On 21 March 2019, the Housing and Economy Committee agreed the Council's Rapid Rehousing Transition Plan (RRTP). Members were informed that engagement with relevant partners would be required for future iterations of the RRTP.

The planned engagement with partners and service users was set out.

Decision

To note the engagement plan.

(References – Housing and Economy Committee, 21 March 2019 (item 8); report by the Executive Director for Communities and Families, submitted.)

6. The City of Edinburgh Council's Assurance Statement on Housing Services

The Scottish Housing Regulator (SHR) revised its Regulatory Framework in 2019. This placed a new requirement on all social landlords to submit an Annual Assurance Statement to the SHR by 31 October each year.

The Assurance Statement confirmed where the Council met the standards and outcomes required by the SHR and provided information on areas for improvement and associated management actions. Following approval by committee, the assurance statement would be published on the SHR website.

Decision

1) To note the new requirement for all social landlords to submit an Annual Assurance Statement to the SHR by 31 October each year.

2) To approve the first City of Edinburgh Council Assurance Statement on housing services for submission to the SHR.

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

7. Strategic Housing Investment Plan (SHIP) 2020-2025

In 2017 following the formation of the Capital coalition, a commitment was made to build at least 10,000 social and affordable homes over the next five years, with a plan to build 20,000 by 2027. Since the commitment was introduced, 2,118 homes had been completed and a further 3,101 homes had been approved. A further 1,700 approvals and 1,300 completions were expected in 2019.

The 2020-2025 Strategic Housing Investment Plan (SHIP) outlined a programme over the next five years which would deliver 9,500 homes. Nearly 80% of the grant funded Affordable Housing Supply Programme (AHSP) was for social rent with the remainder being for mid-market rent and low-cost home ownership.

Approval was sought for the SHIP for 2020/21 - 2024/25 prior to its submission to the Scottish Government.

Motion

1) To approve the SHIP 2020-2025 for submission to the Scottish Government.

2) To note progress in meeting the Council's commitment to deliver a programme to build at least 10,000 social and affordable homes over the next five years, with a plan to build 20,000 by 2027.

3) To note that SHIP guidance published by government in August 2019 required local authorities to set cross tenure targets for delivery of wheelchair accessible homes and ensure alignment of strategies in relation to rapid rehousing for homeless people, actions to address child poverty and engagement with gypsy travellers.

4) To note that updates would be provided annually as part of the SHIP process

- moved by Councillor Kate Campbell, seconded by Councillor Watt

Amendment

1) To approve the SHIP 2020-2025 for submission to the Scottish Government.

2) To note progress in meeting the Council's commitment to deliver a programme to build at least 10,000 social and affordable homes over the next five years (from 2017), with a plan to build 20,000 by 2027.

3) To note that SHIP guidance published by government in August 2019 required local authorities to set cross tenure targets for delivery of wheelchair accessible homes and ensure alignment of strategies in relation to rapid rehousing for homeless people, actions to address child poverty and engagement with gypsy travellers.

4) To note that updates would be provided annually as part of the SHIP process

5) To agree that the Director of Place would bring forward a further report providing an options appraisal that would:

    i) Identify alternative ways to fund the Council's affordable housing target should the Scottish Government's three-year resource planning assumptions stand.

    ii) Identify that the possible delivery levels within the SHIP should be based on a range of additional resources being made available by the Council from other funding streams from zero to the full gap outlined in the report.

    iii) Detail the likely impact of the Council's carbon neutral targets on unit build costs.

    iv) Undertake an analysis of the underlying levels of projected housing supply and demand and make an annual estimate of the supply required such that an equilibrium between supply and demand would be achieved at a gross earnings multiplier which converged with other Scottish cities over time.

- moved by Councillor Jim Campbell, seconded by Councillor Whyte

Voting

For the motion - 8 votes

For the amendment - 3 votes

(For the motion: Councillors Kate Campbell, Booth, Key, Lang, Miller, Munro, Watt and Work.

For the amendment: Councillors Jim Campbell, McLellan and Whyte.)

Decision

To approve the motion by Councillor Kate Campbell.

(References – Act of Council No 7. of 24 August 2017; report by the Executive Director of Place, submitted.)

8. Review of Scottish Government funded 'No One Left Behind' Employability Provision

Information was provided on the recent review and co-production outcomes of current early intervention employability provision for young people at risk of becoming Not in Education, Employment or Training (NEET) – formerly called Activity Agreements. Emerging themes to be considered when developing a new specification for this service were noted and the proposed timeline and process for awarding small grants for delivery were detailed.

Committee approval was sought to allow the small grants process to be undertaken for a newly specified service, which met the parameters of the No One Left Behind (NOLB) funding and the needs of vulnerable young people who required additional support to secure a positive destination, to begin in April 2020.

Decision

1) To note the extensive review and co-production process of early intervention employability provision for young people at risk of not securing a positive destination after leaving school.

2) To note the Review Group's recommendation that Delivery Option 2 (Appendix 5) was developed – to include the key priorities that emerged from co-production – to meet the NOLB objectives for those young people at stage 1 of the strategic skills pipeline.

3) To approve the undertaking of a small grants process to secure this provision to begin in April 2020.

4) To receive a report regarding the recommendations for award of small grants funding at the next Housing, Homelessness and Fair Work Committee on 20 January 2020.

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

9. Business Improvement Districts

Decision

To note that this item had been withdrawn from the agenda.

10. Place Directorate – Financial Monitoring 2019/20 – Month Five Position

The Executive Director of Place forecasted the following month five positions against the Housing Revenue Account (HRA) and General Fund (GF) Budgets:

Housing Revenue Account

Revenue - As at month five, a balanced position was forecast in 2019/20, with a projected contribution of £23.000m towards new housing investment.

General Fund

Revenue - As at month five, a residual pressure of £1.236m remained in the Place GF budget. Place Directorate remained fully committed to making all efforts to deliver identified measures to address operational cost pressures; actively developing the budget management strategy and framework to bring the Place revenue budget towards balance.

Decision

1) To note the forecast position in respect of the HRA; capital and revenue budget.

2) To the position in respect of the GF; revenue budget

3) To agree that the list of Place Development Efficiencies, as part of the approved savings, would be circulated.

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

11. Housing Land Audit and Completions Programme 2019 – referral from the Planning Committee

On 2 October 2019, the Planning Committee considered a report by the Executive Director of Place on the Housing Land Audit Completions Programme 2019 which demonstrated that the programme was above the five-year completions target.

The report was referred to the Housing, Homelessness and Fair Work Committee for information.

Decision

To note the report.

(References – Planning Committee, 2 October 2019; report by the Executive Director of Place, submitted.)

12. Affordable Housing Policy Delivery – referral from the Planning Committee

On 7 August 2019, the Planning Committee considered a report by the Executive Director of Place on the delivery of affordable housing requirements secured through the Affordable Housing Policy (AHP) which had seen onsite housing provided in nine out of ten planning applications of 20 or more homes.

The report was referred to the Housing, Homelessness and Fair Work Committee for information.

Decision

To note the report.

(References – Planning Committee, 7 August 2019 (item 7); report by the Executive Director of Place, submitted.)

13. Edinburgh International Conference Centre Annual Update

An update was provided from the Edinburgh International Conference Centre (EICC) on their performance in the financial year 2018.

Decision

1) To note the annual performance update provided by EICC.

2) To note the EICC Statement of Accounts for 2018 as reported to CEC Holdings Ltd and the Auditor's Report for EICC.

3) To agree that a draft Service Level Agreement (SLA) be prepared and reported in two committee cycles.

4) To request that officers ask the Board for details of how they planned to reduce their carbon footprint.

5) To include in the SLA that audit actions be responded to within recommended timescales of the auditor.

6) To refer this report to Governance Risk and Best Value Committee for information.

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

14. Emergency Motion by Councillor Kate Campbell – Old Town Business Improvement District

The Convener ruled that the following item, notice of which had been given at the start of the meeting, be considered as a matter of urgency to allow the Committee to give early consideration to this matter.

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

> "Committee notes the Old Town BID ballot is open and that at the last Committee it was discussed that the decision on how the Council would vote would be taken by the Executive Director of Place in conjunction with Councillors, however there is no formal process set out for how this should happen. Committee therefore agrees:
>
> 1. To note the legislation in place for the creation of Business Improvement Districts (BIDs);

2. To note that the Council is an eligible voter in the area in which Old Town BID is proposed;

3. To delegate the responsibility for the Council's vote(s) to the Executive Director of Place, in consultation with the Convener and Vice Convener of Housing, Homelessness and Fair Work, the Convener and Vice Convener of Finance and Resources and the appropriate ward Councillors."

- moved by Councillor Kate Campbell, seconded by Councillor Watt

Decision

To approve the motion by Councillor Kate Campbell.

15. Private Sector Leasing Scheme - Update

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

An update was provided on the procurement process for the Private Sector Leasing (PSL) Scheme.

Decision

To approve the recommendations in the report as set out in the Confidential Statement signed by the Convener relative to this minute.

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

16. Marketing Edinburgh Update

The Committee, under Section 50(A)(4) of the Local Government (Scotland) Act 1973, excluded the public from the meeting for the following item of business on the grounds that it involved the disclosure of exempt information as defined in paragraphs 6 of Part 1 of Schedule 7(A) of the Act.

An outline was provided of the findings of the recent work undertaken on behalf of Marketing Edinburgh to consider the options for the future operations of the company.

Decision

To approve the recommendations in the report as set out in the Confidential Statement signed by the Convener relative to this minute.

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

Work Programme

Housing, Homelessness and Fair Work Committee

20 January 2020

No.	Title / description	Purpose/Reason	Directorate and Lead Officer	Progress updates	Expected date
1	Place Directorate – Financial Monitoring	Quarterly report	Executive Director of Place Lead Officer: Susan Hamilton 0131 469 3718 susan.hamilton@edinburgh.gov.uk		May 2020 September 2020 December 2020
2	Marketing Edinburgh	Six-monthly report	Executive Director of Place Lead Officer: Laurence Rockey 0131 469 3493 Laurence.Rockey@edinburgh.gov.uk		June 2020 October 2020
3	EDI Group	Six-monthly report	Executive Director of Place Lead Officer: David Cooper 0131 529 6233 david.cooper@edinburgh.gov.uk		August 2020 January 2021

Agenda Item 5.1

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4	Housing Revenue Account Capital Programme	Annual report	Executive Director of Place Lead Officer: Elaine Scott 0131 529 6789 elaine.scott@edinburgh.gov.uk		March 2020
5	Edinburgh Economy Strategy	Annual report	Executive Director of Place Lead Officer: Chris Adams 0131 529 6258 chris.adams@edinburgh.gov.uk		June 2020
6	Appointments to Working Groups	Annual report	Chief Executive Lead Officer: Jamie Macrae 0131 553 8242 jamie.macrae@edinburgh.gov.uk		June 2020
7	MIPIM	Annual report	Executive Director of Place Lead Officer: David Cooper 0131 529 6233 david.cooper@edinburgh.gov.uk		August 2020
8	Place Directorate – Financial Monitoring – Outturn	Annual report	Executive Director of Place Lead Officer: Susan Hamilton 0131 469 3718 susan.hamilton@edinburgh.gov.uk		August 2020
9	City of Edinburgh Council Assurance Schedule on Housing Services	Annual report	Executive Director of Place Lead Officer: Elaine Scott 0131 529 6789 elaine.scott@edinburgh.gov.uk		October 2020

10	EICC	Annual report	Executive Director of Place Lead Officer: David Cooper 0131 529 6233 david.cooper@edinburgh.gov.uk		October 2020
11	Strategic Housing Investment Plan (SHIP)	Annual report	Executive Director of Place Lead Officer: Elaine Scott 0131 529 6789 elaine.scott@edinburgh.gov.uk		October 2020

Housing, Homelessness and Fair Work Committee Upcoming Reports   Appendix 1

Report Title	Directorate	Lead Officer
March 2020		
Edinburgh Living Update	Place	Elaine Scott
Edinburgh International Conference Centre Update	Place	David Cooper
Mixed Tenure Improvement Strategy	Place	
Place Directorate – Financial Monitoring	Place	Susan Hamilton
Housing Revenue Account Capital Programme	Place	Elaine Scott
June 2020		
Place Directorate – Financial Monitoring	Place	Susan Hamilton
Edinburgh Economy Strategy	Place	Chris Adams
Appointments to Working Groups	Chief Executive	Jamie Macrae

Housing, Homelessness and Fair Work Committee Upcoming Reports **Appendix 1**

Report Title	Directorate	Lead Officer
March 2020		
Edinburgh Living Update	Place	Elaine Scott
Edinburgh International Conference Centre Update	Place	David Cooper
Mixed Tenure Improvement Strategy	Place	
Place Directorate – Financial Monitoring	Place	Susan Hamilton
Housing Revenue Account Capital Programme	Place	Elaine Scott
June 2020		
Place Directorate – Financial Monitoring	Place	Susan Hamilton
Edinburgh Economy Strategy	Place	Chris Adams
Appointments to Working Groups	Chief Executive	Jamie Macrae

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Rolling Actions Log

Housing, Homelessness and Fair Work Committee

20 January 2020

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
1	07.06.18	Marketing Edinburgh Service Level Agreement	1) To approve a one-year SLA for Marketing Edinburgh to reflect the funding approved by the Committee in March and to note that officers would continue to develop an SLA with ME, taking account of the Five Year Strategy and the emerging Economy Strategy.	Executive Director of Place	March 2019	March 2019	**Closed on 6 June 2019** - Report submitted to Committee on 21 March 2019

Agenda Item 5.2

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No	Date	Report Title	Action	Action Owner	Expected completion date	Actual comple tion date	Comments
			2) To agree that Marketing Edinburgh would further develop the strategic objectives in the SLA, to ensure they were specific and measurable.		January 2019	January 2019	**Closed 21 March 2019** - An update on this was considered by the Housing and Economy Committee on 24 January 2019. (See also action 18 below)

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			3) To develop a funding strategy to enable the continued transition from public funding towards greater private funding that is evidenced over the seven-year period reported in the Annual Review, targeting a reduction of £300,000 CEC Grant funding in the Five Year Strategy. 4) To agree that significant focus would be placed on lower carbon tourism in the Five Year Strategy.		October 2019	October 2019	**3) and 4)** **Recommend for closure** Report considered in October 2019 (B Agenda) (see also: Action 10 and 23) This was incorporated into the SLA for Marketing Edinburgh in 2018/19. In preparing the new business plan for Marketing Edinburgh, they will consider this.

No	Date	Report Title	Action		Action Owner	Expected completion date	Actual completion date	Comments
			5)	To note that a progress update would be prepared for the Housing and Economy Committee on 1 November 2018.		November 2018	November 2018	**Closed on 24 January 2019** Update was included in the Business Bulletin for this Committee on 1 November 2018
2	07.06.18	Rapid Access Accommodation with Support for Edinburgh's Rough Sleepers	1)	To agree to start a procurement process and return to Committee with a report outlining options for procuring an extended and improved Rapid Access Accommodation Service.	Executive Director for Communities & Families	January 2020		Procurement has now been completed and Rapid Access Accommodation is in place. Details ae provided on the Business Bulletin for October 2019. A report will be provided in January on Rapid Access to Accommodation for Rough Sleepers.
			2)	To focus on partnerships with Third Sector for delivery.				

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual comple tion date	Comments
3	30.08.18	Tenant and Customer Engagement	To agree that the funding for the Edinburgh Tenants Federation (ETF) and the Neighbourhood Alliance (NA) will be extended to 31 March 2020 subject to performance improvement milestones in the revised Service Level Agreements (SLA) being met.	Executive Director of Place	March 2020		Work on the Service Level Agreement (SLA) is progressing. Funding agreed until 31 March 2020 subject to performance improvement milestones in the revised SLA being met. An update on the SLA progress was included in the Business Bulletin on 21 March 2019.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
4	01.11.18	Private Sector Leasing Scheme - Update	To request the Executive Director of Place to submit an update report to a future meeting of the Committee, the report to include information on pricing and the number of private landlords leaving the sector and the reasons for this.	Executive Director for Communities and Families	October 2019	October 2019	**Recommended for closure** The report was considered on 31 October 2019 (B Agenda). (see also: Action 22)
5	24.01.19	Empty Homes Update	Agree to receive an annual update on empty homes to include progress with piloting the use of Compulsory Purchase Orders.	Executive Director of Place	January 2020		Update in the Business Bulletin for January 2020

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
6	Council 14.03.19	Street Change Glasgow	Council: 1. Notes the report "Street Begging in Edinburgh" commissioned by Edinburgh Community Safety Partnership and published last week. 2. Notes that the above report sets out 16 key recommendations in relation to street begging in Edinburgh. 3. Notes Glasgow's decision to adopt the Street Change scheme. 4. Notes Street Change is a brand and platform that had been developed in Edinburgh but ceased operating last year.	Executive Director for Communities and Families	October 2019	October 2019	**Recommended for Closure** **October 2019** An update was provided on the Business Bulletin for the October committee.

			5. Agrees that officers should report to H&E within three cycles on whether the scheme could be reinstated using a partnership model based on a multi-agency response, gauge the appetite from partners to reinstate the scheme, and assess the role it could play in our wider homelessness strategy. This should include consideration of the Rapid Rehousing Transition Plan, the 16 key recommendations from Shelter's report 'Street Begging in Edinburgh' and draw on examples of initiatives elsewhere in the UK where appropriate.				

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual comple tion date	Comments
7	21.03.19	EICC - Presentation by Marshall Dallas, Chief Executive and Les Florence, Finance and Administration, EICC	To note that an update report was scheduled to be brought to Committee in two cycles (August 2019).	Executive Director of Place	October 2019	October 2019	**Recommend for closure** Report considered in October 2019.

8	06.06.19	[Edinburgh Economy Strategy – Annual Progress Report]()	1) Calls for research and analysis on the current economy and the economic challenges for Edinburgh as a result of this target. 2) Agrees that this research and analysis will inform a review of the Edinburgh Economy Strategy in order to develop an outcome based strategy for Edinburgh to meet these commitments, taking into account jobs that will emerge from the need to meet the net zero carbon target, sectoral analysis of carbon footprint and the support, collaboration and leadership that the council will need to provide to move us towards a more sustainable economy.	Executive Director of Place	Policy and Sustainability Committee June 2020		**Transferred from the Housing and Economy Committee to the Policy and Sustainability Committee**

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			3) agrees that the recruitment of members of the Economic Advisory Panel should be undertaken as proposed in the report, but that the final membership of the panel should be subject to approval by the Housing and Economy Committee within one cycle.	Executive Director of Place	August 2019	August 2019	3) **Closed** Considered by Committee on 29 August 2019.
9	06.06.19	Mixed Tenure Improvement Strategy Update	To agree to receive an update report in January 2020.	Executive Director of Place	January 2020		Update in the Business Bulletin for January 2020

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
10	06.06.19	Marketing Edinburgh Update	1) Note that a progress update will be included in the August Business Bulletin 2) Notes that a detailed implementation plan for the future of Marketing Edinburgh being presented to the Committee on 31 October to ensure plans are firmly in place in advance of 1 April 2020.	Executive Director of Place	August 2019 October 2019	August 2019 October 2019	1) **Closed** Included in the Business Bulletin on 29 August 2019 2) **Recommended for closure** Considered on 31 October 2019.

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No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
11	06.06.19	Town Centre Fund – Allocations Report	1) Agrees that progress updates are provided in the Business Bulletins from 31 October 2019 and a report be brought back at the first Committee after the end of the financial year setting out project progress and outcomes as appropriate. 2) Calls for a town centre investment strategic statement to enable future decision making.	Executive Director of Place	June 2020 January 2020		Item included in the Business Bulletin for August 2019 and updates will be provided at each cycle. Further report will go to Committee in April 2020. Report on the agenda for January 2020.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual comple tion date	Comments
12	06.06.19	Motion by the Green Group – Wellbeing Measures for Economic Success	Calls on officers to identify ways in which wellbeing measures can be incorporated into and strengthen the economic aims of this Council, and to make recommendations to the relevant executive committee(s).	Executive Director of Place	June 2020		
13	29.08.19	Housing Revenue Account Budget Strategy 2020/21	Agrees that a report on housing sustainability will be brought to committee within two cycles, with consideration of how targets for carbon payback periods could be included in future reporting	Executive Director of Place	January 2020		On the agenda for January 2020.
14	29.08.19	Strategic Approach to Private Rented Sector	Agrees to receive a report within two committee cycles on development of a broad policy framework to support Build to Rent (BTR).	Executive Director of Place	January 2020		On the agenda for January 2020.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
15	29.08.19	Edinburgh Living: Progress Update	Agrees to receive a report in two Committee cycles on the strategy for procuring new homes on private sector land.	Executive Director of Place	March 2020		
16	29.08.19	Internal Audit – Homelessness Services	1) To agree that a briefing note would be circulated to members on the progress of management actions taken before the next committee meeting. 2) To agree that a report would come back on the wider issues related to the internal audit.	Executive Director for Communities and Families	October 2019 March 2020	October 2019	1) **Recommended for closure** Briefing note circulated on 30 October 2019. 2) A full report will be provided in March 2020 which details the wider issues, complexities and progress to date against the recommendations.

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No	Date	Report Title	Action	Action Owner	Expected completion date	Actual comple tion date	Comments
17	13.09.19	Deputation Original Edinburgh (in relation to Item 7.1 Original Edinburgh – Old Town Business Improvement District; Proposal and Ballot)	To agree to a briefing between members and the deputation to discuss business proposals and the CEC's role in the BID.	Executive Director of Place	October 2019	October 2019	**Recommended for closure** Briefing took place on 22 October 2019.
18	13.09.19	Original Edinburgh – Old Town Business Improvement District; Proposal and Ballot	1) To agree to communicate with the BID on the need for a baseline of public sector services. 2) To agree that the Convener would meet with Police Scotland to discuss the baseline of public services.	Executive Director of Place Convener	April 2020 October 2019	October 2019	1) The services agreement cannot take place formally until the BID is established (earliest 1 April 2020). 2) **Recommend for closure –** Meeting took place on 29 October 2019.

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No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
19	31.10.19	Review of Scottish Government funded 'No One Left Behind' Employability Provision	To receive a report regarding the recommendations for award of small grants funding at the next Housing, Homelessness and Fair Work Committee on 20 January 2020.	Executive Director of Place	20 January 2020		On the agenda for January 2020.
20	31.10.19	Place Directorate – Financial Monitoring 2019/20 – Month Five Position	To agree that the list of Place Development Efficiencies, as part of the approved savings, would be circulated.	Executive Director of Place	November 2019		**Recommended for closure** This information was circulated on 14 November 2019.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
21	31.10.19	[Edinburgh International Conference Centre Annual Update]	1) To agree that a draft Service Level Agreement (SLA) be prepared and reported in two committee cycles. 2) To request that officers ask the Board for details of how they planned to reduce their carbon footprint. 3) To include in the SLA that audit actions be responded to within recommended timescales of the auditor.	March 2020 November 2019 November 2019			2 & 3) EICC have been advised of these requirements. Update to follow.
22	31.10.19	Private Sector Leasing Scheme – Update (B agenda)	To agree to circulate to members the information requested.	Executive Director for Communities and Families	January 2020		Update in Business Bulletin on 20 January 2020

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual comple tion date	Comments
23	31.10.19	Marketing Edinburgh Update (B agenda)	To note that an update report on the activities outlined would be prepared for Committee on 20 January 2020.	Executive Director of Place	20 January 2020		On the agenda for January 2020.

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Business Bulletin

Housing, Homelessness and Fair Work Committee

10.00am, Monday, 20 January 2020

Dean of Guild Court Room, City Chambers, Edinburgh

EDINBVRGH
THE CITY OF EDINBURGH COUNCIL

Housing, Homelessness and Fair Work Committee

Convener:	Members:	Contact:
Convener Councillor Kate Campbell  Vice Convener Councillor Mandy Watt 	• Cllr Chas Booth • Cllr Jim Campbell • Cllr David Key • Cllr Kevin Lang • Cllr John McLellan • Cllr Claire Miller • Cllr Gordon Munro • Cllr Iain Whyte • Cllr Norman Work	Jamie Macrae Committee Officer Tel: 0131 553 8242 Sarah Stirling Assistant Committee Officer Tel: 0131 529 3009

Recent News	Background
Types of Temporary Accommodation The Council has a statutory duty to provide temporary accommodation to people who are homeless and require it. In order to fulfil these duties the Council uses a number of different types of accommodation. Each type is noted below with a brief description of the facilities provided: Shared House – Premises are staffed 24/7 and a room is provided for a households sole use with either shared or en-suite bathroom facilities, access to cooking and laundry facilities. Support providers are assigned to each property to work with those who require or request support. Bed and Breakfast – Premises are staffed 24/7 and a room is provided for a households sole use with either shared or en-suite bathroom facilities and a choice of hot or cold breakfast daily. Support providers are assigned to each property to work with those who require or request support House Share – Premises are unstaffed and Individual's share a house/flat with up to five bedrooms. They have their own bed room with communal bathroom, cooking and laundry facilities. Hostel or Unit – Premises are staffed 24/7. Staff are onsite 24 hours and provide a higher degree of support to households. A mixture of types of premises ranging from individual self-contained flats/bedsits to single use rooms with shared bathroom and cooking facilities. One unit specifically for females only and one unit specifically for young people 16-24 years of age. Dispersed Flats – A mixture of Council and Housing Association flats for immediate access. Self-contained fully furnished flats for the exclusive and sole use of a household. Regular contact from Homelessness staff and visiting support provided where required/requested. Private Rented Interim Accommodation flats – Flats sourced from the private sector for immediate access.	**Contact:** Nicky Brown Nicky.brown@edinburgh.gov.uk 0131 529 7589

Recent News	Background
Self-contained fully furnished flats for the exclusive and sole use of a household. Regular contact from Homelessness staff and visiting support provided where required/requested. Private Sector Leasing Properties (PSL) – Flats leased from private landlords. Self-contained fully furnished flats for the exclusive and sole use of a household on a long term basis. Households can choose whether they want to accept a PSL property. If they do there is a greater choice of areas. The criteria for securing a PSL property include no unmet support needs, no recent or unresolved antisocial behaviour issues and no unresolved rent arrears. Regular contact from the managing agent staff and visiting support provided where required/requested.	
Mixed Tenure Improvement Strategy On 7 June 2018, Housing and Economy Committee approved a Mixed Tenure Improvement Strategy, setting out the next steps to tackle mixed tenure repairs. The business case for the Mixed Tenure Improvement Service and the revised Scheme of Assistance is due to be considered by Finance and Resources Committee on 23 January 2020. Meanwhile, the programme to install secure door entry systems in mixed tenure blocks to meet Scottish Housing Quality Standard is underway and on track for 200 installations in 2019/20. Work is onsite in the 95% majority owned blocks. Letters were sent to owners in the 50:50 blocks in November 2019 (287 in total) asking whether or not they wish to proceed with the installation. Once the Tenement Management scheme process has been followed, and subject to necessary majority agreement being reached, door entry systems will be installed in 50:50 blocks from January 2020. The Council continues to liaise with owners in larger mixed tenure blocks on a project by project basis, providing support to establish Title Conditions, responsibilities, liabilities and scope of repairs where applicable. In many cases the Council is a minority	**Contact:** Jennifer Hunter jennifer.hunter@edinburgh.gov.uk 0131 529 7532

Recent News	Background
owner but keen to work with owners and support them to progress repairs and maintenance.	
<u>Private Sector Empty Homes</u> A dedicated Empty Homes Officer has been recruited for up to two years following HR assessment and approval of the new post. The officer, recruited internally, is based within the Regulatory Services team in the Place Directorate. The post is being match funded by the Scottish Empty Homes Partnership (SEHP) and key outcomes have been agreed with SEHP to monitor the success of the post. Progress on achieving the outcomes will be reported to Committee. The Empty Homes Officer will focus on managing the active empty homes cases, including further investigation around enforcement powers that could be used to help bring homes back into use. The officer will further develop the Council's proactive approach to empty homes, updating the general advice and information provided to empty home owners to encourage them to bring homes back into use. The officer will also work closely with colleagues in Revenues and Applications teams to make best use of Council Tax data to inform proactive work relating to empty homes e.g. potentially contacting owners when their home is due to have the 100% Council Tax surcharge applied, providing information on options for bringing the home back into use. There is also scope for the officer to work more closely with colleagues in the Revenues and Applications team who deal specifically with debt recovery, working with them on empty homes cases which have high levels of Council Tax arrrears. One of the key enforcement areas that continues to be explored is the use of Compulsory Purchase Order (CPO) powers in relation to empty homes. Officers have drafted background information on several potential CPO cases and have taken advice from Legal Services on the strength of each case.	**<u>Contact:</u>** Martin Rich martin.rich@edinburgh.gov.uk 0131 469 5434

Recent News	Background
Edinburgh Living Edinburgh Living has successfully completed the purchase of 131 new homes across the city. Over the past couple of months this has included 86 flats and houses at Greendykes, North Sighthill and Royston, making it possible for tenants to celebrate Christmas in their brand-new homes. The developments are part of the Council's own mixed tenure housebuilding programme where the social rent homes are owned and managed by the Council. The mid market rent homes are let and managed on behalf of Edinburgh Living by Lowther Homes, part of the Wheatley Group, who were appointed to deliver this service following a procurement process at the end of 2018. The development at North Sighthill also includes homes for private sale, constructed by Keepmoat Homes. Edinburgh Living will start to purchase new homes for mid market rent at the Council's Dumbryden, and Pennywell phase 3 developments next year, in line with approvals from the Finance and Resources Committee in June 2018 and December 2018.	**Contact:** Hazel Ferguson hazel.ferguson@edinburgh.gov.uk 0131 529 7968
Rapid Rehousing Transition Plan Consultation and engagement to inform a second iteration of the Rapid Rehousing Transition Plan (RRTP) continues. Consultation and engagement to date has included: • Stakeholder event in October 2019 attended by 45 participants. • Homeless Services staff team meetings to ensure staff are kept up to date with the development of the RRTP. • Bi–monthly newsletter article circulated to staff and third sector homeless providers. • Presentations at the Edinburgh Affordable Homes Partnership and the EdIndex Board. • Presentation at the EVOC Childrens & Young Persons Forum.	**Contact:** Nicky Brown Nicky.brown@edinburgh.gov.uk 0131 529 7589

Recent News	Background
• Attendance and updates provided at the Housing First Governance Board and the Inclusive Edinburgh Board. • Consultation with people currently experiencing homelessness. • Discussions with internal and external partners regarding the pathways for people leaving hospital and prison. Key themes from the stakeholder event included affordability, support for housing options such as house share and long term supported accommodation for people with the most complex needs and preventative work including earlier identification of people who may be at risk of homelessness and key transition points such as leaving prison or hospitals. Consultation with people currently experiencing homelessness has shown broad support for housing options such as Housing First and long term supported accommodation as well as social housing. People were also asked about what support could help them to get or keep a home, feedback included support with benefits and budgeting, support to get to appointments, help to bid for housing and support to set up a new home. Consultation will continue over the coming months with a second stakeholder event planned provisionally for March 2020. The Scottish Government have advised that the second iteration of RRTP should be submitted to them by 30 June 2020.	

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Housing, Homelessness and Fair Work Committee

10.00am, Monday, 20 January 2020

Support for Build to Rent

Executive/routine	**Executive**
Wards	**All**
Council Commitments	

1. Recommendations

1.1 It is recommended that Housing, Homelessness and Fair Work Committee:

1.1.1 notes the outcome of engagement with the Build to Rent (BTR) sector and that a pipeline of over 6,000 homes has been identified to address housing demand and support the economic growth of the city;

1.1.2 agrees the approach to securing affordable housing in BTR developments; and

1.1.3 refers this report to Planning Committee for information.

Paul Lawrence

Executive Director of Place

Contact: Elaine Scott, Housing Services Manager

E-mail: elaine.scott@edinburgh.gov.uk | Tel: 0131 529 2277

Report

Support for Build to Rent

2. Executive Summary

2.1 Following engagement with the BTR sector, a potential pipeline of around 6,000 BTR homes has been identified. This pipeline has the potential to generate investment of around £900 million in the local economy. The investment will support the delivery of Council commitments; including delivery of 20,000 affordable homes.

2.2 The Strategic Housing Investment Plan 2020/25 (SHIP) identified a funding gap of £71.8 million in the delivery of affordable housing over the next five years, should grant levels remain static. Innovative funding models that require little or no subsidy are therefore critical in achieving the 20,000 homes target.

2.3 Committee is asked to note the outcome of engagement with the BTR sector and to agree an approach to delivery of affordable housing in BTR developments.

3. Background

3.1 On 24 August 2017, Council approved its five-year business plan. The plan sets out an objective to build 20,000 new affordable homes in the city over the next ten years.

3.2 On 3 October 2018, revised guidance on BTR developments was approved by Planning Committee as part of the report Edinburgh Design Guidance Post Approval Review. A section of the Guidance sets out the key characteristics of 'Purpose Built Homes for Rent'. The revised guidance recognised that delivery of purpose-built rented accommodation with integrated placemaking and services can offer opportunities, particularly for large mixed-use regeneration sites. Edinburgh is the first Scottish local authority to provide specific planning guidance for BTR homes.

3.3 On 24 January 2019, Housing and Economy Committee considered a report on Approach to Build to Rent. The report highlighted the opportunity that BTR provides to accelerate housing development, supported by institutional investment, whilst delivering 25% affordable housing. Committee agreed that officers would develop a broad policy framework to support development of BTR in the city.

3.4 On 29 August 2019, Housing, Homelessness and Fair Work Committee received an interim update on BTR, as part of the Strategic Approach to Private Rented Sector report. The report agreed to report back to Committee within two committee cycles on the development of a broad policy framework to support BTR.

3.5 On 31 October 2019, the Housing, Homelessness and Fair Work Committee approved the SHIP 2020/-25. This SHIP outlines a programme over the next five years which would deliver nearly 9,500 affordable homes across the city. The report highlighted a funding shortfall of £71.8 million over the next five years, should grant levels remain static.

4. Main report

4.1 In January 2019, Housing and Economy Committee noted the opportunity that BTR provides to accelerate housing development, support placemaking, increase housing choice and improve customer experience of renting housing in the private sector. In Edinburgh, affordable housing led BTR has been delivering professionally managed, quality rented homes at below market rents for nearly ten years with almost 1,000 homes completed and over 400 under construction.

4.2 Private sector led BTR, which is financed and owned by institutional investors and delivered by private developers has taken longer to establish in Edinburgh than other cities; such as Manchester and London. In June 2019 a workshop was held with around 30 BTR developers and investors to explore challenges and potential solutions to accelerate development of BTR in the city. The event was informed by responses to an online questionnaire, which revealed significant interest in BTR, with target investment ranging from below £25 million to over £500 million. The industry expressed interest in all house types from apartments to suburban family housing. The main challenges identified by the workshop were in relation to land and delivery of 25% affordable housing.

4.3 In Edinburgh, there is intense competition for available private sector sites, local authority and other public sector sites are required to meet a range of needs, such as for social rented housing and early years provision. Traditionally, BTR investors and developers have indicated a preference for city centre locations; where there is a limited number of sites and competition from hotel and student accommodation developers as well as build for sale. The workshop was successful in highlighting citywide demand for rented housing; at a range of prices with significant opportunity to develop at scale in less central locations.

4.4 The workshop and wider engagement with the industry also provided an opportunity to address approach to delivery of 25% affordable housing within BTR developments. In ‘Build for Sale’ developments, Registered Social Landlords (RSLs) enter into contracts with private developers to deliver affordable housing. The RSLs development is supported by Scottish Government grant funding. The outcome is that part of the development is owned and managed in the long term by an RSL with the remainder of the development in individual private ownership. BTR developers advised that investors wish to retain 100% ownership of developments to protect their long-term investment in the estate.

4.5 Intermediate rent (or unsubsidised mid-market rent) is an existing and accepted affordable housing tenure, defined in the Council's Affordable Housing Guidance (February 2019) as: 'Private rented accommodation, unsubsidised, available at rents below market rent levels in the city'. This tenure lends itself to delivery as part of BTR developments.

