

Notice of meeting and agenda

Finance and Resources Committee

10.00 am Thursday, 3rd December, 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 Any items under "Private Business" will not be published, although the decisions will be recorded in the minute.

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1. Order of business

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

2. Declaration of interests

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

3. Deputations

- 3.1 If any.

4. Minutes

- | | | |
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| 4.1 | Minute of the Finance and Resources Committee of 29 October 2020 – submitted for approval as a correct record | 7 - 20 |
| 4.2 | Minute of the Finance and Resources Committee of 5 November 2020 – submitted for approval as a correct record | 21 - 24 |

5. Forward Planning

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6. Business Bulletin

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7. Executive decisions

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7.9	Waiver Extension for Haulage of Waste to Disposal Outlets – Report by the Executive Director of Place	127 - 130
7.10	Contract Extensions for Edinburgh Employability Services – Report by the Executive Director of Place	131 - 136
7.11	Contract Award for Managed Print Services – Report by the Executive Director of Resources	137 - 146

8. Routine decisions

8.1	65 Shore, Edinburgh - Proposed New Lease – Report by the Executive Director of Resources	147 - 150
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8.3	Summary Report on Property Transactions Concluded under Delegated Authority – Report by the Executive Director of Resources	155 - 164
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9. Motions

9.1	None.	
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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 8, 9 and 12 of Part 1 of Schedule 7A of the Act.	
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11. Private Reports

11.1	Settlement of RE:FIT Saving Guarantee – Report by the Executive Director of Resources	165 - 172
11.2	Communities and Families Learning Estate – Project Contract Awards – Report by the Chief Executive	173 - 186

Andrew Kerr

Chief Executive

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 or Sarah Stirling, 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.

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<https://democracy.edinburgh.gov.uk/ieDocHome.aspx?bcr=1>.

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Minutes

Finance and Resources Committee

10.00am, Thursday 29 October 2020

Present:

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

1. Minutes

Decision

To approve the minute of the Finance and Resources Committee of 24 September 2020 as a correct record.

2. Work Programme

The Finance and Resources Committee Work Programme as at 29 October 2020 was submitted.

Decision

To note the Work Programme.

(Reference – Work Programme 29 October 2020, submitted.)

3. Rolling Actions Log

The Finance and Resources Committee Rolling Actions Log as at 29 October 2020 was submitted.

Decision

- 1) To agree to close the following actions:
 - Action 1 – Feedback on the Change Strategy and Budget Proposals 2018
 - Action 3(1) – Revenue Monitoring 2019/20 - Outturn Report
 - Action 4 – Revenue Budget 2020/21 – Month Three Position
 - Action 9 (1&2) - Contract Awards and Procurement Programme (Period 1 January to 30 June 2020)
- 2) To agree to close Action 5 - 2020-30 Capital Budget Strategy – 2020-21 Period 3 Monitoring and Revised Budget Update as the briefing note was circulated in October 2020.
- 3) To agree to close Action 7 - City of Edinburgh Council and CGI IT UK Limited - Contract Proposals as the briefing note was circulated on 28 October 2020.

- 4) To note that the information requested for Action 2 - Fleet Renewal Programme would be included in the report to committee in December.
- 5) To agree to close Action 6 – Workforce Dashboard – June 2020 as the briefing note was circulated on the day of meeting.
- 6) To otherwise note the remaining outstanding actions.

(Reference – Rolling Actions Log, 29 October 2020, submitted.)

4. Business Bulletin

The Finance and Resources Committee Business Bulletin for October 2020 was submitted.

Decision

To note the Business Bulletin.

(Reference – Business Bulletin, 29 October 2020, submitted.)

5. Revenue Budget 2020/23: 2020/21 Month Five Position and Framework Assumptions Update

An update was provided 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 indicated 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 2020.

Decision

- 1) To note the further reduction in the projected in-year deficit to £5.1m.
- 2) To note, nonetheless, that the expenditure and income projections set out within the report remained subject to significant uncertainty and potential variation given current events.
- 3) To note the progress in the development of an income compensation scheme and availability of potential financial flexibilities.
- 4) To note that a further update would be presented to the Finance and Resources Committee's next meeting on 3 December.
- 5) To 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.
- 6) To agree to include in the report coming to Committee in December:
 - Further detail on the additional flexibilities.
 - The cost of the independent review and a breakdown of charges.
 - The outcome of discussions with COSLA on funding not within the EIJB's remit being given to the Council.

- Any considerations taken on a broader range of contingency savings to mitigate potential further lockdown measures.
- 7) To agree to provide an update to each committee meeting on the financial impact of the independent inquiry.
 - 8) To refer the report to the Governance, Risk and Best Value Committee for scrutiny as part of its work programme.
 - 7) To refer the 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.

(References – Finance and Resources Committee, 24 September 2020 (item 4); report by the Executive Director of Resources, submitted.)

6. 2020-30 Capital Budget Strategy – 2020/21 Period Five Monitoring and Revised Budget Update

Capital expenditure and funding forecasts for 2020/21 were provided, including explanations for variances. It was highlighted that the extent of the impact from Covid-19 was likely to differ between programmes and projects and it would still be too early to understand the full cost to the Council.

Decision

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

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

7. Resources Directorate - Revenue Budget Monitoring 2020/21 – Month Five Position

The projected month five revenue monitoring position for the Resources Directorate was set out, based on actual expenditure and income to the end of August 2020 and expenditure and income projections for the remainder of the financial year.

Decision

- 1) To note that the Resources Directorate was forecasting a favourable budget variance of £0.165m for 2020/21.
- 2) To note a further £0.950m of in-year savings following the Committee approved extension of the IT contract with CGI, which contributed towards the Council's overall financial position.
- 3) To note that the Executive Director of Resources and Heads of Service were 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.

- 4) To note the ongoing risks to the achievement of a balanced revenue budget projection for the Directorate.

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

8. Chief Executive's Services - Revenue Budget Monitoring 2020/21 - Month Five Position

The projected five-month revenue budget monitoring position for Chief Executive's Services was set out, based on actual expenditure and income to the end of June 2020 and expenditure and income projections for the remainder of the financial year.

Decision

To note it was forecast that outturn would be in line with the approved revenue budget for the Chief Executive's services for 2020/21.

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

9. Extension to Existing Contractor Works Framework

Approval was sought to extend, under a waiver of the Contract Standing Orders, the Council's existing Contractor Works Framework Agreement. This framework was strategically important and supported 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.

Decision

To approve 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) 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.
- 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.
- 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.
- 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.

- 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.
- 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.
- 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.
- 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.
- 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.
- 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.

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

10. Award of Contract for Professional Services Framework

Approval was sought to award a multi-lot framework agreement to the most economically advantageous organisations identified following a competitive tendering process. The framework consisted of 12 Lots for professional services to support the Council's technical services in delivering an undefined programme of construction, maintenance and repair programmes.

The estimated Framework value included £95 million of Council spend.

Decision

- 1) To approve the award of a multi-lot framework agreement for Professional Services to the suppliers set out in Appendix 1 of the report by the Executive Director of Resources. The framework consisted of 13 Lots with an estimated value to the Council of £95 million over the maximum four-year term. Lot 9 was not being recommended for approval, reducing the framework to 12 Lots in total that approval was sought for, as follows:
 - i) The award of Lot 1 Project Management Services at an estimated contract value of £2,000,000 per annum.

- ii) The award of Lot 2 Building Surveying Services at an estimated contract value of £2,000,000 per annum.
 - iii) The award of Lot 3 Quantity Surveying Services at an estimated contract value of £2,500,000 per annum.
 - iv) The award of Lot 4 Architectural Services – Education/Non-residential at an estimated contract value of £2,500,000 per annum.
 - v) The award of Lot 5 Architectural Services - Residential at an estimated contract value of £2,500,000 per annum.
 - vi) The award of Lot 6 Architectural Services - Landscape at an estimated contract value of £750,000 per annum.
 - vii) The award of Lot 7 Structural and Civil Engineering Services at an estimated contract value of £3,000,000 per annum.
 - viii) The award of Lot 8 Mechanical and Electrical Engineering Services at an estimated contract value of £2,500,000 per annum.
 - ix) The award of Lot 10 Interior Design Services at an estimated contract value of £1,500,000 per annum.
 - x) The award of Lot 11 Multi-Discipline Design Team Services at an estimated contract value of £3,000,000 per annum.
 - xi) The award of Lot 12 Passive House Designer (Architect) Services at an estimated contract value of £500,000 per annum.
 - xii) The award of Lot 13 Transportation Services at an estimated contract value of £1,000,000 per annum.
- 2) To note that the contract values above were reflective of estimated future pipeline of works and that the scope of works could fluctuate subject to budget allocation and funding approvals.
- 3) To note that the Framework Agreement was a collaborative arrangement to be used predominantly by Place Development and Property and Facilities Management. This Framework Agreement could also be utilised by 188 Participating Sector Partners. Where this occurred the Council would generate income via a rebate from the suppliers used by those contracting authorities.

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

11. Workforce Dashboard – August 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 August 2020.

Decision

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

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

12. Housing Capital Works Framework Agreement 2020- 2024

Approval was sought to award a multi Lot Framework Agreement for the Housing Capital Works Programme 2020- 2024 for a period of up to four years.

The framework now consisted of 15 Lots, with four of the lots broken into sub lots, and had an estimated value of up to £140m over the four-year period, subject to use.

Decision

- 1) 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 of the Report by the Executive Director of Place. The framework consisted of 16 Lots with four of the Lots broken into sub Lots with an estimated value of £140million over the maximum term. Lot 4 would not be progressed, reducing the framework to 15 Lots in total that approval was sought to award, as follows:
 - i) The award of Lot 1 Electrical Works with sub lots with an estimated value of £2.1 million per annum.
 - ii) The award of Lot 2 Multi Trade Works of less than £0.5m with an estimated value of £2.4m per annum.
 - iii) The award of Lot 3 Multi Trade Works greater than £0.5m with an estimated value of £6.2m per annum.
 - iv) The award of Lot 5 Kitchen and Bathroom with an estimated value of £7.5m per annum.
 - v) The award of Lot 6 Lift Replacement with an estimated value of £1.2m per annum.
 - vi) The award of Lot 7 Mechanical & Electrical Works with an estimated value of £1.95m per annum.
 - vii) The award of Lot 8 Domestic Gas Installations with an estimated value of £2.4m per annum.
 - viii) The award of Lot 9 Security with an estimated value of £1.8m per annum.
 - ix) The award of Lot 10 Painting & Decorating with an estimated contract value of £0.240m per annum.
 - x) The award of Lot 11 Adaptations with an estimated value of £1.44m per annum.
 - xi) The award of Lot 12 Lead Replacement with an estimated value of £0.6m per annum.
 - xii) The award of Lot 13 Demolition City Wide less than £0.250m with an estimated value of £0.6m per annum.

- xiii) The award of Lot 14 Demolition City Wide more than £0.250m with an estimated value of £0.750m per annum.
 - xiv) The award of Lot 15 Energy Efficiency Installations with sub lots with an estimated value of £3.52m per annum.
 - xv) The award of Lot 16 External Works – neighbourhood environmental projects (NEPs) with an estimated value of £2.52m per annum.
- 2) To agree to delegate authority to the Executive Director of Place for the awarding of mini competitions, which were undertaken using the framework and to note that these awards would be reported to the Finance and Resources Committee under the six-monthly procurement report for Awards of Contract under delegated authority.

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

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

Approval was sought 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 were willing and able to purchase a home within the development were provided with an opportunity to do so.

Decision

- 1) To approve 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 by the Executive Director of Place.
- 2) To delegate approval to the Executive Director of Place to conclude the disposal.
- 3) To note that following the conclusion of the sale and the wind up of the LLP, the Council as developer was expected to receive an estimated £0.200m in unspent reserves and to approve ring-fencing of these reserves to support the delivery of affordable housing.

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

14. Contract Award Recommendations in Respect of ‘Receipt and Processing of Dry Mixed Recyclates’

Approval was sought 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.

Decision

- 1) To approve the award of contract in respect of the ‘Receipt and Processing of Dry Mixed Recyclates’.

- 2) To approve 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.

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

15. Disposal of Bulky Waste

Approval was sought 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 was completed.

Decision

- 1) To 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).
- 2) To note the value of the 14-week extension of current waiver would be in the region of £91,000.
- 3) To 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.
- 4) To note that the total value of this waiver including the 14-week extension and additional HWRC costs was £403,600.
- 5) To note that at time of writing the procurement exercise for this contract would be in the final stages, with a 'preferred bidder' identified. It was intended to bring the award of contract to Committee on 3 December 2020 for approval.
- 6) To note that this waiver extension would ensure continuity of service provision until a new contract for disposal of bulky waste could be procured and implemented.

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

16. Homelessness Services – Use of Temporary Accommodation

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

Approval was sought 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.

Decision

- 1) To agree 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.

- 2) To note that the Policy and Sustainability Committee previously approved waivers to the value of £9.29m on 25 June 2020.
- 3) To approve the additional waivers totalling £3.504m and note that £0.785m of waivers previously approved were no longer required.
- 4) To note the increased use and cost of temporary accommodation during the pandemic to 31 March 2021.
- 5) To agree to discuss with Planning Enforcement the option of directly contacting holiday let owners.

(References – Policy and Sustainability Committee of 25 June 2020 (item 16); report by the Executive Director for Communities and Families, submitted.)

Declaration of Interests

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

17. Annual Fraud Prevention and Detection Report

An annual overview was provided of fraud prevention and detection activities undertaken in 2019/20.

Decision

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

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

18. 26 Cultins Road, Edinburgh – Proposed Lease Extension

Multi-Fleet Services Limited currently occupied 0.26 hectares (0.64 acres) at 26 Cultins Road, Edinburgh on a ground lease which expired on 18 September 2024. Approval was sought to grant the tenant a 6-year lease extension on the terms and conditions outlined in the report by the Executive Director of Resources.

Decision

To approve 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.

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

19. Sirius Building, Clocktower, Edinburgh – Proposed New Lease

The Sirius building was let to KUC Properties on a 20-year lease expiring on 13 January 2021. The building was, in part, sub-let to with Pulsant Limited occupying most of the space. Approval was sought 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 by the Executive Director of Resources.

Decision

To approve 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.

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

20. Trinity Apse, Edinburgh – Proposed New Lease

Trinity Apse was currently vacant and used on an ad-hoc basis for public events and as a Festival venue. Approval was sought to grant a new 25-year lease to Auld Alliance Limited on the terms and conditions outlined in the report by the Executive Director of Resources.

Decision

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

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

21. 1st Floor, Ratho Park (Phase 3), Edinburgh – Proposed New Lease

The first-floor office suite at Phase 3 Ratho Park, Newbridge had been vacant since August 2018 with limited interest during marketing. Approval was sought to grant a 20-year lease to Nykobing Ltd on the terms and conditions outlined in the report by the Executive Director of Resources.

Decision

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

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

22. Miscellaneous Debts – Write-Off

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

The current miscellaneous debt that was outstanding was summarised. This miscellaneous debt was deemed uncollectable and thus recommended for write-off. All possible methods of recovery had been attempted and the debt remained outstanding.

Decision

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

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

23. Council Commercial Property Portfolio - Update Report

The Committee, in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973, excluded the public from the meeting during consideration of the following item of business for the reason that it involved the likely disclosure of exempt information as defined in Paragraph 9 Part 1 of Schedule 7(A) of the Act.

The Council had a large commercial property investment portfolio extending to over 1,150 interests within 10 asset classes. An update on the management for financial year 2019/20 and post lockdown restrictions was set out in the report.

Decision

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

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

by virtue of paragraph(s) 6, 9 of Part 1 of Schedule 7A
of the Local Government(Scotland) Act 1973.

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Minutes

Finance and Resources Committee

3.00pm, Thursday 5 November 2020

Present:

Councillors Munn (Convener), Griffiths (Vice-Convener), Booth, Bruce, Corbett, Gordon, Hutchison, Johnston, Frank Ross (substituting for Councillor Rankin), Neil Ross and Watt.

1. 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

The Governance, Risk and Best Value Committee referred a report which summarised the principal findings arising from the Council's 2019/20 external audit. While primarily focused on the review of the financial statements, the wider scope aspects of the audit included consideration of the Council's financial sustainability, financial management, governance and transparency and arrangements to secure and demonstrate value for money.

Decision

- 1) To approve the audited annual accounts.
- 2) To refer the audited annual accounts to the City of Edinburgh Council for noting. (References – Governance, Risk and Best Value Committee of 3 November 2020 (item TBC); report by the Executive Director of Resources, submitted.)

2. The City of Edinburgh Council Charitable Trusts – Report to Those Charged with Governance on the 2019/20 Audit

An update was provided on the External Auditor's view on matters arising from the Charitable Trusts audit in compliance with International Standard on Auditing 260.

An unqualified audit opinion had been issued on the Trustee's Annual Report and Accounts for 2019/20

Decision

- 1) To approve the Trustee's Annual Report and Accounts for 2019/20 and note that these would be submitted to the External Auditor no later than 30 November 2020 and to the Office of the Scottish Charity Regulator (OSCR) by 31 December 2020.
- 2) To note the commentary on the management of the Charitable Trusts included in the Audit Management Report in Appendix 1.

- 3) To agree to provide a briefing on the Council's charitable trusts in relation to membership of the Finance and Resources Committee. A briefing session was requested on how members should fulfil this role.
- 4) To agree to consider potential further reductions to the list of the Council's Charitable Trusts.
- 5) To agree to provide a briefing with all responses to date on Lauriston Castle.

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

Declaration of Interests

Councillors Booth, Bruce, Corbett, Gordon, Griffiths, Hutchison, Johnston, Munn, Frank Ross and Neil Ross declared a non-financial interest in the above item as trustees of the City of Edinburgh Council's Charitable Trusts.

3. Consultants Costs 2019/20

Details were provided of expenditure on consultants for provision of professional services during 2019/20.

Revenue expenditure of £5.870m and capital expenditure of £8.502m was incurred on the provision of professional services for the year ended 31 March 2020. £7.910m of expenditure on consultants for the provision of professional services was incurred on projects where external income was received by the Council, which either fully or partly met the consultancy expenditure incurred.

Decision

- 1) To note the revenue and capital expenditure incurred for provision of professional services in financial year 2019/20.
- 2) To note the revenue expenditure on consultants had increased by £1.013m from 2018/19, as the Council had progressed delivery of major revenue projects, including City Centre Transformation Strategy, Forth Quarter project and the Council-approved 5- year Asset Management Works programme of planned preventative maintenance, for the operational property estate.
- 3) To note the cost of engaging professional service providers to provide specialist and technical advice to support the Capital Investment Programme had increased by £2.944m as the Council had progressed delivery of major capital investment in Edinburgh Tram Stage Two, Cycle Projects, which were part-externally funded, Early Years properties, new and extended School buildings, North Bridge refurbishment, Burnshot Bridge, 21 Century Homes and Meadowbank Sport Centre.
- 4) To note that £7.910m of expenditure on consultants for the provision of professional services was incurred on projects where external income was received by the Council, which either fully or partly met the consultancy expenditure incurred.
- 5) To agree to provide an update on the gainshare arrangement in the next revenue monitoring report.

- 6) To agree to provide further context around the use of consultants.
(Reference – report by the Executive Director of Resources, submitted.)

4. 2019-20 Common Good Annual Performance Report

The outturn position for the Common Good Fund and the performance of its cash investments for the 2019/20 financial year was presented. An update was included on the Common Good Property Planned Maintenance Fund and the plans for the 2020/21 financial year, as well as an update on current issues affecting Common Good in Edinburgh.

Decision

- 1) To note the report.
- 2) To agree to circulate the list of heritage assets.

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

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Work Programme

Finance and Resources Committee

3 December 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.	Council Commercial Property Portfolio – Update Report	Committee agreed to receive regular updates, where required, on 29 October 2020		Executive Director of Resources Lead Officer: Graeme McGartland 0131 529 5956 graeme.mcgartland@edinburgh.gov.uk	
3.	Revenue Monitoring – Council-wide	Quarterly Report		Executive Director of Resources Lead Officer: Hugh Dunn 0131 469 3150 hugh.dunn@edinburgh.gov.uk	January 2021

Item	Key decisions	Frequency	Wards affected	Director and Lead Officer	Expected Date
4.	Revenue Budget Risks and Reserves Report	Annual Report		Executive Director of Resources Lead Officer: Hugh Dunn 0131 469 3150 hugh.dunn@edinburgh.gov.uk	January 2021
5.	Capital Monitoring – Council-wide	Quarterly Report		Executive Director of Resources Lead Officer: Hugh Dunn 0131 469 3150 hugh.dunn@edinburgh.gov.uk	January 2021
6.	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
7.	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
8.	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
9.	Contract Award and Procurement Programme	Six Monthly Report		Executive Director of Resources Lead Officer: Iain Strachan 0131 529 4930	March 2021

Item	Key decisions	Frequency	Wards affected	Director and Lead Officer	Expected Date
				iain.strachan@edinburgh.gov.uk	
10.	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 0131 469 3150 hugh.dunn@edinburgh.gov.uk	January 2021
11.	Housing Revenue Account Budget Strategy	Annual Report		Executive Director of Place Lead Officer: Elaine Scott 0131 529 2277 elaine.scott@edinburgh.gov.uk	January 2021
12.	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
13.	Annual Fraud Prevention and Detection	Annual Report		Executive Director of Resources Lead Officer: Nicola Harvey 0131 469 5016	October 2021

Item	Key decisions	Frequency	Wards affected	Director and Lead Officer	Expected Date
				nicola.harvey@edinburgh.gov.uk	
14.	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 2021
15.	The City of Edinburgh Council Charitable Trusts – report to those charged with governance on the 2019/20 audit	Annual Report		Executive Director of Resources Lead Officer: John Aghodeaka 0131 469 5348 john.aghodeaka@edinburgh.gov.uk	November 2021
16.	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 2021
17.	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

Item	Key decisions	Frequency	Wards affected	Director and Lead Officer	Expected Date
18.	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 2021
19.	Asset Management Works Programme	Annual Report The report is normally presented at the financial year end to update Committee on the outcome of the 12-month programme.		Executive Director of Resources Lead Officer: Peter Watton 0131 529 5962 peter.watton@edinburgh.gov.uk	May 2021
20.	Health and Safety Performance	Annual Report		Executive Director of Resources Lead Officer: Nick Smith 0131 529 4377 nick.smith@edinburgh.gov.uk	March 2021
21.	Workforce Control Annual Report	Annual Report		Executive Director of Resources Lead Officer: Katy Miller 0131 469 5522 katy.miller@edinburgh.gov.uk	August 2021
22.	Commercial and	Annual Report		Executive Director of Resources	September 2021

Item	Key decisions	Frequency	Wards affected	Director and Lead Officer	Expected Date
	Procurement Annual Report			Lead Officer: Iain Strachan 0131 529 4930 iain.strachan@edinburgh.gov.uk	

Finance and Resources Committee Upcoming Reports

Appendix 1

Report Title	Directorate	Lead Officer
January 2021		
Revenue Monitoring – Council-wide	Resources	Hugh Dunn
Capital Monitoring – Council-wide	Resources	Hugh Dunn
Revenue Budget Risks and Reserves	Resources	Hugh Dunn
Resources Directorate - Revenue Budget Monitoring	Resources	Iain Shaw
Chief Executive – Revenue Budget Monitoring	Resources	Iain Shaw
Capital Budget Strategy 2020/30	Resources	Hugh Dunn
Commercial Property Portfolio – Update Report (B Agenda)	Resources	Graeme McGartland
Workforce Dashboard	Resources	Katy Miller
Agency Procurement Contract	Resources	Katy Miller
Change Strategy 2021/24	Chief Executive/Resources	Hugh Dunn

Housing Revenue Account Budget Strategy	Place	Elaine Scott
Award of contract for City Centre West to East Cycle Link and Street Improvements Project Construction	Place	Rurighd McMeddes
HRA Budget Strategy 2021/22 to 2025/26, draft 2021/22 capital budget and five-year capital investment programme	Place	Elaine Scott
Western Harbour	Place	Elaine Scott
Haulage of Waste to Disposal Outlets	Place	Lesley Sugden
Site Redevelopment Works in North Cairntow Travelling People Site	Place	TBC

Rolling Actions Log

Finance and Resources Committee

3 December 2020

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
1	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 assurances that changes to the service would be brought back as a report to committee.	Executive Director of Place	End September 2020		Recommended for Closure – Information included in the Business Bulletin for December 2020.
2	27.08.20	Revenue Monitoring 2019/20 - Outturn Report	1) To agree that a comparable report to Communities and Families commentary in Appendix 3	Executive Director of Place			Closed on 29 October Relevant details were included in the month five-based revenue monitoring report to be considered by the Finance and Resources

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			would be come to Finance and Resources Committee detailing the Place directorates overspend				Committee on 29 October.
			2) To agree a briefing note would be circulated on training delivered by Project Managers to permanent staff continues to develop.	Executive Director of Place	December		Recommended for Closure – Briefing note circulated to committee in November
			3) To note that the report which would be submitted to the Committee to respond to the	Executive Director of Resources	September 2020	September 2020	Closed on 24 September 2020 – update was included in the Revenue Budget Report.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			Council motion of 28 July would also include an annual review of the Spend to Save programme.				
3	24.09.20	Revenue Budget 2020/21 – Progress Update	Notes up to £2m in Spend to Save investment which could be available to support 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	Executive Director of Resources	January 2021		Costed proposals will be presented to the meeting of the Finance and Resources Committee on 21 January 2021.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			Renewal programme update for the next Policy and Sustainability meeting on 6 October.				
4	29.10.20	Revenue Budget 2020/23: 2020/21 Month Five Position and Framework Assumptions Update	<p>To agree to include in the report coming to committee in December:</p> <ul style="list-style-type: none"> • Further detail on the additional flexibilities. • The cost of the independent review and a breakdown of charges. • The outcome of discussions with COSLA on funding not within the EIJB's remit being given to the Council. 	Executive Director of Resources	December 2020	December 2020	Recommended for Closure – All these points are covered in the Revenue Budget report on the agenda for December's meeting of the Committee.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			<ul style="list-style-type: none"> Any considerations taken on a broader range of contingency savings to mitigate potential further lockdown measures. 				
5	29.10.20	Homelessness Services – Use of Temporary Accommodation	To agree to discuss with Planning Enforcement the option of directly contacting holiday let owners.	Executive Director for Communities and Families			
6	29.10.20	Miscellaneous Debts – Write-Off (B Agenda)	To agree to circulate a link to the Corporate Debt Policy	Executive Director of Resources	October 2020	October 2020	Recommended for Closure – link circulated in October
7	05.11.20	The City of Edinburgh Council Charitable Trusts – Report to Those Charged with	1) To agree to provide a briefing on the Council's charitable trusts in relation to membership of	Chief Executive	March 2021		Update December 2020 An update is provided in the Business Bulletin for

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
		Governance on the 2019/20 Audit	the Finance and Resources Committee. A briefing session was requested on how members should fulfil this role.				the December meeting of Committee.
			2) To agree to consider potential further reductions to the list of the Council's Charitable Trusts.	Executive Director of Resources	November 2020	November 2020	Recommended for Closure – Details on this were included in the briefing of additional information shared with Committee Members on the 24 th November 2020.
			3) To agree to provide a briefing with all responses to date on Lauriston Castle.	Executive Director of Resources	December 2020		Update December 2020 Colleagues are currently reviewing the information held and a full briefing is being prepared. This will be

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							shared with Committee as soon as possible.
8	05.11.20	Consultants Costs 2019/20	1) To agree to provide an update on the gainshare arrangement in the next revenue monitoring report.	Executive Director of Resources	November 2020	November 2020	Recommended for Closure – Details on this matter were included in the briefing document shared with Committee on the 24 th November 2020.
			2) To agree to provide further context around the use of consultants.	Executive Director of Resources	November 2021		Update December 2020 This information will be included in the next annual report.
9	05.11.20	2019-20 Common Good Annual Performance Report	To agree to circulate the list of heritage assets.	Executive Director of Resources	November 2020	November 2020	Recommended for Closure – A list of all heritage assets was circulated to Committee Members on 24 th November 2020.

