

Notice of meeting and agenda

Finance and Resources Committee

10.00am, Thursday, 29th October, 2020

Virtual Meeting - via Microsoft Teams

This is a public meeting and members of the public are welcome to watch the webcast live on the Council's website.

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 Any items under "Private Business" will not be published, although the decisions will be recorded in the minute.

Contacts

Email: rachel.gentleman@edinburgh.gov.uk / sarah.stirling@edinburgh.gov.uk

Tel: 0131 529 4107 / 0131 529 3009

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

- 4.1 Minute of the Finance and Resources Committee of 24 September 2020 - submitted for approval as a correct record 7 - 14

5. Forward Planning

- 5.1 Finance and Resources Committee Work Programme 15 - 22
- 5.2 Finance and Resources Committee Rolling Actions Log 23 - 30

6. Business Bulletin

- 6.1 Business Bulletin 31 - 34

7. Executive decisions

- 7.1 Revenue Budget 2020/23: 2020/21 month five position and framework assumptions update – Report by the Executive Director of Resources 35 - 56
- 7.2 2020-30 Capital Budget Strategy – 2020/21 Period Five Monitoring and Revised Budget Update – Report by the Executive Director of Resources 57 - 68

7.3	Resources Directorate - Revenue Budget Monitoring 2020/21 - Month Five Position – Report by the Executive Director of Resources	69 - 76
7.4	Chief Executive’s Services - Revenue Budget Monitoring 2020/21 - Month Five Position – Report by the Executive Director of Resources	77 - 80
7.5	Extension to Existing Contractor Works Framework – Report by the Executive Director of Resources	81 - 86
7.6	Award of Contract for Professional Services Framework – Report by the Executive Director of Resources	87 - 114
7.7	Workforce Dashboard – Report by the Executive Director of Resources	115 - 126
7.8	Housing Capital Works Framework Agreement 2020-2024 – Report by the Executive Director of Place	127 - 146
7.9	Telford NHT 2011 LLP: Sale of Homes to LAR Housing Trust – Report by the Executive Director of Place	147 - 156
7.10	Contract Award Recommendations in respect of ‘Receipt and Processing of Dry Mixed Recyclates’ – Report by the Executive Director of Place	157 - 164
7.11	Disposal of Bulky Waste – Report by the Executive Director of Place	165 - 168
7.12	Homelessness Services – Use of Temporary Accommodation – Report by the Executive Director for Communities and Families	169 - 178

8. Routine decisions

8.1	Annual Fraud Prevention and Detection Report – Report by the Executive Director of Resources	179 - 186
8.2	26 Cultins Road, Edinburgh – Proposed Lease Extension –	187 - 190

Report by the Executive Director of Resources

- | | | |
|------------|---|-----------|
| 8.3 | Sirius Building, Clocktower, Edinburgh – Proposed New Lease – Report by the Executive Director of Resources | 191 - 196 |
| 8.4 | Trinity Apse, Edinburgh – Proposed New Lease – Report by the Executive Director of Resources | 197 - 200 |
| 8.5 | 1st Floor, Ratho Park (Phase 3), Edinburgh – Proposed New Lease – Report by the Executive Director of Resources | 201 - 204 |

9. Motions

- 9.1** None.

10. Resolution to consider in private

- 10.1** The Committee, is requested under Section 50(A)(4) of the Local Government (Scotland) Act 1973, to exclude the public from the meeting for the following items of business on the grounds that they would involve the disclosure of exempt information as defined in Paragraphs 6 and 9 of Part 1 of Schedule 7A of the Act.

11. Private Reports

- | | | |
|-------------|---|-----------|
| 11.1 | Miscellaneous Debts – Write-Off – Report by the Executive Director of Resources | 205 - 210 |
| 11.2 | Council Commercial Property Portfolio - Update Report – Report by the Executive Director of Resources | 211 - 216 |

Laurence Rockey

Head of Strategy and Communications

Committee Members

Councillor Rob Munn (Convener), Councillor Joan Griffiths (Vice-Convener), Councillor Alasdair Rankin, Councillor Chas Booth, Councillor Graeme Bruce, Councillor Gavin

Corbett, Councillor George Gordon, Councillor Graham Hutchison, Councillor Andrew Johnston, Councillor Neil Ross and Councillor Mandy Watt

Information about the Finance and Resources Committee

The Finance and Resources Committee consists of 11 Councillors and is appointed by the City of Edinburgh Council.

Further information

If you have any questions about the agenda or meeting arrangements, please contact Rachel Gentleman, Committee Services, City of Edinburgh Council, Business Centre 2.1, Waverley Court, 4 East Market Street, Edinburgh EH8 8BG, Tel 0131 529 4107 / 0131 529 3009, email rachel.gentleman@edinburgh.gov.uk / sarah.stirling@edinburgh.gov.uk.

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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Minutes

Finance and Resources Committee

10.00am, Thursday 24 September 2020

Present:

Councillors Munn (Convener), Griffiths (Vice-Convener), Aldridge (substituting for Councillor Neil Ross), Booth, Bruce, Corbett, Dixon (substituting for Councillor Gordon, items 1 to 4), Gordon (items 5 onwards), Hutchison, Johnston, Frank Ross (substituting for Councillor Rankin) and Watt.

1. Minutes

Decision

To approve the minute of the Finance and Resources Committee of 27 August 2020 as a correct record.

2. Work Programme

The Finance and Resources Committee Work Programme as at 24 September 2020 was submitted.

Decision

To note the Work Programme.

(Reference – Work Programme 24 September 2020, submitted.)

3. Rolling Actions Log

The Finance and Resources Committee Rolling Actions Log as at 24 September 2020 was submitted.

Decision

- 1) To agree to close the following actions:
 - Action 3 – Contract Award and Procurement Programme (Period 1 July to 31 December 2019)
 - Action 4 – Marketing Edinburgh
 - Action 5(3) – Revenue Monitoring 2019/20 - Outturn Report
 - Action 6 - Treasury Management: Annual Report 2019/20
 - Action 10 - Contract Extension for Stair Cleaning Services to Domestic Properties 2016-2020
 - Action 11 – Contract Extensions for Domestic Abuse Contracts

- 2) To agree to keep Action 12 – City of Edinburgh Council and CGI IT UK Limited - Contract Proposals (B Agenda) open to clarify whether the information requested on benchmarking was available.
- 3) To otherwise note the remaining outstanding actions.
(Reference – Rolling Actions Log 24 September 2020, submitted.)

4. Revenue Budget 2020/21 – Progress Update

a) Deputation – Unison

A written deputation was presented on behalf of Unison.

The deputation raised concerns regarding the impact of the deficit for the current financial year on a reduction in overall budget and on staff and service reductions across the Council.

The deputation asked;

- For requests to be made to the Scottish Government for additional funding and financial powers for the short term.
- For steps to be taken to secure a fair grant settlement for the next year.
- For information to be provided on which Council jobs and services would be reduced due to budget constraints.

The deputation also thanked Council and Unison staff for their service.

b) Report by the Executive Director of Resources

An interim update was provided on the Council's 2020/21 revenue budget, with a particular focus on the Council's Arm's-Length External Organisations (ALEOs), pointing to a reduction of £5m in the anticipated in-year funding gap to £12.2m. Progress in developing a Scotland-wide income compensation scheme and exploring other potential financial flexibilities was also outlined.

Representatives from each of the Council's ALEOs were in attendance to answer questions.

Motion

- 1) To note the interim update on the Council's revenue budget framework, with the residual in-year funding gap reducing to £12.2m.
- 2) To note the progress in both developing a Scotland-wide income compensation scheme and exploring further financial flexibilities that may offer opportunities to manage the in-year costs of the pandemic over a longer time period.
- 3) To note the commentaries provided in respect of each of the Council's ALEOs, the combined effect of which was a loss of income, or need for additional support, to the Council for the period to March 2021 of £27m, including the confirmed loss of the Lothian Buses dividend in 2019/20.

- 4) To note the additional details provided on use of the Council's Spend to Save fund during 2019/20 and related opportunities to support a Green Recovery.
 - 5) To note that a further update, including measures to achieve in-year financial balance, would be presented to the Committee's next meeting on 29 October 2020.
- moved by Councillor Munn, seconded by Councillor Griffiths

Amendment

- 1) To note the interim update on the Council's revenue budget framework, with the residual in-year funding gap reducing to £12.2m.
 - 2) To note the progress in both developing a Scotland-wide income compensation scheme and exploring further financial flexibilities that may offer opportunities to manage the in-year costs of the pandemic over a longer time period.
 - 3) To note the commentaries provided in respect of each of the Council's ALEOS, the combined effect of which was a loss of income, or need for additional support, to the Council for the period to March 2021 of £27m, including the confirmed loss of the Lothian Buses dividend in 2019/20.
 - 4) To note the additional details provided on use of the Council's Spend to Save fund during 2019/20 and related opportunities to support a Green Recovery.
 - 5) To note that a further update, including measures to achieve in-year financial balance, would be presented to the Committee's next meeting on 29 October 2020.
 - 6) To note up to £2m in Spend to Save investment which could be available to support Green Recovery and therefore to request that officers presented costed proposals which would meet the criteria for Spend to Save within two cycles, taking into account suggestions put forward in budget motions in February 2020, the first report of the Edinburgh Climate Commission, the Sustainability programme and the Adaptation and Renewal programme update for the next Policy and Sustainability meeting on 6 October.
 - 7) To note that on 5 March 2020 this Committee approved a business case for the EICC which had included building a hotel; to further note that the business case had been predicated on international business tourism norms which prevailed at the time and that these norms were highly unlikely to apply now and in the future; therefore to refer the matter to full Council to withdraw the delegated authority granted on 12 March until such time as a revised business case had been submitted to full council for consideration.
- moved by Councillor Corbett, seconded by Councillor Booth

In accordance with Standing Order 21(12), paragraph 6 of the amendment was adjusted and accepted as an addendum to the motion.

Decision

To approve the following adjusted motion by Councillor Munn:

- 1) To note the interim update on the Council's revenue budget framework, with the residual in-year funding gap reducing to £12.2m.
- 2) To note the progress in both developing a Scotland-wide income compensation scheme and exploring further financial flexibilities that may offer opportunities to manage the in-year costs of the pandemic over a longer time period.
- 3) To note the commentaries provided in respect of each of the Council's ALEOS, the combined effect of which was a loss of income, or need for additional support, to the Council for the period to March 2021 of £27m, including the confirmed loss of the Lothian Buses dividend in 2019/20.
- 4) To note the additional details provided on use of the Council's Spend to Save fund during 2019/20 and related opportunities to support a Green Recovery.
- 5) To note that a further update, including measures to achieve in-year financial balance, would be presented to the Committee's next meeting on 29 October 2020.
- 6) To note up to £2m in Spend to Save investment which could be available to support Green Recovery and therefore to request that officers presented costed proposals which would meet the criteria for Spend to Save within two cycles, taking into account suggestions put forward in budget motions in February 2020, the first report of the Edinburgh Climate Commission, the Sustainability programme and the Adaptation and Renewal programme update for the next Policy and Sustainability meeting on 6 October.

(References – Finance and Resources Committee, 27 August 2020 (item 6); report by the Executive Director of Resources, submitted.)

5. Edinburgh Leisure – Request for Additional Funding Support, 2020/21

Approval was sought to increase the contract payments to Edinburgh Leisure in 2020/21 by up to £6m to safeguard the on-going operation of the charity and to support the safe re-opening of venues and services in line with Scottish Government guidance.

Representatives from Edinburgh Leisure were in attendance to answer questions.

Decision

- 1) To agree additional contract payments up to the value of £6m in 2020/21 to enable Edinburgh Leisure to continue to operate and re-open venues and services which contributed to the health and well-being of Edinburgh's citizens.
- 2) To agree that, subject to onward ratification by Council, the additional payment be added to the existing annual funding agreement between Edinburgh Leisure and the Council.
- 3) To agree that payments up to the approved limit be released by the Head of Finance, subject to demonstrated need through discussions at monthly monitoring meetings.

- 4) To agree to receive a further progress report at the Committee's December meeting.

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

Declaration of Interests

Councillors Bruce and Dixon declared a non-financial interest as Directors of Edinburgh Leisure.

6. Commercial and Procurement Annual Report - 2020

The Commercial and Procurement Strategy 2016-2020 was approved by Committee on 1 December 2016. An update was provided on the activity and outcomes that had been delivered through the Strategy from 1 April 2019 to 31 March 2020.

The Council's duties in terms of the Procurement Reform (Scotland) Act 2014 were discharged, to prepare an annual report on its regulated procurement activities.

Decision

- 1) To note the report.
- 2) To approve the publication of the Commercial and Procurement Annual Report 2020.

(References – Finance and Resources Committee, 1 December 2016 (item 9); report by the Executive Director of Resources, submitted.)

7. Update on the Implementation of the Construction Charter

On 16 August 2018, the Council adopted the Construction Charter Commitments which set out the expectations the Council had for those contractors who undertake construction work on the Council's behalf. The Charter comprised 8 separate commitments to promote the adoption of fair work practices, and high standards in respect of workmanship, employment status, health and safety and apprenticeship training, amongst other matters.

An update was provided on the Council's promotion of the commitments set out in the Charter.

Decision

To note the ongoing work of the Council in promoting the Construction Charter Commitments.

(References – Finance and Resources Committee, 16 August 2020 (item 19); report by the Executive Director of Resources, submitted.)

8. Workforce Dashboard – July 2020

A summary was provided of workforce metrics for the core and flexible workforce, absence, transformation/redeployment, risk, and performance, as detailed on the Finance and Resources Committee Workforce Dashboard, for the period of July 2020.

Decision

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

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

9. Award of Contract for Young Carer Services

The Carers (Scotland) Act 2016 placed new duties on Local Authorities (detailed in Section 3). Additional funding to address these duties had been made available to local authorities.

The Communities and Families Directorate and the Edinburgh Health and Social Care Partnership had worked in partnership to commission and procure a range of Carer Support Services. Whilst this had been a single procurement process, it was agreed that approval for the award of the Young Carer Support Service would be sought separately. Communities and Families wished to start the contract on 1st October 2020 whereas the Edinburgh Health and Social Care Partnership agreed to delay the start of the other new services to 1st January 2021.

Decision

- 1) To approve the award of a contract to Broomhouse t/a SPACE (lead), Edinburgh Young Carers and Capital Carers to provide Young Carer Support Services.
- 2) To note the contract duration would be for 60 months (with the possible extension of a further 36 months) from 1 October 2020.
- 3) To note the approximate maximum total value of the contract was £5,268,518 and the annual value varied throughout the term of the contract to incorporate annual increments based on the Scottish Government Funding

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

10. Contract Awards and Procurement Programme (Period 1 January to 30 June 2020)

An update was provided on the scope of contracts awarded across the Council in the period 1 January to 30 June 2020. This provided visibility of contracts awarded by officers under delegated authority, including direct contract awards not openly tendered due to specific circumstances permitted in the relevant procurement regulations and those awarded following a waiver of the Council's Contract Standing Orders. Visibility was also provided of the forthcoming procurement programme in relation to expected higher value contracts across the Council.

Decision

- 1) To note the report.
- 2) To note the contract awards made by officers under delegated authority, in accordance with the Contract Standing Orders.

- 3) To note that a further report would be submitted to the Committee in approximately six months' time.
- 4) To agree to provide further information on Waiver 2054 in Appendix 2 of the report, to confirm whether the spend had occurred and to confirm whether this had been reported to committee.
- 5) To agree to consider the practicality of reporting on which of the approved contracts listed in the report had been spent.

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

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Work Programme

Finance and Resources Committee

29 October 2020

Item	Key decisions	Frequency	Wards affected	Director and Lead Officer	Expected Date
1.	Workforce Dashboard	All F&R Committees		Executive Director of Resources Lead Officer: Katy Miller 0131 469 5522 katy.miller@edinburgh.gov.uk	All F&R Committees
2.	Revenue Monitoring – Council-wide	Quarterly Report		Executive Director of Resources Lead Officer: Hugh Dunn 0131 469 3150 hugh.dunn@edinburgh.gov.uk	January 2021
3.	Capital Monitoring – Council-wide	Quarterly Report		Executive Director of Resources Lead Officer: Hugh Dunn 0131 469 3150 hugh.dunn@edinburgh.gov.uk	January 2021
4.	Resources Directorate - Revenue Budget Monitoring	Quarterly Report		Executive Director of Resources Lead Officer: Iain Shaw 0131 469 3117 iain.shaw@edinburgh.gov.uk	January 2021

Item	Key decisions	Frequency	Wards affected	Director and Lead Officer	Expected Date
5.	Chief Executive – Revenue Budget Monitoring	Quarterly Report		Executive Director of Resources Lead Officer: Iain Shaw 0131 469 3117 iain.shaw@edinburgh.gov.uk	January 2021
6.	Miscellaneous Debts Write Off – 6 monthly operational update (B Agenda)	Six Monthly Report		Executive Director of Resources Lead Officer: Nicola Harvey 0131 469 5016 nicola.harvey@edinburgh.gov.uk	March 2021
7.	Contract Award and Procurement Programme	Six Monthly Report		Executive Director of Resources Lead Officer: Iain Strachan 0131 529 4930 iain.strachan@edinburgh.gov.uk	March 2021
8.	Change Strategy 2021/24	Annual Update Report, incorporating impacts of provisional Local Government Finance Settlement		Chief Executive and Executive Director of Resources Lead Officer: Hugh Dunn / Laurence Rockey 0131 469 3150 / 0131 469 3493 hugh.dunn@edinburgh.gov.uk / laurence.rockey@edinburgh.gov.uk	January 2021
9.	Housing Revenue Account Budget Strategy	Annual Report		Executive Director of Place Lead Officer: Elaine Scott 0131 529 2277	January 2021

Item	Key decisions	Frequency	Wards affected	Director and Lead Officer	Expected Date
				elaine.scott@edinburgh.gov.uk	
10.	Capital Budget Strategy 2020/30	Annual Update Report, incorporating impacts of provisional Local Government Finance Settlement		Executive Director of Resources Lead Officer: Hugh Dunn 0131 469 3150 hugh.dunn@edinburgh.gov.uk	January 2021
11.	Annual Fraud Prevention and Detection	Annual Report		Executive Director of Resources Lead Officer: Nicola Harvey 0131 469 5016 nicola.harvey@edinburgh.gov.uk	October 2021
12.	City of Edinburgh Council – 2019/20 Annual Audit Report to the Council and the Controller of Audit – referral by the Governance, Risk and Best Value Committee	Annual Report		Executive Director of Resources Lead Officer: Hugh Dunn 0131 469 3150 hugh.dunn@edinburgh.gov.uk	November 2020
13.	The City of Edinburgh Council Charitable Trusts – report to	Annual Report		Executive Director of Resources Lead Officer: John Aghodeaka 0131 469 5348	November 2020

Item	Key decisions	Frequency	Wards affected	Director and Lead Officer	Expected Date
	those charged with governance on the 2019/20 audit			john.aghodeaka@edinburgh.gov.uk	
14.	2019/20 Common Good Annual Performance Report	Annual Report		Executive Director of Resources Lead Officer: John Aghodeaka 0131 469 5348 john.aghodeaka@edinburgh.gov.uk	November 2020
15.	Annual Treasury Management Strategy 2019/20	Annual Report		Executive Director of Resources Lead Officer: Innes Edwards 0131 469 6291 innes.edwards@edinburgh.gov.uk	August 2021
16.	Treasury Management Mid-Term Report 2020/22	Annual Report		Executive Director of Resources Lead Officer: Innes Edwards 0131 469 6291 innes.edwards@edinburgh.gov.uk	December 2020
17.	Asset Management Works Programme	Annual Report The report is normally presented at the financial year end to update Committee on the outcome of		Executive Director of Resources Lead Officer: Peter Watton 0131 529 5962 peter.watton@edinburgh.gov.uk	May 2021

Item	Key decisions	Frequency	Wards affected	Director and Lead Officer	Expected Date
		the 12-month programme.			
18.	Health and Safety Performance	Annual Report		Executive Director of Resources Lead Officer: Nick Smith 0131 529 4377 nick.smith@edinburgh.gov.uk	March 2021
19.	Workforce Control Annual Report	Annual Report		Executive Director of Resources Lead Officer: Katy Miller 0131 469 5522 katy.miller@edinburgh.gov.uk	August 2021
20.	Commercial and Procurement Annual Report	Annual Report		Executive Director of Resources Lead Officer: Iain Strachan 0131 529 4930 iain.strachan@edinburgh.gov.uk	September 2021

Finance and Resources Committee Upcoming Reports

Appendix 1

Report Title	Directorate	Lead Officer
November 2020		
City of Edinburgh Council – 2019/20 Annual Audit Report to the Council and the Controller of Audit – referral from the Governance, Risk and Best Value Committee	Resources	Hugh Dunn
The City of Edinburgh Council Charitable Trusts	Resources	Hugh Dunn
Consultants Costs 2019/20	Resources	Hugh Dunn
Common Good Annual Performance Report	Resources	Hugh Dunn
December 2020		
Corporate Health and Safety Strategy and Plan 2020-23	Resources	Robert Allan
Treasury Management: Mid-Term Report 2020-21	Resources	Hugh Dunn
Benefit Platform Procurement	Resources	Katy Miller
Settlement of RE-FIT Savings Guarantee	Resources	Peter Watton
65 Shore, Edinburgh – Proposed New Lease	Resources	Peter Watton

Gilmore Park, Fountainbridge, Edinburgh – Proposed Substation Lease	Resources	Peter Watton
Summary Report on Property Transactions Concluded under Delegated Authority	Resources	Pater Watton
Award of Bulky Waste Contract	Place	Lesley Sugden
Haulage Extension to Waiver	Place	Lesley Sugden
Light Fleet	Place	Scott Millar
Digital Learning Offer	Communities and Families	

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Rolling Actions Log

Finance and Resources Committee

29 October 2020

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
1	01.02.19	Feedback on the Change Strategy and Budget Proposals 2018	To request that details of best practice and the methodology which sat behind the respondents to the engagement document be provided in future reports.	Chief Executive	August 2019		<p>Recommended for Closure</p> <p>Following the decision on the budget by Council, a paper will be produced which outlines how the Council intends engage with citizens on the further development and implementation of year two and three budget proposals. This paper will cover why the Council is adopting this engagement approach with good practice comparators.</p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							Additional information about the process behind each engagement method was included in the report on engagement which was considered at Full Council on 21 February 2019. A report will also be going to the Corporate, Policy and Strategy Committee seeking approval for proposals for ongoing engagement on the Council's change and budget processes. This report will provide information on best practice in this area.
2	05.03.20	Fleet Renewal Programme	To agree to circulate a briefing note to members on the impact of vehicle reduction on the mobile library service and to give	Executive Director of Place	End September 2020		

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			assurances that changes to the service would be brought back as a report to committee.				
3	27.08.20	Revenue Monitoring 2019/20 - Outturn Report	1) To agree that a comparable report to Communities and Families commentary in Appendix 3 would be come to Finance and Resources Committee detailing the Place directorates overspend	Executive Director of Place			Recommended for Closure Relevant details will be included in the month five-based revenue monitoring report to be considered by the Finance and Resources Committee on 29 October.
			2) To agree a briefing note would be circulated on training delivered	Executive Director of Place			

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			by Project Managers to permanent staff continues to develop.				
			3) To note that the report which would be submitted to the Committee to respond to the Council motion of 28 July would also include an annual review of the Spend to Save programme.	Executive Director of Resources	September 2020	September 2020	Closed on 24 September 2020 – update was included in the Revenue Budget Report.
4	27.08.20	Revenue Budget 2020/21 – Month Three Position	1) To note that updates on expenditure and income impacts, and the confirmed and	Executive Director of Resources	October 2020		Recommended for Closure Report on agenda for October committee meeting.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			potential means to address them, will continue to be reported to elected members on a regular basis, with a further update to be considered by the Finance and Resources Committee on 29 October;				
			2) To note the Convener would engage with the Cabinet Secretary for Finance in the Scottish Government regarding the Council's overall projected shortfall.	Convener			

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
5	27.08.20	2020-30 Capital Budget Strategy – 2020-21 Period 3 Monitoring and Revised Budget Update	To agree to circulate the briefing note previously circulated to Policy and Sustainability Committee on the North Bridge Refurbishment.	Executive Director of Place			
6	27.08.20	Workforce Dashboard - June 2020	To agree that a briefing note would be circulated with details on the reduced number of Trainees and Apprentices.	Executive Director of Resources/ Executive Director of Place			<u>September Update</u> Briefing is being prepared and will be circulated during September 2020
7	27.08.20	City of Edinburgh Council and CGI IT UK Limited - Contract Proposals (B Agenda)	To agree that benchmarking would be added into the community benefits (Appendix 2 of the report).	Executive Director of Resources			The committee agreed this action would remain open to clarify whether the information requested on benchmarking was available.
8	24.09.20	Revenue Budget 2020/21 – Progress Update	Notes up to £2m in Spend to Save investment which could be available to support	Executive Director of Resources	December 2020		Costed proposals will be presented to the meeting of the Finance and Resources

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			Green Recovery and therefore requests costed proposals which meet the criteria for Spend to Save, within two cycles, taking into account suggestions put forward in budget motions in February 2020, the first report of the Edinburgh Climate Commission, the Sustainability programme and the Adaptation and Renewal programme update for the next Policy and Sustainability meeting on 6 October.				Committee on 3 December.
9	24.09.20	Contract Awards and Procurement Programme (Period 1 January to 30 June 2020)	1) To agree to provide further information on Waiver 2054 in Appendix 2 of the report, to	Executive Director of Resources/Place	October 2020	October	Recommended for Closure – update provided in the Business Bulletin for October

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			confirm whether the spend had occurred and to confirm whether this had been reported to committee.				
			2) To agree to consider the practicality of reporting on which of the approved contracts listed in the report had been spent.	Executive Director of Resources	October	October	Recommended for Closure – update provided in the Business Bulletin for October



Business Bulletin

Finance and Resources Committee

10.00 a.m., Thursday, 29 October 2020

Via Microsoft Teams

Finance and Resources Committee

Convener:	Members:	Contact:
<p>Convener Councillor Rob Munn</p>  <p>Vice-Convener Councillor Joan Griffiths</p> 	<p>Councillor Chas Booth Councillor Graeme Bruce Councillor Gavin Corbett Councillor George Gordon Councillor Graham Hutchison Councillor Andrew Johnston Councillor Alasdair Rankin Councillor Neil Ross Councillor Mandy Watt</p>	<p>Rachel Gentleman Committee Services rachel.gentleman@edinburgh.gov.uk 0131 529 4107</p> <p>Sarah Stirling Committee Services sarah.stirling@edinburgh.gov.uk 0131 529 3009</p>

Recent News	Background	Contact
<p><u>Community Asset Transfers – Annual Report Update</u></p> <p>Under Section 95 of the Community Empowerment (Scotland) Act 2015, the Council must publish an annual return by 30 June, specifying certain Community Asset Transfer (CAT) activity and the steps taken to promote CAT with community bodies from 1 April 2019 to 31 March 2020. The report has been published on the Council website and can be found at: https://www.edinburgh.gov.uk/commercial-property-sale-let/community-asset-transfer/1</p> <p>The report only includes requests that have been considered by a Stage 2 panel (sustainable business case). In addition to the request formally reported, we also dealt with the following during the reporting period: 21 initial enquiries – most requests requiring research and informal meetings with potential applicants.</p> <p>Two Stage 1 panels – convened to assess expressions of interest and to allow successful requests to proceed towards Stage 2</p> <p>Eleven live cases are currently being considered, with the majority preparing their sustainable business cases for a Stage 2 panel submission</p> <p>As noted in the report, a range of activities to promote and support CAT by community bodies have been undertaken and have been well received. We continue to provide support and guidance to community groups, council officials and elected members.</p> <p>Since the end of the reporting period, there has been considerable activity, with four CAT requests being approved by Committee. These will be formally reported in next year’s submission.</p>		<p>Lindsay Glasgow, Strategic Asset Management Senior Manager,</p> <p>lindsay.glasgow@edinburgh.gov.uk</p> <p>Tel: 0131 469 3312</p>

<p>The annual review of the current Community Asset Transfer Policy confirms that as it remains in line with current legislation, there is no need for it to be amended at this time.</p>		
<p><u>Contract Awards and Procurement Programme</u></p> <p>At the September meeting of Committee officers were asked to consider the practicality of reporting on which of the approved contracts listed in the Contract Awards and Procurement Programme Report had been spent. This has now been fully explored and unfortunately found not to be practical as the Council's current financial systems do not link general ledger expenditure to specific contracts. Therefore, to report on this would require data to be extracted on a contract by contract basis. Also given that a number of the contracts listed were over a period of time, and not all are expired, it would only allow a snapshot of the spend against these to be reported.</p> <p>Finance also provide regular budget monitoring reports to the Finance and Resources Committee and other parent executive committees, and if there are any queries relating to specific contracts, or performance against budget, then they can be raised at the time of these reports, or directly with the relevant Executive Director should questions arise on specific contracts.</p>		<p>Iain Strachan, Chief Procurement Officer</p> <p>iain.strachan@edinburgh.gov.uk</p> <p>Tel: 0131 538 2232</p>

Forthcoming activities:

Finance and Resources Committee

10.00am, Thursday, 29 October 2020

Revenue Budget 2020/23: 2020/21 month five position and framework assumptions update

Executive/routine Wards Council Commitments	Executive All
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1. Recommendations

- 1.1 Members of the Finance and Resources Committee are recommended to:
 - 1.1.1 note the further reduction in the projected in-year deficit to £5.1m;
 - 1.1.2 note, nonetheless, that the expenditure and income projections set out within the report remain subject to significant uncertainty and potential variation given current events;
 - 1.1.3 note the progress in the development of an income compensation scheme and availability of potential financial flexibilities;
 - 1.1.4 note that a further update will be presented to the Committee's next meeting on 3 December;
 - 1.1.5 note the changes to future years' planning assumptions in light of the pandemic's longer-term impacts, resulting in a need to identify at least an estimated £16.1m of additional savings in 2021/22;
 - 1.1.6 refer this report to the Governance, Risk and Best Value Committee for scrutiny as part of its work programme; and
 - 1.1.7 refer this report to Council on 19 November to authorise the use in 2020/21 of up to £0.6m from the Council's earmarked reserves to meet costs associated with the independent review of the Council's whistleblowing arrangements and culture.

Stephen S. Moir

Executive Director of Resources

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

Revenue Budget 2020/23: 2020/21 month five position and framework assumptions update

2. Executive Summary

- 2.1 The report provides a further update on the estimated expenditure and income impacts of the COVID-19 pandemic for the Council and its Arm's-Length External Organisations (ALEOs) during 2020/21, alongside offsetting sources of confirmed or anticipated funding. This analysis indicates a reduction in the residual gap from £12.2m to £5.1m since the previous report considered by the Finance and Resources Committee on 24 September as comprised below:

Additional net expenditure pressures:	£m	£m
Estimated COVID-19 specific expenditure and income (including risk contingency)		85.0
Net residual pressures/anticipated shortfalls in savings delivery		1.7
		86.7
Available funding:		
Assumed COVID-19 related funding	(30.9)	
2020/21 budget - unallocated additional monies	(4.8)	
Use of earmarked reserves	(20.1)	
Further timing-related and corporate savings	(23.1)	
Anticipated reductions in expenditure	(2.7)	
	(81.6)	
Remaining shortfall		5.1

- 2.2 An update is also provided on both the development of a Scotland-wide income compensation scheme for application in 2020/21 and the availability of financial “flexibilities” that would spread the in-year financial impacts over a longer period.
- 2.3 While further, more detailed reports will be presented as the budget process develops and greater certainty is obtained concerning the longer-term impacts of the pandemic, an overview of potential changes to existing planning assumptions is also set out.

3. Background

- 3.1 On 24 September 2020, members of the Committee considered an update on the Council's 2020/21 revenue budget, indicating a remaining £12.2m shortfall between net cost pressures across the Council and its ALEOs and confirmed or anticipated sources of funding. These net pressures are, in turn, attributable to the impact of the on-going COVID-19 pandemic upon the Council and its ALEOs' activity, reflecting both additional expenditure requirements and, in particular, reductions in income.
- 3.2 In approving the report's recommendations, members noted the progress in developing a Scotland-wide income compensation scheme and exploring further financial flexibilities that may offer opportunities to manage the in-year costs of the pandemic over a longer time period. This report provides an update in each of these areas, along with other potential measures to achieve in-year financial balance.
- 3.3 While, given the scale and immediacy of the in-year financial impacts, the report's primary focus is on the 2020/21 position, an update is also provided on the impact of COVID-related and other changes on the Council's medium-term financial framework, signalling a likely need to identify significant additional savings to maintain a balanced position.

4. Main report

Changes in net COVID-related expenditure pressures – Council

- 4.1 As in previous months' reports, **Appendix 1** sets out the principal estimated expenditure and income impacts of the pandemic on the Council's budget. In overall terms, this analysis shows a slight increase of £0.9m (to £56.5m) on the position reported to the Committee's previous meeting on 24 September, with explanations provided for material movements in the intervening period.
- 4.2 This modest headline movement comprises a number of discrete changes, namely:
- (i) an increase of £3.6m in the anticipated expenditure pressure in respect of **homelessness services** (discussed further in Paragraph 4.4);
 - (ii) reductions in the provision for in-year losses of **Council Tax** income, based on collection rates, planned recovery action and detailed analysis of buoyancy trends as of the mid-year, of £2.5m;
 - (iii) further savings in **energy costs**, based on detailed analysis of invoices received and planned facility re-opening, of £0.5m; and
 - (iv) **various other changes**, the net effect of which is to increase estimated expenditure by £0.3m.
- 4.3 As recent weeks' events have shown, the position remains fluid, with on-going restrictions and/or the potential for further local and national lockdowns between October 2020 and March 2021. While a number of the projections in Appendix 1 include explicit allowance for continuing disruption to service provision, a general

risk contingency of £3m has also been incorporated within the overall forecast. This reflects, for example, the potential for further reductions in parking income¹ should additional restrictions be imposed. Depending upon the scale of these restrictions, however, there is a risk that this contingency may be insufficient.

Homelessness services

- 4.4 A report elsewhere on today's agenda sets out the financial impact of the Council's requirement to secure additional temporary accommodation to meet public health objectives and manage a lack of throughput into all forms of settled accommodation in fulfilling its statutory duties to homeless people. A combination of the need to provide additional accommodation for those rough-sleeping, those with no recourse to public funds and a lack of move-on or settled accommodation has resulted in a projected required increase of 193,000 bed-nights compared to 2019/20, resulting in an increased in-year budget pressure of £9.3m.

Changes in net COVID-related expenditure pressures – ALEOs

- 4.5 The revenue budget update report considered at the Committee's previous meeting on 24 September provided a detailed update on the impact of the pandemic on the financial standing of the Council's ALEOs. The report set out total anticipated impacts in the period to March 2021 of £27m, comprising the loss of successive years' Lothian Buses dividend (£12m), assumed additional support (Edinburgh Leisure) and unpaid invoices (Edinburgh Trams), each of £6m, and a £3m general contingency to reflect remaining uncertainty over the period from October to March, in particular the potential for further required financial support in the event of further local or national lockdowns.
- 4.6 On 13 October, Transport Scotland confirmed the provision of an additional £2m of support for Edinburgh Trams to cover costs incurred in running loss-making services for essential and key workers at some 20% of capacity due to social distancing and much-reduced demand. When added to previously-announced funding support, up to £6m has now been made available to cover the period from July to December (with similar arrangements in place for Lothian Buses), with discussions continuing concerning required financial assistance during the remainder of the year. Given confirmation of this funding, the £3m general contingency in this area has been reduced to £1.5m, resulting in a revised estimated overall impact across the Council's ALEOs of £25.5m.

Approved savings/management of residual pressures

- 4.7 Executive Directors continue to develop relevant implementation plans to deliver the savings measures required to mitigate residual pressures and savings shortfalls within their respective service areas. A balanced (or better) overall position continues to be projected for non-COVID related activity within both the

¹ By means of illustration, at the height of the lockdown in April and May, weekly parking income was some £0.6m below budgeted levels. Despite some subsequent recovery, the last five weeks' actual income levels show a continuing weekly shortfall against budget of around £130,000.

Communities and Families and Resources Directorates, with detailed commentary on the latter included elsewhere on today's agenda.

- 4.8 The Executive Director of Place has also continued to consider options to reduce the level of residual pressure within the Directorate, informed by weekly discussion with Finance colleagues at the Senior Management Team. The 2020/21 budget management strategy which was agreed and is currently being implemented by the Place Senior Management Team has given full consideration to legacy and new budget pressures as well as the in-year savings requirement. Over the short- to medium-term, concerted action is required to address underlying budgetary issues in a sustainable way. This, in turn, will be informed by a comprehensive mid-year review of the service budget, the findings of which will be known in mid-November.
- 4.9 In the interim, a number of mitigating measures have been identified, allowing the overall forecast service overspend to be reduced from £3.020m to £1.7m. This favourable movement reflects an updated assessment of approved savings delivery, identification of additional measures to mitigate carried-forward pressures, receipt of external funding² and savings arising from reduced-scale external events. The Executive Director of Place will consider additional actions to reduce the level of projected overspend further.
- 4.10 Of the £34.9m of approved savings across the Council, some 81% are currently anticipated to be delivered (i.e. rated as green or amber) as shown in Appendix 2. In cases of projected non-delivery, around 40% (£2.7m) of the overall shortfall is attributable to the impacts of the pandemic, particularly those savings linked to the generation of additional income for services that remain, or have been, suspended. This overall projected shortfall in delivery is reflected in the service outturns above and thus does not add to the overall in-year savings requirement.

Confirmed or anticipated funding and additional savings

- 4.11 Senior Finance staff have continued to examine all opportunities to close the residual gap through examination of corporate budgets and reserves. Coupled with the actions outlined in the preceding sections, total mitigations and additional funding show an overall increase of £8.2m from that reported to the Committee on 24 September as comprised below:

Savings element	£m
Further savings in loans charges based on updated in-year levels of capital programme slippage	3.0
Use of service reserves	0.5
Other reductions in required corporate provision	2.0
In-year staff savings resulting from targeted VERA exercise	1.0
Identification of further pressure-mitigating measures in Place Directorate	1.7
	8.2

² A successful application was made to the Performing Arts Venues Relief Fund, resulting in the receipt of £0.240m for the cost of staff returning from furlough and wider audience engagement activity.

- 4.12 Pending clarification on eligibility and associated conditions, no specific changes have been made at this stage in respect of recently-announced employee cost support schemes, an update on which is provided in the following sections.

Job Support Scheme

- 4.13 Following earlier confirmation that the current Coronavirus Job Retention Scheme (CJRS) would be phased out by 31 October 2020, on 24 September the Chancellor of the Exchequer announced the introduction of a Job Support Scheme (JSS) for six months from 1 November. The new scheme is intended to protect viable jobs in businesses likely to face reduced demand over the winter months due to the impacts of the pandemic.
- 4.14 For the first three months of the scheme's operation (i.e. from November to January), in order to qualify for support, employees must work at least a third of their normal hours. In this scenario, the employer would pay for the 33% of hours worked, with the burden of the remaining hours not worked then split equally (i.e. 22% each) amongst the employer, the employee (through a wage reduction) and the UK Government (through wage support). This ensures that all qualifying employees will receive at least 77% of their normal wages, subject to the capping of the UK Government contribution at £698 per month (or a maximum of 22% of an employee's wages, compared to 80% in the early months of the CJRS). It is the UK Government's expectation that employers will not top up employees' wages at their own expense.
- 4.15 While further guidance is awaited, given both the scheme's eligibility criteria and associated conditions of support, it is not anticipated that the Council will be able to access additional funding for currently-furloughed employees. Assessment of the scheme's potential applicability to the Council's ALEOs is continuing, although at this stage is expected to be limited in nature. An updated projection for CJRS support anticipated by the end of October (increasing this sum by £0.1m) has, however, been reflected in this report.

