

Notice of meeting and agenda

Finance and Resources Committee

10.00 am Thursday, 4th March, 2021

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 Any items under "Private Business" will not be published, although the decisions will be recorded in the minute.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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| 4.2 | Minute of the Finance and Resources Committee of 2 February 2021 - submitted for approval as a correct record | 23 - 28 |

5. Forward Planning

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8. Routine decisions

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9. Motions

9.1 None.

10. Resolution to consider in private

10.1 The Sub-Committee, is requested under Section 50(A)(4) of the Local Government (Scotland) Act 1973, to exclude the public from the meeting for the following items of business on the grounds that they would involve the disclosure of exempt information as defined in Paragraphs 6, 8 and 9 of Part 1 of Schedule 7A of the Act.

11. Private Reports

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Director of Resources

- | | | |
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| 11.2 | Extension of Managed Print Service Under Urgency Provisions – Report by the Executive Director of Resources | 385 - 390 |
| 11.3 | Continuation of Existing Contract Arrangements – Care Home Contracts – Report by the Chief Officer, Edinburgh Health and Social Care Partnership | 391 - 394 |

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.

This meeting of the Finance and Resources Committee is being held virtually by Microsoft Teams.

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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Minutes

Finance and Resources Committee

10.00am, Thursday 21 January 2021

Present:

Councillors Munn (Convener), Griffiths (Vice-Convener) (excluding item 10), Booth, Bruce, Corbett, Gordon, Hutchison, Johnston, Frank Ross (substituting for Councillor Rankin, excluding item 10), Neil Ross, Watt and Work (substituting for Councillor Rankin, item 10 only).

1. Minutes

Decision

To approve the minute of the Finance and Resources Committee of 3 December 2020 as a correct record.

2. Work Programme

The Finance and Resources Committee Work Programme as at January 2021 was submitted.

Decision

To note the Work Programme.

(Reference – Work Programme of 21 January 2021, submitted.)

3. Rolling Actions Log

The Finance and Resources Committee Rolling Actions Log as at January 2021 was submitted.

Decision

- 1) To agree to close the following actions:
 - Action 1 – Revenue Budget 2020/21 – Progress Update
 - Action 2 – Homelessness Services – Use of Temporary Accommodation
 - Action 5 – Work Programme
 - Action 7 – Award of Contract for an Employee Benefits Platform
 - Action 9 (1&2) – Workforce Dashboard – September 2020
 - Action 10 – Summary Report on Property Transactions Concluded under Delegated Authority
- 2) To agree that Action 3(3) – *The City of Edinburgh Council Charitable Trusts – Report to Those Charged with Governance on the 2019/20 Audit* would remain

open as work was still ongoing. Further information would be provided once external legal advice had been received. The Head of Finance would be consulted on when this information could be made public.

- 3) To request that it be outlined which trusts members would become trustees of for new appointments to the committee in May.
- 4) To otherwise note the remaining outstanding actions.

(Reference – Rolling Actions Log of 21 January 2021, submitted.)

4. Business Bulletin

The Finance and Resources Committee Business Bulletin for January 2021 was submitted.

Decision

To note the Business Bulletin.

(Reference – Business Bulletin, 21 January 2021, submitted.)

5. Revenue Budget 2020/21: Progress Update

On 3 December 2020, the Finance and Resources Committee considered an update on the Revenue Budget 2020/21. A further update was provided to the meeting of 21 January 2021 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, based on analysis of income and expenditure for the period to the end of October 2020. Following confirmation of the Council's provisional funding allocation through the income compensation scheme, a balanced overall position had now been forecast.

Decision

- 1) To note that, following confirmation of the Council's provisional funding allocation through the income compensation scheme, a balanced overall position was now forecast, albeit this remained dependent upon a significant contribution from its earmarked reserves.
- 2) To note, nonetheless, the potential for further expenditure pressures in excess of the current risk contingency of £3m to emerge during the remainder of the year given uncertainty over the duration of current tightened Covid-19 related restrictions and thus a continuing need to identify further in-year Directorate-specific and/or corporate finance savings.
- 3) To note that, in light of the above, updates would continue to be provided to members of the Committee during the remainder of the year.
- 4) To note that estimates of the recurring impacts of the pandemic, taking appropriate account of any additional funding contained within the Local Government Finance Settlement and available financial flexibilities, would require to be considered in the development of subsequent years' budgets.

- 5) To agree to provide information on how any additional costs would be charged for the whistleblowing inquiry above the allocated funding.
- 6) To thank officers for the report and staff leaving under VERA arrangements for their service to the Council.
- 7) To refer the report to the Governance, Risk and Best Value Committee for scrutiny as part of its work programme.

(References – Finance and Resources Committee, 3 December 2020 (item 5); report by the Executive Director of Resources, submitted.)

Declaration of Interests

Councillor Bruce declared a non-financial interest as a Director of Edinburgh Leisure.

6. 2020-30 Capital Budget Strategy – 2020/21 Month Eight Monitoring

Capital expenditure and funding forecasts for 2020/21 were provided, including explanations for variances.

Decision

- 1) To note the Capital monitoring position for the General Fund and Housing Revenue Account (HRA) at month eight 2020-21.
- 2) To delegate authority to the Executive Director of Place to enter into a Delivery Agreement with Robertson Construction Group Ltd through the Scape Major Works Scotland framework, to construct 49 affordable homes for the contract sum of up to £7.4m. This cost increase would be funded through the HRA Budget Strategy 2021-2031 as reported elsewhere on the agenda.
- 3) 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 Eight Position

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

Decision

- 1) To note that the Resources Directorate was forecasting expenditure to be within budget for 2020/21.
- 2) To note that the Executive Director of Resources and Heads of Service would continue to progress the identification of additional savings measures required to offset any further budget pressures arising in-year to achieve outturn expenditure in line with the approved revenue budget for 2020/21.

- 3) To note the ongoing risks to the achievement of a balanced revenue budget projection for the Directorate.
- 4) To note that a report on corporate catering (debadging of the unit as a Significant Trading Organisation) would be provided to the committee in March 2021.

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

8. Chief Executive's Service - Revenue Budget Monitoring 2020/21 - Month Eight Position

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

Decision

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

(Reference – report by the Chief Executive, submitted.)

9. Change in Accounting Policy – Capitalisation of Interest Costs

Approval was sought to change the accounting policy to allow interest to be capitalised under specific circumstances for expenditure on qualifying assets.

Decision

To agree the proposed change to accounting policy to allow interest to be capitalised under specific circumstances set out in the report and where the interest costs incurred during the construction phase exceed £2m.

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

10. Civic Hospitality Policy and Budget Adjustments

Recent progress in meeting outstanding civic hospitality commitments was highlighted, in the context of Covid-19 restrictions. The specific role of the Depute Lord Provost was also detailed together with necessary adjustments to the Council's Civic Hospitality Policy.

Motion

- 1) To welcome the progress made by the Lord Provost and Depute Lord Provost in tackling the recent back log of one-off civic commitments, as set out in appendix 1 to the report.
- 2) To agree the highlighted changes to the Council's Civic Hospitality Policy as set out in appendix 2 to the report.
- 3) To approve the proposed carry forward of fifty per cent of this year's underspend on civic hospitality, estimated at £30,000 as an addition to the 2021/22 budget allocation.

- moved by Councillor Munn, seconded by Councillor Gordon

Amendment 1

- 1) To welcome the progress made by the Lord Provost and Depute Lord Provost in tackling the recent back log of one-off civic commitments, as set out in appendix 1 to the report.
- 2) To agree the highlighted changes to the Council's Civic Hospitality Policy as set out in appendix 2 to the report.
- 3) To note the estimated underspend in the civic hospitality budget in 2020/21 and to agree that it would be set in full against the continuing significant service pressures and risks being experienced by the council.

- moved by Councillor Corbett, seconded by Councillor Booth

Amendment 2

- 1) To welcome the progress made by the Lord Provost and Depute Lord Provost in tackling the recent back log of one-off civic commitments, as set out in appendix 1 to the report.
- 2) To agree the highlighted changes to the Council's Civic Hospitality Policy as set out in appendix 2 to the report, with the exception of paragraph 4.6.
- 3) To agree that the celebration of major anniversaries should be amended from multiples of 10 years after 100 years to 25 years after 100 years.
- 4) To approve the proposed carry forward of fifty per cent of this year's underspend on civic hospitality, estimated at £30,000 as an addition to the 2021/22 budget allocation.

- moved by Councillor Hutchison, seconded by Councillor Bruce

In accordance with Standing Order 21.12, Amendment 2 was accepted as an addendum to the motion.

Voting

For the motion - 8 votes
For the amendment - 2 votes

(For the motion – Councillors Bruce, Gordon, Hutchison, Johnston, Munn, Neil Ross, Watt and Work.

For the amendment – Councillors Booth and Corbett.)

Decision

To approve the adjusted motion by Councillor Munn.

(References – Act of Council (no. 6) of 25 August 2020; report by the Chief Executive, submitted.)

Declaration of Interests

Councillors Griffiths and Frank Ross declared non-financial interests as the report related to the Lord Provost's office and both left the meeting during the Committee's consideration of the above item.

11. Workforce Dashboard – November 2020

A summary was provided of workforce metrics for the core and flexible workforce, absence, transformation/redeployment, risk, and performance, for the period of November 2020.

Decision

- 1) To note the workforce information contained in the dashboard.
- 2) To agree to provide a further update on apprenticeships and traineeships within the Council.

(References – Finance and Resources Committee, 3 December 2020 (item 10); report by the Executive Director of Resources, submitted.)

12. Award of a Contract for the Provision of Temporary Agency Staff, Permanent, Fixed Term Contract and Short-Term Supply Resources

Approval was sought to award a contract for the provision of temporary agency staff, permanent, fixed term contract and short term supply resources to Pertemps Recruitment Partnership Limited, to commence on 12 June 2021 for an initial period of three years with one optional 12 month extension (undertaken at the sole discretion of the Council) at a total estimated value of up to £56,000,000 over the four year period.

Decision

- 1) To approve the award of a contract for the provision of temporary agency staff, permanent, fixed term contract and short-term supply resources to Pertemps Recruitment Partnership Limited.
- 2) To approve the commencement of the contract on 12 June 2021 for an initial period of three years with one optional 12-month extension (undertaken at the sole discretion of the Council) at a total estimated value of up to £56,000,000 over the four-year period.
- 3) To further note that positive progress had been made in reducing agency worker spend by £2.7 million in the 2019/20 financial year.
- 4) To agree to request that the Executive Director of Resources provided a report to the Finance and Resources Committee, in 3 cycles, on the opportunities and additional measures that could be introduced to further reduce agency worker spend by the Council.

- 5) To agree to request a report from the Executive Director of Resources, in 2 cycles, providing an update on the Council's security team and the use of agency workers in this area.
- 6) To agree to provide a briefing note detailing differences in types of living wage.
(Reference – report by the Executive Director of Resources, submitted.)

13. 3-11 West Granton Road, Edinburgh – Proposed Lease

The former school at 3-11 West Granton Road was most recently used as a Youth Centre before being vacated. The property was subsequently marketed with offers invited for a lease of the building. The four bids received were outlined and a decision sought from the Committee on the preferred option.

Decision

- 1) To note the outcome of the marketing exercise for the property at 3-11 West Granton Road, Edinburgh.
- 2) To approve of the Empty Kitchens Full Hearts proposal and to instruct officers to enter into a short to medium term lease agreement on the terms outlined in the report.
- 3) To direct the Council to enter into a lease agreement on the terms outlined in this report for the preferred option and on other terms and conditions to be agreed by the Executive Director of Resources.
- 4) To agree an update report to Committee in March 2021 with an update on the Empty Kitchens Full Hearts lease and any assistance provided to the unsuccessful bidders.

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

14. Extension of Contract – Consultancy Services for Edinburgh Tram York Place to Newhaven Project

Approval was sought for consultancy support to deliver the construction phase of the Edinburgh Tram York Place to Newhaven project to the completion of the project in 2023.

Decision

- 1) To permit an increase to the value of the contract with Atkins Limited by £600,000 and to extend it to the end of the construction phase of the project.
- 2) To approve an increase in the contract with JAB Services UK by £55,000 through a waiver of the Contract Standing Orders for independent technical advice services to the Tram Extension project Board and to extend it to the end of the project.

(References – Finance and Resources Committee, 10 October 2019 (item 17); report by the Executive Director of Place, submitted.)

15. Contract Award for the Transfer of Waste to Disposal Outlets

Approval was sought to appoint NWH Waste Limited and Enva Scotland Limited to the Framework Agreement for the Transfer of Waste to Disposal Outlets, to commence on 1 May 2021 for an initial period of two years and seven months, with options to extend for up to two further periods of 12 months each, at a total maximum estimated cost of £4,044,516.

Decision

- 1) To approve the appointment of NWH Waste Limited and Enva Scotland Limited to the Framework Agreement for the Transfer of Waste to Disposal Outlets for an initial period of two years and seven months, with options to extend for two further periods of up to 12 months each.
- 2) To approve the commencement of the Framework on 1 May 2021, at a total maximum estimated cost of £4,044,516.

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

16. Housing Energy Projects Delivery Partner Framework Agreement 2021-2025

Approval was sought to award a single supplier Framework Agreement to Changeworks Resources for Life following a procurement process published on Public Contracts Scotland, for the appointment of a Housing Energy Projects Delivery Partner.

Decision

- 1) To approve the award of a single supplier Framework Agreement to Changeworks Resources for Life (Changeworks) as a Housing Energy Projects Delivery Partner, to commence in February 2021 for a period of two years, with the option to extend for a further two years in one-year increments.
- 2) To note the value of this Framework Agreement was expected to be a maximum of £24m, with Changeworks' fees estimated at up to £2.088m over the four year period.
- 3) To approve an extension to the existing Contracts Standing Orders waiver with Changeworks by £51,394 to enable the Council to deliver an additional Scottish Government funding allocation of £739,537 for energy efficiency measures to an additional 114 properties as part of the HEEPS:ABS 2020-21 programme.

(References – Act of Council (no. 2) of 20 February 2020; report by the Executive Director of Place, submitted.)

17. Bustracker – Additional Provision Due to Covid-19

Covid-19 had had a significant impact on the installation of the new bustracker system, resulting in delayed implementation. Consequently, the Council was required to extend contracts with the existing suppliers via waivers of Contract Standing Orders in order to continue full operation of the current system until the new system was fully installed and

operational. The total value of these waivers was approximately £1 million and would be met from the public transport budget.

Decision

- 1) To approve contract extensions via waiver of Contract Standing Orders for a period to 31 December 2021, with the option of a further one-year extension if required to:
 - i) Cofely Ineo for the current bustracker system at a cost of approximately £400,000 per annum;
 - ii) Supporting providers Bridge Radio, Ofcom and Arqiva relating to radio coverage to continue full operation of the current bustracker system, at approximately £135,000 per annum.
- 2) To note that this expenditure could be met from the public transport budget.

(References – Finance and Resources Committee, 10 October 2019 (item 16); report by the Executive Director of Place, submitted.)

18. Internal Audit: Overdue Findings and Key Performance Indicators at 30 October 2020 – referral from the Governance, Risk and Best Value Committee

The Governance, Risk and Best Value Committee had referred a report on Internal Audit Overdue Findings and Key Performance Indicators at 30 October 2020, which provided an overview of the status of the overdue Internal Audit (IA) findings as at 30 October 2020, to the Finance and Resources Committee for information.

Decision

To note the report.

(References – Governance, Risk and Best Value Committee of 8 December 2020 (item 5; report by the Chief Internal Auditor, submitted.)

19. Waiver Extension – Electrostatic Fogging

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

This report noted the contract extension for electrostatic fogging services which was awarded to RON Services Limited, through a waiver of the Contract Standing Orders, to run until 30 March 2021, at an estimated value of £760,000. This contract extension was awarded as an urgent decision in accordance with section 4.1 of the Council's Committee Terms of Reference and Delegated Functions, the Executive Director of Resources having taken that decision in consultation with Convener and Vice-Convener of the Committee, subject to it being reported to this meeting of the Committee.

Approval was also sought for a further extension until 30 June 2021, at an estimated cost of £400,000, to allow completion of a tender exercise, award of contract and

subsequent transition to a new contract which would cover the future needs of the Council related to Covid-19 cleaning and infection control.

Decision

- 1) To note the contract extension for electrostatic fogging services awarded to RON Services Limited until 30 March 2021, through a waiver of the Contract Standing Orders, at an estimated total cost of £760,000. This contract extension was awarded as an urgent decision in accordance with section 4.1 of the Council's Committee Terms of Reference and Delegated Functions by the Executive Director of Resources, in consultation with the Convener and Vice-Convener of the Finance and Resources Committee.
- 2) To approve a further waiver extension until 30 June 2021, at an estimated cost of £400,000, to ensure there was sufficient flexibility and contingency to enable the procurement process for a new contract for these services to be completed.

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

20. Restaurant Unit, Assembly Rooms, 54 George Street, Edinburgh – Update on Proposed Lease

On 6 December 2019, Committee approved a 15-year lease of the restaurant unit within the Assembly Rooms to Stack and Still Limited. As a result of the Covid-19 pandemic, Stack and Still had sought revised terms, along with an entry date prior to an available Committee. Consequently, approval was given to proceed on the revised terms by the Executive Director of Resources, in consultation with the Convener and Vice-Convener of the Finance and Resources Committee, using urgency powers in accordance with the Scheme of Delegation to Officers. An update was provided on the revised terms which were agreed.

Decision

- 1) To note the progress made with the lease to Stack and Still Limited, prior to the Covid-19 pandemic, following Committee approval on 6 December 2019.
- 2) To note the revised terms sought by Stack and Still Limited.
- 3) To note the approval by the Executive Director of Resources, in consultation with the Convener and Vice-Convener of the Finance and Resources Committee, using urgency powers under delegation, to complete the lease based on the revised terms.

(References – Finance and Resources Committee, 6 December 2019 (item 22); report by the Executive Director of Resources, submitted.)

21. 5 Hamilton Place, Edinburgh – Proposed New Lease

The restaurant at 5 Hamilton Place was vacated in summer 2019 when the previous occupier ceased trading. A lease was unable to be secured with the preferred bidder following initial marketing. Following re-marketing, 8 bids were received at a closing

date in November 2020. Approval was sought to grant a new lease to Harem Murdochy, on the terms and conditions outlined in the report.

Decision

To approve a 20-year lease to Harem Murdochy of premises at 5 Hamilton Place, 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.)

22. Former Royal High School, Regent Road, Edinburgh – Options Paper

(a) Deputation – Urbanist Hotels

A written deputation was presented on behalf of Urbanist Hotels which outlined their ambition to develop the Former Royal High School into a hotel which they felt would be in line with the Council's planning brief for the site. The deputation requested that the committee make a fair decision based on evidence.

(b) Deputation – Royal High School Preservation Trust

A written deputation was presented on behalf of the Royal High School Preservation Trust (RHSPT) which outlined their proposal to develop the Former Royal High School into a National Music School. The deputation requested that the committee consider the benefits of their proposal, the public support which had been put forward and the funding which was in place for the development.

(c) Deputation – Cockburn Association, New Town & Broughton Community Council and Edinburgh World Heritage

A joint written deputation was presented on behalf of the Cockburn Association, New Town & Broughton Community Council and Edinburgh World Heritage which noted their support for the RHSPT's proposal. The deputation expressed their concerns regarding the proposal to develop the school into a hotel and requested that committee end the contract with Duddingston House Properties.

(d) Report by the Executive Director of Resources and the Executive Director of Place

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.

In response to a motion by Councillor Corbett, the City of Edinburgh Council had agreed that a report would be brought to the Finance and Resources Committee on the Former Royal High School, outlining the contractual relationship with the current developer and setting out options for moving forward with a viable and acceptable use for the building.

The latest position on the existing contract was confirmed and the options available to the Council moving forward were set out.

Decision

- 1) To note the current contractual position with Duddingston House Properties.
- 2) To agree to proceed with option 4 as set out in the report.
- 3) To instruct the Executive Director of Resources to proceed on the basis of that option, with a further progress paper to be brought to the Committee on 20 May 2021.

(References – Act of Council (no. 13) of 10 December 2020; 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.

On 20 October 2020, the Finance and Resources Committee approved the implementation of a rent-free proposal to provide assistance to tenants, where appropriate, due to the adverse impact of the Covid -19 pandemic. An update was provided on the implementation to date.

Decision

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

(References – Finance and Resources Committee, 20 October 2020 (item 23); report by the Executive Director of Resources, submitted.)

24. JC Decaux Contract

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.

An update was provided on the position of the JC Decaux Advertising contract.

Decision

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

(References – Finance and Resources Committee, 20 October 2020 (item 23); report by the Executive Director of Resources, submitted.)

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

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Minutes

Finance and Resources Committee

2.00pm, Tuesday 2 February 2021

Present:

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

1. Council Business Plan and Budget 2021/26

(a) Deputation – UNISON City of Edinburgh Branch

A written deputation was presented on behalf of the UNISON City of Edinburgh Branch in relation to their concerns that proposing further cuts to services and jobs would have a negative impact on both staff and local communities. The deputation acknowledged the hard work of staff throughout the Covid-19 pandemic and sought increased funding to be requested from the Scottish Government for local government staff and services.

(b) Report by the Chief Executive and the Executive Director of Resources

The Council continued to operate in a climate of unprecedented uncertainty, the enduring impacts of which remained unknown. These impacts had required a wholesale review of current revenue budget framework assumptions, including anticipated on-going increases in expenditure and reductions in income, as well as re-assessing the management of service pressures and delivery of savings assumed in setting an indicative three-year balanced budget in February 2020.

In acknowledging the Covid-related causes of the shortfalls now being projected, it was proposed that the Council utilised available financial flexibilities in rebalancing the position for 2021/22 whilst acknowledging the vital need for more fundamental service change, improvement and prioritisation over the following years, guided by the overarching priorities set out within the Business Plan: Our Future Council, Our Future City to maintain its financial sustainability once the scale of these impacts had become clearer.

Decision

- 1) To note the impact of the updated review of savings deliverability, management of pressures and other key financial planning assumptions on the in-year savings requirements over the period of the budget framework.
- 2) To note the timescales for confirmation of the 2021/22 Local Government Finance Settlement.

- 3) To note the proposed adoption of financial flexibilities as set out which, alongside approval of the new savings proposals outlined within the report, would allow the Council to set a balanced budget in 2021/22 based on current planning assumptions.
- 4) To note, that the three-year Council Business Plan: Our Future Council, Our Future City brought together our strategic priorities into a single plan responding to the need for change and should be read alongside the draft budget.
- 5) To note that a new planning and performance framework would be developed to provide a clear link between our business plan, key strategies, annual directorate plans and the underlying performance framework including benchmarking. The framework would be underpinned by a cycle of 'plan, do, check and review and act' at all levels and would drive a culture of continuous improvement.
- 6) To note that a further update would be reported to members once the implications for the Council of the Local Government Finance Settlement (LGFS) were known.
- 7) To note the potential areas, utilising Spend to Save funding, to inform the development of specific projects promoting a Green Recovery.
- 8) To refer, subject to any revisions in light of the LGFS announcement, the report to Council as part of setting the revenue and capital budgets on 18 February 2021.

(References – Act of Council (no. 2) of 20 February 2020; report by the Chief Executive and the Executive Director of Resources, submitted.)

2. Council Business Plan and Budget 2021/26 - Risks and Reserves

The Finance and Resources Committee were advised of the risks inherent in the revenue and capital budget framework and the range of measures and provisions established to mitigate these.

The level of reserves held and the purposes for which they were maintained were outlined, including consideration of the adequacy of the balances held to mitigate against known risks. A proposed realignment and reprioritisation of the Council's usable reserves were set out in light of the potential additional impacts of the Covid-19 pandemic and wider risk factors.

Decision

- 1) To note the report and the proposed realignment and reprioritisation of the Council's usable reserves in light of the potential additional impacts of the Covid-19 pandemic and wider risk factors.
- 2) To remit the report to The City of Edinburgh Council for approval on 18 February 2021 as part of the budget-setting process.

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

3. Sustainable Capital Budget Strategy 2021-2031

The priorities for Council capital investment were detailed, in alignment with the new Council Business Plan, over the medium to long-term. A plan was set out to address how these could be funded.

Decision

- 1) To note the report and refer it to the Council's budget meeting on 18 February 2021.
- 2) To note that the announcement of the provisional Local Government Finance Settlement was expected on 28 January 2021 and that any subsequent changes to grant figures assumed in this report would be reported back to Council on 18 February 2021.
- 3) To note that delivery of funded capital expenditure priorities would be dependent on the achievement of a balanced medium-term revenue budget.
- 4) To note that capital expenditure priorities were being considered in line with the Council's priorities and approach proposed under the Adaptation and Renewal Programme outlined in the new Council Business Plan.
- 5) To note that budgets for lending to Edinburgh Living from 2021-22 onwards were based on the pipeline of development and would be subject to annual approval from Finance and Resources Committee and Council.
- 6) To note the proposed ring-fencing status of capital receipts in Appendix 4 of the report by the Executive Director of Resources, subject to approval by Council on 18 February 2021 as part of the budget setting.
- 7) To note the proposed use of £4.242m contingency funding for North Bridge Refurbishment, subject to approval by Council on 18 February 2021 as part of the budget setting.

(References – Act of Council (no. 2) of 20 February 2020; report by the Executive Director of Resources, submitted.)

4. Housing Revenue Account (HRA) Budget Strategy (2021-2031)

The HRA Budget Strategy was presented, also noted by Housing, Homelessness and Fair Work Committee in November 2020, and an holistic area-based approach to investment was set out that would focus on buildings and the wider neighbourhood, to create places where people would want to live that would keep them safe, secure, healthy and connected. The £2.8 billion investment, an increase of around £320 million on the previous year's plan, would act as a catalyst for wider area improvements and support the delivery of a brownfield first strategy as set out in Choices for City Plan. It would also support delivery of Council commitments on affordable housing and net zero carbon by 2030.

Decision

- 1) To agree to refer the 2021/22 budget, draft five-year capital investment programme, and the rent levels for 2021/22 set out in Appendices 2, 3 and 4 of the report by the Executive Director of Place to the Council budget meeting for approval.
- 2) To note the outcome of the annual budget consultation.
- 3) To note the proposed £2.8 billion ten-year investment programme to deliver Council commitments, including the delivery of new homes, the modernisation of existing homes and the commitment to deliver zero carbon emissions by 2030.
- 4) To note the risks to the delivery of the HRA budget strategy set out at paragraph 4.29 of the report and the mitigating actions.

(References – Housing, Homelessness and Fair Work Committee of 5 November 2020 (item 7); report by the Executive Director of Place, submitted.)

5. Budget Insights 2020

The response to the Council's engagement on budget priorities for 2021/22 and beyond was summarised, including relevant supporting material from other engagement activity on priorities and life experiences during the Covid-19 pandemic.

Decision

- 1) To note the report.
- 2) To refer the report with associated budget papers to Council.

(Reference – report by the Chief Executive, submitted.)

6. Corporate Parenting Action Plan 2020-2022 – referral from the Finance and Resources Committee

The Education, Children and Families Committee had referred a report setting out the high-level objectives of the City of Edinburgh Council Corporate Parenting Plan for 2020-2022 to the Finance and Resources Committee as part of the 2021-2022 budget process.

Decision

- 1) To approve the high level 2020-2022 Corporate Parenting Action Plan.
- 2) To agree to refer the report to the City of Edinburgh Council for consideration as part of the 2021-2022 budget process.

(References – Education, Children and Families Committee of 15 December 2020 (item 11); report by the Chief Executive, submitted.)

7. Accounts Commission: Local Government in Scotland – Financial Overview 2019/20

A summary was provided on the main issues and themes identified within the Accounts Commission's recently published *Financial Overview 2019/20* and how these related to the local context within Edinburgh.

Decision

- 1) To note the report.
- 2) To refer the report to the Governance, Risk and Best Value Committee for its scrutiny.

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

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Work Programme

Finance and Resources Committee

4 March 2021

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	May 2021
3.	Revenue Monitoring – Council-wide	Quarterly Report		Executive Director of Resources Lead Officer: Hugh Dunn 0131 469 3150 hugh.dunn@edinburgh.gov.uk	August 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 2022
5.	Capital Monitoring – Council-wide	Quarterly Report		Executive Director of Resources Lead Officer: Hugh Dunn 0131 469 3150 hugh.dunn@edinburgh.gov.uk	August 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	August 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	August 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	August 2021
9.	Contract Award and Procurement Programme	Six Monthly Report		Executive Director of Resources Lead Officer: Iain Strachan 0131 529 4930	August 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 2022
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 2022
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 2022
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 2022
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

Item	Key decisions	Frequency	Wards affected	Director and Lead Officer	Expected Date
22.	Commercial and Procurement Annual Report	Annual Report		Executive Director of Resources Lead Officer: Iain Strachan 0131 529 4930 iain.strachan@edinburgh.gov.uk	August 2021
23.	Appointments to Working Groups	Annual Report		Chief Executive Lead Officer: Rachel Gentleman 0131 529 4107 rachel.gentleman@edinburgh.gov.uk	August 2021

Finance and Resources Committee Upcoming Reports

Appendix 1

Report Title	Directorate	Lead Officer
May 2021		
Revenue Budget 2021/26 Update	Resources	Hugh Dunn
Asset Management Works Programme	Resources	Peter Watton
Tron Kirk – Update Report	Resources	Peter Watton
Workforce Dashboard	Resources	Katy Miller
Commercial Property Portfolio - Update Report (B Agenda)	Resources	Graeme McGartland
Former Royal High School, Regent Road, Edinburgh – Progress Update (B Agenda) (Business Bulletin)	Resources	Graeme McGartland
20 West Shore Road – Proposed Acquisition of Ground Lease Interest	Resources	Graeme McGartland
Portobello Town Hall - Update	Resources	Peter Watton
Summary Report on Property Transactions Concluded under Delegated Authority	Resources	Graeme McGartland
Leith Links Lease Restructure Update	Resources	Mark Bulloch

Upper Floors, 137 Dundee Street, Edinburgh – Proposed New Lease	Resources	Mark Bulloch
Edinburgh Blended Employability Services	Place	Elin Williamson
Award of Garden Waste contract	Place	Lesley Sugden
Award of Contract for City Centre West to East Cycle Link and Street Improvements Project Construction	Place	Rurighd McMeddes
Award of Contract for Fountainbridge Development Partner	Place	David Cooper
Active Travel Investment Programme Report	Place	Andrew Easson
NHS Service Review Update	CE (CF)	Bernadette Oxley
EMORS Waiver	CE (CF)	Carey Fuller

Rolling Actions Log

Finance and Resources Committee

4 March 2021

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
1	05.11.20	The City of Edinburgh Council Charitable Trusts – Report to Those Charged with Governance on the 2019/20 Audit	1) 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.	Chief Executive	March 2021		Update December 2020 An update is provided in the Business Bulletin for the December meeting of Committee.
			2) To agree to consider potential further reductions to the	Executive Director of Resources	November 2020	November 2020	Closed on 3 December 2020 – Details on this were included in the briefing of additional

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			list of the Council's Charitable Trusts.				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	January 2021	February 2021	Recommended for Closure – an updated briefing was circulated to Committee on the 23 rd February. Committee agreed this action would remain open as work was still ongoing. Further information would be provided once external legal advice had been received. The Head of Finance would be consulted on when this information could be made public.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
2	05.11.20	Consultants Costs 2019/20	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.
3	03.12.20	Revenue Budget 2020/21: Progress Update	To agree to provide an update on the amount which had been spent of the £100k funding allocated to Marketing Edinburgh.	Executive Director of Resources /Place	March 2021		Update circulated on 19 January 2021. Further information requested.
4	03.12.20	Tron Kirk, Edinburgh	Committee therefore agrees Option A in the report and instructs officers to bring forward a report on the short and longer term future of the building to a future meeting of the Finance & Resources committee.	Executive Director of Resources	May 2021		This report will be brought to Committee in May 2021; to ensure that full consideration is given to the information provided by interested parties.
5	21.01.21	Rolling Actions Log	To request that it be outlined which trusts	Chief Executive	May 2021		

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			members would become trustees of for new appointments to the committee in May.				
6	21.01.21	Revenue Budget 2020/21: Month Eight Position	To agree to provide information on how any additional costs would be charged for the whistleblowing inquiry above the allocated funding.	Executive Director of Resources	March 2021	March 2021	Recommend for Closure – This information has been included in the Revenue Budget Report that is on the agenda for this meeting of Committee.
7	21.01.21	Civic Hospitality Policy and Budget Adjustments	To agree that the celebration of major anniversaries should be amended from multiples of 10 years after 100 years to 25 years after 100 years.	Chief Executive			
8	21.01.21	Workforce Dashboard – November 2020	To agree to provide a further update on apprenticeships and traineeships within the Council.	Executive Director of Resources	March 2021		Recommended for Closure – Update provided in the Workforce Dashboard for March

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
9	21.01.21	Award of a Contract for the Provision of Temporary Agency Staff, Permanent, Fixed Term Contract and Short-Term Supply Resources	1) agrees to request that the Executive Director of Resources provides a report to the Finance and Resources Committee, in 3 cycles, on the opportunities and additional measures that can be introduced to further reduce agency worker spend by the Council;	Executive Director of Resources	August 2021		
			2) agrees to request a report from the Executive Director of Resources, in 2 cycles, providing an update on the Council's security team and the use of agency workers in this area	Executive Director of Resources	May 2021	March 2021	Recommended for Closure – This report is on the agenda for this meeting of Committee.
			3) To agree to provide a briefing note detailing	Executive Director of Resources	March 2021	March 2021	Recommended for Closure – A briefing note was circulated to

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			differences in types of living wage.				Committee on 22 nd February 2021.
10	21.01.21	3-11 West Granton Road, Edinburgh – Proposed Lease	Agrees an update report to committee in March with an update on the Empty Kitchens Full Hearts lease and any assistance provided to the unsuccessful bidders.	Executive Director of Resources	March 2021	March 2021	Recommended for Closure – Report on agenda for March committee
11	21.01.21	Former Royal High School, Regent Road, Edinburgh – Options Paper (B Agenda)	Instructs the Executive Director of Resources to proceed with option 4 as set out in the report, with a further progress paper to be brought to the Committee on 20 May 2021	Executive Director of Resources	May 2021		
12	21.01.21	Council Commercial Property Portfolio - Update Report (B Agenda)	To note that an update report would be provided to the committee in May.	Executive Director of Resources	May 2021		



Business Bulletin

Finance and Resources Committee

10.00 a.m, Thursday, 4 March 2021

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>3-11 West Granton Road</p> <p>Following the decision by Committee on 21 January 2021, Legal Services have been progressing a lease of the property with Empty Kitchens, Full Hearts. The anticipated date of entry was early March 2021.</p> <p>However, the property was broken into in early February with considerable damage caused. An insurance claim has been submitted to allow the damage to be repaired as soon as possible. Budget pressures do not permit an immediate repair to the property. This will impact on the date of entry.</p> <p>Discussions have taken place with the unsuccessful bidders and an offer of assistance has been made as the committee requested.</p>		<p>Graeme McGartland, Investments Senior Manager, Property and Facilities Management, Resources Directorate graeme.mcgartland@edinburgh.gov.uk Tel: 0131 529 5956</p>
<p>Fire in the Grounds of Lauriston Castle</p> <p>At approximately 10pm on 7 February 2021, the Scottish Fire and Rescue Service and Police Scotland attended a fire within the grounds of Lauriston Castle. One of the Oriental Tea Houses, within the Japanese Garden, was burnt to the ground and the fire has also caused damage to surrounding trees. At the time of writing, it is understood that the Police enquiry into the incident is on-going.</p> <p>Council officers have removed the debris from the site and the area has been made safe. The Council's workshop team is currently assessing whether it would be</p>		<p>Graeme Craig Horticulture Manager, Parks, Greenspace and Cemeteries, Place Directorate graeme.craig@edinburgh.gov.uk Tel: 0131 469 5238</p>

<p>possible for them to rebuild the Tea House which was destroyed.</p> <p>There are three phases of planned upgrades for the site in respect of CCTV coverage, both for replacement purposes and an expansion of coverage internally and externally, which are being considered by the Cultural Service, which is responsible for the management of Lauriston Castle.</p>		
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Forthcoming activities:

Finance and Resources Committee

10.00am, Thursday, 4 March 2021

Sustainable Capital Strategy 2021-31 – Annual Report

Item number	
Executive/routine	Executive
Wards	
Council Commitments	

1. Recommendations

- 1.1 To note the Capital Strategy, as set out in Appendix 1, and refer to full Council for approval; and,
- 1.2 To note that capital expenditure priorities are being considered in line with the Council's priorities and approach proposed under the Adaptation and Renewal Programme outlined in the new Council Business Plan.