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Business Bulletin

Finance and Resources Committee

10.00 a.m., Thursday, 3 December 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>Light Commercial Fleet and Mobile Library fleet</u></p> <p>Work is continuing on the future plans for the maintenance and financing of the organisations Light Commercial Fleet and Mobile Library fleet. Whilst progress was being made as part of the Fleet Review on this work, it is essential that this is paused and re-aligned with plans for the wider organisation as identified in the Adaption and Renewal Programme and a new Council Business Plan. It is recognised that the future provision of the Mobile Library Service, and any associated fleet requirements, needs to align with the wider approach to library provision. As such, it is expected that more detailed plans for the light commercial fleet and the Mobile Library fleet will be brought back to committee by June 2021 at the latest.</p>		<p>Scott Millar, Fleet & Workshops Manager</p> <p>scott.millar@edinburgh.gov.uk</p> <p>Tel: 0131 347 1902</p>
<p><u>The City of Edinburgh Council Charitable Trusts – Report to Those Charged with Governance on the 2019/20 Audit</u></p> <p>Following concerns raised by members at the last meeting, the Executive Director of Resources instructed a review of the Council’s position with Charitable trusts and in particular the role of trustees. The initial stage of this review has identified the need for best practice guidance to be provided to be able to test the Council’s arrangements. This work has now been included in the review of the Council’s ALEOs and will include an analysis of the Council’s oversight and scrutiny of trusts, training for trustees and registration of interests. An update will be provided in early 2021.</p>		<p>Gavin King, Democracy, Governance and Resilience Senior Manager,</p> <p>Gavin.King@edinburgh.gov.uk</p> <p>Tel: 0131 529 4239</p>

Forthcoming activities:

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Finance and Resources Committee

10.00am, Thursday, 3 December 2020

Revenue Budget 2020/21: progress 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 note:
- 1.1.1 the increase in the projected year-end overspend from £5.1m to £6.8m, resulting in a further potential call on the Council's unallocated reserves;
 - 1.1.2 that the expenditure and income projections set out within the report continue to be subject to significant uncertainty and potential variation given current events;
 - 1.1.3 the further updates on the development of an income compensation scheme and availability of potential financial flexibilities;
 - 1.1.4 that a more detailed update, based on analysis of actual expenditure and income to the end of November and taking account, as appropriate, of other potential or confirmed sources of funding, will be presented to the Committee's next meeting on 21 January 2021; and,
 - 1.1.5 that in order to maintain alignment with the Council's wider Sustainability Programme, potential spend to save projects contributing towards a Green Recovery will now also be presented to the Committee on 21 January 2021.

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 2020/21: progress update

2. Executive Summary

- 2.1 The report provides a further interim update on the estimated expenditure and income impacts of the COVID-19 pandemic upon the Council and its Arm's-Length External Organisations (ALEOs) during 2020/21, alongside offsetting sources of confirmed or anticipated funding. This analysis indicates an increase in the residual gap from £5.1m to £6.8m since the previous report considered by the Finance and Resources Committee on 29 October as comprised below:

Additional net expenditure pressures:	£m	£m
Estimated COVID-19 specific expenditure and income (including risk contingency)		84.2
Net residual pressures/anticipated shortfalls in savings delivery		2.3
		86.5
Available funding:		
Assumed COVID-19 related funding	(31.3)	
2020/21 budget - unallocated additional monies	(4.8)	
Use of earmarked reserves	(20.1)	
Further timing-related and corporate savings	(23.1)	
Anticipated further reductions in expenditure	(0.4)	
	(79.7)	
Remaining shortfall		6.8

- 2.2 A progress 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. Further Scotland-wide work is required in each of these areas, however, before the implications for 2020/21 and future years become clearer.

3. Background

- 3.1 On 29 October 2020, members of the Committee considered an update on the Council's 2020/21 revenue budget, indicating a remaining estimated shortfall of £5.1m between net cost pressures across the Council and its ALEOs and confirmed

or anticipated sources of funding. These net pressures are, in turn, primarily 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.

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 an increase of £1.2m (to £57.7m) relative to the position reported to the Committee's previous meeting on 29 October, with explanations provided for material movements in the intervening period. The majority of this movement is attributable to increases in income shortfalls, as timescales for service resumption become clearer.
- 4.2 As recent weeks' events have shown, the position remains fluid, with on-going restrictions and/or the potential for further local and national lockdowns during the remainder of the year. While a number of the projections in Appendix 1 take explicit account of expected 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.

Changes in net COVID-related expenditure pressures – ALEOs

- 4.3 The revenue budget update report considered at the Committee's 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. At the Committee's meeting on 29 October, this risk contingency was reduced by £1.5m, reflecting the confirmation of £2m of additional financial support to Edinburgh Trams over the period to the end of December.
- 4.4 At this stage, the only further change to the figures above is for **Edinburgh Leisure**, where a reduction in the level of required in-year funding support from £6m to £4m is now being forecast. This reduction is primarily attributable to two factors: firstly, additional anticipated support available through the Coronavirus Job Retention Scheme (CJRS; "furloughing") following the Chancellor of the Exchequer's announcement on 5 November of the extension of the scheme until

¹ Since the Committee's last meeting on 29 October, overall parking income levels have continued to fall, with a 26% year-on-year reduction in the five weeks to 22 November compared to the equivalent sums for 2019/20.

March 2021² and an in-principle acceptance of business interruption liability by EL's insurer, the settlement details of which are currently being discussed. Of this revised level of support of £4m, £1m was paid on 26 October.

- 4.5 Edinburgh Leisure's activity continues to be affected by Scottish Government public health and travel restrictions. While all of its venues are now open, as of the time of writing, no indoor adult group activities, soft play or outdoor adult contact sports are permitted. In addition, take-up of some activities, such as gym usage and fitness memberships, shows year-on-year reductions, although these remain in line with recovery programme assumptions. Given the likelihood of income reductions continuing into 2021/22, however, there may be a need to consider additional support beyond the current year as part of the 2021/24 budget process.
- 4.6 On 24 October, the Scottish Government confirmed £0.5m of additional emergency coronavirus support to **Capital Theatres (CT)**, building on the earlier £0.25m awarded through the Performing Arts Venue Relief Fund, helping to offset losses run up during the theatres' prolonged closure since March. However, despite this support, CT are still projecting to make a loss of £0.77m in the current financial year, followed by reduced earning potential next year due to the likely return to normal operation being phased over several months as restrictions ease gradually and audiences take time to recover their confidence. The planned £25million redevelopment of The King's Theatre also remains under threat as the Theatres Development Fund (TDF), a designated fund built up over many years specifically for this capital project, has had to be utilised to enable CT simply to function through the pandemic, placing the redevelopment in a precarious position. Lockdown is projected to reduce TDF earnings in the current and next year by £0.75m, further reducing CT's ability to provide seed funding for the project.
- 4.7 Following earlier confirmation that up to £5.5m would be made available to **Edinburgh Trams** to cover lost revenues, net of any COVID-related cost savings or costs recovered through the CJRS, incurred in running services for essential and key workers at considerably-reduced capacity due to social distancing and much-reduced demand in the period from July to December (with similar arrangements in place for Lothian Buses), discussions are continuing concerning required financial assistance during the remainder of the year. Patronage for both bus and tram continues to be severely affected by the effects of the pandemic, with fare revenue for the latter still some 90% lower than in 2019/20.
- 4.8 It should be noted that the Transport ALEOs' accounting year is a calendar year and all are predicting significant losses for 2020. Transport for Edinburgh (TfE), the parent company, receives no support from the Scottish Government and has received no direct support from the Council in 2020.
- 4.9 Each of the ALEOs has undertaken detailed scenario planning, considering the effects of continuing restrictions and/or resulting behavioural change in both the current and future years. A more detailed commentary on the potential impacts on each ALEO beyond 2020/21 will be included in budget update report to be

² With a planned review in January 2021

considered by the Committee on 21 January. Representatives of each ALEO will also attend today's meeting and be able to respond to specific questions members may have.

Approved savings/management of residual pressures

- 4.10 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, with a balanced position being projected for both the Resources Directorate and Chief Executive's Service. Officers are also examining opportunities for any further savings across a number of corporate budgets.
- 4.11 The Executive Director of Place has 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. At the Committee's previous meeting, members were advised of an improvement in the overall projected overspend to £1.7m. Since that time, a number of further mitigations have been identified, reducing the projected overspend to £0.5m. Given the relatively late stage of the financial year, however, there is a risk that there is insufficient time for further mitigations to be identified (or that further risks crystallise) and the overall Council-wide forecast therefore reflects the currently projected level of residual pressure.
- 4.12 While the majority of pressures within Communities and Families are COVID-related and thus reflected in earlier sections of this report, significantly increased costs linked to greater numbers of out-of-council residential and secure placements are now apparent due to disruption to normal planning processes. After taking account of other minor changes and mitigations since the report to the Committee's previous meeting, an overall Directorate net pressure of £1.2m is forecast.
- 4.13 Efforts are being made to identify further management actions to reduce the budget pressure while addressing the impact of the pandemic. As with the equivalent pressure in the Place Directorate, however, there is a risk that this pressure cannot be contained and, as such, it is reflected in the Council-wide forecast.

Independent review of Council's whistleblowing and organisational culture

- 4.14 The Council is progressing an independent inquiry into (a) matters connected to the death of a Council employee and (b) our whistleblowing and organisational culture. An independent Chair, Susanne Tanner QC, has been appointed in consultation with the political group leaders.
- 4.15 The terms of reference regarding the independent inquiry, which set out its objectives, scope and key activities, have now been finalised by the Chair, also in consultation with the political group leaders, and a full copy is located on [the public inquiry webpage](#).
- 4.16 Following ratification of the corresponding use of reserves by Council on 19 November, the current-year forecast now reflects the incurring of up to £0.6m of expenditure in 2020/21 in respect of this inquiry. As agreed at the Committee's

previous meeting on 29 October, corresponding detail of costs incurred and anticipated will be reported to members as the inquiry progresses.

Costs of employee release

- 4.17 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. An opportunity to express interest was subsequently made available to senior managers and Heads of Service. Applications received are currently being assessed and a progress update on numbers approved, alongside the associated cost, payback and remaining available fund balance, will be reported to members of the Committee at its January meeting. At this stage, however, given the overall number of applications received and associated timing of resultant staff departures, the assumption of in-year savings of £1m has been reduced to £0.4m.

Extension of Coronavirus Job Retention Scheme (CJRS)

- 4.18 As noted in the context of Edinburgh Leisure at Paragraph 4.4, on 5 November the Chancellor of the Exchequer confirmed a UK-wide extension of the CJRS scheme until March 2021, with employers able to claim 80% of an employee's usual salary for hours not worked, up to a maximum of £2,500 per month, for the months of November, December and January, with the position thereafter to be reviewed in January.
- 4.19 For the period from June until August, claims to HMRC totalling £0.449m were submitted and paid, with a further £0.160m of income anticipated for the months of September and October. While the implications of the scheme's extension are currently being considered by staff in HR, Finance and relevant service areas, further support is anticipated in the coming months for staff working within the Council's outdoor education centres. Following the extension of the scheme until March, however, no in-year income is now being assumed in respect of the returning staff "bonus", resulting in an unchanged overall full-year income forecast in this area of £0.750m.

Homelessness funding

- 4.20 The revenue monitoring update to the previous meeting of the Committee advised members of work underway to seek financial support for additional homelessness-related costs incurred by the Council during the pandemic given the corresponding inclusion, and subsequent potential funding through Mobilisation Plans, of relevant costs for other councils where these services fall within the remit of the relevant Integration Joint Board.
- 4.21 The Head of Finance has raised this issue, both through COSLA and directly with the Scottish Government, to ensure that a consistent approach is adopted in funding for homelessness services, rather than being dependent on the body incurring the expenditure. As of the time of writing, no formal response had, however, been received and an update will therefore be provided at the meeting.

Financial flexibilities

- 4.22 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.
- 4.23 Following consultation with the UK Government, three specific measures are able to be applied at this stage as follows:
- (i) utilising capital receipts received in-year to meet COVID-related revenue expenditure in either 2020/21 or 2021/22;
 - (ii) a Loans Fund principal repayment “holiday” which would permit a council to defer repayments in either 2020/21 or 2021/22, but with the amount of this repayment added to the term of the remaining loans fund advance; and
 - (iii) repaying, in accounting terms, the debt element of service concession arrangements within PPP contracts over the life of the asset rather than the current mechanism based on the life of the contract³.
- 4.24 It was noted, however, that the “value” of the measures at council-specific level needs to take account of local circumstances and current payment profiles, as well as adhering to all relevant statutory regulations. 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.
- 4.25 At the Committee’s previous meeting, members requested greater details of the potential applicability of these three flexibilities to the Council’s own circumstances. While the first two-mentioned flexibilities are relatively simple to apply, considerable (and continuing) discussion has taken place at Director of Finance level on the PPP-related changes to understand fully their implications and the associated draft accompanying guidance issued by the Scottish Government.
- 4.26 The current year’s capital budget monitoring assumes receipt of £3m in general asset sales, with this sum also budgeted in 2021/22. In view of the comparatively modest sums involved and the wider 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. Undertaking borrowing for the resulting shortfall within the capital programme would also add to the already-challenging revenue budget position.
- 4.27 The Council’s projected level of loans fund principal repayment is around £40m per annum. While application of this flexibility would provide some breathing space in next year’s budget, due to the need to repay the amount of the “holiday” over the remaining term of the loans fund advance (up to a maximum period of 20 years),

³ This arrangement would, however, not affect the level of contractual payments made which would remain in line with original agreements.

this would similarly add to subsequent years' savings requirements. Its potential use will therefore be considered as part of a wider re-assessment of the level of the Council's reserves and downside risks around the extent of enduring COVID-related disruption, particularly around income levels.

- 4.28 Extensive modelling work and discussion is taking place both locally and nationally around potential PPP flexibilities. While its effect is, like the other measures being considered, essentially one of timing, this takes place over a much longer timeframe, with initial internal modelling of the Scottish Government's proposed straight-line depreciation method indicating a modest retrospective benefit for the period to 31 March 2021 and on-going savings, relative to current contract repayment profiles, of around £1m in 2022/23, steadily increasing over the following fifteen years, before reverting to a net cost position thereafter⁴. The issues involved are, however, complex and advice has been sought from the Council's Treasury advisor.
- 4.29 A Scotland-wide subgroup of relevant senior officers, on which the Council is represented, has been convened to explore wider implications of the proposed treatment set out in the accompanying guidance. Given the professed aim of maximising available flexibility available to councils, the group is looking in particular at the further benefits that would accrue from the adoption of an annuity-based repayment model, with a view to engaging further with the Scottish Government on this matter.

Income compensation scheme

- 4.30 Members of the Committee have received a number of previous updates on the development of an income compensation scheme for councils across Scotland. While the precise quantum of funding available for the scheme is dependent upon Barnett Consequentials arising from sums paid out as part of the equivalent English scheme, at this stage these are estimated at £90m, with the potential for further sums to be distributed.
- 4.31 At their meeting on 30 October, COSLA Leaders agreed the underlying principles of the scheme, with its scope to include affected ALEOs and the initial distribution of funding to be based on actual losses incurred over the period from April to September 2020 as certified by Section 95 Officers. Following the process of peer review, the Council's updated return has been submitted and a response on next steps is awaited. While Edinburgh's precise allocation will clearly depend on the submissions of other councils, particularly those of the other city authorities, additional funding may be received relative to the current needs-based estimate of £7.038m.

⁴ This position is consistent with the essentially annuity-based nature of the Council's current PPP contracts, with early years' unitary charges comprising significant elements of interest (and thus lower repayments of principal) before this position reverses in later years. As these lower repayments of principal are being "replaced" with (equal) straight-line depreciation for the earlier years of the contract, the retrospective benefit, when expressed on an annual basis, is modest but will increase over the term of the remaining contracts as the planned higher repayments of principal are replaced by a lower depreciation charge. A new liability is, however, introduced in accounting terms beyond the term of the current contract.

Other funding

- 4.32 Given the escalating nature of restrictions since the Committee's last meeting, a number of further business and community assistance schemes have been confirmed, including the following:
- (i) **£30 million discretionary fund** to enable local authorities (in all Levels) to provide targeted additional support to businesses where they consider this necessary or justified (and which may be outside the scope of existing support schemes) - for example, for businesses in supply chains or to taxi drivers suffering an indirect effect;
 - (ii) **an additional £15 million for newly self-employed people** (in all Levels) who have not been able to access other forms of support. This echoes similar support put in place in April, with £2,000 one-off grants paid to qualifying individuals; and
 - (iii) **an additional £15 million for Local Authorities in Level 4 only** (or which are placed in Level 4 at some stage by 31 March 2021) to help with the community and social impact of a move to this Level.
- 4.33 Eligibility criteria and guidance for these funding streams are currently being jointly developed by COSLA and the Scottish Government. The related funding distributions will be considered at the COSLA Leaders' Meeting on 27 November. As this funding has a corresponding expenditure liability, however, the effect on the in-year budget gap is neutral.
- 4.34 In addition to the Business Grants paid at the outset of the pandemic, this funding complements a number of other related support payments, including the Strategic Framework Business Fund⁵ and Furlough Support Grant Fund⁶. In recognition of the associated workload and local government's key role in efficiently administering these and previous funds, the Scottish Government has confirmed that £5m of funding will be made available to address additional staffing costs. While the precise means of distribution remains to be confirmed, Edinburgh's estimated allocation is £0.391m and this has been reflected in calculating the remaining funding gap.

Edinburgh Integration Joint Board (EIJB)

- 4.35 As of Period 6 and based on the current assessment of approved savings delivery, an overspend of up to £7.6m for Council-delegated services is forecast, comprising an underlying overspend of £4.2m⁷ and £3.4m of additional Living Wage-related

⁵ Payable to businesses impacted by protective measures, specifically (i) a grant of between £2,000 and £3,000 for businesses required to close by law and (ii) a grant of between £1,400 and £2,100 for businesses that remain open but are specifically required to modify their operations by use of protective measures, each payable every four weeks for the duration such measures are in place.

⁶ Payable in cases where a business is required to close by law and where at least one staff member of staff is furloughed between 9 and 31 October.

⁷ The adverse movement from Period 5 is predominantly in spot purchasing, specifically residential and Direct Payments. A group has been set up to determine the underlying causes of this movement.

costs, funding options for which remain to be confirmed. Potential mitigating measures to address the underlying pressure are being developed with NHS Lothian colleagues.

- 4.36 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. At this stage, it be being assumed that all COVID-related costs will be funded by this means.

Overall position

- 4.37 Taking into account the changes outlined in the preceding sections, the overall projected shortfall reflects a deterioration from that reported to the Finance and Resources Committee on 29 October, increasing from £5.1m to £6.8m as detailed in **Appendices 3 and 4**. 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. Should residual pressures in the Communities and Families and Place Directorates be mitigated in full, however, this sum reduces to £5.1m.

Further actions required to achieve financial balance

- 4.38 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 continue to press the case for additional homelessness-related funding, given its inclusion in some other IJBs' mobilisation plans. It is also the Council's understanding that there may remain an element of unallocated Barnett Consequentials of the £8.2 billion provided to the Scottish Government thus far and officers, working with colleagues in COSLA, will continue to make the case for the £916m of funding confirmed to date to be increased.
- 4.39 Modelling work will also continue around the agreed financial "flexibilities" and their potential applicability to the Council, although it is envisaged that any benefit is likely to accrue from the 2021/22 financial year.
- 4.40 Given the risk of further service restrictions, however, additional 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. Without closing down services and using the furlough scheme where applicable, however, the costs of the Council are mostly fixed in nature.

Spend to Save schemes – Green Recovery

- 4.41 In considering the Revenue Budget 2020/21 – Progress Update report at their meeting on 24 September 2020, members of the Committee requested that relevant costed proposals meeting Spend to Save criteria be brought forward within two cycles, taking into account suggestions put forward in February 2020 budget motions, the first report of the Edinburgh Climate Commission, the Sustainability

Programme and the Adaptation and Renewal Programme Update report of 6 October.

- 4.42 Relevant officers from Energy Management, Strategy and Insight and Finance have met and a number of areas of potential investment have been identified as part of the Council's wider Sustainability Plan, including "Net-Zero" investment priorities. An update on this plan will be presented to the Policy and Sustainability Committee on 1 December. Given this dependency and current restrictions on the ability to survey potential sites, it is proposed that relevant projects, wherever possible seeking to leverage in other external funding, be presented as part of the wider budget update to the Committee's next meeting on 21 January 2021.

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 the majority of savings delivery shortfalls and residual service pressures. At this stage, however, shortfalls of £1.2m (Communities and Families) and £0.5m (Place) remain and corresponding further actions are required as a matter of urgency.
- 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 range 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 Committee's January meeting.
- 6.2 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. A summary of this analysis and the consequent impact on the budget framework was included in the update report considered by the Committee on 29 October.
- 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 [Revenue Budget 2020/23: 2020/21 month five position and framework assumptions update](#), Finance and Resources Committee, 29 October 2020
- 8.2 [Finance Update](#), Edinburgh Integration Joint Board, 27 October 2020
- 8.3 [Revenue Budget 2020/21 – progress update](#), Finance and Resources Committee, 24 September 2020
- 8.4 [Edinburgh Leisure – Request for Additional Funding Support, 2020/21](#), Finance and Resources Committee, 24 September 2020
- 8.5 [Revenue Budget 2020/21 – period three position](#), Finance and Resources Committee, 27 August 2020
- 8.6 [Revenue Monitoring 2019/20 – outturn report](#), Finance and Resources Committee, 27 August 2020
- 8.7 [Finance Update](#), Edinburgh Integration Joint Board, 24 August 2020
- 8.8 [Fair Work and the Living Wage in Adult Social Care](#), Edinburgh Integration Joint Board, 24 August 2020

9. Appendices

- 9.1 Principal additional expenditure and reduced income impacts of COVID-19 pandemic – Council
- 9.2 External funding confirmed to date excluding non-Health and Social Care services and schools re-opening
- 9.3 Revenue Budget Update, 2020/21 - estimated position (detailed)
- 9.4 Revenue Budget Update, 2020/21 - estimated position (summarised)

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 29 Oct	(decrease)	estimate
		£m	£m	£m
Increases in expenditure				
Homelessness Services	Additional temporary accommodation costs required to observe social distancing. It is 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 a gross in-year pressure of £9.3m. A £0.3m food funding contribution has now been secured, however, for homeless clients, reducing the net pressure to £9.0m.	9.315	(0.300)	9.015
School meals/community food advice and distribution	Cost represents payment for children eligible for free school meals (FSM) 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. The Scottish Government has subsequently confirmed funding for continuing FSM provision over the October, Christmas/New Year, February and Easter holidays although these sums are not included in the projections pending confirmation of the Council's funding allocation. Subject to confirmation of detailed plans for a recently-announced funding package to support those at financial risk over the pandemic, wider food support may also be extended.	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. The December update also reflects greater-than-normal waste tonnages collected in the year to date.	1.419	0.533	1.952
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	0.100	1.295
Resources - Customer	Represents additional staffing (including overtime) for benefit claim and business grants processing and vulnerable/shielding support customer contact.	0.691	0.000	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.	0.248	0.000	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
Libraries	Following the decision taken at the Policy and Sustainability Committee on 10 November to allow for the safe re-opening and operation of further libraries and community centres, a corresponding additional Facilities Management cost of up to £0.2m will be incurred.	0.000	0.200	0.200
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.	2.499	(0.013)	2.486
Total increases in expenditure - Council (excluding Health and Social Care)		19.098	0.520	19.618
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 weekly income from late August until mid-October was generally between 10% and 15% lower than 2019/20's equivalent levels, this shortfall has grown markedly since that time, averaging 26% in the five weeks to 22 November. There is therefore a risk that continuing and/or tightened restrictions will result in a higher full-year loss than is currently being forecast.	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 targeted policy of support was agreed at the Finance and Resources Committee on 29 October. While these measures 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.	2.349	0.130	2.479
Cultural venues	Loss of income - sales, rentals, admissions and rents. Increased projection reflects one month's further assumed shutdown in December.	1.710	0.537	2.247
Housing Property Services	Estimated reduction in sums chargeable to the Housing Revenue Account, reflecting revised current assessment and impact of mitigating actions identified thus far.	2.339	(0.189)	2.150
Roads	Reduction in staff salaries chargeable to the Capital Programme.	2.061	0.000	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 October was some 1.5% 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 to £1.85m, although the adequacy of this revised sum will be kept under review.	1.850	0.000	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.	1.751	0.000	1.751
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	1.503	0.000	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 October.	0.996	0.000	0.996

Service Area	Impact	Estimate	Increase/	Revised
		F&R 29 Oct	(decrease)	estimate
		£m	£m	£m
Communities and Families (other)	Loss of income from adult education classes, libraries fees and charges, sports clubs and external funding. Change reflects updated assessment of net impact of continued adult education staffing payments for April to June and loss of income.	0.633	0.200	0.833
Community Access to Schools	Increase is due to updated expectations of re-opening timescales and associated levels of lost income, including impact on WHEC.	0.585	0.200	0.785
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.	0.663	0.000	0.663
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
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 showed a lower loss of buoyancy than had initially been anticipated, with the forecast amended accordingly.	0.300	0.000	0.300
Refunds/discounts for cancelled services - garden waste	Costs of extending current-year permits by further five weeks - updated assessment	0.150	0.000	0.150
Total reductions in income - Council (excluding Health and Social Care)		42.114	0.878	42.992
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.	(1.810)	0.000	(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.	(0.500)	(0.200)	(0.700)
Total savings in expenditure (excluding Health and Social Care)		(4.685)	(0.200)	(4.885)
Total net additional costs		56.527	1.198	57.725
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.

	<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	£22m of the original Scotland-wide funding was allocated according to the current SIMD-related methodology. In light of actual SWF take-up, it was subsequently confirmed that of the remaining £23m, £3m would now be used to allow payment of additional Discretionary Housing Payments and £20m to address future need to support those individuals at financial risk (with Edinburgh's respective allocations £TBC and £1.362m). 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, Edinburgh's allocation of which has not yet been confirmed pending consideration by COSLA Leaders. As these latter funding streams will all have corresponding expenditure obligations and thus not impact on the overall gap, they have not been brought into the analysis at this stage.
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 been agreed for distribution of the £90m for the income compensation scheme based on actual losses as reported in each council area, subject to Section 95 Officer sign-off and a process of peer review and moderation. Actual allocations of this sum are expected to be confirmed in early December.
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.