Financial flexibilities

- 4.16 Members will be aware from previous updates that Council officers, through COSLA, have been working closely with the Scottish Government to explore a range of potential financial "flexibilities", to be used as appropriate to individual authorities' own circumstances, that would have the effect of spreading the cost impacts of the pandemic over a longer period. COSLA Leaders subsequently agreed to progress, jointly with the Scottish Government, an approach to the UK Government on four specific flexibilities as follows:
- (i) **allowing General Capital Grant (GCG) to fund revenue expenditure.** Given the four-month shutdown of the construction sector, flexibility equal to a third of GCG funding in 2020/21 i.e. £156m was sought;
 - (ii) **spreading, in accounting terms, the principal element of the unitary charge within PPP contracts over the expected useful life of the asset rather than the (shorter) contract period,** with a potential in-year saving,

as well as a larger one-off retrospective saving as a result of higher payments made in previous years;

- (iii) **permitting, as an exceptional measure, local authorities to take a one-year loans fund repayment “holiday”**, with the sum deferred to be paid over the shorter of the remaining period of the loans fund advance or twenty years; and
- (iv) **permitting capital receipts received in 2020/21 and 2021/22 to be used to meet COVID-related costs**. Given the pandemic’s impact on asset sales, however, this measure, in isolation, was only estimated to provide modest additional flexibility.

4.17 While, in the Scottish Government’s assessment, devolved financial arrangements meant that only the first-mentioned flexibility required explicit UK Treasury approval, the Cabinet Secretary for Finance’s letter to the Chancellor of the Exchequer set out all four requested flexibilities with a view to confirming that there would be no detriment to the Scottish Budget.

4.18 On 8 October, the Cabinet Secretary for Finance formally advised COSLA’s Resources Spokesperson that a response had been received from the Chief Secretary to the Treasury. This letter, as anticipated, did not raise any specific concerns on the permissibility of three of the four measures. In the case of the use of General Capital Grant to fund revenue expenditure, however, the initial response from the Chief Secretary to the Treasury does not permit this flexibility and, while discussions are continuing, this cannot be progressed at this time.

4.19 Of the four measures outlined, three are therefore able to be applied at this stage, with a potential Scotland-wide increase in revenue spending power estimated to be up to £600m over 2020/21 and 2021/22. The “value” of the measures at council-specific level, however, needs to take account of local circumstances and current payment profiles, as well as adhering to all relevant statutory regulations.

4.20 More fundamentally, it is important to note that these flexibilities, while welcome in confronting some of the immediate challenge, are essentially timing-related and do not represent additional funding, rather they merely defer the costs over a longer timeframe, reinforcing the need for service transformation and prioritisation.

4.21 Analysis of the potential applicability of these three flexibilities to the Council’s own circumstances is continuing. At this stage, however, given an existing funding shortfall of around £250m across the period of the current ten-year capital programme, application of capital receipts to fund revenue expenditure would serve only to exacerbate this position and is not supported. Similarly, deferring repayment of loans fund principal may not be consistent with changes to the Council’s Loans Fund advance repayment periods previously agreed as part of the 2020/23 revenue budget.

4.22 As such, the second-mentioned flexibility is considered to have the greatest potential relevance to the Council’s circumstances, with any benefit likely to be incorporated in discussions around the 2021/24 budget process. The issues involved are complex and specific to individual contracts, however, and specialist

advice is therefore being sought. Members will be kept apprised of this modelling work as it progresses.

Income compensation scheme

- 4.23 The Cabinet Secretary's announcement also confirmed broad agreement to a set of principles developed by COSLA concerning the operation of an income compensation scheme to recognise the impact on councils, whether directly or through ALEOs, of lost sales, fees and charges income. In contrast to previous COVID-related distributions, however, the quantum available, currently estimated at £90m, will likely be distributed amongst authorities on the basis of their respective lost income submissions.
- 4.24 Given this break from established precedent, these submissions are being peer-reviewed by a working group of Directors of Finance, with a particular emphasis on the consistency of assumptions adopted by authorities and verification of actual losses, with a view to providing indicative funding allocations as soon as possible. While the current overall revenue monitoring projection for 2020/21 already assumes a needs-based share in line with previous general COVID-based distributions, it is hoped that the Council's actual allocation will reflect the particular income impacts the pandemic has hastened and thus provide additional funding to address the remaining funding gap. At this stage, the principles of the scheme are due to be considered by COSLA Leaders at the end of October, with indicative allocations provided by mid-November and a further update will therefore be provided in the report to be considered by the Finance and Resources Committee on 3 December.

Other funding

- 4.25 On 20 October, the Scottish Government confirmed additional Scotland-wide funding of £6.95m to allow provision of free school meals over the Christmas/New Year and February breaks, as well as retrospective application to the October half-term holiday. A further £20m has also been made available from sums originally earmarked for additional Scottish Welfare Fund (SWF) payments but, in light of actual take-up not now assessed to be required for that purpose, to support those individuals at financial risk over the winter period. While distribution of these sums remains to be confirmed, in each case there is assumed to be a corresponding additional expenditure liability and thus no impact on the overall funding gap.

Edinburgh Integration Joint Board (EIJB)

- 4.26 As of Period 5 and based on the current assessment of approved savings delivery, an overspend of up to £6.1m for Council-delegated services is forecast, comprising an underlying overspend of £2.7m³ and £3.4m of additional Living Wage-related costs, funding options for which remain to be confirmed. Work is continuing to

³ The projected overall overspend comprises pressures in purchasing (£3.8m) and income (£2.5m), offset in part by a £1.6m forecast underspend in employee costs. Following confirmation on 29 September 2020 of further Scottish Government financial support for Health and Social Care Partnerships, corresponding funding of £1.9m has now been received in recognition of these income losses. Further compensation is anticipated by the year-end if currently-projected shortfalls persist.

differentiate the costs of “core” service provision from those of the one-off, or recurring, aspects of the pandemic response, however, and as such, this makes the underlying position more difficult to discern.

- 4.27 Work also continues to refine and evidence the cost estimates contained within the Edinburgh Health and Social Care Partnership’s Local Mobilisation Plan (LMP), with total funding of £29.4m confirmed to date for the four HSCPs covering the NHS Lothian region. Officers are, however, aware that the content of LMPs varies according to the specific services delegated to the Partnerships with, for example, homelessness-related expenditure included in some cases. Given that the significant equivalent liabilities within Edinburgh (noted at Paragraph 4.4 above) are falling to be met through more generic funding streams, this unintended inconsistency will be discussed, through COSLA, with the Scottish Government with a view to determining whether additional funding might be made available in this area.

Overall position

- 4.28 Taking into account the changes outlined in the preceding sections, the overall projected shortfall reflects a significant improvement from that reported to the Finance and Resources Committee on 24 September, reducing by £7.1m to £5.1m as detailed in **Appendices 4 and 5**. This sum does not, however, include any net cost associated with schools re-opening (currently anticipated to be contained within the overall level of additional, or redirected, funding provided but only for the period to the end of December) or the EIJB. It also assumes full mitigation of current services pressures within the Place Directorate.
- 4.29 Current modelling suggest each month’s further lockdown would cost of the order of £10m per month. Greater insight into the precise cost impacts of service resumption will also continue to be obtained as the detail of the Council’s recovery plan and, in particular, the Service Operations work programme, becomes clearer. More generally, while the expenditure and income impacts in the preceding sections are best-estimates and incorporate an element of contingency for both the Council and its ALEOs, there are clearly downside risks should the city’s recovery be slower than assumed (or further restrictions imposed) and a number of variant scenarios are therefore also being considered.

Further actions required to achieve financial balance

- 4.30 As noted in the preceding paragraphs, there is the potential for additional funding relative to current assumptions to be received in respect of the income compensation scheme and officers will similarly liaise, through COSLA, with the Scottish Government on potential further funding for homelessness services, given its inclusion with the Mobilisation Plans for some HSCPs.
- 4.31 Further modelling work will also take place around the agreed financial “flexibilities” and their potential applicability to the Council.
- 4.32 Given the risk of further service restrictions, however, further actions are required to ensure that cost savings resulting from delayed or reduced reinstatement of

services, including savings in agency and overtime expenditure, are ringfenced to be offset against residual pressures.

Council Motion on Whistleblowing and Culture

- 4.33 On 15 October, members of Council agreed that, following the earlier establishment of a fully independent review into certain specific matters, a further independent assessment of the Council's culture would be undertaken.
- 4.34 At this stage, it is estimated that associated legal and other costs of these assessments may be of the order of £0.6m in 2020/21. In the absence of a balanced budget, a corresponding funding source requires to be identified and it is therefore proposed that this expenditure be met from the Council's earmarked reserves. Subject to Committee's agreement, this report will be referred to Council for ratification of the use of these reserves.

Costs of employee release

- 4.35 At the meeting of Council on 15 October, members agreed to release funding of up to £14.8m from the Workforce Transformation reserve to facilitate a targeted programme of Voluntary Early Release Arrangements (VERA) for senior managers. Progress updates on the number of applications received and approved, alongside the associated cost, payback and remaining available fund balance, will be reported to members of the Committee over the coming months.

Implications of pandemic for future years of the budget framework

- 4.36 Members of the Committee will recall that in approving the Council's revenue budget for 2020/21, indicative balanced budgets were also set for the following two years. While it is anticipated that the most severe impacts of the pandemic will be felt in 2020/21, a review has been undertaken of underlying planning assumptions and previously-approved savings to determine where changes may be required, with the principal changes involved noted in **Appendix 6**, along with a summary of other financial planning assumptions. **Appendix 7** provides detail of the proposed level of additional provision for residual pressures and undelivered current- and future-year savings.
- 4.37 Taken together, these reviews point to a need to identify further savings of at least £16.1m in 2021/22, with an additional £5.6m now required in 2022/23. While later years' figures are by definition subject to greater variation, at this stage it is estimated that a further £83m of savings will be required over the following three years.
- 4.38 Following the cancellation of the Chancellor's Autumn Budget due to the pandemic, it has now been confirmed that the UK Spending Review will cover only one year. Confirmation of the Scottish Draft Budget, similarly covering one year, may as a consequence be delayed until January 2021.
- 4.39 Given the unprecedented nature of recent months' events, longer-term forecasting is particularly challenging. Most commentators expect inflation and interest rates to remain at low levels at least into the medium term. Wider public expenditure trends are, however, much more difficult to predict given the uncertainty over the duration

of the pandemic, availability of a vaccine, the effectiveness of lockdown restrictions and wider fiscal policy at both Scottish and UK level. Non-Domestic Rates revenues, a key element of the overall funding of Local Government, may also take some time to recover given continuing disruption and the impact on business viability, with a knock-on impact of the overall quantum of funding contained within the Local Government Finance Settlement.

- 4.40 As such, while Appendices 6 and 7 set out baseline assumptions which, in general terms, are similar to those of other authorities in Scotland, scenario planning is likely to be required to respond to continuing uncertainty. Further updates will be provided as the budget process progresses.

5. Next Steps

- 5.1 The cost and income impacts of the coronavirus pandemic will continue to be actively tracked and refined as additional clarity is received on the timing and nature of relaxation of current restrictions. These estimates will be shared with COSLA and form part of liaison and negotiation with the Scottish and UK Governments around the provision of corresponding funding or, more likely, any further financial flexibilities.
- 5.2 Executive Directors have brought forward measures to offset savings delivery shortfalls and residual service pressures, with only a £1.7m residual pressure now remaining in Place.
- 5.3 While a broad routemap for the recovery phase has been set out by the Scottish Government, the speed and nature of this process (including the potential for further lockdowns) remains, by its nature, unclear. A slower recovery is, however, likely to add further to the funding gap due to continuing income losses for a range of Council services and, in particular, its ALEOs.

6. Financial impact

- 6.1 The report notes a number of significant expenditure pressures, both in respect of Council services and impacts on the activities of the Council's ALEOs. While a number of potential funding sources and other measures have been identified to address, at least in part, these shortfalls, it is likely that the affordability of the wider budget framework will require to be re-assessed, including the impacts of COVID-19 on the Council's capital investment programme. A further report on this latter aspect will be brought to the next meeting of the Committee.
- 6.2 Initial analysis of the underpinning assumptions and savings approved for delivery as part of the 2021/22 and 2022/23 revenue budget indicates a number of measures, delivery of which may now require to be reassessed.
- 6.3 These sums have the potential to increase further should in-year pressures and shortfalls in savings delivery not be managed on a sustainable basis in future years. In addition, due to the wider economic outlook and consequent increase in public expenditure and reduction in taxation revenues, there may be implications for future years' revenue funding settlements.

7. Stakeholder/Community Impact

- 7.1 The scale and coverage of the impacts linked to the pandemic will require extensive and continuing engagement with key stakeholders as the city enters the recovery phase.

8. Background reading/external references

- 8.1 [Finance Update](#), Edinburgh Integration Joint Board, 27 October 2020
- 8.2 [Revenue Budget 2020/21 – progress update](#), Finance and Resources Committee, 24 September 2020
- 8.3 [Edinburgh Leisure – Request for Additional Funding Support, 2020/21](#), Finance and Resources Committee, 24 September 2020
- 8.4 [Revenue Budget 2020/21 – period three position](#), Finance and Resources Committee, 27 August 2020
- 8.5 [Revenue Monitoring 2019/20 – outturn report](#), Finance and Resources Committee, 27 August 2020
- 8.6 [Finance Update](#), Edinburgh Integration Joint Board, 24 August 2020
- 8.7 [Fair Work and the Living Wage in Adult Social Care](#), Edinburgh Integration Joint Board, 24 August 2020
- 8.8 [Revenue Budget 2020/21 Update](#), Policy and Sustainability Committee, 23 July 2020
- 8.9 [Revenue Budget 2020/21 Update](#), Policy and Sustainability Committee, 25 June 2020
- 8.10 [Revenue Budget 2020/21 Update](#), Policy and Sustainability Committee, 28 May 2020

9. Appendices

- 9.1 Principal additional expenditure and reduced income impacts of COVID-19 pandemic – Council
- 9.2 Month five assessment of approved savings delivery
- 9.3 External funding confirmed to date excluding non-Health and Social Care services and schools re-opening
- 9.4 Revenue Budget Update, 2020/21 - estimated position (detailed)
- 9.5 Revenue Budget Update, 2020/21 - estimated position (summarised)
- 9.6 Revised baseline savings requirements, taking account of on-going COVID impacts, 2021/22 to 2025/26
- 9.7 Proposed provision for carried-forward undelivered savings/on-going pressures – 2021/22

Principal additional expenditure and reduced income impacts of COVID-19 pandemic - Council

Appendix 1

These estimates do not include costs associated with the Health and Social Care Mobilisation Plan, nor those directly linked to schools re-opening, commentary on which is contained within the main report.

Service Area	Impact	Estimate	Increase/	Revised
		F&R 24 Sept	(decrease)	estimate
		£m	£m	£m
Increases in expenditure				
Homelessness Services	Additional temporary accommodation costs required to observe social distancing. It is now anticipated that a combination of the provision of additional accommodation for those rough sleeping, those with no recourse to public funds and a wider lack of move-on or settled accommodation will result in an in-year pressure of £9.3m; additional detail is provided elsewhere on today's agenda.	5.715	3.600	9.315
School meals/community food advice and distribution	Cost represents payment for children eligible for free school meals which, following the receipt of additional ringfenced Scottish Government funding, was in place until mid-August. Remaining sum includes provision for income support measures and food distribution to vulnerable and/or at-risk groups (including those self-isolating as part of the Test and Protect scheme), ringfenced funding for which was also secured until the end of September.	3.240	0.000	3.240
Waste and Cleansing	Additional refuse collection vehicles, fuel, external contractors, PPE, etc. Projection also reflects agency staffing and overtime expenditure linked to the reopening of Community Recycling Centres and for providing wider absence cover, as well as a reduction in income from sale of recyclates, based on depressed state of market.	1.448	(0.029)	1.419
Children's Services	Including additional agency, locum and overtime to cover internal staff absences; additional costs from external providers and/or need to identify alternative accommodation if children need to isolate; costs of additional placements due to illness and self-isolation; and emergency respite for children with disabilities. Projections are based on actual additional costs in Young People's Centres and Secure Units.	1.195	0.000	1.195
Resources - Customer	Represents additional staffing (including overtime) for benefit claim and business grants processing and vulnerable/shielding support customer contact.	0.644	0.047	0.691
Public conveniences	Limited, phased reopening in areas of high footfall, especially in parks and at the seafront, as approved by the Policy and Sustainability Committee on 9 July. Projection now reflects additional costs of full-year opening as outlined in report to Policy and Sustainability Committee on 6 October.	0.144	0.104	0.248
Street lighting	Increased energy and prudential borrowing costs due to delay in roll-out of LED programme.	0.231	0.000	0.231
Additional security costs	Council Resilience Centres, Homelessness Accommodation and Temporary Mortuary	0.150	0.000	0.150
Temporary mortuary hire	Including provision for additional direct staffing	0.110	0.000	0.110
Other incident-related costs	Including ICT, PPE and Registrar's Service staffing, payment to Volunteer Edinburgh and food packages until the end of June for shielded groups not eligible for support through the Food Fund.	2.399	0.100	2.499
Total increases in expenditure - Council (excluding Health and Social Care)		15.276	3.822	19.098
Reductions in income				
Parking Income - on-street	Loss of income from on-street car parking due to the suspension of city-wide parking charges, based on parking charge and enforcement reinstatement wef 22 June but with continuing shortfalls in income for most of the rest of the year due to reduced space availability and/or demand. While recent weeks' figures have generally shown continuing steady improvement in income levels, the projection remains unchanged at this time pending confirmation of demand over the medium term.	11.674	0.000	11.674
Rental income - Council-owned properties	Increased risk of non-recovery of rental income due to economic downturn, partly linked to reduced tourism. Due to the likelihood of subsequent tenant insolvency and delays in re-letting, an 80% rental loss is assumed in each of the first three quarters. A detailed update on the current position, including proposed actions, is included on the B agenda for this meeting. While these proposals may reduce the level of in-year loss, the position remains subject to considerable uncertainty, particularly given the possibility of tighter restrictions and the consequent impact on trade.	9.000	0.000	9.000
Place (various)	Net loss of income - including pest control and scientific services, tables and chairs permits, cruise liner berthing fees and museum and galleries donations, admissions and rents based on expected periods of closure/service unavailability.	2.293	0.056	2.349
Housing Property Services	Estimated reduction in sums chargeable to the Housing Revenue Account, reflecting revised assessment and impact of mitigating actions identified thus far.	3.235	(0.896)	2.339
Roads	Reduction in staff salaries chargeable to the Capital Programme.	1.820	0.241	2.061
Parking Income - enforcement	Enforcement and bus lane cameras Penalty Charge Notice reductions	2.013	0.000	2.013
Council Tax (collection rate)	The year-on-year collection rate as of the end of September is some 1.3% lower than in 2019/20, although collection rates in the city are seeing much smaller reductions than in many other Scottish authorities. Through a combination of planned recovery action and anticipated income in respect of 2020/21 to be received in subsequent years, the level of potential bad debt provision has been reduced by £1.25m, although the adequacy of this revised sum will be kept under review.	3.100	(1.250)	1.850
Outdoor Centres	Loss of fees and charges income, now extended to the period to end of March 2021. It has been confirmed that these sums are not recoverable from insurance.	1.361	0.390	1.751
Cultural venues	Loss of income - sales, rentals, admissions and rents. Increased projection reflects one month's further assumed shutdown in November.	1.552	0.158	1.710
Parking - residents' and other permits	Loss of income for residents', retailers', business and trade permit schemes and associated non-enforcement	1.675	0.000	1.675
Planning and building standards	Reduction in planning applications submitted due to construction shutdown	1.483	0.020	1.503
Parks and Greenspace	Losses of income including for events, trading stances, park leases, rechargeable tree works, nursery sales, timber sales and Edinburgh Leisure recharge. Increase reflects full assumed cancellation of events through to September.	0.996	0.000	0.996
Other Catering	Loss of income from closure of staff restaurants and coffee shops and cancellation of external events and internal catering, net of savings in food and drink, other supplies and services and agency and overtime costs. Projection updated based on position as of mid-October.	0.521	0.142	0.663
Communities and Families (other)	Loss of income from adult education classes, libraries fees and charges, sports clubs and external funding	0.633	0.000	0.633
Community Access to Schools	Increase is due to updated expectations of re-opening timescales and associated levels of lost income.	0.335	0.250	0.585
Licensing	Refunds/extensions for all licences, including cab, liquor and HMO (NB these costs are expressed net of assumed contributions from earmarked reserves).	0.442	0.000	0.442
Public transport	Loss of bus station income due to reduced departures, etc. While the figure shown reflects a revised assessment of income lost, enforced delays to the replacement of the Bus Station Information System and Real Time Passenger Information signage may give rise to additional costs in the current year.	0.420	0.000	0.420

Service Area	Impact	Estimate	Increase/	Revised
		F&R 24 Sept	(decrease)	estimate
		£m	£m	£m
Council Tax (base)	Reduction in Council Tax buoyancy due to temporary cessation of construction activities and subsequent economic slowdown. In common with the in-year collection rate, detailed analysis of the Council Tax base as of September 2020 shows a lower loss of buoyancy than had initially been anticipated, with the forecast amended accordingly.	1.550	(1.250)	0.300
Refunds/discounts for cancelled services - garden waste	Costs of extending current-year permits by further five weeks - updated assessment	0.075	0.075	0.150
Total reductions in income - Council (excluding Health and Social Care)		44.178	(2.064)	42.114
Savings in expenditure				
Non-Domestic Rates	Savings relative to budget framework provision following effective freezing of NDR poundage for 2020/21 and entitlement to full relief for hospitality, retail and leisure properties	(2.375)	0.000	(2.375)
Energy	Savings in gas, electricity and water costs across corporate building estate based on indicative analysis by Energy Management Unit. The projection has been updated based on analysis of invoices received until the end of August, with the potential for further savings in water charges. Greater certainty should be obtained as the year progresses.	(1.283)	(0.527)	(1.810)
Libraries	Reductions in agency and overtime expenditure and savings from vacant posts, assuming six libraries operational from October and remainder open from January.	(0.200)	(0.300)	(0.500)
Total savings in expenditure (excluding Health and Social Care)		(3.858)	(0.827)	(4.685)
Total net additional costs		55.596	0.931	56.527
Notes				

1. Potential Early Years pressures of around £3.5m (primarily representing compensation for lost fee income for partner providers) are assumed to be funded from redirected 1,140 hours expansion monies and/or provider staff costs met through the Coronavirus Job Retention Scheme.

Revenue budget, 2020/21 - month five assessment of approved savings delivery

PD Project design problem
MC Material change in circumstance

Change Proposal Name	Approved Savings		Assessment				Notes	
	Department	£m	1.Green £m	2.Amber £m	3.Red £m	4.Black £m		PD/MC
Heritage Language	C&F	0.021	0.021					
Scottish Government Framework for Electricity and Gas	C&F	0.060		0.060				Work is on-going between with Commercial and Procurement Services to ensure the saving can be delivered as initially intended.
Early Years (restructure of staffing)	C&F	0.600	0.600					Anticipated delays due to COVID have not transpired and full delivery is now anticipated.
Edinburgh Leisure Service Payment	C&F	0.500	0.500					
Police Funded Officers	C&F	1.600	1.600					
Quality Improvement Officers	C&F	0.120	0.120					
School Efficiencies (DSM)	C&F	1.200		1.200				DSM budgets have been reduced; schools' ability to manage the DSM reduction to be assessed as the year progresses.
5% average increase in discretionary fees and charges	C&F	0.246		0.062		0.184	MC	COVID impact on income generation
Library books - return to original library	C&F	0.100	0.026			0.074	PD	Finance assessment is that £0.026m is deliverable with a pressure of £0.074m in 2020/21. This will increase by a further £0.1m in 2021/22 when the balance is applied. The ability to re-design the service as initially intended has not materialised following further detailed analysis.
Night Noise team	C&F	0.100				0.100	PD/MC	This saving was part of wider organisational change between the Communities and Families and Place directorates which has been unable to conclude due to the impact of COVID-19 on staffing. It is intended that this will be considered as part of wider changes within the Council however it is unlikely this saving will be achieved in 2020/21.
Strategy and Communications Workforce Savings	Chief Executive's Service	0.100	0.100					
Borrowing Costs	Corporate	4.000	4.000					
Procurement	Corporate	0.100	0.100					Planned reduction in gainshare payments
Council Tax (4.79% increase)	Corporate	5.100	5.100					
LOBO Efficiency	Corporate	0.600	0.600					
Loans Fund Review	Corporate	10.000	10.000					
Council Company Dividends	Corporate	0.250	0.250					
EDI Dividend (net)	Corporate	-1.047	-1.047					
Improving management of Procurement and Contracts	Corporate	0.100	0.100					
5% average increase in discretionary fees and charges	Council-wide	0.050	0.050					
Efficiencies Programme	Council-wide	2.000				2.000	PD/MC	
Optimal workforce efficiency - agency/overtime	Council-wide	0.250				0.250	PD/MC	
Pay-related allowances	Council-wide	0.200				0.200	PD/MC	
Water Coolers - remove stand-alone coolers	Council-wide	0.055				0.055	PD/MC	
Review of car parking costs - WC, West End, Old Town Travel Lodge	Council-wide	0.050				0.050	PD/MC	
Travel and Mileage (review)	Council-wide	0.200				0.200	PD/MC	
Mobile phones - reduce spec and volume of devices	Council-wide	0.050				0.050	PD/MC	
Income Maximisation	Council-wide	0.500				0.500	PD/MC	
Auto renewal of registrations and permits (including garden waste)	Council-wide	0.100				0.100	PD/MC	
Chief Officers and Senior/Middle Management Review	Council-wide	0.513		0.398	0.115		MC	
Place - Income Generation (including Statutory Consents, Parking Action Plan Phase 2, Culture Services and Business and Development Services)	Place	0.665	0.110			0.555	MC	COVID-19 and its wider impacts are currently affecting the Council's ability to realise the income which was anticipated when this budget was set.
Place - Workforce Savings (including New Ways of Working, Business and Development Services and Scientific Services)	Place	0.670	0.420		0.045	0.205	MC	The changes proposed have been impacted by COVID-19. The Council now intends to take time to consider its future structure and these changes will feed in to this process and/or will be progressed as part of organisational change activities.
Place - Third Party Reductions (including Economic Development and Joint Waste)	Place	0.825	0.340			0.485	PD/MC	The Economic Development (now Business Growth and Inclusion) service will deliver £340k (88%) of the saving in 2020/21 with the remaining £160k planned for delivery in 2021/22. For the joint waste saving, the impact of COVID-19 has led to changing market conditions in the sale of recyclates which are expected to impact on the achievement of the saving in 2020/21.
Area-Based Regeneration	Place	0.500				0.500	PD/MC	Delivery of the saving is predicated on maximising capitalisation and contributions from partners, grants and new income streams. The scope to do this has been affected by COVID.
Marketing Edinburgh	Place	0.490	0.490					This full saving has been achieved, with a reduction in grant funding for Marketing and Film.
Transport Reform	Place	0.400		0.400			MC	As reported to the Policy and Sustainability Committee on 9 July 2020 a preferred approach to Transport Arm's Length company reform has been identified and engagement with key stakeholders is underway. The options for realising this saving in 2020/21 and on a sustainable basis thereafter are currently being assessed.
5% average increase in discretionary fees and charges	Place	0.958	0.400			0.558	MC	COVID-19 and its wider impacts are currently impacting on the Council's ability to realise the income.
CGI - further contract efficiencies	Resources	0.600	0.600					
Advertising Income	Resources	0.300				0.300	MC	Dependency on approval of change in Council policy
Other efficiencies - ICT/CGI Partnership	Resources	0.150	0.150					
Digital delivery	Resources	0.250	0.250					
Edinburgh Shared Repairs - Management Resource & Income Generation	Resources	0.190	0.048	0.047		0.095	MC	COVID impact on income generation
5% average increase in discretionary fees and charges	Resources	0.246	0.058	0.188				COVID impact on income generation
Facilities Management	Resources	0.500		0.500				
Resources Directorate Workforce Savings	Resources	0.408	0.408					
		34.870	25.792	2.572	0.045	6.461		

* offset by reductions in loan charges arising from slippage on the Capital Investment Programme.

74.0% 7.4% 0.1% 18.5%

Basis of assessment:

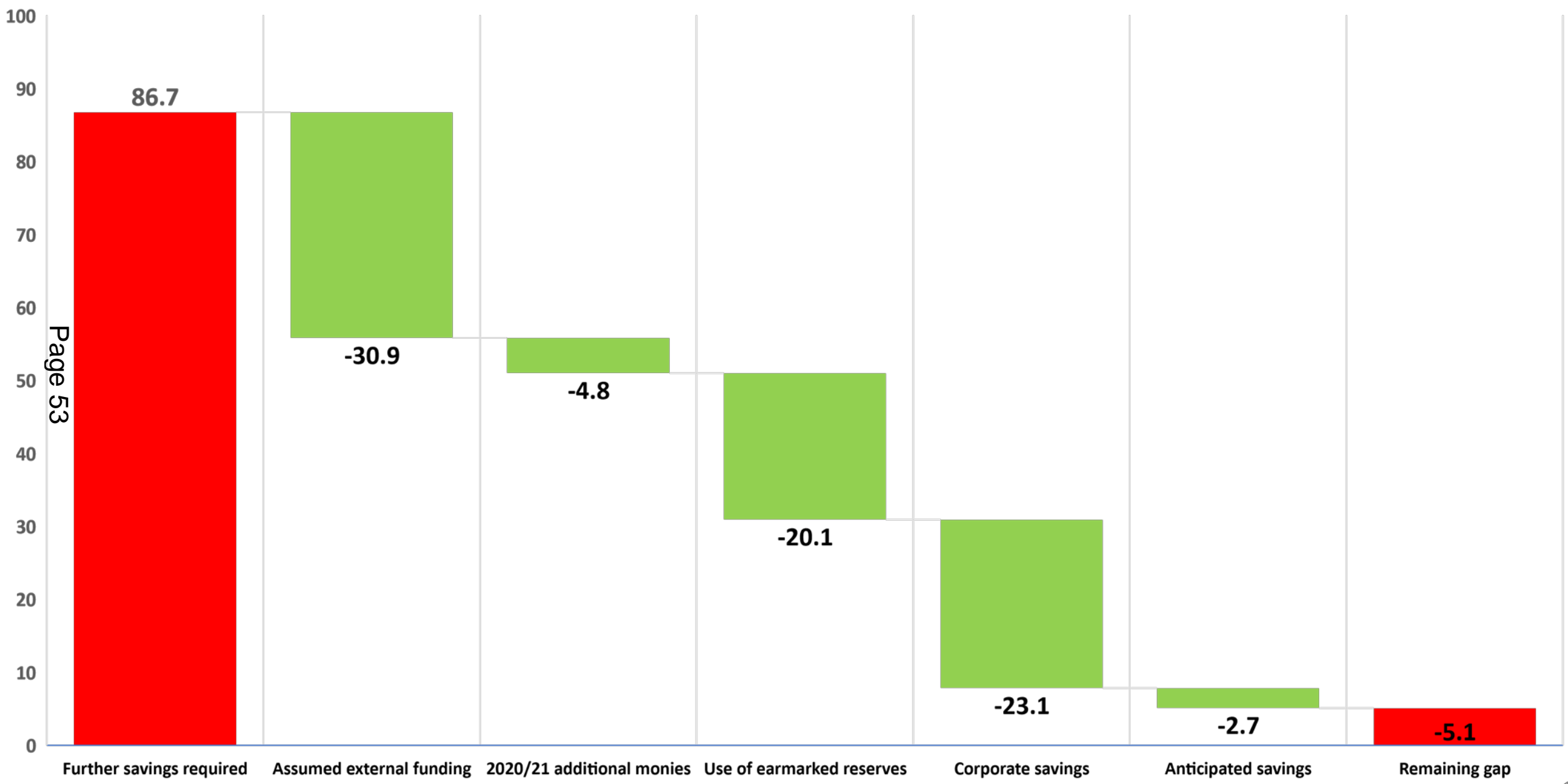
1. Effective	The savings project has been adequately designed and is operating effectively, providing assurance that risks are being effectively managed and the approved saving / action to mitigate the identified pressure should be achieved. There is a high degree of confidence that the saving will be achieved.
2. Some Improvement Required	While some weaknesses have been identified in the savings project, there is reasonable assurance that risks are being managed and that the approved saving / action to mitigate the identified pressure should be achieved.
3. Significant Improvement Required	Significant weaknesses were identified in the savings project. Consequently, only limited assurance can be provided that the approved saving / action to mitigate the identified pressure should be achieved.
4. Inadequate or material change in circumstances	The design of the savings project is inadequate or there has been a material change in circumstances, resulting in substantial risk that the approved saving / action to mitigate the identified budget pressures will not be achieved.

	<i>Purpose and uses of fund</i>	Scotland-wide funding allocation £m	Edinburgh's allocation (where confirmed) £m	Notes
Confirmed funding sources - Council-specific				
Hardship Fund	Barnett Consequentials of initial UK announcement to contribute to local authorities' own local resilience, support and hardship plans; non-ringfenced, no associated reporting and to be deployed as councils see fit.	50	3.910	This initial sum of funding was allocated with reference to councils' respective shares of Grant Aided Expenditure (GAE) plus Special Islands Needs Allowance (SINA), the most widely-used composite indicator of relative need, with Edinburgh's share being 7.82%.
Scottish Welfare Fund (SWF)	Top-up of existing 2020/21 allocation to allow payment of additional Community Grants and Crisis Grants to those in immediate need, more than doubling the current level of the fund across Scotland; also includes sums to reflect relaxation of existing criteria to support those in "gig economy".	45	1.531	Only £22m of the Scotland-wide funding has been allocated to date, based on the current SIMD-related methodology. In light of actual SWF take-up, it has subsequently been confirmed that of the remaining £23m, £3m will now be used to allow payment of additional Discretionary Housing Payments and £20m to address future need to support those individuals at financial risk. The distribution bases of these latter allocations remain to be confirmed. The Scottish Government has also confirmed additional funding of £6.95m to allow for continuing provision of free school meals during the October, Christmas/New Year and February breaks.
Further assistance (May)	£155m of Barnett Consequentials resulting from further UK announcement to contribute to local authorities' own local resilience, support and hardship plans; non-ringfenced, no associated reporting and to be deployed as councils see fit. £0.6m has also been made available to meet the costs of additional registration service staffing over weekends.	156	12.179	As with the Hardship Fund above, this sum was allocated based on respective shares of GAE plus SINA. Funding for the registration service has been allocated on the basis of the (population-derived) Registration of Births, Deaths and Marriages GAE distribution, with Edinburgh's share being 9.5%.
Further assistance (July)	£49m of further Barnett Consequentials to be passed on in full to local government following the announcement of £785m of unallocated funding for the Scottish Government's COVID response. A further sum, currently estimated at £90m, will be provided for an income compensation scheme recognising the financial impact on councils of lost sales, fees and charges.	139	3.832	Following agreement by COSLA Leaders to use respective shares of GAE plus SINA as the basis of distribution, Edinburgh's confirmed allocation of the £49m of general support is £3.832m. A set of guiding principles has provisionally been agreed for distribution of the £90m for the income compensation scheme based on actual losses as reported in each council area, subject to a process of peer review and moderation.
Total		390	21.452	
Confirmed funding sources to which councils will have part access				
Increased eligibility for Social Security Benefits and Council Tax Reduction Scheme	Supplementary funding to meet an anticipated increase in applications for the existing Council Tax Reduction Scheme (CTRS) and Scottish Social Security Benefits	50	2.430	Additional CTRS-related support of £25m has now been confirmed, with Edinburgh's resulting allocation being £2.430m. The level of required support will be kept under review by the Scottish Government and additional resources provided as/if appropriate.
Discretionary Housing Payments	Additional support provided for tenants financially affected by COVID to sustain their tenancies	5	0.960	The Council's allocation was confirmed in June 2020. As noted in the context of the Scottish Welfare Fund above, a further £3m is to be made available, the distribution for which remains to be confirmed.

Food Fund	Support to organisations in the public, private and voluntary sectors to address issues of food insecurity, especially for older people, and families who may not be able to rely on free school meals.	98	3.240	Initial allocations to local authorities for £30m of the fund (£15m for continuity in each of (i) FSM payments and (ii) food for vulnerable groups) were announced in April, with Edinburgh's share being £1.651m. Additional Scotland-wide funding of £12.6m was then provided to allow continuing free school meal payments until 10 August, along with a further £15m to support food distribution for more vulnerable groups, including those self-isolating as part of the Test and Protect scheme, until the end of September. Edinburgh's allocation from this £27.6m of combined funding was £1.589m.
Coronavirus Job Retention Scheme (CJRS)	The CJRS is a furlough scheme introduced in response to the coronavirus pandemic. It provides grants to employers to pay 80% of a staff wage each month, up to a total of £2,500 per person per month. Subsequent to its launch, the scheme has been extended but with reducing levels of support from August and will close on 31 October 2020.	n/a	0.600	On 10 June, the Council applied to HMRC to furlough some 430 staff roles in areas meeting the principal requirements of the CJRS. The staff for whom furloughing support has been sought are employed across the areas of outdoor education, corporate catering and the Council's cultural venues. The employees' participation is subject to on-going review. Accessing the scheme provides access to estimated furlough income of £600,000 between June and, at the latest, October 2020, with claims now submitted for months up to and including September.
Total Welfare and Well-Being Fund, additional Barnett Consequentials and other sums		542	28.682	NB Scottish Welfare Fund and DHP allocations predicated on the provision to claimants of additional support of similar amount.
Funds primarily benefiting other sectors but administered by councils				
Business Grants, Bed and Breakfast Hardship Fund and Newly Self-Employed Hardship Fund	Targeted grants intended to help protect jobs, prevent business closure and promote economic recovery. These complement other measures in place to support business, including the CJRS.	1,010	105.000	The sums shown now reflect actual take-up, with the majority of the overall Business Support budget of £1.256 billion understood to have been spent.
NDR relief	100% relief in 2020/21 for retail, hospitality and tourism-based businesses	1,047	1.875	It is anticipated that a number of Council properties will be eligible for relief and a saving of £1.875m is therefore now being assumed in this area.
Freezing of effective NDR poundage	Relief provided such that poundage maintained at 2019/20 levels	50	0.500	Freezing of the effective poundage rate delivers a £0.5m saving to the Council relative to budget framework assumptions.

NB Separate funding is being provided for health and social care mobilisation and schools re-opening, details of which are provided in the main report.