Stephen S. Moir

Executive Director of Resources

Contact: Liam MacDonald, Senior Accountant,

Finance Division, Resources Directorate

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

Sustainable Capital Strategy 2021-31 – Annual Report

2. Executive Summary

- 2.1 This report sets out the proposed capital strategy, which provides a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the infrastructure and provision of services for the benefit of Edinburgh communities and citizens.

3. Background

- 3.1 Local authorities are required by regulation to have regard to the Prudential Code when carrying out their duties under Part 7 of the Local Government in Scotland Act 2003. The Prudential Code was revised by CIPFA in 2017. A key element of the revised code is that local authorities should have a long-term capital strategy in place that sets out the long-term context in which capital and revenue decisions are made.

Sustainable Capital Budget Strategy 2021-31

- 3.2 The Sustainable Capital Budget Strategy 2021-31 is a separate report which was presented to Finance and Resources Committee on 2 February 2021. It details priorities for council capital investment over the medium to long-term and sets out a plan on how they could be funded.
- 3.3 At its meeting on 18 February 2021 Council approved the Sustainable Capital Budget Strategy 2021-31. The approved Capital Budget Strategy 2021-31 will deliver a total programme of capital expenditure of £1,455.345m to 2030/31.
- 3.4 The Capital Budget Strategy is expected to come under significant financial pressure as a result of higher tender prices caused by social distancing requirements and associated construction industry changes arising from COVID-19 guidance. There is also renewed focus on embedding the ambitions of a net-zero carbon City contribution from the Council by 2030 into the restart of major capital investment projects, which has had further financial consequences on previous assumptions.
- 3.5 This report sets out the Council's capital strategy and builds upon the capital strategy annual report approved by Council on 5 March 2020.

4. Main report

- 4.1 In order to deliver Council priorities and for the city to grow in a sustainable way, the Council needs to invest in its existing assets as well as creating new ones. The capital strategy gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services. It also provides an overview of how associated risk is managed and the implications for future financial sustainability.
- 4.2 The capital strategy is a high-level document, which brings together a number of other key Council strategies. It should be read in conjunction with the following plans and policies
- [Sustainable Capital Budget Strategy 2021-2031](#)
 - Annual Treasury Management Strategy 2021/22 (on same agenda)
 - [Council Business Plan and Budget 2021/26](#)
 - [Council Business Plan and Budget 2021/26 – Risks and Reserves](#)
 - [Housing Revenue Account \(HRA\) Budget Strategy \(2021-2031\)](#)
 - [Adaptation and Renewal Programme](#)
 - [2050 Edinburgh City Vision](#)
 - [Council Sustainability Programme Short Window Improvement Plan](#)
 - [Local Development Plan](#)
 - [Local Development Plan Action Programme](#)
 - [Corporate Asset Strategy](#)
 - [Property and Asset Management Strategy](#)
 - [Transport Asset Management Plan](#)
- 4.3 In addition to the statutory background, Edinburgh and the Council's role and the Council's Business Plan and Vision, the capital strategy covers the following areas;
- Capital Expenditure and Financing (the Council's capital expenditure plans, and the corresponding financing requirement);
 - Treasury Management (how the Council keeps sufficient but not excessive cash to meet the Council's spending needs, while managing risks involved);
 - Other investments and long-term liabilities (the Council's non-treasury investments and other liabilities); and
 - Knowledge and Skills (the professional skills and knowledge contained within the Council's accounting, treasury and property teams, as supplemented by external advisers).
- 4.4 The full capital strategy is included in Appendix 1.

5. Next Steps

- 5.1 This report will be referred to full Council for approval of the capital strategy. The strategy will be updated on an annual basis, with this being the third iteration.

6. Financial impact

- 6.1 There are no direct financial implications arising from this report. The implications of the expenditure and investment plans contained in the strategy were considered at the Council's budget setting meeting on 18 February 2021.

7. Stakeholder/Community Impact

- 7.1 The capital strategy is a high-level document which brings together a number of other Council strategies, each of which is the result of appropriate community engagement.
- 7.2 Approval of the capital strategy ensures the Council continues to have regard to the Prudential Code when carrying out their duties under Part 7 of the Local Government in Scotland Act 2003.
- 7.3 There are no sustainability impacts directly arising from this report.

8. Background reading/external references

- 8.1 [Local Development Plan Action Programme](#), January 2019
- 8.2 [Corporate Asset Strategy](#), Corporate Policy and Strategy Committee, 12 May 2015
- 8.3 [Property and Asset Management Strategy](#), Finance and Resources Committee, September 2015
- 8.4 [Transport Asset Management Plan \(TAMP\)](#), Transport and Environment Committee, 6 December 2018
- 8.5 [Sustainable Capital Budget Strategy 2021-2031](#), Finance and Resources Committee, 2 February 2021
- 8.6 [Council Business Plan and Budget 2021/26](#), Finance and Resources Committee, 2 February 2021
- 8.7 [Housing Revenue Account \(HRA\) Budget Strategy \(2021-2031\)](#), Finance and Resources Committee, 2 February 2021
- 8.8 Treasury Management Strategy 2021-22, Finance and Resources Committee, 2 March 2021

9. Appendices

9.1 Appendix 1: Detailed Sustainable Capital Strategy 2021-31

Appendix 1: Sustainable Capital Strategy 2021-31

1. Introduction

- 1.1 The Sustainable Capital Strategy for City of Edinburgh Council provides a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the infrastructure and provision of services for the benefit of Edinburgh communities and citizens.
- 1.2 The Strategy takes a long-term view and covers the period from 2021 to 2031.
- 1.3 The Council Change Strategy: Planning for Change and Delivering Services 2019-23 reported to Finance and Resources Committee on 10 October 2019 set out the intention to set a policy-based budget through the lenses of poverty, well-being and sustainability with key messages for this year's budget approach linked to these important issues. Despite the COVID-19 budget challenges, these policy lenses remain the focus of the strategy.
- 1.4 The Sustainable Capital Budget Strategy is expected to come under significant financial pressure as a result of higher tender prices caused by social distancing requirements and associated construction industry changes arising from COVID-19 guidance.
- 1.5 There is also renewed focus on embedding the ambitions of a net-zero carbon City contribution from the Council by 2030 into the restart of major capital investment projects, which has had further financial consequences on previous assumptions.
- 1.6 This has also already led to some significant strategic decisions in respect of the City Development Plan Choices document, the City Mobility Plan and specific investment programmes such as the plan to design and build Currie High School to Passivhaus certified standard.
- 1.7 Since the setting of the last Capital Strategy, COVID-19 and the measures put in place to protect citizens have created significant financial and logistical challenges and it will no longer be possible to deliver projects within the timescales and budgets previously envisaged. Following guidance from Scottish Ministers, all construction sites were closed and are now opened in accordance with the [Coronavirus \(COVID 19\): construction sector guidance](#) six phase plan. This has required changes to working practices to protect both construction workers and the public at large.
- 1.8 The impact of COVID-19 will have potentially significant implications for the Capital Budget Strategy 2021-2031, namely:
 - 1.8.1 The Council's Adaptation and Renewal Programme is predicated on pausing, reflecting and changing the way the Council will deliver its services in the future. One of the principles expected to be embedded in the way forward is the ambition to be a net-zero carbon City and Council

by 2030. This will affect the cost of the approved projects and may also change the priority of certain projects – such as active travel – that deliver this ambition.

- 1.8.2 Individual project costs are expected to increase due to heightened contractor requirements for ensuring a safe workplace in a COVID-19 environment. The immediate economic outlook is one of recession which is likely to have adverse impacts on the construction sector.
- 1.9 The Council is being supported by the Edinburgh Centre for Carbon Innovation to develop a carbon scenario tool that will augment current business case analysis of major Council projects and capital investment. This strategy will continue to be reviewed on the basis of this work and wider needs to deliver the 2030 zero carbon target.
- 1.10 Explicitly adopting these policy priorities as a focus for the development of the Council's capital budget is a helpful development of the Council's wider Change Strategy.
- 1.11 These policy priorities have also been adopted within the Sustainable Capital Strategy 2021-31.

2. Statutory Background

- 2.1 Local authorities are required by regulation to have regard to the Prudential Code when carrying out their duties under Part 7 of the Local Government in Scotland Act 2003. The Prudential Code was revised by CIPFA in 2017. A key element of the revised code is that local authorities should have a long-term capital strategy in place that sets out the long-term context in which capital and revenue decisions are made.

3. Edinburgh and the Council's Role

- 3.1 Edinburgh is one of the best cities in the world in which to live, work and study. It is a city full of vibrancy and opportunity and, as a council, we are working hard to ensure that all residents can share in our success. We will keep investing in the things that support and sustain growth while confronting the challenges that come with it.
- 3.2 Edinburgh has seen significant population growth, with a 12.2% increase between 2006 to 2016, compared to a national rise of 5.3%. In 2021 it is forecast that the number of people aged 65 and over will overtake the number of people aged under 18. In comparison to 2018, by 2023 there will be 4,000 more children in our schools and our total population will have increased by 23,000 people.



- 3.3 This growth will place further demand on a range of frontline services, as such, the Council's budget framework continues to provide additional annual sums in respect of growing numbers of school pupils, at-risk children, older people and those with physical and/or learning disabilities.
- 3.4 A growing population is one of the most visible signs of the city's economic success. However, not all of our citizens share in that success and alongside our affluent areas, the city contains some of the most deprived communities in Scotland. We know that over 80,000 of our citizens, including almost 1 in 4 of our children, live in poverty and an increasing number of our citizens, even some in work, rely on foodbanks. This cannot be allowed to continue.
- 3.5 Working together as a city, we have a responsibility to act and a legal duty to end Child Poverty by 2030. Narrowing these gaps and allowing all residents to share in the city's success therefore forms a key strand of the City Vision.
- 3.6 The proposals contained in our [End Poverty in Edinburgh Delivery Plan 2020-2030](#) report were approved on 1 December 2020 and outline a series of key actions that need to be taken by the Council and partners over the next decade to eradicate poverty in the city by 2030. The comprehensive plan has been drawn up in response to the [final report of the Edinburgh Poverty Commission](#).
- 3.7 Responding to the global climate crisis is another central part of our plan for the future as we want to be a carbon-neutral city by 2030.
- 3.8 The three-year Business Plan: *Our Future Council; Our Future City* brings together our strategic priorities into a single plan responding to these needs for change and should also be read alongside this strategy and the wider capital and revenue budgets.

4. City of Edinburgh Council's Business Plan and Vision

Our Future Council; Our Future City



- 4.1 The Council's new business plan has been developed to cover the next three years. It will act as a guide to make sure we focus on our priorities and deliver real improvements. It is also a guide for our partners, local businesses and communities who are all part of *Our Future Council; Our Future City*.
- 4.2 A lot has changed in Edinburgh since March 2020, but we have continued our work to support communities and businesses. No matter what new challenges the pandemic brings, this Council will continue to respond quickly to make sure our services are maintained, businesses are supported and the most vulnerable people in the city get the help they need.
- 4.3 Continuing to respond to an emergency of this scale does not come without additional risks and challenges. So far, the pandemic has brought around £90 million of additional financial pressures to the Council in either increased spend or lost income. Closing the gaps in the Council budget for this year and future years will mean reprioritising our services and reforming how we operate. This means that for the 2021/2022 budget we will be taking forward a number of short-term measures to help us deliver our pandemic responses, while also balancing our financial position and preparing for broader reform and major changes to services from 2022 onwards.
- 4.4 The Council's Adaptation and Renewal Programme is a key part in helping us achieve this, with it predicated on pausing, reflecting and changing the way the Council will deliver its services in the future. This will affect the cost of the approved projects and may also change the priority of certain projects – such as active travel – that deliver this ambition.
- 4.5 Both Covid-19 and the financial pressures on our budget mean we need to look again at how we deliver services. Over the coming years we will continue to focus on our three priorities:
- Ending poverty and preventing adverse outcomes such as homelessness and unemployment;
 - Becoming sustainable and net zero city; and
 - Ensuring wellbeing and equalities are enhanced for all.

- 4.6 These will be aligned with the priorities set out in the Edinburgh Partnership Community Plan which were developed based on feedback from communities. The priorities shared by all members of the Edinburgh Partnership are outlined in the graphic below;



City Centre Transformation, City Mobility and City Plan 2030

- 4.7 Central to achieving the net-zero target are our City Centre Transformation strategy, City Mobility Plan, and the City Plan 2030.
- 4.8 The [City Centre Transformation](#) plans to create a vibrant and people focused city centre which aims to improve community, economic and cultural life by prioritising movement on foot, bike and public transport.
- 4.9 Through our [City Mobility Plan](#), we've already started looking at the way we travel around Edinburgh, changing roads and pavements in response to thinking how we can move around our city more easily and sustainably.
- 4.10 The Council is developing a funding strategy to deliver City Centre Transformation and the wider City Mobility Plan and this will be reported to a Council Committee at a later date. The expenditure analysis within this Strategy therefore does not include provision for these. Should these projects and funding strategy be approved, this strategy will be amended in future years to reflect Council decisions.
- 4.11 Preparation of City Plan 2030 is currently underway and the Choices for City Plan consultation took place in Spring 2020. Choices put forward proposals to address climate change and reduce carbon emissions by:
- Supporting the outcomes of the City Mobility Plan;
 - Establishing a city-wide green network to connect our paces, parks and greenspaces;
 - Requiring all new buildings and refurbishments to meet the platinum standards set out in Scottish building regulations;
 - designing all new developments to be in a way which tackles and adapts to climate change;

- Promoting higher density, mixed use neighbourhoods to reduce the need to travel for work and everyday services; and
 - Supporting Local Place Plans to achieve resilient places and support community ambitions.
- 4.12 As the city works towards these objectives, it is also predicted to grow. Its plans for development are set out in its [Local Development Plan](#). The [Local Development Plan Action Programme](#) sets out the new infrastructure that is required to accommodate this growth.
- 4.13 The City Plan 2030 team is currently reviewing the consultation feedback and are preparing the Proposed Plan.

2050 Edinburgh City Vision

- 4.14 In the autumn of 2016 the City of Edinburgh Council launched a major conversation about the future of a city and a society, inviting Edinburgh to talk about its aspirations, plans, and concerns, for the first time in a generation: [Edinburgh's City Vision for 2050](#).
- 4.15 To deliver the 2050 vision and for the city to grow in a sustainable way, the Council needs to invest in its existing assets as well as creating or acquiring new ones. This Capital Strategy for City of Edinburgh Council provides a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the infrastructure and provision of services for the benefit of Edinburgh communities and citizens. It also provides an overview of how associated risk is managed and the implications for future financial sustainability.

Other Key Plans and Policies

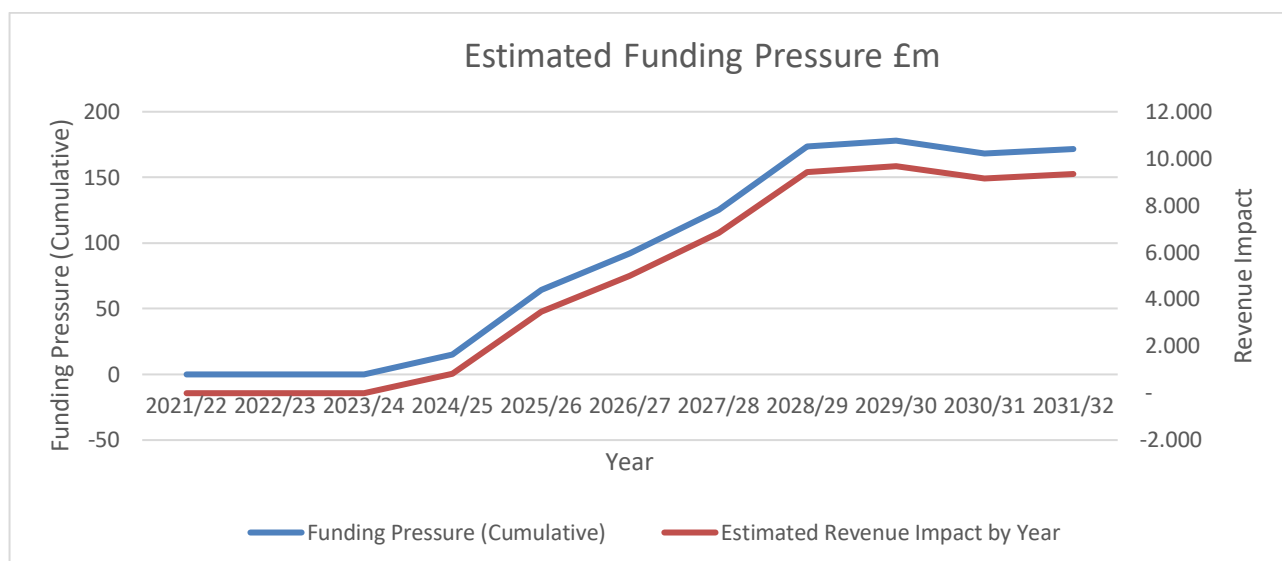
- 4.16 As well as the strategies, plans and policies outlined above, the capital strategy should be read in conjunction with the following plans and policies for additional background;
- [Sustainable Capital Budget Strategy 2021-2031](#)
 - Annual Treasury Management Strategy
 - [Council Business Plan and Budget 2021/26](#)
 - [Council Business Plan and Budget 2021/26 – Risks and Reserves](#)
 - [Housing Revenue Account \(HRA\) Budget Strategy \(2021-2031\)](#)
 - [Adaptation and Renewal Programme](#)
 - [Corporate Asset Strategy](#)
 - [Transport Asset Management Plan \(TAMP\)](#)

5. Capital Expenditure and Financing

Capital Expenditure

- 5.1 Capital expenditure is where the Council spends money on assets, such as property or vehicles, that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. The Council has some limited discretion on what counts as capital expenditure, for example assets costing below £10,000 are not capitalised and are charged to revenue in year.
- 5.2 The Council's policy on capitalisation complies with the accounting requirements for local authorities and is set out in its [Audited Annual Accounts](#). This has been supplemented with a [change in accounting policy for capitalisation of interest costs](#) which was approved at Finance and Resources Committee on 21 January 2021.
- 5.3 The previous Capital Investment Programme 2009-19 has now been superseded by the [Capital Budget Strategy 2020-30](#), which was reported to Finance and Resources Committee on 14 February 2020 and approved at the Council's budget meeting of 20 February 2020. This Capital Budget Strategy will be subject to annual review and will form part of the annual budget setting.
- 5.4 The [latest update](#) was reported to Finance and Resources Committee on 2 February 2021 and approved at the Council's budget meeting of 18 February 2021. The approved Coalition Budget Motion added a further £4m for Parks and Greenspace investment to the plan.
- 5.5 This Sustainable Capital Budget Strategy 2021-31 set out capital expenditure of £1,455.345m, offset by capital funding of £1,283.565m, resulting in an additional funding requirement of £171.779m in loans fund advances above that already assumed in the strategy. The remaining £171.779m is currently unfunded and will require the Council to find additional revenue savings in future years or lead to projects having to be prioritised within the capital investment programme before they commence. The graph below sets out the funding pressure;

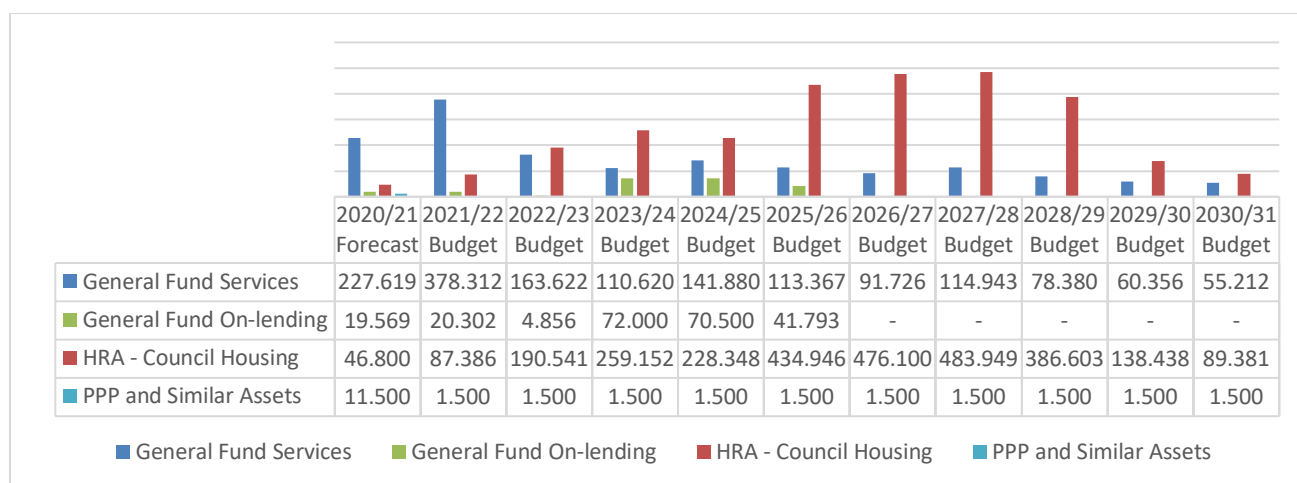
Chart 1: Estimates of Additional Funding Pressure in £ millions



5.6 Revenue budget planning assumptions mean that that costs associated with £78m of the loans fund advances will be met from savings initiatives and £43m can be met from Council Tax. This was contingent on the Council approving a balanced medium-term revenue budget on 18 February 2021, however, due to COVID-19, for the 2021/2022 budget we presented a number of short-term measures to help us deliver our pandemic responses, while also balancing our financial position and preparing for broader reform and major changes to services from 2022 onwards. This means that the Sustainable Capital Budget Strategy was aspirational and will require an annual gateway review before commitment to fund projects is made to ensure the Council does not commit to projects which become unaffordable in the medium- to long-term as several projects span a number of financial years.

5.7 In the period 2021/31, the Council is planning capital expenditure of £4,307.714m. Whilst the later years are only indicative at present, they are summarised below:

Chart 2: Prudential Indicator: Estimates of Capital Expenditure in £ millions



5.8 Significant General Fund capital projects through the 2021-31 strategy include¹:

- Wave 4 Schools - £323.365m
- Asset Management Works - £204.911m



¹ Values are those included in the Council's Capital Investment Programme and do not recognise any external funding which has not yet been received, including funding from the Edinburgh and South East Scotland City Deal.

- Infrastructure for Population Growth - £161.189m



- Investment in Roads and Transport Infrastructure (including North Bridge) - £155.197m
- Trams to Newhaven - £126.739m²



- St James Infrastructure Assets and Picardy Place - £62.900m

Housing Revenue Account

- 5.9 The Housing Revenue Account (HRA) is a ring-fenced account which ensures that council housing does not subsidise, or is itself subsidised, by other local services. HRA capital expenditure is therefore recorded separately.
- 5.10 The [Housing Revenue Account \(HRA\) Budget Strategy \(2021-2031\)](#) sets out planned capital investment of £1,200.373m over the next five years, rising to £2,774.844m over 10 years to deliver tenant priorities, including building new

² This is budget for financial years 2021/22 to completion in 2023/24. The total project budget for the Tram to Newhaven project is £207m as previously approved at Council.

homes, modernising existing homes and help tenants reduce their cost of living. This is summarised in the table below:

Table 1: HRA Five Year Capital Investment Programme and Ten-Year Investment Strategy

Programme Heading	1	2	3	4	5	5 Year	6 to 10	10 Year
	2021/22	2022/23	2023/24	2024/25	2025/26	Total	2026/27 to 2030/31	Total
	£m	£m	£m	£m	£m	£m	£m	£m
New Homes Development*	33.223	95.718	142.628	110.806	328.326	710.701	1,094.736	1,805.437
New Home Land Costs	20.000	19.000	19.533	15.933	15.933	90.399	33.466	123.865
Tenant's Homes & Services (20-yr borrowing)	10.446	20.828	27.005	27.473	24.362	110.114	116.120	226.234
External Fabric and Estates (30-yr borrowing)	23.717	54.995	69.986	74.136	66.325	289.159	330.149	619.308
Total Expenditure	87.386	190.541	259.152	228.348	434.946	1,200.373	1,574.471	2,774.844
Prudential Borrowing	33.084	154.067	118.448	97.870	138.309	541.778	728.812	1,270.590
Capital Funded From Revenue	18.300	23.300	28.300	10.800	10.800	91.500	31.500	123.000
Capital Receipts and Contributions	4.560	3.880	7.700	25.590	16.644	58.374	89.754	148.128
Receipts from LLPs*	19.583	5.282	72.018	70.606	232.259	399.748	569.825	969.573
Scottish Government Subsidy (Social)	11.859	4.012	32.686	23.482	36.934	108.973	154.580	263.553
Total Funding	87.386	190.541	259.152	228.348	434.946	1,200.373	1,574.471	2,774.844

**The budget for new build housing includes the upfront capital costs for the Council led development of all 10,000 affordable homes, including homes for mid-market and affordable market that will be purchased by the Council's new LLPs. £25m of the £970m anticipated receipts from LLPs by year ten is for homes already under construction and due to complete in the next two years. Please note these receipts go beyond current approved levels of on-lending, approval will be sought to expand the programme in future years.*

- 5.11 This investment aims to deliver Council commitments on affordable housing and net zero carbon by 2030. Capital investment will be accompanied by improvements in how we deliver housing services to increase customer satisfaction. The Strategy is aimed at reducing tenants cost of living, with below inflation rent increases at 2% per year since 2015/16 and service charges frozen for the six year in a row.
- 5.12 The HRA Budget Strategy 2021-2031 will also enable wider area improvements; including the regeneration of Granton Waterfront, Pennywell, Craigmillar, Meadowbank, Fountainbridge, Powderhall and Wester Hailes.
- 5.13 At the Full Council Budget meeting on 18 February 2021, Council agreed a [Composite Amendment from Opposition Groups](#) which froze council house rents for one year. A detailed assessment of this impact will be included in a March report to Housing, Homelessness and Fair Work. The motion also agreed to “acceleration of £1.86m of investment to deliver improvements to internal common stairwells through a prioritised programme of refurbishment across 180 blocks.” The motion also approved “additional resource of 2 surveyors and 1 case officer for the Mixed Tenure Improvement Service (MTIS) to accelerate property surveys and work with wonders to bring forward works to the value of £4m.” The HRA’s share of this work is estimated at £2.8m. These changes have been reflected in the table above.

Housing Limited Liability Partnerships

- 5.14 The Council also uses general fund resources to increase the provision of affordable housing in the city, through lending to arms’ length limited liability partnerships under the Edinburgh Living initiatives with £209.451m provided in the strategy. These projects are self-financing because of income from affordable rents.

However, it should be noted that at present the City of Edinburgh Council only has consent to borrow from the Scottish Government for Edinburgh Living LLPs up to 2023-24 for a total of £248.000m. The Housing Revenue Account (HRA) Business Plan assumes continuation of the consent beyond this point, in the form of capital receipts in the HRA. Options are being reviewed to address the requirement for consent for future years on-lending.

Identifying Capital Priorities

- 5.15 For new projects to be added to the Council's capital programme. Asset Investment Groups, within each directorate identify their investment priorities and develop business cases supporting those priorities. These priorities are then scored against a set series of prioritisation criteria agreed by the Council's Asset Management Board.
- 5.16 Priorities for capital expenditure, identified by officers and considered through the operational Asset Management Board and Corporate Leadership Team / Change Board, are aligned to our statutory responsibilities to deliver services together with achieving our strategic objectives.
- 5.17 The Asset Management Board, which is an officer group chaired by the Executive Director of Resources, appraises all business cases and recommends investment priorities to the Corporate Leadership Team / Change Board of the Council and then to the Finance and Resources Committee, ahead of the full Council budget setting meeting each year. Smaller ad-hoc projects may be added through the year following appropriate approval of project business cases, including those through executive committees or via the full Council itself. For example, within the approved Coalition Budget Motion there was also funding for the Smart Cities Operation Centre, which will support capital investment as well as revenue costs. Details of this will be added to the Strategy once the capital funding position is detailed.

Capital Financing

- 5.18 All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing, Public Private Partnerships and similar instruments). The planned financing of the above expenditure is as follows:

Table 2: Capital financing in £ millions

Capital Financing	2019/20 Actual	2020/21 Forecast	2021/22 Budget	2022/23 Budget	2023/24 Budget	2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget	2029/30 Budget	2030/31 Budget
Grants	159.842	87.936	83.468	45.237	73.911	71.482	85.434	118.915	89.266	77.730	64.719	53.950
Asset Sales	81.963	29.860	24.143	9.162	79.718	96.196	248.903	276.805	239.064	110.640	16.907	16.165
Capital Fund	6.311	14.195	6.986	9.186	-	10.828	-	-	-	-	-	-
Supported Borrowing	23.000	100.340	178.289	65.471	46.860	11.637	10.709	10.718	11.415	3.915	3.915	3.300
On-Lending	-	19.569	20.302	4.856	72.000	70.500	41.793	-	-	-	-	-
Other External Income	9.666	17.140	14.498	9.199	1.158	9.893	2.055	4.888	12.794	19.237	15.053	-
PPP and similar arrangements	69.595	11.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500
Loans Fund Advances - Self-Financed	109.634	25.003	157.933	215.529	167.745	169.432	200.453	155.740	246.353	253.461	98.200	71.178
Total	460.011	305.543	487.119	360.140	442.892	441.468	590.847	568.566	600.392	466.483	200.294	146.093

- 5.19 The grants total above doesn't include external funding where the timing of that funding is uncertain. This includes Sustrans funding for Active Travel.