4.6 Homes would be affordable for a minimum of 25 years and this would be secured by Section 75 Legal Agreement. A separate annex within the Section 75 would set obligations in respect of management, rent setting and rent increases.

4.7 The following principles for a BTR framework could provide greater certainty for BTR investors seeking to bring forward planning applications whilst delivering the Council's strategic objectives in relation to affordable housing:

4.7.1 BTR developments would deliver purpose built rental accommodation;

4.7.2 the full percentage of homes required by the Affordable Housing Policy will be sought on BTR developments;

4.7.3 affordable housing within a BTR development will normally be delivered as 'Intermediate Rent' by the BTR operator; intermediate rent homes will be secured as affordable through a Section 75 Legal Agreement for a minimum of 25 years; and rents for the affordable homes will be capped at Broad Rental Market Area (BRMA) 30th Percentile and rent increases will be restricted by the Section 75 Legal Agreement; and

4.7.4 Tenants will be granted Scottish Private Residential Tenancies

4.8 BTR affordable homes; unlike RSL affordable housing, does not benefit from Scottish Government grant subsidy and the developer is not able to secure an immediate financial return from selling homes. Affordable rents, therefore, need to be set at a level which is viable in relation to development costs but is also affordable to people on low to medium incomes.

4.9 Rents at BRMA 30th Percentile continue to be a benchmark of affordability and are on average almost 30% less than market rents. BRMA 30th Percentile have been used as the basis for rent setting for Scottish Government's Mid-Market Rent Invitation and the maximum level that RSL grant funded mid-market rents can be increased to, with the local authorities' consent, under Scottish Government grant guidelines.

4.10 The Council's Affordable Housing Policy sets out a 'Definition of Priority Clients'; those people who are in housing need, who cannot afford to access accommodation through the regular functioning of the housing market and earn below average household income. Rents at the 30th Percentile are affordable to people within the defined client group earning less than the average household income of £44,000 per year. Affordability of rents is noted by both Scottish Government and Shelter Scotland as being less than 35% of income. BRMA 30th

Percentile rents can offer an affordable alternative for people on lower than average incomes.

4.11 Local Housing Allowance (LHA), set by the UK Government, is the maximum amount of benefit which a person can claim. LHA was formerly based on the 30 th th Percentile of rented homes from across the BRMA; the lowest priced third of the rental market in an area. LHA rates were frozen for four years from 2014, during this time LHA became disconnected from BRMA rates. In the same period construction costs, land values and market rents all increased. Scottish Government figures show that in 2018, across Scotland, it was the Lothian area (including Edinburgh) that had the biggest gap between LHA and the lowest third of the rental market. The table below sets out the difference.

Table 1: LHA, BRMA and market rents 2019

Monthly Rents	LHA 2019/20	BRMA 30th Percentile	Average Market Rent	Market Rent compared to BRMA 30th
1 Bedroom	£551.76	£648.22	£764.00	**+£115.78**
2 Bedroom	£668.55	£797.81	£1,013.00	**+£215.19**
3 Bedroom	£832.26	£1,196.69	£1,470.00	**+£273.31**

4.12 In recognition of this, a motion was approved by Housing, Homelessness and Fair Work Committee on 29 August 2019 for the Convener to write to the UK's Chancellor of the Exchequer in support of Crisis's 'Cover the Cost' campaign. The campaign recognises the disconnect between LHA and market rents and asks that people write to the Chancellor to request that LHA be realigned to 30th Percentile.

Build to Rent Pipeline

4.13 Officers have engaged with the BTR sector and now have a pipeline of around 6,000 homes that can accelerate residential development on brownfield land. Purpose built rental accommodation responds to the housing needs of our city, supports economic growth, and is backed by considerable institutional investment. Sites such as Western Harbour and Edinburgh Park could deliver area regeneration at a scale and pace which has not been seen in our city for decades. Those sites alone could deliver almost 3,000 homes for rent before 2025.

4.14 On 31 July 2019, the application for 234 BTR homes at 159 Fountainbridge was approved by Development Management Sub Committee. The development includes 58 tenure blind affordable homes that will be owned and managed by the BTR operator Vastint and secured as affordable housing for a minimum of 25 years.

4.15 On 25 September 2019, planning applications for 330 BTR homes at Skyliner, Ocean Drive and 940 homes at Western Harbour were both approved by Development Management Sub Committee. These tenure blind affordable homes will also be affordable for a minimum of 25 years and secured by Section 75 Legal Agreement.

4.16 On 4 December 2019, a planning application by BTR operator Moda, for 476 BTR homes at Fountainbridge, was approved by Development Management Sub

Committee. Tenure blind affordable homes will be delivered on site and will be affordable for a minimum of 25 years, secured by Section 75 Legal Agreement.

4.17 Committee is asked to note Appendix 1, which sets out the BTR Pipeline.

5. Next Steps

5.1 Officers will continue to work with BTR developers to support the delivery of a potential pipeline of around 6,000 homes across the city over the next few years. The number of homes is an estimate at this stage, as some of the sites have only recently submitted planning applications and could still be subject to change. The Council is also aware of initial discussions being held with landowners on other sites, that could result in more BTR developments being brought forward.

5.2 Awareness raising, information and training will be provided for housing and planning officers on BTR and its role in supporting the delivery of Council objectives and commitments.

6. Financial impact

6.1 A pipeline of around 6,000 BTR homes could generate around £900 million investment in the city. These homes also bring significant benefits in terms of area regeneration, long term management and support for the local economy.

6.2 The SHIP 2020/25, approved by Housing, Homelessness and Fair Work Committee on 31 October 2019, identified a shortfall of £71.8 million in grant funding for affordable housing over the next five years.

6.3 Grant funding is not required for the delivery of affordable BTR homes. The 25% affordable homes from the BTR pipeline would have required grant of £90 million if being delivered by an RSL, based on average grant rates of £60,000 per property. Grant freed up from supporting delivery of mid rent housing could be targeted at delivery of social rented homes.

7. Stakeholder/Community Impact

7.1 Consultation and engagement with local communities will take place on a site by site basis. BTR creates opportunities for residents to have long term involvement in the ongoing management and maintenance of buildings and estates.

7.2 RSLs who are actively developing new housing within the city have been consulted on the proposal for BTR and were supportive. RSLs have been delivering affordable housing led BTR in Edinburgh for almost ten years. Consultation with RSLs will be ongoing as the city’s BTR strategy develops.

8. Background reading/external references

8.1 Approach to Build to Rent report to 24 January 2019 Housing and Economy Committee.

8.2 Strategic Approach to Private Rented Sector report to 29 August 2019 Housing, Homelessness and Fair Work Committee.

8.3 Strategic Housing Investment Plan 2020-2025 report to 31 October 2019 Housing, Homelessness and Fair Work Committee.

9. Appendices

9.1 Appendix 1 – Build to Rent Pipeline

Appendix 1 – Build to Rent Pipeline.

Site/Location	**BTR Operator**	**BTR Homes (Approx.)**	**Affordable Homes (Approx.)**	**Planning Status**
159 Fountainbridge	Vastint	234	58	Granted
Skyliner, Ocean Drive, Leith	Legal & General	338	84	Granted
Moda, Fountainbridge	Moda	470+	15	Granted
Western Harbour, Leith	Forth Ports	1,600	1,600 Estimate, subject to planning consents.	One of two applications granted – 940 homes
Citywide (4 sites)	Places For People Capital	500	500 Estimate, subject to planning consents.	Various stages - Oxgangs Green approved.
Citywide – Market Led Mixed Use Sites (4 sites)	To Be Appointed	2,050	625 Estimate, subject to planning consents.	Pre Planning
Citywide - Council Mixed Use Sites (3 sites)	To Be Appointed	1,200+	420+ Estimate, subject to planning consents.	Pre Planning
Total:		**6,400+**	3,300+	

Housing, Homelessness and Fair Work Committee

10.00am, Monday, 20 January 2020

Housing Revenue Account (HRA) Budget Strategy (2020-2030)

Executive/routine	**Executive**
Wards	**All**
Council Commitments	

1. Recommendations

1.1 It is recommended that Housing, Homelessness and Fair Work Committee:

1.1.1 notes the outcome of the annual budget consultation;

1.1.2 notes the proposed £2.5 billion ten-year investment programme to deliver Council commitments, including 10,000 new affordable homes;

1.1.3 notes that the cost of achieving net zero carbon in Council housing by 2030 has been built into the business plan and;

1.1.4 notes the risks to the delivery of the HRA budget strategy set out at 4.31 and the mitigating actions.

Paul Lawrence

Executive Director of Place

Contact: Elaine Scott, Housing Services Manager

E-mail: elaine.scott@edinburgh.gov.uk | Tel: 0131 529 2277

Report

Housing Revenue Account (HRA) Budget Strategy (2020-2030)

2. Executive Summary

2.1 This report sets out an ambitious HRA Budget Strategy to deliver £2.5 billion investment in building and improving Council homes to deliver Council commitments on affordable housing and net zero carbon by 2030. Capital investment will be accompanied by improvements in how we deliver housing services to increase customer satisfaction. The Strategy is aimed at reducing tenants cost of living, with below inflation rent increases and service charges frozen for the fifth year in a row.

2.2 Capital investment has more than doubled over the last five years and is expected to more than quadruple over the next five years as we meet the 20,000 homes target and increase investment in existing homes. A fabric first approach for new build and existing homes that minimises the requirement for energy use will reduce costs for tenants. The Budget Strategy also includes a carbon innovation fund starting in 2021 to trial innovative technologies, approaches to retrofit and support carbon offsetting.

2.3 The HRA Budget Strategy presented in this report will enable wider area improvements; including the regeneration of Granton Waterfront, Pennywell, Craigmillar, Meadowbank, Fountainbridge, Powderhall and Wester Hailes.

2.4 The major risks to the delivery of the strategy and mitigating actions are set out at section 4.31 of the report. The alignment of investment priorities identified through budget consultation, savings identified through the Housing Service Improvement Plan (HSIP) and a wider review of the debt portfolio has resulted in a further reduction in the deficit to £22.7 million, postponing it by a further 11 years (2034/35). Committee is asked to note the outcome of the budget consultation process and the proposed strategy.

3. Background

3.1 On 21 March 2019, Housing and Economy Committee approved the 2019/20 HRA capital programme for investment of £108.954 million in new homes, existing homes (including external fabric and estates) and services. This was the largest annual capital investment programme to date in Council homes.

3.2 On 6 June 2019, Housing and Economy Committee received an update on the HSIP. The report set out the approach to redesigning the Housing Service with a specific focus on developing more effective and responsive services for customers. The approach to improvement complements the significant planned investment in tenants' homes and estates, whilst significantly improving customer satisfaction, operating performance and reducing costs. A further update is set out in a separate report to this Committee.

3.3 On the 14 May 2019, Corporate Policy and Strategy Committee approved the Council's Sustainability Approach, which included Edinburgh working towards a net zero carbon target by 2030, with a hard target of 2037. In response to this the Housing Service has commissioned two separate pieces of consultancy work on options to achieving net zero carbon across the Council's new build housing programme and the Council's existing stock. The Council's approach to achieving zero carbon in Council housing is set out in a separate report to this Committee.

3.4 On 29 August 2019, Housing Homelessness and Fair Work Committee considered a report on the HRA budget strategy and agreed to seek tenants' views on the budget strategy, what has been achieved to date, priorities over the next five years and tenant experience of services and potential service improvements.

4. Main report

4.1 The HRA manages the income and expenditure for the Housing Service. The Housing Service is entirely self-financing and receives no funding from the General Fund (GF). The annual revenue budget of c.£100 million is almost exclusively funded from tenants' rents (95%), with the remaining 5% coming from service charges. The annual capital investment programme is funded through a combination of prudential borrowing, Scottish Government grant funding and reserves.

4.2 The HRA budget is prepared annually following the review of the 30-year HRA Business Plan and the Capital Investment Programme and is approved by Council following consultation with tenants. This report sets out the policy direction that underpins the one-year budget, draft five-year capital programme and 30-year plan that will be presented to the Council on 20 February 2020. Appendix 1 sets out the HRA Business Plan and budget setting process.

Consultation and Engagement

4.3 The budget strategy is informed through an extensive programme of consultation and engagement with tenants. This includes regular surveys to assess customer satisfaction with the service, focus groups to enable in-depth exploration of key issues, tenant panels, tenant led service inspections and scrutiny, resident and community meetings and an annual budget consultation which is co-designed with tenants.

4.4 Over 80% of tenants who responded to previous consultations told us that they supported the investment plan, funded by a 2% rent increase, identifying the following priorities to be delivered over a five-year period:

4.4.1 building new affordable homes;

4.4.2 investing in making existing homes easier and cheaper to heat; and

4.4.3 reducing the cost of living through the delivery of a variety of different services, including an energy advice service, a tenant discount scheme, low cost broadband service and community food growing.

4.5 Subsequent budget consultations have confirmed support for the key priorities, including support to increase rents beyond 2%, if priorities could be delivered more quickly. In 2019/20 around 81% of tenants said they supported the key priorities but, alongside support for capital investment, tenants prioritised investing in improving core housing services, such as day to day housing management, and repairs and maintenance of Council homes, as well as the wider estate management. This resulted in a scaling up of investment in existing and new homes (35% increase on previous year), as well as responding to tenants' requests to prioritise improvements in core services through a three-year Housing Service Improvement Plan.

4.6 This year's consultation has generated a similar profile of responses with respondents supporting the need for more affordable homes and investment in existing homes and estates. When asked what area of the service needed improvement almost half of all comments were linked to the repairs service. The focus being on improving the ways to report repairs, appointment times, the speed and quality of repairs and how complaints are handled when an issue arises.

4.7 The majority of respondents (60%) were in favour of removing rent free fortnights to more closely align with monthly Universal Credit (UC) payments and salaries for tenants in employment. Scheduled rent payment dates for the annual rent charge will be spread over the full year (as of 1 April 2020) instead of 48 weeks to help tenants' budget better, avoid getting into debt, and manage the monthly UC payments.

Delivering the Strategy

4.8 The 2020/21 HRA Budget strategy supports the delivery of £2.5 billion investment in homes and neighbourhoods over ten years that aims to build more homes, modernise existing homes and neighbourhoods and transform frontline services to tackle inequality and reduce tenants cost of living. Capital investment has more than doubled over the last five years and is expected to more than quadruple over the next five years.

4.9 Work is well underway to accelerate the delivery of affordable housing in the city and to achieve this Council's commitment to build at least 10,000 social and affordable homes over five years (by 2022), with a plan to build 20,000 by 2028. This year's plan also assumes that house building will continue beyond the ten-year commitment, with an additional c.2,000 homes delivered over the Business Plan period. The first two years of the commitment saw a record number of homes approved (3,101 homes) for social rent, mid-market rent and low-cost home ownership; an almost 25% increase on the average approvals achieved over the last five years. Approvals this financial year (2019/20) are expected to reach 1,700 homes. The SHIP 2020-25 has identified a pipeline of 6,766 affordable homes over the next five years with opportunities to accelerate and bring additional approvals through a 'Build to Rent' pipeline, which also being considered by this Committee.

4.10 The budget strategy includes nearly £2 billion investment in new Council homes over ten years. This will fund the delivery of around 5,000 Council homes for social rent, as well as supporting the development of mixed-use sites and large-scale regeneration of Granton; one of Europe's biggest Waterfront regeneration projects.

4.11 In 2018 the Council established 'Edinburgh Living' Limited Liability Partnerships to own and manage homes for mid rent and market rent. The LLPs are a public sector partnership with the Council holding a 99% stake in the partnership. Our partner in Edinburgh Living is the Scottish Futures Trust. Over the past year, Edinburgh Living has purchased over 100 homes for mid rent from the Council. Over the next two years, it is anticipated that the Council will develop over 400 homes for Edinburgh Living.

4.12 The HRA Business Plan assumes investment in existing homes and neighbourhoods of around £20,000 per home over the next 15 years. Almost half of Council homes are in mixed tenure blocks, which means the cost of repairing and improving the externals and common areas of blocks is shared with owners. A detailed business case will be considered at Finance and Resources Committee in early 2020 to establish a mixed tenure delivery team and revise the Scheme of Assistance to support owners to invest in their homes.

4.13 One of the key priorities for tenants coming through the consultation is improving the look and feel of homes beyond their own front doors. This includes both the common areas within stairs and also out into their estates. Improving the standard of external environment around Council homes is one of the key workstreams within the HSIP. The external environment workstream will be broad in scope and will consider not only improvements to the housing element of the service but also look at opportunities for integration with other Council services such as waste and transport. The detailed scope of projects is currently being finalised, but it is likely to consider the future approach to capital investment in Neighbourhood Environmental Projects, delivery of services such as stair cleaning and estates clearance, community initiatives, use and maintenance of open areas.

4.14 A door entry installation programme is already underway, around 200 blocks will be upgraded in 2019/20. In addition to this, small scale upgrades, where owner consent is not required to take forward works, will also be undertaken in early 2020/21, including stair painting, upgrades to flooring and improved lighting in common stairs. The detail of this will be set out in the 2020/21 Capital Investment Programme report to this Committee in March 2020, following consultation with tenants and elected members.

4.15 Making homes easier and cheaper to heat remains a key priority for tenants. Over half of homes have benefited from energy efficiency measures over the last five years (including 4,400 new heating systems; 3,200 homes insulated; and 2,700 new windows and front doors). All Council homes need to meet Scottish Government's Energy Efficiency Standards for Social Housing (EESSH) by December 2020. At the end of 2018/19, 67% of Council homes met this standard; a 23% increase on 2017/18 levels.

4.16 Almost 70% of social housing in Edinburgh (both Council and housing association homes) has an energy efficiency rating of either EPC B or C; significantly higher than the private rented (51%) and owner occupier sectors (47%). In addition to this, Edinburgh also has the third lowest percentage (23%) in Scotland for social housing households in fuel poverty.

4.17 It is anticipated that almost 90% of homes will meet EESSH 1 by December 2020. Where possible, the remaining homes will be held in temporary exemptions. Investment to date, coupled with the decarbonisation of the grid, has resulted in a 65% reduction in carbon emission of Council homes since 2005.

4.18 The 2020/21 Budget Strategy factors in the cost of delivering the ambitious EESSH2 (EPC B) and the Council's net zero carbon commitment by 2030. Achieving EESSH 2 will be challenging especially for 'hard to treat' buildings and mixed tenure blocks with a need to pilot new and emerging technologies. The Business Plan includes a carbon innovation fund starting in 2021 to trial innovative technologies, approaches to retrofit and support carbon offsetting to ensure Council homes will be carbon neutral by 2030.

4.19 It is anticipated that the cost associated with delivering carbon neutral homes will reduce over time as technology develops and industry responds to increased market demand. Initiatives supporting energy efficiency and behaviour change are also important and can have a significant impact on how people use energy in the home, which can help lower fuel bills, tackle fuel poverty and reduce carbon.

4.20 With this scale of investment in homes and neighbourhoods, it is essential that the Housing Service is working as efficiently as possible to maximise the benefits to tenants and the wider city, whilst ensuring rents remain affordable. The three-year Housing Service Improvement Plan (HSIP) sets out an approach to redesigning the Housing Service with a specific focus on developing more effective and responsive services for customers. Progress with delivering the HSIP will be reported to committee on a six-monthly basis. A progress update is set out in a separate report to this Committee.

4.21 In addition to the HSIP, new services have been introduced that tenants felt would help reduce their living costs and improve the overall quality of the Housing Service. This includes a dedicated energy advice service, tenant discount scheme and a housing apprenticeship programme targeted at tenants and their families. A broadband programme is also in development, with phase one focusing on securing super-fast, reliable fibre infrastructure to Council homes, at no cost to the Council or tenants. There is also an annual campaign to recognise and reward tenants and residents who support their neighbours and look after their communities.

Funding the strategy

4.22 The HRA Business Plan sets out planned investment of £2.5 billion over the next ten years. This investment is funded from capital receipts, prudential borrowing, capital funding from revenue and Scottish Government subsidy for new social rented homes.

4.23 This investment will be taken forward alongside a service improvement programme that will deliver improvements and cost efficiencies of around 10% of operating expenditure by 2022/23. The investment required to make these necessary improvements has been factored into the Business Plan and progress is reported to Housing, Homelessness and Fair Work Committee every six months.

4.24 Rent collection performance improved significantly during the last financial year with year-end performance showing a 7% (c.£450,000) reduction on current arrears, when compared to 2017/18. This is even more positive, when compared to the national picture; where the overall trend was for landlords to be reporting an increase in arrears.

4.25 However, the overall context for income collection is one of financial challenge for tenants managing their household budgets, with changes in benefits such as UC and also the impact of low income and zero-hour contracts. The Business Plan therefore assumes that rent arrears will increase with an estimated loss of £9 million income over the five years following UC roll out to mitigate the impact of welfare reform on tenants.

4.26 It is expected that between 70-80% of households each year will receive some assistance with their rent charges through Housing Benefit or the housing element of UC. Almost all of these tenants would be entitled to an increase in their benefits to cover any increase in rent charges, subject to there being no other changes in their household circumstances that would alter their overall entitlements.

4.27 For the last four years, rents have increased by 2% which is below average inflation of 2.1%. Private rents have increased by an average of 4.9% a year, while local authority landlords' average rent has increased by 2.9% a year and average housing associations' rent has increased by 2.5% a year over the same period.

4.28 The proposed rent increase of 2% for 2020/21 would mean an average increase of between £1.73 for a one bedroom flat and £2.53 for a four-bedroomed house per week in 2020/21. Any increase in rent should be offset by a reduction in the cost of living through investment in new services and investment in existing homes, for example, reducing energy costs. Support is available to tenants who face difficulty paying rent. No home will be repossessed, as long as, the tenant engages with the

Housing Service and a reasonable repayment plan is agreed and maintained to manage arrears and late payments of rent.

4.29 For the fifth year running the Business Plan assumes no increase in fees and charges to tenants. These include charges for stair cleaning, furnishing and heating where included as a service charge. Not all of these charges are covered by housing benefit. Freezing these costs has a direct benefit to the majority of tenants.

4.30 A ring-fenced contingency was established in 2017/18 to mitigate the impact of further decreases in income and/or unexpected increases in expenditure. The contingency reserve is projected to be £4.5 million at the beginning of 2020/21, rising to 10% of annual income by year eight.

Risks to the Business Plan

4.31 The top five risks to the Business Plan are set out in the table below:

Risk	Mitigation
Mixed Tenure: Over half of Council homes are in mixed tenure blocks where the Council shares responsibility for the repair and maintenance of common areas with home-owners and private landlords. Owners may not have the funds to invest at scale in their homes, delaying or limiting investment to Council homes in these blocks.	The Mixed Tenure Improvement Strategy's workstreams are under development, including establishing a mixed tenure delivery team, revising the Scheme of Assistance to provide more practical and financial support options to owners and landlords. A business case will be reported to Finance and Resources Committee in early 2020. The delivery of strategic acquisition and disposal of homes continues to achieve block consolidation.
Reduction in rental income: Rental income collection falls below the assumed level in the Business Plan, due to welfare reform and the implementation of Universal Credit Full Service (UCFS).	Migration and direct payment processes for UC Full Service have been improved, which allows the Council to work with tenants at the earliest opportunity to arrange secured rental payment methods. Further work is continuing to promote Direct Debit as default pay method. Based on the outcome of the budget consultation, rent free fortnights will be removed to more closely align with monthly UC payments and salaries for tenants in employment. This should help tenants' budget better, avoid getting into debt, and manage the monthly UC payments.
Reduction in costs efficiencies: The financial efficiency savings assumed in the latest Business Plan do not materialise, thus deepening the deficit.	The HSIP aims to reduce operating expenditure by 10% to mitigate the deficit and return the Business Plan to a positive balance. The programme is projected to achieve more than double the in-year savings target. Any shortfall in efficiency saving would have to be mitigated through a combination of increases in income, a re-phasing or reduction in planned capital investment, and/ or reduced services to tenants.

Increasing capital investment costs: The increase in new build construction and development costs (workforce, materials etc.) could be higher than anticipated due to wider economic uncertainties as the UK withdraws from the European Union. Land costs for housing development is also increasing due to competition in the open market for land acquisition. There are additional cost implications associated with meeting new sustainability targets.	Build cost inflation assumptions are reviewed annually based on market intelligence. The business plan includes a prudent average annual increase of 4.4% over the next 5 years. Comprehensive review of Design Guide is ongoing to increase standardisation and efficiency of design approach. The known costs for achieving a 50% reduction in household emissions by 2030 have been factored into the 30-year Business Plan as well as the establishment of a carbon innovation fund by 2021 to trial innovative technologies, retrofit approaches and explore carbon offsetting to ensure Council homes are carbon neutral by 2030.
Reduction in customer satisfaction and performance: Operational improvements and service efficiencies are not delivered/ sustained, resulting in growing customer dissatisfaction, and loss of confidence and support from tenants and elected members.	A HSIP was approved in February 2019 with an aim to improve customer satisfaction, operating performance and reduce costs over the next three years. Progress is monitored monthly to Corporate Leadership Team and bi-annually to Housing, Homelessness and Fair Work Committee (June 2019 and January 2020).

4.32 In addition to the mitigations set out above, the Business Plan assumes a £4.5 million contingency fund will be built up by the end of this financial year, rising to £15 million by 2027 to ensure the continuation of the investment programme, even with an unexpected reduction in income or increase in unplanned expenditure.

4.33 All risks are kept under review and significant changes will be highlighted to the Housing, Homelessness and Fair Work Committee, Finance and Resources Committee and Governance, Risk and Best Value Committee.

5. Next Steps

5.1 The five-year HRA Budget Strategy 2020/21 to 2024/25, draft 2020/21 capital budget and five-year capital investment programme will be presented to Finance and Resources budget committee meeting for approval in early 2020.

5.2 Consultation on the detail of the 2020/21 Capital Programme will be carried out with members in early 2020. This will inform the 2020/21 Capital Investment Programme report which will presented to Housing, Homelessness and Fair Work Committee for approval in March 2020.

5.3 A six-monthly update of the HSIP will be provided to Housing, Homelessness and Fair Work Committee in June 2020.

6. Financial Impact

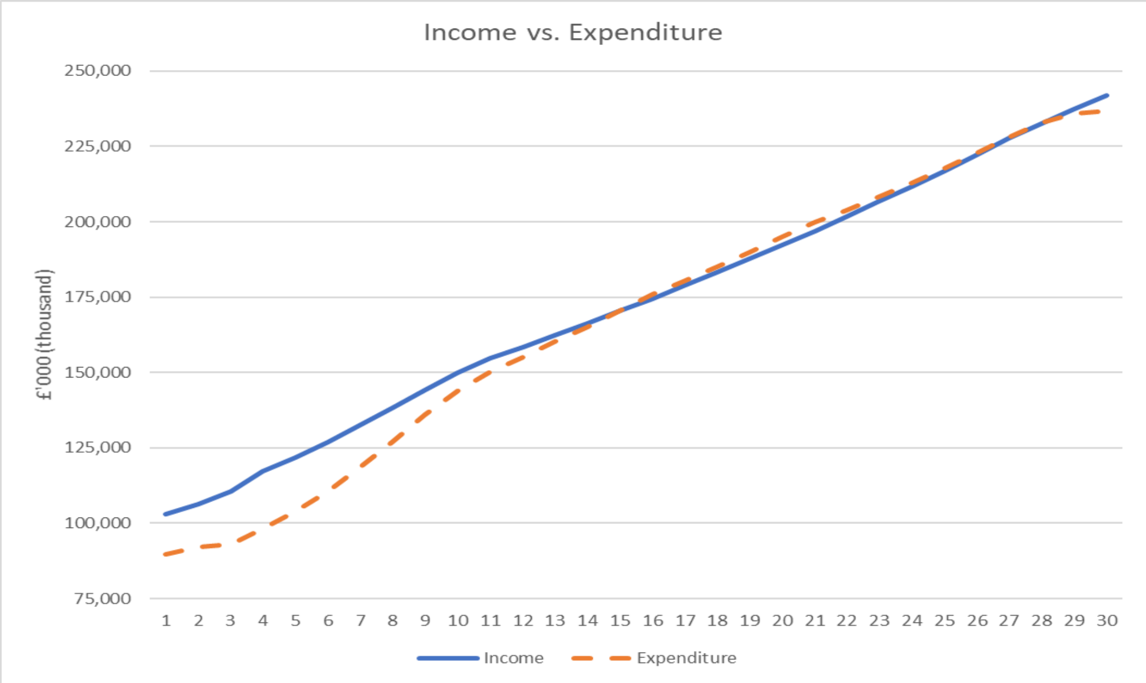
6.1 The 2019/20 Business Plan projected a £75.6 million deficit between 2022/23 and 2032/33. The Business Plan is reviewed annually and is rolled forward based on the previous year's outturn and approved rent levels. The key assumptions were updated in the summer prior to the 2020/21 budget consultation. The net impact of the updates, reported to Committee in August 2019, was positive with the deficit reducing by 20% and starting one year later in 2023/24 instead of 2022/23.

6.2 The positive change was primarily the result of a reduction in borrowing costs and an increase in rental income due to the introduction of new rent payment methods. However, these positive changes were offset by an increase in build cost inflation. Build cost inflation assumptions are reviewed annually based on market intelligence. Latest projections estimate a 4.4% inflationary rate over the next five years.

6.3 Further work to check and refine key assumptions has been undertaken since August as well as, the alignment of investment priorities identified through budget consultation with tenants and members. Capital investment programmes have also been reviewed to reflect the Councils net zero carbon target by 2030.

6.4 The HSIP aims to deliver a 10% reduction in expenditure (£11.2 million) by 2022/23. The investment required to make the necessary improvements has been factored into the HRA Business Plan and will be reviewed annually. A savings target of £1.2 million was identified for 2019/20. Actual savings are estimated to be more than double the target (£3.4 million) following a review of in-year debt management. This was part of a wider review of the debt portfolio, which has resulted in a positive material change in debt servicing costs going forward.

6.5 The overall impact of the changes has resulted in a further reduction in the deficit to £22.7 million, postponing it by a further 11 years (2034/35).



6.6 A ring-fenced contingency was established in 2017/18 to mitigate the impact of further decreases in income and/or unexpected increases in expenditure. The contingency reserve is projected to be £4.5 million at the beginning of 2020/21, rising to 10% of annual income by year eight.

7. Stakeholder/Community Impact

7.1 Each year the views of tenants are sought on the HRA budget strategy, investment plan, service improvements and associated rent levels. The approach to engaging tenants on the budget is reviewed annually by a working group of tenants and officers, the Rent Matters Working Group (RMWG).

7.2 Tenants have consistently indicated strong support for building new homes, improving homes and services and stable and affordable rents.

7.3 Consultation on the 2020/21 budget took place in 2019. Tenants were asked to comment on what has been achieved to date, what has worked well and not so well, and to establish priorities going forward to ensure the Housing Service is delivering an effective, quality service that is value for money to its tenants. The consultation also included a proposal to change to the current charging periods from 2020/21 to more closely align with monthly UC payments and salaries for tenants in employment.

7.4 All tenants were sent information on the budget proposals through the tenant newsletter. Over 30 tenant organisations received information packs and 230 individual Tenant Panel members received information either by email, text or letter. Events were held in the localities, including sessions of street-canvassing across the city. Responses were received on line and via email, social media, from postcards, cut outs from newsletters and local events

7.5 The budget plan was also discussed at a meeting with the Edinburgh Tenants Federation on 20 November 2019. Officers presented the approach, key messages, consultation questions and results to date.

7.6 In addition to the annual rent consultation the Housing Service is in regular contact with tenants and has a wealth of information on tenant satisfaction and priorities from a variety of sources. The Housing Service carries out an annual survey of over 1,000 tenants, as well as, regular focus groups looking at specific topics and various short life working tackling certain issues. Housing officers are now offering annual conversations with each tenant within their patch.

7.7 Tenant engagement is being further expanded and enhanced through the HSIP. Ongoing dialogue will help to keep tenants and staff onboard with the change programme and will ensure they are involved in all aspects of shaping improvements. To facilitate this, the focus group programme will be expanded, with groups to be held regularly with tenants and staff.

8. Background reading/external references

8.1 2019/20 HRA Capital Programme, Housing & Economy Committee, 21 March 2019.

8.2 Housing Service Improvement Plan, Housing & Economy Committee, 6 June 2019.

8.3 Mixed Tenure Improvement Strategy Update, Housing and Economy Committee, 6 June 2019.

8.4 2020/21 HRA Budget Strategy, Housing Homelessness & Fair Work, 29 August 2019.

9. Appendices

9.1 Appendix 1 – Annual Business Planning Process.

Appendix 1 – Annual Business Planning Process

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Housing, Homelessness and Fair Work Committee

10.00am, Monday, 20 January 2020

Tenant Participation and Community Engagement

Executive/routine	Executive
Wards	All
Council Commitments	1,2,41,44

1. Recommendations

1.1 It is recommended that the Housing, Homelessness and Fair Work Committee:

1.1.1 approves the new Tenant Participation Strategy 2020/2023; and

1.1.2 agrees to fund Edinburgh Tenants' Federation (ETF) for a further two years, on a maximum standstill budget of £241,083 per annum, subject to ongoing review and progress against the delivery of key outputs, outcomes and improvement actions.

Paul Lawrence

Executive Director of Place

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E-mail: elaine.scott@edinburgh.gov.uk | Tel: 0131 529 2277

Report

Tenant Participation and Community Engagement

2. Executive Summary

2.1 This report seeks approval of an updated Tenant Participation Strategy (TPS) and summarises improvements made by ETF to strengthen the service and participation role they provide, through a Service Level Agreement (SLA) currently funded until 31 March 2020, that supports the delivery of the TPS objectives.

2.2 The report seeks agreement for ETF to be funded for a further two years from 1 April 2020 to 31 March 2022, subject to ongoing review and progress against the delivery of key outputs, outcomes and improvement actions. These will be set out in the SLA and will be monitored and reviewed on a six-monthly basis.

2.3 The report also notes that work is underway to finalise the continued approach to funding of the Neighbourhood Alliance (NA) to support regeneration and place making in the North East Locality. Any future funding proposal will be reported to Committee for approval.

3. Background

3.1 The Housing (Scotland) Act 2001 requires social landlords to 'consult tenants on proposals that affect them and take account of their views'. Tenant groups can register with their landlord to strengthen their rights to information and to take part. All social landlords must also have a TPS which sets out the support and actions to enable tenants to participate.

3.2 The Scottish Social Housing Charter requires social landlords to ensure that 'tenants and other customers find it easy to participate in and influence their landlord's decisions at a level they feel comfortable with'. Participation is distinct from but complements other consultation and engagement with tenants through activities such as focus groups and surveys.

3.3 The Scottish Housing Regulator monitors tenant participation, emphasising the importance of tenants and social landlords scrutinising services together to improve performance and ensure value for money. This now also forms part of the Annual Assurance Statement for the Housing Service. The first statement for the service was agreed by Committee on 31 October 2019.

3.4 The Community Empowerment (Scotland) Act 2015 aims to ensure that all citizens can get involved and help make important decisions; it sets out community planning arrangements and how people can request to participate.

3.5 On 30 August 2018, the Housing and Economy Committee agreed to extend funding for ETF to 31 March 2020 subject to performance improvement milestones in the revised SLA being met. Since then work has been ongoing to improve monitoring and evaluation processes in respect of both organisations to ensure the delivery of key initiatives, which are measured against progress on short term outputs and longer-term outcomes that support and strengthen tenant participation and community engagement across the city.

3.6 The ETF SLA has been jointly developed with ETF and agreed with them. The actions describe expected key outputs and the long-term outcomes sought and make clear ETF's responsibilities and the expected timescales for these to be progressed. Some actions are joint and/or need to be agreed and progressed with the Council.