Additional net expenditure pressures	Full-year £m
Estimated COVID-19-specific expenditure and income (per Appendix 1)	56.527
Risk contingency	3.000 Non-specific allowance to reflect potential impacts of continuing and/or further restrictions between October 2020 and March 2021, including further losses of parking income.
Approved savings/management of residual pressures - anticipated shortfall in delivery	1.700 Figure assumes balanced position in both Communities and Families and Resources, with £1.7m of as-yet unmitigated pressures within Place Directorate
Residual pressures	
ALEO support (including risk contingency)	25.500 Position shows decrease of £1.5m since report to Finance and Resources Committee on 24 September 2020, reflecting confirmed financial support for Edinburgh Trams until end of December.
	86.727
Confirmed funding and savings:	
Confirmed COVID-19 related funding (per Appendix 3)	(23.761) NB Funding for Scottish Welfare Fund, Council Tax Reduction Scheme and Discretionary Housing Payments is assumed to be offset by corresponding expenditure.
2020/21 budget - unallocated additional monies	(4.830) Of the additional funding of £7.43m provided as part of the Scottish Budget's Stage One consideration, a £2m contribution to the EIJB was approved by Council on 30 June, up to £0.422m for Marketing Edinburgh by the Finance and Resources Committee in March and £0.178m part-year funding for Communities and Families grant recipients at the Policy and Sustainability Committee on 28 May.
Use of earmarked reserves	(20.062) Comprising funds for specific investment (£5.9m), risk management contingency (£4m), Council Tax Reduction Scheme (£3m), dilapidations (£2.5m), Workforce Management (£1.5m), Transformation Fund (£1.35m), Unallocated General Fund (former-CSIF element) (£0.9m), contribution from service reserves (£0.5m) and Council Priorities Fund (£0.4m).
Further timing-related and corporate savings	(23.100) Comprising treasury management-related and re-aligned capital programme loans charge savings (£5.5m), Q4 2019/20 improvement in service outturns (£3m), slippage in backlog R&M programme (£3m), Council Tax - increases in base (£3m), VERA/VR in-year provision - assumption that liabilities met fully from reserves (£2.5m), LDP revenue budget (£1.5m), Loans Fund Review - slippage in first year's additional related roads/infrastructure expenditure (£1m), ICT contract extension (£0.95m), past service pension costs - reductions in expected required in-year level of provision (£0.65m) and other net corporate savings (£2m).
	(71.753)
Anticipated further funding:	
UK Government announcements of additional investment in England, 2 July and 23 July - income compensation scheme element (estimated at £90m).	(7.038) Based on an allocation of these sums in line with that applied to previous unringfenced funding, the Council's share would be £7.038m. Given the intention for the quantum to be distributed according to actual losses, however, on the basis of Edinburgh's disproportionate reliance on income, a higher allocation would be expected, particularly if ALEOs are included.
UK Government Budget Statement, 8 July - Coronavirus Job Retention Scheme "bonus"	(0.150) Submission of any claim will be subject to consideration by elected members.
Anticipated reductions in expenditure:	
Full mitigation of residual pressures within Place	(1.700) As of Period 5, an overall Directorate overspend of £1.7m is forecast. The Executive Director of Place has, however, committed to identifying options to mitigate this residual pressure in full.
VERA	(1.000) Estimated part-year effect of savings from staff release (with related severance costs met from Workforce Transformation Reserve).
	(9.888)
Remaining shortfall	5.085



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Revised baseline savings requirements, taking account of on-going COVID impacts, 2021/22 to 2025/26

	2021/22	2022/23	2023/24	2024/25	2025/26
	£m	£m	£m	£m	£m
Unfavourable changes to current planning assumptions:					
Continuing loss of Lothian Buses dividend	6.0	0.0	0.0	0.0	0.0
Continuing loss of other income (including parking and property rentals)	3.0	(2.0)	0.0	0.0	0.0
Carry-forward into 2021/22 of savings not delivered/on-going pressures (see Appendix 7)	10.0	0.0	0.0	0.0	0.0
Updated deliverability assessment of 2021/22 and 2022/23 savings (see Appendix 7)	5.0	5.0	0.0	0.0	0.0
Recurring increase in homelessness costs	10.0	0.0	0.0	0.0	0.0
Recurring increases in PPE costs	1.0	0.0	0.0	0.0	0.0
Recurring increase in net provision for ALEOs	3.0	0.0	0.0	0.0	0.0
Other pressures (various)	5.0	0.0	(1.0)	0.0	0.0
Favourable changes to current planning assumptions:					
Reassessment of required inflation-linked uplift for non-pay costs	(1.0)	(0.5)	0.0	0.0	0.0
Council Tax - changes in base/assumed collection levels	(5.5)	0.0	0.0	0.0	0.0
Loans charges - additional savings based on net slippage in 2020/21 of £180m (in addition to £4m already within framework; 2021/22 only)	(6.0)	6.0	0.0	0.0	0.0
ICT contract extension savings	(1.0)	0.0	0.0	0.0	0.0
Unallocated funding within 2020/21 budget, net of corporate adjustments	(4.8)	0.0	0.0	0.0	0.0
Reduced short-term funding for asset life reprofiling (roads and infrastructure; 2021/22 only)	(1.0)	1.0	0.0	0.0	0.0
Past service pension costs - incremental reductions in liability	(0.5)	(0.3)	(0.2)	0.0	0.0
Savings from staff release (in addition to those already assumed in budget framework)	(7.2)	(3.7)	0.0	0.0	0.0
Estimated in-year savings requirement (for years beyond current period of budget framework)			27.0	28.0	29.0
Net additional savings requirement	16.1	5.6	25.8	28.0	29.0

Key budget planning assumptions:	2021/22	2022/23	2023/24	2024/25	2025/26
Pay awards	3%	3%	3%	3%	3%
EIJB savings target	c. 2.2%	c. 2.2%	TBC	TBC	TBC
General Revenue and NDR Funding year-on-year change	-0.7%	-0.7%	-0.7%	-0.7%	-0.7%
Council Tax increase	4.79%	4.79%	3%	3%	3%
Fees and charges increase	5%	5%	5%	5%	5%

While there is clearly considerable uncertainty in any projection, these latter assumptions are broadly in line with those of other councils, although there is a risk, in particular, that core grant funding reductions may be more severe due to wider economic conditions, availability of funding "flexibilities" such as those announced on 8 October and continuation of, or changes to, the 85% per capita funding policy.

Other baseline assumptions:

- No specific allowance, at this stage, for potential post-COVID recurring demand increases other than in homelessness and where additional actions are urgently required to manage demand more cost-effectively;
- Continuation of levels of parking income as of the end of August (i.e. around 10% below budgeted levels);
- Reduced provision for inflationary uplifts, based on applicable rate for PPP and ICT contracts;
- Full management of residual EIJB gap in 2021/22 and future years;
- No additional investment for Housing First from October 2021 (full-year cost £2m) – expected to be contained within overall increase in resources provided;
- Additional funding in respect of EIJB support (£2m) and Communities and Families grants (full-year cost up to £0.6m) assumed to be for 2020/21 only, the latter to be contained within existing resources going forward;
- No specific additional funding to support priorities of tackling poverty and promoting sustainability; and
- Risks around additional expenditure pressures and income shortfalls resulting from continuing restrictions and/or lockdown.

Proposed provision for carried-forward undelivered savings/on-going pressures - 2021/22 and 2022/23

- The 2020/21 Month 5 revenue monitoring indicates projected non-COVID pressures of £17m.
- £10m of the £17m pressures have been identified as at particular risk of recurring in 2021/22 and thus provided for within the budget framework but with an expectation that these be managed down significantly over the medium term.
- All pressures therefore need to be reviewed and mitigation plans developed wherever possible.

Approved saving/residual pressure	Service area	2021/22 corresponding framework investment
		£m
Efficiencies Programme	Council-wide	2.000
Place - residual budget gap	Place	1.857
Property and Facilities Management	Resources	1.688
Waste Services	Place	0.626
Transport Review	Place	0.520
Schools Non-Devolved Costs	Communities and Families	0.500
Income maximisation	Council-wide	0.500
Development and Business Services Operating Model	Place	0.450
Fleet	Place	0.444
Parks and Greenspace	Place	0.432
Joint Waste	Place	0.325
Advertising income	Resources	0.300
Pay-related allowances	Council-wide	0.200
Others		0.129
Total		9.971

Deliverability assessment of previously-approved savings for implementation in 2021/22 and 2022/23

Those savings assessed at particular risk of delivery at this time include:

	2021/22	2022/23
	£m	£m
Edinburgh Leisure Service Payment	0.500	0.500
Review relationship with Edinburgh Leisure	0.500	0.000
Efficiencies programme	2.050	2.050
Income generation	0.500	0.500
Redesign approach to our assets	0.500	1.500
	4.050	4.550

with a contingency included for partial delivery of other approved savings.

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Finance and Resources Committee

10.00am, Thursday, 29 October 2020

2020-30 Capital Budget Strategy – 2020/21 Period Five Monitoring and Revised Budget Update

Executive/routine Wards Council Commitments	Executive All
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1. Recommendations

- 1.1 To note the Capital monitoring position for the General Fund and Housing Revenue Account (HRA) at month five 2020-21;
- 1.2 To refer the report to the Governance, Risk and Best Value Committee as part of its work programme.

Stephen S. Moir

Executive Director of Resources

Contact: Liam MacDonald, Senior Accountant,

Finance Division, Resources Directorate

E-mail: Liam.MacDonald@edinburgh.gov.uk | Tel: 0131 469 3174

2020-30 Capital Budget Strategy – 2020/21 Period Five Monitoring and Revised Budget Update

2. Executive Summary

- 2.1 The report provides capital expenditure and funding forecasts for 2020/21, providing explanations for variances.
- 2.2 At month five, the General Fund is projecting capital expenditure of £275.169m and capital income of £109.142m, resulting in a net requirement of £166.027m in loans fund advances. This is £3.872m lower than the revised budget update provided in period three due to updated cashflows across the programme.
- 2.3 At month five, the Housing Revenue Account (HRA) is projecting capital expenditure of £56.050m and capital income of £32.509m, resulting in a net requirement of £23.541m in loans fund advances. New build construction, external works and common area projects have been able to recommence. Internal improvement works will be phased in gradually to take account of safe working practices.
- 2.4 The extent of the impact from COVID-19 is likely to differ between programmes and projects and it is still too early to understand the full cost to the Council.

3. Background

- 3.1 The initial Capital Budget Strategy 2020-2030 was reported to Finance and Resources Committee on 10 October 2019 and approved on 20 February 2020 as part of the budget process.
- 3.2 It was subsequently consolidated with other key strategies into the Council's Capital Strategy which was approved by Council on 12 March 2020. This strategy set out for expenditure of £2,324.800m to 2029/30. While the programme was affordable in the short to medium term, there remained £154.600m which was unfunded and would require the Council to find additional revenue savings or additional funding in future years or lead to projects having to be removed from the capital investment programme or delayed.

- 3.3 Since the setting of the budget, COVID-19 and the measures put in place to protect citizens have created significant financial and logistical challenges and it will no longer be possible to deliver projects within the timescales and budgets previously envisaged. Following guidance from Scottish Ministers, all construction sites were closed and are now re-opening in accordance with the [Coronavirus \(COVID 19\): construction sector guidance](#) six phase plan. This has required changes to working practices to protect both construction workers and the public at large.
- 3.4 A report was considered by Policy and Sustainability Committee on 25 June 2020 which addressed the potential impact COVID-19 would have on the 2020-30 Capital Budget. This report showed that it was difficult to estimate the full impact on the programme until market intelligence, such as tender returns, is available.
- 3.5 A further report was considered by Finance and Resources Committee on 27 August 2020 which provided an update on the 25 June 2020 report and detailed capital spend to period three in 2020/21 and the interim budget position for 2020/21. At month three, the General Fund was projecting capital expenditure of £284.019m and capital income of £107.991m, resulting in a net requirement of £176.028m in loans fund advances. The HRA was projecting capital expenditure of £56.969m and capital income of £33.033m, resulting in a net requirement of £23.936m in loans fund advances.
- 3.6 The period three monitoring also showed the re-phased interim 2020/21 general fund budget position based on cash flows and slippage. The net slippage position at that point from the approved budget was £171.184m. Similarly, the HRA showed an overall reduction in capital expenditure of £39.499m (40.9%), largely due to COVID-19 lockdown.
- 3.7 This report provides detailed capital spend to period five in 2020/21, the interim budget position for 2020/21 and the updated forecast out-turn position for the 2020/21 financial year.

4. Main report

2020/21 Capital Monitoring – Period Five

General Fund

- 4.1 The period five monitoring shows general fund expenditure of £77.354m. A breakdown by directorate is provided in Appendix 1.
- 4.2 Within Communities and Families, there has been capital expenditure of £12.475m as at period five. Expenditure relates primarily to projects which were well underway prior to COVID-19 lockdown;
- Meadowbank £4.704m;
 - Broomhill Primary School £1.676m;
 - Castlebrae High School £1.118m;

- Victoria Primary School £0.965m;
- St Crispin's Primary School £0.783m;
- Maybury Primary School £0.657m;
- Canaan Lane Primary School £0.482m; and
- Trinity Academy Phase One £0.308m.

4.3 Within Place, there has been capital expenditure of £49.021m as at period five. Expenditure relates primarily to;

- Millerhill Recycling and Energy Recovery Centre (RERC) Capital Contribution £36.900m (including £7.380m share funded by Midlothian Council);
- Energy Efficiency Street Lighting Programme £2.387m;
- North Bridge Refurbishment £1.561m;
- Development Funding Projects £1.253m;
- Carriageways and Footways Improvements £1.137m;
- Cycle Projects £0.912m; and
- Bridge Strengthening Projects £0.500m.

4.4 Within Place – Trams to Newhaven, there has been capital expenditure of £11.477m as at period five.

4.5 Within Resources - Asset Management Works, there has been capital expenditure of £4.325m as at period five across various projects as work restarts following the COVID-19 lockdown.

Housing Revenue Account

4.6 The period five monitoring shows HRA capital expenditure of £6.936m for the year to date across various programmes and workstreams relating to new builds and improvements to existing homes. The budget for 2020/21 has been revised from the initial approved budget of £96.468m to £56.969m, an overall reduction in capital expenditure of £39.499m (40.9%), largely due to the impact of site closures in the earlier phases of COVID-19 lockdown although new build construction and external works have been able to recommence, internal improvement works will be phased in gradually to take account of safe working practices.

4.7 The revised forecast on new homes development is £0.919m lower than the period three estimate to reflect updated cashflows across the existing programme but demonstrates that we are progressing with design, development and pre-construction work across the HRA capital programme.

4.8 Within Housing Property, capital works are currently split into three phases, phase one: return of all external works where appropriate, phase two: return of all common area projects where appropriate and phase three: return of internal works such as kitchens and bathrooms, heating systems, etc. We are currently in phase two and

planning that phase three will only return into the new calendar year. The move to phase three will be subject to change based on Government advice and tenant feedback.

- 4.9 The period five monitoring shows HRA capital income of £1.719m for the year to date, primarily from Scottish Government grant for the Craigmillar Town Centre development and disposals through the Acquisitions and Disposals Programme. The budget for 2020/21 has been revised from the initial approved budget of £73.122m to £33.033m, an overall reduction in capital income of £40.089m (54.8%). This subsequently slipped further to £32.509m, primarily due to the slippage of Edinburgh Living capital receipts which are referenced in paragraph 4.15 from a General Fund on-lending perspective.
- 4.10 This results in a projected net requirement of £23.936m in loans fund advance, increased from an originally approved £23.346m. A breakdown by programme is provided in Appendix 2.

Capital Budget Strategy 2020-2030 – 2020/21 Revised Budget

General Fund

- 4.11 The 2020-30 Capital Budget Strategy for the general fund approved by Council in February 2020 was based on an interim budget which estimated slippage and acceleration as reported at period eight 2019/20. The revised 2020-30 Capital Budget Strategy has been adjusted to reflect actual provisional out-turn slippage and acceleration as reported to Policy and Sustainability Committee on 25 June and this is shown in Appendix 3.
- 4.12 The programme has also been realigned and re-phased to ensure that individual project cash flows reflect the most up to date projections. Project managers have considered risks such as COVID-19, adverse weather and other uncontrollable factors that can impact on delivery. This year has been more challenging than ever with the COVID-19 impacts difficult to forecast accurately until market tenders are completed.
- 4.13 The period five monitoring which can be seen in Appendix 1, shows the re-phased interim 2020/21 budget position based on cash flows and slippage. The latest net slippage position from the approved budget is £170.794m. However, due to continued uncertainty this doesn't reflect any COVID-19 uplift in-year. A further update on the COVID-19 assumptions and the impact it has on the Capital Budget Strategy will be provided as part of the wider budget setting process.
- 4.14 Members should note that where funding has not been approved or is uncertain, then projects are not included in the 2020-30 Capital Budget. This includes projects funded by capital receipts, grants or contributions which are yet to be secured.
- 4.15 General Fund lending for housing for mid-rent has also been revised to reflect the latest programme with £23.465m assumed on-lending for Edinburgh Living homes at North Sighthill and Craigmillar and the Shrubhill National Housing Trust (NHT) payment of £4.718m due in February 2020 is now forecast in 2020-21 financial

year. The budget impact is neutral as borrowing is delayed to match the revised expenditure profiles.

- 4.16 The cost of delivering the Tram to Newhaven project is still projected to remain within the £207.3m budget approved by the Council in April 2019. Measures on site have been implemented to partially mitigate the anticipated delays to the programme resulting from COVID 19 and additional works required to the sewer on Constitution Street and Baltic Street. The latest cashflow profile has been factored into Appendix 1.
- 4.17 A further report will be brought to Committee in December 2020 detailing the Capital Budget Strategy as part of the wider budget setting process. This report will provide an update following a wider review of the COVID-19 pressures, accounting for the sustainability agenda and reviewing prioritisation of projects within the programme to fund additional pressures which are currently estimated at an additional c. £87m across the remaining nine years of the programme.

Housing Revenue Account

- 4.18 The HRA Business Plan is reviewed annually; including the 10-year investment strategy and five-year capital programme. This year's review is considering the impacts of COVID-19 on the cost and delivery of investment in existing and new homes. A breakdown of the Revised 2020/21 HRA Capital Budget by project and workstream is included in Appendix 4.
- 4.19 COVID-19 has had an impact on the programmed delivery of new housing which was under construction at the start of the pandemic. The biggest impact has been on Pennywell due to the scale of the project with construction taking place concurrently on a number of sites.
- 4.20 The programme for investment in Council homes and estates has been reviewed with contractors and external groundworks and works to external and common areas of blocks are re-commencing. This year's budget has been reduced accordingly and profiled into future years.
- 4.21 An update on the HRA strategy and policy framework will be reported to Housing, Homelessness and Fair Work Committee in November 2020 with further budget updates reported to Finance Resources Committee in January 2021.

5. Next Steps

- 5.1 This report will be referred to Governance, Risk and Best Value committee to consider as part of its programme of work.
- 5.2 The Capital Budget Strategy will be updated in Winter 2020 along with the Revenue Budget Framework.
- 5.3 Finance staff will continue work with project and programme managers to monitor capital budgets.

- 5.4 Further reports will be presented to Finance and Resource Committee at period eight and finally at period 12 showing the out-turn position against the revised 2020-21 capital budget.

6. Financial impact

- 6.1 The 2020/21 general fund period three forecast outlines loans fund advances of £166.027m. The overall loan charges associated with this over a 30-year period would be a principal amount of £166.027m, interest and expenses of £141.059m, resulting in a total cost of £307.086m based on a loans fund interest rate of 4.39%. The average annual cost would be £10.236m for 30 years.
- 6.2 The 2020/21 HRA period three forecast outlines loans fund advances of £23.541m. The overall loans charges associated with this over a 30-year period would be a principal amount of £23.541m, interest of £20.001m, resulting in a total cost of £43.542m based on a loans fund rate of 4.39%. The average annual cost would be £1.451m for 30 years.
- 6.3 Borrowing required is carried out in line with the Council's approved Treasury Management Strategy.
- 6.4 The loan charge costs outlined above will be met from the general fund and HRA revenue budgets for loan charges.

7. Stakeholder/Community Impact

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

8. Background reading/external references

- 8.1 [Edinburgh Tram – York Place to Newhaven Final Business Case](#), The City of Edinburgh Council, 14 March 2019
- 8.2 [Capital Budget Strategy 2020-30](#), Finance and Resources Committee, 10 October 2019
- 8.3 [Capital Budget Strategy 2020-30](#), The City of Edinburgh Council, 20 February 2020
- 8.4 [Housing Revenue Account Budget Strategy \(2020-2030\)](#), The City of Edinburgh Council, 20 February 2020
- 8.5 [Capital Strategy 2020-30 – Annual Report](#), The City of Edinburgh Council, 12 March 2020

- 8.6 [Capital Budget Update - 2019/20 Provisional Outturn and 2020/21 COVID-19 Forecast](#), Policy and Sustainability Committee, 25 June 2020
- 8.7 [2020-30 Capital Budget Strategy – 2020/21 Period 3 Monitoring and Revised Budget Update](#), Finance and Resources Committee, 27 August 2020

9. Appendices

Appendix 1 – 2020/21 Capital Monitoring Period Five – General Fund

Appendix 2 – 2020/21 Capital Monitoring Period Five – HRA

Appendix 3 – 2020/21 Interim Capital Budget (Incorporating provisional out-turn slippage from 2019/20)

Appendix 4 – 2020/21 Revised Capital Budget – HRA

Appendix 1 - 2020/21 Capital Monitoring

General Fund Summary

Period Five

Expenditure	Approved Budget	Adjustments	Interim Budget	Actual to Date	Projected Outturn	Provisional Variance	
	£000	£000	£000	£000	£000	£000	%
Communities and Families	99,246	(33,939)	65,307	12,475	65,307	-	0.00%
Edinburgh Integration Joint Board	-	284	284	-	284	-	0.00%
Place	192,495	(84,655)	107,840	49,021	106,701	(1,139)	-1.06%
Place - Lending	43,913	(12,584)	31,329	-	28,184	(3,145)	-10.04%
Place - Tram York Place to Newhaven	74,939	(15,291)	59,648	11,477	55,418	(4,230)	-7.09%
Contingency	4,242	-	4,242	-	4,242	-	0.00%
Resources - Asset Management Works	30,000	(21,242)	8,758	4,325	13,400	4,642	53.00%
Resources - Other	5,000	(3,367)	1,633	56	1,633	-	0.00%
Total Gross Expenditure	449,835	(170,794)	279,041	77,354	275,169	(3,872)	-1.39%

Funding	Approved Budget	Adjustments	Revised Budget	Actual to Date	Projected Outturn	Provisional Variance	
	£000	£000	£000	£000	£000	£000	%
<i>Capital Receipts</i>							
General Asset Sales	3,000	-	3,000	118	3,000	-	0.00%
<i>Total Capital Receipts from Asset Sales</i>	3,000	-	3,000	118	3,000	-	0.00%
<i>Drawdown from Capital Fund</i>							
	14,195	-	14,195	-	14,195	-	0.00%
<i>Developer Contributions</i>							
	754	3,390	4,144	660	4,144	-	0.00%
<i>Developers Contributions Transferred to Investments</i>	-	-	-	1,539	-	-	0.00%
<i>Total Developer Contributions</i>	754	3,390	4,144	2,199	4,144	-	0.00%
Total Capital Receipts and Contributions	17,949	3,390	21,339	2,317	21,339	-	0.00%
<i>Grants</i>							
Scottish Government General Capital Grant	38,225	-	38,225	15,887	38,225	-	0.00%
Other Grants and Contributions	-	9,347	9,347	8,309	9,347	-	0.00%
Cycling, Walking and Safer Streets	2,281	-	2,281	-	2,281	-	0.00%
Transfer of Management of Development Funding (TMDF)	27,950	-	27,950	-	27,950	-	0.00%
Early Years and Childcare - Expansion	10,000	-	10,000	-	10,000	-	0.00%
Capital Grants Unapplied Account Drawdown	2,002	(2,002)	-	-	-	-	0.00%
Total Grants	80,458	7,345	87,803	24,196	87,803	-	0.00%
Total Funding	98,407	10,735	109,142	26,513	109,142	-	0.00%
<i>Borrowing</i>							
New Prudential Borrowing in Year	121,388	(77,367)	44,021	29,520	44,021	-	0.00%
New On-Lending in Year	43,913	(12,584)	31,329	-	28,184	(3,145)	-10.04%
New Capital Advance - Trams to Newhaven	74,939	(19,431)	55,508	11,477	51,278	(4,230)	-7.62%
New Capital Advance - General Fund	111,188	(72,147)	39,041	9,844	42,544	3,503	8.97%
Balance to be funded through Loans Fund Advance	351,428	(181,529)	169,899	50,841	166,027	(3,872)	-2.28%

Appendix 2 - 2020/21 Capital Monitoring

Housing Revenue Account

Period Five

Expenditure	Approved Budget £000	Adjustments £000	Revised Budget £000	Actual to Date £000	Projected Outturn £000	Provisional Variance £000	%
New Homes Development	35,890	(15,124)	20,766	2,819	19,847	(919)	-4.4%
New Homes Land Costs	12,000	-	12,000	-	12,000	-	0.0%
Improvement to Council Homes and Estates	48,578	(24,375)	24,203	4,117	24,203	-	0.0%
Total Gross Expenditure	96,468	(39,499)	56,969	6,936	56,050	(919)	-1.6%

Income	Approved Budget £000	Adjustments £000	Revised Budget £000	Actual to Date £000	Projected Outturn £000	Provisional Variance £000	%
Capital Receipts and Other Contributions	50,524	(24,424)	26,100	914	23,016	(3,084)	-11.8%
Capital Funded from Current Revenue	3,656	(3,656)	-	-	-	-	0.0%
Specific Capital Grant	18,942	(12,009)	6,933	805	9,493	2,560	36.9%
Total Income	73,122	(40,089)	33,033	1,719	32,509	(524)	-1.6%

Balance to be funded through Loans Fund Advance	23,346	590	23,936	5,217	23,541	(395)	-1.7%
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Appendix 3 – 2020/21 Interim Capital Budget (Incorporating provisional out-turn slippage from 2019/20)

General Fund

<u>SUMMARY</u>	Planned Budget 2020-21	2019-20 Expenditure Slippage	2019-20 Income Slippage	Planned Budget (inc. slippage) 2020-21	Re-profiled to Later Years 2020-21	Additional Funding 2020-21	Interim Budget 2020-21
	£000	£000	£000	£000	£000	£000	£000
Communities and Families	99,246	21,945	10,120	131,311	(67,163)	1,159	65,307
Edinburgh Integration Joint Board	-	227	57	284	-	-	284
Place	192,495	4,188	3,669	200,352	(101,197)	8,685	107,840
Place - Lending	43,913	12,536	-	56,449	(25,120)	-	31,329
Place - Tram York Place to Newhaven	74,939	(3,634)	-	71,305	(11,657)	-	59,648
Contingency	4,242	-	-	4,242	-	-	4,242
Resources - Asset Management Works	30,000	(21,507)	265	8,758	-	-	8,758
Resources - Other	5,000	5,513	2	10,515	(8,900)	18	1,633
Total Expenditure	449,835	19,268	14,113	483,216	(214,037)	9,862	279,041

Appendix 4 – 2020/21 Revised Capital Budget

Housing Revenue Account

Category	Programme/Workstream	Approved Budget 2020/21 £000	Adjustments £000	Revised Budget 2020/21 £000
New Homes Development	Pennywell	13,470	(6,974)	6,496
	North Sighthill	707	160	867
	Dumbryden	3,364	(2,464)	900
	Craigmillar Town Centre	3,105	(1,576)	1,529
	Coatfield Lane, Leith	565	(81)	484
	Silverlea	104	242	346
	Bingham Avenue and Parkview	4,657	(157)	4,500
	Fountainbridge	1,449	238	1,687
	Meadowbank	1,553	(1,383)	170
	Western Villages, Granton	3,105	(2,080)	1,025
	Powderhall	1,035	(700)	335
	Post-construction work/ early design development/Staff Costs	2,776	(349)	2,427
	Land Acquisitions	12,000	-	12,000
	Total	47,890	(15,124)	32,766
Improvement to Council Homes and Estates	Improvement to Tenants Homes	14,739	(10,479)	4,260
	External Fabric	17,298	(8,540)	8,758
	Health and Safety	4,590	(1,877)	2,713
	Improvement to Communal Areas	4,080	(726)	3,354
	Environmental, Place Making and Staff Costs	7,871	(2,753)	5,118
	Total	48,578	(24,375)	24,203
HRA	Total	96,468	(39,499)	56,969

Finance and Resources Committee

10.00am, Thursday, 29 October 2020

Resources Directorate - Revenue Budget Monitoring 2020/21 – Month Five position

Executive/routine Wards Council Commitments	Executive All
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1. Recommendations

- 1.1 It is recommended that the Finance and Resources Committee notes:
- 1.2 the Resources Directorate is forecasting a favourable budget variance of £0.165m for 2020/21;
- 1.3 a further £0.950m of in-year savings following the Committee approved extension of the IT contract with CGI, which contribute towards the Council’s overall financial position;
- 1.4 the Executive Director of Resources and Heads of Service are continuing to progress identification of additional savings measures to offset any further budget pressures arising to achieve outturn expenditure in line with the approved revenue budget for 2020/21; and,
- 1.5 the ongoing risks to the achievement of a balanced revenue budget projection for the Directorate.

Stephen S. Moir

Executive Director of Resources

Contact: Iain Shaw, Principal Accountant,
Finance Division, Resources Directorate

E-mail: iain.shaw@edinburgh.gov.uk | Tel: 0131 469 3117

Finance and Resources Committee

Resources Directorate - Revenue Budget Monitoring 2020/21 – Month Five position

2. Executive Summary

- 2.1 The report sets out the projected month five revenue monitoring position for the Resources Directorate, based on actual expenditure and income to the end of August 2020 and expenditure and income projections for the remainder of the financial year.
- 2.2 The Resources Directorate is projecting a favourable budget variance of £0.165m for 2020/21. A further £0.950m of in-year savings, which contribute towards the Council's overall financial position, are forecast following the Committee approved extension of the IT contract with CGI.
- 2.3 The Directorate will continue to progress identification and implementation of savings to offset any further budget pressures arising, to achieve outturn expenditure in line with the approved revenue budget for 2020/21. The attainment of this position is subject to ongoing actions to deliver all approved savings together with the active management of risks and pressures.

3. Background

- 3.1 The Council's Financial Regulations require submission of quarterly monitoring reports on Directorate financial performance to the Finance and Resources Committee.
- 3.2 This report advises on the projected outturn for the Resources Directorate revenue budget for 2020/21 based on the position after five months of the financial year.

4. Main report

Revenue Budget 2020/21

- 4.1 The Resources Directorate revenue budget for 2020/21 is £168.631m. This includes Council wide budgets for PPP school services, non-domestic rates and utilities (energy) expenditure for the whole operational property estate, including schools, the Council's external audit fee and the Digital Services / IT contract costs.
- 4.2 As reported elsewhere on this agenda, the Council is forecast to incur significant additional costs to respond to the Coronavirus pandemic. The Resources Directorate is forecast to incur additional employee related costs of £0.719m as a consequence of providing support to vulnerable and shielding groups and responding to increased Universal Credit and other Welfare and Benefits applications. Additional IT costs of £0.279m have been incurred to support services working remotely, across both the corporate and learning and teaching digital estates.
- 4.3 A projected loss of £9m is currently assumed from the Property Investment Estate rental income as a consequence of increased risk of non-recovery of rental income and deferrals to future years. The Facilities Management Catering service is forecasting a loss of income of £0.521m as a consequence of building closures across the learning and corporate operational estate.
- 4.4 The additional costs and loss of income identified at paragraphs 4.2 and 4.3 are forecast to be partially mitigated by managed slippage of £3m in the Property Repairs and Maintenance Programme, energy savings during Lockdown of £1.283m and a reduction of £0.5m in the funding required to meet non-domestic rate liabilities.
- 4.5 Excluding the costs of responding to the Coronavirus pandemic, the period five projection for Resources Directorate is a favourable budget variance of £0.165m. The Executive Director of Resources has continued to apply stringent financial controls across the Directorate, including a recruitment freeze on vacant posts where appropriate, and agency worker use, as well as ceasing all discretionary expenditure, where no legal or contractual commitment exists, to offset any further budget pressures arising, in order to achieve outturn expenditure in line with the approved revenue budget for 2020/21.
- 4.6 A further favourable variance of £0.950m, which contributes towards the Council's overall financial position, is forecast, following the recent extension of the IT Service contract with CGI, with consequent savings in the payment profile.
- 4.7 Excluding costs associated with responding the Coronavirus pandemic, the Property and Facilities Management Division is currently forecasting a favourable variance of £65,000. Budget pressures include:

- 4.7.1 a shortfall of £1.197m against Asset Management Strategy and other legacy savings targets and after application of one-off previous year balances;
 - 4.7.2 anticipated income of £0.3m from additional digital advertising is not forecast as achievable, owing to a lack of adjustment to the Council's Planning Guidance in August 2019;
 - 4.7.3 £0.535m employee costs, including revised employee terms and conditions, £0.197m cost of security services contract and a forecast loss of Shared Repairs Service income of £0.095m during Lockdown.
- 4.8 These budget pressures are forecast to be mitigated by:
- 4.8.1 savings of £1.016m from posts vacant until the end of July 2020;
 - 4.8.2 PPP contract costs £0.691m less than anticipated;
 - 4.8.3 forecast reduction in Non-Domestic Rates liability of £0.195m;
 - 4.8.4 a net reduction in other expenditure, including discretionary expenditure of £0.487m.
- 4.9 Following a review of all costs and income, the Legal and Risk Division is now forecasting a balanced outturn.
- 4.10 An employee cost underspend due to vacancies of £0.100m is forecast for the Finance Division.
- 4.11 An analysis of the projections by each Division within the Resources Directorate is provided in Appendix 1.
- 4.12 The approved 2020/21 revenue budget requires Resources Directorate to achieve incremental savings of £2.644m in 2020/21. These are detailed in Appendix 2.
- 4.13 £1.514m (57%) of approved savings are forecast to be on track for full delivery and are assessed as 'Green'. Progress is being made across the Resources Directorate towards delivery of a further £0.735m (28%) with these savings assessed as 'Amber'. Delivery of £0.395m (15%) of planned savings are assessed as having been impacted by other factors, including the Coronavirus pandemic and are assessed as 'Black'. The 'Black' assessed savings are mitigated in 2020/21 by the Property and Facilities Management savings detailed at paragraph 4.8.
- 4.14 Financial risks in the Resources Directorate revenue budget for 2020/21 include:
- 4.14.1 Additional costs incurred to respond to the Coronavirus pandemic;
 - 4.14.2 Savings from the control of vacant posts being less than anticipated.

5. Next Steps

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

6. Financial impact

- 6.1 The report forecasts a favourable outturn variance of £0.165m for Resources Directorate for 2020/21. Attainment of a balanced position is the subject of continuing work to identify further mitigating measures, active management of financial risks and taking timely remedial action, where any further adverse variances become apparent.
- 6.2 A further £0.950m of in-year savings are forecast, following extension of the IT contract with CGI.

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 2020/21 revenue budget.
- 7.2 There is no direct relevance of the report's contents to impacts on carbon, adaptation to climate change and sustainable development. The Council's revenue budget includes expenditure impacting upon carbon, adaptation to climate change and contributing to sustainable development. In addition, all budget proposals are now subject to an upfront assessment across these areas.

8. Background reading/external references

- 8.1 None

9. Appendices

- 9.1 Appendix 1 - Resources Directorate Revenue Budget Monitoring 2020/21 - Month Five position
- 9.2 Appendix 2 - Resources Directorate: Approved Revenue Budget Savings 2020/21

Appendix 1

Resources Directorate

Revenue Budget Monitoring 2020/21

Month Five position

Forecast Revenue Outturn by Division

Division	Revised Budget	Projected Outturn	Projected Variance	Adverse / Favourable
	£'000	£'000	£'000	
Customer and Digital Services	57,000	57,000	0	
Finance	6,899	6,799	(100)	FAV
Human Resources	5,308	5,308	0	
Legal and Risk	1,330	1,330	0	
Property and Facilities Management (FM)	97,911	97,846	(65)	FAV
Executive Director and Directorate wide costs.	183	183	0	
Total Net Expenditure	168,631	168,466	(165)	FAV

Appendix 2

Resources Directorate: Approved Revenue Budget Savings 2020/21

Division	Saving Description	2020/21 £'000	Red/Amber/Green/Black* assessment
Customer and Digital Services	CGI - further contract efficiencies	600	Green
Customer and Digital Services	Digital Delivery	250	Green
Customer and Digital Services	ICT/CGI Partnership Arrangements	150	Green
Property and FM	Facilities Management	500	Amber
Property and FM	Additional advertising income	300	Black
Property and FM	Edinburgh Shared Repairs - Management Resource & Income Generation	48	Green
		47	Amber
		95	Black
Service-Wide	Resources Directorate Workforce Savings	408	Green
Service-Wide	5% average increase in discretionary fees and charges	58	Green
		188	Amber
	TOTAL	2,644	

SUMMARY	£'000	%
Green assessed	1,514	57
Amber assessed	735	28
Red assessed	0	0
Black Assessed	395	15
TOTAL	2,644	100

* Black Assessment denotes other factors impacting on savings delivery e.g. Coronavirus pandemic.

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Finance and Resources Committee

10.00am, Thursday, 29 October 2020

Chief Executive's Services - Revenue Budget Monitoring 2020/21 - Month Five position

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

- 1.1 It is recommended that the Finance and Resources Committee notes it is forecast that outturn will be in line with the approved revenue budget for Chief Executive's services for 2020/21.

Andrew Kerr

Chief Executive

Contact: Iain Shaw, Principal Accountant,
Finance Division, Resources Directorate

E-mail: iain.shaw@edinburgh.gov.uk | Tel: 0131 469 3117

Chief Executive's Services - Revenue Budget Monitoring 2020/21 - Month Five position

2. Executive Summary

- 2.1 The report sets out the projected five-month revenue budget monitoring position for Chief Executive's Services, based on actual expenditure and income to the end of June 2020 and expenditure and income projections for the remainder of the financial year.
- 2.2 Chief Executive's Services is projecting a budget pressure of £0.115m for 2020/21. The budget pressure will be fully mitigated through reduced loans charges in 2020/21. The attainment of this position is subject to ongoing actions to deliver all approved savings together with the active management of risks and pressures.

3. Background

- 3.1 The Council's Financial Regulations require submission of quarterly monitoring reports on service financial performance to the Finance and Resources Committee.
- 3.2 This report advises on the current outturn projection for Chief Executive's Services for 2020/21, based on the position after five months of the financial year.

4. Main report

- 4.1 The Chief Executive's services revenue budget for 2020/21 is £9.439m. The budget includes the cost of the Chief Executive's office and the Strategy and Communications Division.
- 4.2 The period five projection is a forecast budget pressure of £0.115m, arising from a forecast shortfall in the achievement of savings from senior management savings. The budget pressure will be fully mitigated through reduced loans charges in 2020/21. An analysis of the projection by service is provided in Appendix 1.
- 4.3 The approved 2020/21 revenue budget required Chief Executive's Services to achieve savings of £0.100m in 2020/21. All planned savings for Chief Executive's

Services are forecast to be achieved in 2020/21. An assessment of the achievement of savings targets is detailed in Appendix 2.

- 4.4 Council-wide Senior Management savings of £0.398m (77%) have been achieved to date and are classified as 'Green' with the remaining balance of £0.115m (23%) being progressed and therefore classified as 'Amber'. This savings target will be fully mitigated through Council-wide reductions reduced loans charges.

5. Next Steps

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

6. Financial impact

- 6.1 The report forecasts a balanced position for Chief Executive's Services for 2020/21. Attainment of a balanced position is the subject of continuing work to identify mitigating measures, active management of financial risks and taking timely remedial action, where any adverse variances become apparent.