	<i>Purpose and uses of fund</i>	Scotland-wide funding allocation £m	Edinburgh's allocation (where confirmed) £m	Notes
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. Further Scotland-wide funding of £30m, of which continuing food support may form an element, is noted in the Scottish Welfare Fund-related line above.
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	0.750	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. Accessing the scheme has provided £0.449m of confirmed income up until the end of August, with a further £0.160m anticipated for September and October. Following the Chancellor of the Exchequer's announcement to extend the scheme until the end of March (with a review in January), discussions on potential further application are continuing with representatives of Finance, HR and relevant service areas and additional support for staff in Outdoor Centres is anticipated. As the scheme has now been extended, however, the previously-assumed job return "bonus" of £0.150m will not be received in 2020/21.
Total Welfare and Well-Being Fund, additional Barnett Consequentials and other sums		542	28.832	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 Support Grants (all)	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.	1,206	TBC	Total expenditure to date in the Edinburgh area, taking into account spend against the newly-announced funds, will be included in the January update. Some £104m was distributed as part of the now-closed initial Business Grants Scheme, with others still in progress.
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)	57.725
Risk contingency	3.000
	Non-specific allowance to reflect potential impacts of continuing and/or further restrictions between December 2020 and March 2021, including further losses of parking income.
Approved savings/management of residual pressures - anticipated shortfall in delivery	1.700
Residual pressures	1.700
	Figure assumes balanced position in Resources, with £0.5m of as-yet unmitigated pressures within Place Directorate and an emerging pressure of £1.2m primarily due to increased costs of out-of-council residential and secure placements.
Whistleblowing Inquiry	0.600
	Following ratification by Council on 19 November, up to £0.6m of costs related to the Whistleblowing Inquiry will require to be met in the current year.
ALEO support (including risk contingency)	23.500
	Position shows decrease of £2m since the report to the Finance and Resources Committee on 29 October 2020, reflecting an estimated reduced in-year requirement for Edinburgh Leisure following continuation of furlough support and an expected business interruption settlement of at least £1m.
86.525	
Confirmed funding and savings:	
Confirmed COVID-19 related funding (per Appendix 2)	(23.911)
	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).
(71.903)	
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.
Business grants administration - additional funding	(0.391)
	On 17 November, the First Minister confirmed that as part of the Business Grants Strategic Framework, £5m of support would be made available to councils to reflect their role in the administration of these additional, and previous, grant funding. While allocations remain to be confirmed, it is being proposed that this sum be allocated with reference to respective shares of GAE plus SINA, the most generic basis of needs assessment.
Anticipated reduction in expenditure:	
VERA	(0.400)
	Estimated part-year effect of savings from staff release (with related severance costs met from Workforce Transformation Reserve). This sum has been revised in light of the number of applications received and the associated timing of relevant staff departures.
(7.829)	
Remaining shortfall	6.793

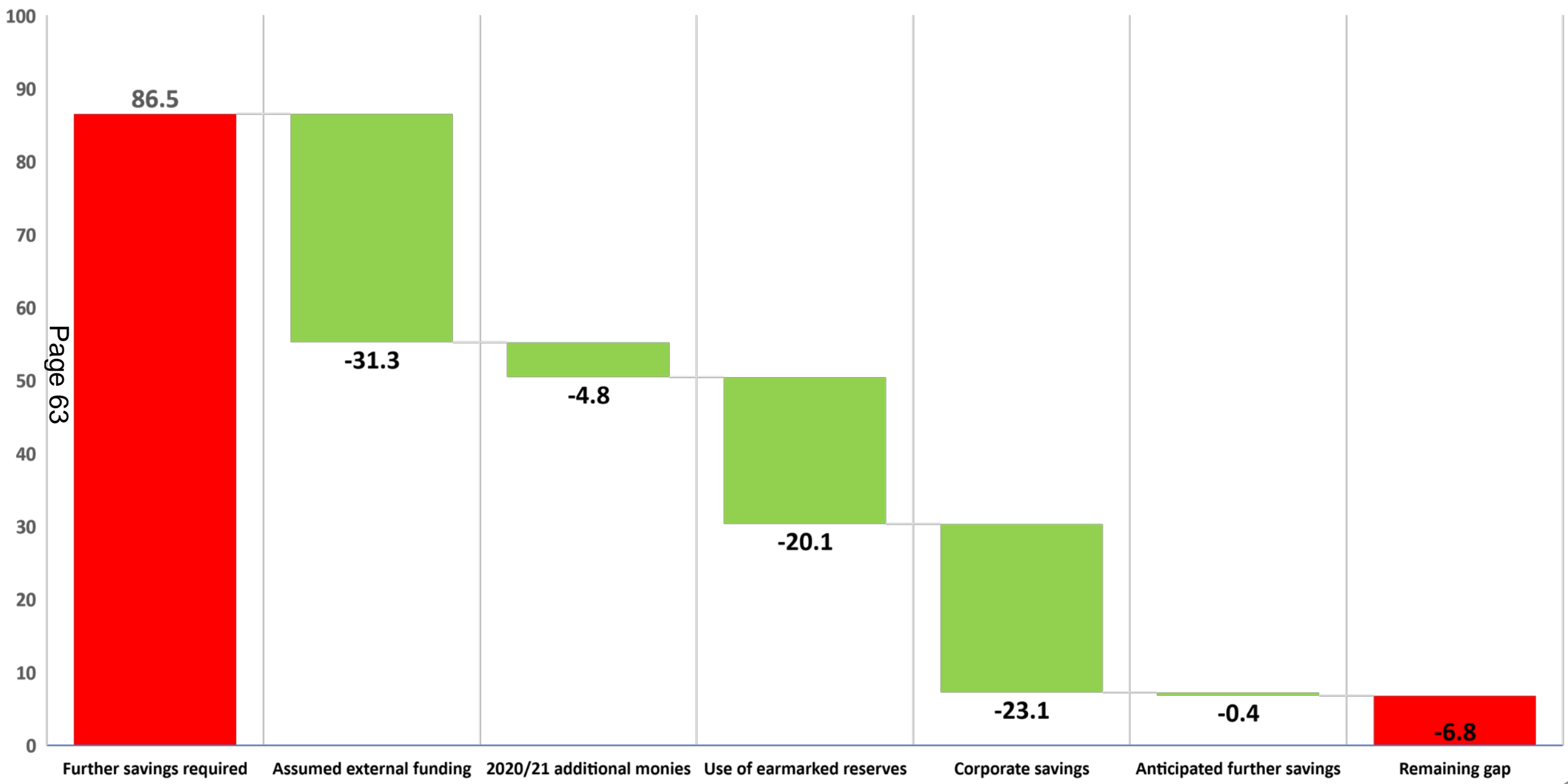
Potential further reductions in expenditure:

Full mitigation of residual pressures within Communities and Families and Place

(1.700) As of Period 6, a combined net pressure of £1.7m is being reported. Both Service Management Teams are, however, actively examining a range of options to bring expenditure in line with approved levels by the year-end.

Reconciliation to previously-reported position:

	£m
Position as of 29 October	5.1
Unfavourable movements:	
Net COVID costs (primarily in Waste and Cleansing, Cultural Venues and Libraries)	1.2
Net core budget pressures (Children's Services)	1.2
Net core budget pressures (Place)	0.5
Whistleblowing Inquiry expenditure	0.6
Reduction in assumed in-year VERA savings	0.6
Favourable movements:	
Reduction in required Edinburgh Leisure support	(2.0)
Business grants administration funding	(0.4)
Revised position as of 3 December	6.8



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Finance and Resources Committee

10.00am, Thursday, 3rd December 2020

Treasury Management: Mid-Term Report 2020/21

Executive/routine Executive
Wards
Council Commitments

1. Recommendations

- 1.1 It is recommended that the Committee:
 - 1.1.1 notes the mid-term report on Treasury Management for 2020/21; and,
 - 1.1.2 refers the report to City of Edinburgh Council for approval and subsequent remit by the City of Edinburgh Council to the Governance Risk and Best Value Committee for scrutiny.

Stephen S. Moir

Executive Director of Resources

Contact: Innes Edwards, Principal Treasury and Banking Manager,
Finance Division, Resources Directorate

E-mail: innes.edwards@edinburgh.gov.uk | Tel: 0131 469 6291

Treasury Management: Mid-Term Report 2020/21

2. Executive Summary

- 2.1 The purpose of this report is to give an update on Treasury Management activity undertaken in the first half of 2020/21.
- 2.2 In accordance with the Strategy set in March 2020 the Council drew down no borrowing during the first half of the financial year. The overall approach continues to generate significant short-term savings in Loans Charges for the Council.
- 2.3 The investment return for 2020/21 continues to show out-performance against the Fund's benchmark, although low in absolute terms, while maintaining the security of the investments as a priority.

3. Background

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

4. Main report

4.1 UK Interest Rates

- 4.1.1 During the last six months of Economic uncertainty due to the COVID-19 pandemic, the Bank of England's (BoE) Monetary Policy Committee (MPC) made no change to monetary policy maintain UK Bank Rate at 0.1%. Brexit talks have intensified with the chances of a no-deal Brexit increasing due to the Government trying to pass the Internal Market Bill which could override the agreed Brexit deal.

4.2 Debt Management

- 4.2.1 The Council continued to fund its borrowing requirement by reducing its investments. Pre-arranged borrowing of £60m is due to be advanced to the Council at the beginning of October. Appendix 1 outlines the debt management activity during the period.
- 4.2.2 The Chancellor announced at his March 2020 Budget statement that borrowing for the Housing Revenue Account (HRA) would revert to 0.80% above equivalent gilt yields, 1% less than the newly increased borrowing rate and there would be a specific infrastructure rate at 0.60% above gilts, this would require separate application. There was also a consultation launched named “Future Lending Terms” which closed in July with the outcome expected late this year or early 2021.

4.3 Investment Out-turn

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

5. Next Steps

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

6. Financial impact

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

7. Stakeholder/Community Impact

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

8. Background reading/external references

- 8.1 None

9. Appendices

- 9.1 Appendix 1 – Debt Management Summary
- 9.2 Appendix 2 - Investment Outturn
- 9.3 Appendix 3 - Debt outstanding 30th September 2020

Debt Management Activity

Debt Management Strategy for 2020/21 as outlined in the Strategy Report was:

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

- *Fund the 2020/21 requirement by reducing cash deposits further;*
- *Borrow for each tranche of LLP housing subject to meeting the viability test for the tranche;*
- *Seek to mitigate risk on major projects as the requirement becomes more certain.*

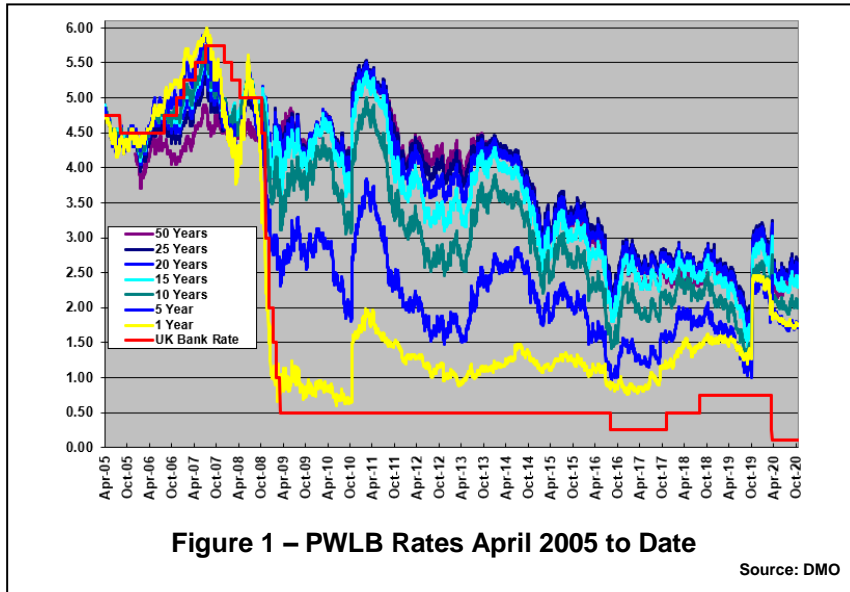
Although the strategy to reduce cash further has been followed through, the global pandemic has resulted in significantly lower capital expenditure than had been anticipated with further uncertainty over future expenditure. The only LLP settlement so far post-lockdown was therefore also funded by reducing cash deposits rather than matching the loan to the LLP with PWLB borrowing.

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

Equity markets continued their recovery, with the Dow Jones climbing to not far off its pre-crisis peak, albeit that performance being driven by a handful of technology stocks including Apple and Microsoft, with the former up 75% in 2020. The FTSE 100 and 250 have made up around half of their losses at the height of the pandemic in March. Central bank and government stimulus packages continue to support asset prices, but volatility remains.

Ultra-low interest rates and the flight to quality continued, keeping gilts yields low but volatile over the period with the yield on some short-dated UK government bonds remaining negative. The 5-year UK benchmark gilt yield started and ended the June–September period at -0.06% (with much volatility in between). The 10-year gilt yield also bounced around, starting at 0.21% and ending at 0.23% over the same period, while the 20-year rose from 0.56% to 0.74%. 1-month, 3-month and 12-month bid rates averaged 0.02%, 0.06% and 0.23% respectively over the period.

At the end of September, the yield on 2-year US treasuries was around 0.13% while that on 10-year treasuries was 0.69%. German bund yields remain negative across most maturities.



Due to the impact of COVID-19 restrictions the capital programme remains under review and a further update will be provided to the Finance and Resources Committee in January 2021. COVID has impacted a number of projects including the Tram extension, although work has now re-commenced. No new PWLB borrowing has been taken during 2020/21. Table 1 below which shows the outturn for 2019/20 along with the Council’s borrowing requirement over the current and next three years.

Capital Funding v. External Debt	2019/20 Outturn £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
Debt b/fd	1,198,460	1,306,373	1,355,159	1,331,510	1,332,097
Cumulative Capital Expenditure b/fd	1,355,900	1,378,055	1,505,993	1,893,723	2,088,798
Over/underborrowed b/fd	-157,440	-71,681	-150,834	-562,213	-756,701
GF Capital Financed by borrowing	17,906	86,565	237,890	53,750	37,178
Tram Capital Financed by borrowing	25,187	50,433	69,758	37,008	9,356
Lending to LLPs	28,138	28,184	49,491	52,040	40,575
HRA Capital Financed by borrowing	38,403	23,541	91,213	117,169	182,919
less scheduled repayments by GF	-66,229	-42,492	-41,172	-43,108	-44,093
less scheduled repayments by Tram	0	0	0	0	-3,404
less scheduled repayments by LLPs*	-38	-260	-896	-1,299	-2,038
less scheduled repayments by HRA	-20,695	-17,489	-17,998	-19,896	-22,492
less scheduled repayments by Joint Boards	-517	-544	-556	-589	-623
Underlying Need to Borrow	22,155	127,938	387,730	195,075	197,378
plus total maturing debt	98,750	58,589	52,062	51,453	40,824
Total Borrowing Requirement	120,904	186,526	439,793	246,528	238,201
Cummulative Borrowing Requirement	120,904	307,431	747,223	993,751	1,231,953
Committed Market Borrowing		60,000			
Planned PWLB or short borrowing for year	206,663	47,374	28,413	52,040	40,575
Debt at end of the year	1,306,373	1,355,159	1,331,510	1,332,097	1,331,848
Cumulative Capital Expenditure	1,378,055	1,505,993	1,893,723	2,088,798	2,286,176
Cumulative Over/Under Borrowed	-71,681	-150,834	-562,213	-756,701	-954,328

Table 1 – Summary of Capital Advances v External Debt

Although the projection for the current year has been reduced substantially, the Council still has a significant borrowing requirement to fund in the medium term.

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

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

Investment Outturn

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

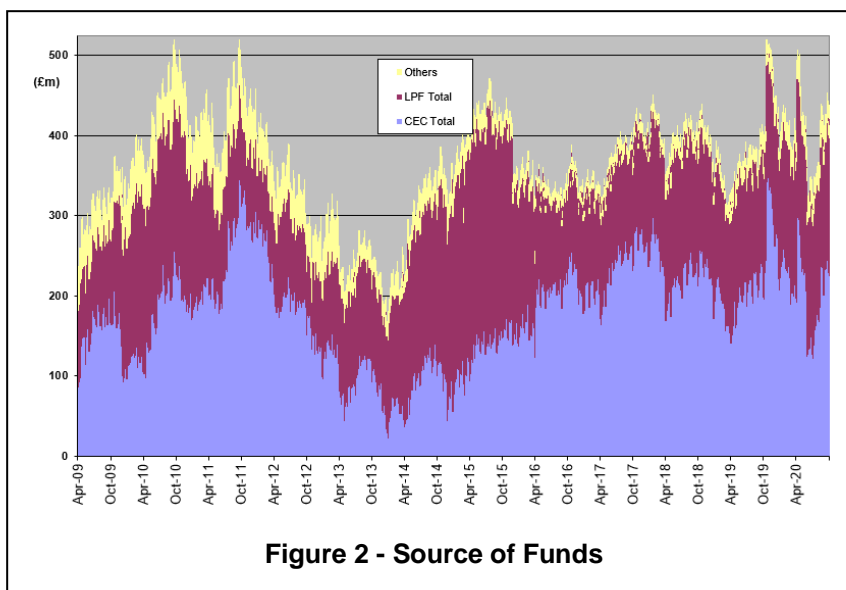


Figure 3 shows the rates achieved in the Friday auctions of UK Treasury Bills. Treasury Bill yields have reduced to close to and below zero. Local Authority and rates achieved on call with Banks and Money Market Funds have also reduced towards zero.

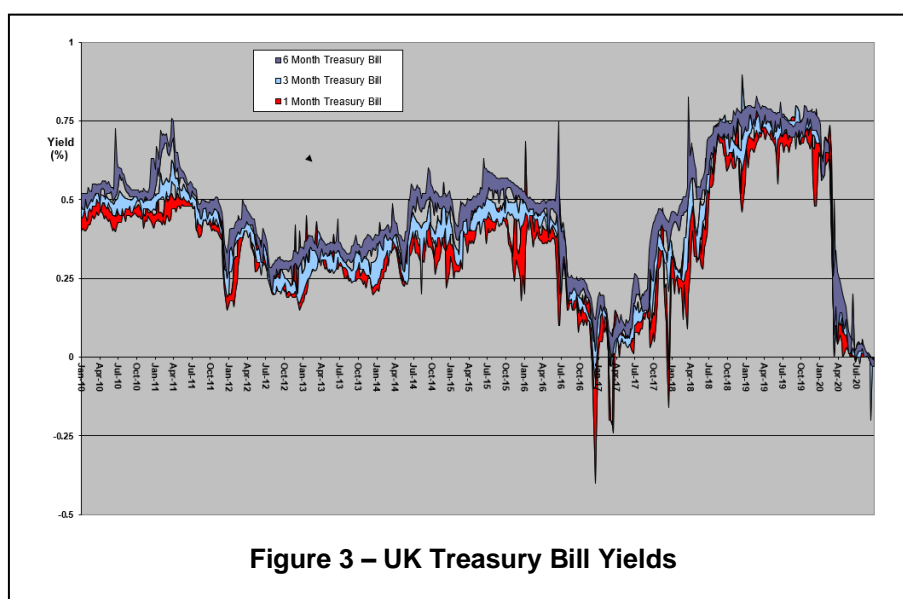
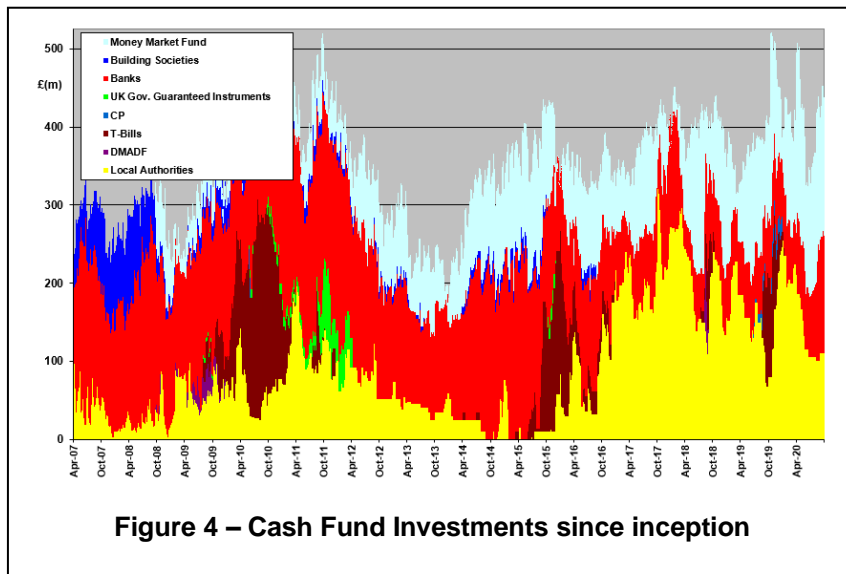
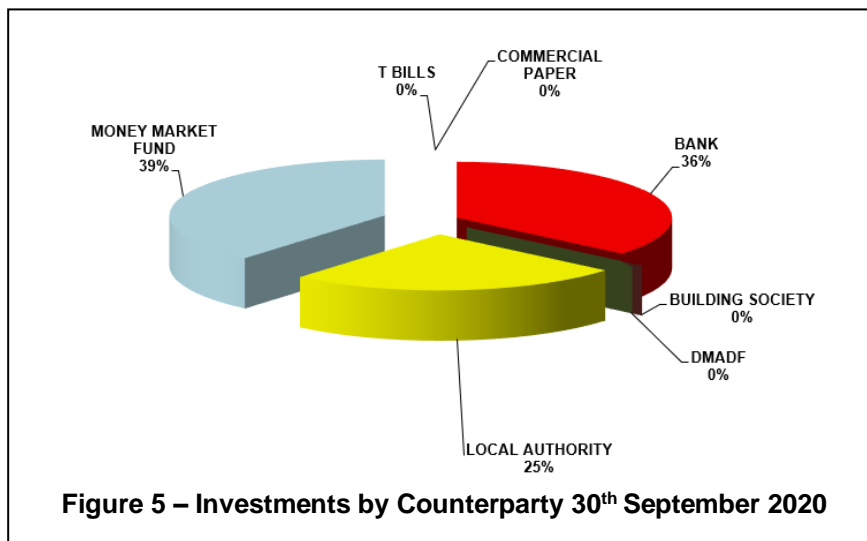


Figure 4 shows in detail the distribution on Cash Fund investments since inception in 2007. This shows the increased investment within Banks and Money Market Funds due to maturing Local Authority deposits and increased cash holdings.

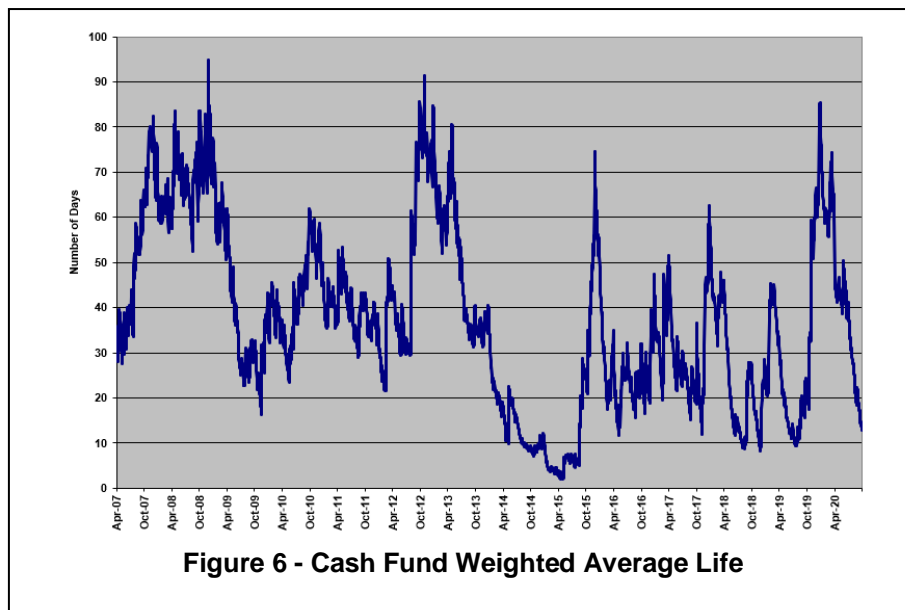


As can be seen in Figure 5, 25% of the fund was invested in Local Authority deposits with 9 different authorities, 36% was invested with Banks in call accounts split between instant access and a 31-day notice account with HSBC and 39% was on invested via Money Market Funds.



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

As can be seen in Figure 6 the weighted average life of the fund decreased slightly to just under 13 days at the end of September. This is mainly due to maturing Local Authority deposits and increased cash holdings being reinvested within instant access accounts.



Cash Fund performance

The annualised rate of return for the Cash Fund for the six months to September 2020 was 0.41% against a benchmark of -0.05%. Figure 7 below shows the daily investment performance of the cash Fund against its benchmark since April 2011. As can be seen, Cash Fund performance has remained substantially above the benchmark. The decision to add duration to the portfolio in December 2019 and again in March 2020 with Local Authority fixed deposits continues to contribute to the significant outperformance of the cash fund. Some call accounts have given notice to reduce rates further and Money Market Funds rates also continue to reduce.

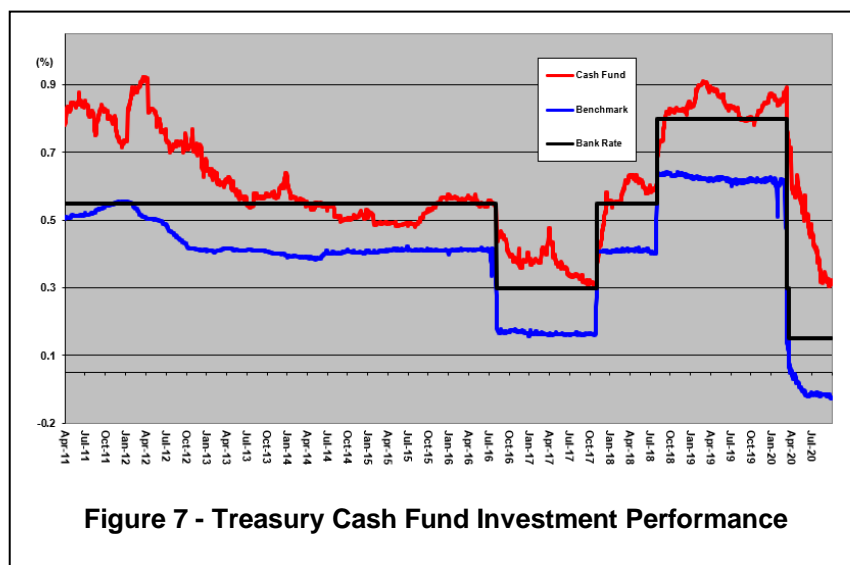
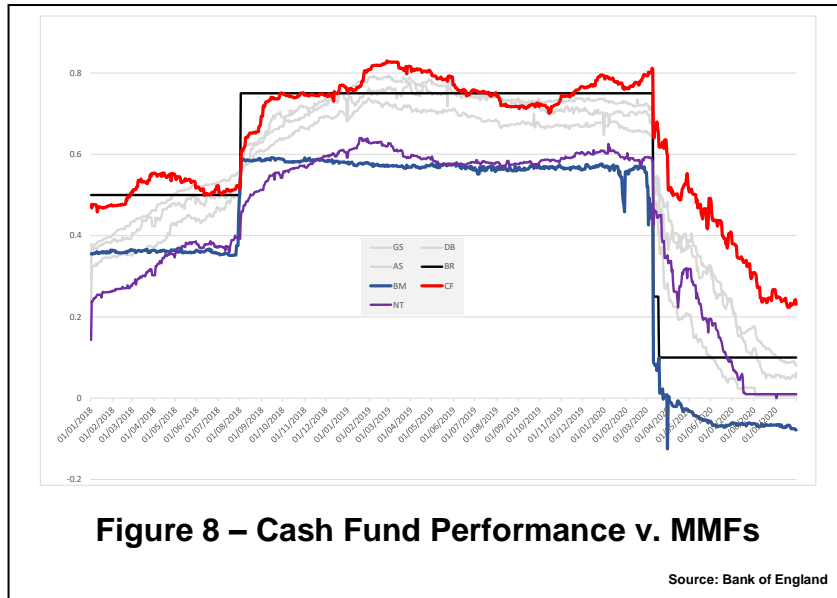


Figure 8 below compares the Cash Fund performance against that of the private sector equivalent, Money Market Funds. This shows the Cash Fund out performance against the three Money Market Funds which the Cash Fund uses along with the Northern Trust Short Term Investment Fund which would be the default option for Lothian Pension Fund’s cash investment if they did not use the Cash Fund approach.