4. Main report

4.1 All social landlords must have a TPS setting out support and actions to enable tenants to participate in the delivery and development of the Housing Service. The TPS has been updated for the period 2020/23. It has been developed with tenants and builds on previous strategies, achievements and activities. A copy is provided in Appendix 1.

4.2 Consultation on the strategy has confirmed that tenants want the Housing Service to continue to ensure that tenants' views are taken on board to help shape and improve housing conditions and services, with increased transparency and accountability to tenants and greater tenant influence. They want to ensure that tenants really know the different ways they can become involved; can take part and influence decisions if they want to; have the support and resources they need to take part and can help to develop quality services. An Integrated Impact Assessment (IIA) is being completed and this will inform the iterative Action Plan.

4.3 The draft TPS 2020/23 is recommended for approval by Committee. The actions and outcomes set out in the ETF SLA will assist with meeting the objectives of the TPS. It will also support the delivery of the Housing Service Improvement Plan.

Edinburgh Tenants Federation

4.4 ETF plays an important role in representing tenants and supporting local residents and Registered Tenants' Organisations (RTOs) to participate and influence decisions. The ETF SLA 2019/20 focuses on supporting the delivery of the agreed TP Strategy outcomes referred to at 4.2. It sets out specific tenant participation initiatives and measures, key improvement actions to support and strengthen ETF, a timetable and performance dashboard and it also includes the standard Council terms and conditions.

4.5 As reported to the Housing and Economy Committee on 30 August 2018, the improvement actions were agreed to strengthen ETF's capacity to deliver the defined outputs and outcomes set out in the SLA and to ensure a more constructive working relationship that reflects wider tenants' views. Communication protocols are now in place, including a requirement for ETF to clarify the scope of any representations made to the Council by them on behalf of tenants.

4.6 As a voluntary member organisation, ETF have faced some challenges due to gaps in staff support. To address this, ETF proactively put in place some assistance for the organisation through the Tenants' Information Service (TIS) within their existing funding. The work TIS have been involved in includes help with managing some employer/employee matters; looking at approaches to long-term staff management requirements; finalising the move for the organisation from being an unincorporated voluntary body to becoming a Scottish Charitable Incorporated Organisation (SCIO) and ongoing work to review the organisation's governance and learning requirements. This work is supporting areas of improvement that were set out as a requirement of the current SLA.

4.7 TIS have initially been assisting ETF with early work to consider a long-term approach for staff management and support within the organisation to reduce the volunteer members direct responsibilities for employing and managing staff. Council officers have been involved as appropriate in these discussions and have emphasised the benefits of increasing capacity for the volunteers on the management committee to focus on delivery of the SLA requirements and to lead the day to day work of the organisation.

4.8 With TIS's assistance, the move to a SCIO was finalised at the ETF Annual General Meeting on Friday, 13 September 2019 and ETF are now formally recognised and operating as a SCIO with all the required standards met. Operating as a SCIO provides limited liability and a separate legal identity to organisations that want to become charities but do not want or need the complex structure of company law.

4.9 ETF have also arranged for TIS to review their governance and learning requirements with a focus on executive committee recruitment and training for existing and new members to ensure that they understand ETF's core policies and codes of practice, as well as their role/relationship with others, within and outwith the organisation. This will help ETF to affirm their strategic direction and to guide and direct the activities of the organisation as instructed by their wider membership. Capacity building in terms of the whole organisation is also being emphasised.

4.10 The Tenant and Resident Services Operations Manager meets with ETF representatives on a regular basis to ensure there is clear communication and joint understanding on the work programme set by the ETF membership, and its relationship to the requirements of the ETF SLA, which has been agreed with the housing service. A joint review of the 2018/19 SLA, as set out in the 30 August 2018 report to Housing and Economy Committee, was completed by 31 May 2019; a mid-point review of the 2019/20 SLA has also been completed. The outputs of these reviews, which capture the range of activity carried out by ETF, have been shared with senior managers at the bi-monthly meetings with ETF.

4.11 The existing 2019/20 SLA includes specific tenant participation initiatives and measures to ensure the requirements of the SLA are being met; these are being considered as part of the work on the governance and potential areas for development that TIS are providing to the organisation and these will be captured and agreed with ETF as part of the annual SLA for 2020/21 onwards.

4.12 Agreeing to fund ETF for a further two years will enable a period of stability for the organisation to continue to deliver on the improvement actions and progress their work with TIS within the context of work ongoing on the Housing Service Improvement Plan, which recognises the importance of ongoing dialogue with tenants to ensure they are involved in shaping improvements and influencing decisions being taken on services. A separate report to this Committee on the 'Housing Service Improvement Plan: Update' provides more information on the programme of improvements.

4.13 Work is being progressed on options for alternative professional development support for the operation of ETF, covering staff and management of their governance requirements. Any model would maintain independence for the organisation, which is important for tenant members. This type of model would enable ETF to operate within their existing governance arrangements but provide resources to ensure ongoing access to professional development support and best practice in tenant participation.

Neighbourhood Alliance

4.14 The NA provides support for local regeneration and place making in the North East Locality. Similarly, to ETF, this small voluntary organisation has had reduced staff capacity. Work is underway with the organisation to get assurance around continued capacity and the governance arrangements for the management Committee. The SLA objectives are also being refocused to ensure effective support for local regeneration and place making in the North East Locality as this moves forward. Once this work has been completed any proposal for future funding will be reported to this Committee for approval.

4.15 On 2 April 2019, the Edinburgh Partnership agreed a new governance framework, which included establishing 13 new Neighbourhood Networks. The Neighbourhood Networks will play a key role in community planning processes and, through their new remit and membership, provide a way of increasing community influence and involvement across the city. Membership includes community councils and other community groups in the area, such as residents' organisations and parent councils, as well as councillors and voluntary groups. Any future support provided to the NA will need to align with the locality-based model as work goes forward.

5. Next Steps

5.1 The ETF SLA to 31 March 2022 will be finalised in discussion with ETF. Six-monthly monitoring meetings and evaluation of the delivery of key initiatives will continue, assessed jointly by ETF and the Housing Service against agreed short term outputs and long-term outcome measures. A funding extension is being recommended for a period of up to two years to 31 March 2022. The funding will be transferred in six monthly blocks and subject to delivery against the SLA objectives and the areas of improvement continuing to be taken forward by the organisation. The ETF SLA will also support the delivery of the new TPS 2020-23.

6. Financial impact

6.1 In 2017/18, the Council spent £ £1,400,063, or £72.64 per property, on resident involvement, inclusive of grant funding for RTOs, ETF and NA spend. This calculation includes the costs for Council staff time on tenant engagement, operational costs and overheads, e.g. ICT, finance and premises.

6.2 The cost to the HRA of extending ETF funding from 1 April 2020 to 31 March 2022 would be £482,166. Tenant participation and engagement spend is included within the HRA Business Plan. Payments will be released in six-monthly blocks with ETF required to provide thorough six-monthly reports on spend and annual accounts for review.

6.3 This work is contributing to ensuring best value for tenants by ensuring that tenants' views inform the Council's approach to delivering services and investing in homes.

7. Stakeholder/Community Impact

7.1 This report has been informed by previous discussions with stakeholders and the services involved, as well as consultation on the TPS 2020/23, to ensure that the approach taken by the organisations through these SLAs supports the implementation of the new TPS.

7.2 The second stage of the TPS consultation closed on Friday 10 January 2020. Feedback has been analysed and the draft document finalised to take account of feedback received. An IIA is being completed to inform the Action Plan, which will be reviewed regularly, as well as the future ETF work programme, identifying actions required to encourage wider involvement. Previous concerns about under-representation of some residents in tenant participation and engagement processes led to ETF contacting tenants living on the Gypsy/Traveller Site and work to explore support setting up a residents' association on site.

7.3 There are no adverse environmental implications arising from this report. Work is ongoing to support more tenants and other residents to engage actively in the development of policies and practices that support sustainable living, e.g., community gardens.

8. Background reading/external references

8.1 Housing and Economy Committee on 30 August 2018, Tenant and Customer Engagement.

9. Appendices

9.1 Appendix 1 - City of Edinburgh Council Tenant Participation Strategy 2020/23.

Appendix 1 -Draft Tenant Participation Strategy 2020-2023

Involving You

Introduction

Welcome to the draft City of Edinburgh Council Tenant Participation Strategy, which will cover the period 2020-2023. It's been developed with tenants and builds on previous strategies, achievements and activities.

The Strategy is part of our commitment to listening to local people and working together with local communities. It also supports the Edinburgh Partnership's role to improve wellbeing and secure high quality public services for the city; the Tenant Participation Strategy will develop to fit with the city's new local community planning arrangements, including the neighbourhood networks.

Context

The Housing (Scotland) Act 2001 requires social landlords to "consult tenants on proposals that affect them, and take account of their views". Tenants' groups can register with their landlord to strengthen their rights to information and to take part.

The Scottish Social Housing Charter requires social landlords to ensure that "tenants and other customers find it easy to participate in and influence their landlord's decisions at a level they feel comfortable with".

The Scottish Housing Regulator checks tenant participation, emphasising the importance of tenants and social landlords scrutinising services together to improve performance and ensure value for money.

The Community Empowerment (Scotland) Act 2015 aims to ensure that everyone can get involved and help make important decisions; it sets out community planning arrangements and how people can request to participate.

The new Strategy will meet equalities legislation and an Impact Assessment will be carried out and findings included before the Strategy is finalised.

The new Strategy will comply with the General Data Protection Regulation (GDPR).

The results you and we want to achieve

Housing is important to people and their quality of life. It's essential that we understand tenants' views to help to shape and improve housing conditions and services. We want to make sure that tenants really:

- know the different ways they can become involved
- can take part and influence decisions if they want to
- have the support and resources they need to take part
- can help to develop quality services.

Tenants developed these outcomes and a recent survey confirmed that they want us to continue to aim for these results - with increased transparency and accountability to tenants and greater tenant influence.

Keeping you informed

We will keep you informed and updated in a range of ways, including:

- the Tenants' Courier delivered to every tenant at least twice each year
- the Tenant Handbook provided to all new tenants, on request and online
- a landlord performance report made available to all tenants every year
- providing a copy of the annual Assurance Statement as required by the Scottish Housing Regulator
- a newsletter provided to the Tenant Panel and Registered Tenants' Organisations (RTOs) at least three times each year.

Gathering your views

We will consult with you on any changes to housing management related policies and procedures, including:

- your rent
- repairs and maintenance
- allocations
- estate and tenancy management
- the Tenant Participation Strategy
- improvements to your homes and environment
- housing strategy, including new build council housing.

We will provide plain language information in a range of formats, at an early stage, to enable tenants to understand any proposals.

We will allow at least six weeks for feedback.

The findings will be reported to tenants on the Tenant Panel and RTOs, as well as senior managers and the relevant Council committee as appropriate.

Ways you can be involved

You can become involved in different ways, for example:

- Tenant Panel
- tenants' groups
- Edinburgh Tenants' Federation (ETF)
- events and meetings
- surveys and consultations
- online
- community council
- neighbourhood networks

To find out more, please call 0131 529 7805 or email tenant.panel@edinburgh.gov.uk

Resources

The Council will provide direct and indirect funding to support tenant participation, ensuring a value for money approach. This will include help from council officers as well as independent support. It will also include financial support for City of Edinburgh Council tenant groups.

Key areas of work

Key areas of work over the term of this new Tenant Participation Strategy will be:

- making it easier for all tenants to become involved and ensuring that tenants are updated on actions taken because of tenant feedback;
- an increased focus on ways for tenants to become involved locally;
- continuing to develop and strengthen tenant scrutiny of services;
- bringing the benefits of the internet to all tenants while continuing to provide traditional methods of contact for those who are not online;
- developing and delivering the tenant grants programme with tenants;
- clarifying and developing the role of the Tenants' Panel, and
- continuing to work with RTOs, ETF and the Neighbourhood Alliance (NA). (The NA focuses on locality-based place making and regeneration in Craigmillar and Portobello).

Performance monitoring and evaluation

Progress will be measured by monitoring and evaluating:

- tenants' understanding of the ways they can take part and influence decisions;
- the support and resources provided for tenants to take part, and
- tenant satisfaction with services provided.

An annual report will be produced to show how tenants' views have been taken in to account when decisions are being taken about their homes and services.

Registering as a Registered Tenants Organisation

Groups representing City of Edinburgh Council tenants will be invited to register. Each registration lasts three years and groups' contact details are publicised in the Register of RTOs. The Register is a public document and available online at www.edinburgh.gov.uk/tenantpanel The Council will support non-registered groups.

Edinburgh Tenants Federation

Edinburgh Tenants Federation (ETF) represents tenants and residents across the city. ETF is a membership-based organisation run by and for its members. It can help you to set up a group. Contacts: 0131 475 2509, info@edinburghtenants.org.uk,

Key Actions

	Action	Timescale	Measure
Working locally	A conversation with your Housing Officer (HO)	At least once each year	% of tenants offered the option
	Options to be involved locally promoted by HOs, including in the Neighbourhood Networks.	At least twice yearly	Increased awareness of option
	Locality housing roadshows organised with tenants	At least twice yearly	Post event evaluation
	List of RTOs maintained and HOs made aware of groups active in their areas	Ongoing	Tenant Satisfaction Survey
	HOs provided with information on tenant participation and attending tenant group meetings	Ongoing	Feedback from RTOs
	Tenants and tenant groups encouraged to submit suggestions for the Neighbourhood Environment Programme (NEP)	Variable	Increased awareness and involvement
Scrutinising services	Continued support for tenant led inspections. Findings reported to tenants, councillors, and managers in appropriate formats.	Annual inspection	Completed report
	Continued support for the Housing Revenue Account (HRA) Scrutiny Group	Annual check HRA.	Completed report
	Estate walkabouts organised and promoted locally with feedback provided to participants	Variable	Tenant Satisfaction Survey
	Mystery shopping considered as an approach to checking services	Tbc	Tbc
	Training in place for tenants inspecting and scrutinising services	Annually	Evidence of training
	Tenant Scrutiny Framework updated to align the different approaches.	Year One	Framework

	Action	Timescale	Measure
Working digitally	Resources to help tenants get on line explored	Ongoing	Increased use
	Tenants updated on progress via the Tenants' Courier	Annually	Update produced
Resources	Approach to managing funding for tenants' groups reviewed in discussion with tenants	Year One	Report produced
	Participatory budgeting explored as an approach in discussion with tenants.	Year One	Report produced

Tenant Panel	Role of the Tenant Panel reviewed	Year one	Report produced
	Tenant Panel promoted	Ongoing	Promotion examples
	Tenant Panel provided with regular feedback	Ongoing	Feedback
RTOs	RTO register maintained	Ongoing	List of RTOs
	RTOs encouraged and supported to take part, locally and city wide	Ongoing	Feedback from RTOs
	Continued work with ETF to shape and improve services	Ongoing	SLA
Equalities	Explore ways to better involve and communicate with tenants with disabilities	Year one	Report produced

Involvement is an overall term used to describe citizen engagement at any level

Information is the basis of good communciation and strengthening Council-tenant relationships

Consultation is seeking customers' views and ideas, taking account of those views and providing feedback

Participation is when tenants actively engage in decision-making from planning through to implementation

HAPPY TO TRANSLATE

Call ITS on 0131 242 8181 and quote reference **19-5480**

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Housing, Homelessness and Fair Work Committee

10.00am, Monday, 20 January 2020

The EDI Group – Update report

Executive/routine	Executive
Wards	All
Council Commitments	**1, 2, 10, 50**

1. Recommendations

1.1 It is recommended that Committee notes the report and refers it to the Governance, Risk and Best Value Committee for consideration.

Paul Lawrence

Executive Director of Place

Contact: David Cooper, Service Manager - Development

E-mail: david.cooper@edinburgh.gov.uk | Tel: 0131 529 6233

Report

The EDI Group – Update report

2. Executive Summary

2.1 This report updates members on the progress of the transition strategy for The EDI Group Limited which aims to close it and its subsidiary companies and bring their projects and assets into the Council.

3. Background

3.1 The EDI Group Limited ("EDI") is an arm's length company of the City of Edinburgh Council. On 7 February 2017 and 23 February 2017, the Economy Committee and the Finance and Resources Committee respectively agreed to close EDI and its subsidiaries and bring certain activities and assets in-house. On 2 November 2017, the Housing and Economy Committee agreed a transition strategy for the closure.

3.2 Progress reports are being provided on a six-monthly basis.

4. Main report

4.1 The transition strategy continues to be implemented. All ongoing projects are now being delivered by Council officers and most EDI assets have transferred to the Council or otherwise been disposed of.

4.2 The EDI Board, which as previously noted now comprises only elected members, continues to meet quarterly. A scheme of delegation has been agreed which enables minor and routine decisions to be taken by Council officers.

4.3 Appendix 1 provides updates on each project/subsidiary company. The majority of these still have a green RAG status as there has been no change in circumstance and the remain on track for closure in line with the original strategy. In three cases projects have been moved to an amber RAG status.

4.4 The first is the Market Street Hotel project where financial settlement has not yet been reached and as such the date for closure of this company has been delayed. The profit from this project is also likely to be less than originally envisaged and the projected special dividend to the Council has been revised down accordingly.

4.5 The second is Craigmillar/PARC where a final offer from Places for People is awaited in relation to Plots K and L. This process has been delayed as a result of difficulties finalising title boundaries with Registers of Scotland. This process is now complete and will allow Places for People to finalise its offer. At the current time this is an impact on programme only as the amount being offered for the site is not yet known.

4.6 The third is Fountainbridge where there is still work in progress (WIP) that may be of value to the Council's development partner once appointed, and as such the corporate closure has been delayed allowing any potential payment for the WIP to take place. This is a pragmatic delay and has an impact on programme only.

4.7 The programme in terms of projects transferring into the Council and estimated corporate closure dates is set out in Appendix 2. This reflects the changes identified above. While it is now envisaged that some projects/subsidiaries will take longer to close that originally thought, the overall timescales for full corporate closure remain unchanged at Q3 2022.

4.8 The audited consolidated financial statements for The EDI Group Limited for the year ended 31 December 2018 were approved by the EDI Board on 8 August 2019. The overall financial performance was a net loss of £0.46m (compared to a loss of £2.9m in 2017) and retained earnings of £1.4m (compared to £1.9m in 2017). This is in line with transition strategy assumptions. The independent auditor opined that the statements gave a true and view of the state of the company and were properly prepared in line with International Financial Reporting Standards and the requirements of the Companies Act 2006. The directors' report and consolidated financial statements (including the independent auditor's report) are attached as Appendix 3.

5. Next Steps

5.1 The company activities will continue through to full corporate closure and update reports will be provided to the Committee.

5.2 This report will be referred to Governance, Risk and Best Value Committee so the year-end financial position can be reviewed.

6. Financial impact

6.1 This report is for noting and there are no financial impacts directly arising from this decision.

6.2 The projected special dividend to the Council from closing EDI is currently £8.225m. This is lower than the £8.5m previously reported to the Committee, largely due to lower-than-projected profits on the Market Street hotel development.

7. Stakeholder/Community Impact

7.1 Consultation and engagement with local communities and delivery partners is ongoing as part of individual projects.

8. Background reading/external references

8.1 "The EDI Group Ltd – Transition Strategy" – report to the Housing and Economy Committee, 2 November 2017 (B agenda)

8.2 "The EDI Group – Update Report – report to the Housing and Economy Committee, 6 June 2019

9. Appendices

9.1 Appendix 1 – Project updates

9.2 Appendix 2 – Project timelines

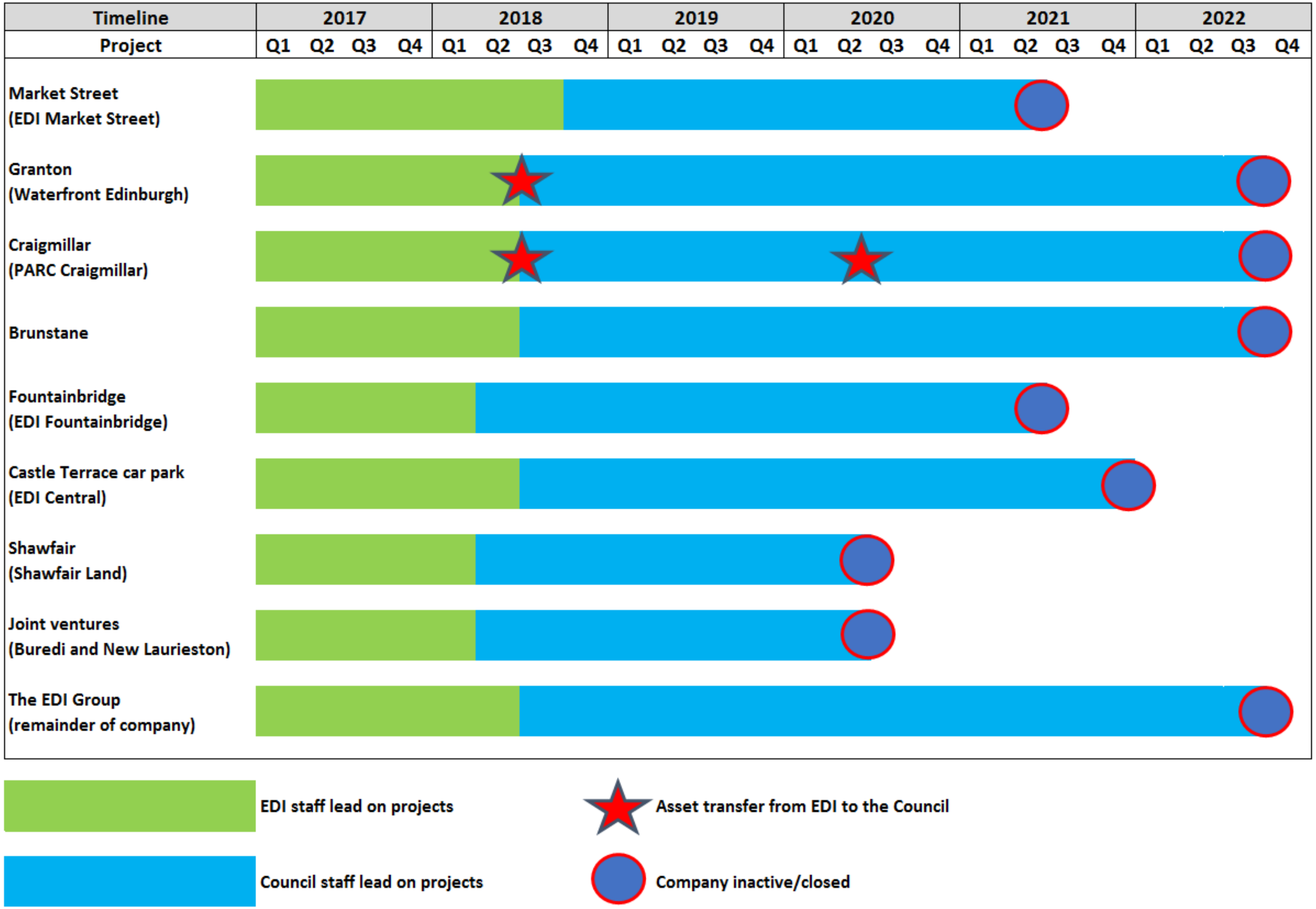
9.3 Appendix 3 – The EDI Group Limited: Directors' report and consolidated financial statements for the year ended 31 December 2018

Appendix 1 – Project updates

Market Street (EDI Market Street)	
Description Subsidiary company of EDI set up to take forward a hotel development on Market Street.	
Position as of January 2020 The Market Street hotel achieved practical completion in November 2018, nine months behind the originally envisaged completion date. Council officers acting on behalf of EDI are continuing to negotiate with the contractor and the client to settle financial claims. The dissolution of EDI Market Street is now expected to be delayed until 2021.	
RAG status	Amber
Granton (Waterfront Edinburgh)	
Description Land and buildings at Granton along with shares in a joint venture with land in Granton.	
Position as of January 2020 The land and buildings wholly owned by Waterfront Edinburgh have been transferred to the Council and now form part of the wider Granton Waterfront regeneration project led by the Housing and Regeneration service. The Council's interest in the joint venture company is being managed by Council officers reporting to the EDI Board with work on an exit strategy ongoing. The projected company closure date remains 2022.	
RAG status	Green
Craigmillar (PARC Craigmillar)	
Description Land and buildings at Craigmillar.	
Position as of January 2020 The transfer of assets from PARC Craigmillar to the Council (including the loan book for shared equity properties) has been completed other than The White House, and the South Park, both of which should transfer in 2020. A final offer is awaited in relation to the sale of plots K and L in Greendykes South. The options agreement will be renounced once final transfers have taken place. The projected company closure date remains 2022.	
RAG status	Amber
Brunstane (The EDI Group)	
Description Housing development site with planning permission in place on land owned by EDI and option agreement in place with adjoining land owner. The Council also has an entitlement for profit share in relation to access rights.	
Position as of January 2020 The sale of the land is underway and is expected to be completed in early 2020.	
RAG status	Green
Fountainbridge (EDI Fountainbridge)	
Description Brownfield development site owned by the Council.	
Position as of January 2020 The Council is in the process of appointing a development partner to take forward the development of the site on behalf of the Council. It is anticipated that the partner will be appointed in Q1 2020. There is 'work in progress' within EDI Fountainbridge from which it is anticipated value can be realised via the development partner, so the dissolution of the company has been postponed until after the partner is appointed and final accounts have been submitted.	
RAG status	Amber

Castle Terrace car park (EDI Central)	
Description EDI Central is entitled to payments from NCP as settlement following a court case regarding a lease arrangement at the Castle Terrace car park.	
Position as of January 2020 One further payment is due in 2020; this will be paid up to The EDI Group and then on to the Council via a dividend. This is being overseen by the Council's Finance service. The projected company closure date has been brought forward to 2021.	
RAG status	Green
Shawfair (Shawfair Land)	
Description Shawfair Land formerly held a security over land at the South East Wedge.	
Position as of January 2020 Shawfair Land has released the security in return for a cash payment. Once final accounts for the company have been audited and submitted to Companies House, officers will proceed with winding-up the company. It is expected that the company will be wound-up during 2020.	
RAG status	Green
Joint ventures (Buredi and New Laurieston (Glasgow))	
Description Inactive joint venture companies that previously carried out private housing developments.	
Position as of January 2020 Agreement has been reached with joint venture partners to close the two companies. The Buredi joint venture has been wound-up. The winding-up of the New Laurieston (Glasgow) joint venture, which is being taken forward by The Miller Group, is slightly behind schedule but expected to be completed in early-2020.	
RAG status	Green
The EDI Group (remainder of company)	
Description The parent company of all subsidiaries.	
Position as of January 2020 Other than Brunstane, no projects sit directly within the parent company. The Council will oversee the repayment of loans and capital up to 2021 as PARC Craigmillar and EDI Central receive payments and pay these up to the parent company. The projected company closure date remains 2022.	
RAG status	Green

Appendix 2 – Project timelines at Jan 2020



Financial Statements

31 December 2018

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THE EDI GROUP LIMITED

Directors' report and consolidated financial statements

For the year ended 31 December 2018

Contents

THE EDI GROUP LIMITED

Company information

For the year ended 31 December 2018

Board of directors	K Campbell L Cameron I Whyte	
Company registration	*Registered office:*	Waverley Court 4 East Market Street Edinburgh EH8 8BG
	Registered number:	SC110956
Bankers	The Royal Bank of Scotland plc Bank of Scotland plc	
Auditor	Scott-Moncrieff Chartered Accountants & Statutory Auditor Exchange Place 3 Semple Street Edinburgh EH3 8BL	

The Directors present their strategic report and audited financial statements for 2018 financial year.

Principal activities, business review and future developments

The EDI Group Limited (EDI) is a company limited by shares which is incorporated and domiciled in Scotland. It is a wholly owned subsidiary of the City of Edinburgh Council and run as an arm's length operation with the role of investing in the development of land and buildings which are surplus to the Council's operational requirements and leading on the property aspects of regeneration in specific areas of the City.

In February 2017 the Council conducted a review of its approach to the use of surplus land and its interactions with the property market. The Council concluded that the group will have no future pipeline of projects and therefore took the decision that the group and this company should begin a process of managed closure. The Council as shareholder has instructed the directors to begin this process.

The company has now ceased development activities other than the Market Street, Fountainbridge and Brunstane projects and the majority of the remaining land and buildings transferred to the Council in May 2018. There will be a reduced level of development and property related activity for the next few years. Non-property assets will be realised in accordance with their contractual terms and external liabilities and obligations will be settled in full. Financial projections for the closure process show that the group and each company will have sufficient funds to meet all external liabilities and obligations and to repay share capital in full. The intention is that each company will become dormant with a timespan covering 2 to 10 years.

Current development activity:

The Market Street hotel construction reached practical completion in November 2018 and negotiations on financial claims are in the final stages. The transfer of assets from PARC Craigmillar to the City of Edinburgh Council has been completed other than plots K and L, The Whitehouse and two park developments. The sale of land at Brunstane is expected to complete in 2019.

Our performance

The financial performance of the group in 2018 was a net loss of £0.46m compared to a loss of £2.9m in 2017. Retained earnings reduced to £1.4m from £1.9m. As anticipated, while the year's results have been influenced by the implementation of the closure strategy described above, the longer-term position remains in line with transition strategy assumptions.

The group had a cash balance of £2.3m (2017: £2.7m). The sales expected in 2019 will be profitable and cash balances are expected to be higher at the end of 2019. No dividend was proposed or paid in 2018 but a dividend of £1.047m was agreed by the Board on 25 June 2019 and as part of the closure strategy it is envisaged that dividends will be paid in 2020.

Risks and environment

Although the scope of our activity has reduced significantly, the risk factors influencing the remaining assets are a combination of the general economy of Edinburgh and the national housing market. The Shareholder and the directors recognise that the process of managing the completion of our current activities and transition of the remaining projects to Council control and management has brought specific financial, legal, administration and people risks and these have been managed.

This report was approved by the board on 8 August 2019 and signed on its behalf by:

L M Cameron
Director
4 East Market Street
Edinburgh
EH8 8BG

The directors present their annual report and audited financial statements for the year ended 31 December 2018.

Principal activities and business review

Details of principal activities, market circumstances and risk and performance indicator are included in the Strategic Report. The directors do not recommend payment of a dividend at the year-end (2017: £nil).

Directors

The directors who held office during the year, and subsequently, were as follow:

E Adair	- Resigned 30 May 2018
G Barrie	- Resigned 14 March 2018
K Campbell	- Appointed 27 March 2018
L Cameron	
H Rutherford	- Resigned 30 May 2018
I Whyte	

Political and charitable contributions

The company made no political or charitable contributions during the year.

Going concern

As described in the Strategic Report, the group's ultimate shareholder, The City of Edinburgh Council, has concluded that the group should begin a process of closure. The company has now ceased development activities other than the Market Street and Brunstane projects.

The opinion of the directors is that the decision of the shareholder and the active implementation of the decision will lead to the company ceasing to trade in the future and it is therefore not appropriate to prepare the accounts on a going concern basis.

The closure strategy approved by both the shareholder and the directors is that all land and buildings which are not actively in development will transfer to the Council at book value and all liabilities due to the Council will be settled at book value. Much of this activity has now concluded or is in the process of concluding. Third party financial assets will be realised and third party liabilities will be settled according to their contractual terms.

In these accounts each asset and liability will be valued to reflect the closure strategy intention for that asset or liability. The details are described in the notes.

The Company, and the Group, as part of a regular evaluation of liquidity risk, has modelled the principal risks and uncertainties in its cash flow projections for the envisaged closure strategy. After discussions with the shareholder and after assessing the availability of cash balances under a range of scenarios, the Directors have formed the opinion that the Company has sufficient resources to meet all external liabilities and obligations and to repay its share capital in full.

Responsibilities of the directors

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities of the directors (continued)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

The auditor, Scott-Moncrieff, is deemed to be reappointed under Section 487 (2) of the Companies Act 2006.

This report was approved by the board on 8 August 2019 and signed on its behalf by:

L M Cameron
Director
4 East Market Street
Edinburgh
EH8 8BG

Lezley Maria Cameron

Opinion

We have audited the financial statements of The EDI Group Limited for the year ended 31 December 2018 which comprise consolidated statement of profit or loss and other comprehensive income, consolidated and company statement of financial position, consolidated and company statement of changes in equity, consolidated and company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the group and company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of matter – Basis of preparation

We draw attention to notes 2 and 2b in the financial statements, which describe the basis of preparation. The directors have prepared the financial statements using a non-going concern basis of accounting as they consider that the company is not a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 and 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs(UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Councils website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Nick Bennett

Nick Bennett, *Senior Statutory Auditor*

For and on behalf of Scott-Moncrieff, Statutory Auditor

Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Date: 8 August 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Continuing Operations			
Revenue	3	3,350	3,848
Cost of sales		(2,527)	(3,697)
Gross (loss)/profit		823	151
Government grant release	21	138	183
Administrative expenses		(1,280)	(2,512)
Work in progress written off		60	(2,681)
(Loss)/Profit from operations	4	(259)	(4,859)
Loss on disposal		(82)	(10)
Finance income	6	54	61
Finance costs	7	(152)	(218)
Other income	5	4	5
Loss/(gain) on settlement	26	(152)	733
Movement in fair value of investment property	11	-	80
(Loss)/profit before income tax expense		(587)	(4,208)
Income tax credit	8	128	1,264
(Loss)/profit for the year from continuing operations		(459)	(2,944)
Net (loss)/profit for the year		(459)	(2,944)
Attributable to:			
Equity holders of the parent		(459)	(2,944)
Other comprehensive income:			
Items that will be reclassified subsequently to profit and loss			
Increase in fair value of available for sale financial assets		-	14
Tax relating to items that will be reclassified	8	-	-
		-	14
Items that will not be reclassified subsequently to profit and loss			
Actuarial gain/(loss) on defined benefit pension scheme	26	-	591
Tax relating to items that will not be reclassified	8	-	(351)
		-	240
Other comprehensive income/(expenditure)		-	254
Total comprehensive (expenditure)/income for the year		(459)	(2,690)
Attributable to:			
Equity holders of the parent		(459)	(2,690)

The accompanying notes form part of these financial statements.

THE EDI GROUP LIMITED

Consolidated Statement of Financial Position

As at 31 December 2018

	Note	Consolidated Group 2018 £'000	2017 £'000
Non-current assets			
Property, plant and equipment	10	-	27
Investment property	11	220	430
Investments in joint ventures and associates	13	269	269
Available for sale financial assets	12	-	619
Deferred tax asset	22	-	-
Total non-current assets		489	1,345
Current assets			
Cash and cash equivalents	23	2,333	2,689
Trade and other receivables	15	5,167	8,195
Inventories	14	9,595	10,703
Total current assets		17,095	21,587
TOTAL ASSETS		17,584	22,932
Equity and Liabilities			
Equity attributable to equity holders of the parent			
Contributed equity	24	8,500	8,500
Retained earnings		1,442	1,901
Capital contribution reserve		-	-
Total equity		9,942	10,401
Liabilities			
Non-current liabilities			
Other financial liabilities	17	-	3,500
Retirement benefit obligation	26	-	567
Provisions	17	-	-
Total non-current liabilities		-	4,067
Current liabilities			
Trade and other payables	16	2,382	3,052
Current tax payable	16	-	2
Provisions	19	1,289	2,581
Other financial liabilities	18	3,971	2,691
Deferred income	21	-	138
Total current liabilities		7,642	8,464
Total liabilities		7,642	12,531
TOTAL EQUITY AND LIABILITIES		17,584	22,932

The financial statements were approved by the board of directors and authorised for issue on 8 August 2019 and are signed on its behalf by:

Lezley Marion Cameron, Director

K Campbell, Director

Company number: SC110956

The accompanying notes form part of these financial statements.