7. Stakeholder/Community Impact

- 7.1 There is no direct relevance to the report's contents. The Council undertook a budget engagement exercise when developing the 2020/21 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

1. Revenue Budget Monitoring 2020/21 - Month Five position
2. Revenue Budget Savings and Pressures 2020/21.

Appendix 1

Chief Executive's Services

Revenue Budget Monitoring 2020/21

Month Five position

1. Forecast Revenue Outturn by Service

	Revised Budget	Projected Outturn	Projected Variance	Adverse / Favourable
	£'000	£'000	£'000	
Chief Executive's Office	258	233	(25)	FAV
Strategy and Communications Division	9,309	9,321	12	ADV
Senior Management Council-wide savings target	(128)	(115)	13	ADV
Total Net Expenditure	9,439	9,439	0	

2. Revenue Budget Savings 2020/21

Division	Saving Description	2020/21 £'000	Red/Amber/Green/Black assessment
Strategy and Communications Division	Strategy and Communications Workforce Savings	100	
	TOTAL	100	

Council-Wide Savings Target			
Senior Management (total of £0.513m)		398	
		115	
Council-Wide Savings Targets		513	

Finance and Resources Committee

10.00am, Thursday, 29 October 2020

Extension to existing Contractor Works Framework

Executive/routine	Executive
Wards	All
Council Commitments	2, 3 and 7

1. Recommendations

- 1.1 That Committee approves an extension to the Council's Contractor Works Framework Agreement, under a waiver of the Contract Standing Orders, for a period of up to 24 months, from November 2020, with the Lots to be extended and the relevant contractors as follows:
 - 1.1.1 Lot 1 – Electrical Installation Works to Arthur McKay & Co Ltd (now t/a Atalian Servest AMK Ltd), Dacoll (Electrical Contracting) Ltd, FES Ltd, Nicholson Bros (Electrical Contractors) Ltd and Skanska FM Ltd at an estimated contract value of £9.4M for the extension period;
 - 1.1.2 Lot 2 – Mechanical Installation Works to Arthur McKay & Co Ltd (now t/a Atalian Servest AMK Ltd), FES Ltd and Skanska FM Ltd at an estimated contract value of £7.8M for the extension period;
 - 1.1.3 Lot 3 Roofing & Rainwater Works to Advance Construction Ltd, Clark Contracts Ltd, G Grigg & Sons, James Breck Ltd, Watson & Lyall Ltd and Zenith at an estimated contract value of £4.5M for the extension period;
 - 1.1.4 Lot 4 Timber/uPVC Windows, Doors & Screens to Ashwood Scotland Ltd, Clark Contracts Ltd, Cornhill Building Services Ltd, Lakehouse Contracts Ltd and Watson & Lyall at an estimated contract value of £6.8M for the extension period;
 - 1.1.5 Lot 6 Multi-Trade Works Packages up to £500,000 in individual value to Ashwood Scotland Ltd, Cornhill Building Services Ltd, Clark Contracts, Maxi Construction and Morris & Spottiswood at an estimated contract value of £15.9M for the extension period;

- 1.1.6 Lot 7 Multi-Trade Works Packages between £500,001 - £5,000,000 in individual value to CCG Ltd, ESH Construction, Graham Construction, Lakehouse Contracts Ltd and Maxi Construction at an estimated contract value of £19.7M for the extension period;
- 1.1.7 Lot 8 Multi-Trade Works Packages above £5,000,000 in individual value to BAM Construction, CCG Ltd, Graham Construction, McLaughlin & Harvey and Morgan Sindall at an estimated contract value of £27.7M for the extension period;
- 1.1.8 Lot 9 Stonework and Masonry Works to Cornhill Building Services, G Grigg & Sons, Go Wright, Historic Property Restoration, James Breck Ltd and Zenith at an estimated contract value of £4.3M for the extension period;
- 1.1.9 Lot 10 Groundworks, Civil Works and Concrete Repairs to Advance Construction Ltd, Luddon Construction, MacKenzie Construction and Premier One at an estimated contract value of £7.3M for the extension period; and
- 1.1.10 Lot 12 Water Treatment and Legionella Management Works to Caledonia Heating, Envirocure, GBS Building Services, HSL Compliance Ltd, Integrated Water Services Ltd and SPIE Ltd at an estimated contract value of £21K for the extension period.

Stephen S. Moir

Executive Director of Resources

Contact: Patrick Brown, Capital Programmes Senior Manager

Property and Facilities Management Division, Resources Directorate

E-mail: patrick.brown@edinburgh.gov.uk | Tel: 0131 529 5902

Contact: Iain Strachan, Chief Procurement Officer,

Finance Division, Resources Directorate

E-mail: Iain.Strachan@edinburgh.gov.uk | Tel: 0131 529 4930

Extension to existing Contractor Works Framework

2. Executive Summary

- 2.1 This report seeks Committee approval to extend, under a waiver of the Contract Standing Orders, the Council's existing Contractor Works Framework Agreement. This framework is strategically important and supports a large amount of the Council's construction activity, including the Council's Capital Investment Programme (2019-2024) incorporating a range of new builds and refurbishments for early years, primary and secondary schools, libraries, care homes, day care centres and sports centres as well as a major asset management lifecycle refurbishment of the Council estate.
- 2.2 As previously reported to Committee, the COVID-19 pandemic has had a significant impact on the Council's procurement activity, with few projects having been unaffected by delay. The re-procurement process for this framework would be large, and potentially complex. Given this and the current uncertainty in the contractor market, further time is needed to determine the most appropriate manner for the Council to commence this exercise and replace the current framework. The proposed extension of 24 months will provide that time, and an established mechanism for the Council to have construction work undertaken pending the new framework being concluded.
- 2.3 The annual value of the extension will depend upon the level of work awarded through it, but on the basis of historical spend is estimated at £51.5M per annum, taken across all Lots.

3. Background

- 3.1 The Council's Contractor Works Framework Agreement provides an important means of delivering the Capital Investment Programme, and other critical construction requirements. The existing framework expires in November 2020.
- 3.2 The framework enables the Council to access experienced contractors, who were appointed following a competitive tender exercise in 2015/16. The framework was awarded by the Committee on [8 September 2016](#). The framework comprises 12

Lots, but it should be noted that Lots 5 and 11 of the framework were not originally awarded and subsequently are not included in the proposed extension.

4. Main report

- 4.1 In 2019, Commercial and Procurement Services and the Property and Facilities Management Division commenced work on a new procurement process for the re-tendering of the existing Contractor Work Framework. The timescales for award of the new replacement framework were anticipated to mean there would be no need to extend the existing framework.
- 4.2 However, and as reported to the Committee on [9 July 2020](#), the COVID-19 pandemic has had a significant impact on the Council's procurement activity, with few projects having been unaffected by delay.
- 4.3 A replacement framework would have a large value and be of high interest to the market. The re-procurement exercise would also be complex and require a significant volume of market engagement, stakeholder and end user consultation, scope and price modelling, contract drafting, data gathering, and analysis to ensure the most effective framework which meets the needs of the Council and demonstrably secures Best Value.
- 4.4 The impact of COVID-19 on the construction industry has been significant, with the lockdown measures that were put in place and the closure of construction sites. The uncertainty felt by the sector has been compounded by the resultant economic climate, and the UK's departure from the European Union. Although construction sites have now re-opened, the market is still fragile.
- 4.5 Market feedback indicates that tendering a new framework for construction works at this time may result in a low response, due to the current market conditions and reduced contractor capacity to respond. It could also result in inflated prices, due to the ongoing uncertainty.
- 4.6 It is recommended that the Council extends the existing framework to ensure that critical and planned construction works can continue. During the extension the re-procurement process will be undertaken in a timescale appropriate to the changed market conditions. This will provide time for the market to stabilise and ensure that Best Value is secured for the Council.
- 4.7 The existing framework is currently contracted until November 2020. This report seeks approval to extend the framework for up to 24 months, until the completion of the procurement exercise and mobilisation of the new framework.
- 4.8 In undertaking the re-procurement there will be suitable engagement with suppliers and other stakeholders, including the Scottish Futures Trust, and other public sector partners who may wish to also be included in the exercise. This engagement will enable the procurement exercise to actively support the Council's [Sustainable Procurement Strategy](#), as noted at Section 7 below.

5. Next Steps

- 5.1 Construction work will continue to be provided by the existing contractors as required until the new framework is in place.
- 5.2 A full options appraisal, specifications and documentation for the new procurement process will continue to be developed in preparation for the new tender process to commence.
- 5.3 Further market engagement, as noted above, will be utilised to support decisions on the scope of new requirements.

6. Financial impact

- 6.1 As noted above, on the basis of historical spend data, it is estimated that the value of the extension is £51.5m per annum, but the actual value will depend upon the value of work actually awarded through the framework. No work will be awarded without budget being identified for the same.

7. Stakeholder/Community Impact

- 7.1 The procurement exercise for the new framework will be conducted in accordance with the Council's [Sustainable Procurement Strategy](#), which identifies seven key strategic procurement objectives. These objectives are aligned to the Council's priorities, and if delivered will have a positive impact upon the city, its citizens and its businesses. In particular, the Strategy aims to make the Council's external spend more accessible to local small businesses and third sector, to improve Fair Work practices adopted by Council suppliers and to increase the community benefits delivered by Council suppliers. The Strategy also aims to contribute to the Council's 2030 carbon-neutral city target.

8. Background reading/external references

- 8.1 Report to Finance and Resources Committee 23 January 2018 – Outcome of Property Condition Surveys - [Outcome of Property Condition Surveys](#)
- 8.2 Report to Policy and Sustainability Committee 9 July 2020 – [COVID-19 Impact on Council Procurement Activity](#)
- 8.3 Report to Finance and Resources Committee 8 September 2016 - [Contractor Works Framework Award of Contract](#)

9. Appendices

9.1 None.

Finance and Resources Committee

10.00am, Thursday, 29 October 2020

Award of Contract for Professional Services Framework

Executive Wards Council Commitments	Executive All 2, 3 and 7
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1. Recommendations

- 1.1 It is recommended that the Finance and Resources Committee approve the award of a multi-lot framework agreement for Professional Services to the suppliers set out in Appendix 1. The framework consists of 13 Lots with an estimated value to the Council of £95 million over the maximum four-year term. Lot 9 is not being recommended for approval, reducing the framework to 12 Lots in total that Committee is asked to approve the award of, namely:
- 1.1.1 the award of Lot 1 Project Management Services at an estimated contract value of £2,000,000 per annum;
 - 1.1.2 the award of Lot 2 Building Surveying Services at an estimated contract value of £2,000,000 per annum;
 - 1.1.3 the award of Lot 3 Quantity Surveying Services at an estimated contract value of £2,500,000 per annum;
 - 1.1.4 the award of Lot 4 Architectural Services – Education/Non-residential at an estimated contract value of £2,500,000 per annum;
 - 1.1.5 the award of Lot 5 Architectural Services - Residential at an estimated contract value of £2,500,000 per annum;
 - 1.1.6 the award of Lot 6 Architectural Services - Landscape at an estimated contract value of £750,000 per annum;
 - 1.1.7 the award of Lot 7 Structural and Civil Engineering Services at an estimated contract value of £3,000,000 per annum;
 - 1.1.8 the award of Lot 8 Mechanical and Electrical Engineering Services at an estimated contract value of £2,500,000 per annum;

- 1.1.9 the award of Lot 10 Interior Design Services at an estimated contract value of £1,500,000 per annum;
 - 1.1.10 the award of Lot 11 Multi-Discipline Design Team Services at an estimated contract value of £3,000,000 per annum;
 - 1.1.11 the award of Lot 12 Passive House Designer (Architect) Services at an estimated contract value of £500,000 per annum; and
 - 1.1.12 the award of Lot 13 Transportation Services at an estimated contract value of £1,000,000 per annum.
- 1.2 Notes the contract values above are reflective of estimated future pipeline of works and that the scope of works may fluctuate subject to budget allocation and funding approvals.
- 1.3 Notes that the Framework Agreement is a collaborative arrangement to be used predominantly by Place Development and Property and Facilities Management. This Framework Agreement can also be utilised by 188 Participating Sector Partners, where this occurs the Council will generate income via a rebate from the suppliers used by those contracting authorities.

Paul Lawrence

Executive Director of Place

Contact: Tricia Hill,
Development & Regeneration Manager
Place Development, Place Directorate
E-mail: tricia.hill@edinburgh.gov.uk
Tel: 0131 529 3954

Stephen S. Moir

Executive Director of Resources

Contact: Peter Watton,
Head of Property & Facilities Management
Resources Directorate
E-mail: peter.watton@edinburgh.gov.uk
Tel: 0131 529 5962

Award of Contract for Professional Services Framework

2. Executive Summary

- 2.1 This report seeks Committee approval to award a multi-lot framework agreement to the most economically advantageous organisations identified following a competitive tendering process. The framework consists of 12 Lots for professional services to support the Council's technical services in delivering an undefined programme of construction, maintenance and repair programmes.
- 2.2 The estimated Framework value includes £95 million of Council spend.

3. Background

- 3.1 The Council has limited in-house professional design and project management resources to support its various programmes for property asset construction, investment and maintenance and repair, including General Fund, Housing Revenue Account and Capital Investment projects. This includes delivery of new schools, early years centres, sports facilities, civil projects, asset management works and the Council's own house building programme.
- 3.2 To meet critical targets, the internal service often requires support from external professional services who can respond quickly to the service demands and provide professional insurances for the design work and advice they provide. This may be single discipline or require multi-discipline services depending on the nature of the projects and their complexity.
- 3.3 The current Construction Professional Services Framework has been in place since November 2015. It was separated into Lots to reflect the key professional disciplines and is reaching expiry. To ensure compliance with the Council's regulatory obligations, the procurement of a replacement framework was necessary, however in doing so the Council capitalised on the opportunity to further develop the specification of requirements to increase flexibility, increase capacity, maximise economies of scale and deliver contract management efficiencies.
- 3.4 The Framework will be used across the Council Directorates, but in particular by Place Development within the Place Directorate and Property and Facilities Management within the Resources Directorate.

4. Main report

- 4.1 Commercial and Procurement Services (CPS) have been working with key officers within the Place and Resources Directorates on a procurement process for the re-tendering of the current Professional Services Framework.
- 4.2 CPS placed a Contract Notice in the Official Journal of the European Union (OJEU) on 10th October 2019 inviting interested suppliers to submit a European Single Procurement Document (ESPD) to assess the bidders' financial capacity, business probity, capacity, experience and organisational policies for fair work and environmental practices.
- 4.3 The Lots advertised were:
- Lot 1 Project Management Services
 - Lot 2 Building Surveying Services
 - Lot 3 Quantity Surveying Services
 - Lot 4 Architectural Services – Education/Non-residential
 - Lot 5 Architectural Services - Residential
 - Lot 6 Architectural Services - Landscape
 - Lot 7 Structural and Civil Engineering Services
 - Lot 8 Mechanical & Electrical Engineering Services
 - Lot 9 Fire Engineering Services
 - Lot 10 Interior Design Services
 - Lot 11 Multi-Discipline Design Team Services
 - Lot 12 Passive House Designer (Architect) Services
 - Lot 13 Transportation Services
- 4.4 The aim of the ESPD process was to allow the Council to identify suitably qualified and experienced bidders to be invited to tender. Up to ten organisations per lot were identified as successful in proceeding to the tender stage.
- 4.5 186 bidders submitted 408 ESPDs across all 13 Lots and following evaluation 131 suppliers were then invited to tender for the opportunity. The invitation to tender was issued to the market on 18th March 2020.
- 4.6 Following tender returns on 15th May 2020, submissions were evaluated by a technical evaluation panel. This placed an emphasis on quality, as well as price, with the aim of selecting the most economically advantageous tenders for each of the 13 Lots based on organisations tendering on a quality/cost ratio of 60% quality and 40% price. The quality/cost ratio was determined due to a need for suppliers to provide quality service at the most economical price.
- 4.7 The quality analysis was based on weighted award criteria questions, which were scored using a 0 to 10 matrix. Following completion of the quality analysis, tenders that passed the minimum threshold of 60% were subject to cost analysis.

- 4.8 The 40% price was sub divided across the various disciplines within each Lot, to provide the Council with the most commercially competitive offer based on a range of roles/construction values. Bidders were also asked to provide a price for a range of additional services as well as hourly rates.
- 4.9 As the 40% final price score is made up of several components parts (i.e. not a single price) it is unlikely that a single supplier would be lowest cost across the board, therefore as shown in the Appendix no single supplier obtained the full 40% price score.
- 4.10 All evaluated elements were combined to provide the final commercial offer. The tender results for each Lot are set out in Appendix 2.
- 4.11 Where organisations have a “0.0” score for price this is due to their quality bid failing to achieve the pre-set quality threshold of 60%. Organisations failing to achieve the 60% threshold were not considered further for appointment and their fee proposal was not reviewed.
- 4.12 As a result of the above, Lot 9 for Fire Engineering Services is not being considered for award at this time. A full review will include tenderer feedback to understand why tender standards were low, prior to deciding next steps for this requirement. Interim arrangements will be put in place to ensure continuation of these services whilst this review is undertaken.
- 4.13 To maximise commercial return and building on the success of the Council’s existing Construction Professional Services Framework, this framework can be used by up to 188 Participating Sector Partners (PSPs) from all local authorities in Scotland, the majority of Registered Social Landlords (RSLs), Edinburgh University as well as Police Scotland and the Scottish Fire and Rescue Service.
- 4.14 Where a PSP places a call off within this framework the Council will generate a 5% rebate from the successful supplier based on their project fee, of which the Council retains 4% and returns 1% to the PSP. Depending on call off levels this may generate sufficient income to fund a permanent contract management resource, to assist services in their contract management responsibilities.

5. Next Steps

- 5.1 Subject to the Committee’s approval, the award of the framework will be completed.
- 5.2 To ensure the Council is able to maximise the financial and non-financial benefits of the framework, including the delivery of community benefits, it has been agreed that one new full-time post will be created to oversee the management of this framework. This post will be funded by those service areas that will use the framework, primarily Place Development (through the HRA) and Property and Facilities Management.

6. Financial impact

- 6.1 The estimated contract value of each of the 12 Lots being taken forward is reflective of an estimated future pipeline of works and that the scope of works may fluctuate subject to budget allocation and funding approvals. Contract spend will be monitored on an ongoing basis.
- 6.2 To calculate the saving which will be generated by this framework, CPS have applied the agreed Capital Savings Approach. When applied to each Lot there are potential savings of up to which have been projected £10,343,726 across the lifetime of the framework.
- 6.3 The costs associated with procuring this framework are estimated to be between £20,000 and £35,000.

7. Stakeholder/Community Impact

- 7.1 The current Framework mandates that the suppliers will provide a community benefit from the community benefit menu for every service order commissioned.
- 7.2 The framework utilises the Council's menu of community benefits which currently lists 41 available benefits each with a point value associated. Every supplier is committed to this system. The value of the call off pre-determines the amount of points that the supplier is required to spend, this will occur for every call off. Each community benefit offer will be monitored on the Council's community benefits platform by the Council's contract manager and reported annually.
- 7.3 This framework provides a strong commitment to SME development, of the 51 unique successful contractors (some won a position on several Lots) 73% identify as SME, 2 registered as micro, 18 registered as small, 19 registered as medium with the remaining 12 having no SME status.
- 7.4 The Council requires every contractor to identify if they pay the living wage, all 51 suppliers on the framework have identified they are committed to paying the living wage with 17 having achieved full Living Wage Accreditation.
- 7.5 In commitment to the Council's 2030 carbon-neutral city target, this framework for the first time introduces a Passive House Architect lot, the aim of this Lot is to ensure that buildings achieve carbon neutrality and environmental considerations are at the heart of future capital projects.

8. Background reading/external references

8.1 N/A

9. Appendices

9.1 Appendix 1 – Summary of Tendering and Tender Evaluation Processes.

9.2 Appendix 2 – Tender Evaluation Outcome

9.3 Appendix 3 – List of Participating Sector Partners

Appendix 1 – Summary of Tendering and Tender Evaluation Processes.

Pricing key

Section	Title
A	Percentage based fee – new works
B	Percentage based fee – refurbishment works
C	Contract administrator percentage-based fee - Increase to percentage-based fee for both new and refurbishment works
D	Principal designer percentage-based fee - Increase to percentage-based fee for both new and refurbishment works
E	Cost consultancy/quantity surveying services percentage-based fee - Increase to percentage-based fee for both new and refurbishment works
F	Non-core work – that is a fee for undertaking third party review (per schedule of service)
G	Fee to be percentage of Furniture, Fixtures & Equipment, Fixed Items and Audio Visual Value
H	Lead Designer percentage-based fee - Increase to percentage-based fee for both new and refurbishment works
I	Geotechnical Engineer percentage-based fee - Increase to percentage-based fee for both new and refurbishment works
TIME CHARGE SERVICES	Time charge services
SUB CONSULTING	Sub-consulting
OUT OF HOURS	Out of hours

Contract	Lot 1 Project Management Services	
Contract period (including any extensions)	4 years	
Estimated Contract Value (including extensions)	£8,000,000	
Procurement Route Chosen	Restricted Procedure	
Tenders Returned	11	
Name of Recommended Supplier(s)	Thomas & Adamson, Gleeds, Currie & Brown UK Limited, Turner & Townsend Project Management Limited, WSP UK Ltd, and Faithful+Gould Ltd	
Price / Quality Split	Price 40%	Quality 60%
Evaluation criteria and weightings and reasons for this approach	Price	40%
	Section A	12.5%
	Section B	12.5%
	Section C & D	5%
	Time Charged Fee	5%
	Sub Consulting	5%
	Quality	60%
	Project 1	30%
	Project 2	35%
	Performance Management	15%
	Business Continuity	5%
	Fair Work Practices	5%
	Community Benefits	10%
	Data Protection	N/A
	Zero Hours Contracts and the Living Wage	N/A
Evaluation Team	Evaluated by Technical officers from Communities and Families and Resources	

Contract	Lot 2 Building Surveying Services	
Contract period (including any extensions)	4 years	
Estimated Contract Value (including extensions)	£8,000,000	
Procurement Route Chosen	Restricted Procedure	
Tenders Returned	11	
Name of Recommended Supplier(s)	Thomson Gray Ltd, Thomas & Adamson, Summers-Inman, Faithful+Gould Ltd, Currie & Brown UK Limited and Gleeds	
Price / Quality Split	Price 40%	Quality 60%
Evaluation criteria and weightings and reasons for this approach	Price	40%
	Section A	12.5%
	Section B	12.5%
	Section C & D & E	5%
	Time Charged Fee	5%
	Sub Consulting	5%
	Quality	60%
	Project 1	30%
	Project 2	35%
	Performance Management	15%
	Business Continuity	5%
	Fair Work Practices	5%
	Community Benefits	10%
	Data Protection	N/A
	Zero Hours Contracts and the Living Wage	N/A
Evaluation Team	Evaluated by Technical officers from Place and Resources	

Contract	Lot 3 Quantity Surveying Services	
Contract period (including any extensions)	4 years	
Estimated Contract Value (including extensions)	£10,000,000	
Procurement Route Chosen	Restricted Procedure	
Tenders Returned	12	
Name of Recommended Supplier(s)	Currie & Brown UK Limited, Faithful+Gould Ltd, Robinson Low Francis, Doig and Smith Ltd, Armour Construction Consultants and Thomas & Adamson	
Price / Quality Split	Price 40%	Quality 60%
Evaluation criteria and weightings and reasons for this approach	Price	40%
	Section A	12.5%
	Section B	12.5%
	Section C & D & E	5%
	Time Charged Fee	5%
	Sub Consulting	5%
	Quality	60%
	Project 1	20%
	Project 2	25%
	Project 3	25%
	Performance Management	15%
	Fair Work Practices	5%
	Community Benefits	10%
	Data Protection	N/A
	Zero Hours Contracts and the Living Wage	N/A
Evaluation Team	Evaluated by Technical officers from Place and Resources	

Contract	Lot 4 Architectural Services – Education/Non-residential	
Contract period (including any extensions)	4 years	
Estimated Contract Value (including extensions)	£10,000,000	
Procurement Route Chosen	Restricted Procedure	
Tenders Returned	10	
Name of Recommended Supplier(s)	Architype Limited, Anderson Bell Christie, Holmes Miller Ltd, AHR Architects Limited, Smith Scott Mullan Associates Limited and Reiach and Hall Architects,	
Price / Quality Split	Price 40%	Quality 60%
Evaluation criteria and weightings and reasons for this approach	Price	40%
	Section A	12.5%
	Section B	12.5%
	Section C & D	5%
	Time Charged Fee	5%
	Sub Consulting	5%
	Quality	60%
	Project 1	30%
	Project 2	35%
	Performance Management	15%
	Business Continuity	5%
	Fair Work Practices	5%
	Community Benefits	10%
	Data Protection	N/A
	Zero Hours Contracts and the Living Wage	N/A
Evaluation Team	Evaluated by Technical officers from Communities and Families and Resources	

Contract	Lot 5 Architectural Services - Residential	
Contract period (including any extensions)	4 years	
Estimated Contract Value (including extensions)	£10,000,000	
Procurement Route Chosen	Restricted Procedure	
Tenders Returned	10	
Name of Recommended Supplier(s)	Anderson Bell Christie, Cooper Cromar Limited, Smith Scott Mullan Associates Limited, Hawkins Brown Design Limited, 7N Architects LLP, Collective Architecture and HYPOSTYLE ARCHITECTS	
Price / Quality Split	Price 40%	Quality 60%
Evaluation criteria and weightings and reasons for this approach	Price	40%
	Section A	12.5%
	Section B	12.5%
	Section C & D	5%
	Time Charged Fee	5%
	Sub Consulting	5%
	Quality	60%
	Framework Delivery Team	35%
	Method & Approach	30%
	Performance Management	20%
	Community Benefits	10%
	Fair Work Practices	5%
	Data Protection	N/A
	Zero Hours Contracts and the Living Wage	N/A
Evaluation Team	Evaluated by Technical officers from Place	

Contract	Lot 6 Architectural Services - Landscape	
Contract period (including any extensions)	4 years	
Estimated Contract Value (including extensions)	£3,000,000	
Procurement Route Chosen	Restricted Procedure	
Tenders Returned	9	
Name of Recommended Supplier(s)	Atkins Limited, Rankinfraser Landscape Architecture LLP, Hirst Landscape Architects, Sweco UK Limited and LDA Design	
Price / Quality Split	Price 40%	Quality 60%
Evaluation criteria and weightings and reasons for this approach	Price	40%
	Section A	12.5%
	Section B	12.5%
	Section C & D	5%
	Time Charged Fee	5%
	Sub Consulting	5%
	Quality	60%
	Framework Delivery Team	35%
	Method & Approach	30%
	Performance Management	20%
	Community Benefits	10%
	Fair Work Practices	5%
	Data Protection	N/A
	Zero Hours Contracts and the Living Wage	N/A
Evaluation Team	Evaluated by Technical officers from Place	

Contract	Lot 7 Structural and Civil Engineering Services	
Contract period (including any extensions)	4 years	
Estimated Contract Value (including extensions)	£12,000,000	
Procurement Route Chosen	Restricted Procedure	
Tenders Returned	9	
Name of Recommended Supplier(s)	G3 Consulting Engineers, Harley Haddow, Will Rudd Davidson Ltd, David Narro Associates, Mott MacDonald Ltd and Pick Everard	
Price / Quality Split	Price 40%	Quality 60%
Evaluation criteria and weightings and reasons for this approach	Price Section A 10% Section B 10% Section C & D & E & H & I 5% Time Charged Fee 5% Sub Consulting 5% Out of hours 5%	40%
	Quality Framework Delivery Team 35% Method & Approach 30% Performance Management 20% Community Benefits 10% Fair Work Practices 5% Data Protection N/A Zero Hours Contracts and the Living Wage N/A	60%
Evaluation Team	Evaluated by Technical officers from Place and Resources	

Contract	Lot 8 Mechanical & Electrical Engineering Services	
Contract period (including any extensions)	4 years	
Estimated Contract Value (including extensions)	£10,000,000	
Procurement Route Chosen	Restricted Procedure	
Tenders Returned	10	
Name of Recommended Supplier(s)	Harley Haddow, Pick Everard, Blackwood Partnership, Hurley Palmer Flatt, Rybka and TUV SUD LIMITED	
Price / Quality Split	Price 40%	Quality 60%
Evaluation criteria and weightings and reasons for this approach	Price	40%
	Section A	12.5%
	Section B	12.5%
	Section C & D & E	5%
	Time Charged Fee	5%
	Sub Consulting	5%
	Quality	60%
	Framework Delivery Team	25%
	Project 1	20%
	Project 2	20%
	Performance Management	15%
	Business Continuity	5%
	Fair Work Practices	5%
	Community Benefits	10%
	Data Protection	N/A
	Zero Hours Contracts and the Living Wage	N/A
Evaluation Team	Evaluated by Technical officers from Resources	

Contract	Lot 10 Interior Design Services	
Contract period (including any extensions)	4 years	
Estimated Contract Value (including extensions)	£6,000,000	
Procurement Route Chosen	Restricted Procedure	
Tenders Returned	8	
Name of Recommended Supplier(s)	HLMAD Ltd trading as HLM Architect, Holmes Miller Ltd, Space Solutions, Hawkins Brown Design Limited, Scott Brownrigg Ltd and Atkins Limited,	
Price / Quality Split	Price 40%	Quality 60%
Evaluation criteria and weightings and reasons for this approach	Price Section A 12% Section B 12% Section C & D 5% Section G 1% Time Charged Fee 5% Sub Consulting 5%	40%
	Quality Project 1 30% Project 2 35% Performance Management 15% Business Continuity 5% Fair Work Practices 5% Community Benefits 10% Data Protection N/A Zero Hours Contracts and the Living Wage N/A	60%
Evaluation Team	Evaluated by Technical officers from Communities and Families and Resources	

Contract	Lot 11 Multi-Discipline Design Team Services	
Contract period (including any extensions)	4 years	
Estimated Contract Value (including extensions)	£12,000,000	
Procurement Route Chosen	Restricted Procedure	
Tenders Returned	10	
Name of Recommended Supplier(s)	Faithful+Gould Ltd, Turner Townsend Project Management Limited, Currie Brown UK Limited, Thomas & Adamson, 7N Architects LLP, and Atkins Limited	
Price / Quality Split	Price 40%	Quality 60%
Evaluation criteria and weightings and reasons for this approach	Price	40%
	Section A Section B Time Charged Fee Sub Consulting	15% 15% 5% 5%
	Quality	60%
	Project 1 Project 2 Performance Management Business Continuity Fair Work Practices Community Benefits Data Protection Zero Hours Contracts and the Living Wage	30% 35% 15% 5% 5% 10% N/A N/A
Evaluation Team	Evaluated by Technical officers from Place	

Contract	Lot 12 Passive House Designer (Architect) Services	
Contract period (including any extensions)	4 years	
Estimated Contract Value (including extensions)	£2,000,000	
Procurement Route Chosen	Restricted Procedure	
Tenders Returned	11* three withdrew from the process	
Name of Recommended Supplier(s)	Architype Limited, Robert Potter and Partners LLP, ADP, ECD Architects Limited, NPS Property Consultants Ltd, and HLMAD Ltd trading as HLM Architect	
Price / Quality Split	Price 40%	Quality 60%
Evaluation criteria and weightings and reasons for this approach	Price	40%
	Section A	12.5%
	Section B	12.5%
	Section D	5%
	Time Charged Fee	5%
	Sub Consulting	5%
	Quality	60%
	Framework Delivery Team	35%
	Method & Approach	30%
	Performance Management	20%
	Community Benefits	10%
	Fair Work Practices	5%
	Data Protection	N/A
	Zero Hours Contracts and the Living Wage	N/A
Evaluation Team	Evaluated by Technical officers from Communities and Families and Resources	

Contract	Lot 13 Transportation Services	
Contract period (including any extensions)	4 years	
Estimated Contract Value (including extensions)	£4,000,000	
Procurement Route Chosen	Restricted Procedure	
Tenders Returned	10	
Name of Recommended Supplier(s)	Peter Brett Associates LLP (t/a Stantec UK Ltd), WSP, Sweco UK Limited, Mott MacDonald Ltd, Atkins Limited, and Arcadis Consulting (UK) Limited	
Price / Quality Split	Price 40%	Quality 60%
Evaluation criteria and weightings and reasons for this approach	Price	40%
	Section A	12.5%
	Section B	12.5%
	Section C & D & E	5%
	Time Charged Fee	5%
	Sub Consulting	5%
	Quality	60%
	Framework Delivery Team	35%
	Method & Approach	30%
	Performance Management	20%
	Community Benefits	10%
	Fair Work Practices	5%
	Data Protection	N/A
	Zero Hours Contracts and the Living Wage	N/A
Evaluation Team	Evaluated by Technical officers from Place	

Appendix 2 – Tender Evaluation Outcome

Lot 1 Project Management Services

Contractor	Quality (Max 60)	Price (Max 40)	Overall Rank
Thomas & Adamson	45.60	37.89	1
Gleeds	53.10	28.63	2
Currie & Brown UK Limited	47.70	30.32	3
Turner & Townsend Project Management Limited	44.40	29.53	4
WSP UK Ltd	47.40	21.84	5
Faithful+Gould Ltd	38.70	28.05	6
Bidder Anonymised	46.50	18.17	7
Bidder Anonymised	36.30	24.35	8
Bidder Anonymised	42.00	18.18	9
Bidder Anonymised	25.80	0.00	Fail
Bidder Anonymised	35.70	0.00	Fail

Lot 2 Building Surveying Services

Contractor	Quality (Max 60)	Price (Max 40)	Overall Rank
Thomson Gray Ltd	39.30	34.73	1
Thomas & Adamson	37.50	31.54	2
Summers-Inman	39.30	29.72	3
Faithful+Gould Ltd	42.00	24.49	4
Currie & Brown UK Limited	44.10	19.68	5
Gleeds	42.60	19.21	6
Bidder Anonymised	43.50	11.90	7
Bidder Anonymised	36.60	13.50	8
Bidder Anonymised	32.70	0.00	Fail
Bidder Anonymised	29.70	0.00	Fail
Bidder Anonymised	35.70	0.00	Fail

Lot 3 Quantity Surveying Services

Contractor	Quality (Max 60)	Price (Max 40)	Overall Rank
Currie & Brown UK Limited	40.80	36.40	1
Faithful+Gould Ltd	42.90	32.06	2
Robinson Low Francis	36.00	37.80	3
Doig and Smith Ltd	39.60	33.77	4
Armour Construction Consultants	36.00	37.08	5
Thomas & Adamson	39.90	30.09	6
Bidder Anonymised	38.70	25.34	7
Bidder Anonymised	37.80	25.87	8
Bidder Anonymised	38.10	23.40	9
Bidder Anonymised	35.40	0.00	Fail

Bidder Anonymised	33.60	0.00	Fail
Bidder Anonymised	34.80	0.00	Fail

Lot 4 Architectural Services – Education/Non-residential

Contractor	Quality (Max 60)	Price (Max 40)	Overall Rank
Architype Limited	51.90	34.18	1
Anderson Bell Christie	51.30	34.10	2
Holmes Miller Ltd	50.40	32.70	3
AHR Architects Limited	50.10	31.54	4
Smith Scott Mullan Associates Limited	48.30	29.22	5
Reiach and Hall Architects	46.20	29.60	6
Bidder Anonymised	47.70	22.22	7
Bidder Anonymised	47.10	22.24	8
Bidder Anonymised	47.70	14.74	9
Bidder Anonymised	42.90	19.36	10

Lot 5 Architectural Services - Residential

Contractor	Quality (Max 60)	Price (Max 40)	Overall Rank
Anderson Bell Christie	47.10	38.87	1
Cooper Cromar Limited	47.10	35.05	2
Smith Scott Mullan Associates Limited	44.40	35.00	3
Hawkins Brown Design Limited	48.00	24.73	4
7N Architects LLP	44.10	23.30	5
Collective Architecture	40.50	25.84	6
HYPOSTYLE ARCHITECTS	41.70	24.64	7
Bidder Anonymised	35.70	0.00	Fail
Bidder Anonymised	31.50	0.00	Fail
Bidder Anonymised	28.20	0.00	Fail

Lot 6 Architectural Services – Landscape

Contractor	Quality (Max 60)	Price (Max 40)	Overall Rank
Atkins Limited	44.70	34.78	1
Rankinfraser Landscape Architecture LLP	44.10	27.32	2
Hirst Landscape Architects	41.40	21.75	3
Sweco UK Limited	45.60	13.80	4
LDA Design	44.70	13.64	5
Bidder Anonymised	34.80	0.00	Fail
Bidder Anonymised	33.90	0.00	Fail
Bidder Anonymised	35.70	0.00	Fail

Bidder Anonymised	35.10	0.00	Fail
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Lot 7 Structural and Civil Engineering Services

Contractor	Quality (Max 60)	Price (Max 40)	Overall Rank
G3 Consulting Engineers	46.20	31.04	1
Harley Haddow	45.60	26.29	2
Will Rudd Davidson Ltd	48.90	22.94	3
David Narro Associates	45.00	25.73	4
Mott MacDonald Ltd	44.10	25.68	5
Pick Everard	37.50	28.99	6
Bidder Anonymised	41.40	22.39	7
Bidder Anonymised	39.00	22.32	8
Bidder Anonymised	34.20	0.00	Fail

Lot 8 Mechanical & Electrical Engineering Services

Contractor	Quality (Max 60)	Price (Max 40)	Overall Rank
Harley Haddow	43.80	31.90	1
Pick Everard	38.70	31.69	2
Blackwood Partnership	41.40	28.35	3
Hurley Palmer Flatt	37.50	31.77	4
Rybka	37.50	30.13	5
TUV SUD LIMITED	36.00	30.36	6
Bidder Anonymised	36.60	23.79	7
Bidder Anonymised	31.80	0.00	Fail
Bidder Anonymised	34.20	0.00	Fail
Bidder Anonymised	34.50	0.00	Fail

Lot 9 Fire Engineering Services – nil award

Tenders failed to achieve the minimum quality threshold of 60% therefore a review will be held prior to re-tender of this requirement.