This shows that the Cash Fund approach and the strategy to add duration has added significant value and stands up to peer group review against the private sector, although still relatively low in absolute cash terms.

Debt outstanding 30th September 2020

Market Debt (non LOBO)

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

Market Debt (LOBO)

Loan Type	Start Date	Maturity Date	Principal Outstanding (£)	Interest Rate (%)	Annual Interest (£)
M	12/11/1998	13/11/2028	3,000,000.00	4.75	142,500.00
M	15/12/2003	15/12/2053	10,000,000.00	5.25	525,000.00
M	18/02/2004	18/02/2054	10,000,000.00	4.54	454,000.00
M	28/04/2005	28/04/2055	12,900,000.00	4.75	612,750.00
M	01/07/2005	01/07/2065	10,000,000.00	3.86	386,000.00
M	24/08/2005	24/08/2065	5,000,000.00	4.4	220,000.00
M	07/09/2005	07/09/2065	10,000,000.00	4.99	499,000.00
M	13/09/2005	14/09/2065	5,000,000.00	3.95	197,500.00
M	03/10/2005	05/10/2065	5,000,000.00	4.375	218,750.00
M	23/12/2005	23/12/2065	10,000,000.00	4.75	475,000.00
M	06/03/2006	04/03/2066	5,000,000.00	4.625	231,250.00
M	17/03/2006	17/03/2066	10,000,000.00	5.25	525,000.00
M	03/04/2006	01/04/2066	10,000,000.00	4.875	487,500.00
M	03/04/2006	01/04/2066	10,000,000.00	4.875	487,500.00
M	03/04/2006	01/04/2066	10,000,000.00	4.875	487,500.00
M	07/04/2006	07/04/2066	10,000,000.00	4.75	475,000.00
M	05/06/2006	07/06/2066	20,000,000.00	5.25	1,050,000.00
M	05/06/2006	07/06/2066	16,500,000.00	5.25	866,250.00
			172,400,000.00		

PWLB

Loan Type	Start Date	Maturity Date	Principal Outstanding (£)	Interest Rate (%)	Annual Interest (£)
M	09/12/1994	15/11/2020	5,000,000.00	8.625	431,250.00
A	10/05/2010	10/05/2021	527,379.15	3.09	28,179.23
M	21/10/1994	15/05/2021	10,000,000.00	8.625	862,500.00
M	10/03/1995	15/05/2021	11,900,000.00	8.75	1,041,250.00
M	12/06/1995	15/05/2021	10,000,000.00	8	800,000.00
M	02/06/2010	02/06/2021	5,000,000.00	3.89	194,500.00
M	16/08/1994	03/08/2021	2,997,451.21	8.5	254,783.35
M	28/04/1994	25/09/2021	5,000,000.00	8.125	406,250.00
M	23/04/2009	23/04/2022	5,000,000.00	3.76	188,000.00
M	12/06/1995	15/05/2022	10,200,000.00	8	816,000.00
M	14/06/2010	14/06/2022	10,000,000.00	3.95	395,000.00
M	31/03/1995	25/09/2022	6,206,000.00	8.625	535,267.50
M	16/02/1995	03/02/2023	2,997,451.21	8.625	258,530.17
M	24/04/1995	25/03/2023	10,000,000.00	8.5	850,000.00
M	05/12/1995	15/05/2023	5,200,000.00	8	416,000.00
M	20/09/1993	14/09/2023	2,997,451.21	7.875	236,049.28
M	20/09/1993	14/09/2023	584,502.98	7.875	46,029.61
M	08/05/1996	25/09/2023	10,000,000.00	8.375	837,500.00
M	13/10/2009	13/10/2023	5,000,000.00	3.87	193,500.00
M	05/12/1995	15/11/2023	10,000,000.00	8	800,000.00
M	10/05/2010	10/05/2024	10,000,000.00	4.32	432,000.00
M	28/09/1995	28/09/2024	2,895,506.10	8.25	238,879.25
M	14/05/2012	14/11/2024	10,000,000.00	3.36	336,000.00
A	14/12/2009	14/12/2024	3,588,853.81	3.66	151,204.84
M	17/10/1996	25/03/2025	10,000,000.00	7.875	787,500.00
M	10/05/2010	10/05/2025	5,000,000.00	4.37	218,500.00
M	16/11/2012	16/05/2025	20,000,000.00	2.88	576,000.00
M	13/02/1997	18/05/2025	10,000,000.00	7.375	737,500.00
M	20/02/1997	15/11/2025	20,000,000.00	7.375	1,475,000.00
A	01/12/2009	01/12/2025	6,155,766.94	3.64	251,283.27
M	21/12/1995	21/12/2025	2,397,960.97	7.875	188,839.43
M	21/05/1997	15/05/2026	10,000,000.00	7.125	712,500.00
M	28/05/1997	15/05/2026	10,000,000.00	7.25	725,000.00
M	29/08/1997	15/11/2026	5,000,000.00	7	350,000.00
M	24/06/1997	15/11/2026	5,328,077.00	7.125	379,625.49
M	07/08/1997	15/11/2026	15,000,000.00	6.875	1,031,250.00
M	13/10/1997	25/03/2027	10,000,000.00	6.375	637,500.00
M	22/10/1997	25/03/2027	5,000,000.00	6.5	325,000.00
M	13/11/1997	15/05/2027	3,649,966.00	6.5	237,247.79
M	17/11/1997	15/05/2027	5,000,000.00	6.5	325,000.00
M	13/12/2012	13/06/2027	20,000,000.00	3.18	636,000.00
M	12/03/1998	15/11/2027	8,677,693.00	5.875	509,814.46

M	06/09/2010	06/09/2028	10,000,000.00	3.85	385,000.00
M	14/07/2011	14/07/2029	10,000,000.00	4.9	490,000.00
E	14/07/1950	03/03/2030	2,401.26	3	77.73
M	14/07/2011	14/07/2030	10,000,000.00	4.93	493,000.00
E	15/06/1951	15/05/2031	2,577.88	3	82.61
M	06/09/2010	06/09/2031	20,000,000.00	3.95	790,000.00
M	15/12/2011	15/06/2032	10,000,000.00	3.98	398,000.00
M	15/09/2011	15/09/2036	10,000,000.00	4.47	447,000.00
M	22/09/2011	22/09/2036	10,000,000.00	4.49	449,000.00
M	10/12/2007	10/12/2037	10,000,000.00	4.49	449,000.00
M	08/09/2011	08/09/2038	10,000,000.00	4.67	467,000.00
M	15/09/2011	15/09/2039	10,000,000.00	4.52	452,000.00
M	06/10/2011	06/10/2043	20,000,000.00	4.35	870,000.00
M	09/08/2011	09/02/2046	20,000,000.00	4.8	960,000.00
M	23/01/2006	23/07/2046	10,000,000.00	3.7	370,000.00
M	23/01/2006	23/07/2046	10,000,000.00	3.7	370,000.00
M	19/05/2006	19/11/2046	10,000,000.00	4.25	425,000.00
M	07/01/2008	07/01/2048	5,000,000.00	4.4	220,000.00
A	24/03/2020	24/03/2050	14,805,473.94	1.64	244,404.89
A	26/03/2020	26/03/2050	4,933,603.76	1.49	74,005.35
M	27/01/2006	27/07/2051	1,250,000.00	3.7	46,250.00
M	16/01/2007	16/07/2052	40,000,000.00	4.25	1,700,000.00
M	30/01/2007	30/07/2052	10,000,000.00	4.35	435,000.00
M	13/02/2007	13/08/2052	20,000,000.00	4.35	870,000.00
M	20/02/2007	20/08/2052	70,000,000.00	4.35	3,045,000.00
M	22/02/2007	22/08/2052	50,000,000.00	4.35	2,175,000.00
M	08/03/2007	08/09/2052	5,000,000.00	4.25	212,500.00
M	30/05/2007	30/11/2052	10,000,000.00	4.6	460,000.00
M	11/06/2007	11/12/2052	15,000,000.00	4.7	705,000.00
M	12/06/2007	12/12/2052	25,000,000.00	4.75	1,187,500.00
M	05/07/2007	05/01/2053	12,000,000.00	4.8	576,000.00
M	25/07/2007	25/01/2053	5,000,000.00	4.65	232,500.00
M	10/08/2007	10/02/2053	5,000,000.00	4.55	227,500.00
M	24/08/2007	24/02/2053	7,500,000.00	4.5	337,500.00
M	13/09/2007	13/03/2053	5,000,000.00	4.5	225,000.00
A	14/10/2019	10/04/2053	108,978,025.06	2.69	2,945,254.44
M	12/10/2007	12/04/2053	5,000,000.00	4.6	230,000.00
M	05/11/2007	05/05/2057	5,000,000.00	4.6	230,000.00
M	15/08/2008	15/02/2058	5,000,000.00	4.39	219,500.00
A	25/01/2019	25/01/2059	2,675,479.89	2.65	71,689.03
A	11/06/2019	11/06/2059	1,264,146.87	2.23	28,528.41
A	01/10/2019	01/10/2059	1,331,864.38	1.74	23,276.17
A	02/10/2019	02/10/2059	39,656,431.89	1.8	716,907.89
A	05/11/2019	05/11/2059	7,096,078.22	2.96	210,742.68
A	28/11/2019	28/11/2059	1,297,861.13	3.03	39,453.89
A	02/12/2019	02/12/2059	2,794,091.89	3.03	84,938.05
A	20/01/2020	20/01/2060	1,982,708.34	1.77	35,246.97

A	20/01/2020	20/01/2060	455,294.78	2.97	13,567.14
M	04/10/2019	04/04/2060	40,000,000.00	1.69	676,000.00
M	02/12/2011	02/12/2061	5,000,000.00	3.98	199,000.00
M	26/03/2020	26/03/2070	10,000,000.00	1.29	129,000.00
			1,049,330,098.87		

SALIX INTEREST FREE

Loan Type	Start Date	Maturity Date	Principal Outstanding (£)	Interest Rate (%)	Annual Interest (£)
Z	07/01/2015	01/09/2021	78,957.14	0.00	0.00
Z	31/03/2015	01/04/2023	540,869.22	0.00	0.00
Z	22/09/2015	01/10/2023	153,859.79	0.00	0.00
Z	29/03/2019	01/04/2029	125,980.74	0.00	0.00
			899,666.89		

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Finance and Resources Committee

10.00am, Thursday, 3 December 2020

Corporate Health and Safety Strategy and Plan 2020–2022

Executive/routine Wards Council Commitments	Executive
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1. Recommendations

- 1.1 It is recommended that the 2020 – 22 Council Health and Safety Strategy and Plan is approved.

Stephen S. Moir

Executive Director of Resources

Contact: Robert H. Allan, Council Health and Safety Manager

Legal and Risk Division, Resources Directorate

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Corporate Health and Safety Strategy and Plan 2020–2022

2. Executive Summary

- 2.1 The Council has made positive progress with Health and Safety over the last few years, with a significant reduction in RIDDORs having been achieved.
- 2.2 The unprecedented challenges from COVID 19 to our communities and Council services has led to all Directorates having to adapt and renew – creating new ways to deliver services efficiently in this current, high risk, environment.
- 2.3 The focus of the 2020–22 Health and Safety Strategy and Plan is to re-align the current Corporate Health and Safety (CHS) arrangements to reflect upon, and support addressing these challenges within the Council, whilst maintaining the existing statutory health and safety offering.
- 2.4 This will mean adopting new ways of working and engagement by CHS to provide greater operational support and guidance for Directorates and Divisions, the building of meaningful and constructive relationships with employees and their trade union safety representatives, whilst providing the required governance and assurance measures necessary to ensure delivery and quality of both organisational ambitions and statutory compliance.
- 2.5 In tandem with this is the desire to develop and build upon the previously successful performance in the comparative reduction of adverse events from previous reporting periods, the Council now needs to consolidate as well as examine its performance in the context of the other similar Scottish local authority undertakings – measuring the Council against other like Councils. By such measurement, best practice throughout Scotland can be identified and translated into Council working practices.

3. Background

- 3.1 COVID 19 presents particular challenges to our communities and activities, including the Council's ability to deliver services safely and effectively. In order to directly meet these challenges CHS will refocus its activities (within existing budget and capacity) to heighten its presence within Directorates and Divisions and to offer

greater support and guidance whilst maintaining its statutory health and safety offering.

- 3.2 The Council has made good progress with Health and Safety over the last few years, with a significant reduction in RIDDORs¹ having been achieved.
- 3.3 Building on previous successes in RIDDOR reductions (based upon previous reporting period performances), in order to measure, learn and develop, the Council must compare its performance against other local authorities/Councils in Scotland and learn from best practices. Only through such comparison will the Council measure, in a meaningful way, its overall performance in the Scottish local authority context and be able embrace best Scottish public service health and safety practices.

4. Main report

- 4.1 It is recognised that despite positive performance metrics, there is still more to do. Employee turnover and COVID 19 have both had a significant resource impact on the CHS team and to take matters forward it is proposed that the Council consolidate its health and safety activities and reposition at this stage. These issues have also been recognised by the Executive Director of Resources as part of his Annual Governance Statement and ensuring that the resourcing of the team is progressed as an improvement action for 2020/21.
- 4.2 The Council's 'Adaptation and Renewal' programme challenges directorates and divisions areas to assess their previous working practices and to find, where appropriate, more effective and efficient (innovative) ways to safely provide their services, including recognising and taking into account the real and current threat from COVID-19 in Scotland.
- 4.3 CHS services must accordingly adapt to secure the wellbeing of our employees and ultimately the communities that we serve. Within existing resource allocation, CHS shall employ a greater degree of collegiate engagement with directorates and divisions that will, themselves be renewing and adapting their services - to support, enable and enhance new safe working practices.
- 4.4 The undernoted strategic objectives are therefore proposed for delivery over the period 2020-2022, with an action plan being developed and approved by the Council's Health and Safety Group, chaired by the Chief Executive.

¹ RIDDOR – Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 - puts duties on employers, the self-employed and people in control of work premises (the Responsible Person) to report certain serious workplace accidents, occupational diseases and specified dangerous occurrences (near misses).

1) **Objective 1 Consolidation, Adaption and Renewal**

- delivery of an appropriately resourced CHS team;
- restructure of CHS, adapting to the current COVID 19 environment;
- internal development and succession planning within CHS;
- greater communication and collegiate working between CHS and directorates/divisions and trade union safety representatives;
- working with directorates/service areas to ensure that the Council's policies, procedures and activities remain fit for purpose; and,
- fully operable, supportive, governance and assurance.

2) **Objective 2 Leading, Comparing and Learning**

- Subject to buy-in from other authorities, the formation of a Scottish Councils' Health and Safety Forum (or other like body), led by this Council initially;
- the establishment of consistent reporting data set and definitions (ensuring that each Council reports adverse events and other data sets similarly);
- consulting on consistent approaches to health and safety issues throughout Scotland;
- using Scottish Council's data to compare performance with this Council; and,
- introducing, identified best practices to directorates/service areas.

3) **Objective 3 Embracing New Technologies and Information Systems**

- any areas of health and safety in the workplace could benefit from deploying new technologies. Areas such as communications with employees who work in isolation (lone working), access to onsite best practice information and guidance when needed, immediate reporting of accidents, production of suitable and sufficient risk assessment, etc. could have a profound effect on how the council operates services;
- the current 'Safe Working Practices helpline', employed at the start of the COVID 19 pandemic, gave employees/managers immediate access (24/7) to professional corporate health and safety/environmental health advisors. This proved highly successful and will be examined to assess its value post COVID;

- the use of information systems and design technologies to design and deliver new and more innovative training materials; and,
- to identify both the investment required and any potential savings as a result of the potential adoption of new technologies.

4.5 The Health and Safety Strategy and Plan will be reviewed at each Council Health and Safety Group meeting, or sooner following any significant change, to ensure that it remains valid and appropriate. Progress will also be reported to the Health and Safety Consultative Forum.

5. Next Steps

5.1 If adopted, proposals will be designed to consolidate the current strengths of corporate health and safety, whilst recognising the current adapt and renewal agenda. The time line indicated in Appendix 1 'Health and Safety Strategy Plan' will be tracked/followed to completion.

6. Financial impact

6.1 The strategy and plan will be delivered within existing budget. Notwithstanding, areas of development, i.e. the use of new technologies will be measured against potential savings and should be cost negative, if considered for adoption.

7. Stakeholder/Community Impact

7.1 The Corporate Health and Safety Strategy and Plan has been developed in consultation with:

- Head of Legal and Risk;
- Senior Audit and Risk Manager; and,
- The Council's Corporate Health and Safety professionals.

7.2 The Strategy and Plan supports the:

- Council's commitment to protecting the health, safety and welfare of employees and third parties, including members of the public, contractors and service users;
- renewal and adaption of Corporate Health and Safety to address the needs of the organisation in the COVID 19 environment; and,
- governance and assurance statements within the Council.

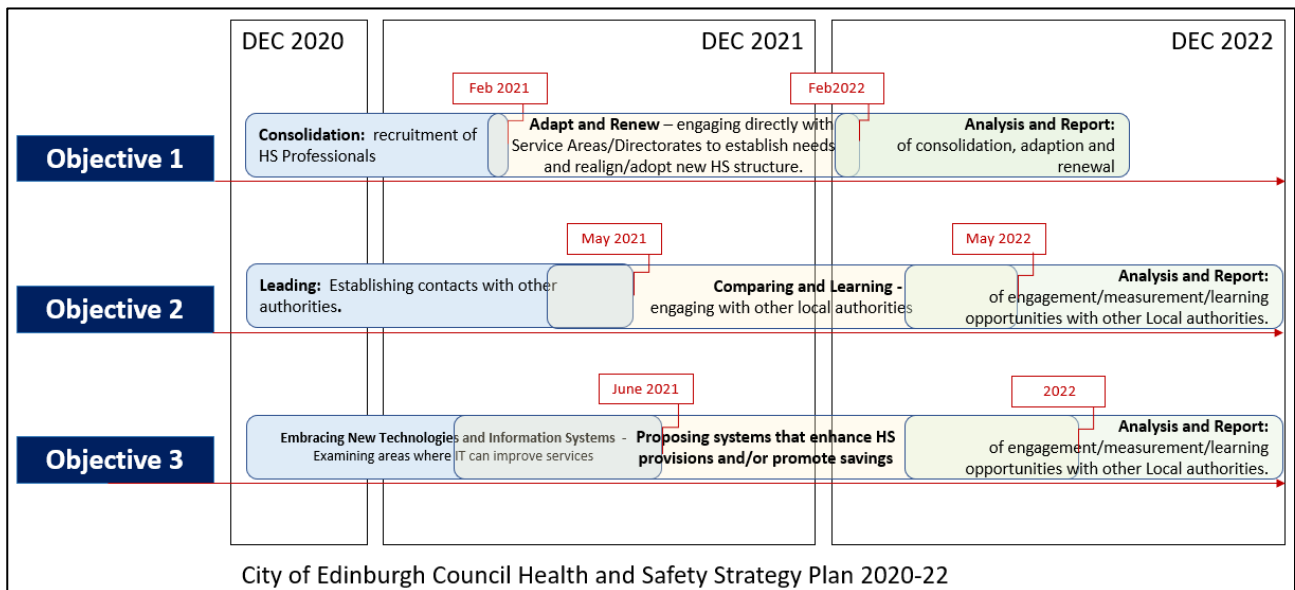
8. Background reading/external references

8.1 [RIDDOR 2013, The Reporting of Injuries, Diseases, and Dangerous Occurrences 2013 last accessed 26.10.2013.](#)

9. Appendices

9.1 Appendix 1: Health and Safety Plan/Timeline.

Appendix 1: Health and Safety Plan/Timeline.



The timeline shows indicative periods by which certain elements of the objectives should be discharged. There is overlap between phases indicating the fluid nature of the work involved (dependent upon third parties).

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Finance and Resources Committee

10.00am, Thursday 3 December 2020

Award of Contract for an Employee Benefits Platform

Executive/routine Wards Council Commitments	Executive
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1. Recommendations

- 1.1 It is recommended that the Finance and Resources Committee:
 - 1.1.1 Approves the award of a Contract for an Employee Benefits Platform to SME HCI LIMITED (trading as Vivup) for a period of five years commencing on 21 December 2020;
 - 1.1.2 Approves a recommended award of up to £20M in value for salary sacrifice for the goods and services that employees chose over the full Contract term. This would allow for a potential increase of up to 5% in employee numbers participating in salary sacrifice to take advantage of a wider range of benefits;
 - 1.1.3 Notes that there is no cost, excepting additional resource to manage and administer, to the Council for set up or access to the Employee Benefits Platform.

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

Award of Contract for an Employee Benefits Platform

2. Executive Summary

- 2.1 This report seeks approval to award the Contract for an Employee Benefits Platform to SME HCI LIMITED (trading as Vivup), to commence on 21 December 2020 for a period of five years for a value of up to £20M of salary sacrifice funds over the Contract term.
- 2.2 Vivup have experience with delivering benefits to over 250 NHS Trusts, Councils, Universities and educational bodies. The organisation has been trading for 15 years and manage circa 1M employees via their benefits platform.

3. Background

- 3.1 The City of Edinburgh Council (Council) offers a Cycle to Work Scheme, a Car Lease Scheme and an Employee Discounts scheme through several separate contracts at present.
- 3.2 There are several disadvantages to our current approach of maintaining separate contracts, including; challenges in employees understanding and navigating the totality of benefits on offer; substantial manual intervention and administration required for managing different processes and systems; the individual procurement processes required; and, the contract management arrangements are unnecessarily time consuming for the Human Resources (HR) Division.
- 3.3 HR aims to bring together Employee Benefits on one accessible platform under a single Contract. This would simultaneously improve the offering for our employees and increase employee engagement by providing an easily accessible platform for all.

4. Main report

- 4.1 Commercial and Procurement Services (CPS) and HR undertook a Mini Competition utilising Lot 1 (Managed Service) from Eastern Shires Purchasing Organisation (ESPO)'s Framework Agreement for Staff Benefits (319_19).

- 4.2 On 11 September 2020, the Council issued an Invitation on Public Contracts Scotland to all eight Service Providers on Lot 1 (Managed Service) of the Framework with a submission deadline of 5 October 2020.
- 4.3 A cost/quality ratio of 40%/60% was applied to encourage competitive rates while ensuring that the Service Provider could fulfil the Council's requirements.

4.3.1 **Cost** 40%

The price for evaluation was based on the initial set up fee for the six core schemes and any annual platform charge per employee for the six core schemes.

In addition, the Pricing Schedule contained two requests for information. Service Providers were requested to provide information on the set-up fee and the annual platform charge per employee for two additional schemes and Service Providers were requested to provide information on what percentage of sales rebate they could offer annually.

4.3.2 **Quality** 60%

Service Providers were requested to answer questions on Scope of Services (30%), Platform Operation (15%), Implementation (20%), Marketing Communication (10%), Supply Chain (10%), Contract Management (5%), Continuous Improvement (5%), Data Protection (5%) and Fair Work Management Information (N/A).

- 4.4 Tenders were received from three Service Providers and the following scores allocated:

Service Provider	Quality Score (60%)	Cost Score (40%)	Total Score (100%)
SME HCI LIMITED (Vivup)	57.00	40.00	97.00
Tenderer 2	45.00	40.00	85.00
Tenderer 3	27.00	0.00	27.00

- 4.5 Two of the providers who bid, did not charge for the use of their platform as they rely on supplier commission to make a profit in providing the service. This is reflected in scoring as they submitted nil cost returns. This effectively means that the cost to the Council for the benefits platform is neutral as the service provider does not charge the Council but instead receives commission from the suppliers they work with and help promote through their scheme.
- 4.6 The recommended Employee Benefits Platform will introduce the following six core schemes: Cycle to Work Scheme, Green Car Scheme, Employee Discounts Scheme, Discounted Gym Membership Scheme, Technology and Smartphone Discount Scheme and Shared Cost Additional Voluntary Contributions (AVC).
- 4.7 The specification required that the Service Provider shall offer the facility to add or already include independent local cycle outlets where possible, as well as national

providers (Cycle to Work Scheme specific). Vivup manages a network of independent bike shops and will offer independent local cycle shops as a route to employees. They will also offer access to some larger national chains to ensure employees have a wide choice.

- 4.8 The specification required that the Service Provider ensures that the vehicles available to employees emit less than 120g of CO₂ per kilometre (Green Car Scheme specific).
- 4.9 Additionally, it is possible for the Council to adjust the parameters of vehicles available under the scheme to reflect lower CO₂ limits in future. The CO₂ targets shall be considered annually, and policy amended to reflect legislative changes and when lease costs and infrastructure of electric and ultra-low emission cars make them more accessible for employees.
- 4.10 Additionally, the Contract reserves the option to introduce other schemes at a later stage such as a Reward and Recognition Scheme and an Employee Assistance Programme.
- 4.11 It should be noted that previously another salary sacrifice option that was available to colleagues was Childcare Vouchers which enabled working parents to save on the cost of childcare for children under 16 however the UK Government closed this to new entrants with effect from 4 October 2018. The reason for this is because it launched a new form of childcare funding support for working parents, called Tax-Free childcare (TFC) which changes the package of financial support it offers to working parents. As the new TFC scheme is not a salary sacrifice scheme but managed by the UK Government, the Council plays no part in the administering of this scheme, however parents who were already participating in the Childcare Vouchers scheme before the closure date can continue to benefit from the savings for as long as their child remains eligible and they meet certain terms and conditions.

5. Next Steps

- 5.1 Subject to approval, the Contract will be awarded to Vivup for a period of five years.
- 5.2 Following the award, HR will work with Vivup's implementation team to agree and deliver an implementation plan.
- 5.3 Human Resources will ensure that effective contract management is delivered throughout the lifecycle of the Contract, in accordance with the Council's contract management framework and with the support of the Contracts and Grants Management Team, as necessary.

6. Financial impact

- 6.1 Employees will have access to promotional pricing and offers as well as the ability to spread the cost of purchases through salary sacrifice
- 6.2 Vivup does not charge for the initial set up of the six core schemes nor do they have an annual platform charge per employee for the six schemes.
- 6.3 Currently, the Council saves approximately £221,000 between Tax, National Insurance and Pension Contributions. This is expected to increase due to the greater range of salary sacrifice opportunities.
- 6.4 There would be no further set up fee for additional schemes should they be added to our Employee Benefits Platform at a later point during the contract.
- 6.5 Committee should note that an additional free scheme can be added to the Contract in future, should that be required.
- 6.6 Currently the Council receives a rebate which is only for our bikes and associated goods bought through the Cycle to Work Scheme. This totalled £7,595 in 2019.
- 6.7 Vivup have agreed a rebate which is a lower percentage than that offered by the previous Cycle to Work Scheme operator, however, this is for all goods and services bought across all the new benefit schemes we will offer (excluding the Green Car Scheme).
- 6.8 While this rebate is less in percentage terms, it is likely that Tax, N.I. and Pension Contributions savings made by offering a wider range of schemes, shall mean that the rebate will equate to more over the Contract term.
- 6.9 The associated costs with procuring the contract were estimated to be around £10,000.