- 5.20 To become carbon neutral by 2030, the city will need to tackle its largest sources of carbon emissions. The transport sector is one such significant source and road transport accounts for 68% of total transport emissions. Investing in active travel infrastructure provides the city's residents, visitors and businesses a means of transport that is low carbon and can efficiently move people and goods around the city. Active travel not only has a lower carbon footprint than private vehicles, it is also better for the city's air quality.
- 5.21 After rent or mortgages, people in Edinburgh spend more per week on transport than anything else. Providing high quality active travel infrastructure can make walking and cycling a realistic and appealing option for many who currently do not feel safe choosing to travel in this way. With the cost of accessing a bike far lower than for accessing a car, good active travel infrastructure can provide a low cost travel option for people to get around the city.

The image below shows George IV Bridge with Meadows to George Street implemented:



Loans Fund Review and Policy

- 5.22 The Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016 require the statutory loans fund to be administered in accordance with the 2016 Regulations, proper accounting practices and prudent financial management. The Council operates a consolidated loans fund under the terms of these Regulations. Capital payments made by services are financed by capital advances from the loans fund.
- 5.23 A [Loans Fund Review](#) was carried out in 2019/20 with the objective to explore options which could re-profile loans fund repayments in order to assist with delivery of a prudent, sustainable and deliverable medium-term revenue budget strategy, whilst ensuring that the provision remains prudent and appropriate to the benefits that are provided to the community from the associated expenditure.

- 5.24 The review was reported to Finance and Resources Committee on 14 February 2020. This report revised the Loans Fund debt charge repayment periods, based on a prudent financial management strategy.
- 5.25 As a result of the Loans Fund Review, the repayments for both historical and new capital advances (with the exception of those detailed below) will be calculated using option 3 – the Asset Life method.
- 5.26 For capital advances relating to loans to the Edinburgh Living LLPs and capital advances for the Trams to Newhaven project, all advances from the loans fund in the current year have a repayment profile set out using Option 4 – the funding/income method and these capital advances will be repaid using an annuity structure with fixed interest rate and principal repayments.
- 5.27 The business cases brought forward for other projects involving major capital expenditure funded by borrowing will consider the appropriate repayment method depending on the structure of the business case.

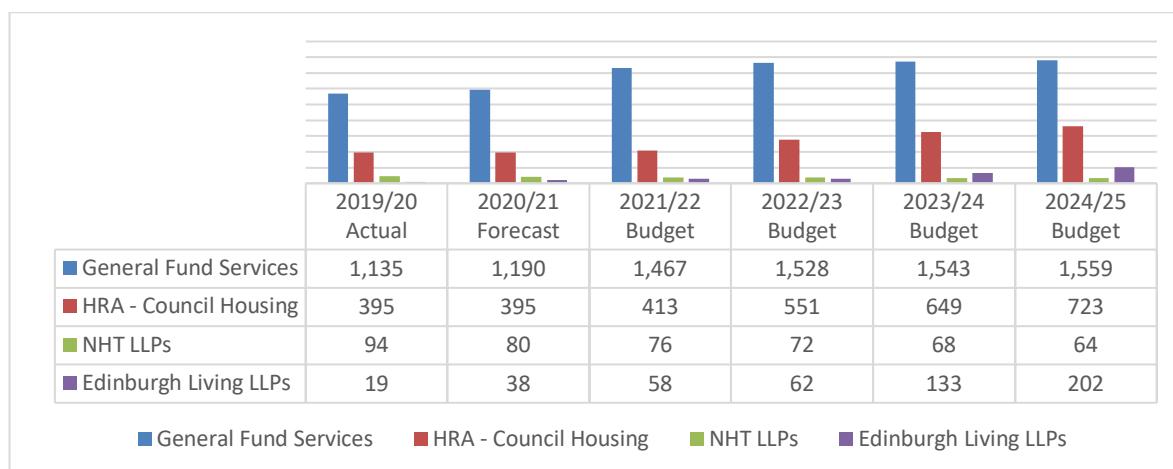
International Financial Reporting Standard (IFRS) 16 - Leases

- 5.28 The Council will need to adhere to IFRS 16 from the start of financial year 2022/23, with implementation having been delayed from the 2021/22 financial year. However, the first disclosure note on IFRS 16 was prepared for the 2019/20 Annual Accounts.
- 5.29 The objective of IFRS 16 is to report information that represents lease transactions and provides a basis for users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases.
- 5.30 IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.
- 5.31 The introduction of IFRS 16 within the Accounts will have a significant impact on the balance sheet from its introduction in 2022/23. This will subsequently have an impact on the Capital Financing Requirement (CFR) from the 2022/23 financial year. Therefore, it should be expected to see an increase in the CFR in future years which will be reported to Council as part of subsequent budget decisions.

Capital Financing Requirement

- 5.32 The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with loans fund repayments and capital receipts used to replace debt. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

Chart 3: Prudential Indicator: Estimates of Capital Financing Requirement in £ millions



Asset Management

- 5.33 The Council is currently reviewing its approach to the use of its assets to create a 20-minute neighbourhood approach, focusing on how to meet the Poverty and Prevention agenda, and how to move towards a Carbon Neutral City by 2030. This approach would see most of our daily needs being met within a 20-minute round trip walk, cycle or public transport ride, and truly join up service delivery to citizens. As part of this review, the Council needs to consider how to invest in future projects and ensure they align with this approach, to deliver multi service hubs for the whole community, rather than single use buildings.
- 5.34 The Council Business Plan 2021/26 sets out the 20-minute neighbourhood approach in more detail, showing how it responds to and interacts with all of the Council's priorities, and the way in which those priorities will manifest on the ground.
- 5.35 To ensure that capital assets continue to be of long-term use, the Council has asset management strategy in place. This was set out in 2015 with two documents; the Corporate Asset Strategy approved by Corporate Policy and Strategy Committee in May 2015, and the subsequent Property and Asset Management Strategy reported to Finance and Resources Committee in September 2015. The Asset Management Strategy sets out the objective to create a credible, focused and sustainable delivery organisation for property and facilities management; provide a fit for purpose, right-sized and safe estate; provide an appropriate level of service at an acceptable and efficient cost; and act in a commercial manner in pursuit of maximising value for the Council.
- 5.36 We need to make our estate more efficient; we spend £100m a year running the buildings we own. We need to think about how we work alongside our partners and better join up service delivery, with resources like service hubs, offices and depots that can be shared across the public sector. We'll aim to identify sites for new housing, release capital for investment, reduce costs and carbon emissions. We

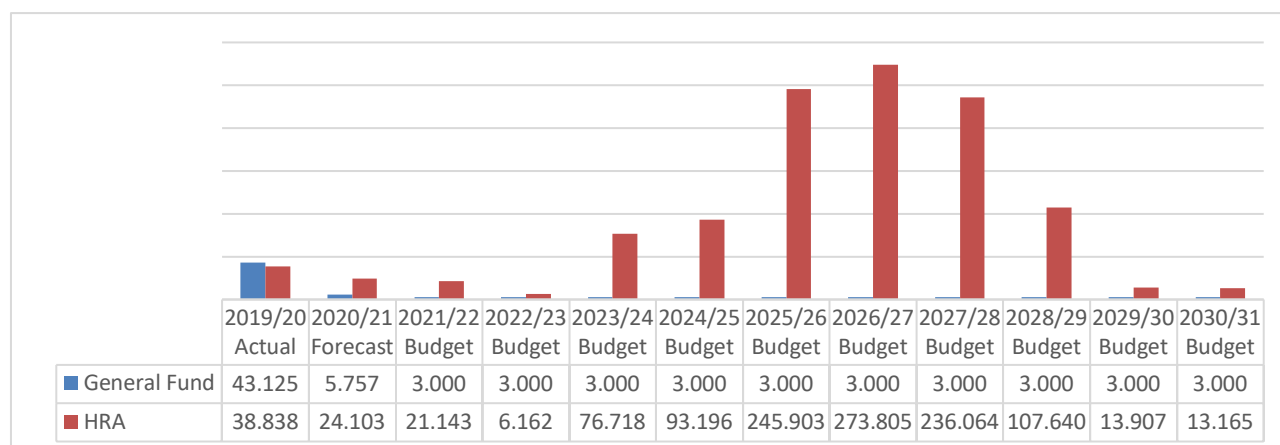
are committed to seeing all our new buildings meet ambitious net zero carbon targets by adopting Passivhaus standards where we can.

- 5.37 We are also committed to upgrading our existing estate through asset management works, with almost £205m allocated to this purpose in the 10-year capital budget strategy. This will hugely improve the condition and safety of our buildings. We are investigating energy generation, insulation and energy saving measures in our buildings to move forward on our ambition to achieve net zero carbon by 2030.
- 5.38 We continue to develop our Learning Estate with 10 new or replacement primary schools and five replacement secondary schools over the next 10 years, with Queensferry High School being the most recently completed, opening in summer 2020. We will develop our learning estate so that it provides multiservice community hubs, purpose built for the future.
- 5.39 On the 18 December 2020 the Scottish Government announced that the Council's Liberton High School and Wester Hailes Education Centre Phase 2 projects would both be part of Phase 2 of the Learning Estate Investment Programme. The Scottish Government will pay for ongoing maintenance of the new facilities through an outcomes based funding model. This follows the previous announcement on 9 September 2019 that Currie High School would be include within the Scottish Government's first phase of the Learning Estate Investment Programme.

Asset Disposals

- 5.40 When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. Repayments of capital grants also generate capital receipts. The Council expects to receive £35.757m of capital receipts in the General Fund in the years 2021/22 to 2030/31 as follows, with significantly more in the HRA through Edinburgh Living:

Chart 4: Capital receipts in £ millions



6. Treasury Management

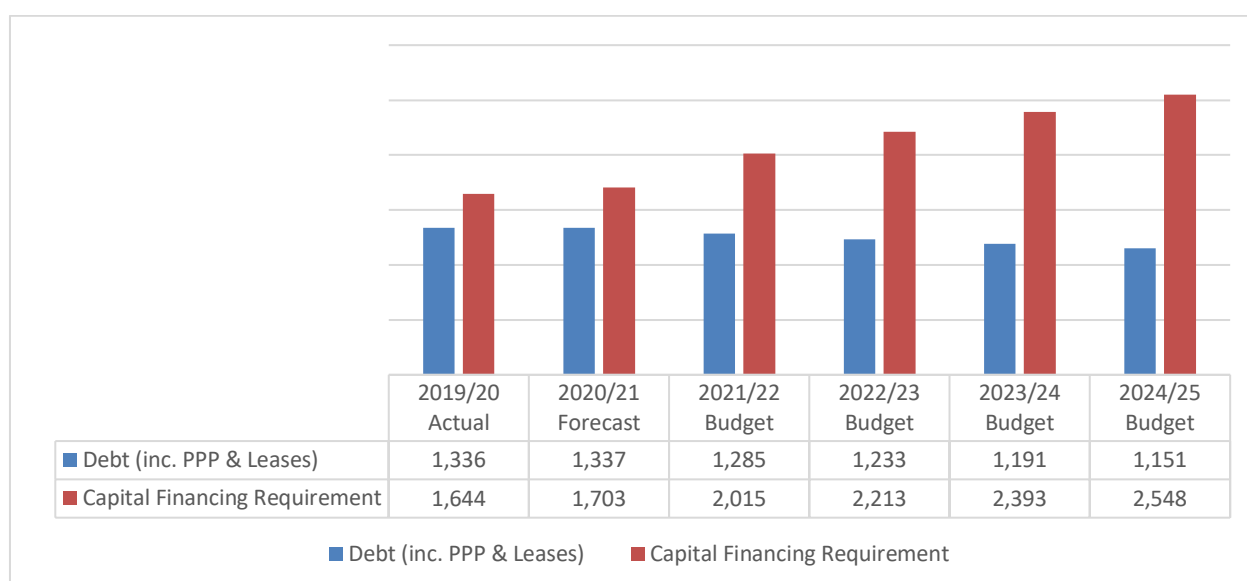
Treasury Management

- 6.1 Treasury management's role is to keep sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is typically cash rich in the short-term as revenue income is received before it is spent and holds cash reserves, at least in the short-term. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.
- 6.2 Due to past borrowing undertaken, at 31 December 2020 the Council had £1,309m borrowing at an average interest rate of 4.46%. We also held c. £247.5m treasury investments at an average rate of 0.06%.

Borrowing Strategy

- 6.3 The Council's main objective when borrowing is to achieve a low but certain cost of finance while, where possible, managing the Council's future interest rate risk. The current strategy is to balance reducing investments to fund capital expenditure in the short term while managing the Council's longer-term interest rate risk by securing borrowing for future capital expenditure as the delivery becomes more certain. This has been complicated by the increase in PWLB rates which was in effect for most of 2020/21 and the substantially reduced capital expenditure due to the global pandemic.
- 6.4 Projected levels of the Council's total outstanding debt (which comprises borrowing, PFI liabilities, leases are shown below, compared with the capital financing requirement as summarised in the chart below:

Chart 5: Prudential Indicator: Gross Debt and the Capital Financing Requirement in £ millions



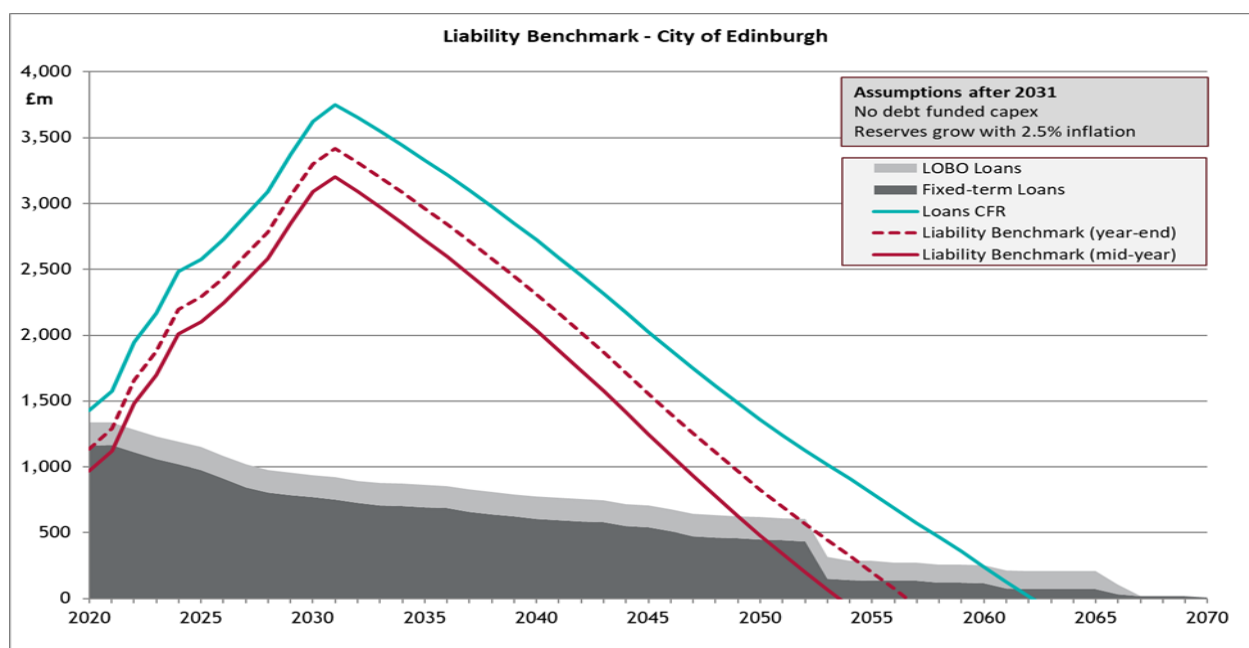
6.5 Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from Chart 5, the Council expects to comply with this in the medium term.

Liability Benchmarking

6.6 To compare the Council’s actual borrowing against its predicted underlying need to borrow, a liability benchmark has been calculated using the Council’s loans and Capital Financing Requirement less its core underlying cash investments.

6.7 The chart below shows the projection of the Council’s benchmark produced by the Council’s Treasury Advisors:

Chart 6: Liability Benchmark in £ millions



6.8 The chart shows that the Council is projected to be significantly under its liability benchmark over the period. This shows that the Council will require to undertake additional borrowing in the latter years to fund this.

Affordable Borrowing Limit

6.9 The Council sets an affordable borrowing limit (also termed the authorised limit for external debt) each year. A lower “operational boundary” is also set as a warning level should debt approach the limit.

Table 3: Prudential Indicators: Authorised limit and operational boundary for external debt in £m

	2020/21 Limit	2021/22 Limit	2022/23 Limit	2023/24 Limit	2024/25 Limit
Authorised Limit – Borrowing	2,088	2,566	2,891	2,831	2,725
Authorised Limit – PFI and Leases	256	248	242	235	229
Authorised Limit – Total External Debt	2,344	2,814	3,133	3,066	2,954
Operational Boundary – Borrowing	1,538	1,959	2,344	2,560	2,725
Operational Boundary – PFI and Leases	256	248	242	235	229
Operational Boundary – Total External Debt	1,794	2,207	2,586	2,795	2,954

Investment Strategy

- 6.10 Treasury investments arise from receiving cash before it is paid out again and through reserves and other fund balances. For nearly 7 years from December 2012, the Council did not draw down any external PWLB or market borrowing. The strategy over this period was to fund the Council's borrowing requirement by reducing the Council's temporary investments. The new borrowing undertaken in 2019/20 to de-risk the core funding for the "Trams to Newhaven" project gave the Council additional temporary cash balances. This was used to add duration to the cash fund, significantly increasing its average weighted life. The duration added in December 2019 and March 2020 added significantly to the relative performance of the cash fund as interest rates dropped due to the economic effects of COVID-19 and the lockdown. The lockdowns also created a significant delay in capital expenditure during the year, giving higher cash balances than had originally been anticipated.
- 6.11 The Council's cash investments are pooled with the sterling cash of Lothian Pension Fund and other associated organisations and invested together. The investment policy for treasury investments is to prioritise security and liquidity over yield, that is to focus on minimising risk rather than maximising returns. Cash is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Additional liquidity is provided using Money Market Funds. Investments made for service reasons are not generally considered to be part of normal treasury management activity.
- 6.12 Further details on treasury investments are in Appendix 5 of the Annual Treasury Management Strategy report.
- 6.13 Decisions on treasury management investment and borrowing are made daily and are therefore delegated by the Council to the Head of Finance and relevant staff, who must act in line with the Treasury Management Policy Statement approved by the Council on the recommendations of the Finance and Resources Committee. Semi-annual reports on treasury management activity are presented to Council. The Governance, Risk and Best Value Committee is responsible for scrutinising treasury management decisions.

7. Other Investments and Long-term Liabilities

Investments

- 7.1 The Council makes investments to assist local public services, including making loans to and buying share in Council's subsidiaries that assist in the delivery of Council priorities. Examples include investments in the Edinburgh International Conference Centre, the EDI Group, Edinburgh Living LLPs and Energy for Edinburgh. In light of the public service objective, the Council is willing to take more risk than with treasury investments, however it still plans for such investments to break even after all costs.

- 7.2 Decisions on service investments are made by the relevant Executive Director or Head of Service, in accordance with the scheme of delegation, in consultation with the Head of Finance and are approved by the relevant executive committee of the Council. Most loans and share purchases are capital expenditure and purchases will therefore also be approved as part of the capital programme.

Commercial Activities

- 7.3 The Council retains a commercial property investment portfolio for city development purposes, but also derives financial gain from this activity. The investment portfolio consists of over 1,130 assets and is forecast to produce a rental income of c. £15m per annum. This figure continues to be monitored closely as a result of the COVID-19 pandemic. The portfolio is estimated to have a value of c. £230m.
- 7.4 With economic development being the main objective, the Council accepts higher risk on commercial investment than with treasury investments. The principal risk exposures include voids and falls in capital value. In order to minimise the liability to the Council the portfolio is actively managed on a commercial basis.
- 7.5 Decisions on commercial investments are made by the Executive Director of Resources in line with the criteria and limits set by the Council as part of the Scheme of Delegation and Financial Regulations, and directly through the Finance and Resources Committee, where appropriate. Property and most other commercial investments are also capital expenditure and purchases will therefore also be approved as part of the capital programme.
- 7.6 The council also has commercial activities in Edinburgh International Conference Centre and the EDI group. The commercial activities in the EDI group are in the process of being wound down in accordance with the [EDI transition strategy](#) approved by Council on 31 May 2018.

Integration with Wider Financial Strategy

- 7.7 It is recognised that the Council's capital resources are limited. Borrowing carried out for investment must be repaid from increasingly limited revenue budgets. The Capital Budget Strategy can only be funded if the Council is able to balance its revenue budget over the medium to long term to comply with the terms of the Prudential Code.
- 7.8 This strategy should be read in parallel with the [Council's Business Plan, Our future Council, Our Future City](#) as the revenue impact of additional capital expenditure needs to be contained within a balanced medium-term revenue budget. The section on "Our Finances" goes into detail on the gap between projected expenditure and available funding.

Risks and Reserves

- 7.9 The Council undertakes an annual review of its risks and reserves in the context of setting the revenue and capital budgets. The most recent update, [Council Business Plan and Budget 2021/26 – Risks and Reserves](#) was reported to the Finance and Resources Committee on 2 February 2021 and set out a number of risks (and associated mitigating actions), including potential cost pressures around

demographic-led demand, pay awards and the impacts of other legislative changes, as well as the level of future funding settlements and delivery of approved savings.

- 7.10 The report also sets out the intention to increase the Council’s unallocated General Fund reserve balance to £25m, equating to around 2.3% of the Council’s net expenditure which brings the Council’s position in line with other local authorities in Scotland.
- 7.11 The report also set aside a series of ringfenced reserves maintained for statutory³ or specific policy⁴ reasons or to reflect timing differences between the receipt of income and its subsequent application, together totalling £55m and a workforce transformation reserve of £15m, less commitments incurred as part of the recent targeted staff release programme for senior managers, to facilitate organisational restructuring and delivery of associated recurring efficiency savings.
- 7.12 A COVID-19 contingency reserve of £16m was also set up, acknowledging the continuing uncertainty of the recurring impacts of the pandemic on, in particular, income levels in key areas such as parking, commercial rentals and other fees and charges.

Revenue Budget Implications of Capital Strategy

- 7.13 Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and loans fund repayments are charged to revenue, offset by any investment income receivable. The net annual charge as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general grants. It should be noted that the comparatively low figure in 2021/22 recognises the Council’s proposed application of available financial “flexibilities” spreading the pandemic’s cost impacts over a longer period.

Table 4: Prudential Indicator: Proportion of financing costs to net revenue stream

	2019/20 Actual	2020/21 Forecast	2021/22 Budget	2022/23 Budget	2023/24 Budget	2024/25 Budget
Financing costs (£m) – General Fund Services	104,710	79,611	56,524	98,337	108,665	108,507
Proportion of net General Fund revenue stream	10.50%	7.42%	4.73%	8.77%	9.78%	9.85%
Financing costs (£m) – Housing Revenue Account	39,148	36,337	37,556	40,652	46,252	51,963
Proportion of net HRA revenue stream	37.65%	35.23%	35.89%	37.75%	41.00%	44.27%

- 7.14 In addition to financing costs, the Council makes provision for all running costs and lifecycle maintenance of assets in its revenue budget planning process. Before

³ Including the Insurance Fund, Council Tax Discount Fund (ringfenced for the provision of affordable housing), licensing reserves and sums set aside under the Devolved School Management (DSM) scheme.

⁴ Including the Spend to Save and City Strategic Investment Funds.

inclusion in the capital programme, a business case is created for every new project which sets out the revenue implications and how they will be funded.

- 7.15 Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future. The implications of capital expenditure have been built into the Council's long-term financial planning assumptions to ensure that the proposed capital programme is prudent, affordable and sustainable.

8. Knowledge and Skills

- 8.1 The council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions.
- 8.2 The Finance function, within the Council's Resources Directorate, has qualified accountants working throughout the Division. The accountancy function is an accredited employer with regard to Continuing Professional Development (CPD) with the following accountancy bodies: CIPFA, CIMA, and ACCA. This accreditation is assessed externally every 3 years.
- 8.3 The accounting function has been externally assessed as being a Best Practice Employer with regard to training by CIPFA in recognition of the continuing development opportunities provided to staff.
- 8.4 Benchmarking information (2018) shows that the Council has an above average number of qualified staff compared with other local authorities across the UK with over 66% of staff being qualified or part-qualified. Support is provided for those engaged in study for accounting, treasury and insurance qualifications. The CPD assessment undertaken by CIMA examines the provision of training and guidance available to staff on ethical issues including whistleblowing and money laundering legislation.
- 8.5 The 2019 CIPFA Benchmarking showed the Council to be 20.5% below the peer group staffing cost and 35% below peer group staffing numbers. While the definition of Finance was slightly wider, Scotland-specific benchmarking published in 2019 showed the Council to have the lowest relative expenditure on Finance support of any council in Scotland.
- 8.6 As well as finance qualifications, the Treasury Team hold a range of Treasury, Investment and Banking qualifications including the CIPFA/ACT Certificate in International Treasury Management – Public Finance and the Investment Management Certificate. The team also has a wide range of knowledge and experience in investment instruments as well as debt and other funding structures.
- 8.7 The Property function, within the Council's Resources Directorate, through which the property investment portfolio is managed, has RICS qualified surveyors working across the Division, the majority of which are also members of the Registered Valuers scheme.

- 8.8 In addition, use is made of external advisers and consultants that are specialists in their field, when specialist technical advice is required. This approach is more cost effective than employing such staff directly and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

9. Conclusion

- 9.1 The Capital Strategy is a reporting requirement introduced by the 2017 edition of the CIPFA Prudential Code, with the first iteration published in March 2019 and annual updates provided thereafter.
- 9.2 The Capital Strategy takes account of the City of Edinburgh Council's Business Plan and Vision whilst considering any new investment within the context of growing in a sustainable way.
- 9.3 COVID-19, revenue funding pressures and the true costs of creating Carbon Neutral infrastructure will have an impact on what the Council can afford, and it needs to ensure that the projects taken forward are the right choices with more limited resources. It also needs to consider a total place approach where new buildings are not built in isolation but consider the full range of services offered, their role and accessibility within the local community.
- 9.4 This Capital Strategy for City of Edinburgh Council provides a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the infrastructure and provision of services for the benefit of Edinburgh communities and citizens. It also provides an overview of how associated risk is managed and the implications for future financial sustainability.

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Finance and Resources Committee

10:00am, Thursday, 4 March 2021

Annual Treasury Management Strategy 2021/22

Executive/routine Wards Council Commitments	Executive
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1. Recommendations

1.1 It is recommended that the Committee:

1.1.1 Notes the Annual Treasury Strategy 2021/22 and refers the report to the City of Edinburgh Council for approval of the report and the change to the Council's Treasury Management Policy Statement and subsequent remit by the City of Edinburgh Council to the Governance Risk and Best Value Committee for scrutiny.

1.1.2 Notes the key points in the report, that:

- The Council's total capital expenditure is forecast to be £1.987bn between 2020/21 and 2024/25 with an underlying need to borrow at 31 March 2025 forecast to be £2.327bn;
- The Council will continue to fund its Capital Financing Requirement from temporary investment balances over the next year; and,
- The Council will continue to seek opportunities to mitigate future interest rate risk with alternatives to the Public Works Loan Board (PWLB) and lock out the risk where appropriate.

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

Annual Treasury Management Strategy 2021/22

2. Executive Summary

- 2.1 The report proposes a Treasury Management Strategy for the Council for 2021/22, comprising an Annual Investment Strategy and a Debt Management Strategy. There is a statutory requirement for Council to approve this in advance of the new financial year.

3. Background

- 3.1 This report sets out a Treasury Management Strategy for 2021/22 including estimates of funding requirements, an economic forecast and borrowing and investment strategies.
- 3.2 The Council's Treasury Management activities are carried out in accordance with the Council's Treasury Policy Statement. Under the provisions of the Treasury Policy Statement, a report should be submitted on the proposed Treasury Management Strategy for the ensuing year. The Treasury Strategy aims to:
- Ensure that the Council has sufficient and appropriate facilities available to meet its short and long-term borrowing requirements and funding needs;
 - Secure new funding at the lowest cost; and,
 - 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.
- 3.3 Treasury Management is undertaken with regard to the CIPFA Code of Practice for Treasury Management in the Public Services and the Prudential Code. It also adheres to the statutory requirements in Scotland which require this report, including the Capital Investment Programme and Prudential Indicators to be approved by the full Council. Appendix 7 gives details of the Capital Investment Programme and Prudential Indicators which were approved by Council as part of the budget process.

4. Main report

Capital Expenditure

- 4.1 Table A1.1 in Appendix 1 shows the forecast capital expenditure for both the General Fund (GF) Services and the Housing Revenue Account (HRA) for the current and next 4 years. This shows that GF capital expenditure is anticipated to be £1.175bn, and the HRA £812m, giving a total of £1.987bn over the 5 years.

Loans Fund Borrowing Requirement

- 4.2 Tables A1.2 and A1.3 show how it is anticipated that the Capital Expenditure in Table A1.1 will be funded. Of the £1.987bn, £793m for the GF and £418m for the HRA will be funded by new capital advances from the Loans Fund.
- 4.3 Table A1.4 in Appendix 1 shows that the Council's underlying need to borrow (shown as 'Cumulative Capital Expenditure') is projected to increase from £1.375bn at the start of the current financial year to £2.327bn at 31 March 2025.

Economic Outlook

- 4.4 Appendix 2 gives an overview of the current economic and market outlook. World economies remain weak as it continues to cope with lockdowns due to the Covid-19 pandemic. In the UK inflation is below the Bank of England's target rate of 2% at 0.8% and unemployment has risen to 4.9% due to impact of Coronavirus.

Treasury Management Strategy – Debt

- 4.5 The Council borrowed £236m during the 2019/20 financial year, reducing the use of temporary investments to fund capital expenditure to £39m. Due to the consequences of the global pandemic £200m of capital expenditure projected to be spent in 2020/21 has been re-profiled into future financial years. During much of the 2020/21 financial year, PWLB rates were set at a higher level while a consultation on the PWLB was undertaken. However, the Council has a substantial borrowing requirement in the coming financial years. Interest rates are still at a historic low but are likely to be subject to upward pressure if the COVID-19 vaccines prove effective.
- 4.6 The Debt Management Strategy for 2021/22, as set out in Appendix 3, is to:
- continue to reduce investment balances to temporarily fund capital expenditure;
 - seek alternative sources of funds to the PWLB; and
 - continue to lock out the risk on projects when the timing of capital expenditure becomes certain and interest rates are appropriate.

Loan Fund Repayment Policy

- 4.7 The Council operates a consolidated loans fund under the terms of the Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016, and one of the requirements of the Regulations is to report the Council's Loan Fund

Repayment Policy. The Policy for 2020/21 is contained in Appendix 4 and Appendix 6 sets out details of the existing loans including maturity date and interest rate payable.

Treasury Management – Annual Investment Strategy

- 4.8 Appendix 5 details the proposed Annual Investment Strategy for 2021/22. It is intended to continue the current investment strategy, which is centred around the security of the investments, taking advantage of longer rates where liquidity allows. Investment will continue to be made via the Cash Fund arrangement.

Treasury Management Indicators

- 4.9 Appendix 7 shows the Indicators required by the Prudential Code which were approved by Council on 18 February.

Treasury Management Policy Statements

- 4.10 Appendices 8 and 9 set out the Treasury Management Policy Statements for the City of Edinburgh Council and its Treasury Cash Fund.

5. Next Steps

- 5.1 The success of the Treasury team can be measured by the outperformance of the Treasury Cash Fund against its benchmark of 7-day London Interbank Bid Rate (LIBID) and managing the Council's debt portfolio to minimise the cost to the Council while mitigating risk.