Lot 10 Interior Design Services

Contractor	Quality (Max 60)	Price (Max 40)	Overall Rank
HLMAD Ltd trading as HLM Architect	46.50	29.74	1
Holmes Miller Ltd	40.50	22.75	2
Space Solutions	41.70	19.19	3
Hawkins Brown Design Limited	45.00	14.79	4
Scott Brownrigg Ltd	39.30	20.12	5
Atkins Limited	43.20	13.29	6
Bidder Anonymised	37.50	18.38	7

Bidder Anonymised	31.50	0.00	Fail
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Lot 11 Multi-Discipline Design Team Services

Contractor	Quality (Max 60)	Price (Max 40)	Overall Rank
Faithful+Gould Ltd	51.90	37.41	1
Turner Townsend Project Management Limited	47.10	39.31	2
Currie Brown UK Limited	51.30	34.79	3
Thomas & Adamson	46.20	36.57	4
7N Architects LLP	50.40	31.45	5
Atkins Limited	48.00	33.84	6
Bidder Anonymised	48.60	30.73	7
Bidder Anonymised	37.50	37.00	8
Bidder Anonymised	47.40	24.43	9
Bidder Anonymised	40.50	31.01	10

Lot 12 Passive House Designer (Architect) Services

Contractor	Quality (Max 60)	Price (Max 40)	Overall Rank
Architype Limited	53.70	28.12	1
Robert Potter and Partners LLP	43.20	28.22	2
ADP	36.90	33.09	3
ECD Architects Limited	42.30	27.03	4
NPS Property Consultants Ltd	43.20	22.86	5
HLMAD Ltd trading as HLM Architect	40.20	18.41	6
Bidder Anonymised	38.70	18.21	7
Bidder Anonymised	33.00	0.00	Fail

Lot 13 Transportation Services

Contractor	Quality (Max 60)	Price (Max 40)	Overall Rank
Peter Brett Associates LLP (t/a Stantec UK Ltd)	48.00	32.44	1
WSP	51.90	14.75	2
Sweco UK Limited	51.90	11.03	3
Mott MacDonald Ltd	50.40	11.80	4
Atkins Limited	47.10	14.67	5
Arcadis Consulting (UK) Limited	46.80	13.74	6
Bidder Anonymised	49.80	9.44	7
Bidder Anonymised	37.20	18.90	8
Bidder Anonymised	36.90	15.22	9
Bidder Anonymised	33.00	0.00	Fail

Appendix 3 – List of all Participating Sector Partners

Local Authorities

Aberdeen City Council
Aberdeenshire Council
Angus Council*
Argyll & Bute Council
Clackmannanshire Council
Comhairle Nan Eilean Siar
Dumfries & Galloway Council
Dundee City Council*
East Ayrshire Council
East Dunbartonshire Council
East Lothian Council
East Renfrewshire Council
Falkirk Council
Fife Council
Glasgow City Council
Inverclyde Council
Midlothian Council
Moray Council
North Ayrshire Council
North Lanarkshire Council
Orkney Islands Council
Perth & Kinross Council*
Renfrewshire Council
Scottish Borders Council
Shetland Islands Council
South Ayrshire Council
South Lanarkshire Council
The Highland Council
West Dunbartonshire Council
West Lothian Council
Tayside Contracts*
* Members of Tayside Procurement Consortium

Scottish Registered Social Landlords (RSLs)

Abbeyfield Scotland Ltd
Aberdeen Soroptimist Housing Society Ltd
Abertay Housing Association Ltd
Abronhill Housing Association Ltd
Albyn Housing Society Ltd
Almond Housing Association Ltd
ANCHO Ltd
Angus Housing Association Ltd
Ardenglen Housing Association Ltd
Argyll Community Housing Association Ltd
Ark Housing Association Ltd
Arklet Housing Association Ltd
Atrium Homes
Ayrshire Housing

Barony Housing Association Ltd
Barrhead Housing Association Ltd
Bellsmyre Housing Association Ltd
Berwickshire Housing Association Ltd
Bield Housing & Care
Blackwood Homes and Care
Blairtummock Housing Association Ltd
Blochairn Housing Association Ltd
Blue Triangle (Glasgow) Housing Association Ltd
Bridgewater Housing Association Ltd
BT Loch Aillse agus an Eilein Sgitheanaich Ltd - Lochalsh
and Skye HA Ltd
Cadder Housing Association Ltd
Cairn Housing Association Ltd
Caledonia Housing Association Ltd
Calvay Housing Association Ltd
Cassiltoun Housing Association Ltd
Castle Rock Edinvar Housing Association Ltd
Castlehill Housing Association Ltd
Cathcart & District Housing Association Ltd
Cernach Housing Association Ltd
Charing Cross Housing Association Ltd
Cloch Housing Association Ltd
Clyde Valley Housing Association Ltd
Clydebank Housing Association Ltd
Clydesdale Housing Association Ltd
Comhairle nan Eilean Siar
Copperworks Housing Association Ltd
Cordale Housing Association Ltd
Cube Housing Association Ltd
Cunninghame Housing Association Ltd
Dalmuir Park Housing Association Ltd
Drumchapel Housing Co-operative Ltd
Dumfries and Galloway Housing Partnership
Dunbritton Housing Association Ltd
Dunedin Canmore Housing Limited
East Kilbride and District Housing Association Ltd
East Lothian Housing Association Ltd
Easthall Park Housing Cooperative Ltd
Eildon Housing Association Ltd
Elderpark Housing Association Ltd
Fairfield Housing Co-operative Ltd
Ferguslie Park Housing Association Ltd
Fife Housing Association Ltd
Forgewood Housing Co-operative Ltd
Forth Housing Association Ltd
Gardeen Housing Association Ltd
Garrion Peoples Housing Cooperative Ltd

Glasgow Housing Association Ltd, The
Glasgow West Housing Association Ltd
Glen Housing Association Ltd
Glen Oaks Housing Association Ltd
Govan Housing Association Ltd
Govanhill Housing Association Ltd
Grampian Housing Association Ltd
Hanover (Scotland) Housing Association Ltd
Hawthorn Housing Co-operative Ltd
Hebridean Housing Partnership Ltd
Hillcrest Homes
Hillhead Housing Association 2000
Hjaltland Housing Association Ltd
Home in Scotland Ltd
Homes for Life Housing Partnership
Horizon Housing Association Ltd
Hunters Hall Housing Co-operative Ltd
Irvine Housing Association Ltd
Kendoon Housing Association Ltd
Key Housing Association Ltd
Kingdom Housing Association Ltd
Kingsridge Cleddans Housing Association Ltd
Knowes Housing Association Ltd
Lanarkshire Housing Association Ltd
Langstane Housing Association Ltd
Larkfield Housing Association Ltd
Link Group Ltd
Linstone Housing Association Ltd
Linthouse Housing Association Ltd
Lister Housing Co-operative Ltd
Lochaber Housing Association Ltd
Loreburn Housing Association Ltd
Loretto Housing Association Ltd
Manor Estates Housing Association Ltd
Maryhill Housing Association Ltd
Melville Housing Association Ltd
Milnbank Housing Association Ltd
Molendinar Park Housing Association
Muirhouse Housing Association Ltd
New Gorbals Housing Association Ltd
North Glasgow Housing Association Ltd
North View Housing Association Ltd
Oak Tree Housing Association Ltd
Ochil View Housing Association Ltd
Ore Valley Housing Association Ltd
Orkney Housing Association Ltd
Osprey Housing Ltd
Osprey Housing Moray

Paisley Housing Association Ltd
Paragon Housing Association Ltd
Parkhead Housing Association Ltd
Partick Housing Association Ltd
Pentland Housing Association Ltd
Pineview Housing Association Ltd
Port of Leith Housing Association Ltd
Prospect Community Housing
Provanhall Housing Association Ltd
Queens Cross Housing Association Ltd
Reidvale Housing Association
River Clyde Homes
Rosehill Housing Co-operative Limited
Rural Stirling Housing Association Ltd
Rutherglen and Cambuslang Housing Association Ltd
Sanctuary Scotland Housing Association Ltd
Scottish Borders Housing Association Ltd
Scottish Veterans Housing Association Ltd
Shettleston Housing Association Ltd
Shire Housing Association Ltd
Southside Housing Association Ltd
Spire View Housing Association Ltd
Strathclyde (Camphill) Housing Society Ltd
Thenue Housing Association Ltd
Thistle Housing Association Ltd
Tollcross Housing Association Ltd
Trust Housing Association Ltd
Viewpoint Housing Association Ltd
Waverley Housing
Wellhouse Housing Association Ltd
Weslo Housing Management
West Granton Housing Co-operative Ltd
West Highland Housing Association Ltd
West Lothian Housing Partnership Ltd
West of Scotland Housing Association Ltd
West Whitlawburn Housing Co-operative Ltd
Wheatley Housing Group Ltd
Whiteinch and Scotstoun Housing Association Ltd
Williamsburgh Housing Association Ltd
Wishaw and District Housing Association Ltd
Yoker Housing Association Ltd
Yorkhill Housing Association Ltd

Other Organisations

Police Scotland
Scottish Fire and Rescue Service
Edinburgh University

Finance and Resources Committee

10.00am, Thursday 29 October 2020

Workforce Dashboard – August 2020

Item number	7.7
Executive/Routine	Executive
Wards	
Council Commitments	

1. Recommendations

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

Stephen S. Moir

Executive Director of Resources

Contact: Katy Miller, Head of Human Resources,
Human Resources Division, Resources Directorate

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

Workforce Dashboard

2. Executive Summary

- 2.1 This report provides a summary of workforce metrics for the core and flexible workforce, absence, transformation/redeployment, risk, and performance, as detailed on the Finance and Resources Committee Workforce Dashboard, for the period of August 2020.

3. Background

- 3.1 The dashboard reporting period is August 2020. Comparison is made to the previous dashboard reporting period, July 2020.

4. Main report

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

Core Workforce

- 4.2 All Figures referred to are contained in Appendix 3.
- 4.3 Our core workforce increased this period by 270 FTE to 14,623 FTE, and the basic salary pay bill increased £6.7m to £449.2m. Workforce FTE and pay bill trends are shown in **Figures 1 and 2**.
- 4.4 **Figure 3** shows the change in FTE for the Local Government Employee (LGE), Teaching, Chief Official and Craft Apprentice groups between July 2020 and August 2020. The LGE group increased by 43 FTE and the Teaching group increased by 226 FTE in the period.
- 4.5 **Figure 4** shows the change in Directorate FTE between July 2020 and August 2020. There was a notable increase of 286 FTE in Communities and Families due to the onboarding of new Schools and Lifelong learning employees in line with the new school year starting.
- 4.6 Permanent contracts decreased by 29 FTE, Fixed Term Contracts (FTCs) increased by 214 FTE, acting up and secondment contracts increased by 85 FTE and apprentice/trainee contracts decreased by 1 FTE.
- 4.7 The annual cost of permanent contracts increased by £1.6m and FTCs increased by £6m. The cost of acting up and secondment arrangements decreased by £0.8m, and the cost of apprentices/trainees decreased by £16K.
- 4.8 The cost of organisation new starts was £8.9m and the cost of leavers was £3.4m.
- 4.9 The spend on Working Time Payments (WTPs) increased by £6K to £731K.
- 4.10 **Figure 5** shows longer term Local Government Employee workforce change, between June 2015 and August 2020 (i.e. before and after Transformation).

Flexible Workforce

- 4.11 In the period, this workforce was equivalent to approximately 769 FTE. The associated costs for this period decreased by £0.8m to £2.2m. (**Figure 6**).
- 4.12 The spend on the agency workforce increased by £612K and cost the organisation £1.26m in the period. Of the total spend, 89% is attributable to the primary and secondary agency suppliers, whilst 11% relates to off-contract spend. The agency workforce this period was the equivalent of 438 FTE, with an average monthly workforce of 527 FTE (12-month average).
- 4.13 The agency cost trend is shown in **Figure 7**. Note that month on month agency cost fluctuation can be linked to the nature of the billing process.
- 4.14 The casual/supply workforce spend decreased by £463K this period to £406K. The casual/supply workforce this period was the equivalent of 195 FTE, with an average monthly workforce of 265 FTE (12-month average). The casual/supply cost trend is shown in **Figure 8**.
- 4.15 The total cost of overtime this period was £508K which is the same as the previous period. A breakdown of the spend by overtime "type" is detailed in **Figures 9 and 10**. Around 56% of the spend was made at the enhanced overtime rate, 0.4% was

paid at the public holiday rate, 13% was paid at plain time, and 18% related to call-out hours. The overtime/additional hours worked this period was the equivalent of 137 FTE, with an average monthly workforce of 207 FTE (12-month average, callout hours excluded from FTE reporting). The overtime cost trend is shown in **Figure 11**.

Displaced Workforce

- 4.16 The total number of employees on the redeployment register remains the same as last period.
- 4.17 Of the 29 employees currently displaced; 22 have been temporarily redeployed and 7 are not currently redeployed into a temporary solution but are carrying out meaningful work in their former service area.
- 4.18 The funding arrangements for the total displaced FTE is as follows; 16.2 FTE are corporately funded; 10 FTE are funded by their service and 1 FTE is funded externally.
- 4.19 Of those corporately funded; 9.2 FTE are currently redeployed and 7 FTE are not currently redeployed. 12.2 FTE of the corporately funded FTE have been on the redeployment register for longer than 12 months, 2.0 for between 6 and 12 months and 2.0 FTE for less than 6 months.
- 4.20 As at August 2020, £681,879 of salary costs have been saved from redeployment costs as a result of colleagues securing alternative employment within or outwith the organisation.
- 4.21 With an ongoing focus on reducing costs across the Council we have asked for support from Executive Directors and their Heads of Service to ensure that line managers commit to try and find suitable alternative roles for those on the redeployment register. Equally, recruiting line managers are actively encouraged to consider committing to training and support to help employees on the register to reach the required standard for particular roles.

Absence

- 4.22 In the period the monthly absence rate (reflecting days lost to absence in August 2020) increased from 2.56% (July 2020) to 3.46% (see **Figures 12, 13 and 14**). These figures exclude COVID related absence.
- 4.23 The rolling absence rate for the organisation for the 18/19 year was 5.18%, reflecting 168K working days lost to absence in the period (approx. 748 FTE) (see Figures 15 and 16). The rolling absence rate for the organisation for the 19/20 year was 5.28%, reflecting 170K working days lost to absence in the period (approx. 756 FTE). Comparison of the 18/19 and 19/20 rolling rate demonstrates an overall increase in organisation absence in the last 12 months.

Learning and Development

Utilisation

- 4.24 In August the number of learning events facilitated using MS Teams increased by 100% from July. 83% of these events had a Child Protection focus, mainly

supporting colleagues working in schools. There was an increase of 30% in the excellent satisfaction rating for virtual face-to-face learning events. (**Appendix 1**)

Digital Learning

- 4.25 The number of digital learning module unique launches increased by 1,160 from July. Satisfaction rates for digital learning remain consistent with July data.

5. Next Steps

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

6. Financial impact

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

7. Stakeholder/Community Impact

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

8. Background reading/external references

- 8.1 Workforce Control Report and Dashboard to Finance and Resources Committee on 24 September 2020.

9. Appendices

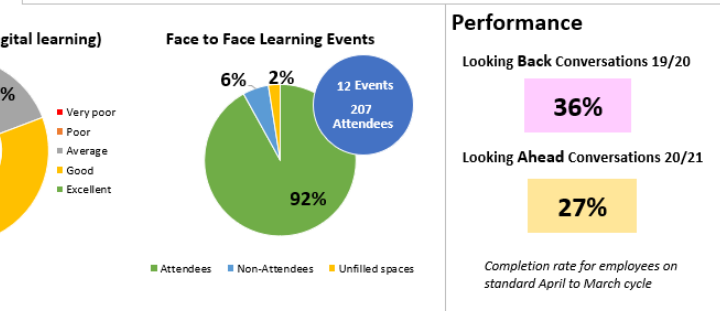
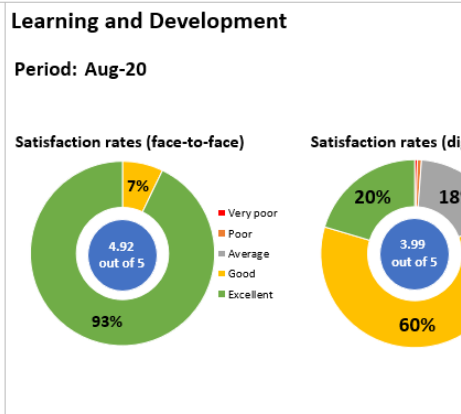
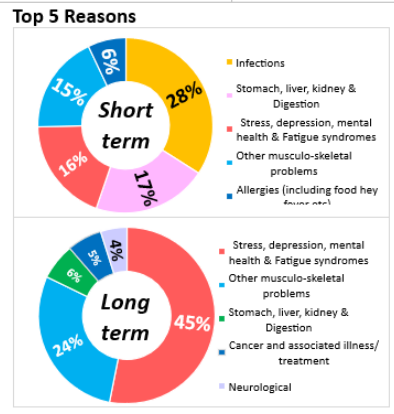
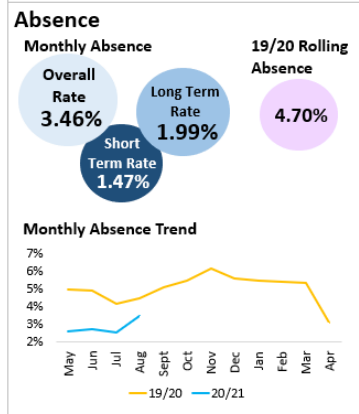
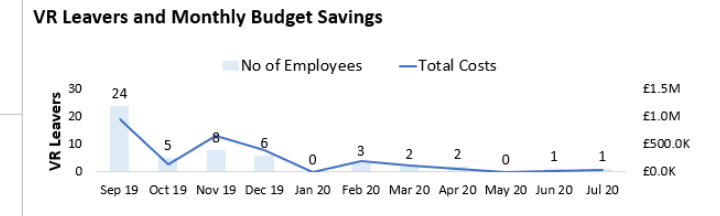
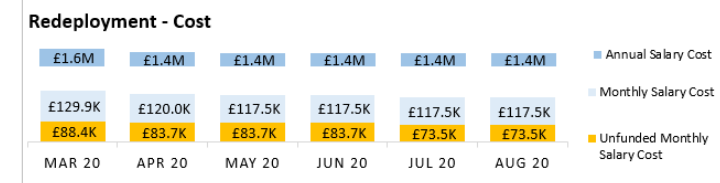
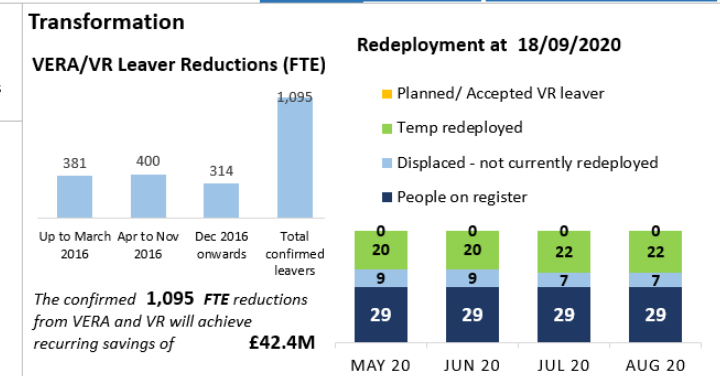
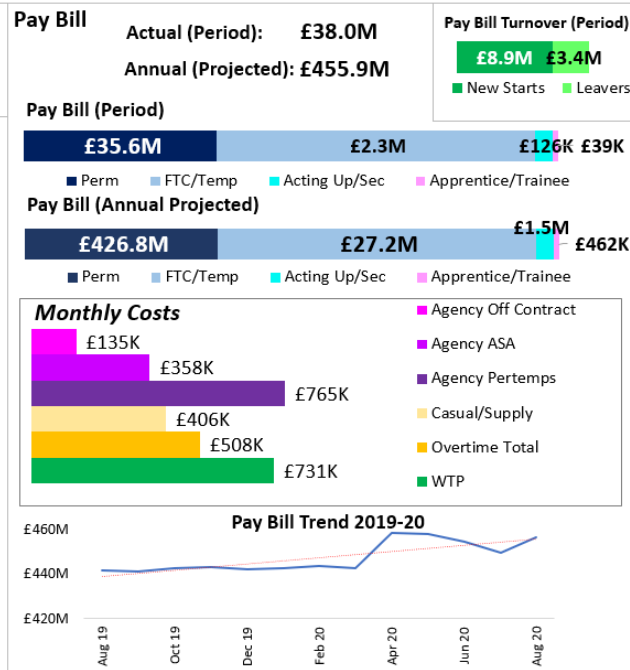
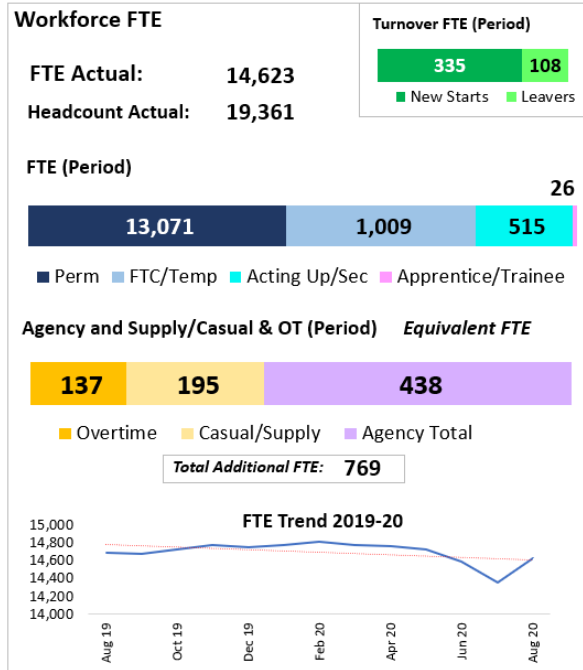
Appendix 1: Finance and Resources Committee Workforce Dashboard

Appendix 2: Finance and Resources Committee Workforce Dashboard Glossary

Appendix 3: Workforce Management Information and Trends

Appendix 1: Finance and Resources Committee Workforce Dashboard

Period: **Aug 20** Issued: **30 Sep '20**



Appendix 2: Finance and Resources Committee Workforce Dashboard

<p>Workforce FTE</p> <p>FTE Actual: <i>Sum of FTE for all staff on CEC payroll Count of total contracts/positions is not reported here</i></p> <p>Headcount Actual: <i>Total number of individual employees on CEC payroll</i></p> <p>FTE (Period)</p> <p><i>Breakdown of FTE by contract type for all staff on CEC payroll. A snapshot taken on 25th of each month (post 2nd payroll calc to capture all contractual changes, leavers etc). New starts after 1st of month are removed and included in the next month's FTE analysis. This methodology enables better syncing of workforce FTE data and new start/leaver data.</i></p> <p>Additional FTE* (Period)</p> <p><i>Breakdown of additional working hours utilisation for overtime represented as equivalent FTE. Agency cost and supply/casual cost converted to notional FTE value using average annual salary cost of £35/£25K per FTE. Overtime - actual units of time claimed/paid for additional hours (excludes call-out OT hours) at last transaction date. Data extracted at week 1 to capture late payments. Agency - cost of weekly invoicing from Pertemps, ASA and off-contract agencies for the last month. Data extracted after last weekly payroll in preceding month. Casual/supply - cost of hours claimed at last transaction date. Data extracted at week 1 to capture late payments.</i></p> <p><i>FTE calculated on the basis that a full-time Local Government Employee works 36 hours per week over 52.18 weeks (1878 hours). This calculation will be developed to take into account a 35 hour working week for Teacher contracts and any other conditions identified at consultation.</i></p> <p>FTE Trend</p> <p><i>Archive data from previous S&I dashboard process.</i></p> <p>Turnover FTE (Period)</p> <p><i>Organisation new starts and leavers in the month. Does not report on internal new appointments (e.g. additional contracts, promotion) or ended contracts for multi-position holders (where other positions are still live).</i></p>	<p>Pay Bill</p> <p>Actual (Period): <i>Sum of pro-rated basic salary for all staff on CEC payroll</i></p> <p>Annual (Projected): <i>Sum of pro-rated basic salary for all staff on CEC payroll*12</i></p> <p>Pay Bill (Period)</p> <p><i>Breakdown of basic pay by contract type for all staff on CEC payroll. Same reporting conditions as for FTE.</i></p> <p>Pay Bill (Annual Projected)</p> <p><i>Breakdown of basic pay by contract type for all staff on CEC payroll*12. Same reporting conditions as for FTE. For trends analysis it should be noted that workforce FTE/cost vs new start/leaver FTE/cost will never match exactly due to the "internal churn" of the existing staff population, e.g. changes to working hours, additional contracts).</i></p> <p>Monthly Costs</p> <p><i>Actual cost of hours claimed for overtime, agency and casual/supply and payments made in period. Actual cost of transactions for all working time payments (variable, shifts, weekend, nights, disruption) at the last transaction date.</i></p> <p>Pay Bill Turnover (Period)</p> <p><i>As FTE. Costings report on the annual basic salaries (pro-rated) for new start and leaver populations.</i></p> <p>Pay Bill Trend</p> <p><i>Archive data from previous S&I dashboard process.</i></p>	<p>Transformation</p> <p>VERA/VR Leaver Reductions (FTE)</p> <p><i>Data from Finance at week 4 of month.</i></p> <p>Redeployment - People</p> <p><i>Headcount of staff on redeployment register with status surplus, temp redeployed, future dated VERA/VR leaver. Data extracted at 27th of month.</i></p> <p>Redeployment - Cost</p> <p><i>Pro-rated basic salary data for staff on redeployment register.</i></p> <p>VR Leavers and Cumulative Budget Savings</p> <p><i>Data from Finance at week 4 of month.</i></p>
<p>Absence</p> <p><i>All tables and graphs based on preceding 12 months absence data for all staff on CEC payroll.</i></p> <p><i>Data extracted at week 1 to capture late</i></p> <p><i>Trend data - archive data from previous S&I dashboard process.</i></p>	<p>Performance</p> <p>Looking Ahead Conversations</p> <p><i>Total number of conversations where target date for completion has been reached (last day of preceding month). Data extracted at week 1 to capture late input. Different service areas have varying rolling dates for completion of GR1-4. Staff do not fall into scope for completion analysis until the last day of their target month for completion has passed.</i></p>	<p>Looking Back Conversations</p> <p><i>Total number of conversations where target date for completion has been reached (last day of preceding month). Data extracted at week 1 to capture late input. For the standard cycle, all looking back meetings should have taken place by 31/03/18. Different service areas have varying rolling dates for completion of GR1-4. Staff do not fall into scope for completion analysis until the last day of their target month for completion has passed.</i></p>

Appendix 3: Workforce Management Information and Trends

Core Workforce: Management Information and Trends

Fig 1. FTE Trend

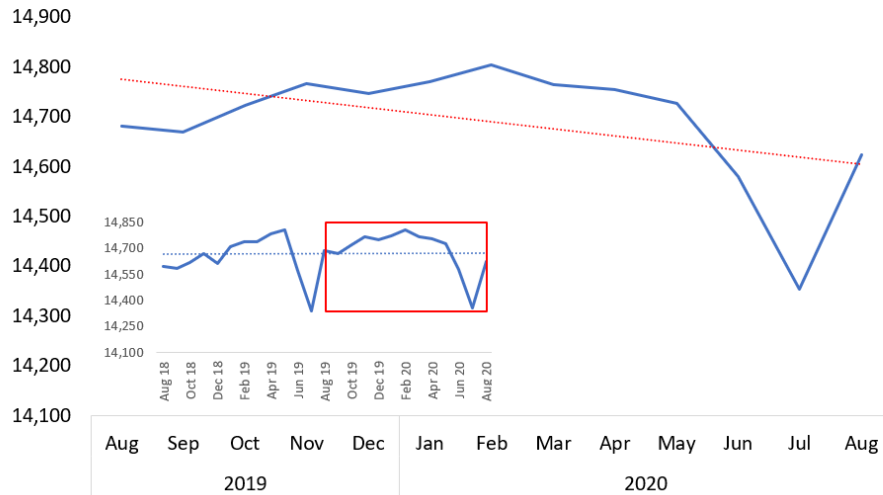


Fig 2. Pay Bill Trend

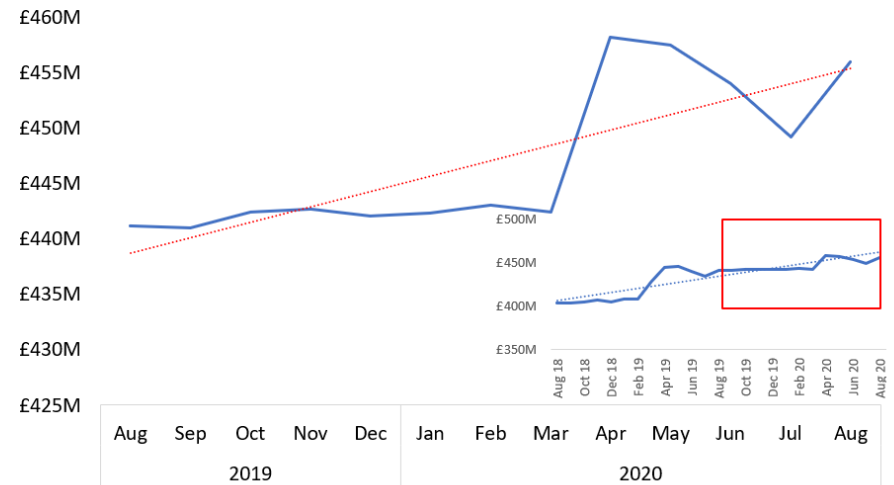


Fig 3 Core Workforce Groups

Category/ Group	July 2020		August 2020		Change in FTE	Change in Headcount
	FTE	Headcount	FTE	Headcount		
Local Government Employee GR1-GR12 including Craft	10736	13582	10779	13479	43	-103
Chief Official	19	19	19	19	0	0
Craft Apprentice	19	19	19	19	0	0
Teaching Total	3581	4762	3807	4930	226	168
Council Total	14354	18382	14624	18447	269	65

Fig 4 Core Workforce FTE by Directorate

Directorate	July 2020		August 2020		Change in FTE	Change in Headcount
	FTE	Headcount	FTE	Headcount		
Strategy & Comms	144	144	147	159	3	15
C&F	7591	10412	7877	10398	286	-14
EH&SCP	2122	2400	2115	2397	-7	-3
Place	2319	2564	2313	2701	-6	137
Resources	2154	2841	2148	2768	-6	-73
Displaced	23	23	23	23	0	0
Council Total	14353	18384	14623	18446	270	62

Appendix 3: Workforce Management Information and Trends (continued)

Core Workforce: Management Information and Trends

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

Category/ Group	Grade	June 2015		June 2017		June 2018		June 2019		June 2020		August 2020		June 15 to August 20	
		FTE	Basic Salary Cost	FTE	Basic Salary Cost	FTE	Basic Salary Cost	FTE	Basic Salary Cost	FTE	Basic Salary Cost	FTE	Basic Salary Cost	Change in LGE FTE	Change in LGE Basic Salary Cost
<i>Front Line Staff</i>	GR1	624	£8.1M	638	£8.4M	595	£8.1M	576	£8.3M	240	£3.6M	241	£3.6M	-383	£4.5M
	GR2	244	£3.4M	198	£2.9M	170	£2.5M	167	£2.6M	496	£7.8M	498	£7.8M	254	£4.4M
	GR3	2374	£38.2M	2124	£34.9M	2089	£35.1M	1965	£34.9M	2038	£37.3M	1954	£35.8M	-420	£2.4M
	GR4	2479	£45.8M	2567	£48.1M	2444	£46.8M	2549	£52.0M	2445	£51.8M	2429	£51.4M	-49	£5.6M
<i>Front Line Manager/ Specialist</i>	GR5	1808	£40.6M	1563	£35.2M	1545	£35.3M	1634	£39.6M	1674	£41.9M	1730	£43.0M	-79	£2.4M
	GR6	1421	£37.1M	1337	£35.9M	1397	£38.0M	1444	£41.8M	1402	£42.2M	1414	£42.4M	-7	£5.3M
	GR7	1520	£48.0M	1296	£42.1M	1294	£42.4M	1294	£45.2M	1300	£46.8M	1318	£47.3M	-203	£0.7M
	GR8	776	£29.2M	652	£25.1M	689	£26.7M	700	£29.0M	711	£30.3M	719	£30.6M	-58	£1.4M
<i>Managers</i>	GR9	359	£15.9M	280	£12.9M	281	£13.0M	279	£13.9M	276	£14.2M	275	£14.1M	-84	£1.8M
	GR10	118	£6.3M	123	£6.5M	117	£6.4M	120	£7.0M	127	£7.7M	127	£7.7M	10	£1.3M
	GR11	47	£3.0M	36	£2.3M	36	£2.4M	38	£2.7M	33	£2.4M	33	£2.4M	-13	£0.5M
	GR12	31	£2.2M	33	£2.4M	38	£2.8M	42	£3.3M	40	£3.3M	41	£3.4M	10	£1.2M
Total		11801	£277.8M	10849	£256.8M	10694	£259.4M	10808	£280.5M	10782	£289.2M	10779	£289.6M	-1023	£11.7M

Appendix 3: Workforce Management Information and Trends (continued)

Flexible Workforce: Management Information and Trends

Fig. 6 Flexible Workforce in Period

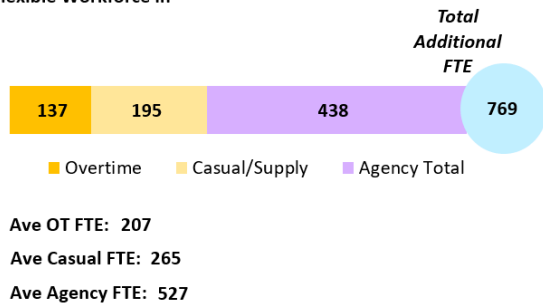


Fig. 7 Agency Trend

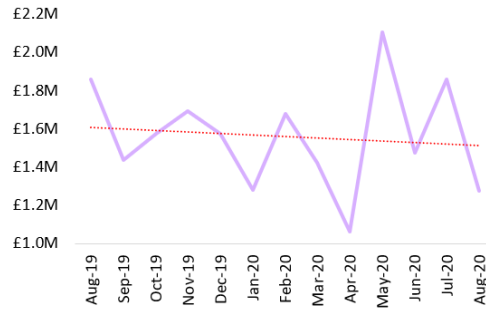


Fig. 8 Casual Trend

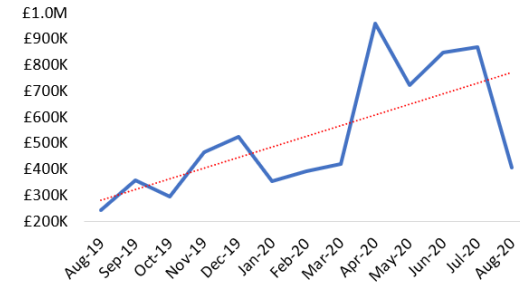


Fig. 9 Overtime by Type in Period

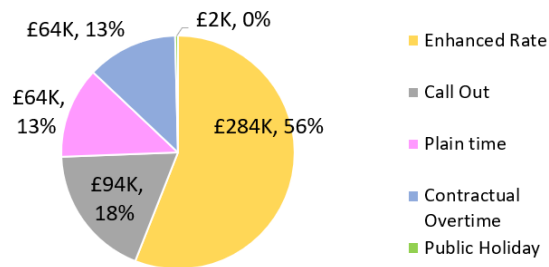


Fig. 10 Overtime by Type in Period - By Directorate

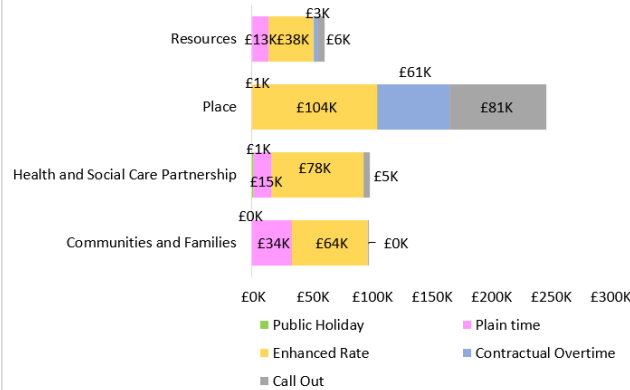
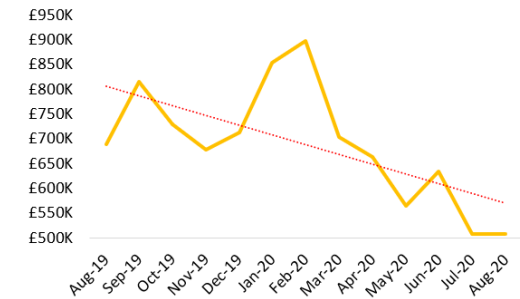


Fig. 11 Overtime Trend



Appendix 3: Workforce Management Information and Trends (continued)

Core Workforce: Management Information and Trends

Fig 12. Monthly Absence Rate

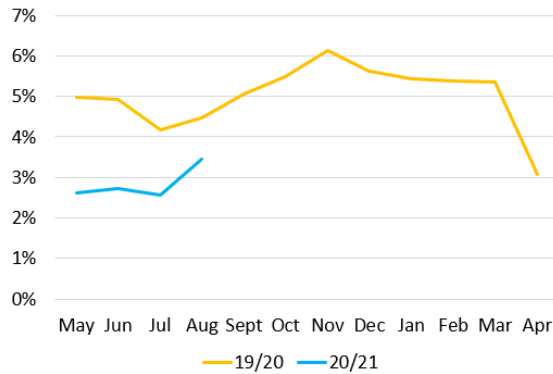
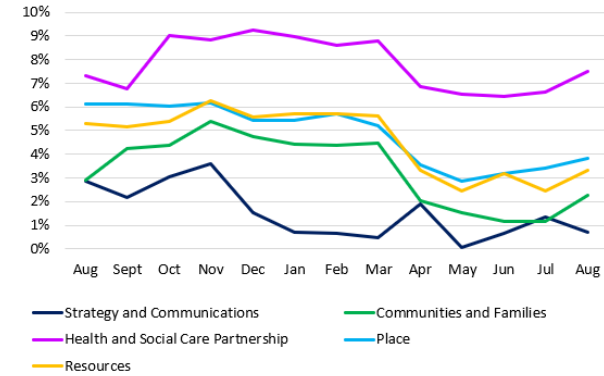


Fig 13. Monthly Days Lost

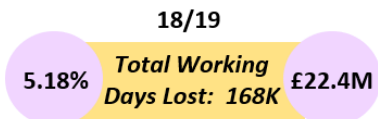
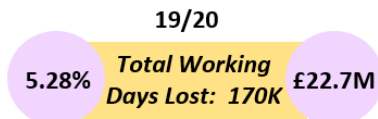
	Working Days Lost	
	19/20	20/21
May	13,862	7,236
Jun	13,139	7,222
Jul	11,395	7,005
Aug	12,275	9,470
Sept	13,821	
Oct	15,101	
Nov	16,373	
Dec	15,524	
Jan	15,008	
Feb	13,938	
Mar	14,854	
Apr	8,570	

Fig 14. Monthly Absence Rate 19/20 - Directorates



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Fig 15. Rolling Absence Rate

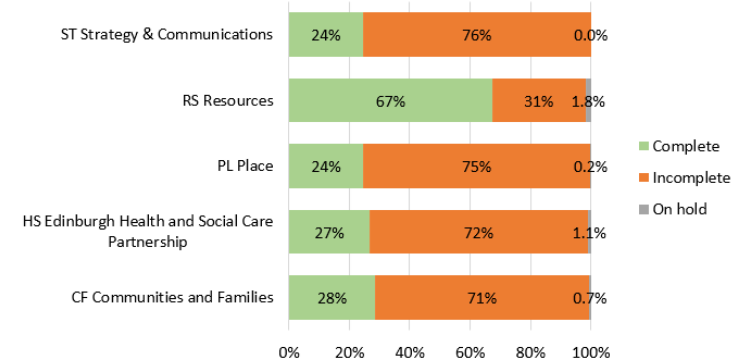


Working days lost to absence between April and March 18/19 + 19/20

Fig 16. Rolling Absence - Directorates

Directorate	Rate 18/19	Days Lost 18/19	Rate 19/20	Days Lost 19/20
Strategy and Communications	1.33%	0.4K	1.92%	0.6K
Communities and Families	3.76%	65K	4.05%	66K
Health and Social Care Partnership	8.51%	42K	8.48%	42K
Place	6.37%	33K	6.10%	32K
Resources	5.72%	28K	5.55%	28K

Fig 17. Looking Back 19/20 Conversation Completion August 20



Finance and Resources Committee

10.00am, Thursday, 29 October 2020

Housing Capital Works Framework Agreement 2020-2024

Executive/routine Wards Council Commitments	Executive All 1, 3, 7, 15, 41 and 44
--	---

1. Recommendations

- 1.1 Finance and Resources Committee is asked to approve the award of a multi-Lot framework agreement following a competitive tendering process for the Housing Property Capital Works Programme 2020-2024 to the contractors set out in Appendix 1. The framework consists of 16 Lots with four of the Lots broken into sub Lots with an estimated value of £140million over the maximum term. Lot 4 will not be progressed, reducing the framework to 15 Lots in total that Committee is asked to approve the award of, namely:
- 1.1.1 the award of Lot 1 Electrical Works with sub lots with an estimated value of £2.1 million per annum;
 - 1.1.2 the award of Lot 2 Multi Trade Works of less than £0.5m with an estimated value of £2.4m per annum;
 - 1.1.3 the award of Lot 3 Multi Trade Works greater than £0.5m with an estimated value of £6.2m per annum;
 - 1.1.4 the award of Lot 5 Kitchen and Bathroom with an estimated value of £7.5m per annum;
 - 1.1.5 the award of Lot 6 Lift Replacement with an estimated value of £1.2m per annum;
 - 1.1.6 the award of Lot 7 Mechanical & Electrical Works with an estimated value of £1.95m per annum;
 - 1.1.7 the award of Lot 8 Domestic Gas Installations with an estimated value of £2.4m per annum;
 - 1.1.8 the award of Lot 9 Security with an estimated value of £1.8m per annum;

- 1.1.9 the award of Lot 10 Painting & Decorating with an estimated contract value of £0.240m per annum;
 - 1.1.10 the award of Lot 11 Adaptations with an estimated value of £1.44m per annum;
 - 1.1.11 the award of Lot 12 Lead Replacement with an estimated value of £0.6m per annum;
 - 1.1.12 the award of Lot 13 Demolition City Wide less than £0.250m with an estimated value of £0.6m per annum;
 - 1.1.13 the award of Lot 14 Demolition City Wide more than £0.250m with an estimated value of £0.750m per annum;
 - 1.1.14 the award of Lot 15 Energy Efficiency Installations with sub lots with an estimated value of £3.52m per annum; and
 - 1.1.15 the award of Lot 16 External Works – neighbourhood environmental projects (NEPs) with an estimated value of £2.52m per annum.
- 1.2 Finance and Resources Committee is also asked to delegate authority to the Executive Director of Place for the awarding of mini competitions, which are undertaken using the framework and notes that these awards will be reported to Finance and Resources Committee under the six-monthly procurement report for Awards of Contract under delegated authority.