7. Stakeholder/Community Impact

- 7.1 HR undertook an initial benchmarking exercise in 2018 to inform a decision to procure an Employee Benefits Platform. Further benchmarking, cost and benefits were reviewed early 2020 and the decision was made to proceed.
- 7.2 Consultation with Council employees was undertaken in the form of focus groups, where diverse sample groups were taken from across the organisation. Each session provided a detailed description of the proposed benefits and provided an opportunity for colleagues to provide feedback on the proposed offering.
- 7.3 According to the responses, the majority of participants were positive about the proposed transition to a single provider and the various schemes included in the proposal. The most popular schemes were the Shared Cost AVCs and the Employee Discounts Scheme, with 90% of colleagues considering using themselves and recommending to others. The proposed Technology and Smartphone Discount Scheme was also popular with participants, with four out of five employees giving positive feedback. For the Cycle to Work Scheme and

Discounted Gym Membership Scheme, 75% of the participants indicated that they would make use of these schemes, whilst also noting the physical, financial and associated sustainability benefits.

- 7.4 During the consultation, 45% of the participants expressed interest in the Green Car Scheme. Whilst a lower result than the other benefits, those who were not interested in the scheme noted that it was mainly due to financial reasons, lack of infrastructure for electric charging points and personal circumstances (e.g. do not drive or already have a car).
- 7.5 The Specification requires that the benefits shall be available to all Council employees and that the Service Provider shall be expected to adapt processes when necessary to meet the individual needs of employees who are disabled or have medical conditions which could be classed as a disability under the Equality Act 2010.
- 7.6 The Specification requires that the Service Provider shall ensure that supply chains are accessible to all sizes of businesses including small and medium sized enterprises (SMEs), VCSEs and third sector businesses. Committee may wish to note that using an external benefits provider is an efficient way of managing the addition of SME organisations to salary sacrifice with minimal administration burden for the Council.
- 7.7 Service Providers of employee benefit systems can demand a high level of commission from local independent providers as part of their network. For this contract the rate will be capped at a fair level of commission which is less than the national average. The provider has indicated they will be open to further discussions with individual shops to in relation to precise levels of commission.
- 7.8 The recommended Service Provider confirms it intends to pay workers the real Living Wage and is an accredited living wage employer.

8. Background reading/external references

- 8.1 Not applicable.

9. Appendices

- 9.1 Not Applicable

Finance and Resources Committee

10.00am, Thursday, 3 December 2020

Tron Kirk, Edinburgh

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

1. Recommendations

- 1.1 That the Finance and Resources Committee:
- 1.2 Notes the current position regarding the existing short-term lease to Old Town Projects Limited;
- 1.3 Decides which of the two options presented in the report should be approved, taking into account the financial context of the City of Edinburgh Council as a direct consequence of the Covid-19 pandemic.

Stephen S. Moir

Executive Director of Resources

Contact: Peter Watton, Head of Property and Facilities Management

Property and Facilities Management Division, Resources Directorate

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Tron Kirk, Edinburgh

2. Executive Summary

- 2.1 This report provides an update on the Edinburgh World Heritage Trust (EWHT) proposals for the Tron Kirk and details the requirements for the Council to commit capital funding to the project.

3. Background

- 3.1 The Tron Kirk is located on a prominent position on the Royal Mile at the junction of High Street and South Bridge. The property extends to 278sq m (3,000 sq ft) or thereby and is shown outlined red on the attached plan.
- 3.2 In late 2012, the Council were approached by Edinburgh World Heritage Trust (EWHT) to seek support for the redevelopment of the Tron Kirk. Their aspiration was to convert the building into an Edinburgh World Heritage interpretation and educational resource for visitors and the local community. Consequently, the Finance and Budget Committee, on 6 June 2013, authorised exclusive negotiations with EWHT on the grant of a long lease and noted that the Heads of Terms and funding activity detail would be provided through future update reports.
- 3.3 On 24 June 2014, the Economy Committee approved the detailed Heads of Terms for a 99-year lease and noted that the business plan projected that the majority of the capital funding would come from Heritage Lottery Fund (HLF), which would take two years to achieve. This decision was ratified by the Finance and Resources Committee on 30 July 2014.
- 3.4 On 18 August 2016, the Finance and Resources Committee considered an update report and authorised an extension to the two-year funding timescale to an ultimate long stop date of 31 October 2019.
- 3.5 On 8 February 2018, the Finance and Resources Committee considered options for the building and approved a short-term lease to EWHT who were to create a short-term use that was the first step towards delivering the long-term aspiration for the Tron comprising an initial prototype exhibition for both the Old and New Towns of Edinburgh, combined with an upgraded retail offer. EWHT considered this an important step in delivering the longer-term vision of converting the building into an

Edinburgh World Heritage interpretation and educational resource for visitors and the local community. At that time, Committee also approved changes to the long-term contractual documents to reflect further delays in funding and noted that the development proposals would now require a capital contribution from the Council albeit the amount was yet to be determined.

- 3.6 The Council entered into a lease with a subsidiary of EWHT (OTP) on 1 June 2018 to 31 May 2021 (with an option to extend for a further 12 months) at a rent of £20,000 per annum. The lease contains rolling quarterly break options, in favour of the tenant, from 1 June 2019.
- 3.7 In June 2019, the Council incurred capital expenditure of £180,000 to repair the roof following storm damage, which was funded from the Asset Management Works budget.
- 3.8 In late 2019, EWHT formally proposed changes to both the short-term leasing arrangements and longer-term development whereby Council financial assistance was required for both. This request was considered by the Finance and Resources Committee, on 5 March 2020, who approved the following motion:
- “Notes the options and agrees to explore the Council’s involvement in helping to fund the capital allocation of the public square improvements at Hunter Square as the project develops.*
- Agrees that officers work further with EWHT on a revenue solution, which removes the aspect of losses already incurred and project development costs which should not be borne by the Council.*
- Agrees to delegate to the Executive Director of Resources, in consultation with the Convenor and Vice Convenor of Finance and Resources, the approval of a revenue solution, using discounted rent.”*
- 3.9 EWHT terminated the short-term lease of the Tron on 1 March 2020. In late March 2020, the Covid-19 lockdown commenced.

4. Main report

- 4.1 The report of 5 March 2020 highlighted both the short-term revenue and future capital requirements from the Council. There has been a delay in implementing the approved motion due to Covid-19 lockdown, however, discussions have recently recommenced. The purpose of this report is to provide Committee with an update; assess the potential impact of Covid-19 on the proposals and previous Committee decisions; and clarify what is required in order for EWHT to have any prospect of securing significant HLF and other funding.

Short Term Proposals

- 4.2 The modified request from EWHT is that the Council relets the building on a new rolling basis at a passing rent of £1k pa. Under the approved Motion, from March 2020, this has been discussed between the Executive Director of Resources and the Convenor and Vice Convenor of the Finance and Resources Committee and it

is considered that it can be accommodated. However, EWHT has indicated that they would only proceed with this in the event that the capital funding for the longer-term project is committed to as detailed below.

Long term Proposals

- 4.3 While the business plan financial assumptions have not yet been revisited by EWHT to reflect any current or future impact of Covid-19, the position remains as reported in March 2020, i.e. EWHT have again indicated that Heritage Lottery Funding (HLF) would require the Council to be a formal and committed funding partner before they would consider financial support for the project. Consequently, EWHT has requested that the Council contributes 10% of the capital costs. On the basis of the current financial assumptions, this would equate to a capital contribution of £560,000.
- 4.4 The remaining capital projections as proposed to be raised from a combination of sources as detailed below current capital funding model supplied by EWHT:

Potential funder	Comments	Approximate percentage
NLHF	Remain a key player (EWH has recently received a major award for Graveyard work at Greyfriars)	20-30%
HES	Conservation of fabric	10%
CEC	Hunter Square/public realm via CCT	10%
Scottish Government	Interest in wider Scottish UNESCO designations	5%
UK Govt./Scottish Office	Interest in flagship Edinburgh projects	2%
Trusts & foundations	Interest in supporting city/Old Town	30-40%
EWH: HNWI's, supporters, corporates	Interest in supporting city/Old Town	10-20%

- 4.5 Following consultation with potential funders, EWHT consider that the Council is required to explicitly support and budget for the necessary capital contribution as the catalyst to unlocking future funding and have therefore again sought this commitment. To do so, the Council would have to commit to the funding and forecast the contribution in its Capital Budget Strategy.
- 4.6 The Council's current Capital Budget Strategy is being fully reassessed to reflect the impact of Covid; the wider economic outlook; and increased costs associated with decarbonisation. This will be presented to Committee in January 2021 and will forecast increasing costs on previous assumptions resulting in rising unfunded pressures such as capital investment necessary for community centres, as an example. Consequently, to commit to be an equity partner in the development of the Tron Kirk, to satisfy the requirements for any successful HLF funding by EWHT, will require the Council to forecast the expenditure in its revised Capital Budget Strategy.

- 4.7 The current estimated cost of 10% of the project is £560,000 but the business plan has yet to be updated to address the current and future impact of Covid-19 by EWHT. At this time, the options available to the Committee are:
- (a) Reconfirm the position from the outset in 2012/13, that the Council are not prepared to make a capital contribution to the project due to significant unbudgeted capital pressures.
 - (b) Instruct officers to forecast £560,000 towards the project and include it within the revised Capital Budget Strategy, when presented to Committee in January 2021. On this option, members should note that this is based on current business plans projections and that this figure is likely to rise if the business plan is refreshed on the existing proposals.
- 4.8 In summary, the Council has been consistent in its position since late 2012, in that, support for the project was predicated on the building being its' financial contribution. Several years later, it is now clear that the project cannot happen unless significant public funds are contributed to the project.

5. Next Steps

- 5.1 If option A is approved, EWHT have confirmed that they will not proceed with the project. On that basis the future of the building in both the short and longer term will need to be readdressed. The last passing commercial rent on the building was £45,000 pa (2016). Options for both the short and long term would be submitted to Committee in the new year if this option were approved.
- 5.2 If option B is approved, officers will write to EWHT confirming support and forecast the expenditure in the Capital Budget Strategy in January 2021. In addition, the building would be released to EWHT at £1k pa.

6. Financial impact

- 6.1 Option A will have no immediate financial impact on the Council.
- 6.2 Option B will require an initial £560,000 to be budgeted in the Council Capital Budget Strategy which will impact other projects. There will be a loss of revenue associated with the release to EWHT which, based on the last passing commercial rent, would be £44,000 pa.

7. Stakeholder/Community Impact

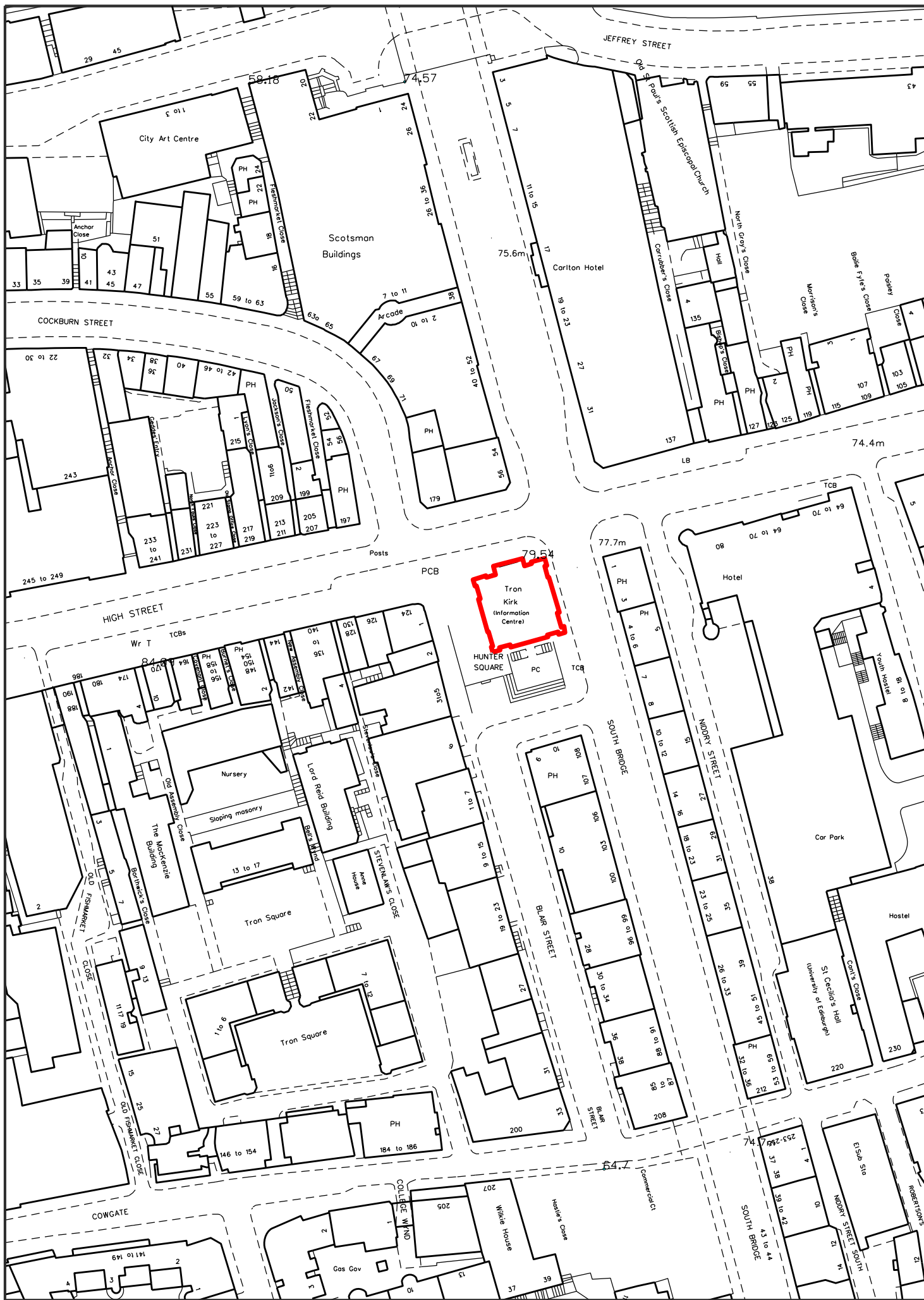
- 7.1 Ward elected members have been made aware of the recommendations of the report.

8. Background reading/external references

8.1 None.

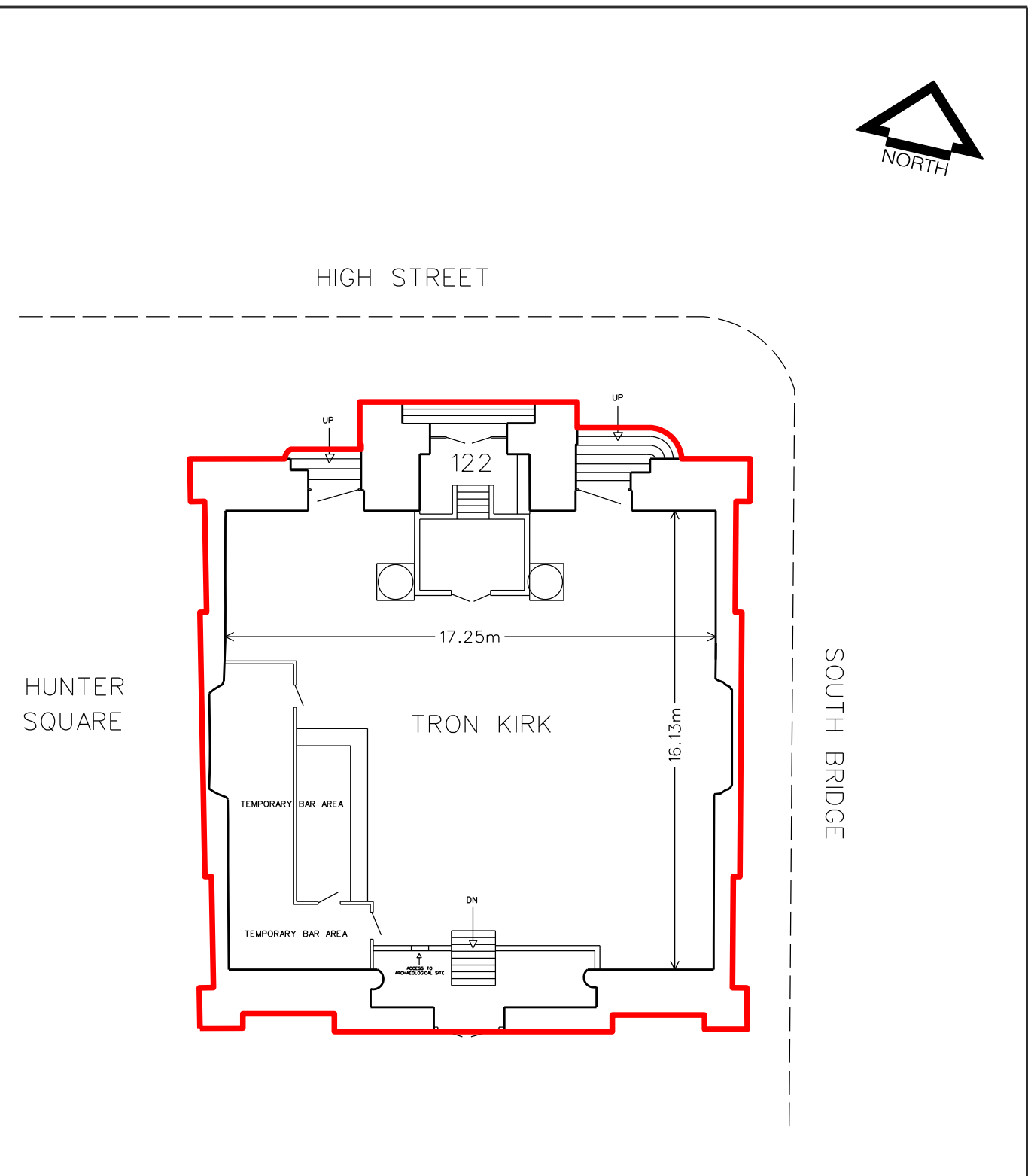
9. Appendices

9.1 Appendix 1 - Location Plan



LOCATION PLAN

SCALE 1:1250



HUNTER SQUARE

SITE PLAN

SCALE 1:200

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

TRON KIRK 122 HIGH STREET EDINBURGH	
DATE	17/2/14
SURVEYED BY	MB,NR
DRAWN BY	Mark Ballantyne
SCALE	1:200 @ A3 SIZE
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Finance and Resources Committee

10.00am, Thursday, 3 December 2020

Queensferry Harbour Repairs

Executive/routine	Routine
Wards	1 – Almond
Council Commitments	

1. Recommendations

- 1.1 That the Committee approves the repair work to be undertaken to avoid further deterioration of the structure of Queensferry Harbour and that a phased approach is taken to the repairs.
- 1.2 That Committee further approves that the cost of urgent repairs, with a budget of up to £0.5m, is met from the Common Good Fund.

Stephen S. Moir

Executive Director of Resources

Contact: Brian Paton, Senior Surveyor,

Property and Facilities Management Division, Resources Directorate

E-mail: brian.paton@edinburgh.gov.uk | Tel: 0131 469 5228

Queensferry Harbour Repairs

2. Executive Summary

- 2.1 This report sets out to highlight the current condition of Queensferry Harbour and seeks approval for allocation of a budget to undertake repairs to avoid further deterioration of the structure.
- 2.2 The cost of any repairs will be met from the Common Good Fund. Consultant Engineers have estimated costs of £0.298m to undertake urgent works and it is recommended that a budget of up to £0.5m is made available from the Common Good Fund.

3. Background

- 3.1 Queensferry Harbour is part of the Council's Common Good Estate. It has existed in its current form since 1817 and is category B listed. The harbour consists of two pier structures (northern and eastern) and is constructed from rubble stonework. It is a popular location with locals and tourists and provides excellent views of the Forth Bridges. The harbour is let to Queensferry Boat Club and 35 vessels are moored in the harbour.
- 3.2 Historically, there has been no budget provision for repairs and maintenance and the structure of the harbour is now in a condition where repairs are required to avoid further structural deterioration.
- 3.3 On 22 October 2020, the Finance and Resources Committee considered a report on 2019/2020 Common Good Annual Performance Report and noted that an engineer's report was obtained to advise on the structural condition of the harbour to identify and prioritise future maintenance expenditure. This report identified an estimated £0.5m of backlog maintenance costs. A further report has been obtained following digging of trial holes which has provided indicative costs for interim works to stabilise the harbour structure. Committee noted that the condition surveys had been completed and requested more information on possible ways forward, which this report addresses.

4. Main report

- 4.1 Consultant Engineers were instructed in 2019 to carry out an inspection of the harbour and advise on the repairs required to bring the structure back to a satisfactory condition. Following their report, a follow-up inspection was undertaken, drilling bore holes in the structure to identify its make-up and establish the condition of the concealed structure.
- 4.2 The surveys revealed that the outshore masonry sections of the north and east piers were in very poor condition, causing wash-out of the inner granular core and settlement of the structure. This was confirmed by the borehole investigation on the upper surface of the harbour.
- 4.3 As a result of the two reports, a schedule of required works was prepared and the works were categorised into urgent, essential, desirable and long term. The engineers estimated the cost of undertaking these works at £0.475m over five years. The cost of urgent repairs has been assessed as £0.298m, with the location of the works required shown on the plan in appendix A.
- 4.4 Should remedial works not be undertaken, the condition of the structure will continue to deteriorate and there is a risk of further structural failure, particularly following stormy conditions.
- 4.5 Discussions have taken place with the Structures team in the Place Directorate who will take over the project management and delivery of the works once a budget is approved. In the experience and professional judgement of Council officers, it is likely that a significant contingency will be required for the works because once a full intrusive picture is established, it typically reveals a worse scenario than any visual or bore hole inspection can offer. It is therefore proposed that a budget of up to £0.5m is made available for the Common Good Fund to proceed with the urgent repairs.

5. Next Steps

- 5.1 Should Committee approve this report, the Council's Structures Team within the Place directorate will be remitted to take forward the design and implementation of the repair work. It is likely that the repairs will be on a phased basis and updates will be provided via the Committee Business Bulletin.
- 5.2 When the repairs are finalised, consideration will be given to future planned preventative maintenance from the Common Good Fund, which will be included in future report of the Fund.

6. Financial impact

- 6.1 The cost of repairs would be met from the Common Good Fund and in order to minimise the impact on the fund, it is proposed to undertake the urgent repairs to

the north pier as a first phase. Once completed satisfactorily and within budget, then work will be undertaken on the Eastern Pier.

- 6.2 The Consultant Engineers have estimated costs for the urgent repair works to the north and east piers to be £0.298m however, it is proposed that a budget of £0.5m is made available for the works.

7. Stakeholder/Community Impact

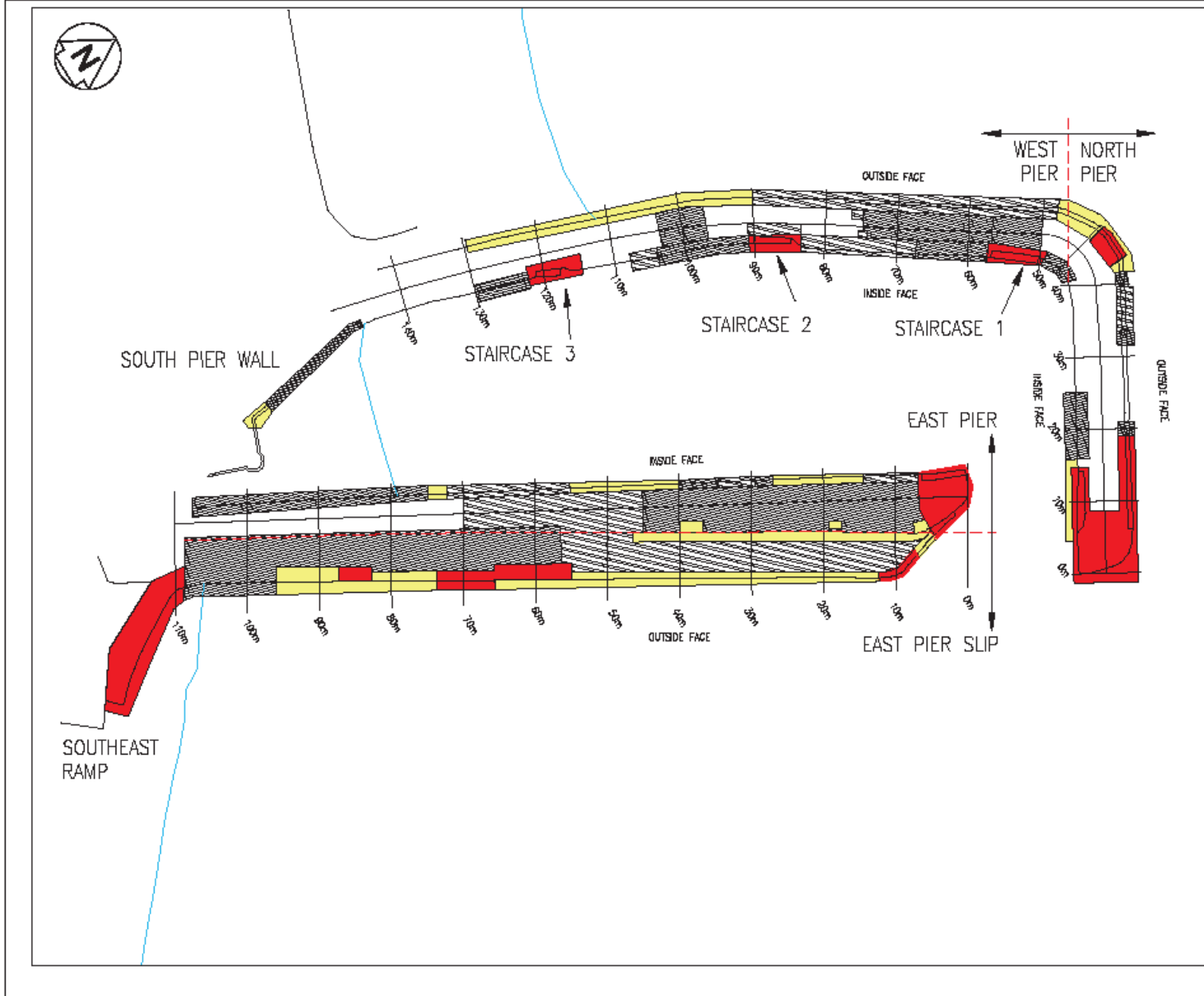
- 7.1 Ward elected members have been made aware of the recommendations of this report.
- 7.2 The Council has consulted with key stakeholders in the harbour including Queensferry Boat Club, who are supportive of repairs being undertaken.