THE EDI GROUP LIMITED

Company Statement of Financial Position

As at 31 December 2018

	Note	Parent Entity 2018 £'000	2017 £'000
Non-current assets			
Property, plant and equipment	10	-	27
Investments in subsidiaries, joint ventures and associates	13	7,592	7,951
Deferred tax assets	22	-	-
Total non-current assets		7,592	7,978
Current assets			
Cash and cash equivalents	23	243	112
Trade and other receivables	15	4,557	5,858
Inventories	14	4,119	3,999
Total current assets		8,919	9,969
TOTAL ASSETS		16,511	17,947
Equity and Liabilities			
Equity attributable to equity holders of the parent			
Contributed equity	24	8,500	8,500
Retained earnings		2,573	4,111
Capital contribution reserve		30	30
Total equity		11,103	12,641
Liabilities			
Non-current liabilities			
Other financial liabilities	17	-	3,500
Retirement benefit obligation	26	-	567
Total non-current liabilities		-	4,067
Current liabilities			
Trade and other payables	16	3,168	435
Current tax payable	16	-	-
Other financial liabilities	18	2,240	-
Provisions	19	-	804
Total current liabilities		5,408	1,239
Total liabilities		5,408	5,306
TOTAL EQUITY AND LIABILITIES		16,511	17,947

The financial statements were approved by the board of directors and authorised for issue on 8 August 2019 and are signed on its behalf by:

Lezley Marion Cameron, Director

K Campbell, Director

Company number: SC110956

The accompanying notes form part of these financial statements.

Consolidated and Company Statement of Changes in Equity

As at 31 December 2018

Group

	Capital contribution reserve £'000	Contributed equity £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2017	2,200	8,500	2,391	13,091
Release of capital contribution reserve	(2,200)	-	2,200	-
Loss from continuing operations	-	-	(2,944)	(2,944)
Other comprehensive income for the year	-	-	254	254
Balance at 31 December 2017	-	8,500	1,901	10,401
Balance at 1 January 2018	-	8,500	1,901	10,401
Release of capital contribution reserve	-	-	-	-
Loss from continuing operations	-	-	(459)	(459)
Other comprehensive income for the year	-	-	-	-
Balance at 31 December 2018	-	8,500	1,442	9,942

Company

	Capital contribution reserve £'000	Contributed equity £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2017	870	8,500	2,195	11,565
Profit from continuing operations	-	-	836	836
Other comprehensive income for the year	-	-	240	240
Release of capital contribution reserve	(840)	-	840	-
Balance at 31 December 2017	30	8,500	4,111	12,641
Balance at 1 January 2018	30	8,500	4,111	12,641
Profit from continuing operations	-	-	(1,538)	(1,538)
Other comprehensive income for the year	-	-	-	-
Release of capital contribution reserve	-	-	-	-
Balance at 31 December 2018	30	8,500	2,573	11,103

The capital contribution reserve represents the excess of fair value over the amount paid for the shareholdings either gifted or sold to the group.

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Cash flow from operating activities			
Total comprehensive (loss)/profit for year		(459)	(2,690)
Adjustments for:			
Taxation credit		(128)	(913)
Depreciation		27	68
Interest received		(54)	(53)
Interest paid		152	218
Loss on disposal of available for sale assets		82	10
Net revaluations of non-current assets		-	(129)
Release of deferred grant income		(138)	(183)
Decrease in inventories		1,108	1,762
Decrease/(Increase) in receivables		3,028	(2,217)
(Decrease)/Increase in payables		(1,962)	1,516
Decrease in defined benefit obligation		(415)	(1,190)
Taxation received/(paid)		(26)	218
Net cash flows from operating activities		1,215	(3,583)
Cash flow from investing activities			
Purchase of plant, property and equipment		-	(17)
Proceeds from sale of available for sale assets		747	111
Interest received		54	53
Net cash flows from investing activities		801	147
Cash flow from financing activities			
(Decrease)/Increase in loan stock borrowings		(2,220)	1,590
Interest paid		(152)	(218)
Net cash flows from financing activities		(2,372)	1,372
Net decrease in cash and cash equivalents		(356)	(2,064)
Cash and cash equivalents at beginning of year		2,689	4,753
Cash and cash equivalents at end of year	23	2,333	2,689

The accompanying notes form part of these financial statements

1. Presentation of financial statements

The company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006. The Company has taken advantage of the exemption available under section 408 of the Companies Act 2006 from presenting a Company Statement of Profit or Loss and Other Comprehensive Income.

New accounting standards adopted during the year

The company has adopted the following amended IFRS as of 1 January 2018:

- IAS 1 "Presentation of Financial Statements": this amendment arises from the issue of IFRS 9 and deals with the abolition of the available-for-sale category of financial assets, the presentation and disclosure of gains and losses arising on financial assets stated at amortised cost, and takes account of the revised reclassification rules under IFRS 9 as compared with IAS 39.
- IAS 39 "Financial Instruments: Recognition and Measurement": this amendment arises from the issue of IFRS 9 and primarily removes items from the scope of the standard, insofar as they dealt with by IFRS 9.
- IAS 40 "Investment Property": this amendment clarifies the requirement to transfer a property to or from investment property when (and only when) there is a change in use. This amendment has not had any impact on the company.
- IFRS 7 "Financial Instruments: Disclosures": this amendment arises from the issue of IFRS 9. The amendment reflects the replacement of the four categories of financial asset under IAS 39 with the three under IFRS 9. All of the IFRS 7 disclosures by category of financial asset have had to be altered to reflect the new categorisation.
- IFRS 9 "Financial Instruments": this standard replaces IAS 39, dealing with classification, recognition and measurement, de-recognition, impairment and hedge accounting (except for macro hedging) in relation to financial instruments. Parc Craigmillar Limited's available for-sale financial assets were therefore reclassified and held at fair value as of 1 January 2018 with movements being taken to profit-and-loss prior to their disposal during the year. Whilst this amendment has had a significant impact on the recognition and measurement of the company's financial instruments, there is not considered to be a material impact on the financial statements in the current or previous year.

Guidance in issue but not in force

IAS 8 requires disclosure of guidance in issue but not in force. The minimum disclosure relates to guidance issued by 31 December 2018, and with potential effect.

International Accounting Standards and Interpretations	Effective for periods beginning on or after
IFRS 16, Leases	1 January 2019
IAS 12, Income Taxes*	1 January 2019

* Not yet adopted for use in the European Union

The directors have reviewed the requirements of the new standards and interpretations listed above and they are not expected to have a material impact on the group's financial statements in the period of initial application.

1. Presentation of financial statements (cont'd)

New standards and interpretations issued and adopted early

The International Accounting Standards Board ("IASB") and IFRIC have also issued the following accounting standard, with an effective date for financial years beginning after the date of these financial statements, which has been adopted early:

International Accounting Standards and Interpretations		*Effective for annual periods beginning on or after*
IFRS 15	Revenue from contracts with customers	1 January 2018

The above accounting standard has been adopted with a date of initial application of 1 January 2015.

The adoption of the above accounting standard has had a significant impact on measuring revenue from contracts with customers. By early adopting this standard, revenue on contracts with customers has been recognised in line with the prescribed accounting treatment. See further details at the 'Revenue recognition' accounting policy in note 2 to these financial statements.

Whilst the adoption of the above accounting standard has a significant impact on measuring revenue from contracts with customers, there is not considered to be a material impact on the financial statements in the previous year. There have therefore been no transitional adjustments required to the financial statements.

2. Statement of significant accounting policies

The consolidated financial statements of The EDI Group Limited have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The report is also prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The following significant accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

a. Basis of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the economic entity, being the company (the parent entity) and its controlled entities as defined in accounting standard IAS 27 "Consolidated and Separate Financial Statements". A list of controlled entities appears in note 13 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation.

Where a controlled entity has left the economic entity during the year its operating results have been included until the date control ceased.

2. Statement of significant accounting policies (cont'd)

b. Going concern

The opinion of the directors is that the decision of the shareholder to cease development activities and the active implementation of that decision will lead to the company ceasing to trade in the future and it is therefore not appropriate to prepare the accounts on a going concern basis.

The closure strategy approved by both the shareholder and the directors is that all land and buildings which are not actively in development will transfer to the Council at book value and all liabilities due to the Council will be settled at book value. Third party financial assets will be realised and third party liabilities will be settled according to their contractual terms

In these accounts each asset and liability will be valued to reflect the closure strategy intention for that asset or liability. The details are described in the notes.

The Company, and the Group, as part of a regular evaluation of liquidity risk, has modelled the principal risks and uncertainties in its cash flow projections for the envisaged closure strategy. After discussions with the shareholder and after assessing the availability of cash balances under a range of scenarios, the Directors have formed the opinion that the Company has sufficient resources to meet all external liabilities and obligations and to repay its share capital in full.

c. Investments in associates and joint ventures

The group's share of its associates' / joint ventures' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate / joint venture equals or exceeds its interest in the associate / joint venture, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate / joint venture.

Unrealised gains on transactions between the group and its associates / joint ventures are eliminated to the extent of the group's interest in the associates / joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

d. Income tax

The charge for income tax expense for the year is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future profits will be available against which deductible temporary differences can be utilised.

The amount of benefit brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

2. Statement of significant accounting policies (cont'd)

d. Income tax (continued)

In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

e. Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation.

Plant and equipment

The carrying amount of property, plant and equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their estimated useful lives to the company commencing from the time the asset is held ready for use.

Given the closure strategy outlined in Note 2b, the useful life of all classes of fixed assets was reassessed and adjusted in the prior year. The remaining life of all asset classes was assessed as being to 30 June 2018, to coincide with the vacation of the company's offices.

All fixed assets were therefore fully depreciated in the year.

Derecognition and disposal

An item of furniture or equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in statement of comprehensive income in the year the asset is derecognised.

f. Acquisition of assets

Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition.

In the event that settlement of all or part of the cash consideration given in the acquisition of an asset is deferred, the fair value of the purchase consideration is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

g. Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the entities within the economic entity are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the economic entity will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

2. Statement of significant accounting policies (cont'd)

g. Leases (cont'd)

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

h. Inventories

Inventory is stated at the lower of cost and net realisable value. Cost relates to purchase costs and direct labour costs incurred in bringing the inventories up to a saleable state.

i. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

j. Impairment

The carrying value of all assets are reviewed for impairment at each reporting date, with the recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of all assets is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which it belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of the asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

k. Employee entitlements and benefits

Provision is made for the company's liability for employee entitlements arising from services rendered by employees to the balance sheet date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at an amount that is considered to approximate the present value of the estimated future cash outflows to be made for those entitlements.

The group contributes to a variety of money purchase schemes for employees and to a defined benefits scheme operated on behalf of local council employees. Contributions to the schemes are charged to the profit and loss account as they arise. The assets of the scheme are held separately from those of the company in independently administered funds. The group has fully adopted the accounting principles as required by International Accounting Standard 19 – Employee Benefits.

2. Statement of significant accounting policies (cont'd)

l. Financial instruments

Financial instruments are measured initially at cost, which is the fair value of what was paid or received to acquire or incur them.

After initial recognition, financial assets and liabilities may be classified into the following categories: financial assets or liabilities at fair value through profit or loss; held to maturity investments; available for sale financial assets; loans and receivables and other financial liabilities at amortised cost.

The company has the following categories of financial assets and liabilities:

Trade and other receivables

Trade and other receivables are initially measured at fair value, which is the original invoice amount, and subsequently measured at amortised cost, using the effective interest method. A provision for impairment is accounted for when management deems that specific receivable balances will not be collected. The amount of the impairment loss is recognised in the income statement. Bad debts are written off when they are identified as being irrecoverable.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand.

Trade and other payables

Trade payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, unless the effect would not be material.

m. Investment property

Investment property is property held to generate rental income and/or for capital appreciation. Investment property is initially measured at fair value and subsequently revalued annually to its fair value at the balance sheet date.

Gains or losses arising from changes in the fair value of investment property are included in net profit or loss for the period in which they arise.

n. Investments

Investments in subsidiary and associated undertakings are stated at cost less provision for permanent impairment.

o. Available for sale financial assets

Available for sale assets arise when the company sells a property under a shared equity scheme and represents a percentage of the value of the property sold.

Available for sale financial assets are initially measured at fair value and subsequently revalued annually at its fair value at the balance sheet date.

Gains or losses arising from changes in the fair value of available for sale financial assets are included in net profit or loss for the period in which they arise.

2. Statement of significant accounting policies (cont'd)

p. Revenue

Revenue is measured at the fair value of consideration received from income from the group's ordinary activities. Revenue is stated received net of discounts, sales and other taxes. Revenue from sales is recognised when persuasive evidence of an arrangement exists, the significant risks and rewards of ownership have been transferred to the buyer, the price is fixed and determinable and collectively probable.

Rentals receivable under operating leases are recognised in the income statement over the term of the lease on a straight line basis.

Revenue from dividend income is recognised when the rights of the shareholder to receive the payment are determined.

q. Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and from within the group.

Revenue recognition

Under IFRS 15 there is a requirement to recognise revenue as and when a performance obligation is satisfied. The primary activity of the company is project management in relation to the construction of a hotel. Upon completion of this they will receive a fixed sum of £1.5m. As the performance obligation in relation to this is satisfied over time the attributable revenue should therefore be recognised in line with this. The directors have taken the view that the best estimation of attributable revenue is based on an output method measured by the stage of completion of the hotel at the year-end date, as this amounts to services rendered in completion of their performance obligation.

The output method is based on invoices received by independent contractors at the year-end which detail the value of completion to date. The amount of revenue to be recognised is then measured as a percentage of actual completion to date against the expected total cost of completion.

Given the company's experience in the sector, reliance can be placed on the budgeted cost of the project, therefore using this as a benchmark is deemed to be a faithful depiction of the stage of completion of the contract.

Transaction price allocated to the remaining performance obligations

	2018
	£
Project management of Market Street Hotel	-

The hotel was handed over to HMI on 23 November 2018.

r. Key estimates – impairment

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to an impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

2. Statement of significant accounting policies (cont'd)

s. Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

Further details of the provisions recognised in the year can be found at note 19.

t. Value added tax

Revenues, expenses and assets are recognised net of the amount of value added tax (VAT), except:

i. Where the amount of VAT incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
ii. For receivables and payables, which are recognised inclusive of VAT.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The VAT component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

u. Grants receivable

Grants are accounted for by the company when receivable.

Grants receivable in respect of contributions to fixed assets in course of construction and property development work in progress costs are credited to deferred income.

Where grants are given for a specific purpose they are released to the profit and loss account to match the cost of completed project

3. Revenue

An analysis of revenue is as follows:

	Consolidated Group		Parent Entity	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Rental income	5	47	-	-
Rendering of services	798	594	-	-
Property sales	2,547	3,207	1,050	-
	3,350	3,848	1,050	-

4. Profit from operations

	Consolidated Group		Parent Entity	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
After charging				
Auditor's remuneration:				
Audit	35	47	5	17
Non-Audit	7	12	2	7
Operating lease rentals:				
Plant and machinery	75	75	75	75
Depreciation and other amounts written off tangible fixed assets:				
Owned	27	68	27	68

5. Other income

	Consolidated Group		Parent Entity	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Rental income	4	5	-	-
	4	5	-	-

Rental income is from investment properties in relation to property development in Parc Craigmillar Limited.

6. Finance income

	Consolidated Group		Parent Entity	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Interest on bank deposits	-	8	-	-
Other interest received	54	53	3	-
Transfer pricing interest on group balances	-	-	16	2
	54	61	19	2

7. Finance costs

	Consolidated Group		Parent Entity	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
On secured loan stock held by the City of Edinburgh Council	152	205	179	203
Net return on pension assets	-	49	-	49
Gain on revaluation	-	(36)	-	-
	152	218	179	252

8. Income tax expense

	2018 £'000	2017 £'000
Current tax:		
- Adjustments in respect of prior periods		(218)
- Group relief receivable	(128)	(1,046)
Current tax credit for year attributable to the company and its subsidiaries	(128)	(1,264)
Total deferred tax	-	351
	(128)	(913)

The tax (credit)/charge is allocated in the financial statements as follows:		
Profit and loss account	(128)	(1,264)
Statement of comprehensive income	-	351

Domestic income tax is calculated at 19.00% (2017: 19.25%) of the estimated assessable profit for the year.

The charge for the year can be reconciled to the loss per the income statement as follows:

	2018 £'000	2017 £'000
Loss/(profit) on ordinary activities before taxation	(587)	(4,208)
Tax on (loss)/profit at the effective rate of corporation tax of 19% (2017 – 19.25%)	(111)	(810)
Effects of:		
Expenses that are not taxable for tax purposes	36	448
Non-taxable income	-	(971)
Utilisation of tax losses	-	-
Deferred tax asset not recognised	(24)	(60)
Fixed asset differences	-	-
Other timing differences	-	347
Accounting adjustments and transfers	(2)	-
Adjustments in respect of prior periods	-	(218)
Adjust deferred tax to average rate	(27)	-
Group relief surrendered	118	1,046
Group relief claimed	-	-
Losses surrendered	(118)	(1,046)
Current tax credit for year attributable to the company and its subsidiaries	(128)	(1,264)

9. Employee benefits expense

The average number of persons employed by the group (including directors) during the year was 7 (2017: 15), and at year end the group had no employees. The aggregate payroll costs of these persons, included within administrative expenses, were as follows:

	Consolidated Group		Parent Entity	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Wages and salaries	421	711	421	711
Social security costs*	40	107	40	107
Other pension costs*	87	406	87	406
Other staff costs	7	27	7	27
Net pension fund services gains	-	85	-	85
Redundancy salary costs*	4	494	4	494
	559	1,830	559	1,830

* As noted in note 2b, the group is ceasing to trade and redundancy costs were incurred in 2018 as a consequence. Due to the requirements of IAS 19 – Employee Benefits, the group determined that the conditions were met for the provision of redundancy costs in the prior year financial statements. The total redundancy costs were estimated at £804,000 (see note 19). Pension strain costs of £281,000 were included in 'Other pension costs' however only £186,000 of such costs were incurred during the year, with the remaining unused provision credited against administrative expenses. Employer's national insurance costs associated with the redundancy costs of £29,000 were included in 'Social security costs', with an additional £6,000 of national insurance payments incurred when the costs crystallised in the year. An additional £4,000 of redundancy salary costs were incurred when the costs crystallised in the year.

Directors' remuneration
Group and company

	2018 £'000	2017 £'000
Directors' emoluments	55	105
Pension contributions**	13	84
Redundancy salary costs**	1	83
	69	272
Highest paid director:		
Directors' emoluments	55	105
Pension contributions**	13	84
Redundancy salary costs**	1	83
	69	272

No remuneration is paid to non-executive directors.
Retirement benefits are accruing to one (2017: one) director under a defined benefit scheme. Directors' remuneration costs disclosed above exclude employer's national insurance costs of £15,000 (2017: £21,000).

** As outlined above provision was made for redundancy costs due to directors in the prior which were incurred in 2018 because of the closure process. Total redundancy costs relating to directors equalling £155,000 were provided for in the prior year. Included within 'Pension contributions' above was £65,000 of pension strain costs relating to redundancies, of which only £54,000 was incurred with the remaining provision credited to administrative expenses. Social security costs relating to redundancies for directors equal to £7,000 were provided for in the prior year and incurred in 2018. An additional £1,000 of redundancy salary costs were incurred when the costs crystallised in the year.

10. Property, plant and equipment

	Furniture and equipment £'000	Computer equipment £'000	Leasehold equipment £'000	Total £'000
Group				
Cost or valuation				
At beginning of year	58	82	64	204
Additions	-	-	-	-
At end of year	58	82	64	204
Depreciation				
At beginning of year	52	76	49	177
Charge for year	6	6	15	27
At end of year	58	82	64	204
Net book value				
At 31 December 2018	-	-	-	-
At 31 December 2017	5	6	15	27

	Furniture and equipment £'000	Computer equipment £'000	Leasehold equipment £'000	Total £'000
Company				
Cost or valuation				
At beginning of year	58	82	64	204
Additions	-	-	-	-
At end of year	58	82	64	204
Depreciation				
At beginning of year	52	76	48	177
Charge for year	6	6	16	27
At end of year	58	82	64	204
Net book value	-	-	-	-
At 31 December 2018				
At 31 December 2017	5	6	16	27

11. Investment property

	Investment property £'000
Group	
Valuation	
At 1 January 2018	430
Sale during the year	(210)
At 31 December 2018	220
Net book value	
At 31 December 2018	220
At 31 December 2017	430

An investment property owned by Waterfront Edinburgh Limited was valued at £210,000 at 31 December 2017. This investment property was sold on 23 May 2018. The related rental income up until the point of sale recognised in the income statement during the year was £1,124 (2017: £8,948) along with direct operating expenses of £4,332 (2017: £11,017).

An investment property owned by Parc Craigmillar Limited was valued at £220,000 at 31 December 2017 by Messrs GVA Grimley, Chartered Surveyors on the basis of open market value for existing use. The valuation was carried out in accordance with the Practice Statement in RICS Appraisal and Valuation Manual. The related rental income recognised in the Statement of Profit or Loss and Other Comprehensive Income was £nil (2017: £nil) along with direct operating expenses of £nil (2017: £nil).

The directors, who are not qualified surveyors, are of the opinion that the fair value of the investment property continues to be £220,000 on the basis that the City of Edinburgh Council have, since the year end, offered to purchase the property from the company at this value.

12. Available for sale financial assets

	Available for sale financial assets £'000
Group	
Cost	
At 1 January 2018	619
Sales	(619)
Increase in fair value	-
At 31 December 2018	-
Net book value	
At 31 December 2018	-
At 31 December 2017	619

Parc Craigmillar Limited has retained an interest of up to 25% in certain residential development properties which were sold under a shared equity scheme. These assets are disclosed as 'Available for sale financial assets'. During the year these assets were sold to the City of Edinburgh Council as part of the transition strategy.

13. Fixed asset investments

Group

	Joint Ventures & Associated Undertakings 2018 £'000	Joint Ventures & Associated Undertakings 2017 £'000
Post-acquisition reserves		
At 1 January and 31 December	269	269
Net book value		
Loans to and share of net assets in joint ventures and associated undertakings	269	269

Company

	Subsidiary undertakings £'000
Cost	
At 1 January 2018	7,951
Impairment charge	(359)
At 31 December 2018	7,592
Net book value	
At 31 December 2018	7,592
At 31 December 2017	7,951

13. Fixed asset investments (continued)

The directors assessed the recoverability of the investments in subsidiary undertakings and considered an impairment charge of £359,000 (2017: £919,000) was appropriate to write down the value of the investments in subsidiary undertakings.

The principal companies in which the company's interest is more than 10% are as follows:

	Principal Activity	Country of Registration	Percentage of Ordinary Share Capital Held
EDI (Industrial) Limited	Non-trading	Scotland	100%
Edinburgh Retails Investments Limited	Non-trading	Scotland	100%
EDI Central Limited	Property development	Scotland	100%
Shawfair Land Limited	Property development	Scotland	100%
Parc Craigmillar Limited	Regeneration	Scotland	100%
Parc Craigmillar Developments Limited (Subsidiary of Parc Craigmillar Limited)	Property development	Scotland	100%
Waterfront Edinburgh Limited	Property development and regeneration	Scotland	100%
Waterfront Edinburgh (Management) Limited (subsidiary of Waterfront Edinburgh Limited)	Non-trading	Scotland	100%
Caledonia Waterfront (Harbour Road) Limited (associate of Waterfront Edinburgh Limited)	Property development and letting of properties	Scotland	42.5%
New Laurieston (Glasgow) Limited	Property development	Scotland	45%
EDI Market Street Limited	Property development	Scotland	100%
EDI Fountainbridge Limited	Property development	Scotland	100%

All companies where greater than 50% of the share capital is held have been consolidated.

Where 50% or less of the share capital is held these companies have been consolidated using the equity accounting method. In the case of New Laurieston (Glasgow) Limited, The EDI Group's share of losses exceed the value of its interest in the company, and therefore no further losses have been recognised.

14. Inventories

	Consolidated Group		Parent Entity	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Development properties and associated costs	9,595	10,703	4,119	3,999

15. Trade and other receivables

	Consolidated Group		Parent Entity	
Current	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Trade receivables	1,217	1,298	-	-
Amounts owed by group & associated undertakings	150	1,073	4,463	5,685
Other debtors	2,018	1,422	11	71
Prepayments and accrued income	478	149	83	102
	3,863	3,942	4,557	5,858
Non-current				
Other debtors	1,304	4,253	-	-
	5,167	8,195	4,557	5,858

16. Trade and other payables

	Consolidated Group		Parent Entity	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Trade and other payables	304	1,174	39	64
Amounts due to group & associated undertakings	1,255	1,398	2,588	150
Other creditors	-	28	-	25
Corporation tax	-	2	-	-
Other taxation and social security	229	20	-	20
Accruals and deferred income	233	432	180	176
Retired benefit obligation	361	-	361	-
	2,382	3,054	3,168	435

17. Non-current liabilities

	Consolidated Group		Parent Entity	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Convertible unsecured loan stock (note 18)	-	-	2,240	3,500
Provisions (note 20)	-	-	-	-
	-	-	2,240	3,500

18. Convertible unsecured loan stock

The non-interest bearing loan stock is held by The City of Edinburgh Council, the company's ultimate parent undertaking. It bears no interest and is repayable on sale of associated land assets or cancellable on provision of community assets. Agreement has been reached with the Council that this loan stock will be settled as part of the closure process against the transfer of land and buildings to the Council.

The convertible unsecured loan stock is held by The City of Edinburgh Council, the company's parent undertaking. It bears interest at a variable rate and is repayable on 31 March 2018. The Council has agreed to the repayment being delayed and settled as part of the closure process against the transfer of land and buildings to the Council or in cash as assets are realised.

	Consolidated Group		Parent Entity	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Unsecured loan stock- non-interest bearing	1,731	2,691	-	-
Unsecured convertible loan stock 2018	2,240	3,500	2,240	3,500
	3,971	6,191	2,240	3,500

19. Provisions – current liabilities

	Consolidated Group		Parent Entity	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Infrastructure expenditure				
Balance brought forward	736	716	-	-
Increase in provision for the year	-	87	-	-
Decrease in provision for the year	(272)	(67)	-	-
	464	736	-	-
Consultancy expenditure				
Balance brought forward	640	-	-	-
Increase in provision for the year	-	640	-	-
Decrease in provision for the year	(640)	-	-	-
	-	640	-	-
Overspend on Market Street Project				
Balance brought forward	401	-	-	-
Increase in provision for the year	-	401	-	-
Decrease in provision for the year	424	-	-	-
	825	401	-	-
Redundancy costs				
Balance brought forward	804	-	804	-
Increase in provision for the year		804	-	804
Decrease in provision for the year	(804)	-	(804)	-
	-	804	-	804
	1,289	2,581	-	804

Provisions for infrastructure expenditure required for a completed project has been spent and released in the year.

Provisions for consultancy expenditure utilised in the year relates to advisory and agency fees relating to the India Quay development. The actual cost crystallised during 2018 at £580k with the remainder of the provision written back as it was no longer required.

Provisions for overspend on Market Street Projects recognised in the year relates to potential cost overruns on the project which are unlikely to be recoverable.

As discussed in note 9, a provision for expected redundancy costs totalling £804,000 was recognised in the previous year. All costs were paid in the current year and there were no remaining objections. The unspent element of the provisions was released.

20. Provisions – non-current liabilities

	Consolidated Group 2018 £'000	Consolidated Group 2017 £'000	Parent Entity 2018 £'000	Parent Entity 2017 £'000
Balance brought forward	-	500	-	-
Increase in provision for the year	-	-	-	-
Decrease in provision for the year	-	(500)	-	-
	-	-	-	-

The group previously had obligations for further development costs under section 75 of the Town and Country Planning (Scotland) Act 1997 in relation to Waterfront Edinburgh Limited. The group now considers these remaining obligations to be extinguished, and therefore the provision created has been released during the current year.

21. Deferred income

	Consolidated Group 2018 £'000	Consolidated Group 2017 £'000	Parent Entity 2018 £'000	Parent Entity 2017 £'000
Balance brought forward	138	321	-	-
New grants in year	-	-	-	-
Grants released to profit and loss	(138)	(183)	-	-
	-	138	-	-

22. Deferred tax assets

	Consolidated Group 2018 £'000	Consolidated Group 2017 £'000	Parent Entity 2018 £'000	Parent Entity 2017 £'000
Deferred tax				
At beginning of year	-	351	-	351
Charge/(credit) for the year	-	(351)	-	(351)
At end of year	-	-	-	-

The elements of deferred tax are as follows:

	Consolidated Group 2018 £'000	Consolidated Group 2017 £'000	Parent Entity 2018 £'000	Parent Entity 2017 £'000
Pension scheme deficit	-	-	-	-
	-	-	-	-
Included in the accounts as follows:				
- Non-current asset	-	-	-	-
Deferred tax asset	-	-	-	-

23. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following at 31 December 2018.

	Consolidated Group 2018 £'000	Consolidated Group 2017 £'000	Parent Entity 2018 £'000	Parent Entity 2017 £'000
Cash at bank and in hand	2,333	2,689	243	112

24. Contributed equity

	Consolidated Group		Parent Entity	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Allotted, called up and fully paid				
Ordinary shares of £1 each	8,500	8,500	8,500	8,500

The ordinary shares of £1 each carry one vote per share and participate in profits available for dividend pro rata.

25. Commitments

Commitments under non-cancellable operating leases are as follows.

Group and company	2018		2017	
	Land and Buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Payments due for operating leases:				
- Within one year	-	-	71	3
- Between one and two years	-	-	71	3
- Between two and five years	-	-	100	5
	-	-	242	11

26. Employee benefits

The EDI Group Limited ("the Employer") ceased as an employer in the Lothian Pension Fund ("the Fund") on 31 October 2018.

The employees of the company were eligible for membership of the Local Government Pension Scheme administered by Lothian Pension Fund. This is a pension scheme providing benefits based on final pensionable pay, contributions being charged to the profit and loss so as to spread the cost of pensions over employees' working lives with the company.

A qualified actuary determines the contributions. A formal actuarial valuation was performed at 31 March 2017. This was updated by the actuary on an IAS19 basis as of 31 December 2017. A subsequent actuarial valuation, in the current year, of the Employer was carried out to determine the liabilities that remained with the Fund on cessation and the final contribution due from the Employer (i.e. an adjustment to the Rates and Adjustments Certificate) as required under Regulation 62(2) of the Local Government Pension Scheme (Scotland) Regulations.

Funding position

		Valuation Results 31 December 2017 £'000	Cessation Results 31 December 2018 £'000
Liabilities			
	Active	2,155	-
	Deferred	1,146	1,763
	Pensioner	3,424	5,547
Total liabilities		6,725	7,311
Assets		6,158	6,950
Surplus/ (deficit)		(567)	(361)

As the assessed value of the past service liabilities on the cessation basis, valued on cessation 31 October 2018, is greater than the assessed value of the employer's asset share at the cessation date, a cessation deficit of £361,000 is payable to the Fund.

Pension costs

In the prior year the retirement benefit obligation was understood to be the final amount owed to the Fund, however the Cessation Valuation performed as at 31 October 2018 now reflects the fund deficit of the group:

	2018 £'000
Payments made during year	441
Cessation valuation deficit	361
Total amount payable to scheme	802
Release of unrequired provision	(83)
2017 Net pension liability	(567)
Loss on settlement of scheme	152

26. Employee benefits (cont'd)

The tables below compare the present value of the scheme liabilities based on the actuary's assumptions with the estimated employer assets for the year ended 31 December 2017.

The amounts recognised in the Statement of Financial Position are determined as follows:

	2017 £'000
Fair value of plan assets	6,450
Present value of scheme liabilities	(7,750)
Gain on settlement of scheme	733
Deficit in the scheme – pension liability	(567)
Net pension liability at 31 December 2017	(567)

Movement in defined benefit obligation during the year:

	2017 £'000
At 1 January 2017	7,822
Current service cost	195
Interest cost on obligation	212
Plan participants contributions	44
Benefits paid	(182)
Actuarial losses arising from change in financial assumptions	73
Other actuarial gains	(280)
Actuarial gains arising from change in demographic assumptions	(134)
At 31 December 2017	7,750

Movement in fair value of plan assets during the year:

	2017 £'000
At 1 January 2017	6,065
Benefits paid	(182)
Interest income on plan assets	163
Contributions by employer	110
Contributions by member	44
Return on assets excluding amounts included in net interest	250
At 31 December 2017	6,450

26. Employee benefits (cont'd)

The amounts recognised in the Statement of Profit or Loss are as follows:

	2017 £'000
Interest received on pension scheme assets	(163)
Interest cost on pension scheme liabilities	212
Finance cost	40
Current service cost	195
Gain on settlement of scheme	(733)
	489

The amounts recognised in other comprehensive income are as follows:

	2017 £'000
Actuarial gains/(losses) in the defined benefit obligation	341
Actuarial gains in the fair value of defined benefit assets	250
	591

Financial Assumptions

The main financial assumptions underlying the actuarial assumptions are as follows:

	2017 %	Cessation Assumptions 31 October 2018 %
Inflation/Pension increase rate	2.4	2.4
Salary increase rate	4.1	4.2
Discount rate	2.5	3.3

The valuation assumptions as for 2017 are those used for the most recent formal valuation of the Fund. For further information, please see the formal valuation report.

The cessation assumptions as at 31 October 2018 are those recommended by the Actuary for the valuation of the Employer on cessation from the Fund and are in line with the Fund's Funding Strategy Statement.

At the instruction of the City of Edinburgh Council, the cessation position was valued for the Employer using the Fund's ongoing funding assumptions rather than the more prudent assumptions that would ordinarily apply on cessation. The City of Edinburgh Council is acting as guarantor for the Employer's assets and liabilities post cessation and has agreed to this approach.

The cessation assumptions used are derived in the same manner as the previous formal valuation but updated to reflect market conditions as at 31 October 2018.

26. Employee benefits (cont'd)

Mortality Assumptions:

		2017	Cessation assumptions 31 October 2018
Current Pensioners			
	Male	21.7 years	21.7 years
	Female	24.3 years	24.3 years
Future Pensioners			
	Male	24.7 years	24.7 years
	Female	27.5 years	27.5 years

The valuation funding assumptions are those used for the previous formal valuation of the Fund. Further details on the derivation of these mortality assumptions can be found inthe Fund's formal valuation report.

Loss on settlement of scheme:

As noted in note 2b, the group has begun a process of closure. A redundancy programme occurred in 2018 and the group had no employees by the end of 2018, and the company's admission to the Lothian Pension Scheme ceased on 31 October 2018.

The difference of £235,000 between the 2017 liability of £567,000, the total of amounts paid to the scheme during the year and the final cessation valuation, has been recorded as a 'Loss on settlement of the pension scheme' through the Statement of Profit or Loss and Other Comprehensive Income.

27. Related party transactions

The key management personnel of the company are considered to be the directors. See note 9 for details of directors' emoluments. During the year group companies carried out the following transactions with related parties:

Related Party	Relationship	Group Company	Nature of Transaction	Value of transactions during year	Amount owed from/(to) at year end
				£	£
City of Edinburgh Council	Ultimate holding organization	The EDI Group Ltd	Loan stock	1,260,000	(2,240,000)
			Interest on loan	(151,829)	-
City of Edinburgh Council	Ultimate holding organisation	EDI Central Ltd	Rent and loan account	535,000	955,000
City of Edinburgh Council	Ultimate holding organisation	EDI Market Street Ltd	Profit element of construction contract	143,566	(31,834)
City of Edinburgh Council	Ultimate holding organisation	Parc Craigmillar Ltd	Loan for infrastructure works	-	(1,219,764)
City of Edinburgh Council	Ultimate holding organisation	Parc Craigmillar Ltd	Loan stock	1,452,846	(1,238,248)

28. Ultimate parent undertaking

The parent company is CEC Holdings Limited, a company registered in Scotland. The financial statements of the parent undertaking are available at their registered offices. The ultimate holding organisation is The City of Edinburgh Council.