Paul Lawrence

Executive Director of Place

Contact: Willie Gilhooly, Acting Housing Property Manager

E-mail: willie.gilhooly@edinburgh.gov.uk | Tel: 0131 529 7866

Housing Capital Works Programme Framework 2020-2024

2. Executive Summary

- 2.1 This report seeks approval from the Finance and Resources Committee to award a multi Lot Framework Agreement for the Housing Capital Works Programme 2020-2024 for a period of up to four years.
- 2.2 The framework now consists of 15 Lots, with four of the lots broken into sub lots, and has an estimated value of up to £140m over the four-year period, subject to use.
- 2.3 The framework is essential to the delivery of the Housing Revenue Account (HRA) capital investment programme for existing homes and estates, which forms part of the HRA Budget Strategy to deliver Council commitments on affordable housing and net zero carbon by 2030.

3. Background

- 3.1 On [20 February 2020](#), Council approved the HRA Budget Strategy (2020-2030), which set out an £2.5b draft ten-year capital investment programme, £910m five-year programme and one-year budget.
- 3.2 The HRA capital investment programme not only covers the investment required to meet statutory standards such as Scottish Housing Quality Standard (SHQS) and Energy Efficiency Standard for Social Housing (ESSH), and Council commitments on affordable housing net zero carbon, it also ensures that growth and regeneration is delivered in ways that supports place making, inclusive growth and sustainability; outcomes set out in key Council strategies; including the Transport and Mobility Plan and the Granton Development Framework.
- 3.3 The capital investment on existing homes and estates consists of various workstreams, from improvements and upgrades inside tenants' homes, e.g. new kitchens and bathrooms, heating system upgrades, to improvement on communal areas, e.g. new secure door entry systems, and the external fabric of buildings, to

wider estate improvement and regeneration, e.g. Neighbourhood Environmental Projects, and North Cairntow Traveller's site improvement project.

- 3.4 The planned programme of works is currently delivered through a number of separate contractors, using a variety of procured contractual arrangements and Quick Quotes. A procurement strategy was undertaken to bring these requirements under one framework. This aims to maximise economies of scale, improve contract management efficiencies and rationalise the portfolio of providers.
- 3.5 A review of the current arrangements was carried out in early 2019 with the aim to consolidate the current requirements into one framework and to remove the opportunity for repairs and maintenance (R&M) contractors to carry out capital replacement modernisation works within the R&M framework, allowing them to focus on the repairs service. The new framework could also be used by other Council service areas, with Housing Property approval.

4. Main report

- 4.1 With nearly £227m budgeted in the five-year HRA capital investment programme for improvement on existing homes and estates, it is important to have an effective procurement framework to cover all the different areas of improvement work required. The Housing Service carries out a significant volume of planned maintenance and improvement works within a defined budget. It is therefore crucial that there was an emphasis on cost, whilst ensuring that the contractor's proposals and procedures were of high quality.
- 4.2 In April 2019, the Council undertook a two stage Restricted Procedure procurement in accordance with the Public Contracts (Scotland) 2015 Regulations. A cost quality ratio of 60% price, 40% quality was applied.
- 4.3 The aim of a two-stage process is to identify suitably qualified and experienced bidders by setting out mandatory criteria requirements such as qualifications required to carry out the requirements and to enable shortlisting to stage two of the tender process.
- 4.4 Stage one of procurement was the European Single Procurement Document (ESPD) evaluation process to identify suitably qualified and experienced contractors to be invited to tender. The contractors selected at the ESPD stage were then invited to bid in February 2020 and tenders were returned in May and June 2020.
- 4.5 There were 16 Lots and 24 sub Lots advertised as set out in the recommendations and Appendix 2.
- 4.6 Tender submissions were evaluated by officers from Housing Property, placing an emphasis on quality, as well as price, with the aim of selecting the most economically advantageous tenders for each of the 16 Lots and sub Lots.

- 4.7 The quality analysis was based on weighted award criteria questions, which were scored using a 0 to 10 matrix.
- 4.8 Following completion of the quality analysis, tenders that passed the minimum threshold of 50% were subject to a cost analysis.
- 4.9 All the bids submitted were based on a Contractors Profit and Overheads and notional sums for dayworks including labour, materials and plant & machinery.
- 4.10 The tender submissions for Lot 4 Windows & Doors were deemed to be not sufficient for the programme of works. The Council has withdrawn this Lot and is undertaking a review prior to commencing a new procurement exercise.
- 4.11 The tender results for each Lot are at Appendix 1.
- 4.12 It is recognised that contract management resources will be required to manage this framework and Housing Property's other frameworks to comply with reporting requirements, monitoring, management and performance of the framework contractors, and to ensure contract compliance and best practice is utilised for each mini competition.

5. Next Steps

- 5.1 Subject to approval, the framework can commence from November 2020, and will allow Housing Property to issue mini competitions to resume the Housing Capital Works Programme.
- 5.2 All potential contractors have been kept updated throughout the procurement process and are aware that the award of contract and contract start dates are dependent upon committee approval.
- 5.3 Virtual start up meetings will be held with the framework providers before the estimated start date.
- 5.4 The framework will be managed by Housing Property and Commercial and Procurement Services have recommended that a framework manager is allocated to manage the service area's requirements with regard to procurement and performance management.

6. Financial impact

- 6.1 The cost will be accommodated in the existing HRA Capital Budget.
- 6.2 The estimated framework value of each of the 15 Lots and sub Lots is reflective of historical spend for these services over the previous financial years, and the scope of works may fluctuate subject planned projects, COVID-19 and budget allocation. Spend across the 15 Lots and sub Lots will be monitored on a quarterly basis.

- 6.3 It is anticipated that financial savings of approximately 8% will be delivered through the new framework.
- 6.4 The benefits of the framework will be achieved as a result of the competitive process, securing capped overheads and profits, labour, materials and plant rates for the duration of the framework, these rates should be on par or lower when compared with the previous framework and inflation.
- 6.5 A review/profiling of the lot structure has been carried out which should ensure more bids having the correct contracts allocated to the right lots.

Forecast Savings

Year	Saving
2020/21	£1.4m
2021/22	£2.8m
2022/23	£2.8m
2023/24	£2.8m
2024/25	£1.4m
TOTAL	£11.2m

- 6.6 Additional savings will also be achieved through value engineering with the successful contractor and reviewing specifications regularly.
- 6.7 Sample project bids have been reviewed from the previous framework and applied to the capital savings approach. This approach takes the average price of all the bids, giving an assumed market price, and deducts this from the winning bid to give the savings figure. This method has been approved by Financial Services.
- 6.8 Projects will be tracked, and financial savings recorded using the capital savings approach. The current capital saving approach indicates a range of savings between 5% and 40% for similar works categories (see Appendix 3). To allow accurate estimated savings to be tracked and updated on the pipeline, it is proposed to use a conservative estimate of 8% as the forecast savings.
- 6.9 It is recognised that a contract management resource will be required to manage this framework and comply with reporting requirements, monitoring and management the performance of the contractors, and to ensure contract compliance and best practice is utilised for each mini competition. The estimated additional resource required is one full time post.
- 6.10 The costs associated with procuring this contract are estimated to be £35,000.

7. Stakeholder/Community Impact

- 7.1 The contract recommended for award is compliant with procurement regulations and the Council's Contract Standing Orders.
- 7.2 As part of the procurement process it was identified that all the bidders pay the Living Wage rate and do not use zero-hour contracts. They have also all agreed to provide community benefits in line with the Council's Community Benefits Points System for frameworks. The Council's Construction Charter was included within the tender package, setting out the standards that the Council expects from its contractors, including around employment status, health and safety and standards of work. The Charter will also form part of the tender package for framework call-offs.
- 7.3 In support of the Council's Sustainable Procurement Strategy commitments the work packages were divided into smaller lots to support small and medium size organisations and local (EH postcode) businesses make up 38% of the total recommended contractors.
- 7.1 No significant environmental impacts are expected to arise from this contract.
- 7.2 The success of these contracts will be measurable against Key Performance Indicators which were detailed within the tender package.
- 7.3 An Integrated Impact Assessment and a Data Protection Impact Assessment have been completed.
- 7.4 As part of on-going engagement with stakeholders, Edinburgh Tenants Federation have been notified of the procurement exercise and its timescale for implementation. The procurement has been developed to secure Best Value to the city's residents and planned investment into the housing stock to improve tenant's homes and living conditions.

8. Background reading/external references

- 8.1 All contractors have completed a COVID-19 business continuity plan, confirming how services will continue under new measures provided by the Scottish Government. These measures will continue to be monitored throughout the life time of the call off contracts.
- 8.2 COVID-19 has been incorporated into the documents used for mini competitions in the form of a method statement on how this will be managed in line with the Scottish Governments guidelines.
- 8.3 COVID-19 will also be covered in the required Risk Assessment Method Statements for each project and a works programme.

9. Appendices

- 9.1 Appendix 1 - Tender results for each lot and sub lots.
- 9.2 Appendix 2 - Summary of Tendering and Tender Evaluation Processes
- 9.3 Appendix 3 – Capital Saving Approach

Appendix 1 - Tender results for each lot and sub lots

Lot 1 – Electrical Works

Sub lot 1.1 Electric Refit/Rewire	Quality Score	Price Score	Overall Rank
Maclin Electric	30.40	58.44	1
Nicolson Bros Ltd	29.40	52.45	2
Easy Heat Systems Ltd	24.40	57.35	3
Belac Group Limited	23.80	56.23	4
Firstcall Trade Services Ltd	25.20	48.86	5
GD Chalmers Ltd	25.20	48.41	6

Sub lot 1.2 Electric Heating	Quality Score	Price Score	Overall Rank
Maclin Electric Ltd	30.40	59.06	1
TB Mackay Energy Services	24.20	58.85	2
Easy Heat Systems Ltd	24.40	57.96	3
Nicolson Bros Ltd	29.40	52.77	4
Firstcall Trade Services Ltd	25.20	49.25	5
GD Chalmers Ltd	25.20	48.38	6

Sub lot 1.3 Fire/Smoke Detection	Quality Score	Price Score	Overall Rank
Maclin Electric Ltd	30.40	58.44	1
Nicolson Bros Ltd	29.40	52.48	2
Easy Heat Systems Ltd	24.40	57.47	3
Belac Group Limited	23.80	56.22	4
Firstcall Trade Services Ltd	25.20	48.88	5
GD Chalmers Ltd	25.20	48.02	6
OpenView Security Solutions Limited	20.20	50.14	7

Sub lot 1.4 Emergency Lighting Systems	Quality Score	Price Score	Overall Rank
Maclin Electric Ltd	30.40	59.25	1
Easy Heat Systems Ltd	24.40	58.35	2
Nicolson Bros Ltd	29.40	53.13	3
Firstcall Trade Services Ltd	25.20	49.58	4
GD Chalmers Ltd	25.20	48.70	5
OpenView Security Solutions Limited	20.20	50.85	6

Lot 2 -Multi Trade Works, inc Fabric and Improvements, less than 500k	Quality Score	Price Score	Overall Rank
Bell Decorating Group Ltd	32.60	55.19	1
Morris & Spottiswood Ltd	31.20	56.33	2
Maxi Construction Ltd	31.20	56.08	3
Apex Contracts Ltd	26.40	60.00	4
Concrete Repairs Ltd (CRL)	27.60	55.72	5
Ailsa Building Contractors Ltd	29.20	52.85	6
Firstcall Trade Services Ltd	30.20	50.79	7
Response Building Maintenance Services Ltd	23.20	57.03	8
Insulated Render Systems (Scotland) Ltd	29.00	50.99	9

Lot 3 - Multi Trade Works, inc Fabric and Improvements, greater than 500k	Quality Score	Price Score	Overall Rank
Morris & Spottiswood Ltd	28.60	57.69	1
Maxi Construction Ltd	28.80	57.00	2
Concrete Repairs Ltd (CRL)	24.00	56.63	3
A.C. Whyte & Co Ltd	27.60	52.89	4
Ailsa Building Contractors Ltd	22.20	53.18	5
Insulated Render Systems (Scotland) Ltd	23.40	51.51	6

Lot 5 - Kitchen and Bathroom, Supply and/or Install	Quality Score	Price Score	Overall Rank
Bell Decorating Group Ltd	33.20	54.71	1
Firstcall Trade Services Ltd	30.60	57.77	2
Response Building Maintenance Services Ltd	27.80	58.68	3
McTear Contracts Ltd	27.00	57.92	4
Belac Group Ltd	26.00	56.12	5
Mears Ltd	25.40	50.22	6
Novus Property Solutions Ltd	25.00	52.47	7

Lot 6 - Lift Replacement, Refurbishment and upgrading works	Quality Score	Price Score	Overall Rank
Consult Lift Services Ltd	25.40	59.55	1
Caltech Lifts Ltd	28.00	50.99	2
Omega Lift Services Ltd	21.40	51.21	3

Lot 7 - Mechanical & Electrical Works

Sub Lot 1.1 Commercial Heating/Hot Water Systems	Quality Score	Price Score	Overall Rank
TB Mackay Energy Services	30.60	59.46	1
Easy Heat Systems Ltd	29.00	59.83	2
John G McIntosh Ltd (JGM).	26.00	51.07	3

Sub Lot 1.2 AOV Systems (Automatic Opening Vent)	Quality Score	Price Score	Overall Rank
John G McIntosh Ltd (JGM).	26.00	60.00	1

Sub Lot 1.3 Ventilation Systems	Quality Score	Price Score	Overall Rank
John G McIntosh Ltd (JGM).	26.00	60.00	1

Sub Lot 1.4 Fire Suppression & Sprinkler Systems	Quality Score	Price Score	Overall Rank
John G McIntosh Ltd (JGM).	26.00	60.00	1

Sub Lot 1.5 Generators	Quality Score	Price Score	Overall Rank
John G McIntosh Ltd (JGM).	26.00	60.00	1

Lot 8 - Domestic Gas, Supply and/or Install	Quality Score	Price Score	Overall Rank
Everwarm	32.20	60.00	1
Easy Heat Systems Ltd	29.80	56.97	2
Gas Call Services Ltd	31.00	54.83	3
L&D Plumbing & Tiling Services Ltd	27.60	54.69	4
Dalex Systems Ltd	26.00	41.79	5

Lot 9 -Security

Sub lot 1.1 Secure Door Entry Systems	Quality Score	Price Score	Overall Rank
Openview Group	27.80	57.94	1
Eden Group	23.80	54.28	2

Sub lot 1.2 CCTV Systems	Quality Score	Price Score	Overall Rank
OpenView Security Solutions Limited.	27.80	57.26	1
Boston Networks Ltd.	25.60	55.54	2
Sub lot 1.3 - Warden Call Systems	Quality Score	Price Score	Overall Rank
OpenView Security Solutions Limited.	27.80	60.00	1

Sub lot 1.4 - Communal TV/Satellite/IRS Systems	Quality Score	Price Score	Overall Rank
Eden Group	23.80	60.00	1

Lot 10 - Painting & Decorating	Quality Score	Price Score	Overall Rank
Trident Maintenance Services Ltd	32.80	56.64	1
Mitie Property Services (UK) Ltd	30.20	56.68	2
Bell Decorating Group Ltd	29.40	57.35	3
Firstcall Trade Services Ltd	29.80	53.33	4
Novus Property Solutions Ltd	21.60	52.79	5

Lot 11 - Adaptation Ramp Installations	Quality Score	Price Score	Overall Rank
Maxi Construction Ltd	30.40	54.46	1
TB Mackay Energy Services	24.20	60.00	2
Firstcall Trade Services Ltd	28.80	50.29	3
Response Building Maintenance Services Ltd	21.60	56.08	4

Lot 12 - Led Replacement	Quality Score	Price Score	Overall Rank
Firstcall Trade Services Ltd	33.20	51.36	1
Belac Group Ltd	24.80	58.92	2
Response Building Maintenance Services Ltd	23.20	57.30	3

LOT 13 Demolition City Wide - less than £250k	Quality Score	Price Score	Overall Rank
The Coleman Group (CNC Group Holdings Ltd)	30.00	58.32	1
Dem-Master Demolition Ltd	31.40	56.43	2
JCJ Demolition & Construction Ltd	26.80	55.39	3
Central Demolition Ltd	23.00	55.84	4
Daltons Demolitions Ltd	22.80	55.47	5

LOT 14 Demolition City Wide - greater than £250k	Quality Score	Price Score	Overall Rank
Dem-Master Demolition Ltd	31.40	56.43	1
The Coleman Group (CNC Group Holdings Ltd)	30.00	57.49	2
JCJ Demolition & Construction Ltd	26.00	54.72	3
Central Demolition Ltd	23.00	55.01	4
Daltons Demolitions Ltd	22.80	55.03	5

Lot 15 - Energy Efficiency Installations

Sub Lot 1.1 Internal Wall Insulation	Quality Score	Price Score	Overall Rank
Everwarm	33.2	60.00	1
Firstcall Trade Services Ltd	31.6	49.43	2
Procast Building Contractors Ltd	32.2	47.92	3

Sub lot 1.2 - External Wall Insulation	Quality Score	Price Score	Overall Rank
MP Group U K Limited	28.80	59.35	1
SERS Energy Solutions (Scotland) Ltd	32.80	54.75	2
A.C. Whyte & Co Ltd	31.40	52.61	3
Procast Building Contractors Ltd	32.20	50.05	4
Insulated Render Systems Scotland	28.40	51.41	5

Sub lot 1.3 - Loft Insulation	Quality Score	Price Score	Overall Rank
Everwarm	33.20	60.00	1
SERS Energy Solutions (Scotland) Ltd,	32.80	52.73	2
Firstcall Trade Services Ltd	31.60	49.64	3
Procast Building Contractors Ltd	32.20	48.23	4
Ailsa Building Contractors Ltd	28.00	51.13	5

Sub lot 1.4 - Cavity Wall Insulation	Quality Score	Price Score	Overall Rank
Everwarm	33.20	60.00	1
SERS Energy Solutions (Scotland) Ltd,	32.80	52.61	2
Procast Building Contractors Ltd	32.20	48.12	3
Ailsa Building Contractors Ltd	28.00	51.02	4

Sub lot 1.5 - Sustainable Energy	Quality Score	Price Score	Overall Rank
Everwarm	32.40	60.00	1

Sub lot 1.6 - Energy Performance Certification	Quality Score	Price Score	Overall Rank
Everwarm	32.40	60.00	1
Firstcall Trade Services Ltd	31.60	50.00	2
Procast Building Contractors Ltd	32.20	49.25	3

Lot 16 EXTERNAL WORKS NEPS	Quality Score	Price Score	Overall Rank
P1 Solutions Ltd	33.60	59.10	1
Glendale Grounds Maintenance Ltd	33.40	57.47	2
Maxi Construction Ltd	28.60	55.30	3
MacKenzie Construction Ltd	25.20	57.68	4
MacAsphalt Ltd, Hillhouse Group	26.60	55.04	5
J Sives Surfacing Ltd	23.00	55.42	6
Thomas Menzies Builders Ltd	22.20	47.19	7

Appendix 2 Summary of Tendering and Tender Evaluation Processes

Framework	Housing Property Capital Works Programme Framework 2020 to 2024	
Framework Period	Two years with the option to extend for two periods of up to twelve months (2+ 1 + 1)	
Estimated Framework Value (including extensions)	Lot 1 - Electrical Works Sub lot 1.1 Electrical Refit/Rewire £4,080,000 Sub lot 1.2 Electric Heating £480,000 Sub lot 1.3 Fire/Smoke Detection £1,920,000 Sub lot 1.4 Emergency Lighting Systems £1,920,000 Lot 2 - Multi Trade Work, less than 500k £9,600,000 Lot 3 - Multi Trade Work, greater than 500k £25,000,000 Lot 5 - Kitchen and Bathroom, Supply and/or Install £30,000,000 Lot 6 - Lift Replacement, Refurb & upgrading works £4,800,000 Lot 7 - Mechanical & Electrical Works Sub lot 1.1 - Commercial Heating £3,840,000 Sub lot 1.2 - Automatic Opening Vent Systems £1,920,000 Sub lot 1.3 - Ventilation Systems £1,080,000 Sub lot 1.4 - Fire Suppression Systems £240,000 Sub lot 1.5 - Generators £720,000 Lot 8 - Domestic Gas Installations £9,600,000 Lot 9 -Security Sub lot 1.1 - Secure Door Entry Systems £5,760,000 Sub lot 1.2 - CCTV Systems £960,000 Sub lot 1.3 - Warden Call Systems £240,000 Sub lot 1.4 - Communal TV/Satellite/IRS Systems £240,000 Lot 10 - Painting and Decorating £960,000 Lot 11 - Adaptation/Ramps £5,760,000 Lot 12 - Lead Replacement £2,400,000 Lot 13 - Demolition - less than £250k £2,400,000 Lot 14 - Demolition greater than £250k £3,000,000 Lot 15 -Energy Efficiency Installations Sub lot 1.1 - Internal Wall Insulation £3,600,000 Sub lot 1.2 - External Wall Insulation £5,200,000 Sub lot 1.3 - Loft Insulation £2,880,000 Sub lot 1.4 - Cavity Wall Insulation £1,560,000 Sub lot 1.5 - Sustainable Energy £780,000 Sub lot 1.6 - Energy Performance Certification £60,000 Lot 16 - NEPS External Works £10,080,000	
Procurement Route Chosen	Restricted Procedure using Public Contracts Scotland	
Tenders Returned	Lot 1 - Electrical Works Sub lot 1.1 Electrical Refit/Rewire 6 Sub lot 1.2 Electric Heating 6 Sub lot 1.3 Fire/Smoke Detection 7 Sub lot 1.4 Emergency Lighting Systems 6 Lot 2 - Multi Trade Work, less than 500k 9 Lot 3 - Multi Trade Work, greater than 500k 7 Lot 5 - Kitchen and Bathroom, Supply and/or Install 8 Lot 6 - Lift Replacement, Refurb & upgrading works 3 Lot 7 - Mechanical & Electrical Works Sub lot 1.1 - Commercial Heating 3 Sub lot 1.2 - Automatic Opening Vent Systems 1	

	<p>Sub lot 1.3 - Ventilation Systems 1</p> <p>Sub lot 1.4 - Fire Suppression Systems 1</p> <p>Sub lot 1.5 – Generators 1</p> <p>Lot 8 - Domestic Gas Installations 8</p> <p>Lot 9 -Security</p> <p>Sub lot 1.1 - Secure Door Entry Systems 2</p> <p>Sub lot 1.2 - CCTV Systems 2</p> <p>Sub lot 1.3 - Warden Call Systems 1</p> <p>Sub lot 1.4 - Communal TV/Satellite/IRS Systems 1</p> <p>Lot 10 - Painting and Decorating 5</p> <p>Lot 11 - Adaptation/Ramps 4</p> <p>Lot 12 - Led Replacement 3</p> <p>Lot 13 - Demolition - less than £250k 5</p> <p>Lot 14 - Demolition greater than £250k 5</p> <p>Lot 15 -Energy Efficiency Installations</p> <p>Sub lot 1.1 - Internal Wall Insulation 3</p> <p>Sub lot 1.2 - External Wall Insulation 5</p> <p>Sub lot 1.3 - Loft Insulation 5</p> <p>Sub lot 1.4 - Cavity Wall Insulation 4</p> <p>Sub lot 1.5 - Sustainable Energy 1</p> <p>Sub lot 1.6 - Energy Performance Certification 3</p> <p>Lot 16 - NEPS External Works 7</p>
Name of Recommended Provider	<p>Lot 1 Electrical Works – Maclin Electric Ltd, Nicolson Bros td, Easy Heat Systems Ltd, Belac Group Limited, Firstcall Trade Services Ltd and GD Chalmers Ltd, TB Mackay Energy Services and OpenView Security Solutions Limited.</p> <p>Lot 2 Multi Trade Works including: fabric repairs & improvements, Works - Bell Decorating Group Ltd, Morris & Spottiswood Ltd, Maxi Construction Ltd, Apex Contracts Ltd, Concrete Repairs Ltd (CRL), Ailsa Building Contractors Ltd, Firstcall Trade Services Ltd, Response Building Maintenance Services (Scotland) Ltd and Insulated Render Systems (Scotland) Ltd.</p> <p>Lot 3 Multi Trade Works including: fabric repairs & improvements, greater than £500,000 - Morris & Spottiswood Ltd, Maxi Construction Ltd, Concrete Repairs Ltd (CRL), A.C. Whyte & Co Ltd, Ailsa Building Contractors Ltd and Insulated Render Systems (Scotland)Ltd</p> <p>Lot 5 Kitchen and Bathroom, supply and/or install - Bell Decorating Group Ltd, Firstcall Trade Service Ltd, Response Building Maintenance Services (Scotland) Ltd, McTear Contracts Ltd, Belac Group Ltd, Mears Limited and Novus Property Solutions Ltd.</p> <p>Lot 6 Lift Replacement, refurbishment and upgrading works - Consult Lift Services Ltd, Caltech Lifts Ltd and Omega Lift Services Ltd.</p> <p>Lot 7 Mechanical & Electrical Works with sub lots - TB Mackay Energy Services, Easy Heat Systems Ltd and John G McIntosh Ltd.</p> <p>Lot 8 Domestic Gas Installations, supply and/or install - Everwarm, Easy Heat Systems Ltd, Gas Call Services Ltd, L & D Plumbing & Tiling Services Ltd and Dalex Systems Ltd</p>

	<p>Lot 9 Security - Door & Alarm Systems, installations & and upgrading works - OpenView Security Solutions Limited, Eden Group and Boston Networks Ltd.</p> <p>Lot 10 Painting & Decorating -Trident Maintenance Services Ltd, Mitie Property Services (UK) Ltd, Bell Decorating Group Ltd, Firstcall Trade Service Ltd and Novus Property Solutions Ltd.</p> <p>Lot 11 Adaptations - supply and install permanent and temporary - Maxi Construction Ltd, TB Mackay Energy Services, Firstcall Trade Services Ltd and Response Building Maintenance Services (Scotland) Ltd.</p> <p>Lot 12 Lead Replacement Works - Belac Group Limited, Firstcall Trade Services Ltd and Response Building Maintenance Services (Scotland) Ltd.</p> <p>Lot 13 Demolition City Wide - less than £250k - The Coleman Group (CNC Group Holdings Ltd), Dem-Master Demolition Ltd, JCJ Demolition & Construction Ltd, Central Demolition Ltd and Daltons Demolitions Ltd.</p> <p>Lot 14 Demolition City Wide - more than £250k - Dem-Master Demolition Ltd, The Coleman Group (CNC Group Holdings Ltd), JCJ Demolition & Construction Ltd, Central Demolition Ltd and Daltons Demolitions Ltd.</p> <p>Lot 15 Energy Efficiency Installations with sub lots - MP Group U K Limited, SERS Energy Solutions (Scotland) Ltd, A.C. Whyte & Co Ltd, Procast Building Contractors Ltd, Insulated Render Systems (Scotland) Ltd, Everwarm, Firstcall Trade Services Ltd and Ailsa Building Contractors Ltd.</p> <p>Lot 16 External Works, (NEPs) - P1 Solutions Ltd, Glendale Grounds Maintenance Ltd, Maxi Construction Ltd, MacKenzie Construction Ltd, MacAsphalt Ltd, Hillhouse Group, J Sives Surfacing Ltd and Thomas Menzies Ltd.</p>											
Price / Quality Split	40 % Quality	60 % Cost										
	<p>The emphasis on Quality was to reflect the need for a high level of service for end users.</p> <p>Quality was evaluated as below for each Lot;</p> <table border="1" data-bbox="512 1626 1386 1966"> <tr> <td>CONTRACT IMPLEMENTATION/DELIVERY</td> <td style="text-align: right;">20%</td> </tr> <tr> <td>CONTRACT MANAGEMENT</td> <td style="text-align: right;">20%</td> </tr> <tr> <td>TENANT/PUBLIC LIASON OFFICER</td> <td style="text-align: right;">15%</td> </tr> <tr> <td>HEALTH AND SAFETY</td> <td style="text-align: right;">15%</td> </tr> <tr> <td>THE ENVIRONMENT</td> <td style="text-align: right;">10%</td> </tr> </table>		CONTRACT IMPLEMENTATION/DELIVERY	20%	CONTRACT MANAGEMENT	20%	TENANT/PUBLIC LIASON OFFICER	15%	HEALTH AND SAFETY	15%	THE ENVIRONMENT	10%
CONTRACT IMPLEMENTATION/DELIVERY	20%											
CONTRACT MANAGEMENT	20%											
TENANT/PUBLIC LIASON OFFICER	15%											
HEALTH AND SAFETY	15%											
THE ENVIRONMENT	10%											

	FAIR WORK PRACTICES	10%
	COMMUNITY BENEFITS	10%
Evaluation Team	Tenders were evaluated by Council Officers from Housing Property	

Appendix 3 - Capital Saving Approach

CAPITAL PROJECT SAVINGS			
Project Name	K&B, North Area Contract B		
Brief Description	Replacement of domestic kitchens and bathrooms in high & low-rise CEC properties.		
Price/Quality Ratio		60	40
Tendered Prices	First	£	1,517,376.51
	Second	£	1,735,891.11
	Third		
	Fourth		
	Fifth		
	Average	£	1,626,633.81
Actual Price	£	1,517,376.51	
Saving	£	109,257.30	
Budget	£	1,600,000.00	
Saving vs. Budget	£	82,623.49	

5.16%

CAPITAL PROJECT SAVINGS			
Project Name	Low Rise Window Replacement Programme, North		
Brief Description	Window Replacement and associated works		
Price/Quality Ratio		60	40
Tendered Prices	First	£	1,460,370.94
	Second	£	1,728,999.23
	Third	£	1,875,438.04
	Fourth		
	Fifth		
	Average	£	1,688,269.40
Actual Price	£	1,460,370.94	
Saving	£	227,898.46	
Budget	£	1,600,000.00	
Saving vs. Budget	£	139,629.06	

8.73%

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Finance and Resources Committee

10.00am, Thursday, 29 October 2020

Telford NHT 2011 LLP: Sale of Homes to LAR Housing Trust

Executive/routine Wards Council Commitments	Executive
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1. Recommendations

- 1.1 It is recommended that Finance and Resources Committee:
 - 1.1.1 approves the sale of the Telford NHT 2011 LLP homes to LAR Housing Trust for the sum of £11.6 million, on the terms and conditions outlined in the report;
 - 1.1.2 delegates approval to the Executive Director of Place to conclude the disposal; and
 - 1.1.3 following the conclusion of the sale and the wind up of the LLP, the Council as developer is expected to receive an estimated £0.200m in unspent reserves. Committee is asked to approve ring-fencing of these reserves to support the delivery of affordable housing.

Paul Lawrence

Executive Director of Place

Contact: Elaine Scott, Housing Services Manager

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

Telford NHT 2011 LLP: Sale of Homes to LAR Housing Trust

2. Executive Summary

- 2.1 The purpose of this report is to seek approval for the Council to sell 89 homes held in the Telford NHT 2011 Limited Liability Partnership (LLP) to LAR Housing Trust, to be retained as affordable rented housing whilst ensuring that those tenants who are willing and able to purchase a home within the development are provided with an opportunity to do so.
- 2.2 In October 2011, the Council entered into an LLP with Miller Homes Limited (Miller) and Scottish Futures Trust (SFT), to own and manage 89 homes for mid-market rent at Telford North. The homes were developed by Miller Homes under the National Housing Trust (NHT) initiative which has a provision for developers to exit the LLP between years five and ten. In 2018, (after five years) Miller indicated their intention to exit the LLP within a short time period. In January 2019, the Council acquired the developer's share in the LLP enabling homes to be retained as rented housing within the LLP, whilst a long-term solution could be explored that would secure positive outcomes for all tenants regardless of whether they were able to exercise their option to purchase their home.
- 2.3 Miller accepted an offer from the Council of £2.850m for their share of the LLP and £0.598 million was required for Land and Buildings Transaction Tax (LBTT), bringing the total cost of acquiring the developer's stake from Miller to £3.448m. This was funded from the Council Tax Discount Fund (CTDF).
- 2.4 The sale to LAR for £11.6m would result in a Council loan to the LLP of £10.298m being repaid along with £1.302m being returned to the CTDF, which can be used to fund affordable housing going forward. £2.146m of CTDF funding will continue to support the units at the Telford North site to enable homes which are not sold to continue to be rented at mid-market rent levels.
- 2.5 The sale of homes to LAR Housing Trust will deliver positive outcomes to tenants. Those tenants wishing to purchase will be given enhanced timescales to maximise their ability to purchase. Those tenants who are unable to purchase will be able to remain in their homes, with rent increases capped at CPI.

3. Background

- 3.1 In 2010, the Scottish Government (SG) and the SFT launched the NHT initiative to deliver homes for mid-market rent in areas of high demand, while at the same time stimulating house building activity following the market crash of 2008. The Council agreed to participate in the initiative in August 2010 and has provided on-lending to support the delivery of over 800 affordable homes across the city.
- 3.2 Under the NHT model, the Council procures a developer to build the homes and enters into a LLP with the developer and SFT. The LLP purchases the completed homes, using a loan from the Council which is guaranteed by the SG and must be repaid within ten years. The homes are let as mid-market rent for a minimum of five years, with the developer given the option to exit the vehicle between years five and ten.
- 3.3 In the NHT delivery model, the developer supplies the land and builds the properties to a specified standard and timescale. The Council, developer and SFT all sit on the LLP board which oversees the development programme. The LLP purchases the completed homes, using a loan from the Council which is guaranteed by the SG. The homes are let as mid-market rent tenancies for between five and ten years, at which point the developer can trigger an exit from the LLP by selling the homes. Tenants are given first option to purchase their home. The Council's loan must be repaid in full, with interest, by year ten.
- 3.4 In October 2011, the Council entered into an LLP with Miller and SFT, to own and manage 89 homes for mid-market rent (MMR) at Telford North. In January 2018, Miller notified the Council of their intention to exit the LLP within an 18-month period which, under the terms of the NHT contract, triggers a housing disposal process. Sitting tenants have an option to purchase homes prior to the homes being sold at full market value to a local authority nominee or on the open market. Whilst Miller's decision to exit the LLP was not unexpected, it was recognised that the short timescales proposed would make it difficult for tenants to exercise the option to purchase their home, should they wish to do so, or find other suitable housing if they chose not to.
- 3.5 [On 11 October 2018](#), Finance and Resources Committee gave approval for the Council to purchase Miller's share of the LLP, enabling the 89 homes to remain within the LLP with the Council and SFT as members up until year ten. The purchase concluded in January 2019, and homes have continued in mid rent.
- 3.6 [On 25 October 2018](#), the City of Edinburgh Council ratified the use of reserves held in the CTDF to enable the Council to purchase Miller's share of the LLP for £2.850m. £0.598m was required from the CTDF for LBTT, which was also approved by Committee on this date.
- 3.7 LAR Housing Trust was set up in 2015 with plans to build around 1,000 homes for mid-market across Scotland. LAR is a Scottish Charitable Incorporated Organisation (SCIO). Their initial funding came from a 25-year loan of £55m from Scottish Government. In addition, in July 2017, LAR secured £65m of private

funding in a deal arranged by Bank of Scotland Commercial Real Estate through its partnership with Scottish Widows. This private finance has helped LAR to boost its portfolio of mid-market properties across Scotland. They currently have 499 tenanted units, with a further 300 at construction or planning stage, spread across ten sites in Scotland. Two of the completed developments are in Edinburgh, at Westwood House and Elfin Square.

4. Main report

- 4.1 Miller Homes Limited were the original developer for the Telford NHT 2011 LLP. A total of 89 homes were delivered at Telford North, with the final completions in July 2013. The Council's loan to the LLP was £10.298m and this is required to be repaid by year ten (2023/24).
- 4.2 In January 2019, transfer of Miller Homes' share of the LLP to the Council took place in order to give tenants a meaningful option to purchase over a longer period of time and to secure positive outcomes for those tenants in the development who would be unable to purchase their home. Following the acquisition of the Telford homes, an officer working group was established to consider exit options and bring forward a recommendation that would enable those homes that will not be sold to sitting tenants to be retained as long term, affordable rented housing. Appendix 1 sets out the options analysis, including the preferred option of selling the homes to LAR Housing Trust as a bulk sale.
- 4.3 In 2018 the Council established the Edinburgh Living LLPs to own and manage housing for mid-market and market rent. Edinburgh Living currently owns and manages 182 homes and continues to grow as the Council takes handover of mid rent homes from contractors. Edinburgh Living expects to acquire 550 homes over the next few years through the Council's housebuilding programme. The option to sell to both sitting tenants and on the open market, with any remaining homes transferring to Edinburgh Living's market rent vehicle or MMR vehicle was considered. Despite potential benefits in delivering a pipeline for the market rent vehicle, it was concluded that it was not financially viable, largely due to the cost of the borrowing which would be required.
- 4.4 Edinburgh Living does not get grant for market rent homes and so borrowing needs to be covered by rental income alone. Rents are set on a site by site basis, taking into account local market area and project viability. The cost of purchasing homes and ongoing management and maintenance costs could not be recovered from rental income at Telford North.
- 4.5 It was also concluded that the option to transfer units to Edinburgh Living's MMR vehicle could have a detrimental impact on the health and standing of the MMR vehicle. The Edinburgh Living model assumes that a lifecycle fund will build up over time. The NHT model does not do this and due to the age of the properties, Edinburgh Living would not be able to cover the lifecycle costs that will be necessary at Telford over the next few years without having a detrimental impact on

the ability of the LLP to pay for lifecycle commitments associated with the existing stock.