8. Background reading/external references

- 8.1 None

9. Appendices

- 9.1 Appendix A Repair phasing plan



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KEY:

- L-SHAPE
- RECTANGULAR
- CIRCULAR
- LINEAR

NOTES:

- TO BE READ IN CONJUNCTION WITH REPORT 130763/04/V/001 QUEENSFERRY HARBOUR WALKWAY IMPROVEMENT

Rev	Date	Description	Rev	Date	Appr
1	04/02/2019	ISSUE FOR PERMIT	1	04/02/2019	CMC

CITY OF EDINBURGH COUNCIL

Project Name:
QUEENSFERRY HARBOUR

Drawing Title:
DEFECT PRIORITY PLAN

Scale: 1:50	Scale:
Author: CMK	Drawn: CMK
Checked: CMK	Approved: JMS
Date: 04/02/2019	Date: 04/02/2019
Scale: 1:50	Scale: 1:50

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Finance and Resources Committee

10.00am, Thursday 3 December 2020

Workforce Dashboard – September 2020

Item number

Executive/Routine

Executive

Wards

Council Commitments

1. Recommendations

- 1.1 The Committee is recommended 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

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Workforce Dashboard – September 2020

2. Executive Summary

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

3. Background

- 3.1 The dashboard reporting period is September 2020. Comparison is made to the previous dashboard reporting period received by the Committee for August 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; and,
 - 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 27 FTE to 14,650 FTE, and the basic salary pay bill increased by £1.6m to £457.5m. Workforce FTE and pay bill trends are shown in **Figures 1 and 2**.
- 4.4 **Figure 3** shows the change in FTE for the Local Government Employee (LGE), Teaching, Chief Official and Craft Apprentice groups between August 2020 and September 2020.
- 4.5 **Figure 4** shows the change in Directorate FTE between August 2020 and September 2020.
- 4.6 Permanent contracts decreased by 41 FTE, Fixed Term Contracts (FTCs) increased by 38 FTE, acting up and secondment contracts increased by 31 FTE and apprentice/trainee contracts remained the same as last period.
- 4.7 The annual cost of permanent contracts reduced by £0.5m and FTCs increased by £1.2m. The cost of acting up and secondment arrangements increased by £0.9m, and the cost of apprentices/trainees remained the same as last period.
- 4.8 The cost of organisation new starts was £1.6m and the cost of leavers was £2.2m.
- 4.9 The spend on Working Time Payments (WTPs) increased by £2K to £733K.
- 4.10 **Figure 5** shows longer term Local Government Employee workforce change, between June 2015 and September 2020 (i.e. before and after Transformation).

Flexible Workforce

- 4.11 In the period, this workforce was equivalent to approximately 1,047 FTE. The associated costs for this period increased by £0.7m to £2.9m. (**Figure 6**).
- 4.12 The spend on the agency workforce increased by £375K and cost the organisation £1.64m in the period. Of the total spend, 81% is attributable to the primary and secondary agency suppliers, whilst 19% relates to off-contract spend. The agency workforce this period was the equivalent of 569 FTE, with an average monthly workforce of 533 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 increased by £189K this period to £595K. The casual/supply workforce this period was the equivalent of 286 FTE, with an average monthly workforce of 275 FTE (12-month average). The casual/supply cost trend is shown in **Figure 8**.
- 4.15 The total cost of overtime increased by £159K this period to £667K. A breakdown of the spend by overtime "type" is detailed in **Figures 9 and 10**. Around 61% of the spend was made at the enhanced overtime rate, 0.02% was paid at the public holiday rate, 16% was paid at plain time, and 15% related to call-out hours. The overtime/additional hours worked this period was the equivalent of 192 FTE, with an

average monthly workforce of 201 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 September 2020) increased from 3.46% (August 2020) to 4.52% (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 Of the 19 learning events held in September 15 were delivered virtually and 4 were First Aid courses which are facilitated in Waverley Court. It is important to mention that utilisation of First Aid and any business-critical learning which requires to happen in a classroom setting may be affected during the pandemic. Guidance for

participants asks that if they feel unwell on the day of the training, not to attend.
(Appendix 1)

Digital Learning

- 4.25 Our digital satisfaction rates saw an increase of 10% in the excellent rating compared with the previous period. There has been a reduction in unique launches of digital learning compared with August of 1,469. Levels may have been higher in August due to schools returning and employees accessing essential learning modules at the start of the new term.

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

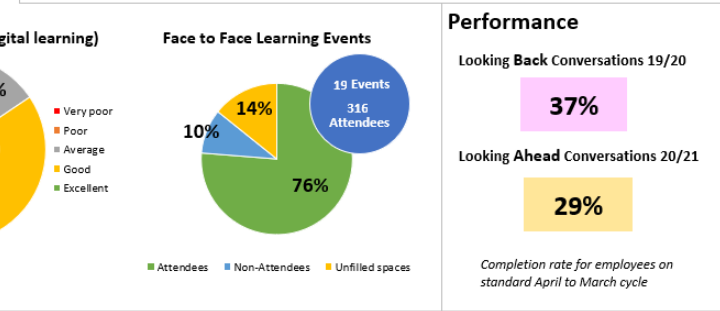
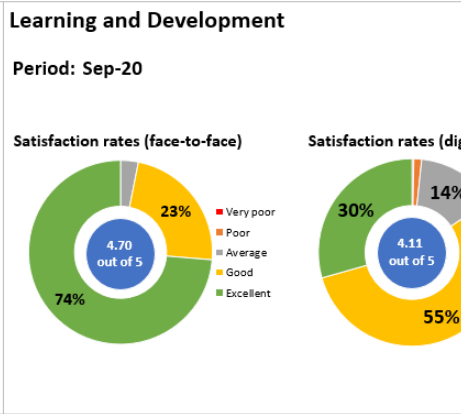
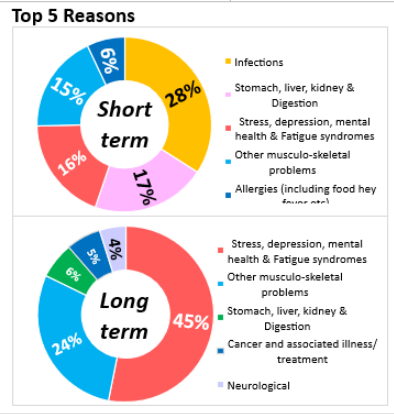
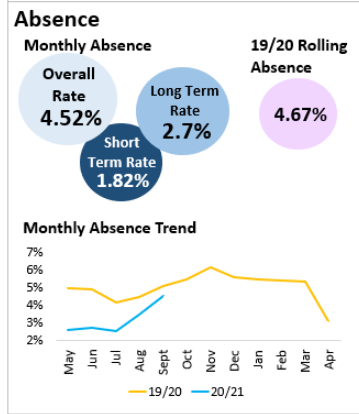
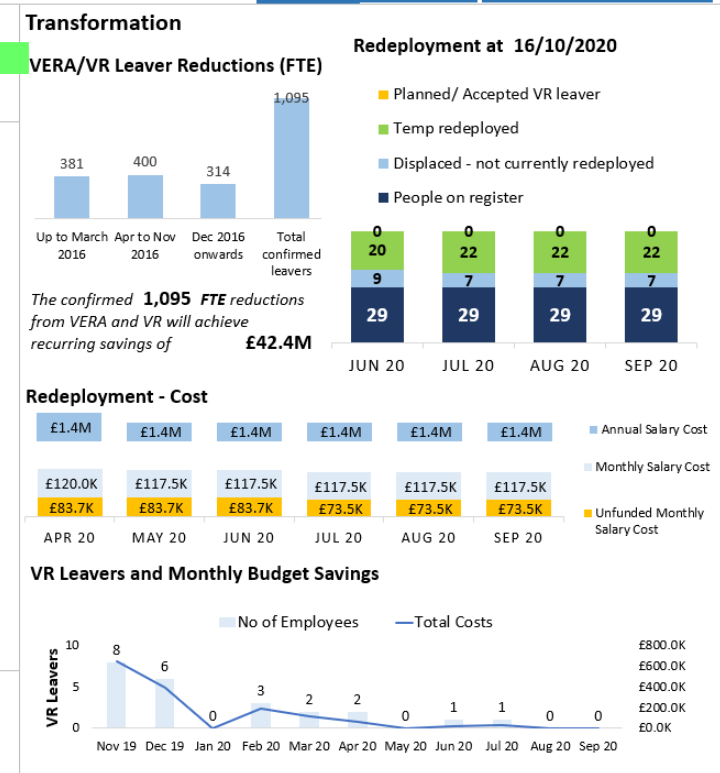
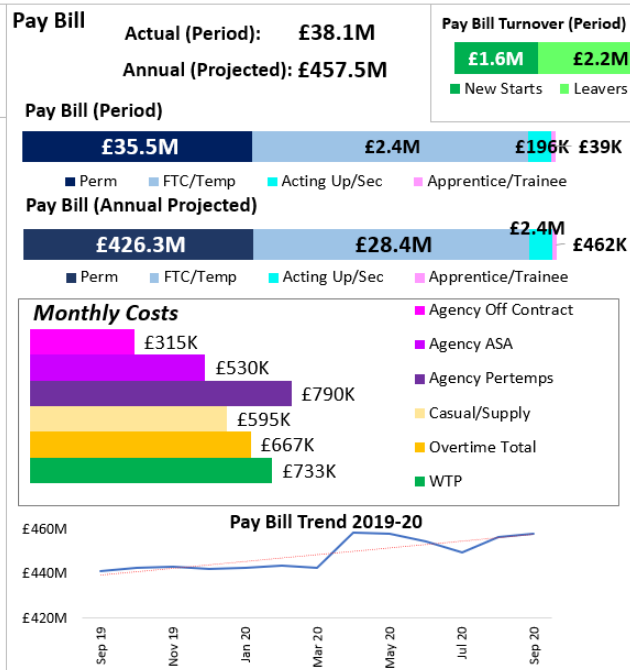
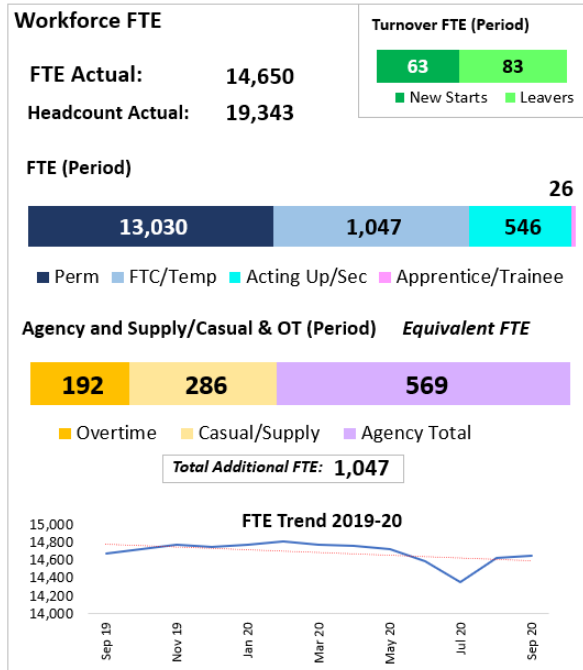
Appendix 1: Finance and Resources Committee Workforce Dashboard

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: Sep 20 Issued: 28 Oct '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

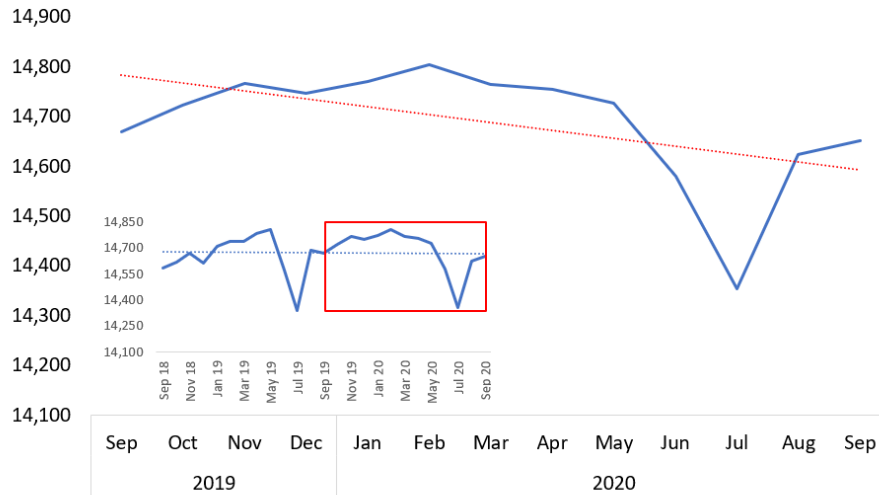


Fig 2. Pay Bill Trend

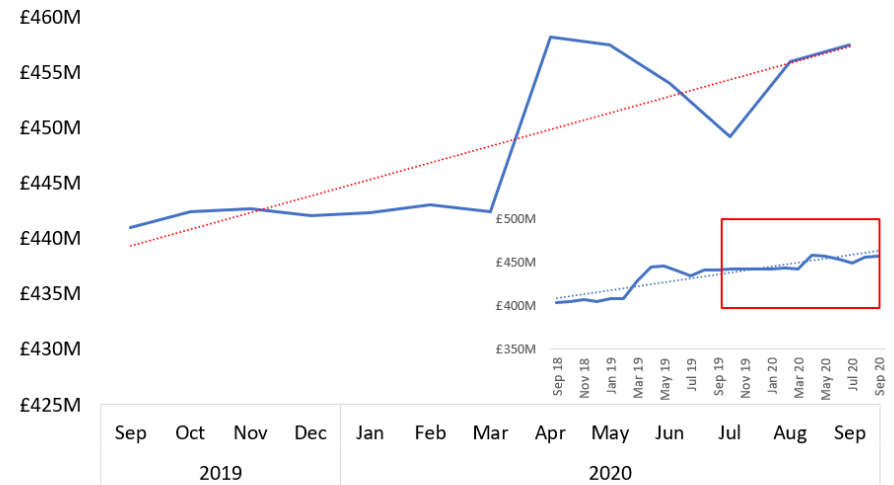


Fig 3. Core Workforce Groups

Category/ Group	August 2020		September 2020		Change in FTE	Change in Headcount
	FTE	Headcount	FTE	Headcount		
Local Government Employee GR1-GR12 including Craft	10779	13479	10770	13466	-9	-13
Chief Official	19	19	18	18	-1	-1
Craft Apprentice	19	19	19	19	0	0
Teaching Total	3807	4930	3845	4926	38	-4
Council Total	14624	18447	14651	18429	27	-18

Fig 4. Core Workforce FTE by Directorate

Directorate	August 2020		September 2020		Change in FTE	Change in Headcount
	FTE	Headcount	FTE	Headcount		
Strategy & Comms	147	159	149	162	2	3
C&F	7877	10398	7926	10394	49	-4
EH&SCP	2115	2397	2100	2384	-15	-13
Place	2313	2701	2322	2712	9	11
Resources	2148	2768	2130	2753	-17	-15
Displaced	23	23	23	23	0	0
Council Total	14623	18446	14651	18428	28	-18

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		September 2020		June 15 to September 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	240	£3.6M	-384	-£4.5M
	GR2	244	£3.4M	198	£2.9M	170	£2.5M	167	£2.6M	496	£7.8M	498	£7.8M	253	£4.4M
	GR3	2374	£38.2M	2124	£34.9M	2089	£35.1M	1965	£34.9M	2038	£37.3M	1947	£35.6M	-427	-£2.5M
	GR4	2479	£45.8M	2567	£48.1M	2444	£46.8M	2549	£52.0M	2445	£51.8M	2418	£51.2M	-61	£5.3M
<i>Front Line Manager/ Specialist</i>	GR5	1808	£40.6M	1563	£35.2M	1545	£35.3M	1634	£39.6M	1674	£41.9M	1742	£43.3M	-67	£2.7M
	GR6	1421	£37.1M	1337	£35.9M	1397	£38.0M	1444	£41.8M	1402	£42.2M	1417	£42.4M	-4	£5.3M
	GR7	1520	£48.0M	1296	£42.1M	1294	£42.4M	1294	£45.2M	1300	£46.8M	1312	£47.1M	-208	-£0.9M
	GR8	776	£29.2M	652	£25.1M	689	£26.7M	700	£29.0M	711	£30.3M	721	£30.7M	-55	£1.5M
<i>Managers</i>	GR9	359	£15.9M	280	£12.9M	281	£13.0M	279	£13.9M	276	£14.2M	274	£14.1M	-84	-£1.8M
	GR10	118	£6.3M	123	£6.5M	117	£6.4M	120	£7.0M	127	£7.7M	126	£7.6M	9	£1.3M
	GR11	47	£3.0M	36	£2.3M	36	£2.4M	38	£2.7M	33	£2.4M	34	£2.5M	-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	10769	£289.2M	-1032	£11.3M

Appendix 3: Workforce Management Information and Trends (continued)

Flexible Workforce: Management Information and Trends

Fig. 6 Flexible Workforce in Period

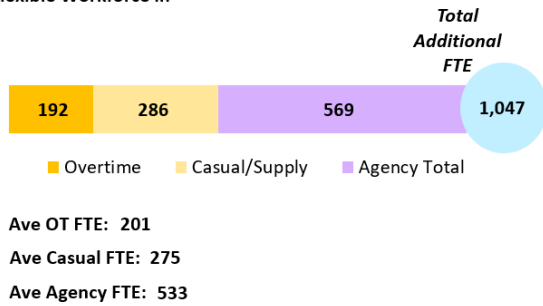


Fig. 7 Agency Trend

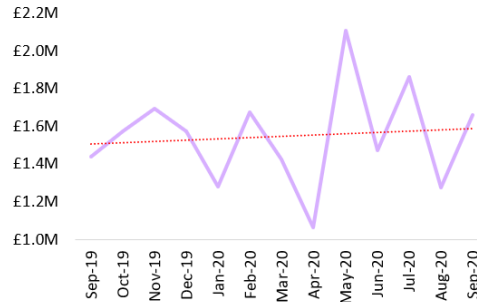


Fig. 8 Casual Trend

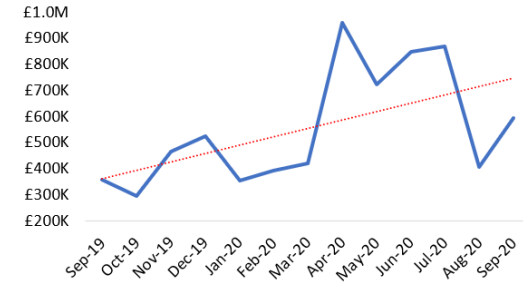


Fig. 9 Overtime by Type in Period

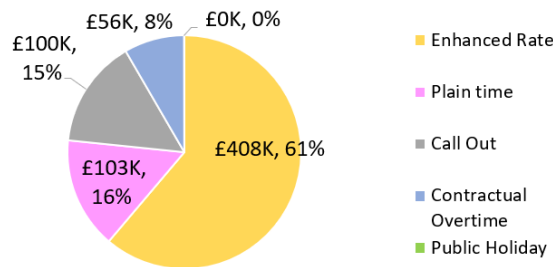


Fig. 10 Overtime by Type in Period - By Directorate

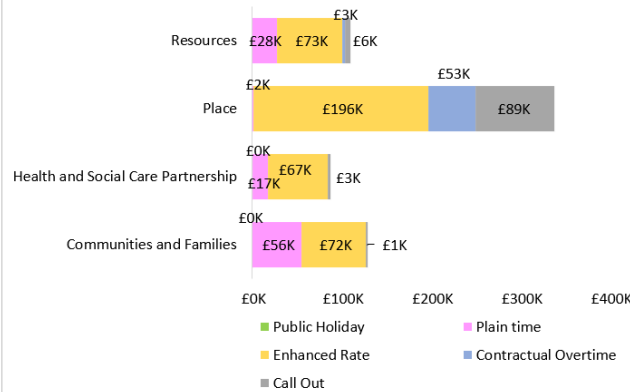
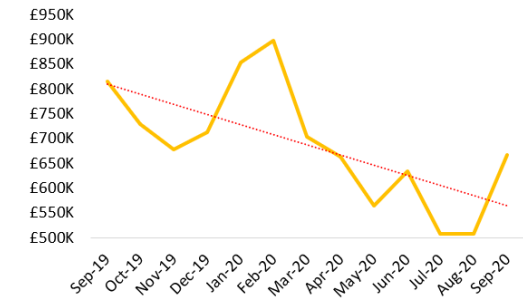


Fig. 11 Overtime Trend



Appendix 3: Workforce Management Information and Trends (continued)

Core Workforce: Management Information and Trends

Fig 12. Monthly Absence Rate

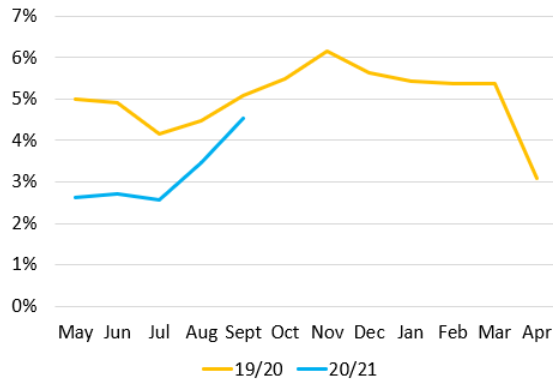
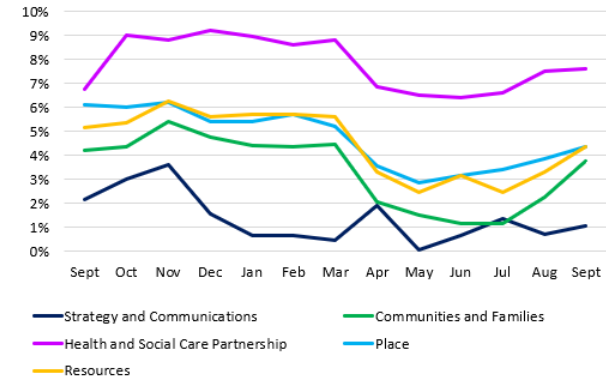


Fig 13. Monthly Days Lost

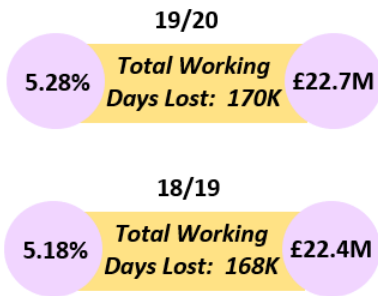
	Working Days Lost	
	19/20	20/21
May	13,862	7,236
Jun	13,139	7,222
Jul	11,395	7,005
Aug	12,275	9,470
Sept	13,821	11,986
Oct	15,101	
Nov	16,373	
Dec	15,524	
Jan	15,008	
Feb	13,938	
Mar	14,854	
Apr	8,570	

Fig 14. Monthly Absence Rate 19/20 - Directorates



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Fig 15. Rolling Absence Rate

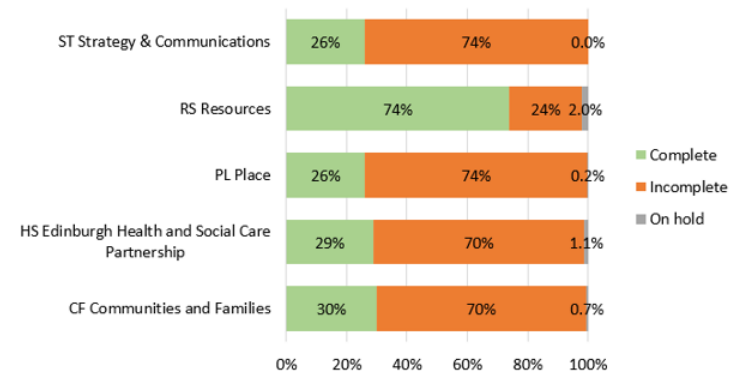


Working days lost to absence between April and March 18/19 + 19/20

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 September 20



Finance and Resources Committee

10.00am, Thursday, 3 December 2020

Award of Contract for the Treatment and Disposal of Bulky Waste

Executive/routine Wards	Executive
Council Commitments:	All 23 and 25

1. Recommendations

- 1.1 Finance and Resources Committee is asked to:
 - 1.1.1 Approve the award of contract for the treatment and disposal of bulky waste; and
 - 1.1.2 Approve the contract terms to begin on 18 January 2021 for an initial period of three years, with the option to extend for up to two further periods of 12 months, at a total estimated net cost of £1,583,400.

Paul Lawrence

Executive Director of Place

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Award of Contract for the Treatment & Disposal of Bulky Waste

2. Executive Summary

- 2.1 This report seeks approval to award a contract for the treatment and disposal of bulky waste to Hamilton Waste and Recycling Services Limited. The contract would begin 18 January 2021 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 £1,583,400.

3. Background

- 3.1 The City of Edinburgh Council has a requirement for the receipt and processing of bulky waste arising from waste collections and street cleansing. Prior to inviting tenders for this contract, other Council service areas were consulted on their needs in respect of this contract to ensure that a Council-wide approach to the procurement was taken. This concluded that the Waste and Cleansing service will be the sole user of the proposed service.
- 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 carry out receipt, treatment, recovery and/or disposal of bulky waste with the purpose of extracting all recyclables and reducing the amount of waste destined for landfill, with the preferred end destination for any non-recyclable or reusable material being Energy from Waste (EfW). This is 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, with Lot 11 specifically for the treatment and processing of bulky waste.
- 4.3 At the point at which tenders were invited, Scotland Excel had appointed a total of 31 contractors to Lot 11. 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 and Police Scotland checks to identify any known associations with serious organised crime groups.
- 4.4 In line with the DPS requirements, all contractors appointed to Lot 11 were invited to tender via a mini competition conducted through the Public Contracts Scotland web portal.
- 4.5 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 31 contractors appointed to Lot 11, only two tender bids were received.
- 4.6 Tenders were evaluated on the basis of Most Economically Advantageous Tender (MEAT). In the case of Quality, tenderer's responses to a total of eight questions /topics were evaluated and scored. In the case of Price, the tenders were evaluated and scored on the basis of proposed prices of cost per tonne for both receipt and treatment of the waste inclusive of any 'Gate Fees' chargeable. Appendix 1 provides a breakdown of the various weightings applied.
- 4.7 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 associated costs.
- 4.8 As a result of the Household Recycling Charter developed jointly by the Scottish Government and COSLA, future policies may impose even stricter requirements in terms of the content and volume of disposable waste.
- 4.9 In addition, Scotland Excel have imposed suitably robust blanket insurance requirements, including Employers' Liability Insurance, Public and 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
Hamilton Waste & Recycling Limited	70.00	25.88	95.88
Tenderer 2	Not evaluated	17.25 (Quality threshold failure)	17.25

- 4.11 It should be noted that Tenderer 2 failed to meet the 60% threshold of the quality element and, as laid out in the tender documentation, their cost element was not evaluated.

5. Next Steps

- 5.1 Subject to Committee approval, this contract will commence on 18 January 2021 and will enable the Council to meet its statutory obligations with regard to the treatment and disposal of this waste stream. The contract will run for an initial period of three years, with options to extend for up to two further periods of 12 months each
- 5.2 The Contracts and Grants Management team (CAGM) within CPS will engage with the Waste and Cleansing service Contract Manager 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 by Waste and Cleansing (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.
- 5.3 Hamilton Waste & Recycling Limited are the current incumbent and so a relatively seamless contract implementation is anticipated.

6. Financial impact

- 6.1 The contract value is estimated at £1,583,400 over the maximum contract period (including potential extensions). This represents a saving of £156,600 over the contract period (£31,320 annually).
- 6.2 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, a cost : quality ratio of 70:30 was deemed appropriate.
- 6.3 The costs associated with procuring the proposed contract are estimated to be up to £10,000.