6. Financial impact

- 6.1 The Council continues to manage its debt portfolio so as to minimise the medium-term cost of funding its capital projects. Provision for the revenue implications arising from this report have already been included in the Council's long-term financial plan.
- 6.2 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 – Capital Expenditure and Funding Requirement
- 9.2 Appendix 2 - Economic and Market Outlook
- 9.3 Appendix 3 – Treasury Management – Debt Management Strategy
- 9.4 Appendix 4 – Loans Fund Repayment Policy
- 9.5 Appendix 5 – Treasury Management – Annual Investment Strategy
- 9.6 Appendix 6 – Debt Maturity Profile (January 2019)
- 9.7 Appendix 7 – Prudential Indicators
- 9.8 Appendix 8 – Treasury Management Policy Statement – The City of Edinburgh Council
- 9.9 Appendix 9 – Treasury Management Policy Statement – Treasury Cash Fund

Summary of Capital Expenditure and Funding Requirement

	2019/20 Actual £000	2020/21 Forecast £000	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000
Communities and Families	64,321	51,281	122,262	56,546	64,533	80,951
Place	109,606	104,161	144,927	37,028	28,707	22,676
Place - Lending	28,138	19,569	20,302	4,856	72,000	70,500
Place - Trams to Newhaven	26,421	56,319	72,032	41,744	12,849	-
Resources - Asset Management Works	48,547	13,816	20,861	25,650	19,800	19,800
Resources	2,873	1,758	2,088	807	1,091	1,597
Edinburgh Integration Joint Board	-110	284	0	0	0	0
Slippage Assumption			-18,108	1,848	-16,360	16,856
Capital Expenditure per CIP	279,796	247,188	364,364	168,479	182,620	212,380
HRA – Capital Expenditure (inc. Early Action)	111,854	46,855	87,386	190,541	259,152	228,348

Table A1.1 - Capital Expenditure on General Fund Services and HRA

General Fund	2019/20 Actual	2020/21 Forecast	2021/22 Budget	2022/23 Budget	2023/24 Budget	2024/25 Budget
Central Government Grants	148,229	79,410	68,609	38,225	38,225	45,000
Use of Capital Receipts	43,125	5,757	3,000	3,000	3,000	3,000
Other External Income	9,666	17,140	56	5,777	1,158	9,893
Draw down from Capital Fund	6,311	14,195	6,986	9,186	0	10,828
Capital Grants Unapplied	805	0	14,442	3,422	0	0
Developers Contributions	0	0	380	380	380	760
Loans Fund Advances	72,465	130,686	270,891	108,489	139,857	142,899
Total	279,796	247,188	364,364	168,479	182,620	212,380

Table A1.2 - Funding Sources for General Fund Services Capital Expenditure

HRA	2019/20 Actual	2020/21 Forecast	2021/22 Budget	2022/23 Budget	2023/24 Budget	2024/25 Budget
Grants	11,613	8,526	14,859	7,012	35,686	26,482
Capital Funded from Current Revenue	23,000	0	18,300	23,300	28,300	10,800
Capital Receipts from Edinburgh Living	38,838	24,103	21,143	6,162	76,718	93,196
Loans Fund Advances	38,403	14,226	33,084	154,067	118,448	97,870
Total	111,854	46,855	87,386	190,541	259,152	228,348

Table A1.3 - Funding Sources for HRA Capital Expenditure

Capital Funding v. External Debt	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	Outturn	Forecast	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000	£'000
Debt b/fd	1,198,460	1,336,058	1,337,470	1,284,875	1,232,882	1,191,396
Cumulative Capital Expenditure b/fd	1,355,901	1,374,600	1,457,795	1,775,598	1,979,907	2,165,927
Over/underborrowed b/fd	-157,441	-38,542	-120,325	-490,724	-747,025	-974,531
GF Capital Financed by borrowing	17,921	54,798	213,187	62,268	55,388	73,159
Tram Capital Financed by borrowing	26,406	56,319	71,652	41,364	12,469	-760
Lending to LLPs	28,138	19,569	20,302	4,856	72,000	70,500
HRA Capital Financed by borrowing	38,403	14,226	33,084	154,067	118,448	97,870
less scheduled repayments by GF	-66,229	-32,439	0	-36,206	-41,492	-44,835
less scheduled repayments by Tram	0	-1	0	0	-4,942	-5,060
less scheduled repayments by LLPs*	-4,728	-14,559	-4,623	-4,834	-4,879	-5,859
less scheduled repayments by HRA	-20,695	-14,174	-15,242	-16,619	-20,349	-23,609
less scheduled repayments by Joint Boards	-517	-544	-556	-588	-623	-557
Underlying Need to Borrow	18,699	83,195	317,804	204,308	186,020	160,849
plus total maturing debt	98,750	58,589	52,595	51,993	41,486	40,674
Total Borrowing Requirement	117,449	141,784	370,399	256,301	227,506	201,523
Cummulative Borrowing Requirement		141,784	512,182	768,484	995,989	1,197,513
New / Committed Borrowing	236,348	60,000				
Debt at end of the year	1,336,058	1,337,470	1,284,875	1,232,882	1,191,396	1,150,722
Cumulative Capital Expenditure	1,374,600	1,457,795	1,775,598	1,979,907	2,165,927	2,326,776
Cumulative Over/Under Borrowed	-38,542	-120,325	-490,724	-747,025	-974,531	-1,176,054

* This is based on the known repayments for current advances, with the planned advances on a 40 year annuity basis, using a 3.15% interest rate.

Table A1.4 - Capital Funding v. External Debt

Economic and Market Outlook

Overview

Coronavirus has and will continue to be the major influence on the UK economy along with the effect of Brexit in 2021/22 including lockdown measures, vaccines and new trading arrangements. Unfortunately, with the new more transmissible variant of the virus numbers are hitting new record highs. However, during December we have had some good news in that two vaccines were given approval in the UK. Although it will take some time to vaccinate the population, there may be some light at the end of the tunnel.

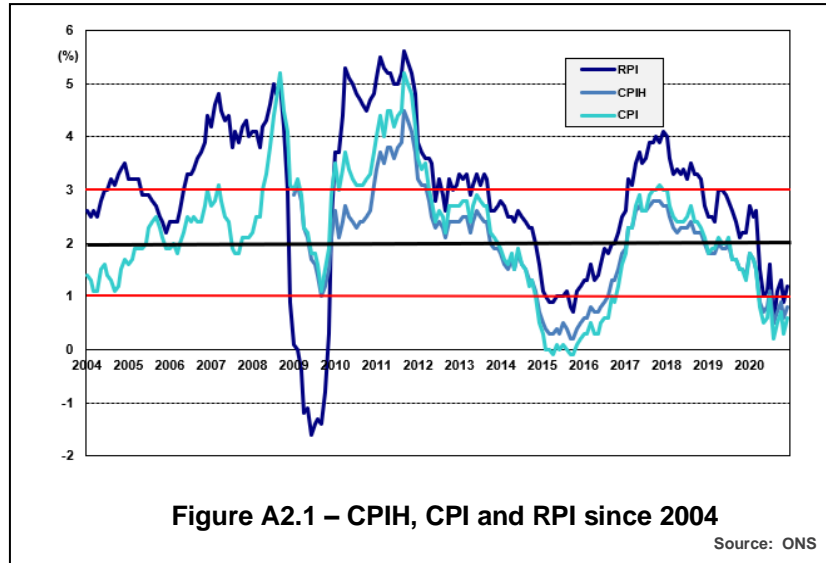
World Economy

In the US the Federal Reserve Open Market Committee (FOMC) voted to reduce interest rates twice in March 2020. It has remained at its current rate of 0-0.25 since 16th March and have strongly indicated that interest rates are unlikely to change over the next three years. The US Economy grew by 33.4% in Quarter 3 after a contraction of 31.4% in Quarter 2. President Biden was officially sworn in on the 20th January ending 4 years of President Trump in the White House.

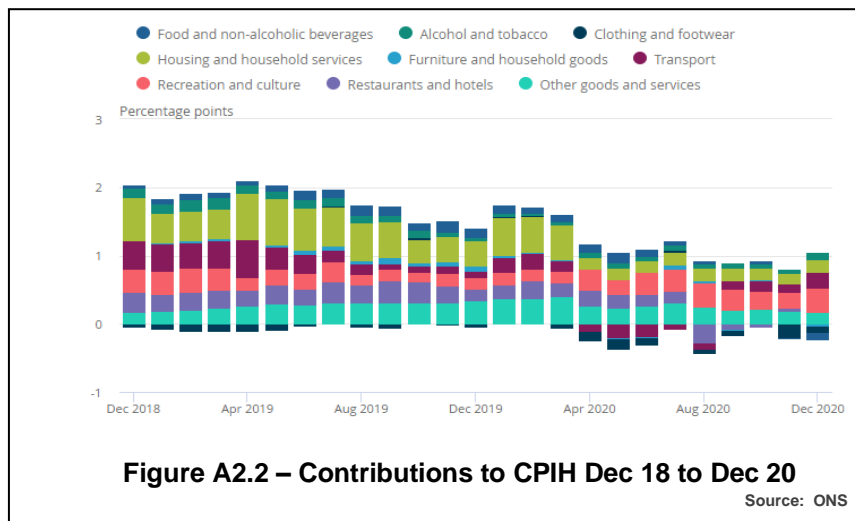
Inflation in the Eurozone is expected to be -0.3% in December 2020, the same as the previous 3 months. Prices should continue to fall for energy and non-energy industrial products. Prices for food, alcohol and tobacco increased. Core inflation, which excludes the prices of food, alcohol and tobacco and energy, for December is likely to be unchanged at 0.2% which continues to be the lowest on record. The economy grew by 12.5% in the three months to September 2020, recovering from -11.7% the previous quarter. This was the largest increase since 1995 which was boosted by a rebound in activity and demand as lockdowns were gradually lifted. Since September further restrictions were implemented across the Eurozone which will have a negative effect on future growth figures.

UK Inflation Outlook

Figure A2.1 below shows CPI (Consumer Price Index) and RPI since March 2004 and CPIH (CPI including owner occupier housing costs), which was reinstated as a national statistic in July 2017, since 2009.



The Government’s preferred measure of inflation, CPI was 0.6% in December 2020, up from 0.3% in November and below the Bank of England’s target rate. CPIH was 0.8% in December, up from 0.6% in November. The largest upwards contributions came from recreation and culture, rising transport costs and clothing. Downwards movements came from food and non-alcoholic beverages. Figure A2.2 shows the contributions to CPIH from December 2017 to December 2019, highlighting the movements.



Interest Rate Outlook

Table A2.1 gives a Reuters poll of up to 59 economists, taken 15th January, showing their forecasts for UK Bank Rate until Quarter 2 2022. Most economists polled believed that the UK Bank Rate will remain at 0.10% until the 2nd quarter of 2022. The poll also shows some Economists believe UK Bank Rate will turn negative as quickly as Q1 2021.

	2021				2022	
	Q1/21	Q2/21	Q3/21	Q4/21	Q1/22	Q2/22
Median	0.10	0.10	0.10	0.10	0.10	0.10
Mean	0.09	0.08	0.07	0.07	0.08	0.08
Mode	0.10	0.10	0.10	0.10	0.10	0.10
Min	-0.15	-0.15	-0.15	-0.15	-0.10	-0.10
Max	0.10	0.10	0.10	0.10	0.10	0.10
Count	59	59	59	59	43	34

Table A2.1 – Economists’ Forecasts for UK Bank Rate

Source: REUTERS

UK Interest Rates

Due to the worsening global economic impact of the COVID-19 virus the Bank of England’s Monetary Policy Committee (MPC) cut UK Bank Rate from 0.75% to 0.25% on the 11th March 2020 then again on the 19th March to 0.10% where it remains. The quantitative easing programme has increased by £450bn from the start of lockdowns in March and now stands at £895bn.

In November 2020 after a consultation process the PWLB announced a reduction of 1% in all Standard Rate and Certainty Rate loans effective immediately. The new terms apply to all Local Authorities as long as they confirm there is no intention to buy investment assets primarily for yield in the current or next two financial years. Gilt yields have remained relatively low with short term yields negative. However, we consider that there is some upward pressure on rates which is likely to intensify if the roll out in the Covid-19 vaccine is seen to be successful and results in a rebound in the economy.

Treasury Management – Debt Management Strategy

Overview

The overall objectives of the Council's Strategy for Debt Management are to:

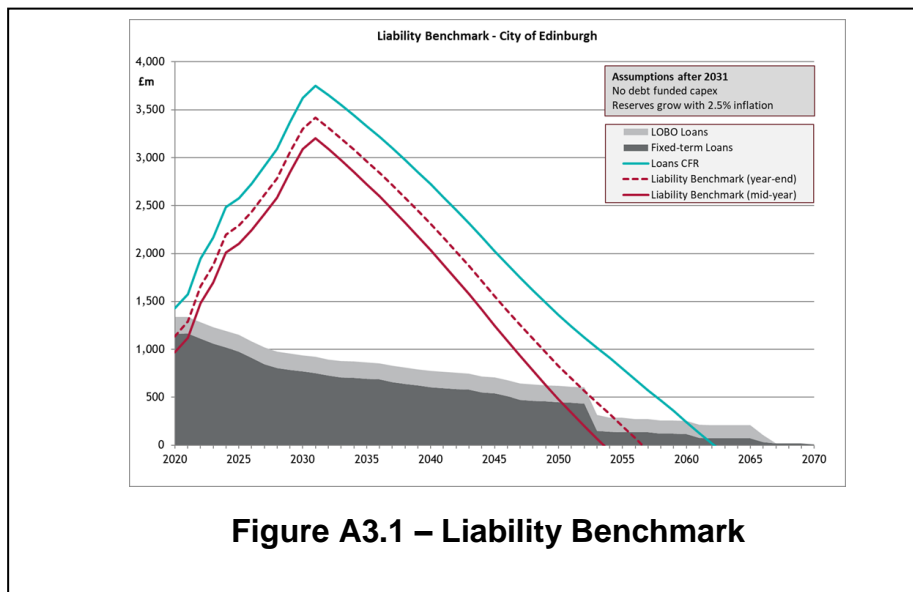
- forecast average future interest rates and borrow accordingly;
- secure new funding at the lowest cost in a manner that is sustainable in the medium term;
- ensure that the Council's interest rate risk is managed appropriately;
- ensure smooth debt profile with a spread of maturities; and
- reschedule debt to take advantage of interest rates.

Loans Fund Borrowing Requirement

Around £200m of capital expenditure which anticipated in 2020/21 has been re-profiled into future financial years due to the effects of the global pandemic and lockdowns. Table A1.1 in Appendix 1 shows the forecast capital expenditure for both the General Fund (GF) Services and the Housing Revenue Account (HRA) for the current and next 4 years. This shows that GF capital expenditure is anticipated to be £1.175bn, and the HRA £812m, giving a total of £1.987bn over the 5 years.

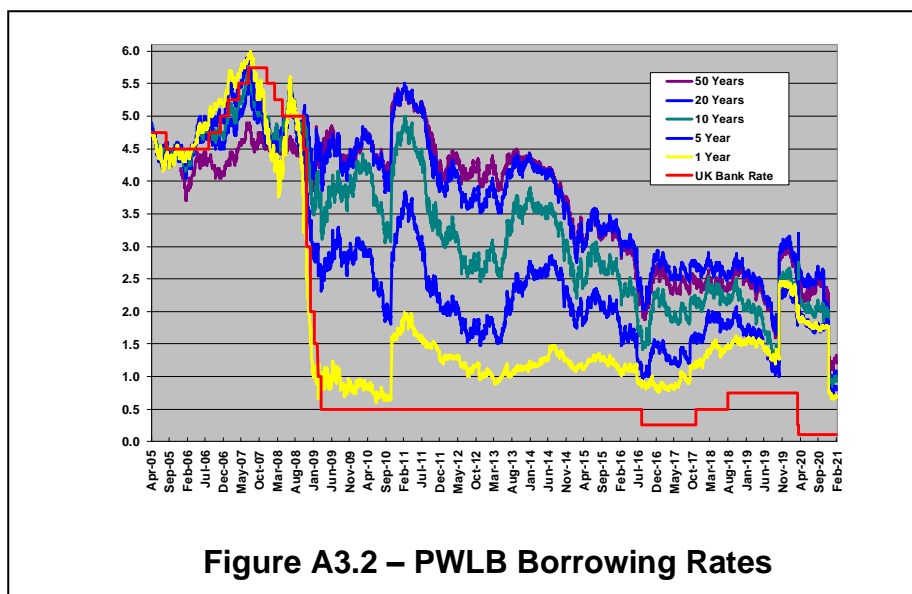
Tables A1.2 and A1.3 show how it is anticipated that the Capital Expenditure in Table A1.1 will be funded. Of the £1.987bn, £827m for the GF and £418m for the HRA will be funded by new capital advances from the Loans Fund. Table A1.4 in Appendix 1 shows that the Council's underlying need to borrow (shown as Cumulative Capital Expenditure) is projected to increase from £1.375bn at the start of the current financial year to £2.327bn at 31 March 2025.

The Cumulative Borrowing Requirement shows that if the Council were to fully fund its Capital Financing Requirement it would need to borrow £1.198bn over the next 5 years, on top of the £39m in cash balances which have already been used to temporarily fund capital expenditure. Figure A3.1 below shows the Council's Liability benchmark which includes projected borrowing up to 2031. This indicates how much the Council would need to borrow if the Capital projections prove to be accurate. The Council therefore have a substantial borrowing requirement and hence interest rate risk.



Debt Management Strategy

The Council has a substantial borrowing requirement over the next 5 years which gives the Council a significant financing risk. The quarter of a billion pounds of borrowing undertaken in 2019/20 has reduced the financing risk to an extent but the Liability Benchmark indicates the substantial level of borrowing which the Council may have to undertake in a rising interest rate environment. Figure A3.2 below shows PWLB Maturity Borrowing Rates from April 2005 to February 2021.



Because of the new borrowing undertaken in 2019/20, the use of temporary investments to fund capital expenditure fell from £157m to £39m at 31 March 2020. This gave scope to await the results of the PWLB Consultation, but the quantum of borrowing requirement which the Council has over the next few years suggests that more of the financing risk

needs to be managed. It is therefore intended to lock out PWLB borrowing as the certainty of capital expenditure becomes clear. Forward starting options as an alternative to PWLB will also be considered to manage the risks.

The strategy for the coming year is therefore to:

- continue to reduce investment balances to temporarily fund capital expenditure;
- seek alternative sources of funds to the PWLB; and
- continue to lock out the risk on projects when the timing of capital expenditure becomes certain and interest rates are appropriate.

Loans Fund Repayment Policy

The Council operates a consolidated loans fund under the terms of the Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016. Capital payments made by services are financed by capital advances from the loans fund. The Regulations require the Council to have a policy for the prudent repayment to the loans fund of the capital advances. The 2016 guidance sets out four options for the calculation of the repayment of loans fund advances, which are:

Option 1 – Statutory Method – this method allows repayments to be made as if the previous Schedule 3 to the 1975 Local Government (Scotland) Act was still in force but will no longer be available as an option after March 2021;

Option 2 – Depreciation Method – a complex method that links the calculated repayment to the depreciation charged each year and movement in the value of the asset;

Option 3 – Asset Life Method – a simpler alternative to the depreciation method, either on an equal instalment basis or on an annuity basis; or

Option 4 – Funding/Income Profile Method – repayments calculated by assessing future income receivable from the use of the asset, if the asset created generates income.

The guidance indicates that these four options are those likely to be most relevant for the majority of local authorities for loans fund advances made for the authority's own capital expenditure. Other approaches are not ruled out but must be considered by the local authority to be a prudent repayment.

As part of the 2019/20 budget process the Council received a report on the review carried out on the loans fund. The report recommended changes in the method of calculating loans fund repayments for current and historical capital advances. Those changes mean that the repayments for both historical and new capital advances (with the exception of those detailed below) will be calculated using option 3 – the Asset Life method.

For capital advances relating to loans to the Edinburgh Living LLPs and capital advances for the "Trams to Newhaven" project, all advances from the loans fund in the current year have a repayment profile set out using Option 4 – the funding/income method and these capital advances will be repaid using an annuity structure with fixed interest rate and principal repayments.

The business cases brought forward for other projects involving major capital expenditure funded by borrowing will consider the appropriate repayment method depending on the structure of the business case.

The Council operates the loans fund to manage historic debt and the balance therefore represents historic borrowing for capital spend.

Treasury Management – Annual Investment Strategy

In line with CIPFA's Code of Practice, the overall objectives of the Council's Strategy for Investment Management are to:

- ensure the security of funds invested;
- ensure that the Council has sufficient liquid funds to cover its expenditure commitments; and
- pursue optimum investment return within the above two objectives.

The Council's cash balances are pooled and invested via the Treasury Cash Fund subject to the limits set out in the Cash Fund Treasury Management Policy Statement. The Cash Fund's Investment Strategy continues to be based around the security of the investments. Figure A5.1 below shows the distribution of Cash Fund deposits since inception.

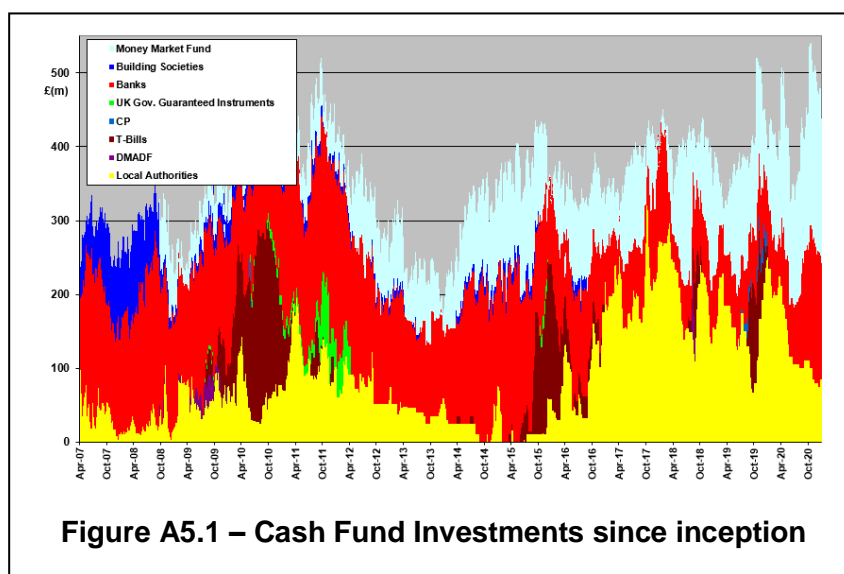


Figure A5.1 – Cash Fund Investments since inception

Figure A5.1 shows the split of investments since the inception of the cash fund.

Figure A5.2 below shows the level of Council investments via the cash fund. The large peak at the start of the financial year was due to Scottish Government Grants to cover COVID-19 grant claim and can be seen reducing very quickly. The following peak in October was the drawdown of the large forward borrowing agreed in 2018. Opportunities were taken to lock out some Local Authority deposits at a rate higher than on offer with Banks and Money Market Funds and the average weighted life of the fund was 30 days towards the end of the calendar year.

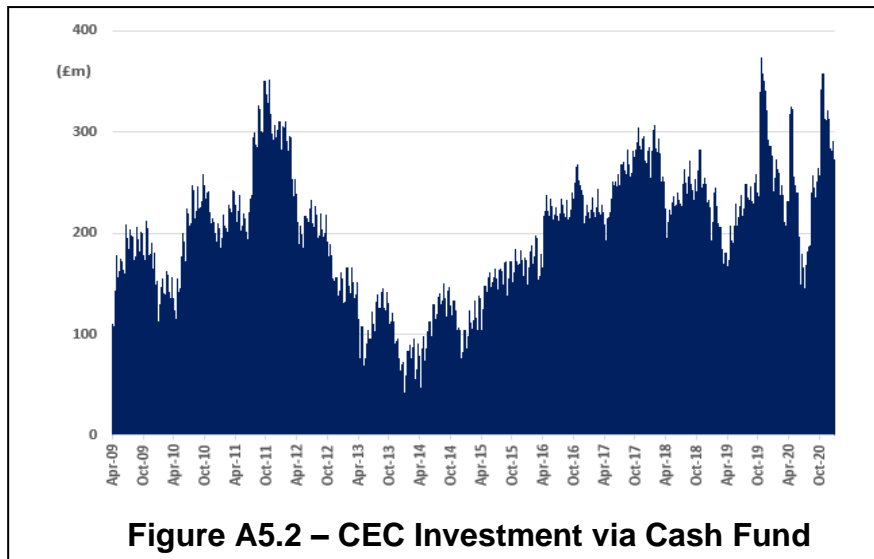


Figure A5.2 – CEC Investment via Cash Fund

Our central forecast has been that UK Bank Rate will remain at 0.10% for some time to come. However, further cuts to zero or negative can't be fully ruled out. There are continued dangers from Coronavirus although vaccinations can hopefully mean that that lockdowns can come to an end later in the year subsequently giving a much needed lift to the economy.

It is intended to continue the current investment strategy centred around the security of the investments, taking advantage of longer rates where liquidity allows.

Investment will continue to be made via the Treasury Cash Fund arrangement. Appendix 8 contains the Treasury Management Policy Statement for the Treasury Cash Fund which details the investment and counterparty limits for the Fund.

Debt Maturity Profile (January 2021)

Market Debt (non LOBO)

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

Market Debt (LOBO)

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

PWLB

Start Date	Loan Type	Maturity Date	Principal Outstanding £	Interest Rate %	Annual Interest £
10/05/2010	A	10/05/2021	265,710.97	3.09	20,277.28
21/10/1994	M	15/05/2021	10,000,000.00	8.625	862,500.00
10/03/1995	M	15/05/2021	11,900,000.00	8.75	1,041,250.00
12/06/1995	M	15/05/2021	10,000,000.00	8	800,000.00
02/06/2010	M	02/06/2021	5,000,000.00	3.89	194,500.00
16/08/1994	M	03/08/2021	2,997,451.21	8.5	254,783.35
28/04/1994	M	25/09/2021	5,000,000.00	8.125	406,250.00
23/04/2009	M	23/04/2022	5,000,000.00	3.76	188,000.00
12/06/1995	M	15/05/2022	10,200,000.00	8	816,000.00
14/06/2010	M	14/06/2022	10,000,000.00	3.95	395,000.00
31/03/1995	M	25/09/2022	6,206,000.00	8.625	535,267.50
16/02/1995	M	03/02/2023	2,997,451.21	8.625	258,530.17
24/04/1995	M	25/03/2023	10,000,000.00	8.5	850,000.00
05/12/1995	M	15/05/2023	5,200,000.00	8	416,000.00
20/09/1993	M	14/09/2023	2,997,451.21	7.875	236,049.28
20/09/1993	M	14/09/2023	584,502.98	7.875	46,029.61
08/05/1996	M	25/09/2023	10,000,000.00	8.375	837,500.00
13/10/2009	M	13/10/2023	5,000,000.00	3.87	193,500.00
05/12/1995	M	15/11/2023	10,000,000.00	8	800,000.00
10/05/2010	M	10/05/2024	10,000,000.00	4.32	432,000.00
28/09/1995	M	28/09/2024	2,895,506.10	8.25	238,879.25
14/05/2012	M	14/11/2024	10,000,000.00	3.36	336,000.00
14/12/2009	A	14/12/2024	3,218,399.79	3.66	138,009.52
17/10/1996	M	25/03/2025	10,000,000.00	7.875	787,500.00
10/05/2010	M	10/05/2025	5,000,000.00	4.37	218,500.00
16/11/2012	M	16/05/2025	20,000,000.00	2.88	576,000.00
13/02/1997	M	18/05/2025	10,000,000.00	7.375	737,500.00
20/02/1997	M	15/11/2025	20,000,000.00	7.375	1,475,000.00
01/12/2009	A	01/12/2025	5,645,240.95	3.64	233,195.41
21/12/1995	M	21/12/2025	2,397,960.97	7.875	188,839.43
21/05/1997	M	15/05/2026	10,000,000.00	7.125	712,500.00
28/05/1997	M	15/05/2026	10,000,000.00	7.25	725,000.00
29/08/1997	M	15/11/2026	5,000,000.00	7	350,000.00
24/06/1997	M	15/11/2026	5,328,077.00	7.125	379,625.49
07/08/1997	M	15/11/2026	15,000,000.00	6.875	1,031,250.00
13/10/1997	M	25/03/2027	10,000,000.00	6.375	637,500.00
22/10/1997	M	25/03/2027	5,000,000.00	6.5	325,000.00
13/11/1997	M	15/05/2027	3,649,966.00	6.5	237,247.79
17/11/1997	M	15/05/2027	5,000,000.00	6.5	325,000.00
13/12/2012	M	13/06/2027	20,000,000.00	3.18	636,000.00
12/03/1998	M	15/11/2027	8,677,693.00	5.875	509,814.46

06/09/2010	M	06/09/2028	10,000,000.00	3.85	385,000.00
14/07/2011	M	14/07/2029	10,000,000.00	4.9	490,000.00
14/07/1950	E	03/03/2030	2,401.26	3	77.73
14/07/2011	M	14/07/2030	10,000,000.00	4.93	493,000.00
15/06/1951	E	15/05/2031	2,460.69	3	79.10
06/09/2010	M	06/09/2031	20,000,000.00	3.95	790,000.00
15/12/2011	M	15/06/2032	10,000,000.00	3.98	398,000.00
15/09/2011	M	15/09/2036	10,000,000.00	4.47	447,000.00
22/09/2011	M	22/09/2036	10,000,000.00	4.49	449,000.00
10/12/2007	M	10/12/2037	10,000,000.00	4.49	449,000.00
08/09/2011	M	08/09/2038	10,000,000.00	4.67	467,000.00
15/09/2011	M	15/09/2039	10,000,000.00	4.52	452,000.00
06/10/2011	M	06/10/2043	20,000,000.00	4.35	870,000.00
09/08/2011	M	09/02/2046	20,000,000.00	4.8	960,000.00
23/01/2006	M	23/07/2046	10,000,000.00	3.7	370,000.00
23/01/2006	M	23/07/2046	10,000,000.00	3.7	370,000.00
19/05/2006	M	19/11/2046	10,000,000.00	4.25	425,000.00
07/01/2008	M	07/01/2048	5,000,000.00	4.4	220,000.00
24/03/2020	A	24/03/2050	14,805,473.94	1.64	241,201.58
26/03/2020	A	26/03/2050	4,933,603.76	1.49	73,012.36
27/01/2006	M	27/07/2051	1,250,000.00	3.7	46,250.00
16/01/2007	M	16/07/2052	40,000,000.00	4.25	1,700,000.00
30/01/2007	M	30/07/2052	10,000,000.00	4.35	435,000.00
13/02/2007	M	13/08/2052	20,000,000.00	4.35	870,000.00
20/02/2007	M	20/08/2052	70,000,000.00	4.35	3,045,000.00
22/02/2007	M	22/08/2052	50,000,000.00	4.35	2,175,000.00
08/03/2007	M	08/09/2052	5,000,000.00	4.25	212,500.00
30/05/2007	M	30/11/2052	10,000,000.00	4.6	460,000.00
11/06/2007	M	11/12/2052	15,000,000.00	4.7	705,000.00
12/06/2007	M	12/12/2052	25,000,000.00	4.75	1,187,500.00
05/07/2007	M	05/01/2053	12,000,000.00	4.8	576,000.00
25/07/2007	M	25/01/2053	5,000,000.00	4.65	232,500.00
10/08/2007	M	10/02/2053	5,000,000.00	4.55	227,500.00
24/08/2007	M	24/02/2053	7,500,000.00	4.5	337,500.00
13/09/2007	M	13/03/2053	5,000,000.00	4.5	225,000.00
14/10/2019	A	10/04/2053	107,942,304.56	2.69	2,945,254.44
12/10/2007	M	12/04/2053	5,000,000.00	4.6	230,000.00
05/11/2007	M	05/05/2057	5,000,000.00	4.6	230,000.00
15/08/2008	M	15/02/2058	5,000,000.00	4.39	219,500.00
25/01/2019	A	25/01/2059	2,655,284.60	2.65	71,164.31
11/06/2019	A	11/06/2059	1,253,893.84	2.23	28,303.54
01/10/2019	A	01/10/2059	1,320,070.03	1.74	23,276.17
02/10/2019	A	02/10/2059	39,309,771.67	1.8	716,907.89
05/11/2019	A	05/11/2059	7,048,165.68	2.96	210,742.68
28/11/2019	A	28/11/2059	1,289,237.57	3.03	39,453.89
02/12/2019	A	02/12/2059	2,775,526.71	3.03	84,938.05
20/01/2020	A	20/01/2060	1,965,263.65	1.77	35,246.97

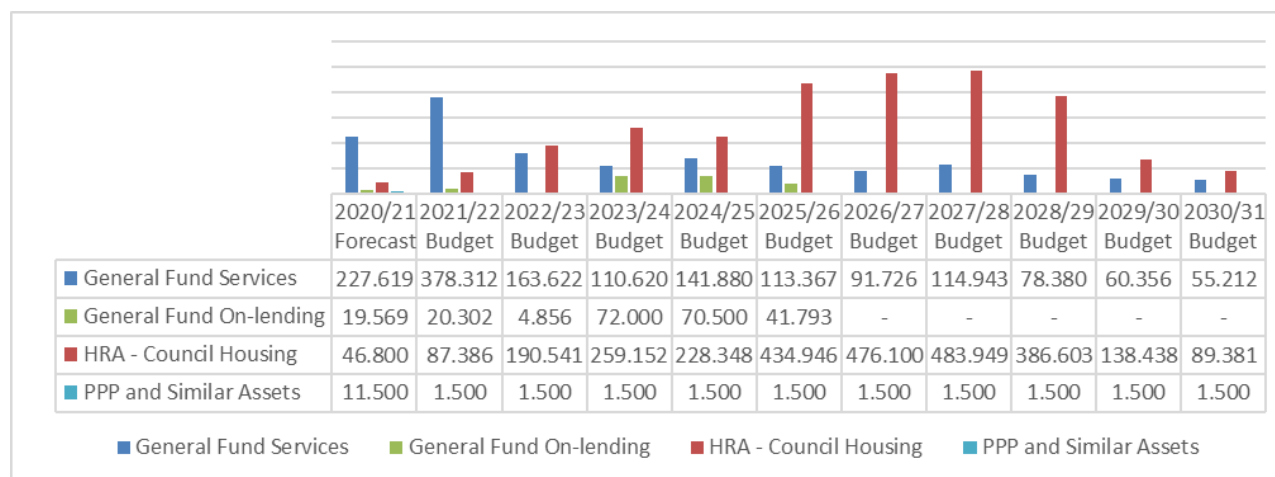
20/01/2020	A	20/01/2060	452,227.68	2.97	13,567.14
04/10/2019	M	04/04/2060	40,000,000.00	1.69	676,000.00
02/12/2011	M	02/12/2061	5,000,000.00	3.98	199,000.00
26/03/2020	M	26/03/2070	10,000,000.00	1.29	129,000.00
			1,041,667,097.03		