29. Financial Risk Management

The group has the following categories of financial instruments at the balance sheet date:

	Consolidated group		Parent entity	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Financial assets				
Financial assets measured at amortised cost	6,886	9,642	254	183

	2018 £	2017 £	2018 £	2017 £
Financial liabilities				
Financial liabilities measured at amortised cost	4,015	6,176	2,505	3,765

Financial assets measured at amortised cost comprise cash at bank and in hand, trade receivables, accrued income, and other receivables (excluding VAT receivable balances, tax receivables and prepayments).

Financial liabilities measured at amortised cost comprise trade payables, accruals, provisions, other payables (excluding VAT payable balances,

Capital risk management
The company aims to manage its overall capital structure to ensure it continues to operate on an ongoing basis within the broad timescales set out in the transition strategy. The company's capital structure represents the equity attributable to the shareholders of the company together with cash equivalents. The Directors are closely involved I the running of the company and are therefore fully aware of the capital position of the company at any point in time and any changes that circumstances bring. As a result they are in a position to address any issues that may arise on a timely basis.

Risk management objectives
The Board is charged with the overall responsibility of establishing and monitoring the group's risk management policies and processes in order to identify, analyse and monitor the risks that are faced by group. The group does not enter into or trade financial instruments for speculative purposes.

The main risks that the group is exposed to through its financial instruments are market risk, credit risk and liquidity risk. These are managed as follows:

Market risk
Market risk is the risk that the value of the company's properties and sites under development may fall resulting in further write-ofs to the income statement. The company manages this risk by carrying out sensitivity analysis for fluctuations in the property market. Included in market risk is interest rate risk, which is the risk that the expected receipts from deposits may fluctuate due to market conditions. The company monitors this risk but it is very unlikely to affect the company's overall liquidity.

29. Financial Risk Management (continued)

Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the group. It arises from exposure to customers and for the parent company, also from amounts owed by group undertakings.

The maximum exposure to credit risk to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

Credit risk is reviewed regularly by the Board of Directors and monitored by actively assessing the rating quality and liquidity of counterparties as follows:

- Only banks and institutions with an acceptable credit rating are utilised;
- All potential customers are rated for credit worthiness taking into account their size, market position and financial standing;
- Customers that do not meet the groups credit policies may only purchase in cash or using recognised credit cards.

Liquidity risk

Liquidity risk arises from the possibility that the group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The group manages that risk as follows:

- Preparing forward looking cash flow analysis; and
- Ensuring that adequate unutilised borrowing facilities are maintained.

Fair values

The directors consider that the carrying values of all the group's financial assets and liabilities approximate their fair values at the balance sheet date.

The only financial instruments measured at fair value are available for sale financial assets. These are valued annually by an independent valuer, GVA, in accordance with the Practice Statement in the RICS Appraisal and Valuation Manual.

The Directors therefore consider that the risk in relation to financial instruments at fair value is low.

30. Post-Balance Sheet Events

The Group reached agreement on a payment of £1m in relation to the discharge of a agreement pertaining to land sold in 2012, with the monies received on 1 August 2019. The Group is selling land at Greendykes South with a settlement date to be determined but expected to be in Summer 2019. Agreement has also been reached to sell Greendykes plots K and L for £2.1m with the transaction again expected to conclude during Summer 2019.

31. Contingent liabilities

There exists a contingent liability attributable to the potential for the settlement with HMI to be higher than the provision of £825k which has been included in the financial statements. Any additional liability will be confirmed once the ongoing discussions between parties have concluded.

Housing, Homelessness and Fair Work Committee

10.00am, Monday, 20 January 2020

Investment in town centres – Strategic statement

Executive/routine	Executive
Wards	All
Council Commitments	1, 2, 10, 50

1. Recommendations

1.1 It is recommended that Committee:

1.1.1 agrees the strategic statement concerning investment in town centres and local centres;

1.1.2 agrees that the Council prepare a schedule of key projects in town and local centres as a resource to inform future investment following the consultation process set out in this report; and

1.1.3 discharges the motion of 6 June 2019 regarding the strategic statement.

Paul Lawrence

Executive Director of Place

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Report

Investment in town centres – Strategic statement

2. Executive Summary

2.1 This report sets out a proposed strategic statement for investment in town centres and local centres in Edinburgh. The report proposes the preparation of a schedule of key projects setting out the priority for investment in each town and local centre. Finally, the report provides an update on funds for investment in town centres.

3. Background

3.1 The Edinburgh Local Development Plan (LDP) identifies eight town centres in Edinburgh (listed in Appendix 1 and mapped in Appendix 2). The role of the town centres as set out in the LDP is to "*serve as a focal point for their local communities providing a diverse mix of shopping facilities and other commercial and community services*."

3.2 The LDP also identifies 61 existing (and four proposed) local centres in Edinburgh (listed in Appendix 1 and mapped in Appendix 2). The role of the local centres as set out in the LPD is to "*contribute to the quality of life and sense of identity of neighbourhoods by providing local shops and other services within walking distance*". The local centres vary considerably in size, ranging from large shopping centres to parades comprising a handful of units.

3.3 On 7 March 2019 the Scottish Government wrote to the Council offering £2.613m of capital funding, ring-fenced for "*place based economic investments which encourage town centres to diversify and flourish, creating footfall through local improvements and partnerships*". On 6 June 2019, the Housing and Economy Committee considered a paper on allocations of the Town Centre Fund. The Committee requested that "*locality managers consider other suitable projects which fit with the Council's strategic objectives and would benefit town centres, particularly those in areas of most need. These projects would be considered should funds become available in the future*." The Committee also agreed a motion calling for "*a town centre investment strategic statement to enable future decision making*".

4. Main report

4.1 This report has been prepared in response to the motion of 6 June 2019. The report sets out a strategic statement for investment in Edinburgh's town and local centres.

4.2 Local centres have been included as they are thought to play a similar role in Edinburgh to the town centres. This report does not consider the city centre (which has its own strategy) or the commercial centres (which are regarded as playing a different role in the city than that of the town and local centres).

4.3 The pressures currently facing UK high streets have been widely reported and with the continued growth of online retailing are likely to persist. The Federation of Small Businesses has stated that between January 2016 and August 2019, 414 shops, banks and other premises closed across Scotland. Multiple retailers and other high street businesses with a presence in Edinburgh have gone into administration or commenced company voluntary arrangements. While to date Edinburgh has proven relatively robust, with some high profile units swiftly being adapted to alternative uses, the city is not immune to these pressures. Town and local centres in less affluent areas of Edinburgh are particularly vulnerable.

Strategic statement

4.4 The proposed text of the strategic statement for investment in town centres and local centres in Edinburgh is as follows:

4.4.1 "*The Council will direct investment in Edinburgh's town centres and local centres to projects that strengthen and reinforce their roles as set out in the Edinburgh Local Development Plan; contribute to inclusive growth; and enhance their resilience and sustainability in the face of change*."

Schedule of key projects

4.5 To underpin the statement and inform future investment decision making, it is proposed to prepare a schedule of key projects requiring investment in each of Edinburgh's town centres and local centres. The schedule would identify the highest priority project in each of the centres, helping inform the allocation of any future ring-fenced town centre funding. It is recognised that some centres, particularly the town centres and the larger local centres, may have multiple projects that are considered priorities; the schedule would set out the highest priority project. Conversely, some centres may be considered not to need significant investment. Where there are multiple competing projects, it is proposed that the below criteria would be used to determine the highest priority:

4.5.1 Fit with Council Commitments;

4.5.2 Fit with the Edinburgh Local Development Plan;

4.5.3 Fit with the relevant Locality Improvement Plan;

4.5.4 Health and safety implications;

4.5.5 Availability of match funding;

4.5.6 Economic impact; and

4.5.7 Community support and engagement.

4.6 The key projects in question could take multiple different forms including the restoration of key buildings; community facilities; public realm improvements; greenspace improvements; artwork; transport upgrades and local energy projects.

4.7 As the boundaries of the town and local centres as drawn in the LDP are relatively tight, it is proposed that eligible key projects would extend to projects within one block of the boundary line.

4.8 Information that it is anticipated would be captured in the schedule includes a brief description of the project; its status; the projected budget (if known); and its priority.

4.9 It is noted that in some town and local centres key projects may concern assets owned by the private sector, the third sector or other public sector bodies rather than by the Council. In these cases, the role of the Council may be to facilitate investment rather than provide funding directly.

4.10 It is proposed that the schedule would be drafted by officers from Economic Development with input from the Council's Locality teams along with Planning; Transport; Housing and Regeneration; Parks, Greenspace and Cemeteries and other relevant service areas under the oversight of the Executive Director of Place. The suggestions would then be consulted upon with community representatives in line with the process set out in section seven.

Funding update

4.11 In the past decade, the Scottish Government has created multiple grant funds to support town centre regeneration, including the Town Centre Regeneration Fund, the Town Centre Empty Homes Fund, the Town Centre Communities Capital Fund, and, most recently, the Town Centre Fund.

4.12 The Council is currently in the process of delivering the four projects which received Town Centre Fund allocations in June 2019. The Scottish Government has stated that there are no plans for a second round of the Town Centre Fund. While officers are maintaining a watching brief, it would be prudent to assume that there will not be a second round at this time.

4.13 On 4 March 2019, the UK Government announced a new £1.6 billion Stronger Towns Fund to help "*create new jobs, help train local people and boost growth*" in towns in England. The UK Government has stated that it "will seek to ensure towns across Wales, Scotland and Northern Ireland will benefit from the new funding". It is understood that dialogue is underway with the Scottish Government. It is unclear whether additional funding would be allocated to the Scottish Government in line with Barnett Formula or whether the UK Government would seek to make awards directly to Scottish local authorities. Officers are maintaining a watching brief.

4.14 The UK Government has announced the creation of a UK Shared Prosperity Fund (UKSPF) as a replacement for European Union structural funding following the planned departure of the UK from the European Union on 31 January 2020. The UK Government has stated that the objective of the UKSPF will be to "tackle inequalities between communities by raising productivity". Limited information on the UKSPF has been shared to date, but it could potentially be a source of funds for investment in town and local centres. Officers are maintaining a watching brief.

4.15 The Scottish Government's Regeneration Capital Grant Fund (RCGF) is a key source of capital funding for regeneration projects and has previously funded projects in Edinburgh such as the restoration of 165A Leith Walk. The Scottish Government has stated that, subject to the spending review, it anticipates a further call for projects for 2021/22; it is expected that the deadline for bids for 2021/22 would be in mid-2020. Officers are currently scoping out potential bids.

5. Next Steps

5.1 Officers would begin the preparation of a schedule – engaging stakeholders in line with the process set out in section 7 – and bring a report back to the Committee setting out the proposed schedule for approval.

6. Financial impact

6.1 The schedule would not recommend funding allocations nor is it anticipated that it would directly inform Council budgeting processes. Rather, the schedule would provide a resource that could be utilised by officers and members in the event of future windfall receipts such as the Town Centre Fund, as well as informing grant applications, community fundraisers and other initiatives.

7. Stakeholder/Community Impact

7.1 It is proposed that the draft schedule would in the first instance be consulted upon with the relevant ward councillors. The Councillors would be asked for their views on whether the projects identified represented the top priorities for the town and local centres in question.

7.2 Once the schedule was agreed with ward councillors, it is proposed that it would be shared with the relevant community councils for their views.

7.3 Should disputes arise over which project is the top priority for an area, it is proposed that the final decision would rest with the Executive Director of Place in consultation with the Convener and Vice Convener.

7.4 Throughout the consultation process, it would be emphasised that the schedule was being prepared as a resource only and that the inclusion of a project on the schedule did not mean that it would be funded.

8. Background reading/external references

8.1 "Town Centre Fund – Allocations Report" – report to the Housing and Economy Committee, 6 June 2019

8.2 Motions and Amendments – Housing and Economy Committee, 6 June 2019

9. Appendices

9.1 Appendix 1 – List of town and local centres in Edinburgh

9.2 Appendix 2 – Plan of town and local centres in Edinburgh

9.1 Appendix 1 – List of town and local centres in Edinburgh

9.1.1 Town centres

Centre	Ward(s)	Community council(s)
Corstorphine	Corstorphine / Murrayfield	Corstorphine
Gorgie / Dalry	Sighthill / Gorgie	Gorgie / Dalry
Leith / Leith Walk	Leith Leith Walk	Leith Central Leith Harbour and Newhaven Leith Links New Town/Broughton
Morningside / Bruntsfield	Morningside	Merchiston Morningside
Nicolson Street / Clerk Street	City Centre Southside / Newington	Old Town Southside
Portobello	Portobello / Craigmillar	Portobello
Stockbridge	Inverleith	Stockbridge / Inverleith
Tollcross	City Centre	Tollcross

9.1.2 Local centres

Centre	Ward(s)	Community council(s)
Ashley Terrace	Fountainbridge / Craiglockhart	Merchiston
Balgreen Road	Sighthill / Gorgie	Gorgie / Dalry
Blackhall	Inverleith	Craigleith / Blackhall
Boswall Parkway	Forth	Granton and District
Broughton Street	City Centre	New Town / Broughton
Bryce Road, Currie	Pentland Hills	Currie
Buckstone Terrace	Colinton / Fairmilehead	Fairmilehead
Chesser	Fountainbridge / Craiglockhart	Hutchison / Chesser Stenhouse, Saughton Mains and Whitson
Chesser Avenue	Fountainbridge / Craiglockhart	Hutchison / Chesser
Colinton	Colinton / Fairmilehead	Colinton
Comiston Road	Morningside	Morningside
Corslet Place, Currie	Pentland Hills	Currie
Craiglockhart	Fountainbridge / Craiglockhart	Craiglockhart
Craigmillar	Portobello / Craigmillar	Craigmillar
Dalkeith Road	Southside / Newington	Grange / Prestonfield
Davidsons Mains	Almond	Silverknowes
Drumbrae	Drum Brae / Gyle	Drum Brae
Drylaw	Inverleith	Drylaw / Telford
Dundas Street	Inverleith	New Town / Broughton
Dundee Street	Fountainbridge / Craiglockhart	Merchiston
East Craigs	Drum Brae / Gyle	Drum Brae
Easter Road	Craigentinny / Duddingston Leith Walk	Leith Central Old Town
Ferry Road (East)	Leith	Leith Harbour and Newhaven
Ferry Road (West)	Forth Leith Walk	Leith Central Trinity
Forrest Road	City Centre	Old Town
Gilmerton	Liberton / Gilmerton	Gilmerton / Inch
Goldenacre	Inverleith	Stockbridge / Inverleith
Gracemount	Liberton / Gilmerton	Liberton and District
Hillhouse Road / Telford Road	Inverleith	Craigleith / Blackhall

		Silverknowes
Jock's Lodge	Craigentinny / Duddingston	Northfield/Willowbrae
Juniper Green	Pentland Hills	Juniper Green
Liberton Brae	Liberton / Gilmerton	Liberton and District
Main Street, Balerno	Pentland Hills	Balerno
Main Street, Kirkliston	Almond	Kirkliston
Marchmont North	Morningside	Marchmont and Sciennes
Marchmont South	Morningside	Marchmont and Sciennes
Mayfield Road	Southside / Newington	Grange / Prestonfield
Milton Road West	Portobello / Craigmillar	Portobello
Moredun Park Road	Liberton / Gilmerton	Gilmerton / Inch
Muirhouse / Pennywell	Almond	Muirhouse / Salvesen
Oxgangs Broadway	Colinton / Fairmilehead	Firrhill
Parkhead	Sighthill / Gorgie	Sighthill, Broomhouse and Parkhead
Pentland View Court, Currie	Pentland Hills	Currie
Piershill	Craigentinny / Duddingston	Northfield/Willowbrae
Polwarth Gardens	Morningside	Merchiston
Queensferry (Centre)	Almond	Queensferry and District
Ratcliffe Terrace	Southside / Newington	Grange / Prestonfield
Restalrig Road	Craigentinny / Duddingston	Leith Links
Rodney Street	Inverleith Leith Walk	New Town / Broughton
Roseburn Terrace	Corstorphine / Murrayfield	Murrayfield
Saughton Road North	Corstorphine / Murrayfield	Corstorphine
Scotstoun Grove, Queensferry	Almond	Queensferry and District
Sighthill	Sighthill / Gorgie	Sighthill, Broomhouse and Parkhead
Stenhouse Cross	Sighthill / Gorgie	Stenhouse, Saughton Mains and Whitson
Viewforth	Morningside	Merchiston
Walter Scott Avenue	Liberton / Gilmerton	Gilmerton / Inch
Waterfront Broadway	Forth	West Pilton / West Granton
West Maitland Street	City Centre	West End
Western Corner	Corstorphine / Murrayfield	Murrayfield
Whitehouse Road	Almond	Cramond and Barnton
Wester Hailes	Pentland Hills	Wester Hailes

9.1.3 Proposed new local centres

Centre	Ward(s)	Community council(s)
Brunstane	Portobello / Craigmillar	Portobello
Fountainbridge	Fountainbridge / Craiglockhart	Merchiston
Granton Waterfront	Forth	Granton and District
Western Harbour	Leith	Leith Harbour and Newhaven

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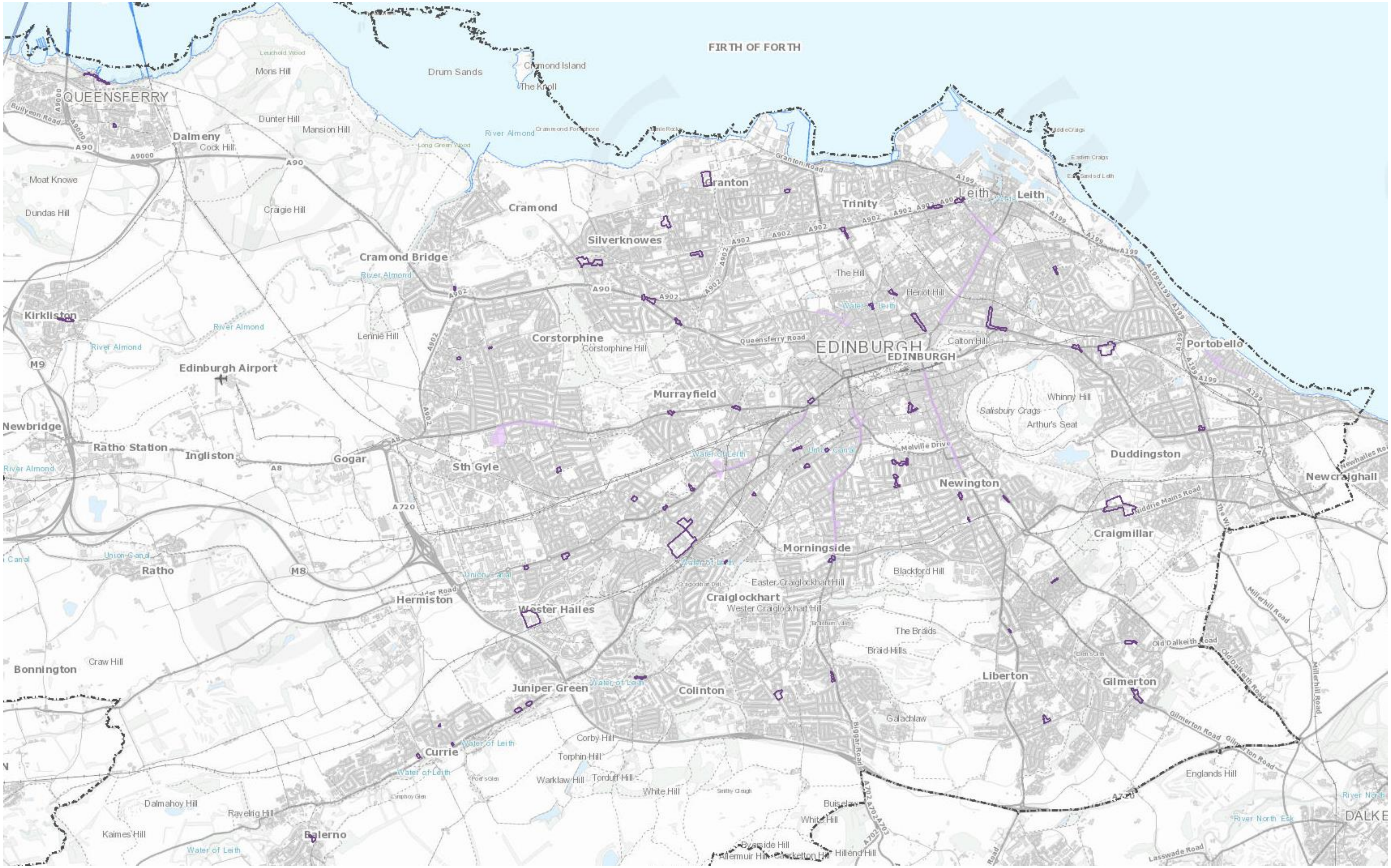
Appendix 2 – Plan of town and local centres in Edinburgh



Housing, Homelessness and Fair Work Committee

10.00am, Monday, 20 January 2020

Scottish Government funded ‘No One Left Behind’ Employability – Small Grants Awards

Executive/routine	Executive
Wards	All
Council Commitments	

1. Recommendations

1.1 The Housing, Homelessness and Fair Work Committee is asked to:

1.1.1 note the robust application process, including support for applicants and scoring mechanisms, for small grants to deliver Scottish Government’s No One Left Behind (NOLB) Strategic Skills Pipeline Stage 1 Employability Provision for young people; and,

1.1.2 approve the Review Group’s recommendation to award a total of five grants (four localities plus the city centre) to commence delivery in April 2020.

Paul Lawrence

Executive Director of Place

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Report

Scottish Government funded ‘No One Left Behind’ Employability – Small Grants Awards

2. Executive Summary

2.1 This report provides information on the small grants process to award funding to deliver early intervention employability provision for young people at risk of becoming Not in Education, Employment or Training (NEET) – formerly called Activity Agreements.

2.2 The report details the process followed to promote the available funding, support the applicants to submit applications and the outcome of the scoring process.

2.3 Committee approval is sought to award small grants for a newly specified service, which meets the parameters of NOLB funding and the needs of vulnerable young people who require additional support to secure a positive destination, to begin in April 2020.

3. Background

3.1 Early intervention employability support provision for young people aged 16 – 19 who have left school without a positive destination has been provided in seven ‘Hubs’ across Edinburgh since April 2016 – as approved at Economy Committee on 20 January 2016.

3.2 Originally funded through the Scottish Government ‘Opportunities for All’ fund, this changed in April 2019 to become ‘NOLB’ funding. There was agreement that 2019/20 could be treated as a transition year to allow Local Authorities to review and co-design a new service to meet the needs of the most vulnerable young people and reflect the changes in funding.

3.3 The incumbent providers received a one-year extension to continue to deliver the service until March 2020 whilst intensive co-production took place over the summer to develop a new specification.

3.4 The process and emerging priorities were presented at the Housing, Homelessness and Fair Work Committee on 31 October 2019 and the recommendation to progress to a small grants process was approved.

4. Main report

4.1 Following committee approval to award small grants for delivery of early intervention employability services relating to the No One Left Behind (NOLB) funding award from Sottish Government, the specification (appendix 1) was finalised by the NOLB Review Group.

4.2 The Review Group – comprising council officers from Communities and Families, Throughcare and Aftercare and Economic Development along with senior staff from Skills Development Scotland (SDS), Edinburgh Voluntary Organisations Council (EVOC) and Capital City Partnership (CCP) – oversaw the small grants process which was managed by CCP.

4.3 Delivery Option Two recommended funding for four locality based 'Hubs' plus a city centre based 'Hub' with support from a core team of staff employed by the local authority. This ensures the service prioritises the geographic needs of young people accessing the service and that delivery across the city will continue in areas of highest need.

4.4 The funding available for the delivery of the Hubs is £200,000 split equally across the five proposed Hubs and will be awarded for three years dependent on continued Scottish Government funding.

4.5 Timetable of Small Grants Process:

ACTIVITY DESCRIPTION	Planned date	Completed?
Option 2 approved at committee	31/10/19	Yes
Current Hubs informed of approved recommendations	06/11/19	Yes
Launch of process on Joined Up for Jobs website and Edinburgh Compact	w/c 11/11/19	Yes
Briefing session for interested parties	18/11/19	Yes
Guidance on draft applications	By 25/11/19	Yes
Final submission date	05/12/19 at noon	Yes
Scoring panel consensus meeting	11/12/19	Yes
HHFW Committee	20/01/20	No
Transition/ handover plan	Feb/March 20	No
Contract start	01/04/20	No

4.6 All documents were posted on the Joined Up for Jobs (JUfJ) Noticeboard and Edinburgh Compact website and included the NOLB service specification, grant application form, grant application scoring and selection criteria, City of Edinburgh Council (CEC) Economy Strategy, JUFJ Outcomes and Progressions Definitions and Evidence, Consolidated Council Conditions of Grant, NOLB Emerging Best Practice Guidance.

4.7 The applications were scored and weighted based on description of proposed services, relevance to specification, evidence of demand/ need in addition to targets, value for money, quality assurance, partnership working, evidence for success and location/ environment with any application not achieving 50% being rejected.

4.8 After the closing date, applications were scored by senior officers from organisations who were part of the review group – Communities and Families, Edinburgh Voluntary Organisations Council, Skills Development Scotland and Capital City Partnership.

4.9 There were ten applications in total and the outcome of the scoring process was:

Applicant	Programme Name	Locality	Score	Award
The Broomhouse Centre - SPACE (New bidder)	Key worker support and employability activities based in Broomhouse Community Hub.	South West	21	No
Canongate Youth (Existing Provider)	Programme of activity based in City Centre with outreach provision where required. Specialising in those with multiple barriers and care experienced.	City Centre	24	Yes
Citadel Youth Centre (Existing Provider)/ Community Renewal (Existing Provider)	Joint bid between Citadel and Community Renewal covering Leith and Craigmillar – key worker, drop in and advice session.	North East	29	Yes
Community Renewal (New bid for this area)/ Citadel Youth Centre (Existing Provider)	Partnership between Community Renewal and Citadel based across NW locality offering assessment, ongoing support, learning and aftercare.	North West	26	Yes
Dunedin Canmore Youth Project (Existing Provider)	Using community centres across the SE locality to deliver a programme of activities and a personal programme of learning.	South East	25	Yes
Dunedin Canmore Youth Project (Existing Provider)/ CHAI (Existing Provider)	Joint bid to provide a holistic engagement and support pathway for young people with additional barriers.	South West	29	Yes
Move On (New bidder)	City Centre based provision to address the barriers to improving employability to progress.	City Centre	22	No
Pilton Youth and Children's Project (New bidder)	Practical support and personal programme of activities based in Pilton.	North West	16	No
Rural Urban Training Scheme (RUTS) (New bidder)	Identifying needs and addressing barriers to employment in city centre.	City Centre	22	No
Rural Urban Training Scheme (RUTS) (New bidder)	Identifying needs and addressing barriers to employment in South East.	South East	20	No

4.10 Canongate Youth for City Centre, the two partnership bids between Community Renewal and Citadel for North East and North West, the joint bid by Dunedin Canmore Youth Project and Community Help and Advice Initiative (CHAI) for South West and the Dunedin Canmore Youth Project individual bid for South East are recommended for approval.

4.11 City of Edinburgh Council will issue standard grant funding contracts to successful bidders. Capital City Partnership will contract manage the grants, monitor the targets and ensure compliance requirements are met. Further discussions will take place with each of the successful bidders to finalise specific delivery plans and dedicated Council Officers for NOLB will work with providers to identify referrals and to support partnership delivery.

4.12 Meetings will also be arranged with unsuccessful bidders, should they wish, to give detailed feedback and support on their application along with information on other relevant opportunities.

5. Next Steps

5.1 Once approved by Committee, the new contracts will be developed and agreed with the successful applicants during February 2020.

5.2 A transition plan will be designed and implemented to ensure the smooth handover of young people using the current service to the new provision during February/ March 2020.

5.3 New provision would begin on 1 April 2020.

6. Financial impact

6.1 Indications from Scottish Government is that funding for delivery of stage 1 early intervention employability provision in 2020/21 will be awarded at the same level as this year, although official confirmation is still to be approved.

6.2 The indicative allocation covers the full cost of the service, which includes Council based officers. Although confirmation has not been received, it is highly likely that this amount will continue to be awarded for at least the next three years to cover the cost of this provision.

6.3 Any new grants will be awarded on an annual basis dependent on the award of continued NOLB funding from Scottish Government.

7. Stakeholder/Community Impact

7.1 As detailed in the previous report, extensive consultation and co-production has been undertaken with key stakeholders, current providers and service users to ensure that best practice is captured and used to inform a new specification.

7.2 Continuation of service should not be affected as the process will complete prior to the end of current contracts and current participants will be supported to transfer to the new provision where relevant.

7.3 The new specification will continue to deliver provision at Stage 1 of the Strategic Skills Pipeline and work with key partners to support the most vulnerable young people in the city, preparing them to access opportunities and progress to opportunities at further stages of the pipeline.

8. Background reading/external references

8.1 This report is in relation to Scottish Governments' No One Left Behind plan for delivering more effective and joined-up employability support.

9. Appendices

9.1 Appendix 1 – No One Left Behind Stage 1 Employability Service Specification.

APPENDIX 1

City of Edinburgh Council – No-one Left Behind Stage 1 Provision Grants Programme

The City of Edinburgh Council (Economic Development) would like to invite applications for organisations to deliver our No One Left Behind (NOLB) programme of grant-funded Stage 1 provision in Edinburgh.

1. Invite for applications

Applications are invited for provision of services in relation to the NOLB funding stream. Applicants are asked to apply to deliver services for the NOLB Stage 1 Provision, which replaces the current Activity Agreement hubs in Edinburgh. This provision will run from April 2020 – March 2023, subject to Scottish Government funding.

Organisations can make several applications to deliver activity in any of the five areas (City Centre, North West, North East, South West and South East), but each application should detail delivery in one area only.

All applications should make reference to the Strategic Skills Pipeline and the Scottish Government's 'No One Left Behind (NOLB) Emerging Best Practice 2019-20'.

Applications should be emailed to craig.dutton@capitalcitypartnership.org.

The deadline is NOON, Thursday 5 December 2019. Late submissions will not be accepted.

2. Background

Scottish Government funded Stage 1 employability provision has been delivered in the City of Edinburgh Council area for the last seven years. Formerly funded through the 'Opportunities for All' agenda, April 2019 saw this change to No One Left Behind funding with 2019/20 being treated as a transition year.

Formerly known as Activity Agreements, provision is delivered across the City, dedicated staff work with each young person to agree a bespoke package of activity to encourage and support them in taking the next step towards a positive destination.

City of Edinburgh Council have undertaken significant co-production activities to inform the grant making process which will replace the current Activity Agreement programme. This process was overseen by a NOLB Review Group made up of senior Council officers from Economic Development; Communities and Families; and Throughcare and Aftercare, as well as Skills Development Scotland, Edinburgh Voluntary Organisations' Council (EVOC), and Capital City Partnership (CCP).

Applicants are advised to consult the results of this co-production on the Joined up for Jobs Website. Broadly summarised, stakeholders (providers, partners and users of the services) have told us:

Priorities

- Earlier engagement with those at risk of becoming NEET.
- Clients having a "keyworker" as a single point of contact who can be relied on.

- Quarterly review and action planning is essential.

Delivery
- Provision should be no more than a short bus journey away from the participant.
- Initial activity should include 1-2-1, groupwork, access to vocational training, work experience placements and information on full range of opportunities.
- Additional services such as life skills, budgeting, cooking, employer talks/ visits would also be useful.
- Core staff team within City of Edinburgh Council is central to delivery process through maintaining relationships with referral sources and for the smooth engagement and transition of young people.
- There should be better pathway planning from the outset with a maximum engagement period of 18 months.
- Young people would like to attend more hours or more regularly – increasing from minimum engagement of 4 hours up to 16 hours per week over a prolonged period.

Client Group
- Stage 1 provision should be aimed at those aged 16-19, but up to age 26 for those with multiple barriers as stated in the NOLB Emerging Best Practice Guide

3. Service Requirements

The NOLB Review Group were presented with four options for service delivery. The group recommended that five delivery hubs, one in each of the Council's designated locality areas plus one located in the city centre, with continued support from a core team within the Council was the most appropriate model. This recommendation was ratified at the Housing, Homelessness and Fair Work Committee on 31 October 2019.

The focus of NOLB Stage 1 Provision should be delivery of services at the earliest stage of the pipeline for clients aged 16-19 (or 26 for those with multiple barriers as stated in the NOLB Emerging Best Practice Guide). Providers are also expected to engage with young people in school at risk of not moving into a positive destination, with these interventions beginning six months prior to the young person's school leaving date.

Applicants should consider how their service would best fit the needs of these young people: particularly young people who have disabilities, are care experienced or from black and minority ethnic backgrounds. This provision should be an intervention for the city's most vulnerable young people who have left school without a positive destination, or who have not been able to sustain a job, complete college or a training course. Likely outcomes will be progression along the pipeline, support to enter education or training or progression to employment. All provision should be client focused.

Bidders are asked to submit applications for the delivery of NOLB Stage 1 Provision in hubs across the five geographical locations. Applications should be for activity in one hub only and should an organisation wish to deliver in more than one location, multiple applications will be required.

Delivery in localities should be targeted, with the following areas in each locality considered a priority:

City Centre – centrally accessible with outreach where demand dictates
North West – Granton, Pilton and Clermiston
North East – Craigmillar, Bingham and Leith
South West – Wester Hailes, Broomhouse and Oxgangs.
South East – Southhouse/Burdiehouse, Moredun and Dumbiedykes

The maximum award for each application will be £40,000 per annum and the total available fund is £200,000 per annum (split equally between each area), subject to budget availability. Grants will be awarded for a period of three years. Partnership bids are welcomed; however, a lead partner should complete Part A of the application form. Applicants are advised to consider sustainability of funding after the three-year period, as there can be no certainty of continuation of funding.

Successful bidders will be expected to commence with service delivery from 1st April 2020 until 31st March 2023 subject to funding and performance.

4. Partnerships

Projects should demonstrate knowledge of the Joined up for Jobs (JUFJ) network in Edinburgh and an ability to work with providers to support clients to progress to other funded provision when ready.

Projects should also demonstrate ability to work in partnership with external organisations, including Skills Development Scotland, Department of Work and Pensions, City of Edinburgh Secondary Schools (including ASN schools).

Successful bidders will become part of the NOLB Stage 1 Provision network and as such, will be expected to work in partnership with NOLB service in other localities. This will include support with clients, strategic planning and review of services.

5. KPIs

Projects should demonstrate understanding of the Milestones and Outcomes outlined in the NOLB Emerging Best Practice Guide 2019-20 and should indicate how they will support clients to achieve these. It should be noted however that evidence of outcome achievement should be kept according to the Joined up for Jobs guidelines.

6. Compliance and Monitoring

Providers must ensure all activity in relation to client engagement is recorded and tracked on the management information system, Caselink. This will also be used to signpost clients to services within the Strategic Skills Pipeline and to receive referrals from other providers.

Standardised NOLB paperwork as per the Scottish Government's NOLB Emerging Best Practice Guidance 2019-20 is available in Edinburgh, with winning bidders expected to complete this paperwork for all clients. Evidence must be collected and retained as per the Joined up for Jobs Outcomes and Progressions – Definitions and Evidence (NOLB Stage 1).

Compliance with monitoring systems will be required. This includes facilitating annual visits for audit monitoring by a dedicated contract manager from Capital City Partnership (our monitoring arm), use of the management information system Caselink (or any replacement system for Caselink), as well as qualitative reports.

Eligible Costs

- Costs to support delivery of the Opportunities for All commitment where it refers to disengaged young people who are within six months of the school leaving date;
- Employability Key Worker costs relating to: direct management and administration; workforce capacity in providing support to those for whom this intervention has been identified as appropriate, and engaging with young people no earlier than six months prior to leaving school;
- Providing appropriate opportunities and/or provision to participants in the project whether through increasing existing capacity, improving flexibility of services or by purchasing additional services relating to training for employment;
- Travelling expenses to participants to enable them to attend external training sessions; and
- Costs for young people who commenced Activity Agreements in 2018-19 and will not complete their Agreement until 2019-20.