- 4.6 In June 2020 discussions began with LAR Housing Trust on the potential purchase of the homes at Telford North. In relation to NHT homes, LAR have undertaken a similar arrangement with Aberdeen City Council, taking ownership of homes within three NHT developments there.
- 4.7 Due to the unique way LAR is funded (combination of SG loan and private finance) and the strength of their portfolio, they are able to purchase the homes, give tenants the option to purchase or remain in their home at MMR levels. Annual rent increases would be capped at CPI, below the original NHT rent structure of CPI +1%.
- 4.8 A price of £11.6m has been offered by LAR for the properties. This would enable the Council loan of £10.298m to the LLP to be repaid along with £1.302m of CTDF being returned which will be used to support development of more affordable homes.
- 4.9 Importantly, the sale to LAR will replicate the original NHT agreement in terms of tenants having an opportunity to purchase a home, with LAR offering a potential enhancement to the terms as they are keen to work with tenants to understand what timescales will suit them best in terms of buying a home and maximising their ability to purchase. LAR recognises that the COVID-19 pandemic could have a detrimental impact on the number of tenants who will be able to buy a home. Tenants who cannot buy a home will continue to rent, with rent increases capped at CPI.
- 4.10 Securing this positive outcome for tenants is not only beneficial for the tenants themselves but will prevent tenants having to seek alternative accommodation, potentially through the homelessness route, which could have cost implications for the Council. MMR homes are generally for low to middle income households (with maximum income criteria applied to applicants) who may have limited alternative housing options if purchasing a home is not viable.
- 4.11 Lowther Homes are the current Management and Maintenance agents for the homes at Telford North. They have been informed of the proposed transfer and are aware that the current arrangement for managing these homes will come to an end when the properties are transferred to LAR, who have their own management and maintenance company.

5. Next Steps

- 5.1 Following approval of the terms by Finance and Resources Committee, solicitors will be instructed to complete the legal documentation for the disposal of the properties to LAR Housing Trust. The opportunity for tenants to purchase a home within the development will be covered in the condition of sale.

- 5.2 Tenants will be informed of the transfer of ownership when the legal documentation has been agreed.

6. Financial impact

- 6.1 On 25 October 2018, The City of Edinburgh Council approved the use of reserves held in the CTDF to purchase Miller's share of the LLP, by the Council for £3.448m (including £0.598m for LBTT), enabling homes to be retained as rented housing within the LLP, whilst a long term solution could be explored that would secure positive outcomes for all tenants regardless of whether they were able to exercise their option to purchase. The CTDF can be used by local authorities to support revenue and capital expenditure related to a range of affordable housing activity, including, but not limited to, purchasing off-the-shelf houses from private developers for affordable housing use.
- 6.2 The Council's loan to the LLP is £10.298m and this is required to be repaid by year ten (2023/24). LAR Housing Trust have offered to purchase the homes at Telford North for £11.6m. The loan will be repaid from the sale monies from LAR and £1.302m will be returned to the CTDF and can be used to fund affordable housing projects going forward. Income from the CTDF is currently ring-fenced to support the Council's new build programme as part of the Housing Revenue Account (HRA) Business Plan. The remaining £2.146m which came from CTDF to pay for Miller's share of the development (including cost of LBTT) will continue to support the unsold units at the Telford North development. It is anticipated that the number of homes sold to sitting tenants will be low, based on the experience of NHT developments elsewhere.
- 6.3 The LLP will have an estimated £0.200m in reserves following transfer to LAR. The reserves can be retained by the Council as Developer partner in the LLP. Committee is asked to approve ring-fencing of these reserves to support the delivery of affordable housing.
- 6.4 A variety of options were considered and worked through in terms of financial viability, positive outcomes for tenants and the ability to secure the maximum number of homes as affordable, these are summarized in Appendix 1. The Council is unlikely to achieve a higher value unless an open market disposal approach is taken, however, it would mean that the homes would not be retained as affordable housing. It would also bring the same challenges in respect of displacement of existing tenants that the Council sought to minimise in acquiring Miller's share in the LLP.
- 6.5 A significant factor for LAR in considering this development is the wish to continue to provide affordable accommodation for the existing tenants. The value offered by LAR recognises that it is a bulk purchase of properties, which are tenanted rather than vacant. LAR will also be responsible for costs involved in sales transactions and are taking full risk in terms of sales in an uncertain housing market.

- 6.6 Offering tenants the option to purchase could bring management challenges and additional costs where sales result in ‘pepper-potted’ stairs with a mix of tenants and owners. LAR do not have any other developments where stairs are mixed in this way but are willing to be flexible in relation to the Telford homes. LAR are willing to take these risks while maintaining the option for tenants to purchase and capping annual rent increases at a maximum of CPI. They assert that the price offered is roughly equivalent to the cost to LAR of buying and developing a similar flatted block, within Edinburgh, on the open market, without the same rent and tenant purchase agreements.

7. Stakeholder/Community Impact

- 7.1 There are no negative equality or human rights impacts arising from this report. The sale to LAR will help to retain the homes for affordable and low-cost rent with the option of tenant purchase helping to ensure a range of housing options are available in the city.
- 7.2 Tenants will receive communication about their change of landlord, which will include contact details and a reassurance that their tenancy rights remain unchanged. They will also be given information on future opportunities to purchase a home.
- 7.3 NHT homes were built on brownfield sites and meet the needs of people on low to moderate incomes.

8. Background reading/external references

- 8.1 [Minute of 11 October 2018 Finance and Resources Report \(B agenda report\).](#)
- 8.2 [Minute of City of Edinburgh Council report 25 October 2018 \(B agenda report\).](#)

9. Appendices

- 9.1 Appendix 1 – Options Analysis

Appendix 1 – Options Analysis

Option	Analysis	Conclusion
<p>Option 1 - selling properties to both sitting tenants and remaining units transferring to Edinburgh Living's MMR Vehicle.</p>	<ul style="list-style-type: none"> Proposed rent levels would not be enough to cover the cost of borrowing required to facilitate the purchase. In addition, the age of the properties and lack of life cycle reserves make the ongoing maintenance unaffordable. Sales to sitting tenants would result in pepper-potting within the development, bringing management challenges. Current rent structure of annual increases of CPI +1%, would have to reduce to CPI increases only once in the MMR Vehicle, reducing viability further. Grant funding set out in Edinburgh Living heads of terms cannot be used to subsidize second-hand homes. Even if grant could be secured through the AHSP (£47k per home); homes still do not pass the viability test (debt service cover ratio of 1.02). Using grant funding would divert grant from other affordable housing projects, which is not the case for other options such as the preferred option to sell to LAR. 	<p>Not financially viable on basis of rent levels, age of property and lack of lifecycle reserves.</p>
<p>Option 2 - Selling to sitting tenants and remaining units transferring to Edinburgh Living's market rent Vehicle.</p>	<ul style="list-style-type: none"> Proposed rent levels (taking into account local market area and project viability) would not be enough to cover the cost of borrowing required to facilitate the purchase. In addition, the age of the properties and lack of life cycle reserves make the ongoing maintenance unaffordable. Further modelling was carried out to see if there was an optimum number of homes that could be purchased to achieve viability, with the remaining homes sold on the open market. A maximum of 15 homes could be transferred; however, a combination of very specific flat types (larger properties) would be required. Larger properties can be more difficult to let, adding additional risk, as well as the wider management challenges of being a minority owner in a very pepper-potted development. 	<p>Not financially viable on basis of rent levels, age of property and lack of lifecycle reserves. Majority of homes would need to be sold, creating a Pepper-potted development.</p>

<p>Option 3 - Fully exiting the LLP by selling to both sitting tenants and on the open market by 2023/24.</p>	<ul style="list-style-type: none"> • In line with original NHT objectives. • No homes retained for affordable. • Tenants who were unable to purchase would have to find alternative accommodation. • In the current market the Council would take on all the risk of selling homes and securing enough income to repay the loan by 2023/24. 	<p>Does not achieve positive outcomes to tenants or retain any homes as affordable. Tenants would have to be moved on to alternative accommodation to meet sales target and loan repayment deadline.</p>
<p>Option 4 – Properties sold to a third-party retaining tenant option to purchase, with remaining homes available for MMR.</p>	<ul style="list-style-type: none"> • Bulk sale to third party (LAR Housing Trust); loan repaid by 2023/24. LLP dissolved. • Tenants given option to purchase, those unable to purchase are able to remain as MMR tenants. • LAR take on sales risk and management risk of pepper-potted development. • Homes not sold to sitting tenants are supported by earlier CTDF contribution to remain as affordable. • No grant required to support this option. 	<p>Preferred option. Tenants have security of tenure. Majority of homes remain as affordable, with no grant input required.</p>

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Finance and Resources Committee

10.00am, Thursday, 29 October 2020

Contract Award Recommendations in respect of 'Receipt and Processing of Dry Mixed Recyclates'

Executive/routine	Executive
Wards	All
Council Commitments:	25

1. Recommendations

- 1.1 It is recommended that the Committee:
- 1.1.1 Approves the award of contract in respect of the 'Receipt and Processing of Dry Mixed Recyclates'; and
 - 1.1.2 Approves the commencement of the contract on 29 November 2020 for an initial period of three years, with options to extend for up to two further periods of twelve months each, at a total estimated net cost of £7,875,000.

Paul Lawrence

Executive Director of Place

Contact: Lesley Sugden, Contract Manager

E-mail: lesley.sugden@edinburgh.gov.uk | Tel: 0131 469 5764

Contract Award Recommendations in respect of 'Receipt and Processing of Dry Mixed Recyclates'

2. Executive Summary

- 2.1 This report seeks approval to award the contract for 'Receipt and Processing of Dry Mixed Recyclates' to Biffa Waste Services Limited, to commence on 29 November 2020 for an initial period of three years, with options to extend for up to two further periods of 12 months each, at a total estimated net cost of £7,875,000.

3. Background

- 3.1 The City of Edinburgh Council has a requirement for the receipt and processing of dry mixed recyclates arising from waste collection.
- 3.2 The Council has a statutory obligation to ensure all waste is processed in an efficient and ethical manner. The Council does not have the resources and infrastructure to carry out the processing and recycling of this waste stream 'in house' and so an appropriately licenced contractor is required.
- 3.3 The successful contractor will be responsible for processing and diverting as much of the material as possible from landfill so that it can be recycled, in line with Council policy.

4. Main report

- 4.1 Rather than conducting a new 'Open' procurement exercise, Commercial and Procurement Services (CPS) utilised Scotland Excel's Dynamic Purchasing System (DPS) for this procurement. This approach is expedient and cost effective.
- 4.2 The DPS was established in 2019 and is comprised of 22 Lots, Lot 1 of which relates specifically to the treatment and processing of dry mixed recyclates. At the point at which tenders were invited, Scotland Excel had appointed a total of 32 contractors to Lot 1. Prior to their appointment, all contractors were 'pre vetted' in order to ensure they satisfy the requirements necessary for the delivery of these services, including licencing by the Scottish Environmental Protection Agency (SEPA) in respect of Planning Consents, Waste Management Licences, Waste

Carrier Licences etc., and Police Scotland checks regarding to any known associations with serious organised crime groups.

- 4.3 In line with the DPS requirements, all contractors appointed to Lot 1 were invited to tender via a mini competition conducted via the Public Contracts Scotland web portal.
- 4.4 Although the supply market for waste processing is fairly large, market analysis confirms that only a handful of contractors currently operate in the Edinburgh area. This is borne out by the fact that, of those 32 contractors appointed to Lot 1, a total of only four tender bids were received.
- 4.5 Tenders were evaluated on the basis of Most Economically Advantageous Tender (MEAT). In the case of Quality, tenderer's responses to a total of 12 questions /topics were evaluated and scored. In the case of Price, tenderers were evaluated and scored on the basis of proposed prices in respect of 'Gate Fees' chargeable, as well as proposed price rebate percentages in respect of income generated from recycled materials. Appendix 1 provides a breakdown of the various weightings applied.
- 4.6 Increasingly stringent national and international environmental policies and legislation relating to the disposal and recycling of waste materials has put pressure upon the market and has inevitably impacted the costs involved.
- 4.7 As a result of the Scottish Government and COSLA Household Recycling Charter future policies may impose even stricter requirements in terms of the content and volume of disposable waste.
- 4.8 Prior to inviting tenders, it was identified that the Waste and Cleansing service will be the sole user of the proposed service and however some additional special arrangements with other service areas will be required. This was reflected in the Specification requirements.
- 4.9 In addition, Scotland Excel have imposed suitably robust blanket insurance requirements, including Employers' Liability Insurance, Public & Products Liability Insurance and (where appropriate) Third Party Motor Vehicle Liability Insurance.
- 4.10 The table below shows details of the weighted scores awarded to each tender:

Tenderer	Cost (Max. 70%)	Quality (Max.30%)	Total
Biffa Waste Services Limited	53.05	19.73	72.78
Tenderer 2	47.45	20.93	68.38
Tenderer 3	43.63	21.11	64.74
Tenderer 4	38.70	23.93	62.63

4.11 Note that Biffa Waste Services Limited are the current incumbent.

5. Next Steps

- 5.1 Subject to approval, the services will commence on 29 November 2020 and will enable the Council to meet its statutory obligations with regard to the treatment and disposal of this waste stream.
- 5.2 The Contracts and Grants Management team (CAGM) will work with the Contract Manager in Waste and Cleansing to ensure that effective contract management is delivered throughout the contract lifecycle. A Contract Management and Handover Report, detailing the necessary steps and measures, will be produced and agreed. It is envisaged that proactive contract management (to include robust monitoring of all appropriate management information, key performance indicators and budget tracking) will help deliver an effective and efficient service for the city of Edinburgh throughout the duration of the contact.

6. Financial impact

- 6.1 The contract value is estimated at £7,875,000 over the maximum contract period (i.e. including potential extensions).
- 6.2 The contractor's chargeable 'Gate Fee' will be fixed of the initial year of the contract and represents a saving of approximately 10.5% compared to the current standard rate payable. Thereafter, from year two onwards, Gate Fees will be set by contamination levels determined by analysis of waste composition and will therefore be subject to potential fluctuation (being potentially higher or lower) from time to time.
- 6.3 As outlined in paragraph 4.5, it is anticipated that the sale of recovered materials which are suitable for recycling will generate income, a proportion of which the Council will receive in the form of a rebate from the contractor. All income generated from such recycling will, of course, be subject to market prices prevailing from time to time and will therefore be subject to fluctuation throughout the duration of the contract.
- 6.4 The waste industry is heavily regulated and 'policed' by SEPA, ensuring only appropriately qualified organisations are permitted to operate in the market. All contractors have also successfully undergone a pre-vetting process prior to their appointment to the DPS by Scotland Excel. Therefore, taking these factors into account and with the intention of securing best value for money, a cost:quality ratio of 70:30 was deemed appropriate.
- 6.5 The costs associated with procuring the proposed contract are estimated to be between £10,000 and £20,000.

7. Stakeholder/Community Impact

- 7.1 In common with all contractors in this market sector, Biffa Waste Services Limited are regulated and licenced by SEPA to ensure compliance with strict requirements on health and safety, environmental governance and regulatory requirements.
- 7.2 The award of contract will help ensure that Council Commitment 25 (to “increase recycling to 60% from 46% during the lifetime of the administration) is realised. Specifics contained within the contract that aim to increase the range and rate as which materials are recycled include: introduction of improved technology over lifespan of contract, increased range of materials that can be recycled i.e. plastic film, bubble wrap, robust processes for identifying, reporting and disposing of ‘contaminated/rejected’ loads and support to CEC by providing workshops and employee/resident engagement sessions to raise awareness on the importance of correct waste management and recycling.
- 7.2 Biffa Waste Services Limited have undertaken to provide a variety of Community Benefits, amounting to the value of 1% of the contract value. Examples of benefits offered include delivery of educational workshops and training sessions for communities and schools with a focus on recycling issues, hosting placements, supporting workshops to improve employability, and sponsorship of CEC lead local sporting events.
- 7.3 Biffa Waste Services Limited have also confirmed that they pay workers (including any agency or sub-contractor workers) the real Living Wage, and that they are an accredited living wage employer.
- 7.4 The procurement process followed is compliant with all relevant regulations as well as the Council’s Contract Standing Orders. The risk of legal challenge relating to this procurement has therefore been minimised.

8. Background reading/external references

- 8.1 The proposed service will contribute to the success of Council Commitment 25 to “increase recycling to 60% from 46% during the lifetime of the administration”:
<https://www.edinburgh.gov.uk/council-commitments/delivering-sustainable-future>

9. Appendices

- 9.1 Appendix 1 – Summary of Tendering and Tender Evaluation Processes

Appendix 1 - Summary of Tendering and Tender Evaluation Processes

Contract	Receipt and Processing of Dry Mixed Recyclates - ref: CT0753	
Contract period (including any extensions)	Maximum of 5 years - initial period of 3 years, with options to extend for up to 2 additional periods of 1 year each.	
Estimated Net Contract Value (inc. extensions)	£7,875 000.	
Procurement Route Chosen	Mini-competition utilising Lot 1 of the Scotland Excel Dynamic Purchasing System for Treatment and Disposal of Recyclable and Residual Waste (ref: 27 / 17)	
Tenders Returned	4	
Recommended Supplier	Biffa Waste Services Limited	
Price / Quality ratio	Price 70%	Quality 30%
Price / Quality ratio rationale	The waste industry is heavily regulated and 'policed' by SEPA, ensuring only appropriately qualified organisations are permitted to operate in the market. All contractors have also successfully undergone a pre-vetting process prior to their appointment to the DPS by Scotland Excel. Therefore, taking these factors into account and with the intention of securing best value for money, a cost:quality ratio of 70:30 was deemed appropriate.	
Evaluation criteria and weightings and reasons for this approach	Price , of which: Gate Fee Material / Price Rebate	70% 70% 30%

	<p>Quality, of which:</p> <ol style="list-style-type: none"> 1. Contract Implementation 2. Resources 3. Acceptance of Materials 4. Logistical Considerations 5. Recovery and Treatment 6. Management Information 7. Quality Assurance 8. Business Continuity 9. The Environment 10. Continuous Improvement 11. Fair Working Practice 12. Community Benefits 13. Fair Work Management Information 	<p>30%</p> <p>5%</p> <p>10%</p> <p>23%</p> <p>5%</p> <p>17%</p> <p>10%</p> <p>5%</p> <p>5%</p> <p>5%</p> <p>5%</p> <p>5%</p> <p>5%</p> <p>5%</p> <p>n/a – for information only</p>
Evaluation Team	3 officers from Waste & Cleansing Services	

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Finance and Resources Committee

10.00am, Thursday, 29 October 2020

Disposal of bulky waste

Executive/routine	Routine
Wards	All
Council Commitments	23, 24, 25

1. Recommendations

- 1.1 Committee is asked to:
- 1.1.1 approve a 14-week extension (1 October 2020 – 8 January 2021) of current waiver with Hamilton Waste & Recycling Ltd for the treatment and disposal of bulky waste from Household Waste and Recycling Centres (HWRC's), Special Uplifts and Street Cleansing (flytipping);
 - 1.1.2 note the value of the 14-week extension of current waiver will be in the region of £91,000;
 - 1.1.3 note that £75 000 of additional costs were incurred in June and July 2020 with the reopening of HWRC's and the reduction in the number of skips;
 - 1.1.4 note that the total value of this waiver including the 14-week extension and additional HWRC costs of £403,600;
 - 1.1.5 note that at time of writing the procurement exercise for this contract will be in the final stages, with a 'preferred bidder' identified. It is intended to bring the award of contract to Committee on 3 December 2020, for approval; and
 - 1.1.6 note that this waiver extension will ensure continuity of service provision until a new contract for disposal of bulky waste can be procured and implemented.

Paul Lawrence

Executive Director of Place

Lesley Sugden, Contracts Manager, Waste and Cleansing Services

E-mail: lesley.sugden@edinburgh.gov.uk Tel: 0131 469 5764

Disposal of bulky waste

2. Executive Summary

- 2.1 This report seeks approval for a 14-week extension (1 October 2020 – 8 January 2021) of the current waiver (2143) with Hamilton Waste & Recycling Ltd for the treatment and disposal of bulky waste from Household Waste and Recycling Centres (HWRC's), Special Uplifts and Street Cleansing (flytipping) whilst the replacement contract procurement exercise is completed.

3. Background

- 3.1 The Council has a statutory obligation under Section 45 of the Environmental Protection Act 1990 to provide a collection and disposal service for domestic waste generated by residents. In addition, the Council has three HWRCs where residents can deposit recyclable and residual domestic waste.
- 3.2 A waiver for this contract was approved via Delegated Authority in January 2020 with an end date of 30 September 2020.
- 3.3 The ability to procure a contract to coincide with the end of the Waiver period has been partly impacted by the effects of COVID-19 and other contracts being prioritised for procurement.

4. Main report

Energy from Waste

- 4.1 The opening of Millerhill (FCC) Energy from Waste (EfW) plant in January 2020 enabled the Council to divert most but not all domestic non-recyclable waste to the plant.
- 4.2 This included non-recyclable waste collected by Cleansing Service, namely street litter. Larger bulky items collected from flytipping, the bulky uplift service and at HWRC's cannot go to FCC as they are too large and 'block' the hopper. Such items include large metal recliners, sofa's etc.
- 4.3 Therefore, in January 2020 a waiver was approved via Delegated Authority to the value of £237,600 and awarded to Hamilton Waste & Recycling Ltd. This waiver expired on 30 September 2020.

- 4.4 Hamilton Waste & Recycling have the large plant required to 'shred' the waste into smaller components before processing it for EfW and avoiding landfill.

Options Appraisal

- 4.5 The Council conducted an options appraisal to investigate the opportunity to 'shred' the bulky waste in-house at the Bankhead Waste Transfer station before processing at the FCC.
- 4.6 The conclusion of this was to continue to use an external contractor to deliver this function as it would not be cost effective to deliver it in-house at this stage.
- 4.7 During the option appraisal, work on the procurement of a new bulky waste contract was put on hold until it was completed.

Procurement Process

- 4.8 Procurement of a new Bulky Waste Contract is at the final stage of the process, with the procurement consensus meeting has identified a 'preferred bidder' and therefore the final stages of the process will shortly be completed.
- 4.9 It is intended to seek Committee approval for the award of this contract at Finance and Resources Committee on 3 December 2020.

Current Arrangements

- 4.10 On average, 200 tonnes of bulky waste are sent to Hamilton Waste & Recycling Ltd each month.
- 4.11 However, due to the impact of Covid-19 and the reopening of HWRC's on 1 June 2020, this increased to 800 tonnes in June. Tonnages have decreased steadily throughout July (274 tonnes), August (213 tonnes) and September (175 tonnes) due to improvements in working practices at HWRC's. However, the original waiver did not account for this increased tonnage and therefore the additional costs have been factored into this waiver extension.
- 4.12 To adhere to the required physical distancing guidelines, from 1 June 2020, the HWRC sites were reconfigured which resulted in only three skips per 'pod': garden, residual (black bags) and bulky waste. The bulky waste skips contained all other waste streams including wood, laminates, soil, rubble, cardboard etc. This is the main reason for the additional 600 tonnes over what would have been sent before the coronavirus pandemic.
- 4.13 In July, all bulky waste skips were removed from HWRC's. The bulky waste is now mixed with the residual waste and separated at the Bankhead and Seafield Waste Transfer stations, before being sent to FCC or to Hamilton's.
- 4.14 This change in practice has been implemented to reduce the time and number of movements householders make when disposing of waste at HWRC's, thereby protecting staff and householders in line with Covid-19 safe working procedures

5. Next Steps

- 5.1 The procurement exercise will be concluded, with report seeking approval to award contract expected to be presented to Finance and Resources Committee on 3 December. There will then be a two week 'standstill' period followed by a mobilisation period.
- 5.2 The new contract is expected to commence by mid-January 2021.

6. Financial impact

- 6.1 The cost of the contract extension (£91,000) will be met from the Service Area's waste disposal revenue budget for financial year 2020/21.
- 6.2 Additional expenditure of £75,000 will be identified in the budget as Covid-19 related and will be covered by Covid related funding, if available.
- 6.3 The total value of this waiver is £403,600.

7. Stakeholder/Community Impact

- 7.1 There is no impact to existing stakeholders as a result of the 14-week extension to this contract.
- 7.2 There are no equalities impacts arising from this contract extension.
- 7.3 The risk of successful procurement challenge is considered to be low as the Council will be entering into a competitive tendering exercise using the Scotland Excel Dynamic Purchasing System within the extension period.

8. Background reading/external references

- 8.1 None.

9. Appendices

- 9.1 None.

Finance and Resource Committee

10.00am, Thursday, 29 October 2020

Homelessness Services – Use of Temporary Accommodation

Executive/routine
Wards
Council Commitments

1. Recommendations

- 1.1 This report seeks approval to enter into spot contracts for temporary accommodation comprised of flats, bed and breakfasts and tourist hotels on a spot purchase basis for the period to 31 March 2021, to supplement the current contracted provision of accommodation.
- 1.2 The Policy and Sustainability Committee previously approved waivers to the value of £9.29m on 25 June 2020.
- 1.3 Committee is requested to approve the additional waivers totalling £3.504m and note that £0.785m of waivers previously approved are no longer required.
- 1.4 Committee is asked to note the increased use and cost of temporary accommodation during the pandemic to 31 March 2021.

Alistair Gaw

Executive Director for Communities and Families

Contact: Nicky Brown, Homelessness and Housing Support Senior Manager

E-mail: nicky.brown@edinburgh.gov.uk | Tel: 0131 529 7598

Homelessness Services – Use of Temporary Accommodation

2. Executive Summary

- 2.1 During the Covid-19 pandemic, the Council has used significantly more temporary accommodation in order to support vulnerable people and ensure the spread of the virus is minimised amongst the homeless population.

3. Background

- 3.1 Since the beginning of lockdown restrictions, the Council has been required to secure additional temporary accommodation to meet public health objectives and manage a lack of throughput into all forms of settled accommodation, to fulfil its statutory duties to homeless people
- 3.2 Some of this additional accommodation has been part funded by the Scottish Government, for example, £0.162m was received towards the cost of opening the Old Waverley Hotel in order to accommodate rough sleepers.
- 3.3 Additional funding of £0.216m has also been provided by the Scottish Government to partly mitigate the costs of the Haymarket Hub for the period October 2020 – May 2021.

4. Main report

- 4.1 During the period of Covid-19 restrictions, the Council has secured access to around 590 additional bed spaces, which could be used to accommodate homeless people on an ongoing basis whilst required.
- 4.2 In February 2020, pre Covid-19 restrictions, the average number of households in temporary accommodation was 2006. At the beginning of August 2020 there were 2,581 households in temporary accommodation, excluding the Private Sector Leasing Scheme (PSL). The number of households requiring assistance continues to rise.

- 4.3 The increase in temporary accommodation use is mainly a result of three factors: the provision of additional accommodation for those rough sleeping, the provision of temporary accommodation for people who may have no recourse to public funds and a lack of move on or settled accommodation.
- 4.4 Pre Covid-19, rough sleeping counts indicated that around 80 to 120 people slept rough in the city each evening. Throughout the pandemic street based outreach has continued and at one stage it was estimated that the numbers of rough sleepers each evening were in single figures.
- 4.5 At present, it is estimated that around 90 people are rough sleeping regularly, around half are UK Nationals and half Non-UK Nationals.
- 4.6 All are known to services and it is reported that some are long term rough sleepers and some are in and out of rough sleeping. Efforts continue to try and assist them into accommodation.
- 4.7 During the pandemic, to support public health objectives, the Council has accommodated approximately 80 people, and approximately 50 at any one time, who may have no recourse to public funds.
- 4.8 The Council is working with a range of partners to provide accommodation, support and advice to this group. The support includes translation services, housing support, advocacy support and where appropriate repatriation.
- 4.9 The Scottish Government has written to the UK Government to request legislative changes and financial support to ensure services to this group can be maintained post pandemic.
- 4.10 When there is no longer a public health requirement to accommodate these people, the Council will need to decide how to manage these cases. A report on the Council's legal position was considered at the Housing, Homelessness and Fair Work Committee on 3 September 2020, with a further report highlighting the supports provided to date to be presented on 5 November 2020.
- 4.11 Full consideration of these options and the support that the Council will continue to provide will be progressed through the Council's adaptation and renewal programme, as agreed by committee.
- 4.12 Throughput from temporary accommodation services has slowed during the pandemic across all tenures including alternative temporary accommodation, the private rented sector and social housing.
- 4.13 Due to the pandemic, the Council and RSL landlords had to cease advertising and letting homes to protect customers and staff. It was not possible for viewings of properties to take place and peripheral services; such as furniture removals, utility connections, were not available to enable people to move into permanent homes.
- 4.14 The Council and RSLs have continued, with the homelessness team to provide temporary accommodation and support urgent moves where possible. For example, during this period the Council and its partners have made around 40 homes, either mid-market rent or general stock, available for use as temporary

accommodation. This ensured that the Council could move all families out of B&B's and Shared Houses.

- 4.15 As part of the services strategy to increase the level of private rented temporary accommodation and reduce the use of bed and breakfast and other unsuitable accommodation, additional self-contained accommodation has added to existing contracts or spot purchased since March 2020. This has increased short term let accommodation from 480 to 710 in the period 1 March 2020 – 1 July 2020, an increase of 48%.
- 4.16 Of the additional properties secured, 140 are deemed to be short-medium term and will in due course be expected to return to use as holiday accommodation; recently, some indicated they are unlikely to require them back and are keen to consider more long term arrangements.
- 4.17 The Rapid Rehousing Transition Plan (RRTP) seeks to reduce short term lets and private rented temporary accommodation by the end of five years (see Appendix 2 for Social Accommodation projection)
- 4.18 The pandemic has enabled opportunities for further additional properties traditionally used for holiday accommodation, initially some were interested in short term let but are now considering longer term. Landlords have been given PSL contract information, some have been taken on by accommodation providers from the Private Rented Accommodation contract and others spot purchased.
- 4.15 Across the social letting sector, following government advice around staying at home, terminations of tenancies fell significantly, meaning fewer homes were available to let. There has also been limited capacity for homeless households to move into empty homes due to difficulties with getting utility connections and furniture removals.
- 4.16 Returning homes to use is recognised as a priority to support demand for housing for people in extreme need as part of the immediate response and through the recovery phases of lockdown.
- 4.17 Social landlords have reviewed the re-let process to minimise face to face contact, where possible and safe working requirements have been introduced to minimise the risk to staff and the public. Homes have continued to be progressed to complete essential repairs, resolve any utility meter issues and supplies, for households moving in.
- 4.18 As we progress with moving households into permanent homes it will be necessary to take full account of individual household circumstances; including their ability and willingness to move at this time. Consideration is also needed around assistance to enable households to access any personal or household belongings or secure them, as unlike temporary accommodation their new homes will be unfurnished. The Welfare Fund is an option to assist families who need help to furnish properties and assistance with deposits.
- 4.19 The weekly advertising of available homes on Key to Choice has now been restarted with the first homes on the website for the public to bid on from 3.30pm on Friday 26 June.

- 4.20 Advertising of available Council homes will target and prioritise homeless households and partner landlords have been requested to do likewise to continue to support positive outcomes for homeless households into permanent housing with the housing associations in Edinburgh.

5. Next Steps

- 5.1 Homeless households will be prioritised for available social rented housing; supporting access to settled homes for vulnerable people and reduced costs to the Council.
- 5.2 The Council will continue to liaise with civil servants to obtain the Scottish Governments position on the continued provision of support to people who may have no recourse to public funds.

6. Financial impact

- 6.1 Through the 2020/21 budget process additional funding of £2m was provided to address recurring homelessness pressures and prior to the Covid-19 pandemic, the service expected to be within budget this financial year. Scottish Government funding will provide partial mitigation against the additional temporary accommodation costs incurred as a result of the pandemic.
- 6.2 Additional temporary accommodation costs relating to Covid-19 amounted to £3.0m up to 31 August 2020 and are forecast to cost £9.3m for the full financial year.
- 6.3 Temporary accommodation services have been included in a Council wide financial assessment of the additional costs being incurred in response to the pandemic.
- 6.4 There is a projected increase of 193,000 bed-nights in bed and breakfast/ shared house and interim accommodation provision in 2020/21, compared with 2019/20.
- 6.5 The increased use of temporary accommodation has created a significant additional budget pressure, currently projected to be £9.3m. The waivers listed in Appendix 1 are reflected in this projected pressure, and the pressure has been included in a separate finance update report to this committee.
- 6.6 A list of waivers totalling £9.290m approved by Policy and Sustainability Committee on 25 June 2020, is also included in Appendix 1.
- 6.7 Since then, the use of temporary accommodation has continued to grow. Total waivers required now amount to £12.009m, a net increase of £2.719m. This includes 65 rooms at Haymarket Hub Hotel to be used as a replacement for night shelter accommodation, due to Covid-19 restrictions, at a gross cost of £0.703m for the accommodation or £0.460m after estimated staff costs, security, housing benefit and an application made for Scottish Government grant funding. The Scottish Government have agreed to contribute £0.216 to this centre.

- 6.8 The UK government recently announced £105m of additional funding for local authorities in England and Wales to help address rough sleeping. However, the Scottish Government has confirmed that Barnett consequentials will not pass directly to local authorities.

7. Stakeholder/Community Impact

- 7.1 This is an update report and did not require any specific stakeholder engagement.

8. Background reading/external references

- 8.1 Not applicable.

9. Appendices

- 9.1 Appendix 1 - Costs of off contract spend in temporary accommodation.
- Waiver amounts which have already been authorised until end of March 2021 and additional waivers of £3.504m now requested
- 9.2 Appendix 2 - Estimated Social Housing Supply – Five-year Projection.

by virtue of paragraph(s) 8 of Part 1 of Schedule 7A
of the Local Government(Scotland) Act 1973.

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Finance and Resources Committee

10.00am, Thursday 29th October 2020

Annual Fraud Prevention and Detection Report

Executive/routine Wards Council Commitments	Routine
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1. Recommendations

- 1.1 To note the fraud prevention and detection work undertaken during the 2019/20 financial year.

Stephen S. Moir

Executive Director of Resources

Contact: Nicola Harvey, Head of Customer and Digital Services,
Customer and Digital Services Division, Resources Directorate

E-mail: Nicola.harvey@edinburgh.gov.uk | Tel: 0131 469 5006

Annual Fraud Prevention and Detection Report

2. Executive Summary

- 2.1 The annual report provides an overview of fraud prevention and detection activities undertaken in 2019/20.

3. Background

- 3.1 The Council is responsible for a wide range of counter fraud activities. These are designed to prevent, detect, investigate and report fraud and ultimately ensure that public money is spent on essential services.
- 3.2 The Council investigate and detect fraudulent activity that is out with the remit of central government bodies such as the Department for Work and Pensions. External/customer fraud is investigated by the Council's Corporate Fraud Investigation Team (CFIT). In conjunction with these activities Internal Audit assess whether appropriate controls are in place to prevent and detect potential internal and external fraudulent activities by Council employees. Both functions are responsible for liaising with Council services to raise awareness of appropriate fraud prevention controls and counter measures.

4. Main report

- 4.1 Fraud allegations are received from various sources, including the public, Department for Work and Pensions, HM Revenues and Customs, the Police and the National Fraud Initiative (NFI) exercise. During 2019/20 CFIT detected customer fraud of £856,784 (Appendix 1). Action is ongoing to recover appropriate funds and CFIT continue to work with affected services to strengthen controls to reduce future fraud.
- 4.2 The Council also participates in Audit Scotland's NFI exercise. This is a comprehensive data matching exercise that operates over a two-year rolling period and compares information held by public bodies. The latest exercise commenced in February 2019 and concluded in December 2019, resulting in £110,837 of fraud being identified (Appendix 2)
- 4.3 The Council operates an online system that allows the public to report suspected cases of fraud. Following an initial assessment, allegations against Council employees are referred to the relevant service area for

investigation. Allegations against third parties are passed to CFIT who engage relevant service areas or outside agencies to complete the investigation.

- 4.4 During 2019/20, 508 allegations were reported to the Council and these are detailed in Appendix 3. These allegations relate to a range of services and a small number relate to external organisations. Three specific allegations were made against Council employees. These were fully investigated, confirming that all three allegations were unfounded.
- 4.5 Due to the coronavirus outbreak all external fraud investigation home visits and face to face contact was suspended on Monday 16 March 2020. Future activities continue to be kept under review as part of the Council's wider service recovery plans.

5. Next Steps

- 5.1 Customer and Digital Services and Internal Audit will continue to work collaboratively to provide financial safeguards and deter potentially fraudulent activity.

6. Financial impact

- 6.1 While there is no direct financial impact because of this report, the actions of the Corporate Fraud Investigation Team and Internal Audit provide an important financial safeguard. Outcomes from investigations provide service areas with evidence to strengthen controls and recover any fraudulent sums claimed. This recovery work is an ongoing activity.

7. Stakeholder/Community Impact

- 7.1 There is no direct impact on stakeholders or community arising from this report.

8. Background reading/external references

- 8.1 [Fraud Prevention and Detection - Annual Report 2018/19. Finance and Resource Committee 15 August 2019](#)
- 8.2 [Corporate Debt Policy](#)
- 8.3 [Whistleblowing Policy](#)
- 8.4 [Policy on Fraud Prevention](#)
- 8.5 [Policy on Anti Bribery](#)

9. Appendices

- 9.1 Appendix 1 - Corporate Fraud Team – 2019/20
- 9.2 Appendix 2 - National Fraud Initiative – 2019/20
- 9.3 Appendix 3 - Public Reported Cases of Suspected Fraud

During 2019/20, the Corporate Fraud Investigation Team (CFIT) detected customer fraud of over £856k with recovery action ongoing (£665k recovered at 31/3/20, including relevant notional values).

- **Benefit Administrative Penalties (£13,389)**
Administrative penalties occur when a Benefit claimant deliberately fails to provide details of a change of circumstance, which then result in a benefit overpayment. Council investigate these cases on behalf of the Secretary of State. Currently £773.81 of £13,389.00 collected with recovery action ongoing.
- **Discretionary Housing Payments (£2,400)**
These payments are awarded to claimants in receipt of Housing Benefit and suffering from financial hardship. Overpayments occur when a claimant fails to provide the correct information when applying or fails to report a change in circumstances. Sum identified fully collected.
- **Scottish Welfare Fund Payments (£33,079)**
A Community Care Grant aims to help people on benefits with additional support in the home. A Community Care Grant can also help families facing exceptional pressures, with one-off items, like a cooker or a washing machine. Pre-issue compliance checks have prevented £33,079 (100%) of ineligible goods being issued.
- **Council Tax Reduction Scheme (CTRS) (£87,603)**
CTRS is available to claimants who are experiencing financial difficulties and find themselves unable to make their Council Tax payments. Payments in error occur when a claimant fails to provide the correct information when applying for the scheme or fails to report a change in circumstances. Currently £75,364 of £87,603 has been collected with recovery action ongoing.
- **Council Tax Discounts and Exemptions (£355,508)**
This relates to discounts and exemption incorrectly applied due to the customer providing false information or failing to report a change of circumstance e.g. liability, student status, empty properties etc. NB: Additional discounts and exemptions are also removed as part of ongoing business review activities, however, these are not classified as fraudulent for the purposes of this report. Currently £191,586 of £355,508 has been collected with recovery action ongoing.
- **Recovered Tenancies – non-residency and illegal sublets of Council homes (£324,000)**
The Audit Commission recommend that Local Authorities use a notional figure of £18,000 per tenancy when calculating potential loss to the Council. This figure incorporates the cost of temporary accommodation for genuine applicants, legal costs to recover the property, re-let cost and the rent foregone during the void period between tenancies. 18 tenancies were successfully recovered.
- **Disabled Blue Badges (£4,500)**
The Blue Badge (Disabled Parking) Scheme provides a national arrangement of parking concessions for people with a permanent or substantial disability. The misuse of the Blue Badge scheme undermines the benefits of the scheme, impacts upon local

traffic management and creates hostility amongst other badge holders and members of the public.