SPECIAL

Start Date	Loan Type	Maturity Date	Principal Outstanding £	Interest Rate %	Annual Interest £
07/01/2015	E	01/09/2021	78,957.14	0	0
31/03/2015	E	01/04/2023	450,724.35	0	0
22/09/2015	E	01/10/2023	131,879.82	0	0
29/03/2019	E	01/04/2029	118,981.81	0	0
08/10/2020	A	08/10/2045	60,000,000.00	2.613	1,556,590.56
			60,780,543.12		

Prudential Indicators

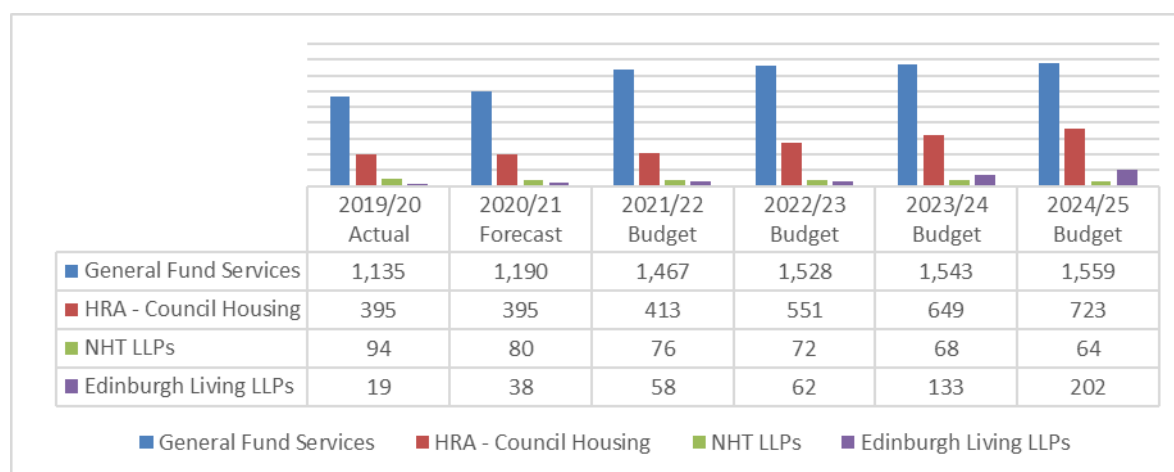
Indicator 1 – Capital Expenditure

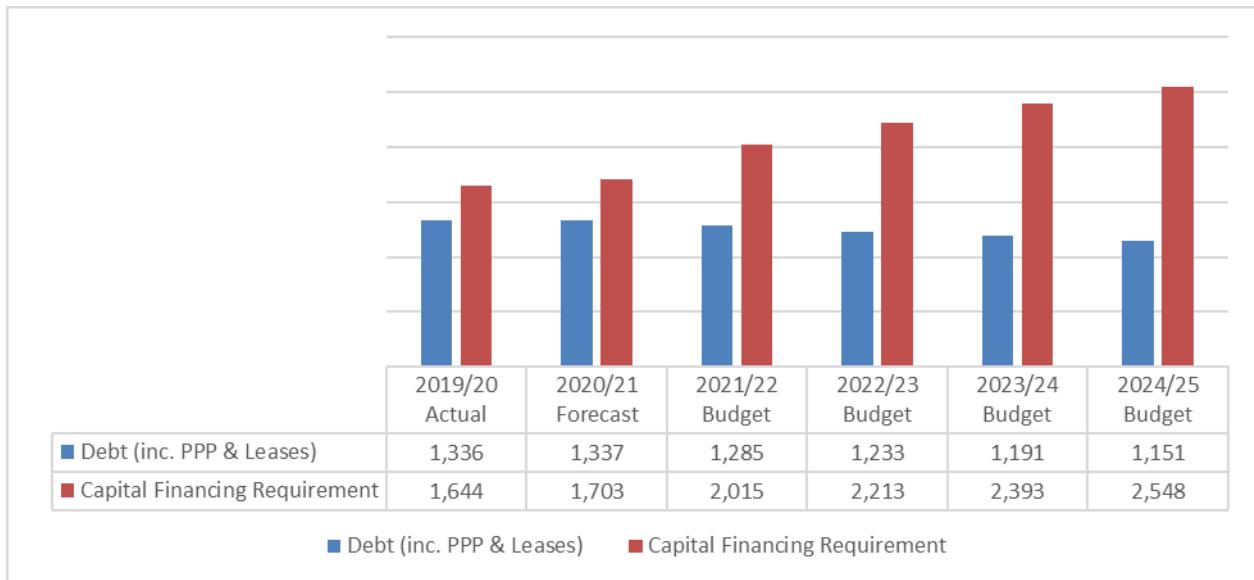


Indicator 2 – Ratio of Financing Cost to Net Revenue Stream

	2019/20 Actual	2020/21 Forecast	2021/22 Budget	2022/23 Budget	2023/24 Budget	2024/25 Budget
Financing costs (£m) – General Fund Services	104,710	79,611	56,524	98,337	108,665	108,507
Proportion of net General Fund revenue stream	10.50%	7.42%	4.73%	8.77%	9.78%	9.85%
Financing costs (£m) – Housing Revenue Account	39,148	36,337	37,556	40,652	46,252	51,963
Proportion of net HRA revenue stream	37.65%	35.23%	35.89%	37.75%	41.00%	44.27%

Indicator 3 – Capital Financing Requirement





Indicators 4 and 5 – Authorised limit and Operational Boundary for External Debt

	2020/21 Limit	2021/22 Limit	2022/23 Limit	2023/24 Limit	2024/25 Limit
Authorised Limit – Borrowing	2,088	2,566	2,891	2,831	2,725
Authorised Limit – PFI and Leases	256	248	242	235	229
Authorised Limit – Total External Debt	2,344	2,814	3,133	3,066	2,954
Operational Boundary – Borrowing	1,538	1,959	2,344	2,560	2,725
Operational Boundary – PFI and Leases	256	248	242	235	229
Operational Boundary – Total External Debt	1,794	2,207	2,586	2,795	2,954

Indicator 6 – Loans Charges associated with the net Capital Investment Expenditure Plans

INDICATOR 6

2020/21	2021/22	2022/23	2023/24	2024/25
Forecast	Forecast	Forecast	Forecast	Forecast
£000	£000	£000	£000	£000

Loans Fund Pooled Interest Rate at Indicative 4%

General Fund (excluding On-Lending) - New Loans Fund Advances

Loans Fund Advances in year	54,798	213,187	62,268	55,388	73,159
Year 1 - Interest Only	1,111	4,323	1,263	1,123	2,191
Year 2 - Interest and Principal Repayment	3,188	12,401	3,622	3,222	5,938

HRA - New Loans Fund Advances

Loans Fund Advances in year	14,226	33,084	154,067	118,448	97,870
Year 1 - Interest Only	288	754	3,509	2,698	2,229
Year 2 - Interest and Principal Repayment	828	2,043	9,512	7,313	6,042

The City of Edinburgh Council

Treasury Cash Fund

Treasury Management Policy Statement

Summary

The Council operates the Treasury Cash Fund on a low risk low return basis for cash investments on behalf of itself, Lothian Pension Fund and other associated organisations. This Policy Statement covers the type of investments which are permitted for monies held with the Cash Fund and should be read in conjunction with the Treasury Policy Statement for the City of Edinburgh Council.

Approved Activities

The activity undertaken in the management of cash balances and their investment in cash and near cash instruments. In undertaking this activity, the key objective is the security of the monies invested. Accordingly, the investment types and counterparty limits below represent a prudent attitude towards the instruments with which and the institutions with whom investment will be undertaken.

Treasury Management Strategy

The treasury management strategy for the cash fund 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

Permitted Instruments

The Chief Financial Officer may invest monies in accordance with the Council's requirements only by using the following instruments:

- (a) Temporary deposit, Certificate of Deposit, collateralised deposit, structured deposit, commercial paper, floating rate note or Bonds with an approved institution of the Bank of England or with any other approved organisation for investment (see below)
- (b) UK Treasury Bills
- (c) Gilt-edged securities
- (d) Reverse Repurchase Agreements
- (e) Money Market Funds and Bond Funds
- (f) Debt Management Office's Debt Management Agency Deposit Facility

Limits on Investment

The approved limits on counterparties and investment types are as follows (where money limits and percentages are stated, the greater of the two should be applied):

- (a) DMO's DMADF, UK Treasury Bills and UK Gilts with no limit
- (b) UK local authorities up to a maximum of £50 million per authority.
- (c) other public bodies up to a maximum of £20 million per organisation.
- (d) The Council's bankers, where not otherwise permitted under (k) below, up to a limit of £20m on an overnight only basis other than when funds are received into the Council's bank account without pre-notification.
- (e) Money Market Funds with no limit in total but with no more than £30 million or 15% of the funds under management with any one Fund.
- (f) Bond Funds with no more than £20 million or 10% of the funds under management.
- (g) Supranational Bonds with a limit of £60 million or 20% of the fund in total.

- (h) financial institutions where the relevant deposits, CDs or Bonds are guaranteed by a sovereign government of AA or above up to a maximum of £60 million or 20 percent of the fund per institution for the duration of the guarantee in addition to the appropriate counterparty limit for the institution.
- (i) Local Authority Collateralised deposits up to a maximum of £30 million or 15 percent of the fund per institution up to a maximum of 5 years in addition to the appropriate counterparty limit for the institution.
- (j) Structured deposits up to a maximum of £20 million or 10 percent of the fund, subject to the appropriate counterparty limits for the institution also being applied.
- (k) financial institutions included on the Bank of England's authorised list under the following criteria:

Credit Rating	Banks Unsecured	Banks Secured	B. Socs. Unsecured	B. Socs. Secured
AAA	20% or £60m	20% or £60m	20% or £60m	20% or £60m
AA+	15% or £30m	20% or £60m	15% or £30m	20% or £60m
AA	15% or £30m	20% or £60m	15% or £30m	15% or £30m
AA-	15% or £30m	20% or £60m	10% or £20m	15% or £30m
A+	10% or £20m	15% or £30m	10% or £20m	10% or £20m
A	10% or £20m	15% or £30m	10% or £20m	10% or £20m
A-	10% or £20m	15% or £30m	5% or £10m	10% or £20m
BBB+	5% or £10m	5% or £10m	n/a	n/a
None	n/a	n/a	n/a	n/a

The credit ratings quoted in the above table are for the financial institution, instrument or security provided and are the lowest of the relevant long term ratings from the three main Credit ratings agencies, S&P, Moodys and Fitch.

Time Limits

In addition to the monetary limits above, the following maximum time limits will be placed on investments:

Category	Max. Time Limit
20% of Assets Under Management / £60m	5 Years
15% of Assets Under Management / £30m	1 Years
10% of Assets Under Management / £20m	6 months
5% of Assets Under Management / £10m	3 months

In addition to the above limits, no more than 25% of assets under management will have a maturity greater than 1 year.

In considering an investment, consideration is given to a wide range of information, not simply the credit ratings of the institution being considered. This will include financial information on the institution, relevant Credit Default Swaps and equity pricing data, and the general macro-economic, market and sector background. The investment risks and controls to mitigate those risks are outlined to the end of this document.

Policy on Delegation

The Treasury Cash Fund is operated under the Council's Treasury Policy Statement and the delegations are defined in that document.

Reporting Arrangements

This will include, as a minimum, an annual strategy and plan in advance of the year, and an annual report after its close, in the form prescribed in its TMPs. The Head of Finance will report to the Council as follows:

- (a) A Treasury Strategy prior to the commencement of the financial year.
- (b) A mid-term report during the financial year.
- (c) A Treasury Annual Report as soon as practicable after the end of the financial year.
- (d) Ad hoc reports according to need.

Type of Investment	Treasury Risks	Mitigating Controls
a. Deposits with the Debt Management Account Facility (UK Government) (Very low risk)	This is a deposit with the UK Government and as such counterparty and liquidity risk is very low, and there is no risk to value. Deposits can be between overnight and 6 months.	As this is a UK Government investment the monetary limit is unlimited to allow for a safe haven for investments.
b. UK Treasury Bills (Very Low Risk)	These are marketable securities issued by the UK Government and as such counterparty and liquidity risk is very low, although there is potential risk to value arising from an adverse movement in interest rates unless held to maturity. Maturity at issue is only 1, 3 or 6 months so will be used mainly in the 1 to 3 month period to provide a high level of security but a better return than the DMADF in (a).	As this is a UK Government investment the monetary limit is unlimited to allow for a safe haven for investments.
c. UK Gilts (Very Low Risk)	These are marketable securities issued by the UK Government and as such counterparty and liquidity risk is very low, although there is potential risk to value arising from an adverse movement in interest rates unless held to maturity. There is a risk to capital if the Gilt needed to be sold, so should only be used on a hold to maturity basis as a proxy for a slightly longer maturity Treasury Bill	As this is a UK Government investment the monetary limit is unlimited to allow for a safe haven for investments. Would only be used on a hold to maturity basis at the very short end of the yield curve.
d. Deposits with other local authorities or public bodies (Very low risk)	These are considered quasi UK Government debt and as such counterparty risk is very low, and there is no risk to value.	Little mitigating controls required for local authority deposits, as this is a quasi UK Sovereign Government investment.
e. Money Market Funds (MMFs) (low/medium risk)	Pooled cash investment vehicle which provides short term liquidity.	Funds will generally be used to provide liquidity for the Cash Fund.
f. Bond Funds (low/medium risk)	AAA Rated Pooled cash investment vehicle investing in a range of Government, Financial Institutions and Government Bonds.	Fairly liquid vehicle investing in Bonds with a high average credit rating, will only be used for a relatively small proportion of the fund.
g. Call account deposit accounts with financial institutions (banks and building societies) (Risk is dependent on credit rating)	These tend to be moderately low risk investments, but will exhibit higher risks than the categories (a) to (d) above. Whilst there is no risk to value with these types of investments, liquidity is high and investments can be returned at short notice. These will be used to provide the primary liquidity source for Cash Management	The counterparty selection criteria approved above restricts lending only to high quality counterparties, measured primarily by credit ratings from Fitch, Moody's and Standard and Pools. On day to day investment dealing with this criteria will be further strengthened by the use of additional market intelligence.
h. Term deposits with financial institutions (banks and building societies) (Low to medium risk depending on period & credit rating)	The risk on these is determined, but will exhibit higher risks than categories (a) to (d) above. Whilst there is no risk to value with these types of investments, liquidity is low and term deposits can only be broken with the agreement of the counterparty, and penalties may apply.	The counterparty selection criteria approved above restricts lending only to high quality counterparties, measured primarily by credit ratings from Fitch, Moody's and Standard and Pools On day to day investment dealing with this criteria will be further strengthened by the use of additional market intelligence.
i. Certificates of deposits with financial institutions (risk dependent on credit rating)	These are short dated marketable securities issued by financial institutions and as such counterparty risk is low, but will exhibit higher risks than categories (a) to (d) above. There is risk to value of capital loss arising from selling ahead of maturity if combined with an adverse movement in interest rates. Liquidity risk will normally be low.	The counterparty selection criteria approved above restricts lending only to high quality counterparties, measured primarily by credit ratings from Fitch, Moody's and Standard and Pools. On day to day investment dealing with this criteria will be further strengthened by the use of additional market intelligence.
j. Structured deposit facilities with banks and building societies (escalating rates, de-escalating rates etc.) (Low to medium risk depending on period & credit rating)	These tend to be medium to low risk investments, but will exhibit higher risks than categories (a) to (d) above. Whilst there is no risk to value with these types of investments, liquidity is very low and investments can only be broken with the agreement of the counterparty (penalties may apply).	The counterparty selection criteria approved above restricts lending only to high quality counterparties, measured primarily by credit ratings from Fitch, Moody's and Standard and Pools. On day to day investment dealing with this criteria will be further strengthened by the use of additional market intelligence.

<p>k. Bonds (Low to medium risk depending on period & credit rating)</p>	<p>This entails a higher level of risk exposure than gilts and the aim is to achieve a higher rate of return than normally available from gilts. They do have an exposure to movements in market prices of assets held.</p>	<p>The counterparty selection criteria approved above restricts lending only to high quality counterparties, on a hold to maturity basis. Bonds may also carry an explicit Government Guarantee.</p>
<p>l. Floating Rate Notes (Low to medium risk depending on credit rating)</p>	<p>These are Bonds on which the rate of interest is established periodically with reference to short term interest rates.</p>	<p>The counterparty selection criteria approved above restricts lending only to high quality counterparties, measured primarily by credit ratings from Fitch, Moody's and Standard and Pools. Will be used in an increasing interest rate environment but only for a limited proportion of the portfolio.</p>
<p>m. Commercial Paper (Low to medium risk depending on credit rating)</p>	<p>These are short term promissory notes issued at a discount par. They entail a higher level of risk exposure than gilts and the aim is to achieve a higher rate of return than normally available from gilts. They do have an exposure to movements in market prices of assets held.</p>	<p>The counterparty selection criteria approved above restricts lending only to high quality counterparties, on a hold to maturity basis. They are relatively short maturity.</p>
<p>n. Secured Investments (relatively low risk due to dual recourse)</p>	<p>These include Reverse Purchase Agreements (Repo) and Covered Bonds issued by banks and building societies.</p>	<p>Both Repo and Covered Bonds provide opportunities to lower credit risk by having any exposure supported by an enhanced level of high quality collateral such as Gilts in the case of Repo. The lower credit risk is reflected in the Cash Fund being able to invest larger % or value amounts as shown in the criteria for financial institutions in (k).</p>

The City of Edinburgh Council

Treasury Management Policy Statement

Summary

The Council has adopted the CIPFA Code of Practice on Treasury Management in the Public Services. As part of the adoption of that code, the Council agreed to create and maintain, as the cornerstones for effective treasury management:

- a Treasury Management Policy Statement (TMPS), stating the policies and objectives of its treasury management activities; and
- suitable Treasury Management Practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

This document outlines the Council's Treasury Management Policy Statement which provides a framework for the Council's treasury management activities. Any reference in the Treasury Policy Statement to the Chief Financial Officer should be taken to be any other officer to whom the Chief Financial Officer has delegated his powers.

Approved Activities

The Council defines its treasury management activities as:

“The management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.

Subject to any legal restrictions, this definition covers the following activities:

- arranging, administering and managing all capital financing transactions
- approving, arranging and administering all borrowing on behalf of the Council
- cash flow management
- investment of surplus funds
- ensuring adequate banking facilities are in place, negotiating bank charges, and ensuring the optimal use by the Council of banking and associated facilities and services

The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Council.

The Council also acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

Treasury Management Strategy

The treasury management strategy for the cash fund is to:

- Secure both capital and revenue funding at the lowest cost in the medium term; and
- 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

Approved Sources of Finance

Finance will only be raised in accordance with legislation and within this limit the Council has a number of approved methods and sources of raising capital finance. No other instrument other than those listed below may be used

- Bank Overdraft
- Temporary Loans
- Loans from the Public Works Loan Board
- Loans from the European Community institutions
- Long-Term Market Loans
- Bonds
- Stock Issues
- Negotiable Bonds
- Internal (Capital Receipts and Revenue Balances)
- Commercial Paper
- Medium Term Notes
- Finance and Operating Leases
- Deferred Purchase Covenant Agreements
- Government and European Community Capital Grants
- Lottery Monies
- Public and Private Partnership funding initiatives

Permitted Instruments

Where possible the Head of Finance, the Council's Statutory Section 95 Chief Financial Officer, will manage all of the Council's temporary surplus funds together and invest them using the Council's Treasury Cash Fund. The investment restrictions contained in the Treasury Cash Fund Policy Statement therefore apply to the City of Edinburgh Council's monies.

However small operational balances will need to be retained with the Council's bankers, and in other cases – such as devolved schools – relatively small investment balances may be operated locally. Some allowance for temporary deposits has therefore been made.

In addition, the Council has some non-cash investment types and these are also included in the Policy Statement.

The Head of Finance, as the Council's Statutory Chief Financial Officer, may invest monies in accordance with the Council's requirements only by using the following instruments:

- (a) Temporary deposit with an approved institution of the Bank of England or with any other approved organisation for investment (see below)
- (b) Money Market Funds
- (c) Debt Management Office's Debt Management Agency Deposit Facility
- (d) Investment Properties
- (e) Loans to Other Organisations
- (f) Investment in share capital of Council Companies and Joint Ventures
- (g) Loans (including mezzanine debt) to / investment in the Loan Stock of Council Companies and LLPs
- (h) Investment in Shared Equity Housing Schemes
- (i) Investment in the Subordinated Debt of projects delivered via the "HubCo" model

Approved Organisations for Investment

The approved counterparty limits are as follows:

- (a) *The Council's bankers with no limit.*
- (b) *DMO's DMADF with no limit.*
- (c) *AAA Money Market Funds with no limit.*
- (d) *financial institutions on the Bank of England's authorised list where the lowest of their long term rating from the three main Credit ratings agencies, S&P, Moody's and Fitch, equivalent to A- or above up to a maximum of £10 million per institution.*
- (e) *building societies where the lowest of their long term rating from the three main Credit ratings agencies, S&P, Moody's and Fitch, equivalent to A- or above up to a maximum of £5 million per institution.*
- (f) *Subordinated debt of projects delivered via "HubCo" model up to a maximum of £1 million.*

In addition, there is no explicit limit at present for the non-cash investment types. However, it is anticipated that each specific investment of these types would be reported individually to Council and a full list of them will be contained in the Treasury Annual Report.

The investment risks and controls to mitigate those risks are outlined to the end of this document.

Policy on Delegation

Responsibility for the implementation and regular monitoring of the Council's treasury management policies and practices is retained by the Council.

The Council delegates responsibility for the execution and administration of Treasury Management decisions to the Head of Finance, as the Statutory Section 95 Chief Financial Officer, who will act in accordance with the organisation's policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.

The Council nominates the Governance, Risk and Best Value Committee to be responsible for the ensuring effective scrutiny of the treasury management strategy and policies.

Reporting Arrangements

This will include, as a minimum, an annual strategy and plan in advance of the year, and an annual report after its close, in the form prescribed in its TMPs. The Head of Finance will report to the Council as follows:

- (a) A Treasury Strategy prior to the commencement of the financial year.
- (b) A mid-term report during the financial year
- (c) A Treasury Annual Report as soon as practicable after the end of the financial year..
- (d) Ad hoc reports according to need.

Type of Investment	Treasury Risks	Mitigating Controls
a. Deposits with the Debt Management Account Facility (UK Government) (Very low risk)	This is a deposit with the UK Government and as such counterparty and liquidity risk is very low, and there is no risk to value. Deposits can be between overnight and 6 months.	As this is a UK Government investment the monetary limit is unlimited to allow for a safe haven for investments.
b. Money Market Funds (MMFs) (low/medium risk)	Pooled cash investment vehicle which provides short term liquidity.	Funds will generally be used to provide liquidity for the Cash Fund.
c. Call account deposit accounts with financial institutions (banks and building societies) (Risk is dependent on credit rating)	<p>These tend to be moderately low risk investments, but will exhibit higher risks than the category (a) above. Whilst there is no risk to value with these types of investments, liquidity is high and investments can be returned at short notice.</p> <p>These will be used to provide the primary liquidity source for Cash Management</p>	<p>The counterparty selection criteria approved above restricts lending only to high quality counterparties, measured primarily by credit ratings from Fitch, Moody's and Standard and Pools.</p> <p>On day to day investment dealing with this criteria will be further strengthened by the use of additional market intelligence</p>
d. Term deposits with financial institutions (banks and building societies) (Low to medium risk depending on period & credit rating)	The risk on these is determined, but will exhibit higher risks than category (a) above. Whilst there is no risk to value with these types of investments, liquidity is low and term deposits can only be broken with the agreement of the counterparty, and penalties may apply	<p>The counterparty selection criteria approved above restricts lending only to high quality counterparties, measured primarily by credit ratings from Fitch, Moody's and Standard and Pools</p> <p>On day to day investment dealing with this criteria will be further strengthened by the use of additional market intelligence.</p>
e. Investment properties	These are non-service properties which are being held solely for a longer term rental income stream or capital appreciation. These are highly illiquid assets with high risk to value (the potential for property prices to fall).	Property holding will be re-valued regularly and reported annually with gross and net rental streams.
f. Loans to third parties, including soft loans	These are service investments either at market rates of interest or below market rates (soft loans). These types of investments may exhibit substantial credit risk and are likely to be highly illiquid.	Each third party loan requires Member approval and each application is supported by the service rational behind the loan and the likelihood of partial or full default.
g. Loans to a local authority company or LLP	<p>These are service investments either at market rates of interest or below market rates (soft loans). These types of investments may exhibit significant credit risk and are likely to be highly illiquid.</p> <p>In the case of mezzanine loans, these are specifically to ensure that the LLPs tasked with delivering Council objectives do so within State Aid rules</p>	<p>Each loan to a local authority company requires Member approval and each application is supported by the service rational behind the loan and the likelihood of partial or full default.</p> <p>The Council and Scottish Government (via the SFT) are participants in and party to the governance and controls within the project structure. Strict viability tests to ensure long term financial security are completed before any funds are advanced to the LLP.</p>
h. Shareholdings in a local authority company	These are service investments which may exhibit market risk and are likely to be highly illiquid.	Each equity investment in a local authority company requires Member approval and each application will be supported by the service rational behind the investment and the likelihood of loss.
i. Investment in Shared Equity Schemes	These are service investments which exhibit property market risk and are likely to be highly illiquid, with funds tied up for many years.	Each scheme investment requires Member approval and each decision will be supported by the service rational behind the investment and the likelihood of loss.
j. Investment in the Subordinated Debt of projects delivered via the "Hubco" model	These are investments which are exposed to the success or failure of individual projects and are highly illiquid	The Council and Scottish Government (via the SFT) are participants in and party to the governance and controls within the project structure. As such they are well placed to influence and ensure the successful completion of the project's term

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Finance and Resources Committee

10.00am, Thursday, 4 March 2021

Revenue Budget 2020/21 and 2021/26 Budget Framework Update

Executive/routine Wards Council Commitments	Executive
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1. Recommendations

- 1.1 Members of the Finance and Resources Committee are recommended to note that:
- 1.1.1 in light of the confirmation of further in-year pandemic-related funding for local authorities, a balanced overall position continues to be forecast; and,
 - 1.1.2 following the setting of a balanced one-year revenue budget by Council on 18 February 2021, a further briefing will be provided to all members once any further implications of the approved Scottish and UK Budgets for the budget framework are known.

Stephen S. Moir
Executive Director of Resources

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Revenue Budget 2020/21 and 2021/26 Budget Framework Update

2. Executive Summary

- 2.1 This short report updates members on the position in respect of the current year's revenue budget which, following the confirmation of further pandemic-related funding for local authorities, continues to reflect a projected balanced overall outturn. The report also briefly sets out the outcome of the Council's budget-setting meeting and its impact on subsequent years of the revenue budget framework.

3. Background

- 3.1 Members of the Committee have considered a series of detailed in-year revenue budget monitoring reports, the most recent of which was presented on 21 January 2021. Based upon the provisional initial funding allocation from the income compensation scheme, a balanced overall position was forecast as of that time, albeit this remained dependent upon a £7m in-year contribution from the Council's earmarked reserves. While this balanced position was welcomed, in view of the recent tightening of COVID-related restrictions and consequent impact on key income streams (particularly parking), it was agreed that a further update would be provided to members of the Committee at this meeting.
- 3.2 Following confirmation on 28 January 2021 of the provisional Local Government Settlement and the availability of £14.2m of additional funding relative to planning assumptions (but with remaining gaps in subsequent years of the framework), members of Council then approved a balanced one-year revenue budget for 2021/22.

4. Main report

- 4.1 Given the comparatively late stage in the year and the prudent assumptions on service disruption adopted in previous reports, overall projections of the expenditure and income impacts of the pandemic on the Council's activity remain largely unchanged.

Parking and other service income

- 4.2 The month eight update to the Committee's meeting on 21 January 2021 did, however, highlight the potential, based on existing trends, for reductions in parking-related income to exceed the remaining level of in-year risk provision. As of 21 February, since the imposition of tighter restrictions, weekly parking income levels have shown average year-on-year reductions of around 55%. Assuming broad continuation of these trends, the total loss of parking income, alongside reductions in other key income streams not already specifically incorporated within service projections, can be contained within the overall £3m risk contingency included in previous forecasts.

Arm's Length External Organisations (ALEOs)

- 4.3 The projections contained within the report to the Committee's meeting on 21 January also included total cumulative ALEO support, or income losses, of £21m. While, where relevant, the impact of current restrictions on patronage continues to be actively monitored, in view of the earlier securing of financial support for Lothian Buses and Edinburgh Trams for the period from July 2020 to March 2021 inclusive and a significant business interruption insurance payment for Edinburgh Leisure, no further changes are proposed at this stage.

Approved savings/management of residual pressures

- 4.4 Executive Directors also continue to develop implementation plans to deliver savings measures required to mitigate residual pressures and savings shortfalls within their respective service areas. A balanced (or better) position in core activity is now being forecast by both the Communities and Families and Resources Directorates, as well as the Chief Executive's Service. The position for the Place Directorate remains broadly unchanged from the £0.5m net pressure reported to the Committee's January meeting but with a number of specific risks and potential offsetting mitigations under active review.

Coronavirus Job Retention Scheme (CJRS)

- 4.5 The Council has now submitted to HMRC claims totalling £0.764m in respect of furloughed staff for the period up to and including January 2021. In total, 111 staff are currently furloughed, comprising 38 staff within the Council's outdoor centres and 73 Culture employees furloughed since 1 February. Based on these staffing numbers, the full-year income projection from this source has been revised slightly upwards to between £0.950m and £1m. The furlough of Council employees has continued to be undertaken in partnership with the recognised trade unions.

Homelessness funding

- 4.6 Members of the Committee have previously been advised 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.

- 4.7 While the Head of Finance has on a number of separate occasions 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), no formal response has been received to date.

Independent review of Council's whistleblowing and organisational culture

- 4.8 The Council is continuing to progress an independent inquiry into (a) matters connected to the death of a Council employee and (b) our whistleblowing arrangements and organisational culture.
- 4.9 Members have previously approved the use of up to £0.6m from the Council's earmarked reserves in 2020/21 to offset relevant costs incurred during the year. At this stage, it is anticipated that this provision will address these costs in full. It is more difficult, however, to quantify the potential costs of the inquiry as a whole, although the volume of evidence submitted and considered to date significantly exceeds that underpinning the original cost estimates. Given the time-based nature of the engagement, it is therefore likely that additional sums will be required in 2021/22, with agreement needing to be reached as to the appropriate balance between the scope and coverage of the review and the associated cost. Any further proposed spend in excess of the level approved to date will be brought back for members' consideration.

Provision of additional funding

- 4.10 Since the Committee's last meeting, a significant number of further funding-related announcements have been made as follows:
- (i) **Income Compensation Scheme** – a further £110m will be provided Scotland-wide in 2020/21, with the Council's anticipated share being £21.8m. This is in addition to the £18m of funding previously confirmed through this source;
 - (ii) **Non-recurring additional COVID funding, including for lost income¹** – an additional £275m will be provided in 2020/21 although may be carried forward to be offset against pressures in the new year, with distribution subject to future consideration by COSLA Leaders. The Council's anticipated minimum share is £21.8m (should a generic needs basis be adopted) but with the potential for this to increase significantly should any element be allocated with reference to remaining unrecognised income losses;

¹ This funding formed part of the Cabinet Secretary for Finance's allocation of the additional £1.1 billion of Barnett Consequentials initially announced by the UK Treasury on 15 February.

- (iii) **City Centre Recovery Fund** – a one-off allocation for Edinburgh of up to £0.530m, subject to incurring spend by 31 March – potential uses include city centre marketing, support for urban business environment, consideration of property repurposing and digital enhancements;
- (iv) **Education recovery** – further confirmed Scotland-wide funding of £40m for logistical support, including cleaning, PPE and facilities management for the remainder of the academic year;
- (v) Doubling of COVID-related support in 2020/21 for the **Financial Insecurity and Flexible Level 4 Funds** (equating to a Scotland-wide increase of £20m in each case); and,
- (vi) **COVID Spring Hardship Payment** – additional £100 payment for each child/young person in receipt of free school meals, including in Early Years settings. These payments should, wherever practicable, be made alongside specific Free School Meals (FSM) provision for the Easter break.

4.11 Of the funding streams above, only (i) and (ii) would likely be available to be offset against general existing COVID-related pressures, with the others entailing additional expenditure liabilities.

4.12 While the above funding sources are one-off in nature, due to the timing of their receipt there is likely to be a significant increase in the level of the Council's reserves as of the year-end, with these sums carried forward into 2021/22 to be offset against relevant liabilities. Directors of Finance have emphasised to both the Scottish Government and the Accounts Commission the importance of interpreting year-end reserves levels within this context.

Overall projected position for 2020/21

4.13 Taken together, the increases in income noted in the preceding sections should now allow the Council to maintain a balanced overall position during 2020/21 without any need to draw down from its earmarked reserves to offset general pressures during the year. It may, additionally, be possible to reinstate the £4.9m drawdown required as part of addressing the audited overspend for 2019/20.