Ineligible costs

- Reclaimable Value Added Tax;
- Council or other organisation/agency general overhead charges - capital, management, administration, accommodation, travel and subsistence costs;
- Resources (including staffing) / provision for young people (6 months prior to official school leaving date) participating in activity prior to leaving school;
- Employability Key Worker early engagement support in excess of six months prior to a young person leaving school;
- Allowances, other than travelling expenses, paid to participants;
- Any programmes or activities which do not have the aim of assisting participants to train for employment; and
- Any goods or services not received by the Grantee by the end of the current financial year.

Appendices

1. CEC NOLB Stage 1 Grant Application Form 2020-23
2. CEC NOLB Stage 1 Grant Application Scoring and Selection Criteria 2020-23
3. CEC Economic Strategy 2018: Enabling Good Growth
4. JUFJ Outcomes and Progressions – Definitions and Evidence (NOLB Stage 1)
5. CEC Consolidated Council Conditions of Grant
6. No One Left Behind (NOLB) Funding Stream – Emerging Best Practice Guide 2019-20

Housing, Homelessness and Fair Work Committee

10.00am, Monday, 20 January 2020

Business Improvement Districts

Executive/routine	
Wards	**All**
Council Commitments	

1. Recommendations

1.1 Committee is asked to:

1.1.1 note the legislation in place for the creation of Business Improvement Districts (BIDs);

1.1.2 note that the Council will also sometimes be an eligible voter in the area in which BIDs are proposed;

1.1.3 note the criteria used to determine the outcome of a BID ballot; and

1.1.4 agree to delegate the responsibility for the Council's vote(s) to the Executive Director of Place, in consultation of the Convener and Vice Convener of Housing, Homelessness and Fair Work, the Convener and Vice Convener of Finance and Resources and the appropriate ward Councillors.

Paul Lawrence

Executive Director of Place

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Report

Business Improvement Districts

2. Executive Summary

2.1 This report summarises the arrangements for establishing Business Improvement Districts. Where the Council is an eligible voter, the report makes recommendations on what the process should be to exercise this responsibility.

3. Background

3.1 BIDs allow business communities to raise funds through a levy on non-domestic rates (NDR) and take forward a range of activities to improve the area in which they are located.

3.2 The Business Improvement Districts (Scotland) Regulations (2007) cover how BIDs are formed and operate. Both Local Government and Scottish Government, including its agency the Scottish Towns Partnership, have a role in oversight of the development process and any BID.

3.3 There are a number of responsibilities within the legislation in respect of responsibilities which fall to the local authority to progress. However, these do not include responsibilities in respect of voting rights.

4. Main report

4.1 There are currently two business improvement districts in Edinburgh – Essential Edinburgh (City Centre – New Town) and Edinburgh's West End.

4.2 Recently a ballot took place on the proposal to create a BID in the Old Town, titled Original Edinburgh. The ballot took place in November 2019 and the proposal was narrowly defeated.

4.3 In addition to the Council's statutory duties in respect of the preparation and administration of a BID, there are situations where the Council would also be an eligible voter in the area being considered for a BID due to the Council's property ownership.

4.4 The actual vote (or votes) has to be submitted by an officer of the Council. It is proposed that this responsibility be delegated to the Executive Director of Place, in consultation with the Convener and Vice Convener of Housing, Homelessness and Fair Work, the Convener and Vice Convener of Finance and Resources and local ward members.

4.5 There are four conditions which need to be assessed in determining the outcome of a BID ballot. These are:

4.5.1 The number of votes cast in favour of the BID proposals **exceeds** the number of votes cast against those proposals;

4.5.2 The aggregate of the rateable values of the relevant properties in respect of which a person voting in the ballot has voted for the BID proposals (A) **exceeds** the aggregate of the rateable values of the relevant properties in respect of which a person voting in the ballot has voted against the BID proposals (B);

4.5.3 At least 25% of the **persons** entitled to vote in the ballot (107 out of 426) **have** done so; and

4.5.4 The aggregate of the rateable values of relevant properties in respect of which a person voting in the ballot has voted for the BID proposals (A) **plus** the aggregate of the rateable values of the relevant properties in respect of which a person voting in the ballot has voted against the BID proposals (B) **is** equal to at least **25%** of the aggregate of the rateable values of all relevant properties in respect of which a person is entitled to vote in the ballot.

5. Next Steps

5.1 If the report recommendations are approved, the consultation arrangements outlined above will be followed for any new proposals to create a Business Improvement Districts where the Council is an eligible voter.

5.2 It is expected that the next BID ballot in Edinburgh will be a renewal ballot for the West End BID. This is likely to take place around June 2020.

6. Financial impact

6.1 There are no financial impacts arising directly from this report.

6.2 However, if the outcome of a ballot is to go ahead to establish a BID in an area where the Council has property ownership, there will be a financial impact on the Council as a result of the additional levy applied. The additional levy % is determined by the individual BID proposers as part of their business plan development.

7. Stakeholder/Community Impact

7.1 The consultation on BIDs is undertaken by a BID steering group, usually established by interested businesses in a local area.

8. Background reading/external references

8.1 None.

9. Appendices

9.1 None.

Housing, Homelessness and Fair Work Committee

10.00am, Monday, 20 January 2020

Housing Sustainability

Executive/routine	**Executive**
Wards	**All**
Council Commitments	

1. Recommendations

1.1 It is recommended that Housing, Homelessness and Fair Work Committee:

1.1.1 notes that the domestic sector is responsible for around 35% of overall emissions with Council housing responsible for less than 2% of emissions;

1.1.2 notes that the significant investment in improving the energy efficiency of existing Council homes, coupled with the decarbonisation of the grid, has resulted in a 65% reduction in carbon emissions since 2005;

1.1.3 notes the approach to achieving net zero carbon in Council Homes and that progress will be reported as part of the Housing Revenue Account (HRA) Business Plan;

1.1.4 notes the range of innovative energy programmes and projects underway to reduce emissions across the city, tackle fuel poverty and overcome mixed tenure ownership barriers; and

1.1.5 notes that this report will be referred to Policy and Sustainability Committee on 25 February 2020.

Paul Lawrence

Executive Director of Place

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Report

Housing Sustainability

2. Executive Summary

2.1 The Council's recent commitment to achieve net zero carbon by 2030 and declaration of a Climate Emergency has placed sustainability and climate change at the centre of strategic and policy discussions.

2.2 Council housing is responsible for approximately 2% of Edinburgh's overall carbon emissions, while the owner occupier, private rented sectors (and a small contribution from other registered social landlords) combined are responsible for approximately 33%. A concerted effort is required across the whole domestic sector to help support the transition to net zero carbon. Achieving these higher standards will be challenging both financially and technically, due to the age and construction of existing homes, further compounded by the mixed tenure ownership patterns found across Edinburgh.

2.3 Across the Council's existing and new build housing estate significant investment has been made in both building homes to very high energy efficiency standard and retrofitting existing homes to improve their energy performance and help to tackle fuel poverty. Higher standards, as applied to social housing, need to be applied across the wider domestic sector, with the right incentives in place, if carbon emissions are to fall as sharply as is required by 2030.

2.4 Opportunities for funding new technologies, collaboration and learning with both the private and academic sectors will continue to be promoted to overcome mixed tenure barriers, invest in its existing housing stock to improve energy performance, promote behaviour change and trial innovative low carbon technology pilots.

3. Background

3.1 On 24 August 2017, the Council agreed the Programme for the Capital - The City of Edinburgh Council Business Plan 2017/22, including a commitment to deliver 20,000 affordable homes over the next ten years.

3.2 21 February 2019, the Council approved the five-year Housing Revenue Account (HRA) Budget Strategy 2019/20 to 2023/24. In addition to this, Council approved a draft 2019/20 capital budget, five-year capital investment programme and 30-year

Business Plan. This included £1,823 million capital investment over the next ten years to deliver the Council's own housing development programme.

3.3 On 21 March 2019, the Housing and Economy Committee approved the 2019/20 HRA capital programme for investment of £108.954 million in new homes, existing homes (including external fabric and estates) and services. This was a 35% increase on the previous year's approved capital programme and is the largest annual capital investment programme to date in Council homes.

3.4 On the 14 May 2019, the Corporate Policy and Strategy Committee approved the Council's Sustainability Approach, which included Edinburgh working towards a net zero carbon target by 2030, with a hard target of 2037. In response to this the Housing Service is commissioning two separate pieces of consultancy work on options to achieving net zero carbon across the Council's new build housing programme and the Council's existing stock.

3.5 On 31 October 2019, the Housing, Homelessness and Fair Work Committee approved the Strategy Housing Investment Plan (SHIP) 2020/25. This SHIP outlines a programme over the next five years which would deliver nearly 9,500 affordable homes across the city. Since the commitment was introduced (2017/18), 2,118 homes have been completed and a further 3,101 homes have been approved.

4. Main report

City of Edinburgh Council's Net Zero Carbon target

4.1 The Council's recent commitment to achieve net zero carbon by 2030 and declaration of a Climate Emergency has placed sustainability and climate change at the centre of strategic and policy discussions. This has also raised the profile of Edinburgh as one of the most ambitious cities seeking to tackle climate change to deliver a more sustainable and inclusive city. As a large social landlord in the city with over 19,500 homes and ambitions to build a further 10,000 new homes the Council can lead by example in delivering high quality, sustainable homes at a price that is affordable to the Council and its customers.

4.2 Unlike absolute zero emissions, 'net zero' or 'carbon neutral' implies some carbon emissions remain but allows for some form of offsetting. 'Net zero' refers to achieving an overall balance between emissions produced and emissions offset.

4.3 Reducing emissions across Council housing should not just focus solely on carbon savings but should also balance affordability with the needs of tenants such as thermal comfort and reduced energy bills. The Housing Service has adopted a fabric first approach which reduces energy demand and is technically, environmentally and economically viable.

4.4 A Fabric first approach to building design involves maximising the performance of the components and materials that make up the building fabric itself. Buildings designed and constructed using a fabric first approach aim to minimise the need for energy consumption through methods such as: maximising air-tightness; increased levels of insulation; and optimising solar gain and natural ventilation.

4.5 Low carbon and renewable technologies (including decentralised energy supply systems, cogeneration, district heating, and heat pumps) are a key component of any move towards net zero carbon but should only be considered in addition to, or complementary to advanced fabric measures. Many of these systems can be expensive, can have a high embodied energy and rely heavily on customer behaviour to maximise benefit. It is also important that these low carbon and renewable technologies are appropriate for the building type and can evidence affordability and benefit to tenants. Future legislation will likely mandate their use more widely through building standards.

4.6 Carbon offsetting is another approach that can help address the issue of a carbon shortfall once measures have been put in place. This means that any remaining hard to reach emission reductions can be calculated and a price per tonne agreed upon. This total amount could then be paid into a verified carbon offsetting scheme that offsets those emissions by the same amount. This could be in the form of planting forestry in Scotland, investing in offshore wind farms or local community renewable schemes.

Domestic sector carbon emissions in Edinburgh

4.7 There are approximately 232,000 domestic properties in Edinburgh. Of these 142,000 (61%) are owner occupied, 56,000 (24%) are private rented, 20,000 (9%) are Council homes and 15,000 (6%) are housing association homes.

4.8 Edinburgh has a more challenging set of circumstances compared to other cities in Scotland in terms of reducing carbon emissions within the domestic sector. Edinburgh’s population has increased by 63,700 (+14%) since 2005. Over the same period Glasgow’s population has increased by 51,800 (+9%) and Aberdeen’s by 20,110 (+10%).

4.9 In terms of the age of overall housing in Edinburgh, 47% (107,704) of homes were constructed before 1945. Of which approximately 70% (76,000) were built before 1919. As such, Edinburgh has a high percentage of hard to treat pre-1945 properties, many of which require significant fabric upgrades to help reduce energy demand. The mixed ownership patterns found in tenement style housing also presents complexities in terms of gaining agreements from all homeowners in mixed tenure blocks to carry out energy efficiency upgrades. All of which presents numerous challenges in improving energy efficiency.

Scottish Governments Energy Efficient Scotland Programme

4.10 The Scottish Government has produced an ambitious Energy Strategy, including a net zero carbon target by 2045. One of the cornerstones of this strategy is the Energy Efficient Scotland Programme (EES). EES builds on existing legislation and programmes that are already supporting the improvement of the energy efficiency of homes, businesses and public buildings, as well as working with local authorities to develop Local Heat and Energy Efficiency Strategies (LHEES).

4.11 EES sets long term domestic standards for the social rented, private rented and owner occupier sectors and proposes that all residential properties in Scotland will be required to achieve an Energy Performance Certificate (EPC) rating of at least EPC C by 2040. For the social rented sector EES is proposing a new Energy Efficiency Standard for Social Housing 2 (EESSH), which proposes to maximise the number of homes in this sector achieving EPC B (SAP ≥81) by 2032.

4.12 With a significantly lower percentage of social housing in Edinburgh (15%) compared to the private rented and owner occupier sector, setting higher standards for social housing will have a limited impact on domestic sector carbon emissions. Higher standards as applied to social housing need to be applied across the wider domestic sector, with the right incentives in place, if carbon emissions are to fall as sharply as is required by 2030.

4.13 It is anticipated that the Scottish Government will make significant funding available to support the delivery of the EES programme with funding released incrementally over the next 25 years; aligned to the Government's commitment to achieve net zero carbon by 2045. It will be important to work with government to maximise early opportunities to secure enabling funding and support to meet Edinburgh's more ambitious 2030 target.

Current energy efficiency standards for existing Council housing

4.14 Almost 70% of social housing in Edinburgh (both Council and housing association homes) has an energy efficiency rating of either EPC B or C; significantly higher than the private rented (51%) and owner occupier sectors (47%). In addition to this, Edinburgh also has the third lowest percentage (23%) in Scotland for social housing households in fuel poverty. A significant reduction of carbon emissions can be achieved by a reduction in energy demand through more ambitious energy efficiency retrofit measures.

4.15 One of the core aims of the HRA Budget Strategy 2020/21 is to invest in bringing existing homes up to the standard of new build, with a key focus on improving the energy efficiency of homes to make them easier and cheaper to heat. Since April 2016, over 10,000 measures have been installed to improve energy efficiency in Council homes, which include 4,400 new heating systems; 3,200 homes insulated; and 2,700 new windows and front doors.

4.16 It is anticipated that 86% to 90% of homes will meet EESSH 1 by December 2020. Where possible, the remaining homes will be held in temporary exemptions. Work is also underway to understand the implications of meeting the ambitious EESSH 2 standard. Investment to date, coupled with the decarbonisation of the grid, has resulted in a 65% reduction in carbon emissions of Council homes since 2005.

4.17 A further 20% reduction in carbon emissions (85% since 2005) could be achieved if all existing homes were retrofitted to the ambitious EESSH 2 (EPC B). This would also help to reduce energy demand, carbon emissions and energy costs; bringing more residents out of fuel poverty and preventing others from falling into fuel poverty.

4.18 Achieving EESSH 2 will be challenging especially for ‘hard to treat’ buildings; typically, historical or listed buildings. Based on current measures and existing technologies around half of homes can be brought up to EESSH2 standards. New energy efficiency innovation pilots will be trialled to try and ensure EESSH 2 can be fully achieved as far as is practically possible. The 2020/21 Budget Strategy, presented to this Committee, factors in the cost of delivering EESSH 2 and includes a carbon innovation fund starting in 2021 to trial innovative technologies, approaches to retrofit and support carbon offsetting to ensure Council homes will be carbon neutral by 2030. Case studies of innovative retrofit projects are provided in Appendix 3

4.19 Along with energy efficiency measures there is a continued commitment to pilot low carbon technologies to achieve further carbon savings and to monitor and evaluate the benefits of certain approaches that have the potential to be rolled out on a much wider basis. Initiatives supporting energy efficiency and behaviour change are also important and can have a significant impact on how people use energy in the home, which can help lower fuel bills, tackle fuel poverty and reduce carbon. A summary of the initiatives underway is included in Appendix One.

Current energy efficiency standards for new build housing

4.20 Section 7 of current Scottish Building Standards relates specifically to sustainability, setting out a range of different standards homes can be built to (ranging from Bronze to Platinum). As of 2017 only 3% of homes in Scotland achieved EPC B or better. Within Section 7 ‘Bronze’ standard is the baseline level for sustainability. Optional upper levels, which can include low or zero carbon generating technology, are specified which allow developers to gain recognition for building to higher standards. Planning authorities may also choose to make constructing to a higher level of sustainability a condition of approval or funding.

4.21 All Council new build homes are built to a minimum ‘Silver Standard Active’ level and have a minimum energy efficiency rating of EPC B. The Scottish Government incentivises local authorities and housing associations to build to this high standard by offering additional grant (£4,000 per home) via the Affordable Housing Supply programme.

4.22 Sliver Standard achieves 40kWh/m^2 for houses and 30kWh/m^2 for flats, between three and four times more energy efficient than homes retrofitted to EESSH 1. For comfort and affordability, silver standard provides benefits to tenants in new homes in terms of energy costs and thermal comfort and includes the use of a low or zero carbon generating technology.

4.23 The homes built by the Council up until 2028 will represent an increase of 46% in the total estate. On average these new homes will be 20% larger, representing an increase of +56% in the total floor area, but the impact on increased carbon emissions is only +9%. As such, the carbon impact of the new build housing programme is minimal. Based on the new build programme incrementally meeting stricter building standards over the course of the ten-year new build programme, it is estimated that the average new build home will produce seven times less carbon than the average existing home.

4.24 The piloting of new innovative building design approaches and opportunities for collaborative learning will continue to inform achieving high quality energy efficient homes. A summary of which is set out in Appendix 2.

4.25 Opportunities for collaborative learning linked to achieving Passivhaus will be of particular interest. New homes built to the Passivhaus standard help to achieve an ultra-low energy building that requires little energy for space heating or cooling. A number of case studies outlining Passivhaus projects in the UK are detailed in Appendix 3.

4.26 A review of the Scottish Building Regulations has commenced to consider the next steps to further enhance the energy performance of buildings and greenhouse gas abatement. The next set of standards and supporting guidance will be introduced in October 2021. Along with these new standards a new version of the national calculation methodology the Standard Assessment Procedure (SAP) will be available before the revised standards and guidance take effect. The revised building standards should provide much clearer guidance for housing developers to achieve higher energy efficiency standards.

4.27 Committee is asked to note the significant investment that is being made in Council homes to increase energy efficiency and reduce emissions and to agree that progress with delivering the net zero carbon commitment for Council housing will be reported as part of the HRA business plan process.

4.28 Reporting on housing sustainability programmes and initiatives will also be aligned with the Short Window Improvement Plan (SWIP) and form part of the Council's 2030 Sustainability Strategy.

5. Next Steps

5.1 Develop a ten-year programme plan outlining how the ambitious EESSH 2 energy retrofit standard will be achieved by 2030 (two years before the rest of the country). This will involve continued collaboration with the Scottish Energy Centre at Edinburgh Napier University to better understand whole house retrofit opportunities and challenges across older housing stock.

5.2 Continued collaboration work with both Edinburgh Napier University and Anderson Bell Christie architects to develop and embed an ambitious new build design principle to support the move towards net zero carbon. A detailed report on this proposed new approach will be reported back to this Committee within two cycles.

5.3 The HEEPS:ABS 2019-20 programme will be progressed with a target of 1,200 homes and an application for funding for HEEPS:ABS 2020-21 will be submitted to the Scottish Government for consideration, targeting a similar number of homes.

5.4 The Decarbonisation Fund project will be commenced early next year with a tenant communications campaign outlining the project and the benefits to tenants.

5.5 Further collaboration and partnership working with the Scottish Government will be required to maximise early opportunities to secure enabling funding and support to meet Edinburgh's more ambitious 2030 target.

5.6 The Housing Service will seek to maximise learning from work taking place on new low carbon technologies, materials and energy efficiency retrofit methods. This will help to ensure that the right investments are made that can maximise opportunities to reach the highly ambitious EESSH2 standard.

5.7 A communications strategy will be developed to target the wider domestic sector with a particular focus on the owner occupier and private rented sectors. This would enable targeted communications to reach householders and private sector landlords advising them of their options in relation to funding available for energy efficiency retrofit or the installation of low carbon technologies. It would also address upcoming legislation that may affect them and signposting to agencies that can offer further support and advice.

6. Financial impact

6.1 The Budget Strategy 2020/21, report to this Committee, sets out a draft five year capital investment programme of £190 million (before inflation) to improve the quality of existing homes and estates, with dedicated resources to be made available to upgrading mixed tenure blocks. This also includes c.£12 million towards meeting EESSH 1. The strategy also identifies that an estimated £40 million will be required until 2030 to meet the ambitious EESSH 2 standards. In addition to this, a carbon innovation fund starting in 2021 to trial innovative technologies, approaches to retrofit and support carbon offsetting to ensure Council homes will be carbon neutral by 2030.

6.2 The strategy also includes £1.4 billion (before inflation) to develop new affordable homes over the next 10 years, with another £155 million to acquire land for housing development.

6.3 As set out in the SHIP 2020/25, there is a funding gap of c.£72 million in order to achieve the 20,000 new affordable homes target. Additional energy efficiency measures, if not backed by further funding from Scottish Government, will only widen this gap or will have to be funded by an increase in tenants' rents.

6.4 Over the last two years £6.8 million of funding through the HEEPS:ABS programme has helped approximately 1,800 households. The 2019/20 financial year will see grant funding of £3.6 million targeting approximately 1,200 homes. This funding is extremely important in helping to overcome mixed tenure challenges.

6.5 Collaboration with strategic partners is ongoing with a particular focus on joint funding bids for innovation pilots. Other opportunities to maximise funding sources to test new technology pilots, which have the potential to be rolled out on a wider basis, are prioritised. The recent grant award of £500k in match funding from the Scottish Governments Decarbonisation Fund to trial solar PV and battery storage across 112 properties in Kirkliston is evidence of this.

6.6 For new build housing to meet higher sustainability standards beyond Silver standard it is likely to require significant additional investment. This additional cost is partly due to the limited availability of materials and skilled workforce. As more developers build to higher sustainability standards the supply chain will have greater certainty of demand to be able to make the necessary investments in capacity and industrialised capability. As such over the coming years the cost of constructing to these standards and retrofitting existing homes should become less financially challenging.

7. Stakeholder/Community Impact

7.1 The Council's ongoing and planned housing sustainability initiatives will have a positive community impact helping to alleviate fuel poverty, reduce carbon emissions, lower fuel bills and address the challenges of mixed tenure ownership in the city.

7.2 Around 26% of the homes in Edinburgh are privately rented and there were over 42,000 registered landlords with approximately 57,000 homes. Traditionally, landlords have been slow to improve the energy efficiency of their homes. The Council will continue to work with partners such as Home Energy Scotland to engage private owners and landlords, promoting advice and information services and to encourage landlords to undertake energy efficiency measures.

7.3 There is an extensive programme of consultation and engagement with tenants, including surveys, focus groups, tenant panels, tenant led service inspections and resident and community meetings. There is also a dedicated annual budget consultation exercise designed. Making homes easier and cheaper to heat remains a key priority for tenants. A quarter of tenants said they had difficulties affording to heat their homes. Energy costs and the efficiency of homes is a central concern for tenants and feedback has demonstrated a demand for support and investment to make homes more efficient and easier to heat.

7.4 On 27 November 2019, a workshop was held with members of the Housing Homelessness and Fair Work Committee covering the current and planned work of the Housing Service and Economy Service in the context of the wider net zero carbon commitment. Both service areas will continue to engage with elected members as work on sustainability strategy is progressed.

8. Background reading/external references

8.1 Scottish House Condition Survey: 2017 Key Findings

8.2 Scottish House Condition Survey Local Authority Analysis 2015-2017

8.3 UK local authority and regional carbon dioxide emissions national statistics: 2005 to 2017

8.4 Home Energy Efficiency Programmes for Scotland: delivery report 2017-2018

8.5 Energy Efficient Scotland: route map

8.6 Update on Short Window Improvement Plan, Policy and Sustainability Committee on 25 October 2019

8.7 HRA Budget Strategy 2019/24, Finance and Resources Committee on 1 February 2019

8.8 2019/20 HRA Capital Programme, Housing and Economy Committee on 21 March 2019

8.9 Housing Service Improvement Plan, Housing and Economy Committee on 6 June 2019

8.10 Mixed Tenure Improvement Strategy Update, Housing and Economy Committee on 6 June 2019

9. Appendices

9.1 Appendix 1 - Summary of existing Council homes sustainability projects.
9.2 Appendix 2 - Summary of new Council homes sustainability projects
9.3 Appendix 3 - Case studies of exemplar low carbon new build and existing homes retrofit projects

Appendix 1 – Summary of existing Council homes sustainability projects

Project/theme	Detail of project	Time frame
EESSH 1	• It is anticipated that 86% to 90% of Council homes will meet EESSH 1 by December 2020. • The remaining 2,000 homes (10%) will be held in temporary exemptions. Around 8% are due to legal or disposal reasons, i.e. homes in listed buildings, or homes due to be demolished or sold. The remaining exemptions are for technical reasons (i.e. hard to treat or prohibitive costs prevent the upgrade to be carried out) or social reasons (i.e. sitting tenants declining or the Council failed to gain agreement with other owners to carry out the upgrade in communal areas). The Council will continue to work with these latter exempted homes to achieve EESSH 1 wherever possible.	December 2020
The Council's Energy Advice Service	• The Council's Energy Advice Service, delivered by Changeworks, is now in its second year and is on track to help around 1,000 Council tenants a year, delivering a financial saving of approximately £210.00 per tenant.	*Date On going*
Energy Efficiency Scotland Programme, Area Based Scheme (HEEPS:ABS)	• HEEPS:ABS acts as an enabling fund by providing financial support to home owners in mixed tenure blocks, which allows the Council to raise the energy efficiency standard of its housing. • The 2019-20 programme aims to target 1,200 homes (640 owner occupiers and 570 Council homes) in Edinburgh and will leverage in approximately £8.8 million in total funding.	On going
Scottish Government Decarbonisation Fund	• In November 2019, the Council was successful in receiving £500k match funding from the Scottish Government's Decarbonisation Fund to pilot the installation of solar PV and battery storage in 112 Council homes in Kirkliston. • If successful, the pilot could be considered for a more widespread roll out across similarly suitable building types.	2021

EESSH2	• Development of a ten-year delivery programme outlining how the ambitious EESSH 2 energy retrofit standard will be achieved by 2030 (two years before the rest of the country). EESSH 2 sets a target for all social housing in Scotland to meet EPC B (SAP ≥81). • Retrofitting existing homes to EESSH 2 standard will achieve a maximum energy use for space heating of 35 kWh/m2 (a 70% reduction on EESSH 1 levels). • This will involve continued collaboration with the Scottish Energy Centre at Edinburgh Napier University to better understand whole house retrofit opportunities and challenges across older housing stock and how the Council can go beyond EESSH 2 to achieve Net Zero carbon.	2030

Appendix 2 - Summary of new Council homes sustainability projects

Project/theme	Detail of project	Time frame
Current New build sustainability standards	• All Council and RSL new build homes are built to a minimum 'Silver Standard Active'. • The Scottish Government incentivises local authorities and housing associations to build to silver by offering additional grant (£4,000 per home) via the Affordable Housing Supply programme. • Sliver Standard achieves 40kWh/m^2 for houses and 30kWh/m^2 for flats, between three and four times more energy efficient than homes retrofitted to EESSH 1.	On going
Future new build energy standards	• The Housing Service is currently working with the developer CCG on a pilot to achieving gold standard within the Craigmillar Town Centre development. This hopefully will provide a blue print for achieving further gold standard developments. • In addition, there are a number of collaborative learning opportunities currently underway which includes building up a relationship with and learning from Exeter City Council, linked to their Passivhaus programme and also a recent visit to see a Passivhaus scheme in Shettleston, Glasgow. • The Housing Service is also working closely with colleagues in Corporate Property to learn from the design and delivery process for Passivhaus schools. • Work is ongoing with Anderson Bell Christie architects to explore options for embedding more ambitious new build design principles that help support the move towards net zero carbon.	On going
Transforming UK construction – Edinburgh & South East Scotland Home Demonstrator	• A bid has been submitted to the UK Government Industrial Challenge Fund to support a Demonstrator project. The project brings together public sector partners (City of Edinburgh Council, Scottish Futures Trust, Scottish Government, the Construction Scotland Innovation Centre and Edinburgh Napier University with Off Site Scotland (OSS). OSS	2021

	consists of nine member companies active in the offsite sector both as timber manufacturers and house builders. The project would seek to deliver a new, innovative business model that would support use of offsite construction methods to deliver high quality new homes with a focus on whole life performance and low carbon options. The model seeks to transform core housing development, procurement and construction processes; which if successful, presents an e opportunity to positively transform the construction sector and deliver a step change in supply of new homes.	

Appendix 3 – Case studies of exemplar low carbon new build and existing homes retrofit projects

Norwich City Council - Passivhaus

Location: Norwich

Innovation: Delivering Passivhaus at scale

Project Summary: The £14.7m Goldsmith Street development consists of nearly 100 houses and flats laid out in traditional terraced streets built to Passivhaus standard. With all homes to be available for social rent. Constructing to this standard averaged £1875 / m², in line with the average for the country. Each home faces south in order to maximise solar gain and exposure to natural daylight. The terraces' asymmetrical pitched roofs have a longer, lower and shallower profile to the north, letting no house experience overshadowing from the one in front of it and permitting a narrower 14-metre street profile that references the nearby Victorian terraces. The higher upfront costs of Passivhaus, greater insulation and triple-glazing plus increased labour costs to ensure airtightness, have been compensated for by using timber frames. The terraces come in regular, orthogonal blocks to reduce the form factor (surface-to-volume ratio, making them easier to heat), which also makes them cheaper to build. Inside, the habitable rooms have larger south facing windows, and smaller rooms; studies and bathrooms are north facing with small windows to lower heat loss.

Impact: One of the main drivers for building to Passivhaus certification was the issue of fuel poverty and the performance gap. Annual energy bills are estimated to be 70% lower than the average households, with expected fuel bills to be approx. £150 per year.

Nottingham CityHomes - Energiesprong

Location: Nottingham

Innovation: The first Energiesprong UK pilot

Project Summary: The Energiesprong (energy leap) initiative, has radically upgraded the energy efficiency of thousands of homes in the Netherlands is now being piloted in Nottingham. Nottingham CityHomes is the first housing association in the UK to pilot near net zero retrofits using the Energiesprong approach. A number of hard to treat social housing homes in Nottingham will be upgraded utilising a manufacturing solution that includes new outside walls and windows, a solar roof and a state-of-the-art heating system, all installed in a matter of days. The first 10-home pilot project was delivered by Melius Homes. This pilot, which transformed a mix of terraced houses and bungalows, launched in December 2017. A second pilot will improve a further 17 homes, comprising of 10 bungalows and 7 two-bedroom, three-storey houses and is the first wave of a rollout of Energiesprong to 155 Nottingham homes to 2020.

Costs are high, at £85,000 per property initially but are expected to fall to £62,000 by the end of the programme as the supply chain adapts. The local authority won £5m from the European Regional Development Fund to support this project.

Impact: The aim is to generate as much energy as the homes need – making them almost zero net energy. Tenants in phase one, seen monthly energy bills halve. Works not only improve the homes' energy performance, but also dramatically improve the look and feel of the neighbourhood. The model uses an innovative, whole life approach to finance, with the price of the works, equal to the expected planned maintenance costs and energy savings over a 30-year period.

Exeter Living – Passivhaus

Location: Exeter

Innovation: Multi storey Passivhaus

Project Summary: St Loye's Extra Care Scheme, a new £9.8 million development by Exeter City Council is currently under construction. Extra Care housing provides independent living in self-contained apartments for older people who have a range of care needs, with varying levels of support as and when residents need it. The development

includes lounges, dining rooms with roof terraces, hobby spaces, salon and spa treatment rooms and landscaped gardens. The planned four and five-story residential development has incorporated new design thinking that aligns better with the requirements of elderly life, placing strong focus on community and companionship. The scheme will provide 53 affordable apartments aiming to achieve the Passivhaus standard with the overall objective to reduce energy use and make the homes more affordable for tenants.

Impact: The key objectives for creating this exemplar Extra Care scheme was to incorporate the latest thinking with regards to elderly and dementia care design along with meeting the rigorous Passivhaus energy standard. The Passivhaus standard allows the development to be designed to create optimal internal conditions and to ensure energy bills are reduced by 80% of those of a standard build; a particularly pertinent issue for vulnerable residents.

Portsmouth – EnerPHit retrofit

Location: Portsmouth

Innovation: Multi storey EnerPHit retrofit

Project Summary: The Wilmcote House (a 1960's concrete pre-fab construction) energy retrofit project was designed to meet the EnerPHit standard (Passivhaus retrofit standard). The 11-storey building is owned and managed by Portsmouth City Council and the significant energy savings will address the serious fuel poverty issues previously experienced by the residents in this development many of whom were unable to adequately heat their homes. Ongoing maintenance issues with the building had led Portsmouth City Council to consider demolition; however, given the scale of relocation costs it became clear that refurbishment was the only practical and cost-effective solution with a long-term financial payback (15 years) against standard over-cladding measures. The extent of the £13m contract included insulating the external envelope with cladding and external wall insulation, replacing the roof, installing triple glazed windows, fitting new hot water cylinders, electric showers and mechanical ventilation heat recovery. The retrofit build cost was approximately £920/m2, which is comparable with new-build housing of similar density and quality, providing a strong business case for upgrading existing multi-storey concrete buildings at scale.

Impact: The project will resolve the ongoing maintenance issues with the building and create a new thermal envelope which effectively insulates residents against future energy price rises and significantly extends the lifespan of the building and will result in energy savings of approximately 90%.

Together Housing – Integrated low carbon technology solution

Location: Lancashire and Yorkshire

Innovation: Integrated low carbon and renewable technology

Project Summary: Together Housing one of the largest housing associations in the North of England, managing over 36,000 homes across Yorkshire and Lancashire recently launched an innovative renewable energy pilot which aims to reduce the carbon footprint of their homes, save tenants money on their bills and demonstrate the commercial return of investing in green energy. The £2 million project is jointly funded by European Regional

Development Fund and Together Housing and will see the installation of solar panels on 250 homes. The panels will be complemented by battery storage units, which will enable most of the power generated by the panels to be used in the property during the day and night. Typically, households with solar panels only use a third of the energy generated, with the

surplus going to the National Grid as the energy can only be generated and used during the hours of daylight, often when the house is empty. In return for free installation of the system and free electricity, residents will have a device fitted to their homes which will remotely capture data which can be used to assess the feasibility of the pilot, with the long-term aim of rolling it out to other Together Housing properties across Lancashire and Yorkshire.

Impact: The project is expected to save each household up to £300 a year on their electricity bills and reduce their electricity-based carbon emissions by 70-80%. It is also anticipated that around 20% of the electricity generated will be surplus, which can eventually be sold directly to energy suppliers.

Housing, Homelessness and Fair Work Committee

10.00am, Monday, 20 January 2020

Sustainability – Carbon neutral economy

Executive/routine	**Executive**
Wards	**All**
Council Commitments	

1. Recommendations

1.1 It is recommended that Committee:

1.1.1 notes the programme of work currently underway to deliver sustainability improvements;

1.1.2 agrees the new priorities identified at the Member/Officer Workshop on 27 November 2019 and notes that these will be further developed; and

1.1.3 agrees that progress against the sustainability objective should be set out within the Economy Strategy Annual Update reports.

Paul Lawrence

Executive Director of Place

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Report

Sustainability – Carbon neutral economy

2. Executive Summary

2.1 The Council's recent commitment to achieve net zero carbon by 2030 and declaration of a Climate Emergency has placed sustainability and climate change at the centre of strategic and policy discussions. The Council's Policy and Sustainability Committee has agreed the strategy for achieving the 2030 target.