- **School Placements (No direct saving)**

This important work ensures that school catchment areas are appropriately applied. While there are no direct financial implications this activity ensures genuine applications are less likely to be declined and avoids the cost of hiring more teachers and classroom assistants.

- **Non-Domestic Rates (£36,305)**

Discounts and exemption incorrectly applied due to customer providing false information or failing to report a change of circumstance e.g. liability status, empty properties etc. NB: Additional discounts and exemptions are also removed as part of ongoing business review activities, however, these are not classified as fraudulent for the purpose of this report. Currently £33,141 of £36,305 has been collected with recovery action ongoing.

Appendix 2- National Fraud Initiative – Potential Fraud

Dataset	Examples of possible Fraud	Cases Investigated	Investigation Type	Fraud/Errors related to fraud No.	Recovery £
Pensions	Obtaining the pension payments of a deceased person, Exceeding new income limits after taking added years	1161	All matches	0	0
Income/ Council Tax	Incorrectly claiming exemptions	2521	All matches	5	£13,107.00
Housing Benefits	Incorrectly claiming benefits	2814	All matches	25	£96,953.00
Private supported care home residents	Payments for deceased resident	194	All Matches	7	£777.06
Housing Rents and Other	Ineligible tenants, Tenant on waiting list for second property, Inappropriate attempt to purchase property R.T.B.	467	All Matches	0	0
Payroll/HR	Obtaining employment when not entitled to work in the UK Second Job whilst paid long term sick	267	All Matches	0	0
Trade Creditors Standing Data (Procurement)	Fraudulent or erroneous payments where supplier set up with more than one reference, Inappropriate Suppliers on database	226	Sample completed due to low level of risk	0	0
Trade Creditors History (Payments)	Duplicate payments for same goods/services Incorrect Payments made Employees (or family) invoicing services to Council	1036	Sample completed due to low level of risk	0	0
Blue Badge Permit / Residents Parking	Permit used by someone other than approved user	794	All Matches	0	0
Resident Parking Permits	Individuals who have a resident parking permit have been matched to deceased records.	23	All Matches	0	0
Procurement to Payroll	To identify potential undeclared interests that have been given a pecuniary advantage.	166	All Matches	0	0
Immigration	To identify employees who are not entitled to reside and/or are not entitled to work in the UK	0	No matches released by NFI	0	0
Total		9669		37	£110,837.06

Errors related to fraud include incorrect award of Council Tax discounts/exemptions and Housing Benefit linked to false claims. Errors relating to care home payments to deceased resident were due to discrepancy in the date of death.

Appendix 3 - Public Reported Cases of Suspected Fraud

CATEGORY	Number of Reported Cases
External	
Benefits or Council Tax	352
Tenancy or Other Housing	89
Licensing / HMO / Private Landlord	12
Non-Domestic Rates	9
Blue Badges/Parking	9
Miscellaneous	13
Internal	
Allegations against Staff	3
Total Relevant Allegations	487
Not Relevant	
Not Council – (i.e. Police, other Local Authorities or agencies)	15
Duplicates (multiple reports by same person)	6
Total Not Relevant	21
Total Allegations Received	508

Finance and Resources Committee

10.00am, Thursday, 29 October 2020

26 Cultins Road, Edinburgh – Proposed Lease Extension

Executive/routine	Routine
Wards	7- Sighthill/Gorgie
Council Commitments	<u>2</u>

1. Recommendations

- 1.1 That Committee approves a 6-year lease extension to Multi-Fleet Services Limited at 26 Cultins Road, Edinburgh on the terms outlined in this report and on other terms and conditions to be agreed by the Executive Director of Resources.

Stephen S. Moir

Executive Director of Resources

Contact: Mark Bulloch, Portfolio Manager – Investments,

Property and Facilities Management Division, Resources Directorate

E-mail: mark.bulloch@edinburgh.gov.uk | Tel: 0131 529 5991

26 Cultins Road, Edinburgh – Proposed Lease Extension

2. Executive Summary

- 2.1 Multi-Fleet Services Limited currently occupy 0.26 hectares (0.64 acres) at 26 Cultins Road, Edinburgh on a ground lease which expires on 18 September 2024. This report seeks approval to grant the tenant a 6-year lease extension on the terms and conditions outlined in the report.

3. Background

- 3.1 Multi-Fleet Services Limited occupy the ground 26 Cultins Road, Edinburgh extending to 0.26 hectares (0.64 acres) as shown outlined in red on the attached plan.
- 3.2 The ground lease runs from 19 September 2006 to 18 September 2024 at a passing rent of £29,700 per annum.
- 3.3 As a result of a company restructure, Multi-Fleet Services Limited are seeking an extension of their lease to protect the substantial financial investment they have made in the property and to provide greater security of tenure.

4. Main report

- 4.1 The following terms have been provisionally agreed:-
- Subjects Ground at 26 Cultins Road, Edinburgh, EH11 4DG;
 - Lease: 6-year extension from 18 September 2024 to 18 September 2030;
 - Rent: £29,700 per annum;
 - Rent Review: 18 September 2021 and 2026;
 - Use: Auto repairs;
 - Repairs: Full repairing and maintaining obligation;

- Other Terms: As contained in the Council's standard full repairing and insuring ground lease;
- Costs: Tenant responsible for all Council's legal costs.

5. Next Steps

- 5.1 Following Committee approval, Legal Services will be instructed to progress the lease extension.

6. Financial impact

- 6.1 A rent of £29,700 per annum to the General Property Account will be maintained for an additional 6-year period with the prospect of further uplifts at rent review in 2021 and 2026.

7. Stakeholder/Community Impact

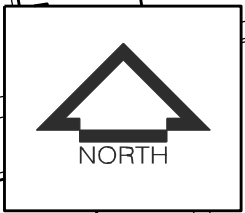
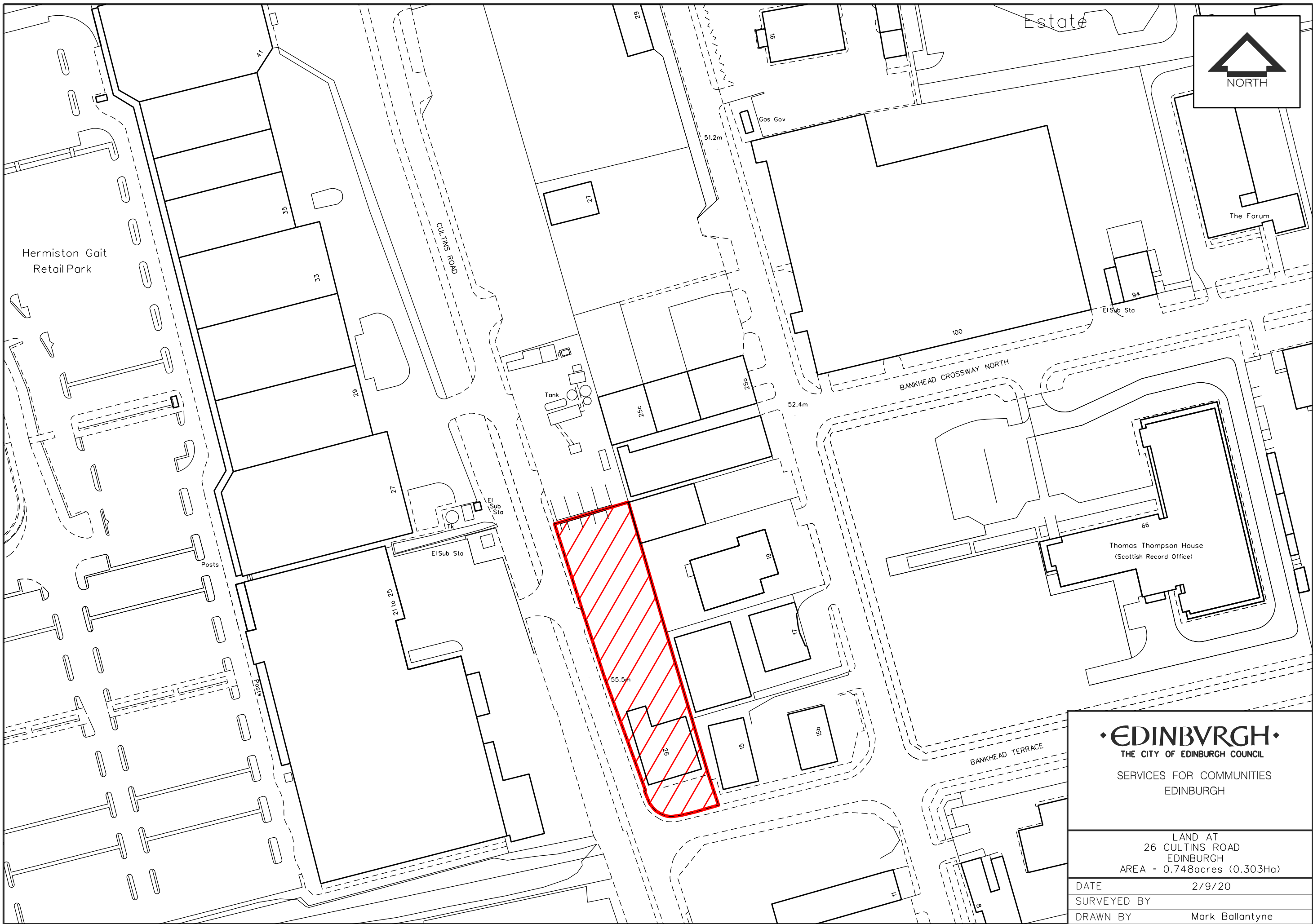
- 7.1 Ward members have been made aware of the recommendations of the report.

8. Background reading/external references

- 8.1 N/A.

9. Appendices

- 9.1 Appendix 1 – Location Plan



• EDINBURGH •
 THE CITY OF EDINBURGH COUNCIL
 SERVICES FOR COMMUNITIES
 EDINBURGH

LAND AT 26 CULTINS ROAD EDINBURGH AREA = 0.748acres (0.303Ha)	
DATE	2/9/20
SURVEYED BY	
DRAWN BY	Mark Ballantyne
SCALE	1:1250 @ A3 SIZE
NEG. NO.	A3/1459a

SITE PLAN

SCALE 1:1250

THIS MAP IS REPRODUCED FROM ORDNANCE SURVEY MATERIAL WITH PERMISSION OF ORDNANCE SURVEY ON BEHALF OF THE CONTROLLER OF HER MAJESTY'S STATIONARY OFFICE CROWN COPYRIGHT. UNAUTHORISED REPRODUCTION INFRINGES CROWN COPYRIGHT LICENCE NUMBER 100023420. CITY OF EDINBURGH 2013 AND MAY LEAD TO PROSECUTION OR CIVIL PROCEEDINGS.

Finance and Resources Committee

10.00am, Thursday, 29 October 2020

Sirius Building, Clocktower, Edinburgh – Proposed New Lease

Executive/routine	Routine
Wards	3 – Drum Brae/Gyle
Council Commitments	<u>2</u>

1. Recommendations

- 1.1 That Committee approves a five-year lease to Pulsant Limited at the Sirius Building, Clocktower, Edinburgh, on the terms outlined in this report and on other terms and conditions to be agreed by the Executive Director of Resources.

Stephen S. Moir

Executive Director of Resources

Contact: Mark Bulloch, Portfolio Manager – Investments,

Property and Facilities Management Division, Resources Directorate

E-mail: mark.bulloch@edinburgh.gov.uk | Tel: 0131 529 5991

Sirius Building, Clocktower, Edinburgh – Proposed New Lease

2. Executive Summary

- 2.1 The Sirius building is let to KUC Properties on a 20-year lease expiring on 13 January 2021. The building is, in part, sub-let to with Pulsant Limited occupying most of the space. This report seeks approval to grant Pulsant Limited a new five-year lease, on the expiry of the lease to KUC properties on the terms and conditions outlined in the report.

3. Background

- 3.1 The office building known as Sirius at Clocktower, Flassches Yard, Edinburgh extends to 1,679 sq m (18,070 sq ft) as shown outlined in red on the attached plan.
- 3.2 The entire property is leased to KUC Properties (KUC) on a 20-year lease expiring on 13 Jan 2021 at a passing rent of £357,211 per annum. The building was part of a much larger portfolio acquired from the EDI Group in 2010. While taking a 20-year lease, KUC never actually occupied the building due a change in their business plan after the lease was signed. Hence the building has been sublet by KUC since 2001.
- 3.3 The rent on commencement of the lease has proved to be overrented. While there has been 3 rent review since 2001, the initial rent is, and continues to be, above market value. As the rent review clause provides for upward only movement, the rent has remained the same throughout the duration of the lease.
- 3.4 KUC Properties sub-lease part of Sirius to three occupiers, the largest of which is Pulsant Limited who occupy 1,317 sq m (14,174 sq ft) on ground, first and part second floor. The sub lease is due to expire on the same date as the head lease to KUC.
- 3.5 Discussions have taken place with Pulsant Limited in order to retain the company as a direct tenant of the Council in the building beyond the expiry of the head lease and sub lease agreements.

4. Main report

4.1 It has been known for some time that the existing lease to KUC was over rented and the strategy moving forward has been to address the risks of potentially having a vacant office building in early 2021, with associated void costs, and mitigate the future budget pressure due to the reduction in rent once a new tenant was secured.

4.2 The following terms have been provisionally agreed:

- Subjects: Ground, first and part second floors at Sirius Building, Clocktower, Edinburgh extending to 14,174 sq ft;
- Tenant: Pulsant Limited;
- Lease: 5-year lease from 14 Jan 2021 to 13 Jan 2026;
- Rent: £196,080 per annum;
- Break Option: Tenant break 14 Jan 2023 on providing 6-month notice.
- Use: Office;
- Repairs: Full repairing and maintaining obligation;
- Other Terms: As contained in the Council's standard full repairing and insuring lease;
- Costs: Both parties to meet own costs.

4.3 A rental incentive equivalent to nine-months rent free will be granted, which is in line with current rental incentives for an office lease of five years. Consequently, the rent will be £49,020 from 14 Jan 2021 to 13 Jan 2022 before increasing to £196,080 from 14 Jan 2022. Should the tenant exercise their break option the equivalent of three-months' rent free (£49,020) will be repayable to the Council.

4.4 Although the proposed rental to Pulsant Limited is at a lower rate than that currently being paid on the property it is reflective of current market values. Estates Officers have contacted the other occupiers within the building with a view to securing their continued occupation beyond the expiry of the lease thereby mitigating holding costs and budget pressures and these discussions are ongoing.

5. Next Steps

5.1 Following Committee approval, Legal Services will be instructed to progress the lease documentation.

6. Financial impact

- 6.1 A rent of £196,080 per annum, subject to incentives, to the General Property Account will be secured for a 5-year period (subject to break option in 2023). With the new lease commencing immediately following the expiry of the current lease there will be no void period providing a substantial saving to the Council on vacant property costs for the majority of the building.

7. Stakeholder/Community Impact

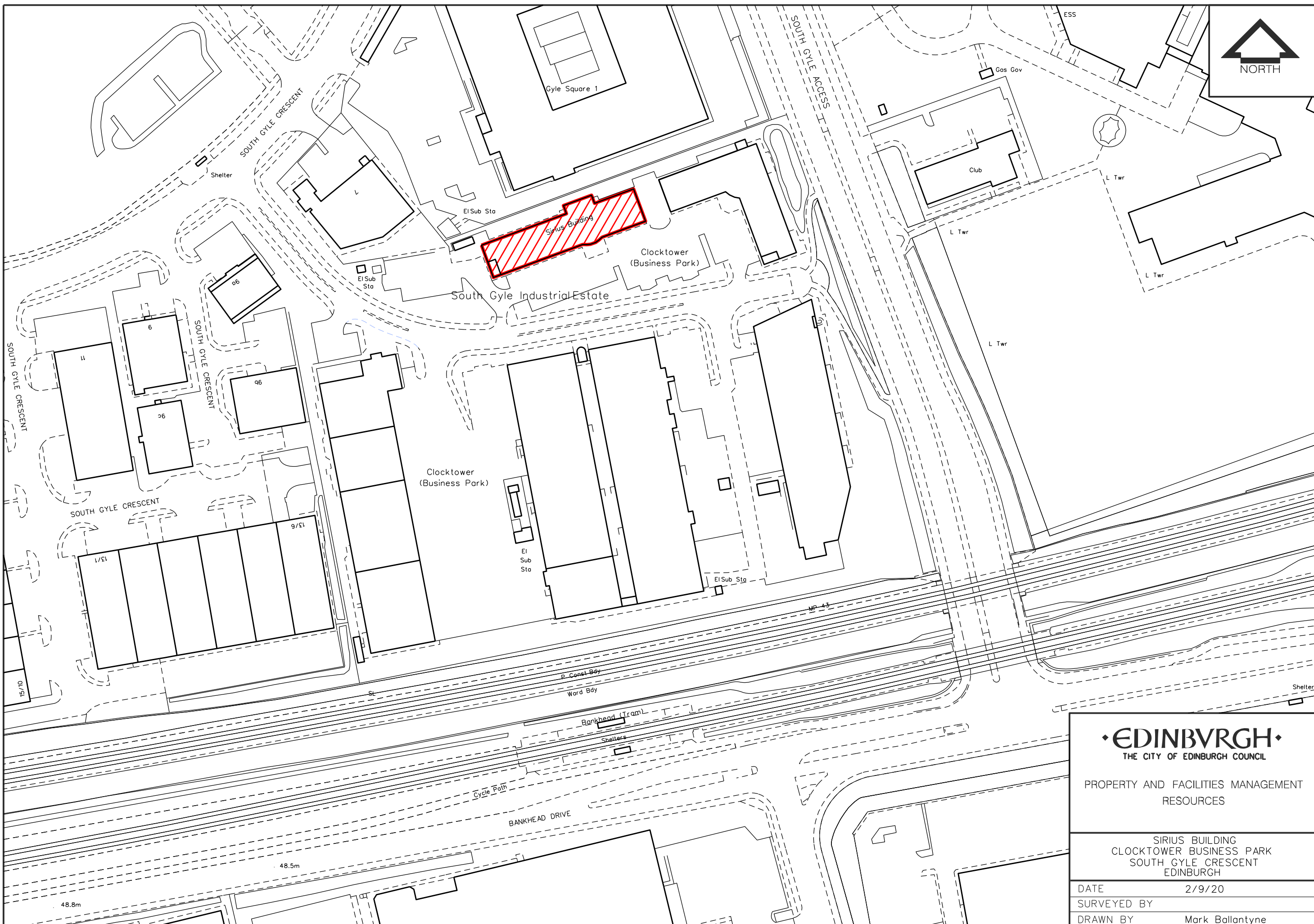
- 7.1 Ward members have been made aware of the recommendations of the report.

8. Background reading/external references

- 8.1 N/A.

9. Appendices

- 9.1 Appendix 1 – Location Plan



SITE PLAN

SCALE 1:1250

• EDINBURGH •
THE CITY OF EDINBURGH COUNCIL

PROPERTY AND FACILITIES MANAGEMENT
RESOURCES

SIRIUS BUILDING
CLOCKTOWER BUSINESS PARK
SOUTH GYLE CRESCENT
EDINBURGH

DATE 2/9/20

SURVEYED BY

DRAWN BY Mark Ballantyne

SCALE 1:1250 @ A3 SIZE

NEG. NO. A3/1941b

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Finance and Resources Committee

10.00am, Thursday, 29 October 2020

Trinity Apse, Edinburgh – Proposed New Lease

Executive/routine	Routine
Wards	11 – City Centre
Council Commitments	2

1. Recommendations

- 1.1 That Committee approves a new 25-year lease to Auld Alliance Limited at Trinity Apse, 10 Chalmers Close, Edinburgh on the terms outlined in this report and on other terms and conditions to be agreed by the Executive Director of Resources.

Stephen S. Moir

Executive Director of Resources

Contact: Alan Simpson, Portfolio Officer – Investments,

Property and Facilities Management Division, Resources Directorate

E-mail: alan.simpson2@edinburgh.gov.uk | Tel: 0131 529 6693

Trinity Apse, 10 Chalmers Close, Edinburgh – Proposed New Lease

2. Executive Summary

- 2.1 Trinity Apse is currently vacant and used on an ad-hoc basis for public events and as a Festival venue. This report seeks approval to grant a new 25-year lease to Auld Alliance Limited on the terms and conditions outlined in the report.

3. Background

- 3.1 Trinity Apse is a former gothic church building, located just off the High Street at 10 Chalmers Close, extending to 159.25 sq m (1,720 sq ft) as shown outlined in red on the attached plan.
- 3.1 The property was previously used by Culture & Venues as an ad-hoc events space which produced few opportunities for a secure a sustainable revenue stream. Consequently, as the building is surplus to any operational requirement, Estates Officers undertook a marketing campaign with a view to finding a tenant for the property.
- 3.2 At a closing date, the proposal received by from Auld Alliance Limited has been selected as the preferred bidder.

4. Main report

- 4.1 Auld Alliance Limited was formed in Singapore in 2010 and is now considered to be one of the top whisky bars in the world. The vision for Trinity Apse is to create a tourist whisky heritage centre experience.
- 4.2 The following terms have been provisionally agreed:
- Subjects Trinity Apse, 10 Chalmers Close, Edinburgh, EH1 1SS;
 - Lease: 25-year lease from 1 March 2021 to 28 February 2046;
 - Rent: £35,000 per annum rising to £45,000 within first five years;

- Rent Review: 1 March 2026 and 5 yearly thereafter;
- Use: High end whisky heritage centre;
- Repairs: Full repairing and maintaining obligation;
- Conditions: The lease is conditional on the Tenant obtaining planning consent, building warrant and listed building Consent.
- Costs: Tenant responsible for all Council's legal costs.

5. Next Steps

- 5.1 Following Committee approval, Legal Services will be instructed to progress with the documentation to put the conditional lease in place. The lease will commence when all the statutory permissions are in place.

6. Financial impact

- 6.1 A new rental stream of £35,000 per annum rising to £45,000 within the first 5 years to the General Property Account. Thereafter the rent will be subject to review every 5 years.

7. Stakeholder/Community Impact

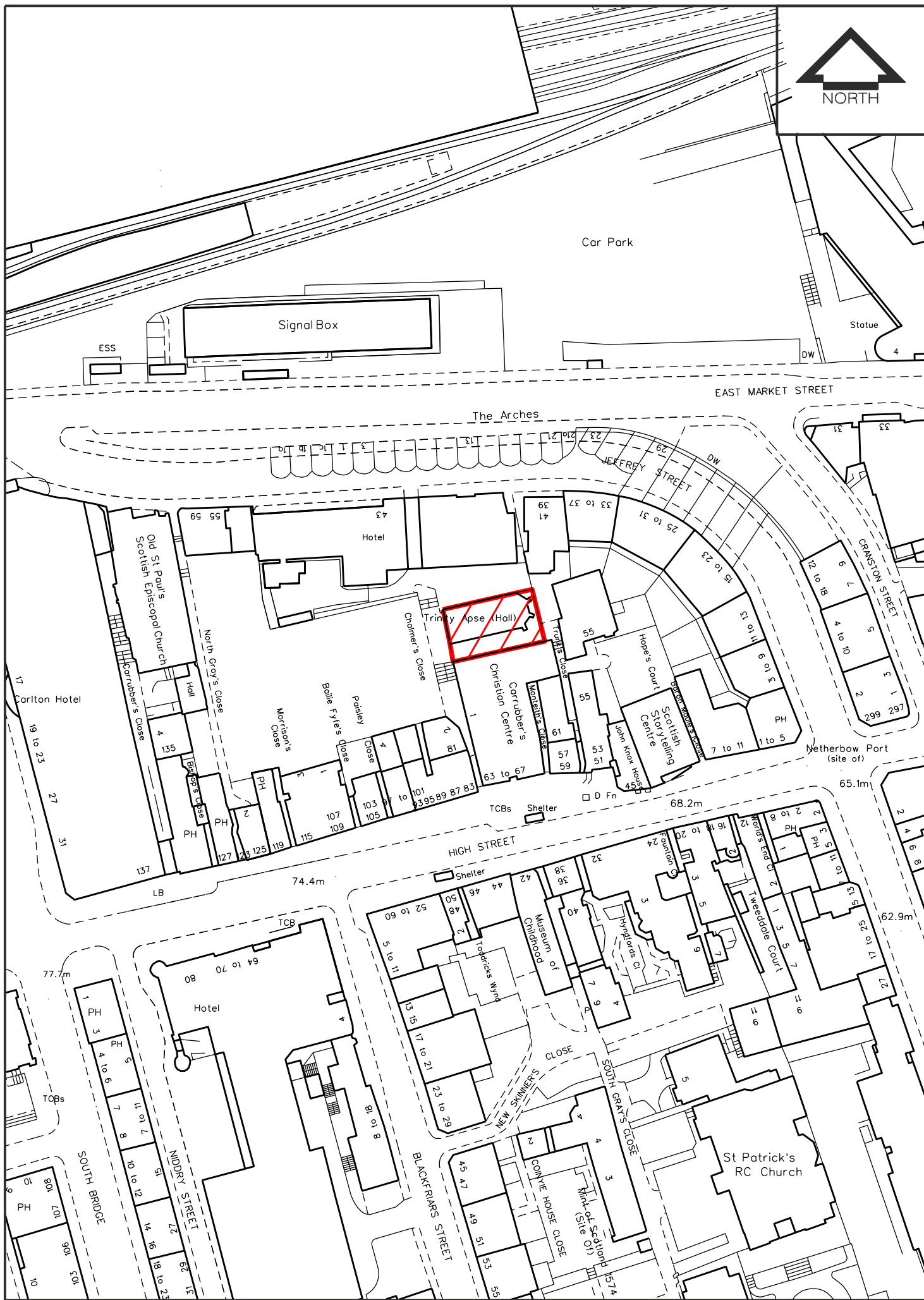
- 7.1 Ward members have been aware of the recommendations of the report.

8. Background reading/external references

- 8.1 Not applicable.

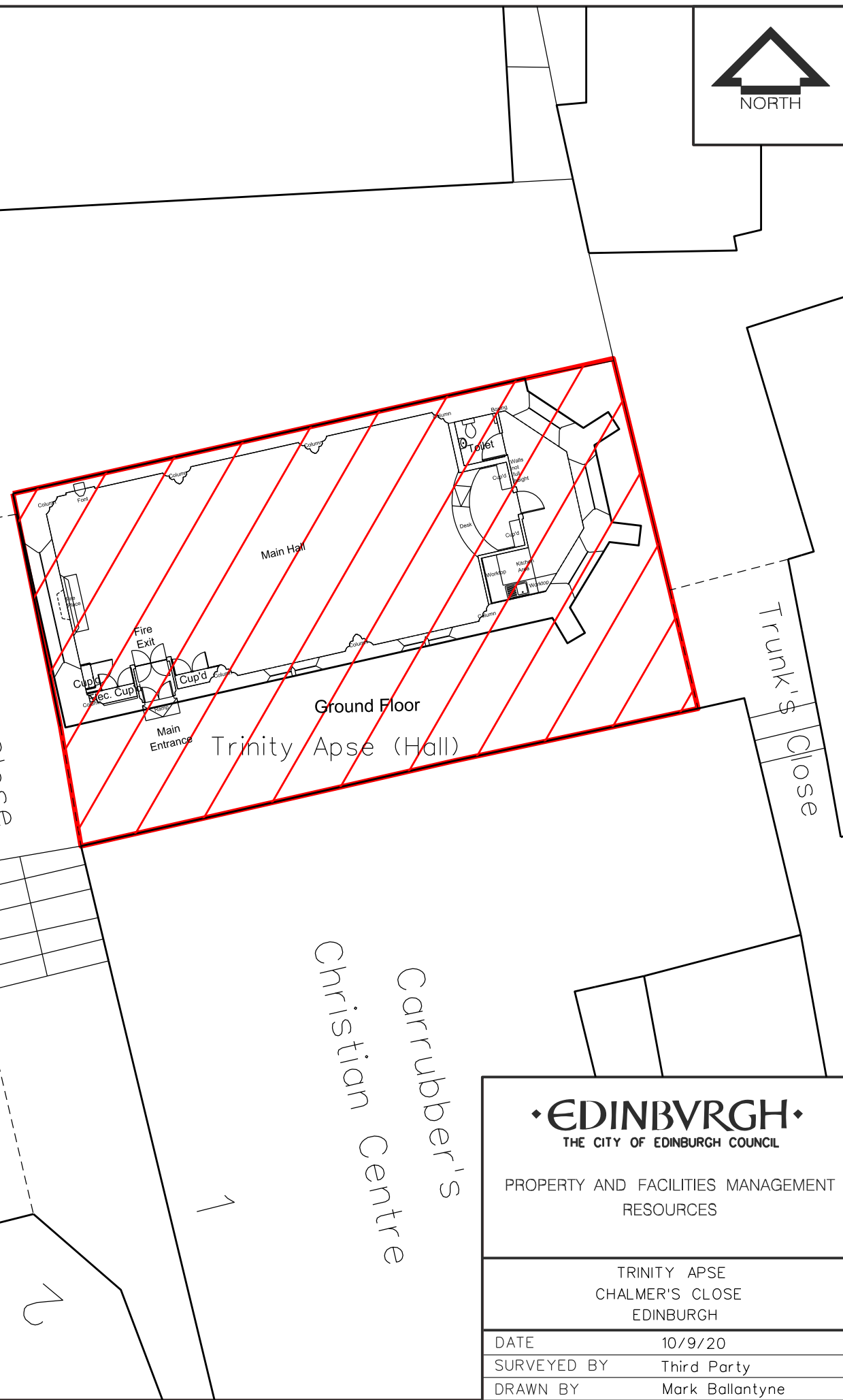
9. Appendices

- 9.1 Appendix 1 – Location Plan



LOCATION PLAN

SCALE 1:1250



SITE PLAN

SCALE 1:200

• EDINBURGH • THE CITY OF EDINBURGH COUNCIL	
PROPERTY AND FACILITIES MANAGEMENT RESOURCES	
TRINITY APSE CHALMER'S CLOSE EDINBURGH	
DATE	10/9/20
SURVEYED BY	Third Party
DRAWN BY	Mark Ballantyne
SCALE	1:200 @ A3 SIZE
NEG. NO.	A3/2050a

Finance and Resources Committee

10.00am, Thursday, 29 October 2020

1st Floor, Ratho Park (Phase 3), Edinburgh – Proposed New Lease

Executive/routine Wards Council Commitments	Routine Ward 3 – Drum Brae / Gyle <u>2</u>
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1. Recommendations

- 1.1 That Committee approves a new 20-year lease to Nykobing Ltd of the 1st Floor Office Suite, Ratho Park (Phase 3), on the terms outlined in this report and on other terms and conditions to be agreed by the Executive Director of Resources.

Stephen S. Moir

Executive Director of Resources

Contact: Andrew McCurrach, Investment Portfolio Officer,
Property and Facilities Management Division, Resources Directorate

E-mail: andrew.mccurrach@edinburgh.gov.uk | Tel: 0131 529 4682

1st Floor, Ratho Park (Phase 3), Edinburgh – Proposed New Lease

2. Executive Summary

- 2.1 The first-floor office suite at Phase 3 Ratho Park, Newbridge has been vacant since August 2018 with limited interest during marketing. This report seeks approval to grant a 20-year lease to Nykobing Ltd on the terms and conditions outlined in the report.

3. Background

- 3.1 The premises at Ratho Park is a modern office development built in 2007 by the EDI Group Ltd and formed part of a larger property portfolio acquired by the Council in 2010. The first floor extends to 755 sq m (8,127 sq ft) or thereby, as shown outlined red on the attached plan.
- 3.2 The property was previously leased to the Cheque Centre Ltd for use as their national office and call centre at a passing rent of £93,000 per annum, set in 2013. This lease came to an end when the company entered administration in August 2018 and the space has been actively marketed since this date, with limited interest.
- 3.3 Nykobing Ltd are a newly formed company who provide licensed private medical care. The proposed occupier will use the subject property as a Private Medical Centre, performing minor outpatient surgeries, with local rather than general anaesthetic.

4. Main report

- 4.1 The following terms have been provisionally agreed:
- Subjects 1st Floor Office Suite, Ratho Park – Phase 3;
 - Lease: 20 year lease from date of entry;
 - Break Option: Tenant only break on 10th anniversary;
 - Rent: £81,270 per annum;

- Rent Review: Upwards only on a five yearly basis;
- Use: Private medical centre;
- Repairs: Tenant full repairing and insuring obligation;
- Incentive: 15 month rent free;
- Costs: Each party to bear their own costs;
- Condition: Subject to planning permission for proposed use;
- Other Terms: As contained in the standard Council lease.

4.2 The rent equates to a rate of £10 per sq ft which is reflective of current market rental levels at Ratho for an office suite of this size. Since July 2020, the Investment Team have concluded two similar new lettings at Ratho Park, under delegated authority. These have resulted in 8,367 sq. ft of office space being leased, £78,188 of new income being generated and removal of void costs in the region of £79,750, before the proposed transaction is considered.

5. Next Steps

5.1 Following Committee approval, legal services will be instructed to progress the preparation of a new lease.

6. Financial impact

6.1 A new rental income of £81,270 per annum, will be payable to the General Property Account Removal. In addition the liability for vacant property costs in the sum of £77,000 per annum will be removed.

7. Stakeholder/Community Impact

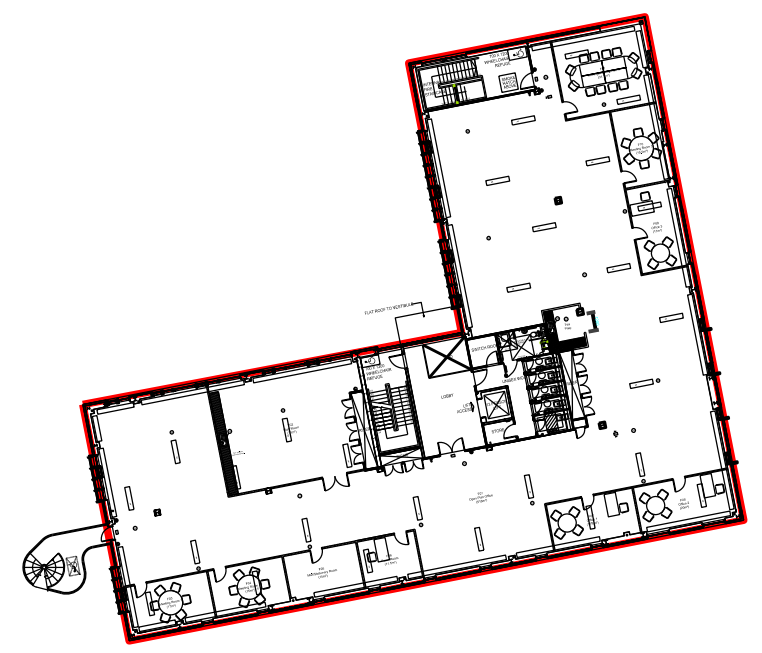
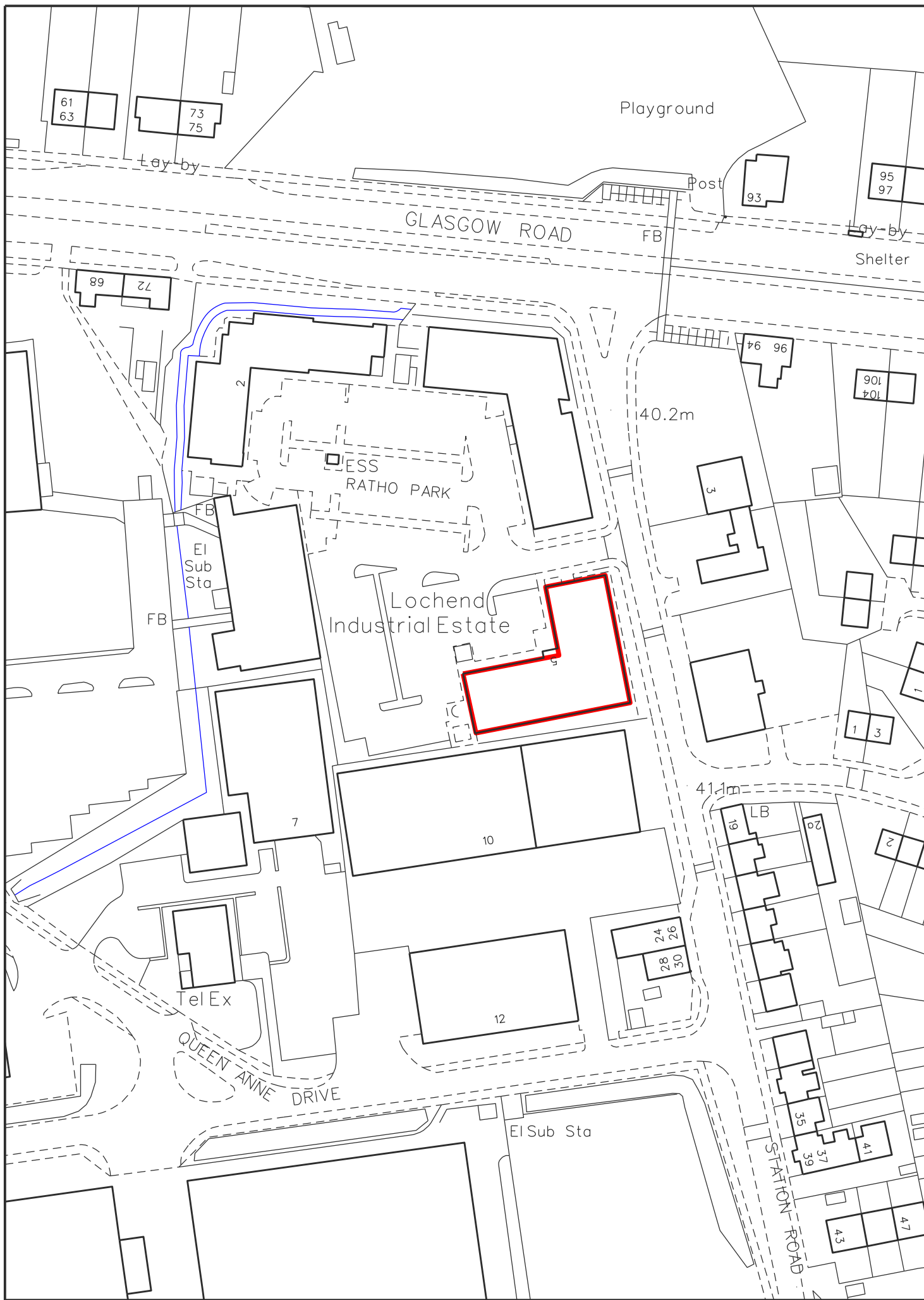
7.1 Ward members have been made aware of the recommendations of the report.

8. Background reading/external references

8.1 N/A.

9. Appendices

9.1 Appendix 1 – Location Plan



FIRST FLOOR

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LOCATION PLAN

SCALE 1:1250

SITE PLAN

SCALE 1:500

• EDINBURGH • THE CITY OF EDINBURGH COUNCIL	
PROPERTY AND FACILITIES MANAGEMENT RESOURCES	
FIRST FLOOR RATHO PARK STATION ROAD RATHO STATION	
DATE	9/9/20
SURVEYED BY	Third Party
DRAWN BY	Mark Ballantyne
SCALE	1:500 @ A3 SIZE
NEG. NO.	A3/1759

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

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by virtue of paragraph(s) 9 of Part 1 of Schedule 7A
of the Local Government(Scotland) Act 1973.

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