Additional Barnett Consequential-related funding in 2021/22

4.14 On 15 February, the UK Treasury confirmed the provision of a further £1.1 billion of coronavirus-related funding support for the Scottish Government, bringing the cumulative total since the start of the pandemic to £9.7 billion. These additional monies may be spent during 2020/21 or carried over into 2021/22. The Cabinet Secretary for Finance then confirmed, on 16 February, how the majority of these sums would be allocated.

4.15 The Cabinet Secretary also extended from three to twelve the number of months' Non-Domestic Rates relief to be provided for the retail, tourism, hospitality and retail

sectors. Based on equivalent relief awarded in 2020/21, this gives the potential for a further in-year saving of up to £1.4m, albeit receipt of this relief, in contrast to 2020/21, will be subject to a specific application-based process.

- 4.16 The Cabinet Secretary's announcement on 16 February 2021 also indicated additional investment for mental health (£120m), affordable housing (£120m), low-income support (£100m) and pupil catch-up (£60m). At this stage, however, further details of these funding streams are awaited.

Financial flexibilities

- 4.17 The Council's approved budget for 2021/22 reflects application of the loans fund financial flexibility, allowing an estimated £34m of planned in-year principal repayments to be deferred until 2022/23, thus facilitating the creation of a COVID mitigation reserve of this value. Of this total, £18m relates to additional pandemic-related expenditure pressures or lost income anticipated in 2021/22.
- 4.18 Officers have continued to make the case, however, for the PPP-based flexibility to be applied on an annuity basis which would optimise the level of retrospective benefit whilst delivering savings to the revenue account over the medium term of the contractual agreements concerned. At the COSLA Leaders' Meeting on 29 January, it was unanimously agreed that the Resources Spokesperson would formally approach the Cabinet Secretary for Finance on this matter, with a letter then sent on 2 February 2021.
- 4.19 Following a process of due consideration by the Scottish Government, a response to this letter was received on 25 February, permitting some short-term flexibility in this area, albeit requiring consideration of the applicability of all of the other financial flexibilities first. As the areas involved are complex and linked to a wider medium- to long-term review of the applicability of accounting standards to local government, however, further technical consideration is required and an update will be provided at the Committee's meeting.

Parliamentary scrutiny of Draft Scottish Budget

- 4.20 Approval of the Draft Budget is subject to a process of Parliamentary scrutiny. In view of the likely need to secure the support of at least one other party within the Scottish Parliament, in previous years additional monies for Local Government have been introduced as part of the Stage One debate. While this did not happen this year, negotiations on the detail of the budget are continuing in advance of Stage Two consideration on 8 March and the Stage Three debate on 9 March 2021.

UK Budget

- 4.21 Following its earlier postponement due to the focus on the pandemic, the UK Budget will now be announced on Wednesday, 3 March 2021. Given its date of publication, the Scottish Draft Budget necessarily included an estimate of the Barnett Consequentials flowing from this announcement. Should the actual level of funding be significantly less than the £500m assumed, however, the proposed

distribution of the £1.1 billion of Barnett Consequentials referenced in Paragraph 4.14 may have to be reconsidered. Members will be kept apprised of the outcome of this Parliamentary consideration, with a further update also provided to the Committee's next meeting on 20 May.

Approved revenue budget, 2021/22

- 4.22 On 18 February 2021, Council approved a one-year balanced budget for 2021/22. The budget includes provision for £23m of COVID-related impacts, the majority of which is funded (at least on a short-term basis) through application of the loans charge repayment flexibility. The budget also includes baselined additional investment of £12m in recognition of a range of underlying pressures within service areas.
- 4.23 Following the announcement of the provisional Local Government Finance Settlement on 28 January, £14.2m of additional investment relative to framework assumptions became available for allocation in 2021/22. Given the significant remaining shortfalls in subsequent years of the framework, however, members were advised that use of the available money on a one-off basis or in providing recurring savings would assist in closing future years' funding gaps.
- 4.24 Appendix 1 sets out the approved uses of this investment, including implementation of a Council Tax freeze and an in-year transfer to unallocated reserves of £2.743m. Alongside the delivery of approved savings, updates will be provided to members during the coming year on application of these sums and the corresponding outcomes achieved.
- 4.25 The table below indicates the incremental impact of the approved budget investment on subsequent years' savings requirements. When compared to the pre-existing funding gaps, this results in a revised profile as follows:

	2022/23	2023/24	2024/25	2025/26
	£m	£m	£m	£m
Projected gap reported to Finance and Resources Committee, 2 February (cumulative)	19.8	45.5	73.5	102.5
Less unallocated grant funding	(4.5)	(5.8)	(5.8)	(5.8)
Revised savings requirement (cumulative)	15.3	39.7	67.7	96.7

- 4.26 Given the significant remaining gaps in future years of the framework, an update report will be brought to the Committee's next meeting on 20 May 2021.

Edinburgh Integration Joint Board (EIJB)

- 4.27 As of month eight and based on the current assessment of approved savings delivery, an overspend of up to £7.7m for Council-delegated services is forecast, primarily comprising pressures in external services, including residential and nursing purchased care, care and support, care at home and direct payments.

These pressures are, in turn, largely attributable to delays in planned savings delivery and increased demand due to the operational impacts of the pandemic. These sums do not include provider uplifts of £3.4m to allow continuing payment of at least the Living Wage Foundation hourly rate in 2020/21, offsetting measures for which remain to be confirmed.

- 4.28 Work also continues to refine and evidence the cost estimates contained within the Edinburgh Health and Social Care Partnership's Local Mobilisation Plan (LMP). It continues to be assumed that all COVID-related costs will be funded by this means and, as such, gives the potential for a balanced overall position to be achieved for 2020/21.
- 4.29 Discussions are also well advanced concerning the setting of the EIJB's budget for 2021/22, with the intention that the basis of a balanced position will be presented to the Board's next meeting on 24 March.
- 4.30 While the provisional terms of the Local Government Finance Settlement do not allow application by the Council of the planned £4.7m savings offset, full pass-through of the additional resources contained within the LGFS only marginally improved the underlying overall EIJB funding gap relative to the position reported to the Board on 15 December. This is because, in contrast to recent years, no unhypothecated sums (i.e. monies provided on a non-specific basis) have been reflected within the Settlement, with the £6.9m instead representing recognition of known cost pressures, funding for which had largely already been assumed by the EIJB.
- 4.31 Further discussions are therefore required with the Chief Finance Officer of the EIJB to understand fully these implications, alongside consideration of the equivalent settlement for NHS Lothian and a verbal update will be provided at the meeting. Should additional resources become available as a result of the Draft Budget Bill's Parliamentary consideration and/or UK Budget, however, members may therefore wish to prioritise allocation of these resources to the EIJB.

5. Next Steps

- 5.1 Following the approval by Council of the 2021/22 revenue budget on 18 February 2021, work on the development of savings implementation plans and measures to manage residual pressures is continuing, with the conclusions of a further readiness assessment by the Head of Finance to be reported to the Council Leadership Team prior to the new financial year.

6. Financial impact

- 6.1 There is no financial impact arising directly from this report although its contents re-emphasise the importance of proactive management of pressures and delivery of approved savings.
- 6.2 The approval of a balanced budget for the forthcoming year plays a vital role in expressing, in financial terms, the priorities of a local authority and promotes accountability between a council and its electorate.
- 6.3 The savings assurance process is intended to ensure that, as far as is practicable, those proposals approved by Council deliver the anticipated level of financial savings in a way consistent with the expected service impacts. Similarly, tracking of progress in delivering the anticipated benefits and outcomes of additional service investment contributes positively to the demonstration of best value.

7. Stakeholder/Community Impact

- 7.1 A detailed report summarising the response to the Council's recent engagement on budget priorities for 2021/22 and beyond, including relevant supporting material from other engagement activity on priorities and life experiences during the COVID-19 pandemic, was considered by the Finance and Resources Committee on 2 February and referred on to Council as part of the budget-setting meeting.

8. Background reading/external references

- 8.1 [Coalition Budget Motion](#), The City of Edinburgh Council, 18 February 2021
- 8.2 [Local Government Finance Settlement 2021/22](#), The City of Edinburgh Council, 18 February 2021
- 8.3 [Council Business Plan and Budget 2021/26](#), Finance and Resources Committee, 2 February 2021
- 8.4 [Council Business Plan and Budget 2021/26 – Risks and Reserves](#), Finance and Resources Committee, 2 February 2021
- 8.5 [Finance Update](#), Edinburgh Integration Joint Board, 2 February 2021
- 8.6 [Revenue Budget 2020/21: month eight position](#), Finance and Resources Committee, 21 January 2021

9. Appendices

- 9.1 Appendix 1 - Approved investment within 2021/22 budget

Approved uses of budget motion investment, 2021/22

	2021/22	2022/23	2023/24
	£000	£000	£000
Council Tax freeze - net loss of income	5,200	700	
Discretionary fees and charges	170		
Homelessness support and advice	400	194	(594)
Maximising income and meeting crisis needs	1,050	(1,050)	
Estate decarbonisation	500	(500)	
Sustainability	300	(300)	
Parks and greenspace investment	750	(500)	
Short-term lets regulation	250	(125)	(125)
1-to-1 Digital Learning	2,000		
Corporate Parenting	110		
Edinburgh Guarantee for All	175	(175)	
Smart City Operations Centre Phase 1	500		(500)
Gaelic Development Officer	52	(52)	
Contribution to reserves (funding assumed unallocated thereafter)	2,743	(2,743)	
	14,200	(4,551)	(1,219)

Finance and Resources Committee

10.00am, Thursday, 4 March 2021

Edinburgh Catering Services - Other Catering Significant Trading Operation (STO) - Update

Executive/routine Wards Council Commitments	Executive Citywide
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1. Recommendations

- 1.1 It is recommended that the Finance and Resources Committee:
- 1.2 Approve the “de-badging” of Edinburgh Catering Services - Other Catering Significant Trading Operation (STO) with effect from 1 April 2020; and,
- 1.3 Agree a report is presented to a future meeting of the Finance and Resources Committee, setting out a business case for re-commencement of Edinburgh Catering Services - Other Catering trading activities.

Stephen S. Moir

Executive Director of Resources

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Edinburgh Catering Services - Other Catering Significant Trading Operation (STO) - Update

2. Executive Summary

- 2.1 As a consequence of the COVID-19 pandemic and the move to home working, Edinburgh Catering Services - Other Catering STO has been unable to trade during 2020/21 financial year.
- 2.2 There remains uncertainty as to future office working arrangements. As this has a significant impact on the business case for the STO to trade, it is recommended that the STO be “de-badged”, with effect from 1 April 2020.
- 2.3 When current restrictions have eased to permit sufficient occupation of corporate offices to enable consideration of re-commencement of trading, a business case will require to be developed.

3. Background

- 3.1 Significant Trading Operations (STOs) were created by the Local Government in Scotland Act 2003 and have the power to trade externally as well as internally. An STO is required to break-even on income and expenditure, taking one year with another on a three-year cycle. Each STO is required to maintain accounts, which are reported separately within the Annual Report and Accounts of the Council.
- 3.2 The Council approved the designation of Edinburgh Catering Services - Other Catering as an STO in 2005.

4. Main report

- 4.1 Edinburgh Catering Services - Other Catering is a quality accredited trading operation providing a catering service to staff and the public across seven Council buildings. This includes civic hospitality in the City Chambers and employee catering services in Waverley Court.
- 4.2 In the Council's Audited Annual Accounts for 2019/20, it was noted Edinburgh Catering Services - Other Catering failed to achieve its statutory obligation to break

even over a three-year period. The trading deficit in 2019/20 was £48,000 on a turnover of £921,000. There was a cumulative deficit of £126,000 against the requirement to break-even over a three-year period. The reasons for these losses were explained to and scrutinised by the Governance, Risk and Best Value Committee on 31 October 2017 and 20 March 2018.

- 4.3 The Annual Accounts noted the impact of COVID-19 would make achievement of a breakeven position in 2020/21 challenging. A tariff increase in line with inflation is anticipated on re-commencement of services. Re-modelling the service will require to be considered, to accommodate changes in demand and the lack of commercial activity at the City Chambers and Waverley Court.
- 4.4 The Chartered Institute of Public Finance and Accountancy (“CIPFA”) published Significant Trading Operations Consolidated Guidance in June 2013. The Guidance notes it is a matter for individual authorities to determine what is a trading operation, but it is likely to be based on a whether a service is provided:
 - 4.4.1 in a competitive environment - i.e. the customer has discretion to use an alternative provider, and
 - 4.4.2 on a basis other than straightforward recharge of costs – i.e. customers take the service based on quoted lump sums, fixed periodical charges or rates, or a combination of these.
- 4.5 The Guidance provides that trading operations may include:
 - 4.5.1 services to the public or client groups, which are liable to charging; or
 - 4.5.2 work for other council services where the council has decided to subject the trading operation to a test of competition as part of a Best Value review; or
 - 4.5.3 services where customers are free to buy services from outside the council.
- 4.6 Edinburgh Catering Services - Other Catering is classified as a Significant Trading Operation on the basis that services are provided in a competitive environment and are charged on a basis other than straightforward recharge of costs .
- 4.7 During 2020/21, Edinburgh Catering Services – Other Catering has not traded due to the impact of the COVID-19 pandemic. Council offices have, in the main, been closed, with councillors and council employees working from home.
- 4.8 In 2020/21, the Council recovered £53,000 of Other Catering employee costs from the UK Government’s Coronavirus Job Retention Scheme for the period until the end of October 2020. All Edinburgh Catering Services - Other Catering employees have now been temporarily redeployed to posts elsewhere in the School Catering service.
- 4.9 As there remains significant uncertainty as to future office working arrangements, with a consequent impact on the development and operation of a viable trading business case for Edinburgh Catering Services - Other Catering, it is recommended that the Significant Trading Operation be “de-badged”, with effect from 1 April 2020.

- 4.10 The Consolidated Guidance issued by CIPFA in 2013 refers to a Test of Significance to ensure that not only are the disclosure requirements of the 2003 Act satisfied, but also to ensure that disclosures are not voluminous. It is noted that criteria which a council may wish to consider in determining whether a trading operation is deemed 'significant' could include the following:
- 4.10.1 the size of the turnover of the trading operation, relative to the council's net revenue budget;
 - 4.10.2 the risk of financial loss the council is exposed to in carrying out the operation;
 - 4.10.3 the importance of a trading account to demonstrating service improvement and achievement of targets;
 - 4.10.4 whether the council is exposed to the risk of service or reputational loss in carrying out the operation;
 - 4.10.5 the service areas likely to be of interest to its key stakeholders and their needs.
- 4.11 When current restrictions have eased to permit sufficient occupation of corporate offices to enable consideration of re-commencement of trading, it is recommended a business case be developed prior to re-commencement of services. Any business case should take account of the criteria identified at paragraph 4.10 in determining whether the Other Catering service is re-badged as a Significant Trading Operation.
- 4.12 A future business case should seek to deliver Best Value and to operate at no net cost to the Council.
- 4.13 Consultation will be undertaken with staff groups and their Trade Unions.

5. Next Steps

- 5.1 Any change to the designation of a Significant Trading Operation should be formally notified to Audit Scotland.

6. Financial impact

- 6.1 The forecast deficit in 2020/21 as a consequence of the pandemic is estimated to be £655,000. This deficit is included in the Council's revenue expenditure monitoring forecasts reported to the Finance and Resources Committee on a regular basis throughout 2020/21.
- 6.2 If the recommendations of this report are approved, a cost re-alignment will be undertaken for 2021/22 to reflect the temporary re-deployment of Other Catering employees.

7. Stakeholder/Community Impact

- 7.1 There is no direct relevance to the report's contents.
- 7.2 There is no direct relevance of the report's contents to impacts on carbon, adaptation to climate change and sustainable development.

8. Background reading/external references

- 8.1 [Edinburgh Catering Services - report to Governance, Risk and Best Value Committee 31 October 2017](#)
- 8.2 [Corporate Catering Service - Update report to Governance, Risk and Best Value Committee 20 March 2018](#)
- 8.3 [Significant Trading Operations Consolidated Guidance; Chartered Institute of Public Finance and Accountancy \(CIPFA\); June 2013](#)

9. Appendices

- 9.1 Not applicable

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Finance and Resources Committee

10.00a.m, Thursday, 4 March 2021

Depot Strategy – Phase 2

Executive/routine	Routine
Wards	All
Council Commitments	2 , 10 , 18 , 23 , 25

1. Recommendations

- 1.1 That Committee approves the updated Depot Strategy which continues with the concept of multi-service hubs complemented by local delivery depots.
- 1.2 That Committee approves a reduced scope storage and access facility for City Archives, with the remainder of storage associated with the Museums and Galleries venues being reported separately through the Cultural Service Review.
- 1.3 That Committee approves a Memorandum of Understanding with Russell Road Edinburgh Ltd (RREL), an adjoining landowner who seeks to work in partnership with the City of Edinburgh Council in order to explore a wider regeneration of Russell Road.
- 1.4 Notes the proposed next steps at paragraph 5 and requests further reports as progress is made.

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Depot Strategy – Phase 2

2. Executive Summary

- 2.1 The Depot Strategy was approved by the Finance and Resources Committee on 2 February 2016, followed by a Gateway Review on 4 December 2018. Due to the continuing evolution of service strategy, the Depot Strategy has been split into two phases, with Phase 1 (primarily relating to waste services) now successfully concluded.
- 2.2 The timing and phasing of Phase 2 has required an overall reassessment based on the major risks which have emerged over the last year. The strategy has moved away from the consolidation of the remaining South East sites in a single super hub, to one which is based around smaller, more localised depots which will deliver multiple services more efficiently.
- 2.3 The consolidation of the City Archives and storage associated with Museum and Galleries venues in a single Collections Hub based at Russell Road has not proven viable. Alternative solutions are being developed. The Museum and Galleries element (Culture Services Review) is exploring partnership arrangements with the National Museums Scotland as part of the Granton Masterplan.
- 2.4 There is new potential to release the Russell Road depot. This will generate an additional capital receipt and in doing so, contribute to a wider regeneration proposal for the Russell Road and Gorgie/Dalry area.

3. Background

- 3.1 The Council's Depot Strategy forms part of the Asset Management Strategy, which sits within the wider Adaptation and Renewal Portfolio and is aimed at achieving a balanced, effective and efficient use of the depot assets and associated service delivery.
- 3.2 On 2 February 2016 and 4 December 2018, the Finance and Resources Committee approved the investment strategy for the Council's depots estate. Good progress has been made towards a phased implementation programme, with phase 1 now complete.
- 3.3 Under Phase 1, Seafield Depot has benefited from investment of £9.8m in a new operational building, an eastern waste bulking/ transfer station, public recycling facilities, together with an additional fleet maintenance facility, which has allowed vehicles to be serviced on site and is already bringing additional service efficiencies and supporting improvements in the reliability of waste and recycling collections.

- 3.4 Delivery of the new western waste transfer station at Bankhead Depot was completed in July 2019 at a value of £10.3m. Refurbishment of Bankhead Roads Operations offices have also improved facilities, accommodating additional staff from other Place Management services relocated from across the wider Council estate.
- 3.5 The Print, Mail and Scanning service have been consolidated at the Clocktower industrial unit at the Gyle estate, bringing these operations together in a single production unit. This has facilitated a partial exit from Murrayburn depot, together with the release of the Woods Centre for affordable housing.
- 3.6 Several depots have now been operationally closed, including Barnton (2018), Powderhall (2017) and Longstone (2017), although the latter is providing a temporary salt store; together with West Shore Road (2016) and Stanley Street (2016). Earlier site closures include Balcarres Street, Baileyfield and Duddingston depots.
- 3.7 Peffer Place, Murrayburn and Cowan's Close are currently operational depots which have transferred to HRA and are scheduled for closure. The release of Tower Street depot, for incorporation within a wider housing development, will contribute £1.35m towards the Depot Strategy.

4. Main report

- 4.1 The overarching objectives of the Council's Depot Strategy remain relevant - long term savings; fit for purpose facilities; and service improvement. However, as a consequence of the coronavirus pandemic, there is a renewed emphasis on building resilience focusing on a new steady state for operations and reducing risk for the future.
- 4.2 Previously, it was the wider Depot Strategy's intention to create a super-depot in the South East of the City. However, while various service configurations and locations were considered, other factors increasingly came into play such as ease of access to facilities, reaction times, extreme weather situations, the Local Development Plan and growth of the city, the current condition of buildings, infrastructure costs, reducing the Council's carbon footprint and reducing travel time. This is being further influenced by a trend towards more localised sites, home-start, Electric Vehicle Charging (EVC) roll out and significantly improved technology.
- 4.3 While the central strategy of two major depot sites, primarily for Waste Services, Cleansing and Fleet, still holds for Seafield and Bankhead depots, the strategy is being updated to support the concept of multi-service hubs complemented by local delivery depots/satellite sites. These sites could be contained within existing buildings or assets depending on what service is being delivered and the associated vehicle/plant that is needed to support that service.
- 4.4 Services based at depots have continued to operate throughout the coronavirus pandemic, ensuring business continuity while, at the same time, testing new working practices. Service recovery offers an opportunity to embed such positive changes and to test new operating models.
- 4.5 Therefore, the timing and phasing of Phase 2 of the Depot Strategy requires an overall reassessment based on the major issues which have emerged over the last year, together with due regard for the opportunities presented by longer term

service reform. Recasting the strategy also needs to take account of the risks associated with the remaining sites, minimising abortive costs, whether a project is already in design and how best the strategy can keep evolving, capturing associated service change and impact.

- 4.6 Hence, the approach recommended is that the Depot Strategy continues to take projects to certain stages, such as planning or tender, or when the effects of Covid-19 become clearer. Gateway Reviews are addressing any unforeseen service impact arising from future organisational change and the following provides an update on the current proposals for the remaining sites:-

Sites to be retained: Seafield, Craigmillar, Bankhead, Blackford, Braehead

- 4.7 There is scope to unlock further opportunities at **Seafield** depot, with work to re-purpose a large area previously occupied by Fire and Rescue safety training operations. Works to refurbish existing welfare, together with a possible new unit, will facilitate the relocation of staff from Cowan's Close during 2021. Work on site is also exploring the options for grounds maintenance storage, thus linking more efficiently green and clean teams.
- 4.8 At **Craigmillar** depot, a survey is being undertaken to determine the capacity for improvements to the existing building on site and/ or whether an additional unit can be accommodated within the site footprint providing welfare for the remainder of Cowan's Close staff. This depot also accommodates a Household Waste Recycling centre (HWRC) and any opportunities for improvements to the HWRC will be considered as part of this brief if at all possible.
- 4.9 There may be opportunities for cleansing barrow-routes to operate from Waverley Court underground parking. The Covid-19 related closure of Waverley Court has delayed this proposal. Access to the garage is restricted in terms of height and vehicle-based routes (e.g. mechanical sweepers) may be better served from the Council's parking and storage area on the Cowgate and this is being explored.
- 4.10 Considerable progress has been made to re-design **Bankhead** depot as a multi-use, western hub for services such as Roads Operations, salt distribution, fleet maintenance, flood prevention and grounds maintenance. This project, valued at over £3m, is currently at RIBA Stage 2 and will facilitate the closure of Russell Road depot during 2023.
- 4.11 As part of the updated strategy, it is the intention to retain and invest in **Blackford** depot. Whilst primarily functioning as an ERS depot, capacity is being created to ensure other services benefit from its remodelling and as part of the drive to create more localised sites. This will ensure that a strategic salt store is maintained in the South East of the city to support our winter weather operations.
- 4.12 **Braehead** depot, mothballed as part of the Depot Strategy 2016, is now scheduled for additional investment and will re-open as a Household Waste Recycling centre (HWRC) as soon as revenue funding can be identified to allow this.

Sites released: Cowan's Close, Russell Road, Murrayburn

- 4.13 The closure of **Cowan's Close** has been delayed by Covid-19. As detailed in paras 4.7 and 4.8, work is now underway to develop an implementation programme during 2021.

- 4.14 On 10 October 2019, the Finance and Resources Committee approved the Business Case for the retention of the **Russell Road** site for a mixed-use development once Fleet had exited the site.
- 4.15 However, as a consequence of Covid-19, the general economic position has had a negative impact on speculative development. The assumptions made in the financial business model have been updated, making the proposed development of business space at Russell Road unviable.
- 4.16 The creation of a new combined facility for the City Archives and storage associated with Museum and Galleries (Collections Hub) is also not affordable. The Stage 2 Feasibility Study, while demonstrated to be both comparable and competitive, has directly impacted the viability of the proposal at this site. In the study, Collective Architects identified potential additional site costs raising the total development significantly beyond the £3.9m budget allocation.
- 4.17 In a further development, the Council has been approached by a neighbouring developer, Russell Road Edinburgh Ltd (RREL) to pursue jointly the redevelopment and regeneration objectives for the wider Gorgie/Dalry area, and encompassing the parties' individual landholdings.
- 4.18 The Council land and ownership of the adjacent site is shown on the attached plan. To progress master planning and jointly promote the wider regeneration opportunities of the area, it is proposed to enter into a Memorandum of Understanding with RREL, thereby facilitating joint objectives that may result in the other property owners, fronting Russell Road, to get involved.
- 4.19 Given the expression of interest in Russell Road, together with the challenges of delivering a Collections Hub at this site, it is recommended that the project is split into two elements for delivery at alternative site (s). Phase 1 would deliver a reduced scope storage and access facility for City Archives, while phase 2 would encompass the remainder of storage associated with the Museums and Galleries venues. Phase 2 will be reported and budgeted separately through the Cultural Service Review.
- 4.20 On 6 December 2019, Finance and Resources Committee approved the transfer of **Murrayburn** depot to Housing Revenue Account (HRA), assisting with the delivery of the Council-led housing and regeneration programme.
- 4.21 Solutions are now being assessed for relocating the majority of the remaining services currently operating on this site. The transfer of the Council's records storage to a third-party provider is expected to be concluded by the end of 2021. A design scope is also underway to relocate the Taxi Examination Centre (TEC) as reported at Regulatory Committee on 2 November 2020. The TEC will consolidate with the Licensing service and taxi driver training, to create a new Centre of Excellence during 2022.

Sites under review: Peffer Place, Inch, Inverleith, Burgess Road

- 4.22 On 23 March 2017, the Finance and Resources Committee agreed the transfer of the **Peffer Place** depot from the General Fund to the Housing Revenue Account (HRA) as part of a package of transfers to assist with delivery of the housing programme. Options are still under consideration as to the most appropriate use of the site in the context of wider regeneration objectives for Craigmillar.
- 4.23 There are innovations to be learnt from as a result of the pandemic, with the potential to be more strategically efficient and collegiate in approach. This includes a solution for Passenger Operations, which is being addressed as part of the

Adaptation and Renewal Transport and Logistics Project; and for the Integrated Learning Resource (ILR) which is being reviewed as part of the Libraries/ Wellbeing Review. Both these services are located at the current Peffer Place depot.

- 4.24 The Council's Inch Park Nursery is located at the **Inch** depot, which also provides an operational base for Park and Greenspace teams, adhoc services and storage. The Inch depot site forms part of the longer term, strategic LDP2. A redevelopment plan for the plant nursery will be brought forward in the near future.
- 4.25 **Inverleith** depot currently provides an operational base for grounds maintenance and forestry teams. This site, and its future as an operational depot, is under review. If the site is not needed, then officers are aware of the wider constraints on the site and the sensitivities that needed to be managed in establishing a future use of this site.
- 4.26 Options for **Burgess Road** depot in South Queensferry, linking with other co-location opportunities in the area, are to be explored in due course.

5. Next Steps

- 5.1 The next steps are to undertake further detailed planning, development and service engagement associated with:
- 5.1.1 Delivery of Phase 2 projects;
- 5.1.2 Proposals for sites under review; and,
- 5.1.3 Identification of opportunities presented by longer term service reform.

6. Financial impact

- 6.1 The Depot Strategy continues to be self-funding. The total cost of the strategy will continue to be met from within the capital receipts achieved and previously approved prudential borrowing of £20.85m associated with revenue savings.
- 6.2 Capital expenditure of £30.049m is offset by capital receipts of £23.356m, resulting in a requirement of £6.693m in loans fund advances. The loans charges associated with this over a 20-year period would be a principal amount of £6.693m and interest of £3.689m, resulting in a total cost of £10.382m based on an assumed loans fund interest rate of 4.386%. This represents an annual cost of £0.519m which can be accommodated by identified revenue savings. Borrowing will be carried out in accordance with the Council's Treasury Management Strategy.

7. Stakeholder/Community Impact

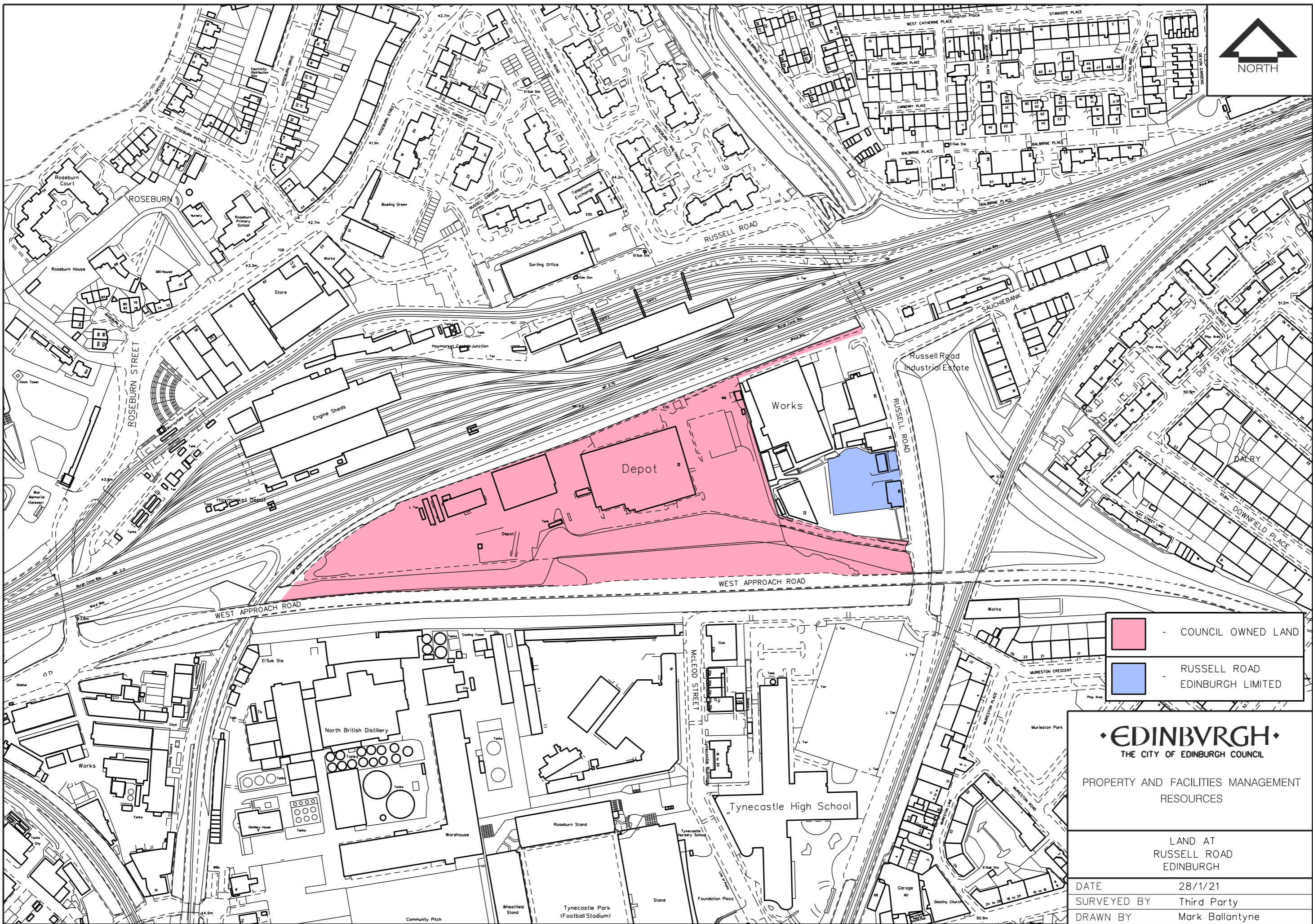
- 7.1 Ward members have been made aware of the recommendations of the report.
- 7.2 Communications have been established with the Trade Unions and regular meetings are held in relation to the Depot Strategy.



8. Background reading/external references

- 8.1 Depot Strategy: Collections for the Future report, Finance and Resources dated 10 October 2019.
<https://democracy.edinburgh.gov.uk/documents/s9493/depots%20strategy>
- 8.2 Depot Gateway Review report, Finance and Resources dated 4 December 2018 - [https://democracy.edinburgh.gov.uk/Data/Finance%20and%20Resources%20Committee/20181204/Agenda/item_72 - depots gateway review](https://democracy.edinburgh.gov.uk/Data/Finance%20and%20Resources%20Committee/20181204/Agenda/item_72_-_depots_gateway_review).
- 8.3 Review of Council Depot Estate – Investment Strategy report, Finance and Resources, dated 2 February 2016. Referred to City of Edinburgh Council dated 4 February 2016.
[https://democracy.edinburgh.gov.uk/Data/Finance%20and%20Resources%20Committee/20160202/Agenda/\\$item_711 - review of council s depot estate - investment strategy](https://democracy.edinburgh.gov.uk/Data/Finance%20and%20Resources%20Committee/20160202/Agenda/$item_711_-_review_of_council_s_depot_estate_-_investment_strategy).