7. Stakeholder/Community Impact

- 7.1 In common with all contractors in this market sector, Hamilton Waste & Recycling 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 proposed service will contribute to the success of Council Commitments:
- 7.2.1 implement improvement plans for Waste and Cleansing Services to improve street cleanliness in every ward. Reintroduce a free bulky item collection service to tackle fly tipping; and
 - 7.2.2 increase recycling to 60% from 46% during the lifetime of the administration.
- 7.3 The Sustainable Procurement Policy was considered and applied through the request of community benefits. Hamilton Waste & Recycling Limited will be required to deliver Community Benefits in line with the value of work awarded by the Council; benefits to be delivered will be agreed at the contract commencement and monitored throughout the life of the contract by the contract manager.
- 7.4 Hamilton Waste & Recycling Limited, while not accredited, have demonstrated an understanding and have a policy of fair pay. They have also stated they do not use zero hours contracts, that they work to build stability into contractual arrangements and have flexible working available to staff.
- 7.5 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 None

9. Appendices

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

Appendix 1 - Summary of Tendering and Tender Evaluation Processes

Contract	Treatment & Disposal of Bulky Waste - ref: CT2697	
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 (incl. extensions)	£1,583,400.	
Procurement Route Chosen	Mini-competition utilising Lot 11 of the Scotland Excel Dynamic Purchasing System for Treatment and Disposal of Recyclable and Residual Waste (ref: 27 / 17)	
Tenders Returned	2	
Recommended Supplier	Hamilton Waste & Recycling Limited	
Cost / Quality ratio	Cost 70%	Quality 30%
Cost / 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	Cost	70%
	Quality , of which;	30%
	1. Technology & Treatment	20%
	2. Outputs	10%
	3. Contract Management	20%
	4. Waste Reception	15%
	5. Licensing / Regulation	10%
	6. Contingencies	15%
	7. Community Benefits	5%
	8. Fair Work Practices	5%
	9. Business Continuity – COVID-19	For information only
10. Fair Work Management Information	For information only	
Evaluation Team	3 officers from Waste and Cleansing Services	

Finance and Resources Committee

10.00am, Thursday, 3 December 2020

Waiver Extension for Haulage of Waste to Disposal Outlets

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

1. Recommendations

- 1.1 Finance and Resources Committee are asked to:
- 1.1.1 Note the current arrangements for the haulage of waste to disposal outlets and that the procurement of a new contract for this will be concluded shortly;
 - 1.1.2 Approve an extension to the existing waiver to enable the procurement process to be concluded and for the appropriate handover of activities to new suppliers if appropriate. The terms of the extension are set out below:
 - 1.1.2.1 If Transfer of Undertakings (Protection of Employment) Regulations (TUPE) applies, a 13-week extension from 1 February 2021 to 1 May 2021 will be required for the current waiver to enable the appropriate transfer activities to take place; or
 - 1.1.2.2 If TUPE does not apply, an extension of four weeks will be required to conclude the award of contract to the existing suppliers.
 - 1.1.2.3 Note that £65,000 of additional costs were incurred between March and October 2020 due to increased haulage requirements resulting from the effects of the Covid-19 pandemic.
 - 1.1.3 Note the value of the 13-week extension of current waiver would be in the region of £315,000, while the value of a four week extension would be in the region of £142,000.

Paul Lawrence

Executive Director of Place

Report

Waiver Extension for Haulage of Waste to Disposal Outlets

2. Executive Summary

- 2.1 This report seeks approval for an extension to the current arrangement for the haulage of waste to disposal outlets to enable the procurement process to award a new contract for this service to be concluded. The timescale of the waiver will be dependent on completing the procurement exercise for the new award of contract. If the current contract holders are successful, the extension period would be a maximum of four weeks. However if not, then Transfer of Undertakings (Protection of Employment) Regulations (TUPE) applies and a 13-week extension will be required.

3. Background

- 3.1 During the period March to October 2020 additional costs were incurred due to increased haulage requirements as a result of the Covid-19 pandemic. This has resulted in a shortfall of £65,000 to the current waiver.
- 3.2 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 Community Recycling Centres where residents can deposit recyclable and residual domestic waste.
- 3.3 Contracts for the Receipt, Handling and Transfer of waste were awarded in November 2017 using a framework of four providers: Biffa, Viridor, NWH and Enva (previously William Tracey Group). The estimated value of the framework (including one-year extension) was £2,982,714.
- 3.4 A waiver was approved in January 2020 to cover a three-month period (January-March 2020) whilst an options appraisal was conducted to ascertain if the haulage of waste using articulated trucks could be delivered by the in-house Waste and Cleansing Service.

- 3.5 The conclusion of the options appraisal was that although the haulage element could be delivered in-house at a comparable rate offered by current providers, the fleet size would be small (estimated at four articulated trucks). The risks in having such a limited fleet size is high as one truck off the road at any one time would result in a 25% reduction in haulage capacity
- 3.6 A waiver was approved by the Leadership Advisory Panel (LAP) on [31 March 2020](#) for a contract extension to Neil Williams Haulage (NWH) and Enva to continue to provide this service to the Council until 31 January 2021. This was on the basis that they submitted the lowest haulage costs and could provide greater flexibility for delivering an 'on demand' service to the Council.

4. Main report

- 4.1 Procurement of a new contract for the contract for haulage of waste to disposal outlets is underway and, at the time of writing, the procurement consensus meeting has identified a 'preferred bidder' and therefore the final stages of the process will shortly be completed
- 4.2 However, it has not been possible to conclude this process in time for the new contract to be awarded and any subsequent transfer of responsibilities to be concluded by 31 January 2021.
- 4.3 The timescale for the extension is dependent on which organisations are awarded this new contract:
- 4.3.1 Should the present incumbents be awarded the contract, a four week period will be required to put the new contract in place – the waiver extension would be from 1 February 2021 - 28 February 2021, with the new contract going live on 1 March 2021; however
- 4.3.2 If they are not awarded the contract, then TUPE could apply and therefore the transition period for the new contract to be implemented would be up to 13 weeks – the waiver extension would be from 1 February 2021 – 30 April 2021, with the new contract going live on 1 May 2021.
- 4.4 This waiver extension is requested to ensure continuity of service while the procurement of the new contract is concluded.

5. Next Steps

- 5.1 The procurement for a new contract for the haulage of waste to disposal outlets will be progressed and concluded as swiftly as possible.
- 5.2 If the recommendations are approved, contract extensions will be made to NMH and Enva for this service from 1 February 2021. The term of the extension will be determined by the conclusion of the award of the new contract.

6. Financial impact

- 6.1 The cost of extending the existing contract for a further four weeks is expected to be in the region of £142,000. If the contract is extended for 13 weeks, the estimated cost is expected to be in the region of £315, 000.
- 6.2 The cost of the extension will be met from the Council's Waste and Cleansing budget for waste disposal.

7. Stakeholder/Community Impact

- 7.1 There is no impact to existing stakeholders as a result of extending this contract.
- 7.2 There are no equalities impact 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 Resources Committee

10.00am, Thursday, 3 December 2020

Contract Extensions for Edinburgh Employability Services

Executive/routine Wards Council Commitments	Routine All
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1. Recommendations

- 1.1 Finance and Resources Committee are asked to:
- 1.1.1 approve the extension of the Supported Employment and Complex Needs Service contracts, via a waiver of Contract Standing Orders (CSOs), for a six-month period from 1 April 2021 until 30 September 2021, with the option to extend for up to a further six-month period if required from 1 October 2021 until 31 March 2022 at a total maximum value of £1,846,748; and
 - 1.1.2 note that the Edinburgh Targeted and Integrated Employability Service (ETIES) is also under review and will be extended as per the current contract terms until 31 March 2022 with the option to terminate with six months' notice if a replacement service is required.

Paul Lawrence

Executive Director of Place

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Contract Extensions for Edinburgh Employability Services

2. Executive Summary

- 2.1 The Council funds third party services to support Edinburgh citizens to access and progress along the Employability Strategic Skills Pipeline with the goal of securing and sustaining training and employment.
- 2.2 Due to significant changes in the labour market and the new operational context as a result of Covid 19, three of these services are being reviewed using a co-production methodology to ensure they remain fit for purpose and value for money:
 - 2.2.1 Supported Employment Service (All in Edinburgh);
 - 2.2.2 Complex Needs Employability Service (EnCompass); and
 - 2.2.3 Edinburgh Targeted and Integrated Employability Service (Next Step).
- 2.3 This report seeks approval to extend the current Supported Employment and Complex Needs Employability Services contracts, via a waiver of CSOs, for a six-month period from 1 April 2021 up until 30 September 2021, with the option to extend for up to a further six-month period if required from 1 October 2021 until 31 March 2022. This is to allow sufficient time to consult with clients and providers to perform the review and to re-procure replacement services if required.
- 2.4 The current Edinburgh Targeted and Integrated Employability Service (ETIES) contract already has provision in the terms for a one-year extension from 1 April 2021 up until 31 March 2022. There is an option to end the contract early, giving the current provider six months' notice, should a replacement service be required following the review being undertaken.
- 2.5 The Supported Employment Service and ETIES contracts are currently partly funded by the European Social Fund (ESF).

3. Background

- 3.1 The Council's Business Growth and Inclusion (BGI) Team works with internal and external partners through the Edinburgh and South-East Scotland City Region Deal,

Joined-up for Jobs network, Edinburgh Guarantee (Developing the Young Workforce) Partnership and Locality Partnerships to promote inclusive growth.

Supported Employment Service

- 3.2 The Council currently funds a Supported Employment Service , with 40% matched funding from ESF. It follows the Scottish Government's five stage Supported Employment model.
- 3.3 The Supported Employment Service is a pan-disability service, supporting over 950 people per annum. It ensures a "no wrong door" approach for anybody with a disability or long-term health condition who is looking to secure, sustain and, where appropriate, progress in employment.
- 3.4 The current service is delivered by All In Edinburgh, a consortium of four organisations (ENABLE Scotland, Forth Sector, The Action Group and IntoWork) with ENABLE Scotland being the lead contractor. The current contract is due to end on 31 March 2021.
- 3.5 The current [contract](#) commenced on 1 April 2015 for an initial period of four years with the option to extend for a further two years. The extensions in the original contract terms end on 31 March 2021

Complex Needs Employability Service

- 3.6 The Council currently funds a Complex Needs Employability service.
- 3.7 The service provides a range of supports to over 200 people per annum with complex barriers to accessing and sustaining education, training or employment. The service is for those in recovery from substance misuse, previous offending behaviour, homelessness and other complex issues.
- 3.8 The service is currently delivered by Access to Industry under the name of 'EnCompass' and is based in city centre premises with outreach provision where required. The current contract is due to end on 31 March 2021.
- 3.9 The current [contract](#) commenced on 1 April 2017 for an initial period of two years with the option to extend for a further two years. The extensions in the original contract terms end on 31 March 2021.

Edinburgh Targeted and Integrated Employability Service (ETIES)

- 3.10 The Council also funds ETIES, with 40% matched funding from ESF.
- 3.11 The service aims to support over 1,100 people per annum who are short-term unemployed or facing in-work poverty. It helps them to secure and sustain employment and upskills unemployed and workless individuals into learning or work.
- 3.12 ETIES is delivered by Community Renewal Trust under the name of "Next Step" and focuses on reaching out to the most disadvantaged communities in Edinburgh. The initial two-year term of the current contract is due to end on 31 March 2021, and there is an option to extend the contract for a further year until 31 March 2022.

If the service is no longer required it can be terminated by giving the current provider six-month's notice.

- 3.13 The current [contract](#) commenced on 1 April 2019 for an initial period of two years until the 31 March 2021. The contract terms provide the option to extend for up to a further two periods of 12 months. The contract can be terminated if required by providing six months' notice

4. Main report

- 4.1 The procurement plans that were underway are being revised to take account of the changing labour market conditions due to the Covid-19 pandemic. Additional time is required to fully consult the market and review the revised contract requirements for these three services.
- 4.2 Approval of a six-month extension to the current contracts, via waiver of CSOs, with Access to Industry and ENABLE Scotland up to 30 September 2021, with the option to extend for up to a further six months to 31 March 2022, is sought to ensure these essential services for vulnerable Edinburgh citizens are maintained while co-production and re-procurement takes place.
- 4.3 The review of all three services is underway, and the extension is being sought to ensure any new employability contract/s meet future labour market requirements. The extension to the existing contracts will build extra capacity within the potential tender process to:
- 4.3.1 review and develop new specifications to take account of any Covid-19 requirements, and learning from delivery of the services during the pandemic;
 - 4.3.2 carry out a full analysis of current labour market requirements and any new funding available as result of Covid-19; and
 - 4.3.3 complete any required tendering processes and manage the transition to the new contract/s.
- 4.4 Current providers have been consulted throughout this process, with the intention to re-procure and are being encouraged to partake in the co-production process to help shape the services.

5. Next Steps

- 5.1 If Committee approves this extension, the contracts with Access to Industry and Enable will be extended to 30 September 2021.
- 5.2 The co-production and procurement process will be continued and it is planned, subject to Committee approval, any new contracts will be in place from 1 October 2021.
- 5.3 It is however recognised that the timescales involved in the coproduction and commissioning are ambitious. There may also be unknown delays due to Covid-19 or Brexit implications. To allow for any delays during the coproduction or tendering

process, the option for an additional up to six month extension to 31 March 2022 is requested.

- 5.4 It is planned however that any replacement services required are in place by 1 October 2021 to meet budget requirements, provide certainty to providers and ensure suitable replacement services are in place as quick as possible to meet the changing labour market requirements.
- 5.5 A further report will be presented to the Housing Homelessness and Fair Work Committee in January 2021 on the emerging needs of any replacement services required.

6. Financial impact

- 6.1 The cost of extending these contracts from 1 April 2021 to 30 September 2021 would be:
 - 6.1.1 Complex Needs - £123,983;
 - 6.1.2 Supported Employment - £799,391; and
 - 6.1.3 ETIES - £450,000.
- 6.2 The maximum additional costs for any extension for the six-month period 1 October 2021 to 31 March 2022 would be no greater than those detailed in 6.1 above.
- 6.3 The contract costs will be met from the Council's revenue budget and external funding as appropriate.
- 6.4 ESF currently contributes 40% matched funding towards the cost of the Supported Employment and ETIES contracts. ESF funding is currently approved by the Scottish Government for these contracts until 31 March 2022 with a potential extension until 2023 if funds are available. The eligibility of the replacement UK Shared Prosperity Fund is not yet available to determine whether this will be able to be used towards funding these services in the future.

7. Stakeholder/Community Impact

- 7.1 All three services to be extended were originally commissioned using a co-production methodology. The review and subsequent procurement and any replacement service specifications required will again be co-produced. This will be undertaken through a fully consultative process that includes and takes account of input from key stakeholders, service providers and service users.
- 7.2 An Integrated Impact Assessment and Data Protection Impact Assessment will be completed to input into service specifications, if required.

8. Background reading/external references

8.1 None.

9. Appendices

9.1 None.

Finance and Resources Committee

10.00am, Thursday 3 December 2020

Contract Award for Managed Print Services

Executive/Routine Wards Council Commitments	Executive All
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1. Recommendations

- 1.1 That the Committee approves the award of two contracts for Managed Print Services each for a period of five years with the option to extend for two periods of up to 12 months, at the sole discretion of the Council, as follows:
 - 1.1.1 Lot 1b "Multifunctional Devices and Associated Services" to Apogee Corporation Limited with an estimated seven-year value of £5,658,185.
 - 1.1.2 Lot 2 "Print Services" to Apogee Corporation Limited with an estimated seven-year value of £398,764.

Stephen S. Moir

Executive Director of Resources

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Finance and Resources Committee

Contract Award - Managed Print Services

2. Executive Summary

- 2.1 This report seeks the approval of the Committee to award two contracts for Managed Print Services as described below;
 - 2.1.1 Lot 1 "Multifunctional Devices and Associated Services" to Apogee Corporation Limited. This contract covers the replacement of potentially 1500 printers throughout the Council (including within Education) and the management of these including print toner, management software and software to support user management.
 - 2.1.2 Lot 2 "Print Services" to Apogee Corporation Limited. This contract covers the replacement of the high-volume printers used by Print Services based in Clocktower.
- 2.2 The contracts will each last for a period of 5 years with the option to extend for 2 periods of up to 12 months. The total value of the contracts over 7 years is estimated to be £6,056,949.

3. Background

- 3.1 The City of Edinburgh Council has a requirement for printing through its offices and sites. Currently this is provided by a centralised contract across the Council's operational estate to ensure operational efficiency and compatibility within the ICT networks for corporate learning and teaching.
- 3.2 The current contract for these services was put in place on 27 February 2013 for five years with a possibility for up to two years extension. Following a Waiver submitted to the March 2020 Finance and Resources Committee, this contract has been extended to 27 February 2021, this period having been selected to enable a transition and handover, if necessary, between suppliers once the procurement for a new contract was concluded.
- 3.3 The current value of the print services contract is approximately £1million annually throughout the Council including schools (the education sector represents circa 75% of spend).

4. Main report

- 4.1 An assessment took place in early 2019 around the most effective route to market. Given the size and value of the contract the practical options available were either for the Council to carry out its own tender process or to use a national framework. A number of national frameworks were available including a Crown Commercial Services framework and a framework put in place by the Scottish Government. The available suppliers remained broadly consistent throughout the two different frameworks however the Scottish Government Framework had specifically addressed capacity within Scotland. Given the suitability of this framework and the ability to carry out a mini competition an open tender process was not deemed necessary.
- 4.2 The Scottish Government Office Equipment Framework was put in place in July 2017. This framework tested the capacity of the supply chain to operate in Scotland including use of Scottish SMEs as sub-contractors. It also focused on sustainability benefits including energy usage, product lifecycle and end of life management. These benefits were expanded upon in the mini competition.
- 4.3 Meetings were held with all seven suppliers on the Scottish Government Framework to establish market capacity. This was followed up with further requests for information around print management software and capacity to operate during the Covid-19 pandemic. This informed the specification particularly around;
 - 4.3.1 Expectations for accommodating recycled paper;
 - 4.3.2 User behaviour monitoring and management through controlling volume printing and reducing colour output; and,
 - 4.3.3 Setting standards for servicing and reducing printer downtime.
- 4.4 Schools were consulted using the Council's consultation hub in late 2019, this highlighted concerns with device availability, downtime, staff involvement in mechanical fixes and limitations to colour printing. The specification was developed to address this by;
 - 4.4.1 Allowing the Council to request a replacement should a printer have persistent outages;
 - 4.4.2 Limiting staff involvement with fixes to specific activities taking no longer than 90 seconds; and,
 - 4.4.3 Improving access to Print Services for bulk activities.
- 4.5 In order to improve flexibility and ease of implementation the print system will operate on a cloud-based technology system. This will minimise the need to integrate with third parties throughout the contract.
- 4.6 In line with the framework requirements, all seven suppliers were invited to tender via a mini competition conducted via the Public Contracts Scotland web portal.
- 4.7 In order to encourage competition and obtain the best outcome the tender requirement was split into two lots, Lot 1 Multifunctional Devices encompassing the

low volume devices used across schools and offices in the Council and Print Services which would encompass several high-volume printers used by the Print Unit.

- 4.8 On 29 June 2020 the tender was published on Public Contracts and closed on 7 September 2020. The long tender period reflected the complexity of the requirement and the need to take into account limitations in operating by suppliers during the Covid-19 pandemic.
- 4.9 Lot 1 pricing sought two pricing options. The first option was a traditional “click charge” model where the Council does not pay any outlay but pays for each page printed. The second option allowed tenderers to offer a lease and click charge. Both pricing submissions were analysed and scored separately and combined with quality scores to identify the most economically advantageous tender. The purpose of this dual pricing model was to address the context of a global pandemic where print volumes were a tiny fraction of expected output. By allowing tenderers the option to propose lease and click charges they could have the opportunity to minimise the risk associated with capital investments however they would also be able to compete using the industry standard model of click charges.
- 4.10 Lot 2 pricing was on the basis on a lease and click charge which reflected the operational business requirements of the Print Unit to recharge to internal customers. The contract allows flexibility to adjust the fleet of devices in response to demand.
- 4.11 A quality/cost ratio of 60%/40% was applied to ensure that quality was of a high standard whilst also ensuring value for money.
- 4.12 The outcome of the tender process for Lot 1 Multifunctional Devices and Associated Services is below;

Tenderer Name	Cost Score	Quality Score	Total Score
Apogee Corporation Limited Lot 1a – Click Charge Model	40.00	52.50	92.50
Apogee Corporation Limited Lot 1b – Lease & Click Charge Model	40.00	52.50	92.50
Tenderer 3 Lot 1b	35.02	52.80	87.82
Tenderer 4 Lot 1a	34.91	52.80	87.71
Tenderer 5 Lot 1b	35.64	49.80	85.44
Tenderer 6 Lot 1a	35.31	49.80	85.11
Tenderer 7 Lot 1b	32.86	49.95	82.81
Tenderer 8 Lot 1a	16.60	49.95	66.55
Tenderer 9 Lot 1a	21.75	42.30	64.05
Tenderer 10 Lot 1b	21.31	42.30	63.61

*Each tenderer submitted two pricing models for Lot 1 and will thus appear twice in the above table.

4.12.1 The same company, Apogee Corporation Limited had the highest score in both Pricing Models (Lot 1a and Lot 1b) and scored highly in quality. Both submissions therefore hold the position of joint highest ranked.

4.12.2 The Committee is recommended to award the Contract on the basis of Lot 1b Lease and Click. This is likely to produce significant savings if print volumes decrease and will also capture the benefits of reducing the printer fleet where this is feasible. The financial benefits to the Council are explored further in paragraph six.

4.13 The outcome of the Tender process for Lot 2 – Print Services is as below;

Tenderer Name	Cost Score	Quality Score	Total Score
Apogee Corporation Limited	40.00	52.05	92.05
Tenderer 2	32.66	52.20	84.86
Tenderer 3	31.20	51.75	82.95
Tenderer 4	31.35	48.75	80.10
Tenderer 5	14.81	42.45	57.26

4.14 Tenders were evaluated by Council officers from the Resources and Communities and Families Directorates.

5 Next Steps

5.1 Subject to approval, both contracts will begin in early January to allow time for an orderly transition of service. For Lot 1 this will entail a site survey and scoping of the requirement before rolling out new devices.

5.2 It is recognised that some aspects of these services may require adjustment due to the prevailing COVID-19 requirements in place at the time of contract commencement, however these will be covered by amendments to Key Performance Indicators in the first instance, and contract variations if required.

6 Financial impact

- 6.1 The total contract value is estimated at £6,056,949 over the maximum contract period (i.e. including potential extensions) and directorates will be recharged for their user outputs. This figure includes the estimated value of the energy usage of the devices.
- 6.2 In 2019 expenditure on services delivered within Lot 1 was approximately £943,092.
- 6.2.1 Taking into account the historical 5% annual decline in volumes and the competitive prices achieved through the tender process the savings against 2019 costs are expected to be as below;

	Expected Costs	Saving
2019 Benchmark	£943,092	
Year 1	£758,903	£184,189
Year 2	£741,044	£202,048
Year 3	£724,078	£219,014
Year 4	£707,960	£235,132
Year 5	£692,648	£250,444
Year 6	£678,101	£264,991
Year 7	£664,282	£278,810
	Total	£1,634,629

- 6.2.2 This figure is expected to be a conservative estimate and the following factors will impact on realising further savings:
- 6.2.2.1 A site audit will take place with the view to reducing devices, this has the potential for significant reductions in annual lease costs, for example a 10% reduction of fleet could result in approximately £200,000 of cost reduction over the seven-year life of the contract;
- 6.2.2.2 Redirection of volume to the high capacity Print Unit will achieve lower print costs in addition to savings associated with streamlining staff time;
- 6.2.2.3 Volume has historically been reducing on an annual basis and has dropped off significantly since March 2020. Although volumes are likely to recover from current lows, it is expected that new ways of working within the Education sector will suppress demand. Within the Council's operational estate demand is anticipated to remain extremely low; and
- 6.2.2.4 Following on from 6.2.2.1 the Council has historically been pursuing initiatives around a paperless working strategy and in conjunction with a site audit to be carried out by the successful bidder it is highly likely that significant fleet rationalisation will take place. Again, this is likely to see significant cuts in device numbers within the operational estate which will further reduce demand.

- 6.3 In 2019 expenditure on services delivered within Lot 2 – Print Unit was approximately £61,548. Based on replicating this model the tendered price was £56,118.

	Expected Costs	Saving
2019 Benchmark	£61,548	
Year 1	£56,118	£5,430
Year 2	£56,118	£5,430
Year 3	£56,118	£5,430
Year 4	£56,118	£5,430
Year 5	£56,118	£5,430
Year 6	£56,118	£5,430
Year 7	£56,118	£5,430
	Total	£38,007

- 6.4 These savings figures are expected to be a conservative estimate as further efforts will be made to drive print volumes from local printers to the Print Unit for lower output costs and reduced human resource costs. For example, if 20% of 2019 volume could be delivered by the Print Unit rather than on local devices this would equate to a cost reduction of over £25,000 annually.
- 6.5 There will be a number of ICT requirements associated with the implementation of new devices and associated software. This cost is at present unknown and the Council and our strategic ICT partner, CGI, and the successful tenderer will develop a project plan for delivery upon award of the contract.
- 6.6 The costs associated with procuring the proposed contract are estimated to be between £20,000 and £30,000.

7 Stakeholder/Community Impact

- 7.1 The contracts recommended for award are compliant with the procurement regulations and the Council's Contract Standing Orders.
- 7.2 As successful tenderer for both Lots Apogee has committed to delivering the following Community Benefits;
- 7.2.1 School visits to provide insight into the Managed Services industry;
 - 7.2.2 School uniform sponsorship;
 - 7.2.3 Breakfast club sponsorship;
 - 7.2.4 Area tidy up campaigns;
 - 7.2.5 A "Most green" competition for schools within Edinburgh to compete on a monthly basis for a £1,000 donation based on good practice within their print behaviours; and
 - 7.2.6 Recruitment of an Apprentice Customer Liaison Officer including support for SCQF level 6.

- 7.3 Apogee have committed to paying the Real Living Wage, becoming an accredited Real Living Wage Employer and signing up the Scottish Government Business pledge.
- 7.4 Print outputs have a very high-profile sustainability impact associated with the low “usage” lifespan of a piece of paper and the significant consumption of materials and energy. To address this the contract sought as standard devices which will operate using recycled paper and be disposed of in a manner which minimised the impact.
- 7.5 Tenderers were required to provide details of the energy usage of all devices to be used within this contract. This included whilst printing, standby and sleep modes. The electricity usage of these devices against the expected outputs was calculated and added to the tendered fee as a whole life cost. All devices have an Energy Star rating and management software enabling automatic shutdown outside office hours rather than simply going into standby mode. Whilst device and print reduction are a preference, the choice of energy efficient devices will provide significant environmental and financial benefits for the Council throughout the life of the contracts. The inclusion of energy use and associated costs as part of the commercial evaluation will therefore provide tangible cost avoidance associated with electricity use and contribute towards efforts the Council’s net zero carbon target for the year 2030
- 7.6 There is already a plan to deliver a managed reduction in both the volume of printing and delivery vehicle usage aligned with the Council’s 2030 carbon net zero target and our Sustainability Programme. In addition, paper and other consumable items used in the processes will be procured using sustainable sources, aligned to the Council’s Sustainable Procurement Strategy, approved by the committee in March 2020.