2.2 There are key elements of the strategy that sit within the Housing, Homelessness and Fair Work remit and supporting Edinburgh's transition to a low carbon economy is already identified as a good growth step in the Economy Strategy. There is now increased emphasis on this objective and on ensuring that the other good growth steps are delivered in a way that is compatible with the net zero target. At the same time, however, the ambition in the Economy Strategy to achieve economic and social outcomes cannot be lost but must be achieved as part of a move to a carbon neutral economy.

2.3 The Council's programmes in relation to employability and skills development and business growth are being used to support the growth in the low carbon and circular economies alongside the wider inclusive growth agenda. The Council's support for the delivery of development in the city's strategic development areas is also a key way in which the sustainability priorities can be delivered.

2.4 A member officer workshop took place on 27 November 2019, with a list of new priorities identified which are detailed in this report.

3. Background

3.1 In June 2018 the Council approved the Economy Strategy for Edinburgh. It is set around two central pillars of 'inclusion' and 'innovation' and identifies eight steps for good growth. Annual reports are provided which include a Good Growth Monitoring Framework setting out the progress being made with the strategy.

3.2 On the 14 May 2019, Corporate Policy and Strategy Committee approved the Council's Sustainability Approach, which included Edinburgh working towards a net zero carbon target by 2030, with a hard target of 2037.

3.3 On the 25 October 2019 the Policy and Sustainability Committee agreed reports on Achieving Net Zero Carbon in the City of Edinburgh, the establishment of a Climate Commission, and an update on the Short Window Improvement Plan put in place to secure immediate progress while strategic interventions to achieve carbon neutrality are designed.

4. Main report

City of Edinburgh Council's Net Zero Carbon target

4.1 The Council's recent commitment to achieve net zero carbon by 2030 and declaration of a Climate Emergency has placed sustainability and climate change at the centre of strategic and policy decisions. These have also raised the profile of Edinburgh as one of the most ambitious cities in seeking to tackle climate change to deliver a more sustainable and inclusive city.

4.2 Unlike absolute zero emissions, 'net zero' or 'carbon neutral' implies some carbon emissions will remain but allows for some form of offsetting. 'Net zero' refers to achieving an overall balance between emissions produced and emissions offset.

4.3 Research work is underway with the Edinburgh Centre for Carbon Innovation (ECCI), and other partners to look at how carbon neutrality can be achieved. An interim summary report has already been presented which provides underlying analysis and scenario and cost assumptions in relation to the most effective interventions for securing emissions reductions. This analysis work, once completed, is aimed at helping the Council to build a strategic and operational route-map for action. Analysis on the strategic and viable next actions for the Council will be reported to the Policy and Sustainability Committee in February 2020.

Edinburgh Carbon emissions

4.4 Carbon emissions in Edinburgh come from a range of sources with the domestic sector generating approximately 29% of all emissions, the commercial sector 23%, the industrial sector 17%, transport generating 30%, and land use change making up the remaining 1%.

4.5 The analysis shows that annual emissions peaked in Edinburgh at 4.23MtCO2e in 2001. This baseline has declined by 40.3% in the period between 2001 and 2019 largely as a result of decarbonisation of the electricity grid, improved vehicle efficiencies and reduced energy use in homes and offices. Unfortunately, this rate of decrease is expected to diminish in the near future without further action at national or local levels.

Key Challenges

Domestic Sector

4.6 Council housing is responsible for approximately 2% of Edinburgh's overall carbon emissions, while the owner occupier, private rented sectors (and a small contribution from other registered social landlords) combined are responsible for approximately 33%. The Council is the largest landlord in the city. Across the Council's existing and new build housing estate significant investment has been made in both building homes to very high energy efficiency standard and retrofitting existing homes to improve their energy performance and help to tackle fuel poverty. Investment to date, coupled with the decarbonisation of the grid, has resulted in a 65% reduction in carbon emissions of Council homes since 2005.

4.7 A concerted effort is required across the whole domestic sector to help support the transition to net zero carbon. Achieving these higher standards will be challenging both financially and technically, due to the age and construction of existing homes, further compounded by the mixed tenure ownership patterns found across Edinburgh. The approach that the Council is taking to tackle this challenge is set out in detail in a separate report to this Committee.

Commercial and Industrial Sectors

4.8 The commercial and industrial sectors combined are the largest emissions contributors in the city. There are significant challenges and again the age of the stock is a factor. For example, only 27% of Edinburgh's 1.85million sqm of office floorspace has been built since the year 2000. However, there is generally considered to be more instances where cost-effective measures are available.

Transport Sector

4.9 Transport presents nearly one-third of the total emissions and is the single biggest contributor. A significant programme of investment is needed to move to low or no emission forms of transport and public engagement to minimise unnecessary vehicular travel.

Key Opportunities

4.10 There are significant challenges to be overcome but this is achievable if the right investments are made. The initial research findings report sets out three investment scenarios for addressing the emissions challenges: Cost Effective measures; Cost Neutral measures; and Full Technical Potential measures. The cost of these measures range from £3.98billion to £8.14billion over the 11 year period (2019 – 2030) and, even in the Full Technical Potential scenario, it is estimated that the investment would be paid back over a 16 year period provided that the implementation of Cost Effective measures are used to cross subsidise other interventions. Even in this ambitious scenario there will still be 0.83MtC02e which will need to be reduced through further technological advances or off-setting measures.

4.11 Scotland already has a larger proportion (albeit small) of its overall economy in the lower carbon sector than elsewhere in the UK. As such, the necessary skills and experience are available to realise low carbon development opportunities and there is a platform from which this sector can be further grown.

4.12 Edinburgh has a strong education sector which, in partnership with the city, is delivering data driven innovation and producing talented people, both of which will contribute to the delivery of the sustainability agenda.

4.13 The city also has a strong economy and billions of pounds will be spent on buying, selling, building and refurbishing property across all asset classes over the next 10 years. With the right type of encouragement, a refocussing of this investment could provide the scale of change required to achieve the 2030 target.

4.14 The Council as a partner in the East of Scotland City Region Deal will have the ability to influence the regional direction and the agglomeration of the partners buying power will create additional leverage.

4.15 The Scottish Government launched its programme for Government in September and within that there is a clear focus on Climate Action. Many of the commitments related to creating investment opportunities as follows:

4.15.1 a new Scottish Green Deal;

4.15.2 The Scottish National Investment Bank in operation next year, with £2 billion of funds, and a primary mission is transition to a net zero carbon economy;

4.15.3 The Scottish National Investment bank will also support investment for bus travel;

4.15.4 working with councils to establish a new Green Growth accelerator (enable local authorities to invest in and encourage growth in private sector investment); and

4.15.5 a capital investment programme for Council's to reduce congestion along priority routes of half a billion pounds.

Work in Progress

4.16 While there is still research work underway and the full range of strategic interventions is yet to be developed, there is already work underway across all sections of the Council aimed at reducing the city's carbon missions as identified in the Short Window Improvements Plan. In relation to the remit of the Housing, Homelessness and Fair Work Committee, the following actions are particularly relevant.

4.17 The Council will develop and deliver a Business Support Programme for the sustainability sector with a focus on sustainable growth ambition. The programme will have business advisers allocated to supporting this sector and, in general, priority will be given to businesses that are actively contributing to this agenda.

4.18 The Council will market and promote the programme to the sustainability/business sector, and collaborate with Edinburgh Chamber of Commerce, the Federation of Small Businesses (FSB), the Confederation of Business and Industry (CBI) and other key partners to deliver this new approach within existing resources.

4.19 Specific support packages for private and social businesses in the sustainability sector through business gateway will also be developed, and, new approach to sustainability for the city's business community will be progressed with the Edinburgh Chamber of Commerce, FSB and CBI.

4.20 A new tourism strategy for Edinburgh (with associated delivery programme) to focus on a sustainable approach to the visitor economy is under development. The Council will work through the Tourism Strategic Implementation Group and Edinburgh Tourism Action Group (ETAG) to develop the Tourism 2030 Strategy, and to ensure the future strategy supports the aims of the developing Sustainable Edinburgh 2030 Strategy and the national and local carbon targets that have been set. The alignment of the Council tourism activity and the sustainability programme will be considered by the Council's Tourism and Communities Working Group and the Sustainability and Climate Emergency All-Party Oversight Group. The new strategy will be considered at the February 2020 meeting of the Policy and Sustainability Committee in the first instance.

4.21 A separate housing sustainability report included on this agenda sets out in more detail the approach the Council is taking to address the challenge of net zero carbon. The report highlights the range of innovative energy programmes and projects underway to reduce emissions across the city, tackle fuel poverty and overcome mixed tenure ownership barriers. This also sets out opportunities for funding new technologies, collaboration and learning with both the private and academic sectors to help overcome mixed tenure barriers, invest in its existing housing stock to improve energy performance, promote behaviour change and trial innovative low carbon technology pilots.

New Priorities/Initiatives/Member Officer Workshop

4.22 In addition to the work currently underway the following strategic priorities were identified through a member officer workshop on 27 November 2019:

4.22.1 Business support and advice;

4.22.2 Energy efficiency, waste reduction, good business planning;

4.22.3 Innovation support for low carbon businesses;

4.22.4 Embedding circular economy approaches;

4.22.5 Promoting socially responsible business practices;

4.22.6 Developing low carbon supply chains;

4.22.7 Developing the low carbon workforce;

4.22.8 Embedding low carbon design in new development;

4.22.9 Retrofitting existing commercial and industrial buildings;

4.22.10 Supporting growth of new low carbon sectors (Digital economy;)

4.22.11 Supporting transition to sustainable models for existing sectors (Tourism);

4.22.12 Ensuring public sector leadership - Zero carbon council; and

4.22.13 Using public sector procurement as a key lever for change.

4.23 The above priorities will be developed into tangible actions and progress on these actions will be reported back to Committee through the Economy Strategy Annual Update reports.

5. Next Steps

5.1 Further develop the programme of activity and strategic priorities into a series of actions that can be delivered and monitored.

5.2 Committee approval will be sought where required for any specific activities.

5.3 The progress on these actions will be reported back to Committee through the Economy Strategy Annual Update reports.

6. Financial impact

6.1 There is no financial impact associated with this report.

6.2 Where any subsequent proposals or initiatives are brought to Committee for consideration the financial impacts of such proposals will be assessed.

7. Stakeholder/Community Impact

7.1 There are no direct stakeholder or community impacts identified in relation to this report although the pursuit of a sustainability agenda is considered to have positive outcomes for society.

7.2 Where any proposals for specific initiatives are brought to Committee for consideration assessments will be made of community impacts.

8. Background reading/external references

8.1 Update on Short Window Improvement Plan, Policy and Sustainability Committee on 25 October 2019

9. Appendices

None.

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Housing, Homelessness and Fair Work Committee

10:00am, Monday 20 January 2020

Advice Services Accreditation

Executive/routine	
Wards	
Council Commitments	

1. Recommendations

1.1 Committee is asked to note the Council's request to be accredited to The Scottish National Standards for Information and Advice Providers.

Alastair Gaw

Director for Communities and Families

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Report

Advice Services Accreditation

2. Executive Summary

2.1 This report provides an update on the Council's Advice Services preparation for being accredited against The Scottish National Standards (the standards) for Information and Advice Providers. Assessment for accreditation through audit functions are provided by the Scottish Legal Aid Board (SLAB).

3. Background

3.1 The standards set out detailed requirements that advice providers are expected to adhere to for housing, welfare rights and money advice services. These Standards have an audit and accreditation process that identifies how providers meet them. These audit functions are provided by the Scottish Legal Aid Board (SLAB).

3.2 The Standards cover the quality of advice provided, as well as the ability of an organisation to deliver an advice service.

3.3 Advice is defined in 3 types:

3.3.1 Type 1 - active information, signposting and explanation,

3.3.2 Type 2 - Casework,

3.3.3 Type 3 - Advocacy, representation and mediation at tribunal or court action level.

4. Main report

4.1 The Council's advice services are delivered through the Advice Shop, based at 249 The High Street. This service offers money advice, welfare rights advice and debt advice. It also operates The Advice Line, which provides the facility for people to seek advice via telephone, rather than present at an office.

4.2 There is no material consequence related to services not being accredited, however, to evidence and ensure good practice the Council should ensure that it achieves accreditation.

4.3 Several voluntary sector advice providers that are funded by the Council and partners are currently accredited.

4.4 A full list of accredited agencies can be found at: https://www.slab.org.uk/advice-agencies/scottish-national-standards-for-information-and-advice-partners/list-of-agencies-already-accredited/.

4.5 The Council has applied to be audited as a provider of type 3 welfare rights and money advice. The Scottish Legal Aid Board has indicated that this audit is likely to take place in Spring 2020, no date has been confirmed yet.

4.6 The Council's Advice Services Manager is currently leading on the preparation for the accreditation process. This includes reviewing all procedures and gathering of evidence which will be required to comply with the audit requirements.

4.7 The audit process is undertaken in two stages. Firstly, peer reviewers will review examples of case records to assess the quality of advice provided.

4.8 If the review finds that advice provision is adequate, then the accreditation moves to the second stage. At this point auditors will request additional evidence, related to process and procedures to ensure that the advice provider meets management standards. This stage will include a site visit by an auditor.

4.9 Once these stages have been completed successfully SLAB will recommend accreditation which will be formally approved by the Scottish Government.

5. Next Steps

5.1 Officers will continue to prepare for the upcoming accreditation process.

5.2 Once SLAB confirm a date for the accreditation process, Officers will provide updates for Committee through the Business Bulletin.

6. Financial impact

6.1 There are no direct financial implications from this update report.

7. Stakeholder/Community Impact

7.1 There is no impact on stakeholder or community impact as a result of this report.

8. Background reading/external references

8.1 Further details on the accreditation process can be found here: https://www.slab.org.uk/advice-agencies/scottish-national-standards-for-information-and-advice-partners/

9. Appendices

9.1 None.

Housing, Homelessness and Fair Work Committee

10.00am, Monday, 20 January 2020

Marketing Edinburgh Update

Executive/routine	Executive
Wards	All
Council Commitments	

1. Recommendations

1.1 Committee is asked to note the contents of this report.

Paul Lawrence

Executive Director of Place

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Report

Marketing Edinburgh Update

2. Executive Summary

2.1 This report provides an update on Marketing Edinburgh.

3. Background

3.1 City of Edinburgh Council agreed to set up a new destination promotion body for the Council – Marketing Edinburgh – on 18 November 2010.

3.2 The business case supporting the creation of this new body was also approved on this date. Fundamental to the business case was integration of the Destination Edinburgh Marketing Alliance, Edinburgh Convention Bureau, and Edinburgh Film Focus, into a single official, promotional body for Edinburgh - to be known as Marketing Edinburgh - with a remit to promote the city to visitors, tourists and investors.

3.3 The current service activities carried out by Marketing Edinburgh fall under four main categories:

3.3.1 Commercial and Memberships - responsible for attracting and retaining membership subscriptions for Marketing Edinburgh and managing the accommodation requirements for conferences and events;

3.3.2 Convention – working to attract major associations and corporate conferences into the city and providing convention and accommodation support for conferences and events;

3.3.3 Film – acting as a film office service, promoting Edinburgh as a filming destination and dealing with all filming enquiries and co-ordination; and

3.3.4 Marketing – focusing on promoting the city through web and social media activation and working with partners to promote events, activities and the wider city (e.g. Edinburgh Rugby).

3.4 The last performance update from Marketing Edinburgh covered the year 2018/19 and was considered by Housing and Economy Committee on 6 June 2019.

3.5 As part of the Council's budget in February 2019 the grant allocation to Marketing Edinburgh for 2019/20 was reduced from £890,000 to £590,000 with a further reduction planned for 2020/21 of £490,000 leaving a remaining budget of £100,000 for the Council to support film and convention. This decision was predicated on Marketing Edinburgh developing a plan for self-sufficiency for the next financial year.

3.6 The Housing and Economy Committee approved the Marketing Edinburgh Service Level Agreement (SLA) on 21 March 2019.

3.7 Housing, Homelessness and Fair Work Committee considered a report on proposals for the future of Marketing Edinburgh on 31 October 2019.

4. Main report

Marketing Edinburgh Board

4.1 The Board of Marketing Edinburgh resigned in early November 2019.

4.2 The Companies Act 2016 (S154) requires companies such as Marketing Edinburgh to have at least one director who is a natural person. To ensure compliance, the Chief Executive, in consultation with the Lord Provost, exercised urgency powers under the Committee Terms of Reference and Delegated Functions paragraph A4.1 and appointed Councillor Kate Campbell as a director of Marketing Edinburgh with effect from 11 November 2019.

4.3 On 21 November 2019 City of Edinburgh Council noted the appointment of Councillor Kate Campbell and approved the appointment of two Councillors to join the Marketing Edinburgh Board – Councillor Mandy Watt and Councillor Claire Miller.

4.4 Council also agreed to change the Articles of Association of Marketing Edinburgh to:

4.4.1 reduce the number of directors from a maximum of 14, to a maximum of three;

4.4.2 reduce the quorum of Directors from six to two;

4.4.3 amend the categories of persons who can become directors to remove stakeholder directors;

4.4.4 remove the requirement to appoint the chief executive officer of Marketing Edinburgh as Executive Director;

4.4.5 remove the requirement to have a company secretary; and

4.4.6 make ancillary amendments to the Articles to allow (4.4.1.1) to (4.4.1.5) to come into effect.

4.5 A General Meeting of the Board of Marketing Edinburgh took place on 15 January 2020 to agree the amendments to the Articles of Association as set out in paragraph 4.4 above.

Marketing Edinburgh Operations

4.6 As set out in paragraph 3.3, there are four activity areas within the Marketing Edinburgh operation, with operational support provided.

4.7 The team have recently moved from their offices in Frederick Street to co-locate with Edinburgh Chamber of Commerce in the George Street offices. This reduces the overhead costs of running an independent office and allows Marketing Edinburgh and Edinburgh Chamber of Commerce to work more closely.

4.8 An initial meeting of the Board of Marketing Edinburgh took place following the General Meeting on 15 January 2020 and will continue to consider sustainable financial solutions for the priority areas of film and convention.

5. Next Steps

5.1 Board discussions will continue to consider sustainable financial solutions for film and convention and a further Board meeting will take place as early as possible.

6. Financial impact

6.1 The financial position is outlined in paragraph 3.5.

7. Stakeholder/Community Impact

7.1 The Marketing Edinburgh team continue to work closely with stakeholders on their day to day operational activities.

8. Background reading/external references

8.1 None.

9. Appendices

9.1 None.

Housing, Homelessness and Fair Work Committee

10.00am, Monday, 20 January 2020

Housing Service Improvement Plan: update

Executive/routine	Routine
Wards	All
Council Commitments	39

1. Recommendations

1.1 It is recommended that the Housing, Homelessness and Fair Work Committee:

1.1.1 notes progress made with the Housing Service Improvement Plan (HSIP) and that the programme is projected to exceed the first-year savings target; and

1.1.2 agrees to receive an update report in six months.

Paul Lawrence

Executive Director of Place

Elaine E Scott, Housing Services Manager

Email: elaine.scott@edinburgh.gov.uk Tel: 0131 529 2277

Report

Housing Service Improvement Plan: update

2. Executive Summary

2.1 This report provides an update on the work being taken forward as part of the HSIP. The measures set out in the improvement plan aim to significantly improve customer satisfaction, operating performance and reduce costs.

2.2 Based on tenant feedback, the programme has prioritised the repairs and improvements workstreams. The initial phases of the Total Mobile rollout are improving efficiency through the introduction of automated appointments. Development of mobile working will make the service more modern, accessible and responsive to the needs of tenants.

2.3 Wider improvements are underway to the re-let and new tenancy process; estates management; digital enhancements and the development of new services to improve quality of life and reduce living costs for tenants.

3. Background

3.1 On 30 August 2018, the Housing and Economy Committee considered a report on the Housing Revenue Account (HRA) budget strategy. The report highlighted increasing financial and operational pressures on the Housing Service.

3.2 On 21 February 2019, the Council approved the five-year HRA Budget Strategy 2019/20 to 2023/24. In addition to this, Council approved a draft 2019/20 capital budget, five-year capital investment programme and 30-year Business Plan. The strategy set out three objectives:

3.2.1 expand and accelerate the development of affordable and low-cost housing;

3.2.2 continue to modernise existing Council homes and neighbourhoods; and

3.2.3 transform front line services to tenants to tackle inequality and reduce their cost of living.

3.3 The budget process identified a number of operational and financial pressures which included performance flatlining and dipping in some areas, a decline in customer satisfaction and a projected deficit from 2022/23 and the need to mitigate this by reducing annual expenditure by 10% over the next four years.

3.4 On [21 March 2019], the Housing and Economy Committee approved the 2019/20 HRA capital programme for investment of £108.954 million in new homes, existing homes (including external fabric and estates) and services. This was a 35% increase on the previous year's approved capital programme and is the largest annual capital investment programme to date in Council homes.

3.5 [On 6 June 2019], the Housing and Economy Committee received an update on the HSIP. The report set out the approach to redesigning the Housing Service with a specific focus on developing more effective and responsive services for customers. The approach to improvement complements the significant planned investment in tenants' homes and estates, whilst significantly improving customer satisfaction, operating performance and reducing costs.

4. Main report

4.1 The Housing Service Improvement Plan aims to significantly improve customer satisfaction, operating performance and reduce costs over a three-year period. The HSIP has six improvement workstreams prioritising service improvements in repairs and maintenance alongside rent collection, lettings, estate management, housing quality and housebuilding. Appendix 1 sets out the workstreams and timetable for delivering improvements.

4.2 Improvement projects within the repairs service have been an early priority, to address legacy systems issues and inefficient processes which are having a detrimental impact on performance, customer satisfaction, and cost. It is recognised that the most frequent reason for tenants to contact the Housing Service is to request a repair and therefore the potential to improve the tenant experience, whilst simultaneously delivering a more efficient service, is significant.

4.3 Increased mobile working can deliver cost efficiencies and increase customer satisfaction. The Total Mobile system will be used to support mobile working across the Housing Service. The first phase of Total Mobile; introduced in September 2019, automated appointments and invoicing systems. Initial implementation issues were encountered with the way data was transferred over to the system and dispatched into operative diaries, requiring manual intervention to reschedule a number of appointments.

4.4 A system upgrade was carried out in early January to improve the functionality and accuracy of job allocations at the point of booking, by factoring in more robust information on travel time and length of appointment. This is addressing the issues some tenants experienced with operatives being unable, or late, to attend appointments as a result of issues with the appointment system.

4.5 The automation of appointments is designed to enable operatives to be deployed to jobs in a more efficient way. Better management of in-house resources is reducing reliance on subcontractors, delivering cost savings and a more responsive service to tenants. Since the rollout of Total Mobile, the number of jobs allocated to subcontractors for the main trades (gas, plumbing and electrical) has reduced significantly. Due to the passage of time between works carried out and invoicing, the reductions in expenditure are expected to start materialising over the next quarter.

4.6 Total Mobile Phase Two began at the start of November, alongside a full process review of gas safety checks and the repair and re-let process for empty homes. Improvements delivered through Phase Two will help to reduce instances of no access for gas checks by building in the tenant's confirmation of appointment into the process. Phase Two also includes enhancements to tenant contact channels, with the introduction of text messaging expected by Spring 2020. This will enable tenants to be kept updated on appointments, with reminders sent the day before and when the operatives are on their way.

4.7 Phase Two also introduces enhanced and additional electronic forms for operatives, reducing the inefficiencies of paper-based working. Previously, operatives were required to return to the office to carry out their paperwork. Phase Two is enabling this work to be carried out remotely, making the process more efficient, maximising productivity and improving the quality and retention of documentation. It will also enable operatives to schedule follow-on appointments from site, making the overall process work more efficiently. Further improvements to systems, contract management, and back-office functions are being delivered to drive efficiencies, improvements and savings. Phase Two is anticipated to complete by summer 2020. Phase 3 of Total Mobile, programmed to commence in summer 2020, will enable housing officers to access a range of services via a mobile device. Work will also be taken forward on a self-service repairs' portal for tenants.

4.8 The quality control process for re-lets is being reviewed as part of the empty homes project detailed below. The current quality control process for all repairs includes 40 recorded Team Leader site visits per trade, per month (around 10% of all jobs), in addition to various unrecorded visits from Team Leaders and Quality Control officers as part of the normal run of business. Monthly contract management meetings are also held with all subcontractors (c.50 meetings a month). A monthly Contract Management Board reviews all live contracts and any ongoing issues. The Board identifies where any additional contract visits are required, for example if there have been complaints or dips in output/performance. Otherwise, visits are carried out on a regular basis across all contracts as part of routine contract management.

Improving Services: Finding, letting and sustaining tenancies

4.9 In early 2020, work will be taken forward to further improve the re-let and tenancy process. Work is underway to scope the potential introduction of welcome packs for tenants, which could include basic household essentials and information on local services and activities. Helping tenants settle into their new home can support tenancy sustainment and have a positive impact on tenant wellbeing. Improving tenant satisfaction with the quality of their home when they move in has been identified as a key area for improvement. This dovetails with a scrutiny project recently undertaken by the HRA Scrutiny Group (HRASG), a tenant working group who meet regularly with Council officers to scrutinise the operation of the HRA. Further information is provided on this at 7.3 and 7.4.

4.10 Improvements to the empty homes repairs process are also underway to enable homes that require minimal repair and improvement works to be turned around more quickly. Work is underway to scope and pilot a multi-disciplinary response to accelerate the re-let process whilst also bolstering quality controls and assurance. This means that tenants will be able to move into their home more quickly and enhanced quality checks should improve tenant satisfaction with the quality of their home when they move in. The pilot will be monitored closely with a view to embedding successful improvements as business as usual, to drive improvements and efficiencies in the longer-term.

4.11 Housing officers are now able to order new decoration packs for tenants who are able and interested in carrying out simple home improvements such as painting. This is a cost-efficient measure to empower tenants to take ownership and to feel at home in their new tenancy.

4.12 In addition, the management of arrears cases that are progressed to court action stages was brought back into the housing service from the Corporate Debt Recovery team over the summer of 2019. The overall approach to rent collection is to collect the essential rental income in to the HRA but also to intervene as early as possible when arrears arise to assist tenants to remain in their homes and reduce the risk of homelessness wherever possible. Court action does, however, remain an essential enforcement route where tenants have failed to engage and meet their rent payment responsibilities.

4.13 This service is now embedded within the housing management teams, enabling closer monitoring and control of the increased complexity of arrears cases arising from the introduction of Universal Credit full service rollout. The relocation of this service has also facilitated alignment with other areas of improvement in the rent service, including increased take up of flexible direct debits and work underway with the Sheriff Court to improve the management of cases in court. It also ensures continued close links to the localities in helping to identify any additional support needs for tenants and enabling them to remain in their homes wherever possible. Further improvements are being taken forward to streamline processes and manage the volume of cases.

4.14 Over the coming months, digital improvements will be carried out to improve the accessibility and interface of the housing webpages. This includes the introduction of online housing application forms. This workstream had been delayed due to ICT dependencies but is now expected to be delivered by summer 2020.

Improving homes and neighbourhoods

4.15 Another key priority for tenants is improving the look and feel of homes beyond their own front doors. This includes both the common areas within stairs and also out into the estates and surrounding areas. Long-term challenges with mixed tenure and land ownership issues have presented difficulties with carrying out maintenance and improvement works. This has resulted in some blocks and surrounding areas looking tired and overlooked. Addressing this effectively will necessitate close partnership working and a collaborative approach with other service areas, particularly Waste, Transport and Environment.

4.16 The detailed scope of the Estate Improvement workstream is currently being developed, taking into account the current delivery of services such as stair cleaning and estates clearance, community initiatives, use and maintenance of open areas, and a more holistic approach to tackling big issues through placemaking and area master planning. Active involvement from the local community, coupled with a focus on education and behavioural change, particularly for widespread issues such as fly tipping and dog fowling, will be integral to successful regeneration.

4.17 A door entry installation programme is already underway, around 200 blocks will be upgraded in 2019/20. In addition to this, small scale upgrades, where owner consent is not required to take forward works, will also be undertaken in early 2020/21, including stair painting, upgrades to flooring and improved lighting in common stairs. The detail of this will be set out in the 2020/21 Capital Investment Programme report to Housing, Homelessness and Fair Work Committee in March 2020, following consultation with tenants and elected members.

4.18 Procurement is underway for a single supplier to undertake garden works for homes being re-let, grounds' maintenance and clearance due to issues such as fly-tipping, and property protection for Council homes and new build/capital improvement sites. This will deliver efficiencies in contract management and performance improvements through revised key performance indicators being set for the contract. This is also expected to have a positive impact on the standard of estates and streamlining the final stages of getting external areas of homes tidied for re-let. The contract is expected to be reported to Finance and Resources Committee in March 2020 for approval.

Improving Services: New Services

4.19 In addition to improving core housing management services, work continues to progress on the delivery of new services aimed at reducing living costs and improving quality of life for our tenants.

4.20 Five new Housing Assistants posts have been created within the Housing Service. The role helps provide support to teams and creates a career pathway within the service, particularly for housing apprentices who seek to stay in the organisation and continue their development. The first wave of the housing apprenticeship programme has resulted in five individuals securing full-time posts within the organisation; two taking up alternative employment or further training and two continuing with the apprenticeship programme. The next wave of recruitment for the programme is underway and continues to involve targeted marketing for tenants and their families. Five new apprentices will be recruited by summer 2020 into a rotational programme between the housing management and local housing teams.

4.21 The implementation of the Mixed Tenure Improvement Strategy is underway, including establishing a mixed tenure delivery team, revising the Scheme of Assistance to provide more practical and financial support options to owners and landlords, as well as using the HRA capital investment programme as a catalyst for improvement.

4.22 The broadband programme is progressing, with phase one focusing on securing super-fast, reliable fibre infrastructure to Council homes, at no cost to the Council or tenants. Work to deliver full fibre infrastructure to Council homes began in November 2019, with a pilot project in Morden. The Council is engaging with fibre infrastructure providers in a way which retains flexibility for future Internet Service providers (ISPs), whilst managing and minimising the disruption to tenants and the Council estate. It is important that Council homes are included in the rollout to ensure that tenants can benefit from fibre connectivity, both now and in the future.

4.23 Full fibre infrastructure creates opportunities for telecare facilities which have the potential to help older, vulnerable and less physically able tenants stay in their homes and maintain their independence for as long as possible. It also has significant potential to improve the way the Housing Service manages its assets and supports mobile working for housing officers and repairs operatives.

Programme Governance

4.24 A Programme Management Office (PMO) has been established to support the delivery of the HSIP, with a dedicated Programme Manager appointed in November 2019. The PMO will organise, coordinate and oversee the day-to-day running of the programme, and will report to the HSIP Programme Board on a monthly basis.

4.25 The HSIP Programme Board comprises senior officers from across the Housing Services and the other service areas with key dependencies including; Localities, Finance, Customer, Human Resources and ICT. The Board provide strategic direction and guidance; problem solving and enablement within their respective service areas; a decision-making forum and escalation route; and monitoring and scrutiny of programme delivery and progress. The programme also reports into the monthly Corporate Leadership Team Change Board.

5. Next Steps

5.1 A six-monthly review including an update against the key workstreams, will be provided to Housing Homelessness and Fair Work Committee in June 2020.

6. Financial impact

6.1 The HRA is funded from tenants' rents, fees and service charges for services provided to tenants and assets held on the HRA account. The HRA is financially stable for the next three years, but it will become increasingly difficult to sustain large scale investment in new and existing homes without delivering cost efficiencies in service delivery.

6.2 Over the next five years, more than £870 million will be invested in new and existing homes to deliver Council commitments. To ensure the HRA remains in a strong position a 10% reduction in expenditure (£11.2 million) is targeted by 2022/23.

6.3 To manage this overall savings target, interim milestones have been set out for each year leading up to 2022/23. The phasing of the savings is not critical; however, any earlier savings would have a positive effect.

6.4 A savings target of £1.2 million was set for 2019/20; actual savings are projected to be more than double the target (£3.4m). This improved position follows a review of in-year debt management. This was part of a wider review of the debt portfolio, which has resulted in a positive material change in debt servicing costs going forward. The improvement workstreams set out in this report will deliver further operational efficiencies.

6.5 The investment required to make the necessary improvements to support the HSIP has been factored into the HRA business plan and will be reviewed annually. Any shortfall would have to be mitigated through a combination of increases in income and/or a re-phasing or reduction in planned capital investment

6.6 Progress will continue to be reported to Housing, Homelessness and Fair Work Committee bi-annually.

7. Stakeholder/Community Impact

7.1 The Council has an extensive programme of consultation and engagement with tenants, including surveys, focus groups, tenant panels, tenant led service inspections and resident and community meetings. There is also a dedicated annual budget consultation exercise designed and delivered in partnership with tenants through the Rent Matters Working Group. It also regularly benchmarks against other affordable housing providers and regularly engages with best practice networks, in a culture of scrutiny strongly connected to performance management.

7.2 The Housing Revenue Account Scrutiny Group (HRASG) recently completed a scrutiny project on tenants' satisfaction with the standard of homes when moving in. The HRASG is a tenant working group which aims to review how the HRA operates and scrutinise aspects of service performance from a tenant perspective to ensure good value for HRA spend on services and investment.

7.3 The group reviewed the Standard of Let and learned about the process to make property ready to let, by visiting homes that were ready to let and interviewing housing officers and team leaders. The group also carried out survey and focus groups with new Council tenants to understand the reasons for dissatisfaction, as well as benchmarking Council's performance and financial data with comparable social landlords.

7.4 The group met with housing service managers to present their findings and recommendations, which include reviewing the content of the Standard of Let and tenancy information/ welcome packs and improving communications between housing officers and perspective/ new tenants. These recommendations will feed into the HSIP going forward.

7.5 This engagement programme has been further expanded and enhanced through the HSIP. An overarching communications plan recognises the importance of ongoing dialogue to help keep tenants and staff onboard with the change programme and of ensuring they are involved in shaping improvements. To facilitate this, the focus group programme has been expanded, with groups to be held monthly with tenants and staff.

7.6 City-wide tenant surveys will continue to be held annually to monitor changes in perception and overall satisfaction. The next survey is due to take place in spring 2020.

7.7 Additionally, housing officers will continue to offer an annual conversation with every tenant in their patch, providing additional insight into tenant satisfaction, as well as helping to build relationships and a culture of trust. All of this helps to build a detailed picture of tenant experience/ perception, which can be tracked over time.

8. Background reading/external references

8.1 HRA Budget Strategy 2019/24, Finance & Resources Committee, 1 February 2019.

8.2 2019/20 HRA Capital Programme, Housing & Economy Committee, 21 March 2019.