9. Appendices

- 9.1 Russell Road, Land Ownership Plan



	- COUNCIL OWNED LAND
	- RUSSELL ROAD EDINBURGH LIMITED

EDINBURGH
THE CITY OF EDINBURGH COUNCIL

PROPERTY AND FACILITIES MANAGEMENT
RESOURCES

LAND AT RUSSELL ROAD EDINBURGH	
DATE	28/1/21
SURVEYED BY	Third Party
DRAWN BY	Mark Ballantyne
SCALE	1:2500 @ A3 SIZE
NEG. NO.	A3/2313

LOCATION PLAN

SCALE 1:2500

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

Finance and Resources Committee

10.00am, Thursday, 4 March 2021

Liberton Hospital, Edinburgh – Proposed Acquisition

Executive/routine Wards Council Commitments	Executive Ward 16– Liberton/Gilmerton 1 , 2 , 10 , 11
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1. Recommendations

1.1 That Committee:

- 1.1.1 Approves the purchase of Liberton Hospital following the completion of due diligence and on the terms and conditions outlined in this report; and,
- 1.1.2 Notes that a further report will be brought to a future Finance and Resources Committee to provide an update on the progress of the acquisition.

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Executive Director of Resources

Paul Lawrence
Executive Director of Place

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Liberton Hospital, Edinburgh – Proposed Acquisition

2. Executive Summary

- 2.1 The Council has been working closely with public sector partners to increase land supply to support affordable housing provision and deliver place-based regeneration. An opportunity has arisen to acquire the Liberton Hospital site in a direct purchase from NHS Lothian and partner landholders. This report seeks approval to proceed with the purchase on the terms and conditions outlined in the report.

3. Background

- 3.1 On [14 January 2021](#), the Housing, Homelessness and Fair Work Committee approved a report that updated progress on the land strategy for Council led housing development. Land supply continues to be one of the main risks to the delivery of brownfield sites and affordable housing. Whilst good progress is being made, further land acquisition by the Council and new investment models and partnerships with the private sector, Registered Social Landlords and other partners will be required to get private and public sector sites developed. This approach aligns with the preferred option for urban area development contained within Choices for Cityplan 2030 which also promotes public sector partners working closer together.
- 3.2 Council owned land supply is becoming increasingly limited so there is a need to work with public sector partners to bring forward land to deliver cross-sector wider public outcomes. In 2018, the Chief Executive established and currently chairs a grouping of public sector partners called the Place Based Opportunities Board with senior representation from the Council, NHS Lothian, Police Scotland (Edinburgh Division), Scottish Government and Scottish Futures Trust. This has provided a forum for partners to come together to develop a more joined up and place-based approach to the creation and disposal of assets. The Council is actively seeking to strategically position itself as purchaser of first resort to public bodies in the city.
- 3.2 NHS Lothian is a key partner who can help support the land strategy but it is also vital that the Council works in partnership across Housing and Health and Social Care sectors to develop innovative solutions to the specific needs identified locally including, for example, roles for extra care, step down, amenity or other forms of specialist and digitally enabled homes.

- 3.3 There is an opportunity for the Council to acquire the Liberton Hospital site as a Council led housing development to deliver new models of housing and care. The hospital is located on the eastern side of Lasswade Road, to the north of its junction with Ellen's Glen Road, approximately 4 miles south of the city centre. The site consists of three parcels of land owned by NHS Lothian, Scottish Blood Transfusion Service and Edinburgh and Lothians Health Foundation extending in total to 6.71 hectares (16.59 acres) as shown shaded on the plan attached at Appendix 1 and is programmed to be surplus to the respective agencies' requirements.

4. Main report

- 4.1 The Council has been in discussions with NHS Lothian for a potential acquisition of the site for several months. This has resulted in Heads of Terms being agreed, in principle, for a purchase as follows:-

- Subjects Liberton Hospital, Lasswade Road, Edinburgh;
- Purchaser: City of Edinburgh Council (Housing Revenue Account);
- Gross Purchase Price: £16.375m (plus LBTT and Vat (in part));
- Date of Entry: After purification of all suspensive conditions;
- Conditions:
 - i) The Purchaser being satisfied that the Title to the property is good and marketable;
 - ii) The Purchaser being satisfied as to the decommissioning information provided by the Vendor (to include full decommissioning certification);
 - iii) The Purchaser being satisfied with all technical information relating to the buildings/structures to remain on site;
 - iv) The Purchaser being satisfied as to the utility capacity of the site;
 - v) The Purchaser being satisfied with the results of their own ground investigation survey;
 - vi) The Purchaser being satisfied as to the results their own demolition survey and quote for the taking down of any remaining buildings, including asbestos removal;
 - vii) The Purchaser being satisfied with a detailed inventory of what will remain in the building when it is vacated;
 - viii) Finance and Resources Committee Approval
 - ix) NHS Lothian/National Services Scotland/Edinburgh and Lothians Health Foundation approval for the sale.

- 4.2 To arrive at the gross purchase price, the District Valuer was jointly instructed by the Council and NHS Lothian to provide a valuation based on an assumed density of development of 400 units. In the absence of technical information such as a site investigation, a gross valuation was provided from which deductions will be agreed for demolition, abnormal ground conditions etc once the Council due diligence has been completed.
- 4.3 For example, a demolition quote for the buildings obtained by NHS Lothian to clear the site is £560k. The Council will obtain their own quote however this cost will be deducted from the purchase price.
- 4.4 Similarly, the cost of treating abnormal ground conditions will also be deducted. An intrusive site investigation has been commissioned by the Council, with early findings indicating some site contamination commensurate with the age of existing buildings and former uses.
- 4.5 The purchase of the site will not be conditional on the Council seeking planning permission for residential development. This means that the Council will be purchasing the site with risks remaining that are associated with the potential listing of the historic building, protected trees, road layout and design. However, due diligence prior to the purchase will be completed to mitigate these risks. The site has been identified as a proposed housing site in the emerging City Plan.
- 4.6 One of the key reasons for the Council being able to acquire the site direct is certainty over the amount and timing of a receipt. NHS Lothian could potentially obtain a higher figure should the site be exposed to the market however this would be subject to the uncertainty of the planning process and payment could be phased over several years.
- 4.7 NHS Lothian will require an overage provision within the sale agreement whereby should the Council obtain a planning permission for an increased number of units for private sale then a pro rata figure per additional unit would be payable. This is a standard clause in disposals of this nature.

5. Next Steps

- 5.1 Following approval of the terms by Finance and Resources Committee, the due diligence will be completed and a net price for the purchase of the site agreed with NHS Lothian.
- 5.2 Thereafter the purchase will be completed after all suspensive conditions are purified. An update report on the progress of the purchase will be provided to a future committee.
- 5.3 As there are hospital beds on the site which remain to be decommissioned it may be necessary to phase the purchase of the site.

6. Financial impact

- 6.1 The purchase price (including LBTT) will be funded from a combination of Strategic Housing Investment Fund (SHIF) and up to £3m of Affordable Housing Supply Programme grant. The SHIF is a combination of HRA Repairs and Renewals funding and the Council Tax Discount Fund. Funding from SHIF resources to support the acquisition of land has been reported to the Finance and Resources Committee in February through the HRA Budget Strategy (2021-2031) report.
- 6.2 Until final due diligence has been completed, the final net purchase price is yet to be quantified. Based on the Heads of Terms the maximum price for the site would be circa £15.775m (the gross valuation less indicative demolition costs) however it is anticipated that there will be further deductions when the findings of the ground investigation survey are known.
- 6.3 The Scottish Blood Transfusion Service site, which accounts for approximately 45% of the total site area (shaded blue on the attached plan) is elected for VAT which will be payable on that element of the purchase price. As the land is being acquired for the delivery of Council objectives it will be possible to reclaim the VAT paid.

7. Stakeholder/Community Impact

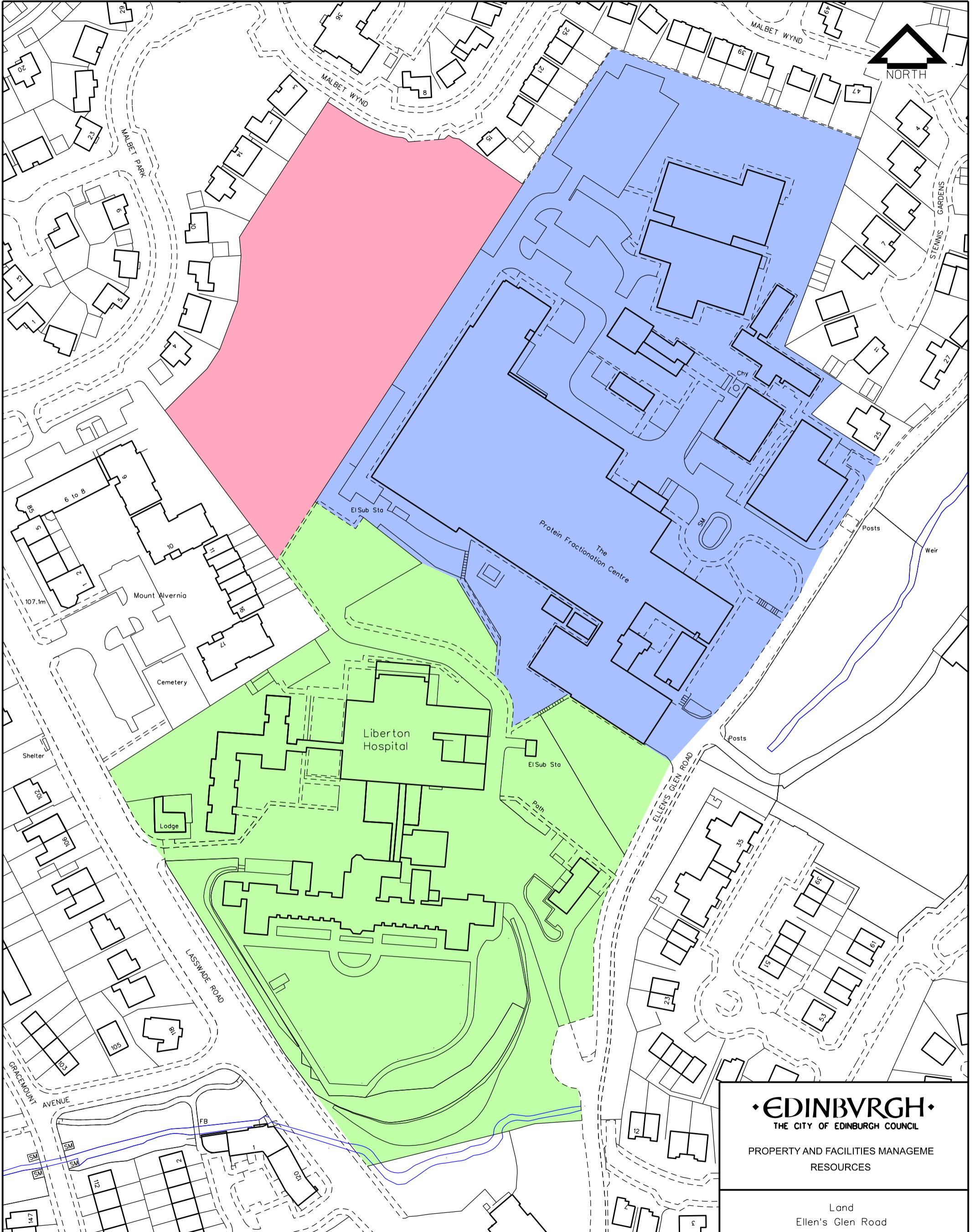
- 7.1 Ward members have been made aware of the recommendations of the report.
- 7.2 Following acquisition, the Council will engage with local communities and all relevant stakeholders to develop a Place Brief. The Place Brief will set the strategic development context for the future of the Liberton Hospital sites. This will enable the development of a site development brief, delivery partner proposal and co-production strategy with the community and services.

8. Background reading/external references

- 8.1 [Land Strategy to Support Delivery of Affordable - Report to Housing, Homeless and Fair Work Committee January 2021](#)

9. Appendices

- 9.1 Appendix 1 – Location Plan



SITE A SHOWN COLOURED BLUE - 3.046ha (7.527 Acre), or thereby

SITE B SHOWN COLOURED PINK - 1.003ha (2.478 Acre), or thereby

SITE C SHOWN COLOURED GREEN - 2.665ha (6.585 Acre), or thereby

EDINBURGH
THE CITY OF EDINBURGH COUNCIL

PROPERTY AND FACILITIES MANEGEME
RESOURCES

Land
Ellen's Glen Road
Edinburgh

DATE	29/08/2014
SURVEYED BY	
DRAWN BY	F McDonald
SCALE	1:1250 @ A3
NEG. NO.	NT 2769/A3/1503

Finance and Resources Committee

10.00am, Thursday 4 March 2021

Workforce Dashboard – December 2020

Item number

Executive/Routine

Executive

Wards

Council Commitments

1. Recommendations

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

Stephen S. Moir

Executive Director of Resources

Contact: Katy Miller, Head of Human Resources,

Human Resources Division, Resources Directorate

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

Workforce Dashboard

2. Executive Summary

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

3. Background

- 3.1 The dashboard reporting period is December 2020. Comparison is made to the previous dashboard reporting period, November 2020.

4. Main report

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

Core Workforce

- 4.2 All Figures referred to are contained in Appendix 3.
- 4.3 Our core workforce increased this period by 4 FTE to 14,784 FTE, and the basic salary pay bill decreased by £0.1m to £460.5m. 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 November 2020 and December 2020.
- 4.5 **Figure 4** shows the change in Directorate FTE between November 2020 and December 2020.
- 4.6 Permanent contracts decreased by 10 FTE, Fixed Term Contracts (FTCs) increased by 2 FTE, acting up and secondment contracts increased by 14 FTE and apprentice/trainee contracts decreased by 2.
- 4.7 The annual cost of permanent contracts decreased by £0.4m and FTCs increased by £0.1m. The cost of acting up and secondment arrangements increased by £200k, and the cost of apprentices/trainees increased by £37k.
- 4.8 The cost of organisation new starts was £1.3m and the cost of leavers was £1.6m.
- 4.9 The spend on Working Time Payments (WTPs) decreased by £13K to £715K.
- 4.10 **Figure 5** shows longer term Local Government Employee workforce change, between June 2015 and December 2020 (i.e. before and after Transformation).

Modern and Graduate Apprentices

- 4.11 The Council currently has 106 Modern Apprentices and 10 Graduate Apprentices registered with Skills Development Scotland formally as an apprentice.
- 4.12 An apprentice can apply for a permanent position within the organisation but still complete their apprentice qualification, this means the Council has a mixture of apprentices on permanent and fixed term (trainee) contracts.
- 4.13 No apprentices were recruited from April 2020 to October 2020 due to the colleges postponing intakes, however, indications are that Departments are gearing up to recruit higher numbers this year to make up for their inability to do so in 2020.
- 4.14 Due to the increased amount of supervision an apprentice requires, recruitment to these roles are likely to commence after once current Covid-19 guidelines are relaxed.

Flexible Workforce

- 4.15 In the period, this workforce was equivalent to approximately 1060 FTE. The associated costs for this period increased by £0.4m to £2.9m. (**Figure 6**).
- 4.16 The spend on the agency workforce increased by £0.21m and cost the organisation £1.5m in the period. Of the total spend, 90% is attributable to the primary and secondary agency suppliers, whilst 10% relates to off-contract spend. The agency

workforce this period was the equivalent of 512 FTE, with an average monthly workforce of 522 FTE (12-month average).

- 4.17 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.
- 4.18 The casual/supply workforce spend increased by 123K this period to £762K. The increase is primarily due to increased supply workers in the Communities and Families Directorate. The casual/supply workforce this period was the equivalent of 366 FTE, with an average monthly workforce of 308 FTE (12-month average). The casual/supply cost trend is shown in **Figure 8**.
- 4.19 The total cost of overtime increased by £61K this period to £628K. A breakdown of the spend by overtime “type” is detailed in **Figures 9 and 10**. Around 58% of the spend was made at the enhanced overtime rate, none was paid at the public holiday rate, 17% was paid at plain time, and 15% related to call-out hours. The overtime/additional hours worked this period was the equivalent of 182 FTE, with an average monthly workforce of 188 FTE (12-month average, callout hours excluded from FTE reporting). The overtime cost trend is shown in **Figure 11**.

Displaced Workforce

- 4.20 The total number of employees on the redeployment register has decreased by 1 since the last period.
- 4.21 Of the 25 employees currently displaced; 18 have now been temporarily redeployed and 7 are not currently redeployed into a temporary solution but are carrying out meaningful work in their former service area.
- 4.22 The funding arrangements for the total displaced FTE is as follows; 12.2 FTE are corporately funded; 9.0 FTE are funded by their service and 2.0 FTE are funded externally
- 4.23 Of those corporately funded; 5.2 FTE are currently redeployed, and 7.0 FTE are not currently redeployed. All 12.2 FTE of the corporately funded FTE have been on the redeployment register for longer than 12 months.

Absence

- 4.24 In the period the monthly absence rate (reflecting days lost to absence in December 2020) decreased from 4.99% (November 2020) to 4.97% (see **Figures 12, 13 and 14**). These figures exclude COVID related absence. While the Council Sickness average decreased by 0.02% in the month, this is localised, ranging from a 0.17% rise in Place Directorate to a 0.19% decrease in Resources staff on the month.
- 4.25 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

- 4.26 Traditionally with the festive holiday in December there is a decrease in levels of engagement in learning and development opportunities. Despite this, the Learning and Development Team organised 21 learning events, only two less than in November. The Excellent satisfaction rate for these events rose from 49% in November to 73% in December.
- 4.27 Engagement in digital learning reduced by 75% with 3271 unique launches compared to 12,692 in November 2020. Excellent satisfaction rates for digital learning have also increased in December by 15%.

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 £39.2m 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

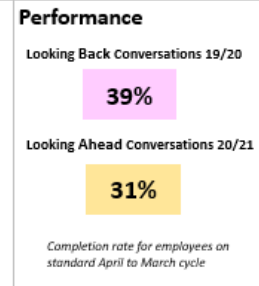
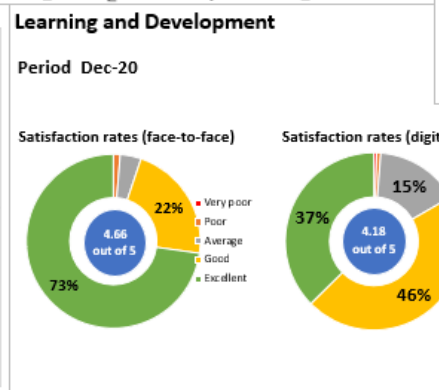
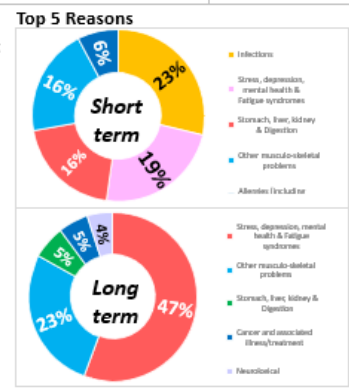
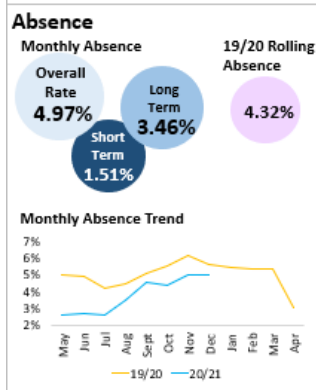
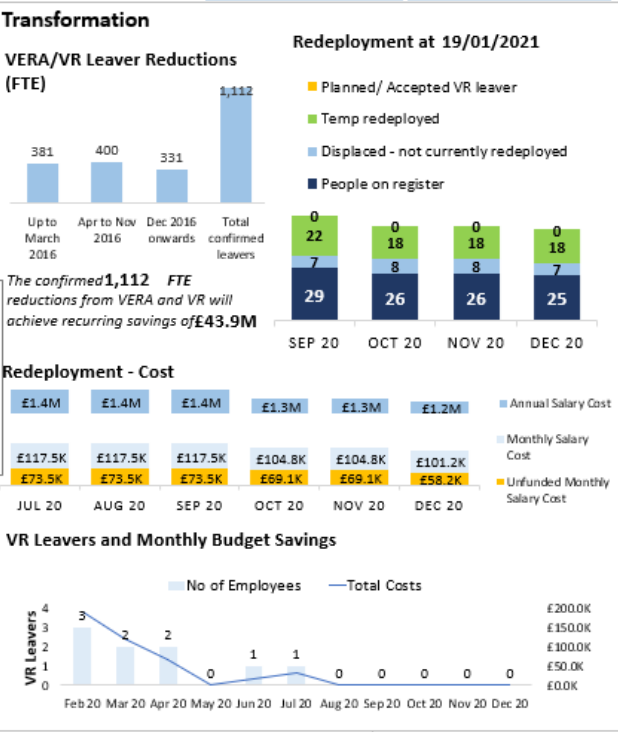
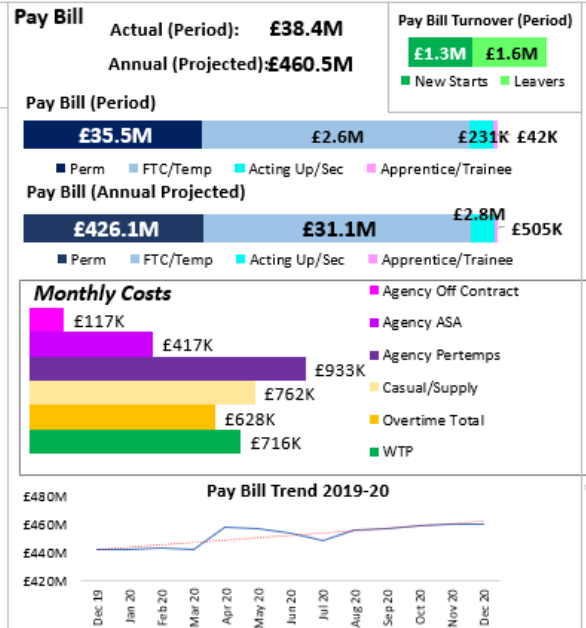
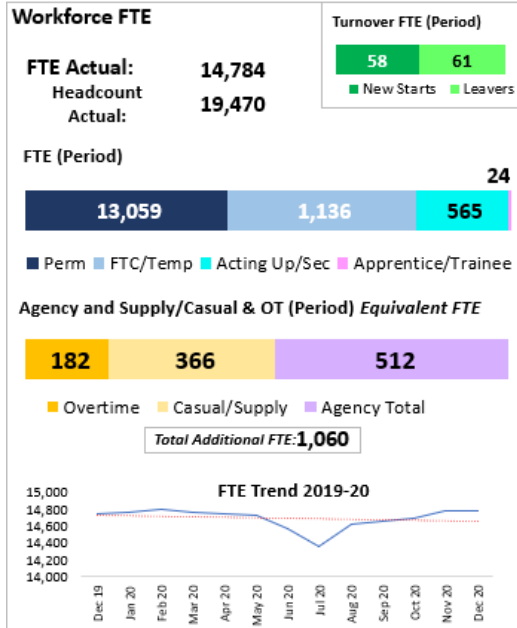
- 8.1 Workforce Control Report and Dashboard to Finance and Resources Committee on 3 December 2021.

9. Appendices

- 9.1 Appendix 1: Finance and Resources Committee Workforce Dashboard
- 9.2 Appendix 2: Finance and Resources Committee Workforce Dashboard Glossary
- 9.3 Appendix 3: Workforce Management Information and Trends

Appendix 1: Finance and Resources Committee Workforce Dashboard

Period: Dec Issued: 10 Feb '21



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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</i> <i>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) <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) <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.</i> <i>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.</i> <i>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.</i> <i>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 <i>Archive data from previous S&I dashboard process.</i></p> <p>Turnover FTE (Period) <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) <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) <i>Breakdown of basic pay by contract type for all staff on CEC payroll*12. Same reporting conditions as for FTE.</i> <i>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 <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) <i>As FTE. Costings report on the annual basic salaries (pro-rated) for new start and leaver populations.</i></p> <p>Pay Bill Trend <i>Archive data from previous S&I dashboard process.</i></p>	<p>Transformation</p> <p>VERA/VR Leaver Reductions (FTE) <i>Data from Finance at week 4 of month.</i></p> <p>Redeployment - People <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 <i>Pro-rated basic salary data for staff on redeployment register.</i></p> <p>VR Leavers and Cumulative Budget Savings <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 <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 <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

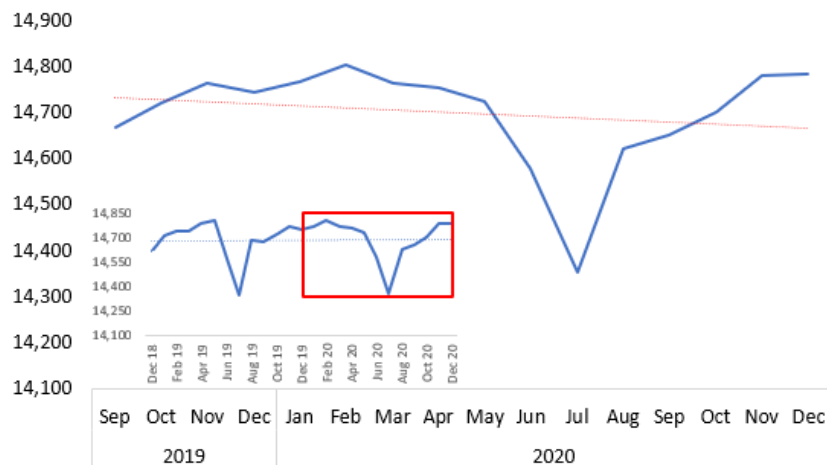


Fig 2. Pay Bill Trend

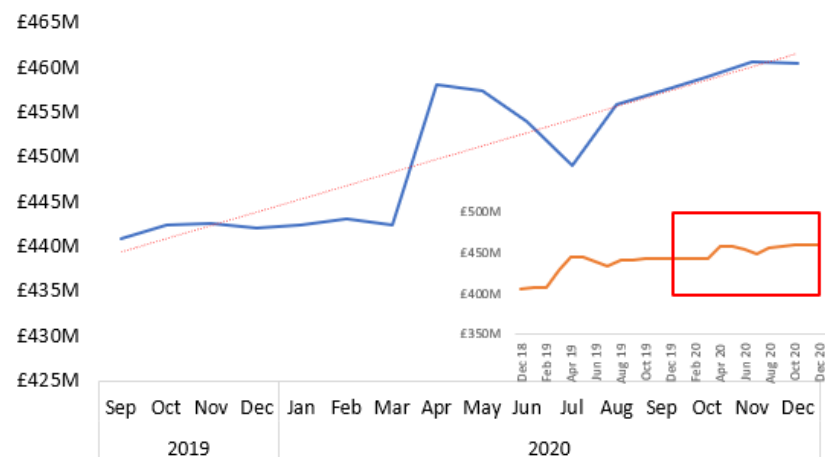


Fig 3 Core Workforce Groups

Category/ Group	November 2020		December 2020		Change in FTE	Change in Headcount
	FTE	Headcount	FTE	Headcount		
Local Government Employee GR1-GR12 including Craft	10,873	13,586	10,887	13,590	14	4
Chief Official	16	16	16	16	0	0
Craft Apprentice	19	19	19	19	0	0
Teaching Total	3,872	4,949	3,862	4,934	-10	-15
Council Total	14,780	18,570	14,784	18,559	5	-11

Note: Chief Official figures exclude Chief Executive

Fig 4 Core Workforce FTE by Directorate

Directorate	November 2020		December 2020		Change in FTE	Change in Headcount
	FTE	Headcount	FTE	Headcount		
Strategy & Comms	149	160	151	162	2	2
C&F	8,062	10,557	8,072	10,559	11	2
EH&SCP	2,078	2,363	2,070	2,351	-8	-12
Place	2,314	2,702	2,311	2,694	-3	-8
Resources	2,156	2,767	2,164	2,777	8	10
Displaced	21	21	16	16	-5	-5
Council Total	14,780	18,570	14,784	18,559	5	-11

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		December 2020		June 15 to December 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	
Front Line Staff	GR1	624	£8.1M	638	£8.4M	595	£8.1M	576	£8.3M	240	£3.6M	237	£3.5M	-	388	£-4.5M
	GR2	244	£3.4M	198	£2.9M	170	£2.5M	167	£2.6M	496	£7.8M	514	£8.1M	270	£4.6M	
	GR3	2,374	£38.2M	2,124	£34.9M	2,089	£35.1M	1,965	£34.9M	2,038	£37.3M	1,998	£36.4M	-	376	£-1.8M
	GR4	2,479	£45.8M	2,567	£48.1M	2,444	£46.8M	2,549	£52.0M	2,445	£51.8M	2,385	£50.4M	-	93	£4.5M
Front Line Manager/ Specialist	GR5	1,808	£40.6M	1,563	£35.2M	1,545	£35.3M	1,634	£39.6M	1,674	£41.9M	1,728	£42.7M	-	80	£2.1M
	GR6	1,421	£37.1M	1,337	£35.9M	1,397	£38.0M	1,444	£41.8M	1,402	£42.2M	1,275	£37.8M	-	146	£0.7M
	GR7	1,520	£48.0M	1,296	£42.1M	1,294	£42.4M	1,294	£45.2M	1,300	£46.8M	1,313	£47.0M	-	207	£-1.0M
	GR8	776	£29.2M	652	£25.1M	689	£26.7M	700	£29.0M	711	£30.3M	721	£30.6M	-	56	£1.4M
Managers	GR9	359	£15.9M	280	£12.9M	281	£13.0M	279	£13.9M	276	£14.2M	287	£14.6M	-	72	£-1.3M
	GR10	118	£6.3M	123	£6.5M	117	£6.4M	120	£7.0M	127	£7.7M	125	£7.5M	8	£1.2M	
	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		11,801	£277.8M	10,849	£256.8M	10,694	£259.4M	10,808	£280.5M	10,782	£289.2M	10,658	£284.5M	-	1,143	£6.7M

Appendix 3: Workforce Management Information and Trends (continued)

Flexible Workforce: Management Information and Trends

Fig. 6 Flexible Workforce in Period

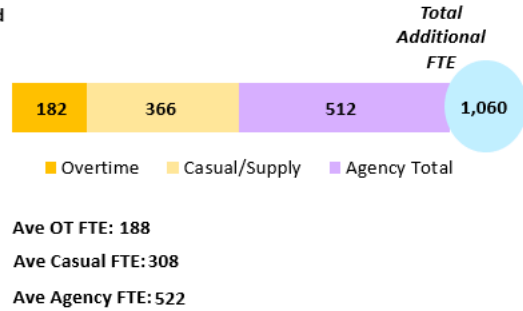


Fig. 7 Agency Trend

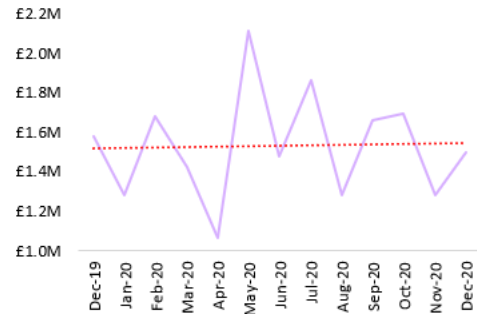


Fig. 8 Casual Trend

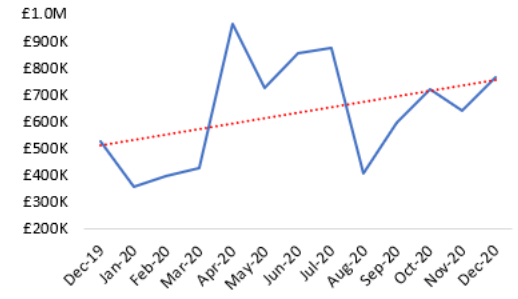


Fig. 9 Overtime by Type in Period

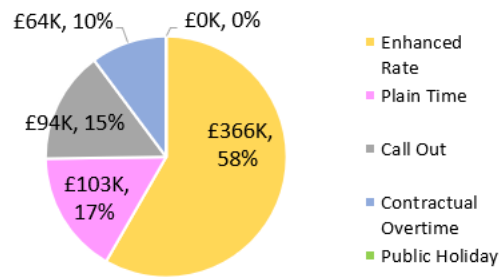


Fig. 10 Overtime by Type in Period - By Directorate

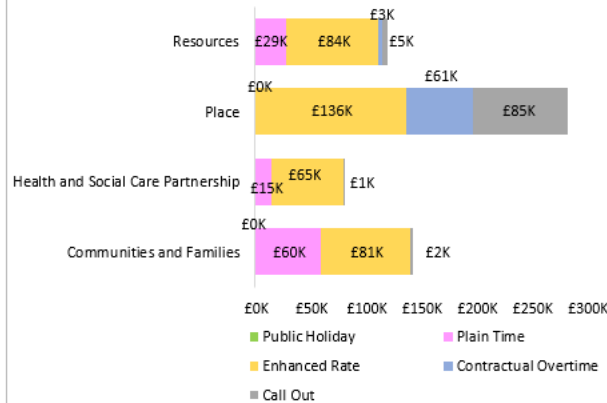
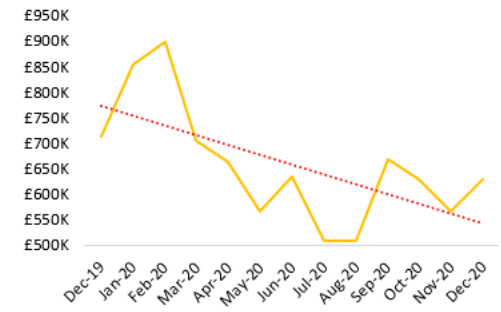


Fig. 11 Overtime Trend



Appendix 3: Workforce Management Information and Trends (continued)

Core Workforce: Management Information and Trends

Fig 12. Monthly Absence Rate

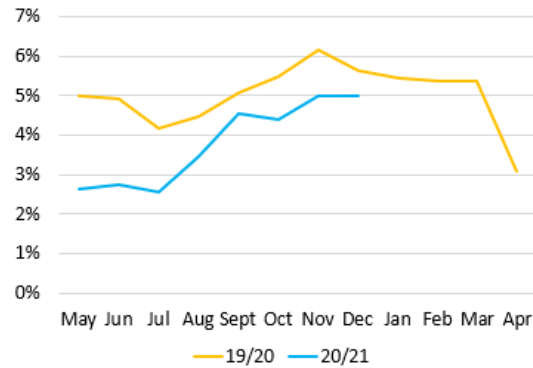


Fig 13. Monthly Days Lost

	Working Days Lost	
	19/20	20/21
May	13,862	7,236
Jun	13,139	7,222
Jul	11,395	7,005
Aug	12,275	9,470
Sept	13,821	11,986
Oct	15,101	12,020
Nov	16,373	13,329
Dec	15,524	13,823
Jan	15,008	
Feb	13,938	
Mar	14,854	
Apr	8,570	

Fig 14. Monthly Absence Rate 19/20 - Directorates

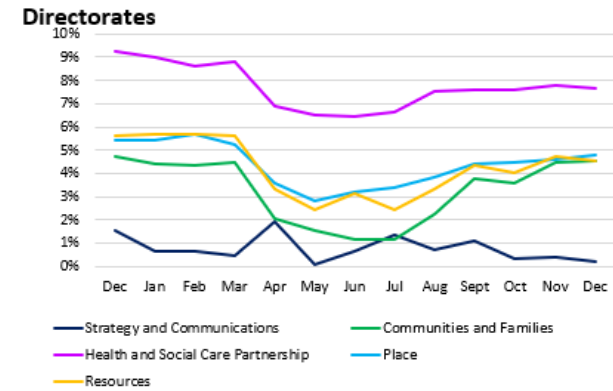
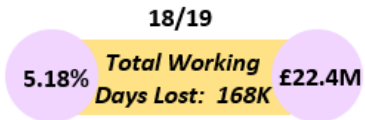
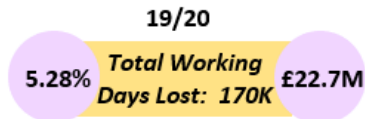


Fig 15. Rolling Absence Rate

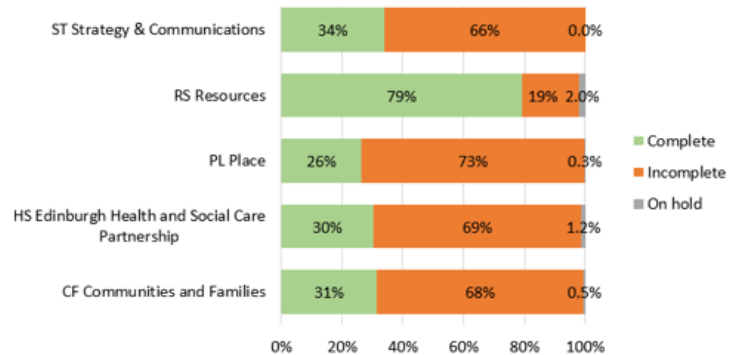


Working days lost to absence between April and March 18/19 + 19/20

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 December 20



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Finance and Resources Committee

10.00am, Thursday - 4 March 2021

Annual Report – Debt Write-off

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

- 1.1 It is recommended that Committee notes that:
 - 1.1.1 the sums due to the Council that have been written off during 2019/20 and the low value (0.70%) this represents compared to the overall level of income collected; and,
 - 1.1.2 while a debt is written off for accounting purposes, cases will be reviewed, and payment appropriately pursued, if there is a material change in the debtor's circumstances.