8 Background reading/external references

- 8.1 [Waiver for Extension of Managed Print Service March 2020](#)
- 8.2 [Road map published for a net zero carbon Edinburgh by 2030](#)

9 Appendices

- 9.1 Appendix 1 – Details of recommended provider and tender evaluation

Appendix 1

Contract	Managed Print Services utilising the Scottish Government ICT Products Office Equipment Framework (SP-16-013)																																											
Contract Period	Five years with the option to extend for two further periods of up twelve months each, undertaken at the sole discretion of the Council. (5 + 1 + 1)																																											
Estimated Contract Value (including extensions)	Lot 1 "Multifunctional Devices and Associated Services" £5,658,185. Lot 2 "Print Services" £398,764.																																											
Procurement Route Chosen	Mini Competition on Scottish Government ICT Products Office Equipment Framework (SP-16-013)																																											
Tenders Returned	Lot 1 – 5 Tenders Lot 2 – 5 Tenders																																											
Name of Recommended Provider	Lot 1 – Apogee Corporation Limited Lot 2 – Apogee Corporation Limited																																											
Price / Quality Split	60% Quality	40% Cost																																										
	<p>The emphasis on Quality was to reflect the need for a high level of service for end users.</p> <p>Quality was tested as below:</p> <p>Lot 1:</p> <table border="1" style="margin-left: 40px;"> <tr><td>Estate Survey</td><td style="text-align: right;">15%</td></tr> <tr><td>Integration and Roll Out</td><td style="text-align: right;">8%</td></tr> <tr><td>Devices</td><td style="text-align: right;">10%</td></tr> <tr><td>Service</td><td style="text-align: right;">25%</td></tr> <tr><td>Print Management Software</td><td style="text-align: right;">15%</td></tr> <tr><td>Colour & Volume Reduction</td><td style="text-align: right;">10%</td></tr> <tr><td>Security</td><td style="text-align: right;">5%</td></tr> <tr><td>Exit Plan</td><td style="text-align: right;">2%</td></tr> <tr><td>Community Benefits</td><td style="text-align: right;">8%</td></tr> <tr><td>Fair Work Practices</td><td style="text-align: right;">2%</td></tr> <tr><td>Fair Work Management Information</td><td style="text-align: right;">Not Scored</td></tr> </table> <p>Lot 2:</p> <table border="1" style="margin-left: 40px;"> <tr><td>Devices</td><td style="text-align: right;">25%</td></tr> <tr><td>Supporting the Provider of Lot 1</td><td style="text-align: right;">10%</td></tr> <tr><td>Service</td><td style="text-align: right;">30%</td></tr> <tr><td>Integration and Roll Out</td><td style="text-align: right;">10%</td></tr> <tr><td>Security</td><td style="text-align: right;">10%</td></tr> <tr><td>Exit Plan</td><td style="text-align: right;">5%</td></tr> <tr><td>Community Benefits</td><td style="text-align: right;">8%</td></tr> <tr><td>Fair Work Practices</td><td style="text-align: right;">2%</td></tr> <tr><td>Fair Work Management Information</td><td style="text-align: right;">Not Scored</td></tr> <tr><td></td><td></td></tr> </table>		Estate Survey	15%	Integration and Roll Out	8%	Devices	10%	Service	25%	Print Management Software	15%	Colour & Volume Reduction	10%	Security	5%	Exit Plan	2%	Community Benefits	8%	Fair Work Practices	2%	Fair Work Management Information	Not Scored	Devices	25%	Supporting the Provider of Lot 1	10%	Service	30%	Integration and Roll Out	10%	Security	10%	Exit Plan	5%	Community Benefits	8%	Fair Work Practices	2%	Fair Work Management Information	Not Scored		
Estate Survey	15%																																											
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Security	10%																																											
Exit Plan	5%																																											
Community Benefits	8%																																											
Fair Work Practices	2%																																											
Fair Work Management Information	Not Scored																																											
Evaluation Team	Tenders were evaluated by Council Officers from Resources and Communities and Families																																											

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Finance and Resources Committee

10.00am, Thursday, 3 December 2020

65 Shore, Edinburgh – Proposed New Lease

Executive/routine	Routine
Wards	Ward 13 – Leith
Council Commitments	2

1. Recommendations

- 1.1 That Committee approves a 15 year to lease to Zak Hanif & Aytac Gul of premises at 65 Shore, Edinburgh on the terms outlined in this report and on other terms and conditions to be agreed by the Executive Director of Resources.

Stephen S. Moir

Executive Director of Resources

Contact: Iain Lamont, Investment Portfolio Officer,

Property and Facilities Management Division, Resources Directorate

E-mail: iaini.lamont@edinburgh.gov.uk | Tel: 0131 529 7610

65 Shore, Edinburgh, Edinburgh – Proposed New Lease

2. Executive Summary

- 2.1 Zak Hanif & Aytac Gul currently occupy 65 Shore, Edinburgh on a missive of let which expires on 30 May 2021. The report seeks approval to grant the tenant a 15 year lease from 31 May 2021 on the terms and conditions outlined in the report.

3. Background

- 3.1 The property known as 65 Shore extends to 112.17m² (1,207sq ft) as shown outlined in red on the attached plan.
- 3.2 Since July 2016, Zak Hanif & Aytac Gul have been the tenants at the property operating a café / wine bar business. The current rent of the property is £18,600 per annum.
- 3.3 The existing missive expires on 30 May 2021 and the tenant has asked the Council to grant a new 15 year lease from 31 May 2021 to provide enhanced security of tenure and in turn facilitate longer term financial planning.

4. Main report

- 4.1 The following terms have been provisionally agreed:-
- Subjects Café / Wine Bar at 65 Shore, Edinburgh;
 - Lease: 15 years from 31 May 2021 until 30 May 2036;
 - Rent: £19,200 per annum;
 - Rent Review: 31 May 2026 and 5 yearly thereafter;
 - Use: Café / Wine Bar;
 - Repairs: Tenant full repairing and insuring obligation;
 - Costs: Tenant responsible for all the Councils legal costs;
 - Other Terms: As contained in the standard Council lease.

- 4.2 The tenant has fulfilled all their legal and financial obligations in terms of the existing missive of let.

5. Next Steps

- 5.1 Following Committee approval, the Council Solicitor will be instructed to progress the preparation of a new lease.

6. Financial impact

- 6.1 An increase in rent from £18,600 to £19,200 per annum to the General Property Account from 31 May 2021.

7. Stakeholder/Community Impact

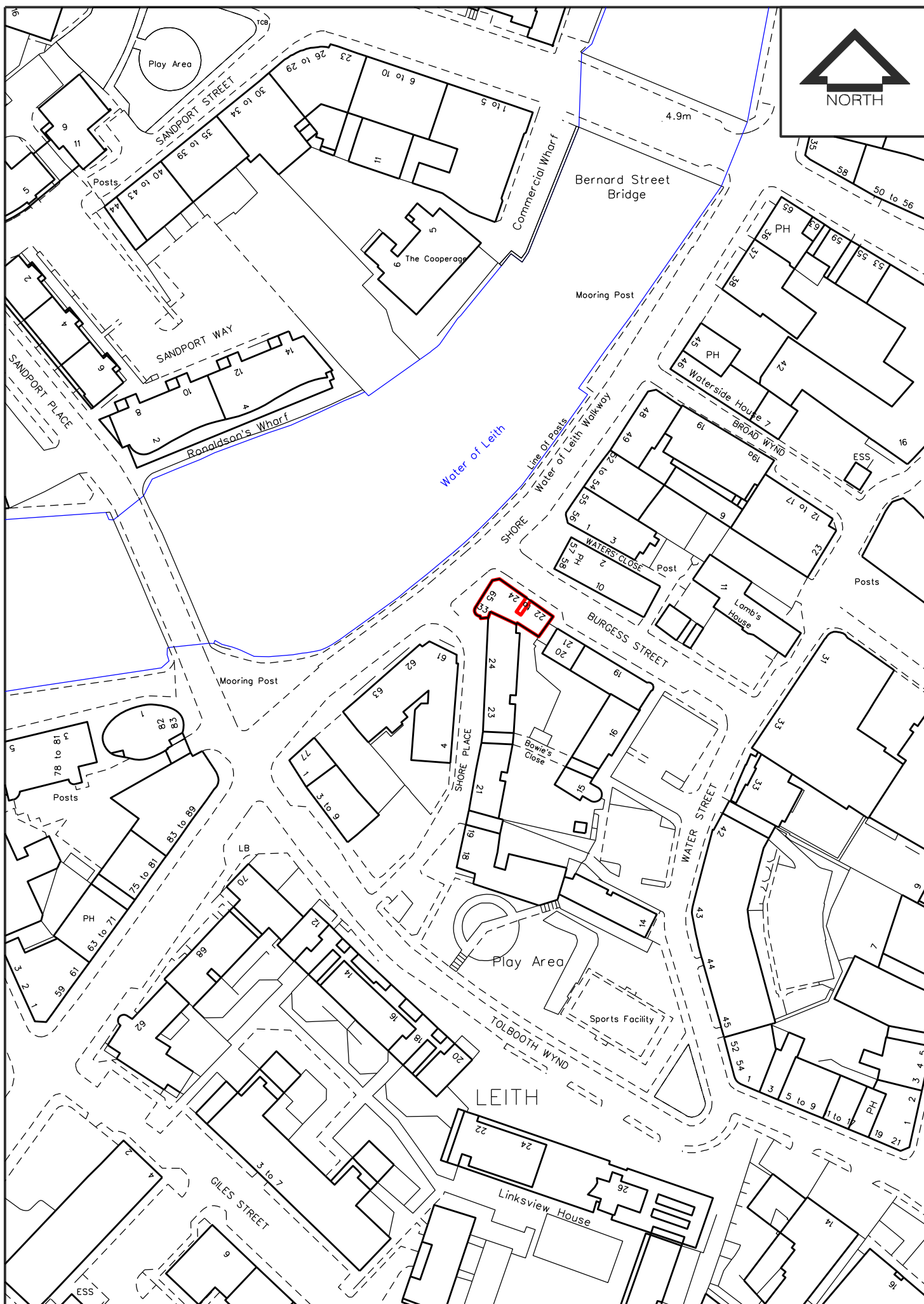
- 7.1 Ward members have been made aware of the recommendations of the report.

8. Background reading/external references

- 8.1 N/A.

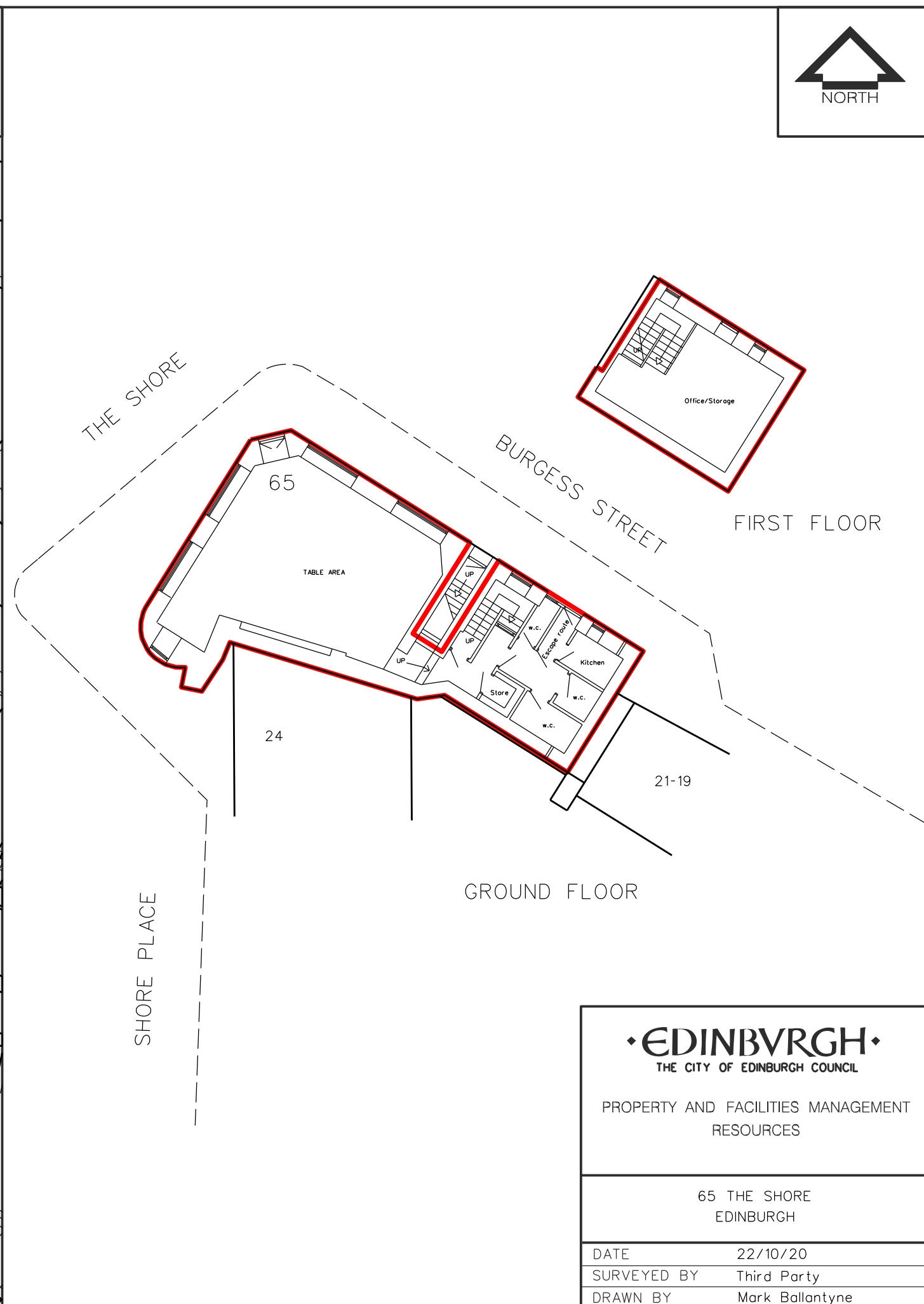
9. Appendices

- 9.1 Appendix 1 – Location Plan



LOCATION PLAN

SCALE 1:1250



SITE PLAN

SCALE 1:200

• EDINBURGH • THE CITY OF EDINBURGH COUNCIL	
PROPERTY AND FACILITIES MANAGEMENT RESOURCES	
65 THE SHORE EDINBURGH	
DATE	22/10/20
SURVEYED BY	Third Party
DRAWN BY	Mark Ballantyne
SCALE	1:200 @ A3 SIZE
NEG. NO.	A3/2294

Finance and Resources Committee

10.00am, Thursday, 3 December 2020

Gilmore Park, Fountainbridge, Edinburgh – Proposed Substation Lease

Executive/routine	Routine
Wards	Ward 9 – Fountainbridge / Craiglockhart
Council Commitments	<u>2</u>

1. Recommendations

- 1.1 That Committee approves a 146-year ground lease to SPD Distribution Plc of land at Gilmore Park, Fountainbridge, 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: Graeme McGartland, Investments Senior Manager,

Property and Facilities Management Division, Resources Directorate

E-mail: graeme.mcgartland@edinburgh.gov.uk | Tel: 0131 529 5956

Gilmore Park, Fountainbridge, Edinburgh – Proposed Substation Lease

2. Executive Summary

- 2.1 The proposed development of the Council owned and at Fountainbridge requires a relocation of an existing substation. The report seeks approval to grant a 146-year ground lease on land at Gilmore Park, Fountainbridge on the terms and conditions outlined in the report.

3. Background

- 3.1 The Council are currently seeking a development partner to deliver a mixed-use scheme on the Council owned former brewery site at Fountainbridge.
- 3.2 An existing Scottish Power substation sits on part of the Council owned land at Viewforth. The proposed residential development for this part of the site requires the removal of the substation to an alternative location within the development.
- 3.3 Working together with Scottish Power, an alternative site has been identified on the eastern side of Gilmore Park as shown outlined and hatched in red on the attached plan. The area extends to approximately 530 sq m (5,705 sq ft).

4. Main report

- 4.1 The following terms have been provisionally agreed:
- Subjects 530 sq m (or thereby) to east of Gilmore Park, Fountainbridge, Edinburgh;
 - Lease: 146 years from date of entry;
 - Rent: £1.00 per annum;
 - Use: Substation;
 - Repairs: Tenant full repairing and insuring obligation;
 - Costs: Both parties liable for their own costs;

- Other Terms: Planning permission required for substation.

4.2 Scottish Power will undertake to deliver the new substation on the land prior to the decommissioning and demolition of the existing substation at Viewforth.

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 There will be limited direct financial benefit to the Council from this lease however the relocation will support the mixed-use development at Fountainbridge.

7. Stakeholder/Community Impact

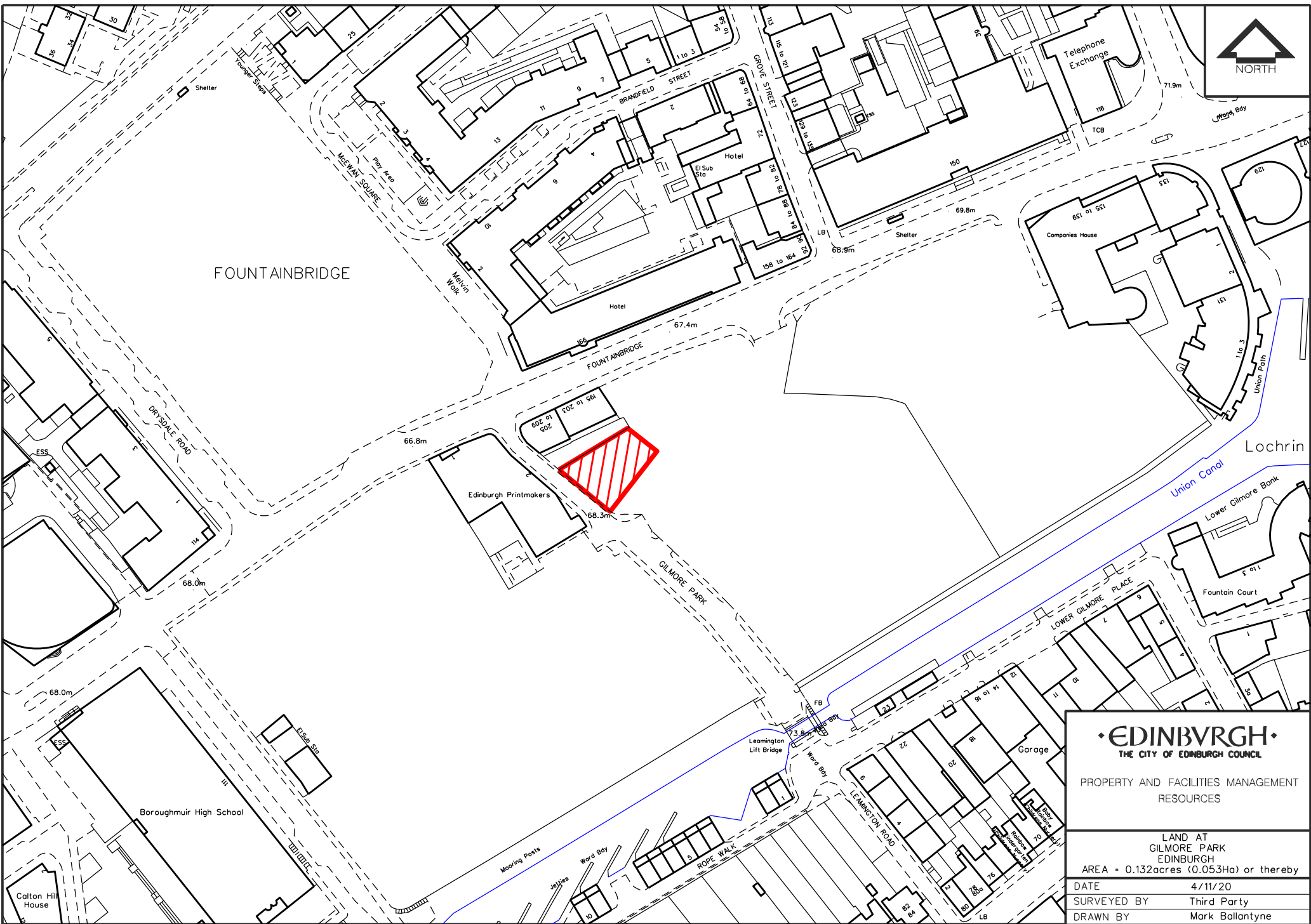
7.1 Ward members have been made aware of the recommendations of the report.

8. Background reading/external references

8.1 Not applicable.

9. Appendices

9.1 Appendix 1 – Location Plan



LOCATION PLAN

SCALE 1:1250

EDINBURGH THE CITY OF EDINBURGH COUNCIL	
PROPERTY AND FACILITIES MANAGEMENT RESOURCES	
LAND AT GILMORE PARK EDINBURGH AREA - 0.132acres (0.053Ha) or thereby	
DATE	4/11/20
SURVEYED BY	Third Party
DRAWN BY	Mark Ballantyne
SCALE	1:1250 : A3 SIZE
NEG. NO.	A3/2297

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, 3 December 2020

Summary Report on Property Transactions concluded under Delegated Authority

Executive/routine Wards Council Commitments	Routine Citywide 2, 10
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1. Recommendations

- 1.1 That Committee notes the 10 transactions detailed in the attached Appendix have been concluded in accordance with the terms of the Council’s approved ‘Scheme of Delegation to Officer’.

Stephen S. Moir

Executive Director of Resources

Contact: Graeme McGartland, Investments Senior Manager,

Property and Facilities Management Division, Resources Directorate

E-mail: graeme.mcgartland@edinburgh.gov.uk | Tel: 0131 529 5956

Summary Report on Property Transactions concluded under Delegated Authority

2. Executive Summary

- 2.1 To advise the Committee of all lease agreements, etc. concluded in terms of the Council's 'Scheme of Delegation to Officers'.
- 2.2 This delegated authority currently extends to the conclusion of all new leases of up to five years in length where the rental is no greater than £50,000 per annum and rent reviews where the rental is no greater than £50,000 per annum. The authority also includes the sale of property which has been declared surplus to the requirements of the Council and sold on the open market to the highest bidder. Any transactions out with these parameters are reported separately to Committee.

3. Background

- 3.1 Under the Council's Scheme of Delegation to Officers it is the responsibility of the Chief Executive or relevant Executive Director to keep the elected members appropriately informed about activity arising within the scope of the delegated authority under the Scheme. Reporting on a quarterly basis is considered the appropriate manner and frequency of keeping members advised.

4. Main report

- 4.1 Appendix 1 provides details of 10 transactions completed under delegated authority since the last quarterly report. Leased properties which have been vacant for more than 6 months are shown at a previous rent of zero.
- 4.2 The financial benefit to the Council of these transactions is summarised below:-
 - 3 new leases producing an additional £83,327 per annum;
 - 2 lease renewal/extensions producing an additional £2,960 per annum on a total rent of £58,500 per annum; and,
 - 5 rent reviews producing an increase of £12,796 per annum on a total rent of £290,096 per annum.

5. Next Steps

- 5.1 The report sets out transactions which have been completed, under delegated authority, since the Finance and Resources Committee on 5 March 2020. There are no further steps in relation to these transactions.

6. Financial impact

- 6.1 The financial impact of the transactions noted are set out above.

7. Stakeholder/Community Impact

- 7.1 Not applicable.

8. Background reading/external references

- 8.1 Not applicable.

9. Appendices

- 9.1 Appendix 1 – Schedule of Property Transactions

NEW LEASES

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
1. AM RV-U02	Ward 3 – Drum Brae / Gyle	General Property (GP)	Suite 2, Ratho Park Phase 1, Newbridge (5,461 sq ft)	UniKlasers Ltd	Office	Old Rent: £0.00 per annum New Rent: £43,688 per annum Lease Period: 01/08/20 to 31/07/24 Payable: Quarterly in advance
REMARKS: Relocation of existing occupier from elsewhere within Council portfolio to allow for business expansion / social distancing due to Covid19. Unit vacant since 2017 with limited interest. 4 months rent free granted on entry. Former unit to be openly marketed.						

Page 1

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
2. AM RV-U07	Ward 3 – Drum Brae / Gyle	General Property (GP)	Suite 4, Ratho Park Phase 3, Newbridge (2,873 sq ft)	Bruni Erben Ltd	Office	Old Rent: £0.00 per annum New Rent: £33,039 per annum Lease Period: 08/09/20 to 07/09/20 Payable: Quarterly in advance
REMARKS: New open market letting. Agreed in February 2020 but delayed due to lockdown. Subject unit vacant since 2018 with limited interest. 3 month rent free period granted on entry.						

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
3. AM NID-07	Ward 17 – Portobello / Craigmillar	General Property (GP)	94 Niddrie Mains Road (2,873 sq ft)	Kelly Thomson	Retail – Hot Food Cafe	Old Rent: £6,400 per annum New Rent: £13,000 per annum Lease Period: 15/05/20 to 14/05/22 Payable: Quarterly in advance
REMARKS: New open market letting following closing date. Agreed in February 2020 but delayed due to tenants Change of Use application / Covid19 lockdown. 3 month rent free period granted on entry.						

LEASE RENEWALS/EXTENTIONS

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
4. IL 3750/35	1 – Almond	General Property	Unit 35 The Loan, Viewforthbank Industrial Estate, South Queensferry, EH30 9SD	Julia Margaret Cross	Class 11 Martial Arts Dojo	Old Rent: £7,940 per annum New Rent: £8,200 per annum From: 16/08/2020 to 15/08/2025 Payable: Monthly in Advance
REMARKS: NIA = 134.89sq ft (1,452sq ft)						

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
5. IL 001 CW – U001	11 – City Centre	General Property	156 Cowgate, Edinburgh, EH1 1RP	Access To Industry Limited	Class 4 Office Employment & Job Seeking Skills Agency	Old Rent: £47,600 per annum New Rent: £50,300 per annum From: 14/04/2020 to 13/04/2025 Payable: Monthly in Advance
REMARKS: NIA = 333.97sq ft (3,595sq ft)						

RENT REVIEWS

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
6. IL 31965	3 – Drum Brae / Gyle	General Property	7 South Gyle Crescent, Edinburgh, EH12 9EB	Redwood (Light Industrial) Prop Co S.A.R.L.	Ground Lease	Old Rent: £11,000 per annum New Rent: £12,146 per annum From: 28/11/2018 to 27/11/2023. Payable: Quarterly in advance.

REMARKS: Area = 0.202 Ha (0.499 Ac)

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
7. DO-U06 161	3 – Drum Brae / Gyle	General Property	7-10 Clocktower, Flassches Yard, South Gyle Industrial Estate, Edinburgh, EH12 9LB	Verizon UK Limited	Business Use Class 4 – 5 Data Centre	Old Rent: £164,000 per annum New Rent: £165,000 per annum From: 27/08/2019 to 26/08/2024. Payable: Quarterly in advance.

REMARKS: Area = 1,955sq m (21,043sq ft)

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
8. IL 6986A	10 – Meadows & Morningside	General Property	8 Falcon Road, Edinburgh, EH10 4AH	Childs Play Childrens Nursery Limited	Nursery Class 10	Old Rent: £41,300 per annum New Rent: £47,200 per annum From: 01/04/2020 to 31/03/2025. Payable: Quarterly in advance.

REMARKS:

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
9 Page 162 1274/7	11 – City Centre	General Property	379/381 High Street, Edinburgh, EH1 1PW	The Dormant Distillery Company Limited	Retail Class 1	Old Rent: £45,750 per annum New Rent: £49,500 per annum From: 01/04/2020 to 31/03/2025. Payable: Quarterly in advance.

REMARKS: ITZA = 49.79sq m (536sq ft)

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
10. IL 16274/4	11 – City Centre	General Property	361 High Street, Edinburgh, EH1 1PW	The Dormant Distillery Company Limited	Retail Class 1	Old Rent: £15,250 per annum New Rent: £16,250 per annum From: 01/04/2020 to 31/03/2025. Payable: Quarterly in advance.
REMARKS: ITZA = 16.44sq m (177sq ft)						

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by virtue of paragraph(s) 8, 9 of Part 1 of Schedule 7A
of the Local Government(Scotland) Act 1973.

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by virtue of paragraph(s) 12 of Part 1 of Schedule 7A
of the Local Government(Scotland) Act 1973.

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