8.3 Housing Service Improvement Plan: Update Housing & Economy Committee, 6 June 2019.

9. Appendices

9.1 Appendix 1 – Six monthly Action Plan.

Appendix 1: Six monthly Action Plan (Jan 2020 – Jun 2020)

Action Point	Action	Target Date	Lead Team	Comments	Status
Repairs and Maintenance	**Aim:** Our tenants receive efficient and high-quality repairs at times that are convenient to them. We need to communicate more effectively with our customers throughout the process and resolve issues quickly when we get it wrong. We need to provide our staff with better systems and tools to help them deliver a service they can take pride in. **Outcome**: Improved satisfaction with the repairs service, improved operating performance and reduced costs.				
1.	A full process review of gas safety checks and the repair and re-let process for empty homes	Jan 2020	Housing Property/ Housing Management & Development	A full process review to inform improvement projects being taken forward	**G**
2.	Total Mobile Phase 2 – Including gas safety checks and empty homes. Enhanced tenant contact channels, with the introduction of text messaging.	June 2020	Housing Property/ Customer/ICT	Improvements delivered through Phase Two will enable tenants to be kept updated on appointments, with reminders sent the day before and when the operatives are on their way. It will also help to reduce instances of no access for gas checks by building in the tenant's confirmation of appointment into the process.	**A**
3.	Total Mobile Phase 2 - Enhanced and additional electronic forms for operatives, reducing the inefficiencies of paper-based working.	Jul 2020	Housing Property/ Customer/ICT	Phase Two is enabling this work to be carried out remotely, making the process more efficient, maximising productivity and improving the quality and retention of documentation. Operatives will also be able to schedule follow-on appointments from site. Further improvements to systems, contract management, and back-office functions are being delivered to drive efficiencies, improvements and savings.	**G**
4.	Customer resolutions – pilot project to be taken forward with the Customer Contact	Feb 2020	Housing Property/ Customer	Resolution of complex contacts from customers, placing greater emphasis on	

Action Point	Action	Target Date	Lead Team	Comments	Status
	centre aimed at resolving tenant complaints quickly, efficiently and to the tenant's satisfaction			resolving customers concerns at point of contact. Pilot will be reviewed and evaluated with potential for wider roll-out across the service.	
Finding and Letting a Home	**Aim:** To make finding a suitable home as straightforward as possible. Ensuring when homes become empty they are repaired quickly and to a high standard. To improve the overall experience of new tenants when they move into their home and to ensure they have successful and sustainable tenancies we will work closely with our housing associations partners to improve systems and processes for accessing available homes and with tenants to ensure changes to the service are fit for purpose. **Outcome:** Tenant satisfaction with their homes when they move in improves and the time taken to let a home reduces.				
1.	Review of the end to end empty homes repair and re-let process.	Feb 2020	Housing Management & Development/ Localities/ Housing Property	Work is underway to scope and pilot a multi-disciplinary response to accelerate the re-let process whilst also bolstering quality controls and assurance.	**G**
2.	Review of tenant sign up pack and tenant handbook.	Feb 2020	Housing Management & Development/ Localities	This work will inform the new tenancy starter pack, which could include basic household essentials and information on local services and activities to support tenancy sustainment and have a positive impact on tenant wellbeing.	**G**
3.	Complete the initial ICT build for move to an on-line EdIndex Application form.	Jun 2020	Housing Management & Development/ ICT/ Customer	This project had been delayed due to ICT interdependences. Project is monitored and reported through the EdIndex Management Board.	**A**
4.	Undertake user testing, including applicant testing of a form for an on-line applicant account for EdIndex and 'Key to Choice' website.	July 2020	Housing Management & Development/ EdIndex Partners	This project had been delayed due to ICT interdependences. Project input for EdIndex landlords will be through the operational practitioner group. Implementation of live system will follow once essential user acceptance testing is completed.	**A**
Paying Rent	**Aim:** Make paying rent as straightforward as possible and help tenants avoid getting into debt. Maximise the rental income collected so that investment in improving services and our homes and estates is maintained. **Outcome:** Fewer tenants have rent arrears and have help when they do.				

Action Point	Action	Target Date	Lead Team	Comments	Status
1.	Enhancement to Northgate Rent ICT systems fully implemented.	Mar 2020	Housing Management & Development/ ICT	Modules changes to improve tracking of scheduled payments and workflow system to manage rent actions. Go-live date has ICT dependencies with other projects and service improvements.	**A**
2.	Implementation of revised rent charging periods.	April 2020	Housing Management & Development/ ICT	Implementation of change as part of annual year end project subject to outcome of consultation.	**G**
3.	Online direct debit set up	April 2020	Housing Management & Development/ ICT	Currently tenants can only set up Direct Debits via telephone, work underway to scope online set up functionality.	**G**
Estate Management	**Aim:** Develop a coordinated approach across Council services, to provide effective estate management so that tenants live in places that are clean, well-managed and safe. Whether that is the common stair, the shared garden or the surrounding environment within which they live. Ownership and management of buildings and estates is proportionately shared with other owners and private landlords. **Outcome:** Tenants are proud of the areas they live in.				
1.	Scope the Estate Improvement workstream, taking into account the current delivery of services such as stair cleaning and estates clearance, community initiatives, use and maintenance of open areas, and wider placemaking and area master planning.	Feb 2020	Housing Management & Development/ Localities/ Waste/Transport/ Environment	Addressing this effectively will necessitate close partnership working and a collaborative approach with other service areas, particularly Waste, Transport and Environment.	**G**
2.	Develop a programme of small-scale upgrades, where owner consent is not required to take forward works, to be included in the 2020/21 Capital Programme report to this Committee in March 2020	March 2020	Housing Management & Development/ Localities	The programme will be developed in consultation with tenants and elected members and will include door entry system upgrades, stair painting, upgrades to flooring and improved lighting in common stairs.	**G**
3.	Procurement completed for Framework for estate related services (includes securities, garden clearance etc).	Apr 2020	Housing Management & Development/ Localities/ Procurement	Existing contracts being managed to align with a common commencement date. Subject to approval by Finance & Resources Committee in March 2020.	**G**
Housing Quality	**Aim:** Existing homes are brought up to modern standards. We are investing more in tenants' homes, buildings and estates than ever before, but we need to ensure that our investment delivers the improvements that tenants want and supports owners to meet their responsibilities for share of repair costs and they are able to contribute to investment in improvements to buildings and common areas they share with our tenants.				

Action Point	Action	Target Date	Lead Team	Comments	Status
	Outcome: Tenant satisfaction with the quality of their home and estate improves.				
1.	Secure Door Entry Project in 200 blocks during 2019/20.	Mar 2020	Housing Property/ Localities/ Housing Management & Development	Council will require agreement from 1 or 2 owners in around 50% of blocks to meet the required majority agreement to progress with installations.	**G**
2.	Mixed Tenure Services Manager in post	April 2020	Housing Management & Development/ Localities/ Procurement	Manager will be responsible for development of the service model. Subject to financial business case being approved by Finance & Resource Committee in Jan 2019.	**A**
3.	Revised Scheme of Assistance to support HRA investment in mixed tenure blocks.	April 2020	Housing Management & Development/ Finance	Subject to financial business case being approved by Finance & Resource Committee in Jan 2019.	**A**
Housebuilding	**Aim:** To build new affordable homes to help tackle the city's acute housing shortage. We need to ensure that, working with contractors, we can find more efficient ways of building homes, whilst at the same time continuing to provide homes of a high standard that meet the needs of our tenants throughout their lives. **Outcome:** Reduction in overall development costs and increased customer satisfaction with new homes				
1.	Complete review of Design Guide.	Dec 2019	Development & Regeneration	Review will focus on incorporating greater standardisation and reflect tenant feedback on their new homes.	**G**
2.	Award new Council housing contractor framework – Lot 2.	Jan 2020	Development & Regeneration	Lot 1 awarded in Sept 2019. Lot 2 will further minimise use of external frameworks and payment of access fees.	**G**
3.	Piloting the delivery of Gold Standard homes at Craigmillar and maximising opportunities for collaborative learning linked to Passivhaus.	Jun 2020	Development & Regeneration	The output of this work will be a blueprint for delivering energy efficient, affordable homes that require little energy for space heating or cooling (passive principles).	**G**

Housing, Homelessness and Fair Work Committee

10.00am, Monday, 20 January 2020

Place Directorate – Revenue Monitoring 2019/20 – Half year report

Executive/routine	**Routine**
Wards	**All**
Council Commitments	1 and 10

1. Recommendations

1.1 Committee is asked to note:

1.1.1 the balanced to budget forecast position in respect of the Housing Revenue Account (HRA) revenue budget;

1.1.2 that the Place Directorate General Fund (GF) is currently projecting a potential budget pressure of £5.615m for 2019/20;

1.1.3 that the Executive Director of Place is continuing to progress implementation of measures to reduce the potential budget pressures with £3.518m of planned measures identified to be implemented before the financial year end These would reduce the general fund budget pressure to £2.097m. Further measures are being identified to mitigate the potential budget pressure if possible; and

1.1.4 progress will be reported to the Finance and Resources Committee on 23 January 2020 and to the meeting of this committee on 19 March 2020.

Paul Lawrence

Executive Director of Place

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Report

Place Directorate – Revenue Financial Monitoring 2019/20 – Half year report

2. Executive Summary

2.1 The report sets out the projected month six revenue monitoring position for the Place Directorate HRA and GF elements, based on analysis of actual expenditure and income to the end of September 2019, and projections for the remainder of the financial year.

2.2 At month six, following a half-year review of the HRA budget management strategy, the Executive Director of Place is forecasting a balanced position with a projected contribution of £23.000m towards new housing investment arising from a combination of in year income over expenditure and a draw-down from the Strategic Housing Investment Fund. There has been a material improvement in the HRA forecast since last reported to Housing, Homelessness and Fair Work in October 2019 which means that the ask of the Strategic Investment Fund to meet in year housing investment will be less.

2.3 As at month six, following a half-year review of the Place General Fund budget management strategy, a potential overspend of up to £5.615m is forecast by the Executive Director of Place.

2.4 Place Directorate remain fully committed to taking the necessary actions to deliver approved savings and address identified operational cost pressures and are actively developing their budget management strategy to bring the Place revenue budget towards balance. £3.518m of management actions are planned to be delivered by the financial year-end, which would leave a residual budget gap of £2.097m. The residual budget gap includes pressures which have emerged within the six months to 30 September 2019. Progress on the implementation of management actions will be reported to the Finance and Resources Committee on 23 January 2020 and to this Committee at its meeting on 27 February 2020.

2.5 A separate report to the Council's Finance and Resources Committee meeting on 6 December 2019 sets out the projected Council-wide revenue budget position for the year based on analysis of period six data. A balanced overall position is now forecast with attainment of this position subject to on-going management of service pressures and risks.

3. Background

3.1 The HRA is a ring-fenced statutory account that the Council manages on behalf of tenants. The HRA is funded from rents relating to Council housing and related assets and is used to fund the provision of Council housing in line with tenants' priorities.

3.2 In February 2019, the Council approved the five-year HRA Budget Strategy. This was informed by extensive consultation with tenants, focused on investing in homes and services that reduce tenants' cost of living and includes significant investment in both new and existing affordable housing, while keeping rent increases affordable.

3.3 The HRA budget has historically been considered as low risk; high demand for Council housing has resulted in limited void periods and a stable income stream. However, there are elements of this budget that are demand led and can potentially be variable. To mitigate the risks and pressures, the budget is set on a foundation of conservative assumptions, which are tested and modelled before seeking Council approval.

3.4 The approved HRA budget for 2019/20 is derived from the longer-term strategy. It comprises of a budgeted revenue income of £100.661m and costs of £98.014m This is supplemented by a budgeted draw down of £20.353m from the Strategic Housing Investment Fund reserves (a combination of the Repairs and Renewals fund and Council Tax Discount Fund), accumulating in a total £23.000m revenue contribution towards in year capital investment.

3.5 The total 2019/20 approved gross GF revenue budget for the Place Directorate is £236.511m. The net budget is £43.543m after adjusting for income from other parts of the Council, external grants and other income. This budget is net of £8.975m of additional savings (excluding in year efficiencies requirement) approved by Council in February 2019.

3.6 This report provides an update on financial performance against the above revenue budgets. A separate report to the Council's Finance and Resources Committee on 6 December 2019 sets out the projected position on the Council's HRA and GF Capital Investment Programme.

4. Main report

Housing Revenue Account – Revenue Budget

4.1 At the half year, the overall position as compared to the approved budget set out in paragraph 3.4 and in Appendix 1comprises forecast revenue income of £100.526m and costs of £94.593m. This means that in order to achieve the budgeted £23.00m revenue contribution towards in year capital investment circa £3m fewer reserves will require to be drawn-down from the Strategic Housing Investment Funds. The key movements against budget are set out within this section.

4.2 Net rental income to be collected is currently forecast to under recover by £0.135m against budget (less than 1%). The forecast is a material improvement on the reported month five position which is in the main attributable to a revised year end forecast of the debt provision required for current and former rental income.

4.3 There has been an improvement in the Housing Management forecast since last reported. The £0.200m improvement relates to a reduction in the estimated payment the HRA makes in respect of its contribution to the central support costs of the Council.

4.4 The forecast expenditure of £23.952m for property maintenance is £1.807m less than the 2018/19 out-turn position. Efficiencies arising from planned service improvements are starting to yield cost reductions, enabled by the introduction of Total Mobile which went live in September 2019. To this end, it is expected that these improvements will continue and it is hoped that further improvements to the forecast can be realised within the financial year.

4.5 The HRA borrows to finance the planned housing investment and house building capital programmes. 'Debt charges' are capital financing costs (principal repayments and interest). Debt charges amount to almost 40% of HRA expenditure, therefore effective treasury management is essential to running an efficient housing service. Over recent years, surpluses have been used to repay debt which allows more capacity to fund housing investment. As set out in Appendix 1, these actions, together with the low interest external environment, have had a material positive impact on the debt charges compared to budget in 2019/20. It is now forecast that in year debt charges will be around £3.5m less than budgeted.. A number of additional treasury management initiatives are underway and their impact on the forward trajectory will be monitored.

4.6 As per the annual HRA budget process, the assumptions underpinning the business plan are reviewed in parallel with in-year variances to ensure that they remain realistic and achievable.

Place Directorate General Fund – Revenue Budget

4.7 Given the increasing risks inherent in maintaining expenditure within budgeted levels, earlier in-year reports for 2019/20 were underpinned by 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, a Directorate-specific position, consistent with relevant responsibilities as set out within Financial Regulations, has been adopted in this half-year report.

4.8 A half year review (month six) of the budget management strategy in the Place Directorate for the General Fund revenue budget forecast an overspend of up to £5.615m. This forecast reflects a combination of:

4.8.1 brought-forward underlying pressures within services;

4.8.2 anticipated delays, or shortfalls, in delivery against a number of the service-specific savings measures approved as part of the budget motion (as shown in Appendix 1);

4.2.3 an extended period when elements of environmental testing were not being undertaken; and

4.8.3 a need to identify specific plans to address elements of the Directorate's in-year efficiency target of £2.8m.

4.9 As part of the budget management strategy review at month six, £3.518m of management actions are planned to be delivered by the financial year end. The Place Senior Management and Divisional Management Teams are working hard to ensure that the management actions agreed are delivered and that actions are identified to reduce the residual gap of £2.097m.

4.10 The information above is net of the revenue budget (approved by Council in February 2019) requirement for the Place Directorate to achieve incremental savings of £8.975m in 2019/20. A strategy to deliver this, alongside action to address the required efficiency measures of £2.810m and £8.130m of identified pressures has been developed. The sum of these approved savings and management actions to address efficiency targets and pressures is £19.915m. A red, amber, green (RAG) analysis is regularly undertaken in consultation with Heads of Service of these measures. This is shown within Appendix 1. Delivery of all savings is monitored monthly by the Place Senior Management Team and Divisional Management teams.

4.11 At month six the RAG indicates that 89% of these savings (£17.817m) were assessed as green or amber with the 11% at red representing the remaining £2.098m. This is a significant improvement on the reported month three position, with the overall forecast showing an improvement of circa £1.7m in the underlying budget position.

4.12 A separate report to the Council's Finance and Resources Committee meeting on 6 December 2019 sets out the projected Council-wide revenue budget position for the year based on analysis of period six data. A balanced overall position is now forecast with attainment of this position subject to on-going management of service pressures and risks. Further updates on the position will be reported to the Finance and Resources Committee on 23 January 2020 and to this Committee on 27 February 2020. The implications of service overspends in 2019/20 for future years will be considered as part of the 2020/23 budget process.

4.13 Appendix 2 relates to the Place Directorate as a whole. There are no elements of the budget which relate to the Housing, Homelessness and Fair Work remit which have been assessed as red at month six. Table 1 below shows the approved savings which have been assessed as amber or green.

Table 1 - 19/20 Approved Savings, Efficiencies and Mitigations.

Housing, Homelessness and Fair Work Actions.	**£m**	**Narrative**
Area Based Regeneration	0.125	This relates to an accounting treatment review of revenue costs incurred to create Council assets and optimise permissible capital elements. Due diligence requires to be completed quarterly in respect of assessing relevant costs and activity, however there is a high level of confidence that this saving can be delivered.
Place Development Efficiencies.	0.230	This relates to non staff elements of the Economic Development service and contributes towards the £2.8m Place Directorate efficiency target set as part of the 2019/20 process. At the half year there is a high level of confidence this can be realised.
Economic Development.	1.200	This relates to the organisational review of the Economic Development service, £1.2m saving. At the half year it is forecast that this saving will be achieved.
Realise Full Year Impact of Previous Year Approved Savings.	0.150	This relates to an element of a previously agreed saving in 2018/19 which had been allocated to the Economic Development Service. This saving is assessed as fully delivered.
Tourism and Marketing Reform.	0.300	This relates to the phased reduction of payments to Marketing Edinburgh and has been delivered.
Place wide cost efficiencies; reduction in overtime, agency and non-essential costs.		All services will require to reduce costs to achieve Directorate Efficiency Savings. Impacts on specific Executive Committees will be reported as appropriate.

4.14 Progress has been made by Place Directorate in terms of making positive inroads to addressing the financial challenge within the first six months of 2019/20. In addition to monthly reporting of the budget position the comprehensive annual budget realignment exercise which commenced in 2018/19 has been repeated in 2019/20 and a half year review of the budget position and management actions has been carried out.

4.15 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. The budget management strategy, underpinned by a robust mid-year review, has been updated to reflect additional measures which have been required to reduce the level of overspend further.

4.16 It should be noted that the claims process in respect of European Social Fund monies is currently suspended on a temporary basis. This status applies to all Local Authorities. Officers are engaged with COSLA and the Scottish Government in respect of the process to lift the suspension. No additional provision has been made in the reported position in respect of this risk at the half year.

5. Next Steps

5.1 The Place directorate is committed to delivering mitigating management action to address identified budget pressures on an ongoing basis and will continue to report on progress towards the delivery of a balanced budget.

5.2 In addition to the introduction of realigned budgets and half-year reviews, a more strategic approach is being implemented in terms of budget management. The Place Senior Management Team intends the 2019/20 budget management strategy to be part of a rolling process, not confined to the current financial year. Where planned savings and mitigations are not fully delivered in year, they will be factored into future year budget management strategies to be delivered and addressed alongside identified pressures.

5.3 The Place Senior Management Team and Divisional Management teams are fully committed to identifying management action to reduce the budget pressures and to ensuring that management actions are being implemented to support the delivery of a balanced budget within the directorate. However, given the magnitude of these pressures, there is the potential risk that the directorate may report an overspend at the end of this financial year. This is being addressed on an on-going basis by the Executive Director and Senior Managers. The implications of in year service overspend for future years will be considered as part of the 2020/23 budget process.

6. Financial impact

6.1 The Council's Financial Regulations set out Executive Directors' responsibilities in respect of financial management, including regular consideration of their service budgets. The Executive Director of Place regularly reviews the directorate budget position alongside the identification and implementation of management actions to achieve a balanced budget in year. The position set out in this report shows that the Place directorate is currently forecasting an overspend in 2019/20 and therefore there are pressures which are still to be addressed.

7. Stakeholder/Community Impact

7.1 Consultation was undertaken as part of the HRA and GF budget setting processes.

7.2 Successful delivery of the HRA budget will support investments to improve the energy efficiency of Council Homes.

8. Background reading/external references

8.1 Housing Revenue Account Budget Strategy 2019/20

8.2 Housing Revenue Account Budget Strategy 2019/24

8.3 Financial Monitoring 2019/20 - Month 5 position

8.4 Month 6 Finance and Resources Committee 6 December 2019

9. Appendices

9.1 Appendix 1 – Place Directorate - HRA Revenue Projection: 2018/19 – Half year Position.

9.2 Appendix 2 – Place Directorate – General Fund Approved Revenue Budget Savings 2019/20 – Half Year Position.

Appendix 1 – Place Directorate - HRA Revenue Projection: 2019/20 – Half year Position

	19/20 Budget	Half Year Forecast	Variance
	£m	**£m**	**£m**
Net income	-100.661	-100.526	0.135
Strategic Housing Investment Funds	-20.353	-17.067	3.286
Total income	**-121.014**	**-117.593**	**3.421**
Housing Management	31.915	31.754	-0.161
Property Maintenance	23.741	23.952	0.211
Debt servicing	42.358	38.887	-3.471
	98.014	94.593	-3.421
Housing Investment (CFCR)	23.000	23.000	0.000
Total Expenditure	**121.014**	**117.593**	**-3.421**

Note: The reserve draw-down is from the Strategic Housing Investment Fund which is made up of the Repairs and Renewals Reserve and the Council Tax Discount Fund. The forecast reserve drawdown forms part of the approved capital programme for 2019/20.
CFCR denotes Capital Funded from Current Revenue.

Appendix 2 – Place Directorate – General Fund Approved Revenue Budget Savings 2019/20 – Half Year Position.

Category	Title	Total £000	Green £000	Amber £000	Red £000	Relevance to Housing, Homelessness and Fair Work Executive
Approved Savings	Tourism and Marketing Reform	300	300	0	0	HHFW ALL
Approved Savings	Improved Approach to Street and Environmental	750	250	350	150	
Approved Savings	Localities Phase Two	300	100	100	100	
Approved Savings	Commercialism and Income Maximisation - Pre-planning Applications	100	100	0	0	
Approved Savings	Commercialism and Income Maximisation -	150	150	0	0	
Approved Savings	Area-Based Regeneration	250	125	125	0	HHFW PART
Approved Savings	Parking Action Plan Phase 2	369	100	100	169	
Approved Savings	Fleet Review	500	300	200	0	
Approved Savings	Clean and Green (2018/19 additional spend)	250	0	250	0	
Approved Savings	Roads (Additional funding) (2018/19 additional	250	250	0	0	
Approved Savings	Capitalisation of Road Maintenance Budget	500	500	0	0	
Approved Savings	Commercialism and Income Maximisation - Full Cost Recovery & Consents	1,025	830	195	0	
Approved Savings	Commercialism and Income Maximisation - Parks	150	20	65	65	
Approved Savings	Joint Procurement of Waste Contracts	325	0	162	163	
Approved Savings	Re-provision of public conveniences	250	40	210	0	
Approved Savings	Cultural grants	52	52	0	0	
Approved Savings	Transport Reform	500	0	500	0	
Approved Savings	Economic Development	1,200	1,200	0	0	HHFW ALL
Approved Savings	New Ways of Working - Public Safety and Business	130	85	45	0	
Approved Savings	Parking - increase charges by average of 4.5% per annum over four years	800	600	200	0	
Approved Savings	Discretionary income (Fees and Charges)	824	618	206	0	Place Wide
Mitigations/Efficiencies	Workforce Control - Reduction in Agency and	900	0	450	450	Place Wide
Mitigations/Efficiencies	Reduction in Discretionary Expenditure (Place)	650	180	335	135	Place Wide
Mitigations/Efficiencies	Place Development - Efficiencies	730	250	480	0	HHFW PART
Mitigations/Efficiencies	Place Management - Efficiencies	530	112	282	136	
Mitigations/Efficiencies	Service Containment of Increment Costs (Place)	1,200	700	500	0	Place Wide
Mitigations/Efficiencies	Operational Efficiencies - Senior Management	100	0	50	50	
Mitigations/Efficiencies	Realise Full Year Impact of Previously Approved Savings (Place)	1,200	700	350	150	HHFW PART
Mitigations/Efficiencies	Implement Service Reforms (Place)	200	0	100	100	
Mitigations/Efficiencies	Reduction in Budget Pressures (Place)	1,000	1,000	0	0	Place Wide
Mitigations/Efficiencies	Value for Money Audits (Place)	300	0	150	150	
Mitigations/Efficiencies	Contract Efficiencies (Place)	600	400	100	100	
Mitigations/Efficiencies	Pentland Hills Operations (Place)	100	50	50	0	
Mitigations/Efficiencies	Localities and Communities Investment Funding	130	130	0	0	
Mitigations/Efficiencies	Transport Review	1,200	870	150	180	
Mitigations/Efficiencies	Planning Appeals	300	300	0	0	
Mitigations/Efficiencies	Millerhill Operations (Place)	1,800	1,800	0	0	
		19,915	**12,112**	**5,705**	**2,098**	
Total Approved Savings	(excludes efficiency)	8,975	5,620	2,708	647	
Total Mitigations/Efficiencies	(includes efficiency)	10,940	6,492	2,997	1,451	
Total Management Action to be Delivered £000		**19,915**	**12,112**	**5,705**	**2,098**	
Total Management Action to be Delivered %		**100%**	**61%**	**29%**	**11%**	

Housing, Homelessness and Fair Work Committee

10:00am, Monday, 20 January 2020

Homelessness and Housing Support - Revenue Monitoring 2019/20 – month seven position

Executive/routine
Wards
Council Commitments

1. Recommendations

1.1 Members of the Housing, Homelessness and Fair Work Committee are asked to:

1.1.1 note an overall net residual budget pressure of £4.5m for Communities and Families, as reported to the Education, Children and Families Committee;

1.1.2 note that this pressure includes a net residual budget pressure of £0.8m for the Homelessness and Housing Support service, which remains at month seven;

1.1.3 note that approved savings and operational efficiencies in 2019/20 total £0.295m, with £0.175m on track to be delivered in full and £0.120m assessed as amber, which is not expected to be fully delivered until 2020/21;

1.1.4 note that the Executive Director of Communities and Families is taking measures to reduce budget pressures and progress will be reported to the Finance and Resources Committee on 23 January 2020.

Alistair Gaw

Director for Communities and Families

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Report

Homelessness and Housing Support - Revenue Monitoring 2019/20 – month seven position

2. Executive Summary

2.1 The report sets out the projected month seven revenue monitoring position for the Homelessness and Housing Support service, based on analysis of actual expenditure and income to the end of October 2019, and expenditure and income projections for the remainder of the financial year.

2.2 The total projected (full year) gross budget pressure is currently £6.4m, partially offset by mitigations totalling £5.6m, resulting in a net residual budget pressure of £0.8m. This is part of an overall net residual budget pressure of £4.5m for Communities and Families.

2.3 The Executive Director of Communities and Families is fully committed to making all efforts to identify management action to reduce the budget pressures.

2.4 The month seven position for Communities and Families as a whole will be reported to the Education, Children and Families Committee on 3 March 2020.

3. Background

3.1 Homelessness and Housing Support is part of the Safer and Stronger Communities service area within the Communities and Families directorate.

3.2 The total 2019/20 net budget for Homelessness and Housing Support is £28.4m.

3.3 This report sets out the projected overall position for the Homelessness and Housing Support revenue expenditure budget for 2019/20.

4. Main report

Overall Position

4.1 The Homelessness and Housing Support service is projecting net budget pressures of £0.8m at month seven. This is part of an overall net residual budget pressure of £4.5m for Communities and Families.

Gross Budget Pressures £6.4m

4.2 Significant service pressures continue to be faced, with the average length of stay in temporary accommodation increasing due to a shortage of suitable move-on accommodation, a continuing reduction in Private Sector Leasing (PSL) properties and a corresponding increase in B&B, short term let and shared accommodation.

4.3 The shortage of suitable temporary accommodation is leading to the service having to place individuals in B&B and Shared Accommodation. This is the costliest provision and the proportionate level of housing benefit that the Council receives is low in comparison to other accommodation types.

4.4 Demand for Bed and Breakfast, Short Term Let, and Shared Accommodation continues to rise due to increasing average length of stay and a shortage of available move-on accommodation. Usage for the first seven months of 2019/20 was 210,598 bed-nights, compared with 191,094 in 2018/19 (10% increase). There is a forecast pressure of £6.4m for this type of accommodation.

Mitigations £5.6m

4.5 The shortage of suitable temporary accommodation is leading to the service having to place individuals in bed and breakfast and shared accommodation. This is the costliest provision as the proportionate level of housing benefit the Council receives is low in comparison to other accommodation types. Mitigating action is being taken to reduce the use of bed and breakfast and shared accommodation and to deliver additional housing benefit. This includes the re-tendering of the PSL scheme which is expected to deliver additional properties from April 2020 which would reduce the need to place people in bed and breakfast and shared accommodation. The financial implications of the new PSL contract will be reported to a future committee.

4.6 Additional Housing Benefit income of £0.8m is forecast to be delivered, as a result of increasing accommodation costs. Additional revenue collectors have also been recruited in order to improve collection, some of which is backdated to 2018/19 and is therefore one-off.

4.7 Scottish Government funding of £1.0m has been received in 2019/20 for the development of a Rapid Rehousing Transition Plan, of which £0.6m relates to initiatives implemented during 2018/19. Funding at comparable levels is expected for 2020/21 and 2021/22 and the service is developing new initiatives to maximise the benefit of this funding which should mitigate pressures in future years.

4.8 Commissioned services underspend of £0.4m due to reviews of contracted requirements.

Savings Delivery – Approved Savings 2019/20 Budget

4.9 The approved budget savings for Homelessness and Housing Support total £0.295m. Progress in the delivery of the savings is reviewed regularly and a red, amber, green (RAG) analysis has been undertaken in consultation with senior management. This indicates that, on the basis of actions planned or already undertaken, £0.175m of approved savings are on track to be delivered in full (green) and £0.120m requires further work (amber). Further details are included in Appendix 2.

5. Next Steps

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

6. Financial impact

6.1 The report highlights 2019/20 projected net budget pressures of £0.8m for Homelessness and Housing Support services. This is included in the overall net residual budget pressure of £4.5m for Communities and Families, which is reported to the Education, Children and Families Committee.

6.2 This position is subject to active monitoring, management of risks and identification of further mitigation.

7. Stakeholder/Community Impact

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

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

8. Background reading/external references

8.1 None.

9. Appendices

9.1 Appendix 1 - Summary of forecast net revenue budget pressures;

9.2 Appendix 2 - Summary of approved budget savings 2019/20.

Appendix 1

Forecast Areas of Budget Pressure and Management Action

Mth 7, £m	Residual Budget Pressure Mth 7	Pressures from Unachieved Approved Savings	Additional Pressures	Forecast Savings / Mgt Action - One-off	Forecast Savings / Mgt Action Recurring	Explanatory Note - Residual Budget Pressure
	£m	**£m**	**£m**	**£m**	**£m**	
Temporary accommodation - expenditure	**6.4**	0.1	6.3	0.0	0.0	Full year effect of 2018/19 growth plus in-year growth due to lack of available move-on accommodation. Monitored closely each month
Temporary accommodation - income	**(0.8)**	0.0	0.0	(0.6)	(0.2)	Increased HB income from additional revenue collectors
Private Sector Leasing	**(3.8)**	0.0	0.0	0.0	(3.8)	Additional CEC investment to offset impact of Welfare Reform and to expand the service, however stock level continues to fall. Closely monitored throughout the year
Commissioned services - Payments	**(0.4)**	0.0	0.0	0.0	(0.4)	Budget exceeds contracted requirements
Various Under/Overspends	**(0.6)**	0.0	0.0	(0.6)	0.0	One-off savings from additional investment
	0.8	0.1	6.3	(1.2)	(4.4)	

Appendix 2

Summary of approved budget savings 2019/20 with RAG assessment

Proposal description/area	2019/20 approved saving	Saving RAG assessment		
		Green	Amber	Red
HOMELESSNESS AND HOUSING SUPPORT	£m	£m	£m	£m
Invest in Revenue Collection Officers	0.175	0.175		
Invest to reduce temporary accommodation voids rates	0.090		0.090	
Adoption of Scottish Government Framework for electricity and gas	0.030		0.030	
Total approved savings 2019/20	**0.295**	**0.175**	**0.120**	**0.000**

Housing, Homelessness and Fair Work Committee

10.00am, Monday, 20 January 2020

Rapid Access Accommodation and Link Working

Executive/routine
Wards
Council Commitments

1. Recommendations

1.1 Committee is asked to note the update on the delivery of rapid access accommodation the development on the link worker role.

1.2 Committee is asked to note that case studies are being developed by the service area and be circulated to members on completion.

Alastair Gaw

Director of Communities and Families

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Report

Rapid Access Accommodation and Link Working

2. Executive Summary

2.1 This report provides an update on the delivery of rapid access accommodation for rough sleepers and the development of the link worker role.

3. Background

3.1 For the purposes of this report rough sleeping is understood to mean “The most extreme form of homelessness. It means people sleeping outside or anywhere not designed for human habitation for example parks, cemeteries, doorways or car parks”.

3.2 The Council in partnership with the Scottish Government developed the first Rapid Access Accommodation (RAA) in December 2017. RAA is a service that can only be accessed by street-based outreach workers and is accessible 24 hours per day, 365 days a year, with support provided on site by partner agencies.

3.3 Initially this service was provided in a 12 bedroom property in the former Hopetoun Guest House. Previous reports to the Housing and Economy Committee have provided updates on the delivery of the service.

3.4 Due to the success of this form of accommodation in supporting some of the most vulnerable people in the city the service has been further developed and there are now 68 rooms (76 bed spaces) available in the city across 3 sites.

4. Main report

4.1 All of the RAA accommodation has a partner agency that provides support to the residents. The services are:

4.1.1 Hopetoun House – Streetwork

4.1.2 The Pleasance – Salvation Army

4.1.3 Spring Gardens – Your Home

4.2 A range of supports are provided within RAA. These include but are not limited to:

4.2.1 Income maximisation,

4.2.2 Support to obtain ID,

4.2.3 Assistance to open a bank account,

4.2.4 Support to register and bid for housing,

4.2.5 Referrals to rehabilitation services,

4.2.6 Support to access specialist services,

4.3 Each service operates with a high tolerance no barring policies to maintain engagement with vulnerable service users. Support providers will assist re-housing officers around contact with service users to ensure their housing application is kept live, to avoid lost contact and the need for future representation.

4.4 All services ensure that rough sleepers can leave the street and stay in RAA for however long it takes to stabilise and engage with support and alternative accommodation services.

4.5 A total of 301 people have been supported across the three RAA services since they opened. This includes 212 single males, 75 single females and seven couples.

4.6 All properties have high occupancy rates ranging from 92 – 99%, with average lengths of stay ranging between 28 and 50 days. The Hopetoun RAA service is now specifically for women. This change came as a direct result from feedback from vulnerable women who highlighted female only accommodation would be a safer option; resulting in slightly lower occupancy due to holding vacancies specifically for women.

4.7 All the services have produced excellent numbers of positive outcomes for residents ranging between 60 – 70%. A positive outcome would include:

4.7.1 Move to supported or alternative temporary accommodation,

4.7.2 Accessing long term supported accommodation,

4.7.3 Move to a private rented tenancy,

4.7.4 Housing First tenancy,

4.7.5 Accessing or returning to social tenancy.

4.8 The service is currently undertaking research which includes case studies to highlight the positive impact of theses services on vulnerable people’s lives who previously did not access services.

4.9 An early example of the type of information contained in the case studies relates to a service user with additional mental health issues, with a history of offending who prior to accessing RAA had 33 temporary accommodation placements over a 3-year period and had a history of rough sleeping and challenging behaviour entered RAA in January 2019. Since then they have stabilised, have had continuous supported accommodation and is now being referred for a Housing First tenancy.

4.10 Similarly, another service user with a history of mental health and addiction issues, who had also been the victim of domestic abuse accessed RAA in December 2018.

It was established that they were sleeping rough following gatekeeping issues in their tenancy. This service user remained in RAA for 6 months and is now in a supported flat and actively seeking a sheltered housing property now they are stable.

4.11 Most service users have an active substance abuse and/or mental health issue. To further develop support services for residents who are leading a chaotic lifestyle, the Council has developed a link worker model in partnership with the Scottish Government.

4.12 The link worker will provide housing options advice and a homeless assessment for residents if required on site, rather than requiring service users to make and keep an appointment at a locality homelessness service.

4.13 This service is vital in ensuring that the Council can statutorily assess and support people with recent experience of rough sleeping who are likely to have a range of complex needs and a history of non-engagement with services.

5. Next Steps

5.1 Officers will include future provision of RAA within the Council's Rapid Rehousing Transition Plan, which is due to be presented to Committee later in 2020.

6. Financial impact

6.1 There are no direct financial implications from this update report.

7. Stakeholder/Community Impact

7.1 There is no impact on stakeholder or community impact as a result of this report.

8. Background reading/external references

8.1 None.

9. Appendices

9.1 None.