Stephen S. Moir

Executive Director of Resources

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Annual Debt Write-off

2. Executive Summary

- 2.1 The Council is required to write off debt where there is little likelihood of it being recovered. This is good accounting practice and is carried out each financial year. This report provides Members with a summary of income streams deemed uncollectable and written off during 2019/20.
- 2.2 Debts are only written off when all possible methods of recovery have been exhausted and/or no formal legal action would be appropriate due to the nature or level of debt. Where debts are written off, the Council will still pursue recovery action if there is a material change of circumstance, such as the debtor can now be traced, or they become solvent, with a demonstrated ability to pay.

3. Background

- 3.1 The Council's Corporate Debt Policy approved on 3 September 2013 and reviewed and updated by the Policy and Sustainability Committee on 10 November 2020, requires an annual summary of in-year write-offs to be reported for scrutiny by the Finance and Resources Committee.

4. Main report

- 4.1 Citizens, customers and businesses within Edinburgh have a responsibility to pay for the services they receive and the charges and rents they are liable for. It is essential that the Council pursues all monies due.
- 4.2 The Council adopted a Corporate Debt Policy in September 2013. This policy was developed around the principles of proportionality, consistency and transparency, and was subject to consultation and engagement with elected members, equalities and anti-poverty groups.
- 4.3 The Corporate Debt Policy allows a measured response to debt recovery, while recognising that a small proportion of the Council's overall income may not be collectable due to matters outside its control. Where a debt is assessed to be

irrecoverable it is subject to a write-off process that is consistent with recognised accounting best practice. The Council has sought to minimise the cost of write-offs by taking all appropriate action to recover what is due, with monies only being written off as a last resort after exhausting all other avenues.

- 4.4 Due to the time elapsing between invoice issue and any write off decision, the sums written off may not directly relate to the amounts billed during the year. This applies particularly in the case of parking charges, where the level of in-year write-offs in 2019/20 includes amounts from prior years.
- 4.5 The summary write-offs reported in Appendix 1 comprise of those debts written off in accordance with the Corporate Debt Policy and the Council's agreed Finance Rules. For the major income streams of Council Tax and Non-Domestic Rates write-off levels have tracked closely when comparing 2019/20 to 2018/19. This is consistent with the respective collection trends over recent years.
- 4.6 Appendix 2 provides an overview of typical considerations leading to debt being written off. An analysis of the reasons for miscellaneous/sundry, Council Tax and Non-Domestic Rates debt write offs is detailed in Appendix 3.
- 4.7 Appendix 4 provides details of parking debt to be written-off for 2019/20. The write-off value for Parking/Bus Lane Charges is higher than in 2018/19. The increase can be partially attributed to the end of the existing Euro Parking Collection contract to recoup funds from foreign drivers. This contract is subject to procurement and is now able to progress following Brexit. Additionally, there has been a proactive exercise carried out by Sheriff Officers to cleanse redundant cases, this activity was last undertaken in 2016/17.

5. Next Steps

- 5.1 Following approval, standard accountancy process will be followed for each debt type.

6. Financial impact

- 6.1 This report details write-off debt values which should be viewed in the context of overall value of income collected and, Housing Benefit paid out and the percentage of debt written off, at 0.70%, is low compared with the sums involved.
- 6.2 Parking and traffic enforcement have a higher percentage of write offs than other streams. This is consistent with historical trends and reflects the nature of the debt type. The reasons for these write off values are detailed in Appendix 4.
- 6.3 Where appropriate, debts will be secured through inhibitions and / or charging orders. As detailed in Appendix 3, 48% of the write off value identified under miscellaneous/sundry debt is underpinned by inhibitions. As a result of these actions any free

proceeds from the future sale of the identified assets are used to settle the appropriate debt. The Council will also continue to seek settlement through liquidation, administration and sequestration procedures relevant to the debt type.

7. Stakeholder/Community Impact

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

8. Background reading/external references

- 8.1 [Assurance Statement – Customer, Corporate Debt Policy, Policy and Sustainability Committee, Tuesday 10 November 2020](#)
- 8.2 [Miscellaneous Debts – Write Off, Finance and Resources Committee, Thursday 29 October 2020 \(B Agenda Item\)](#)
- 8.3 [Operational Governance Framework – Review of Scheme of Delegation](#), City of Edinburgh Council, 12 December 2013
- 8.4 [Compliance and Governance: Corporate Debt Policy](#), Corporate Policy and Strategy Committee, Tuesday, 3 September 2013

9. Appendices

- 9.1 Appendix 1 - Summary of written-off debt
- 9.2 Appendix 2 - Reasons for recommending write-off of debt
- 9.3 Appendix 3 - Analysis of Sundry Debt Written-off
- 9.4 Appendix 4 - Analysis of Council Tax, Non-Domestic Rates and Housing Benefit Overpayments Written-off
- 9.5 Appendix 5 - Parking Services debt written-off

Appendix 1 - Summary of Written-off Debt

Debt Type	Total Collected/Paid	Total Write-Off	% of Overall Collected/Paid	Comparison 2018/19 % of Overall Collected/Paid
Miscellaneous	£107,546,800	£170,527*	0.16%	0.39% (0.4k)
Parking	£7,273,873	£1,616,675	22.23%	16.1% ((1M)
Council Tax	£373,489,379	£1,870,205	0.50%	0.42% (1.5M)
Non-Domestic Rates	£373,064,903	£3,174,813	0.85%	0.69% (2.7M)
Housing Benefit Overpayment	£175,318,624	£428,783	0.24%	0.39% (0.7M)
Total	£1,036,693,578	£7,261,003	0.70%	0.60%

*£118k written off under delegated authority, with the remainder receiving Committee approval as part of the agreed write off limits detailed in the Council's Finance Rules.

Miscellaneous debt comprises a variety of debt types not included within any of the specific categories identified above, including sums due in respect of non-HRA rental properties, Health and Social Care accommodation and other related charges and trade waste. This debt type also includes amounts relating to billing undertaken on behalf of the Business Improvement Districts and Lothian Pension Fund.

The amount of miscellaneous debt written off in 2019/20 has reduced from 0.39% to 0.16%. This can mainly be attributed to ongoing process reviews involving service departments to enable a reduction of debt written off under "recovery exhausted" or "whereabouts unknown".

Further details of the amounts written off, and the reason for these write offs are shown at Appendix 3.

Appendix 2 - Reasons for recommending write-off of debt (excluding Parking)

1	Collection Agent Report	No available funds or assets to attach
2	Inhibition Registered	Debtor prevented from free disposal of assets, full recovery probable on asset realisation
3	Charging Order	Deferred payment of statutory repairs or residential care fees as charges recorded on debtor's property
4	Unemployed	No Attachable Assets, uneconomic to proceed
5	Legal Services advice	Debt unenforceable in Sheriff Court
6	Legal Services advice	Debt prescribed/time barred to pursue
7	Property repossessed	Shortfall in funds
8	Debt Unenforceable	Statutory Notice not served on Property/Owner
9	Irrevocable Mandate Held	No free funds on sale
10	Director of Health and Social Care advice	Enforcement would cause undue financial hardship as per Council Finance Rules
11	In prison	Debts not enforceable
12	Full and Final Settlement	Balance irrecoverable
13	Trust Deed	Debtor has multiple debts and affairs now handled by Trustee; dividend expected
14	Absconded/No Trace	All reasonable attempts to find the debtor have failed.
15	Deceased	Insufficient or no funds in the deceased's estate to pay the amount outstanding.
16	Uneconomical to pursue / pursue further	When all recovery processes have been tried or considered or the cost of proceeding would be prohibitive.
17	Sequestration/Liquidation/ Administration	Suitable claim has been made

Appendix 3 - Analysis of Sundry Debt Written-off

The table below shows an analysis of debt types included within Sundry Debt and the reasons for these amounts being written off.

Debt Type	Company							Grand Total
	Deceased	Lives Abroad	Write off recoveries	Inhibition Registered	Recovery Exhausted	Dissolved/liquidation/sequestration/trust deed	Whereabouts unknown	
Accommodation Charges	£ 59,179.70							£ 59,179.70
Care at Home / Home Care	£ 19,812.68	£ 24.90	-£ 136.04		£ 67.50			£ 19,769.04
Children and Families services			-£ 267.78			£ 666.45		£ 398.67
Court Fees			-£ 32.97					-£ 32.97
Non-Council	£ 1,739.66		-£ 60.00					£ 1,679.66
Other Services	£ 407.68		-£ 2,086.73	£ 10,450.54		£ 839.35	£ 82.96	£ 9,693.80
Overpaid Housing Benefit	£ 1,130.88		-£ 5,625.28	£ 5,622.90		£ 851.39	£ 165.04	£ 2,144.93
Rents (commercial property)			-£ 178.84		£ 300.00	£ 26,382.82		£ 26,503.98
Repairs	£ 1,136.77		-£ 941.52	£ 6,782.77				£ 6,978.02
Shared Repairs	£ 127.09	£ 338.94	-£ 0.92	£ 31,253.12		£ 67.95	£ 198.82	£ 31,985.00
Social Work Services	£ 38.60		-£ 16.81					£ 21.79
Statutory Repairs			-£ 20,126.54	£ 27,081.67		£ 19.00		£ 6,974.13
Supporting People Charges	£ 5,049.91		-£ 44.68				£ 226.20	£ 5,231.43
Grand Total	£ 88,622.97	£ 363.84	-£ 29,518.11	£ 81,191.00	£ 367.50	£ 28,826.96	£ 673.02	£ 170,527.18

Appendix 4 - Analysis of Council Tax, Non-Domestic Rates and Housing Benefit Overpayments Written-off

The table below shows an analysis of debt types and the reasons for these amounts being written off (all figures are net of write ons).

Debt Type	Recovery Exhausted	No Available Funds	Service Manager Request	Whereabouts unknown	Liquidation / Administration / Trust Deed, etc	Legal Advice/ Appeal Decisions	Transfers btw Claims/Properties	System Adjs / Anomalies	Total Written Off
Council Tax	29,928	242,464	13,496	0	1,551,045	11,809	0	21,464	1,870,205
NDR	38,839	1,618,733	-18,775	0	1,448,645	87,696	0	-325	3,174,813
Housing Benefit Overpayments	0	89,909	15,143	742	71,432	6,931	244,626	0	428,783

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Notes

Council Tax

Total written off was £1880753 and £10548 was written back on, leaving net of £1870205

NDR

Total written off was £3265226 and £90413 was written back on, leaving net of £3174813

Housing Benefit Overpayments

Manual adjustments to enable overpayments to be transferred - Written off in one claim and manually created in another

Service Manager Request

Low value items where departmental discretion has been used, including complaints

System Adjustments/Anomalies

The Council Tax entry £21,464 relates to a known database payment error where there has been a property band reduction. A bill for 1996, is generated in error by the system and is written off as part of agreed procedure. The NDR entry -£325 relates to system rounding which is amended annually

Appendix 5 - Parking Services debt written-off

Description	Total	Write Off Amount
PENALTY CHARGE NOTICES		
W01-FD	774	£ 44,160.00
Write Off - SO Activity Ceased	4	£ 360.00
Write Off - Covid 19 Protocol	1	£ 30.00
Write Off - Foreign Vehicle	3155	£ 178,969.00
Write Off - No Trace at DVLA	2572	£ 155,130.00
Write Off - Non Progression	14	£ 840.00
Write Off - SO - Gone Away	6555	£ 590,462.59
Write Off - SO - No Money No Assests	3660	£ 328,139.51
Write Off - Time Expired	55	£ 7,530.00
Write Off Company liquidated	20	£ 1,410.00
Write Off Deceased	14	£ 797.89
Write Off No pindable effects	20	£ 1,759.10
Write Off Overseas Hirer	119	£ 7,560.00
Write Off Paid at car pound	1	£ 90.00
Write Off Payment made on time	23	£ 780.00
Write Off SEL/LIQ/REC	20	£ 1,736.20
Write Off Small balance write off	9	£ 297.05
Write Off SO - All Actions Failed	55	£ 4,667.90
Write Off SO Outwit jurisdiction	1	£ 90.00
Write Off SO Unable to trace	71	£ 6,244.60
Write Off Storage Fees	1	£ 30.00
Write Off Unable to process	7	£ 480.00
Write Off Vehicle released form pound	1	£ 150.00
Total Written Off 2019/20	17152	£ 1,331,713.84
BUS LANE CHARGES		
Write Off - SO - Gone Away	2036	£ 183,020.10
Write Off SO - All Actions Failed	3	£ 210.00
Write Off - SO - No Money No Assests	1061	£ 94,842.76
Write Off SO Unable to trace	6	£ 540.00
Write Off Bus Lane - Small Balance Write Off	2	£ 108.10
Write Off Bus Lane - SEL/LIQ/REC	3	£ 270.00
Write Off - Time Expired	8	£ 720.00
Write Off - Non Progression	1	£ 90.00
W01-FD	22	£ 1,380.00
Write Off Bus Lane - No Trace At DVLA	10	£ 690.00
Write Off Bus Lane - Unable To Process	8	£ 420.00
Write Off Bus Lane - Foreign Driver	70	£ 1,710.00
Write Off Bus Lane - Payment Made On Time	5	£ 210.00
Write Off - EPC - unable to collect	4	£ 240.00
Write Off Bus Lane - Overseas Hirer	4	£ 240.00
Write off Bus Lane - Deceased	3	£ 210.00
Write Off Bus Lane - Diplomatic Vehicle	1	£ 60.00
Total Written Off 2019/20	3247	£ 284,960.96
Combined Total	20399	£ 1,616,674.80

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Finance and Resources Committee

10.00am, Thursday, 4 March 2021

Security Service – Use of Agency Workers

Item number	
Executive/routine	Executive
Wards	
Council Commitments	

1. Recommendations

- 1.1 That the Committee notes the content of this report and discharges, in part, the Coalition Addendum from the Finance and Resources Committee approved on 21 January 2021.

Stephen S. Moir

Executive Director of Resources

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Security Service – Use of Agency Workers

2. Executive Summary

- 2.1 The purpose of this report is to address the specific request from the Committee to provide an update on the Council's Security Team and the use of agency workers by this team.
- 2.2 The Committee is advised that there are no agency workers used within the Council's security team within Property and Facilities Management. The current operating model comprises a Council employed core team which is supplemented, when necessary, by a Security Services Contract to G4S, as approved by the Policy and Sustainability Committee on 25 June 2020.

3. Background

- 3.1 On 21 January 2021, the Finance and Resources Committee approved a report on the Award of a Contract for the Provision of Temporary Agency Staff, Permanent, Fixed-Term Contract and Short-Term Supply Resources. A Coalition Addendum was approved that, amongst other things, requested a report from the Executive Director of Resources, in two cycles, providing an update on the Council's security team and the use of agency workers in this area".
- 3.2 The purpose of this report is to address the above part of the Addendum.

4. Main report

- 4.1 There is no use of agency workers in the Council's Security Team. The operating model has been a hybrid between a Council employed core service and the utilisation of a procured Security Contract.
- 4.2 An organisational review of the Security Team was last completed in 2017 as below:

Current Posts in Scope	Current FTE in scope	Proposed Post	Proposed Grade	Proposed FTE
Technical Security Manager	1	Security Manager	Gr9	1
Security Services Supervisors	2	Security Team Leader	Gr5	4
Technical Support Officer	1			
Security Officers	19	Security Officer	Gr3	25
Total	23			30

- 4.3 Since that time, as with any service area, vacancies levels have fluctuated. There are currently seven vacancies within the service area, principally due to retirements and resignations, covering two-day shift and five night-time posts. These posts are not being recruited to at present due to the ongoing financial pressures from the price increases in the retendered security contract, as outlined in the remainder of the report. Committee is further advised that when unplanned absences occur, such as absence due to ill-health, overtime/additional hours are offered to the members of the employed Council team.
- 4.4 Up until 1 October 2020, Allander Security were the Council's framework provider of security services. The contract was retendered and awarded to G4S, as approved by the Policy and Sustainability Committee on 25 June 2020.
- 4.5 The new contract resulted in a price increase from the contract start date of 1 October 2020, with a further price increase due (as per the contract) on 1 April 2021.
- 4.6 On a like for like basis, comparing the cost of the Allander contract with G4S, from the outset of the contract, has created an unbudgeted pressure for FY 2020-21 of £107,760, which will increase to £128,678 for FY 2021-22. To mitigate this pressure the service has had to freeze recruitment and use any in year savings from this to balance the budget.
- 4.7 Again, on a like for like basis, to recruit the vacant posts would increase the annual pressure to £180,692 per annum, which is not sustainable.
- 4.8 In response to the above, and in the absence of additional funding, the service is currently reviewing which elements of security service can be reduced to bring the annual budget into full alignment and enable recruitment to the vacant posts.

5. Next Steps

- 5.1 As this report is for information, there are no direct next steps outlined. However, business as usual will require Property and Facilities Management to fully mitigate the budget pressure created by the re-tender of the security contract and work is ongoing in this respect.

6. Financial impact

- 6.1 The main financial elements of this report have been explained in the Main Report section. Current costs per hour from utilising the frame work contract and employing direct as shown in the table below:

	<u>CEC</u> <u>2020-21</u> <u>Dayshift</u>	<u>CEC</u> <u>2020-21</u> <u>Nightshift</u>	<u>CEC</u> <u>2021-22</u> <u>Dayshift</u>	<u>CEC</u> <u>2021-22</u> <u>Nightshift</u>	<u>G4S</u> <u>2020-21</u>	<u>G4S</u> <u>2021-22</u>
Hourly Rate	£12.99	£18.44	£13.38	£18.99	£13.09	£13.42
Annual Cost (per Officer)	£24,317	£34,520	£25,047	£35,555	£24,504	£25,122
Officer Vacancies Cost	£48,635	£172,598	£50,094	£177,776	£171,531	£175,856
Cost Variance Council versus G4S	-£374	£50,076	-£151	£52,165		

7. Stakeholder/Community Impact

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

8. Background reading/external references

- 8.1 [Report to Policy and Sustainability Committee 9 July 2020 Award of Security Contract](#)

9. Appendices

- 9.1 Not applicable.

Finance and Resources Committee

10.00am, Thursday 4 March 2021

Resources Directorate – Internal Audit Action Update

Executive/routine	Executive
Wards	All
Council Commitments	

1. Recommendations

- 1.1 It is recommended that the Finance and Resources Committee:
- 1.2 notes the 2019/20 Internal Audit opinion and the associated summary findings from the final audits undertaken in the plan relevant to the Resources Directorate; and,
- 1.3 notes the position in respect of the current open and overdue internal audit findings relating to the Resources Directorate.

Stephen S. Moir

Executive Director of Resources

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Resources Directorate - Internal Audit Action Updates

2. Executive Summary

- 2.1 This report follows Internal Audit's annual opinion for the City of Edinburgh Council for the financial year ended 31 March 2020 and the outcomes of Internal Audits completed at the end of the 2019/20 Internal Audit Plan which have either a Councilwide finding, which is applicable to all Directorates or are specific to the Resources Directorate.
- 2.2 To allow for the Covid-19 response to be as effective as possible a decision was reached to pause Internal Audit activity; this resulted in only 72% of the annual Internal Audit plan for 2019/20 being completed. As a result, the 2019/20 opinion was a 'limited' opinion recognising that the plan was not substantially completed and recognising that it is not possible for Internal Audit to pre-empt the results of those audits which remained outstanding at the time of the opinion being reached. This approach was aligned with the guidance of relevant professional bodies, such as CIPFA, and was agreed at the June 2020 meeting of the Governance, Risk and Best Value Committee.
- 2.3 No 'Critical' Internal Audit findings were raised during the course of 2019/20 and whilst the total number of findings remains generally aligned with those in previous years a positive improvement was seen in the number of new High rated findings raised. Some improvement was also found in the percentage of overdue findings and the aging profile of these. However, a number of significant weaknesses in the Council's overall control environment were identified by Internal Audit.
- 2.4 It was the Chief Internal Auditor's independent and professional opinion that significant control weaknesses were identified in the design and effectiveness of the Council's control environment, governance and risk management frameworks. Consequently, only limited assurance can be provided that risks are being identified and effectively managed, and that the Council's objectives would be achieved.
- 2.5 Consequently, Internal Audit reported a 'red' rated opinion, with an assessment towards the lower end of this category, reflecting that significant enhancements are required to the Council's established control environment; governance; and risk management arrangements to ensure that the Council's most significant risks are

effectively mitigated and managed. This outcome has improved slightly from the opinion present by Internal Audit in 2018/19.

- 2.6 The completion of the 2019/20 Internal Audit plan brought with it a number of reports which incorporated agreed management actions for the Resources Directorate to implement. This report outlines the summary status of these internal audit management actions for noting by the Committee, as detailed in Appendix 1. In addition, the management actions arising from an Internal Audit report that remain open and are now deemed overdue for completion by the Resources Directorate, as at 7 December 2020, are outlined in Appendix 2.

3. Background

- 3.1 The objective of Internal Audit (IA) is to provide high quality independent audit assurance over the control environment established to manage the Council's most significant risks, and their overall governance and risk management arrangements in accordance with Public Sector Internal Audit Standards (PSIAS) requirements.
- 3.2 It is the responsibility of the Council's Chief Internal Auditor to provide an independent and objective annual opinion on the adequacy and effectiveness of the Council's control environment and governance and risk management frameworks in line with PSIAS requirements. The opinion is provided to the Governance, Risk, and Best Value Committee and should be used to inform the Council's Annual Governance Statement.
- 3.3 Where control weaknesses are identified, Internal Audit findings are raised, and management agree actions and timescales by which they will address the gaps identified.
- 3.4 It is the responsibility of management to address and rectify the weaknesses identified via timely implementation of these agreed management actions.
- 3.5 The IA definition of an overdue finding is any finding where all agreed management actions have not been implemented by the final date agreed by management and recorded in Internal Audit reports.
- 3.6 Internal Audit is not the only source of assurance provided to the Council as there are a number of additional assurance sources including: external audit, regulators and inspectorates, that the Committee should equally consider when forming their view on the design and effectiveness of the Council's control environment, governance and risk management arrangements.

4. Main report

Internal Audit Opinion 2019/20

- 4.1 Based on limited (72%) completion of the 2019/20 annual plan, IA considered that significant improvements were required across the Council's control environment,

governance and risk management arrangements to ensure that the Council's most significant risks are effectively identified, mitigated, and managed, and is raising a 'red' rated 'significant improvement required' opinion, with our assessment towards the lower end of this category.

- 4.2 Consequently, IA believed that the whilst some progress is evident, the Council's established control environment; governance; and risk management frameworks have not yet matured and adapted sufficiently to support effective management of the rapidly changing risk environment and the Council's most significant risks, putting achievement of the Council's objectives at risk.

Areas where improvement is required

- 4.3 The 2019/20 Internal Audit plan and the associated reports completed in the final quarter of the plan identified improvements being required in a number of areas, as detailed in Appendix 1:

- 4.3.1 Internal Audit advised that in their opinion the weaknesses identified and highlighted in the reports supporting the 2019/20 annual opinion are predominantly attributable to a lack of capacity and skills within first line divisions and directorates to ensure that key controls; governance; and risk management processes are consistently and effectively applied to support effective ongoing management of service delivery and projects. The Assurance Actions and Annual Governance Statements and Policy Management Framework audits highlighted the need to ensure that appropriate second line frameworks are designed and implemented to support completion of annual governance statements by first line divisions and directorates that accurately reflect the outcomes of all open first line assurance findings, and support the completeness and accuracy of the Council's overarching annual governance statement; and to support effective ongoing development, review, and management of Council policies.
- 4.3.2 The independent Risk Management audit performed by our External Auditors, Scott Moncrieff (now Azets), confirmed that the Council is still on its risk management journey, and that whilst an appropriate overarching risk management framework has been developed and implemented by the second line Corporate Risk Management team, it is not yet being consistently applied across the Council by first line teams. The report also highlights the need to ensure that risk registers are developed and consistently maintained by all divisions and directorates; that there is sufficient first line capacity to support ongoing risk management activities; and that risk management training is developed and delivered for all relevant employees.
- 4.3.3 A number of significant and thematic health and safety issues were identified in the outcomes in the Life Safety, Lone Working (Health and Social Care), and Drivers audits. These highlighted the need to confirm

the existence and quality of fire risk assessments across circa two thirds of the Council's operational property estate; establish a holistic life safety performance and reporting framework; clarify both the Council and NHS Lothian's respective legal responsibilities in relation to ongoing compliance with statutory employer health and safety requirements; review Health and Social Care Partnership lone working policies and procedures (including incident reporting) and ensure that they are consistently applied.

4.3.4 The Council had no current overview of the extent of third-party cloud-based technology (shadow IT) systems used by first line divisions and directorates to support the delivery of Council services. This is an area of significant concern especially where these systems have been procured historically, as limited assurance is currently obtained from system suppliers in relation to the adequacy and effectiveness of the security and information management controls supporting these systems. Consequently, the Council is unable to confirm whether the requirements of its externally hosted ICT service protocol is consistently applied, and the extend of its exposure to security and information management risks associated with the ongoing use of these systems.

4.3.5 Whilst the Council's Change Board (Corporate Leadership Team) continued to provide ongoing oversight of the Council's major projects portfolio throughout 2019/20, review of one major project included within the major projects portfolio, and a separate review of divisional and directorate management and oversight of projects delivered out-with the portfolio highlighted the need to establish first line programme management arrangements to ensure effective oversight and delivery of first line projects; that further improvements are required to ensure that senior responsible officers (SROs) and project managers consistently manage projects in line with the Council's established project management framework; and that adequate and suitably skilled project management resource is provided to support delivery of projects across the Council.

Areas where positive assurance was provided

4.4 There were four effective or 'green' reported audit reports published in respect of the Resources Directorate and/or Council Wide in this Internal Audit plan period. For Resources, the Employee Lifecycle and Payroll audit for the financial year 2018/19 confirmed that there were no significant material or systematic errors in employee records and transactions and the Digital Services Incident and Problem Management audit confirmed that our technology partner, CGI, was effectively managing and resolving incidents experienced by users across our networks.

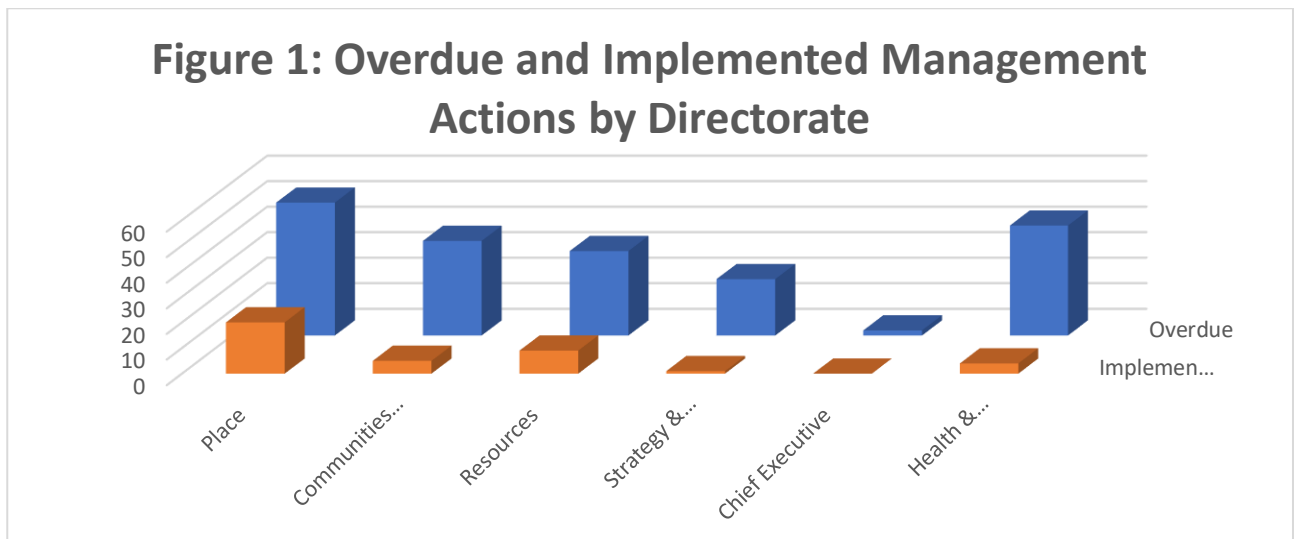
4.5 It was also confirmed as part of the City Region Deal Funding Process audit that the Finance Division within Resources were effectively ensuring that the Council fulfils its responsibilities as the Accountable Body for the Edinburgh and South East

Scotland City Region Deal. The Preparation for the Strategic Housing Plan audit also achieved an overall effective outcome from this perspective.

Open and Overdue Internal Audit management actions as at 7 December 2020

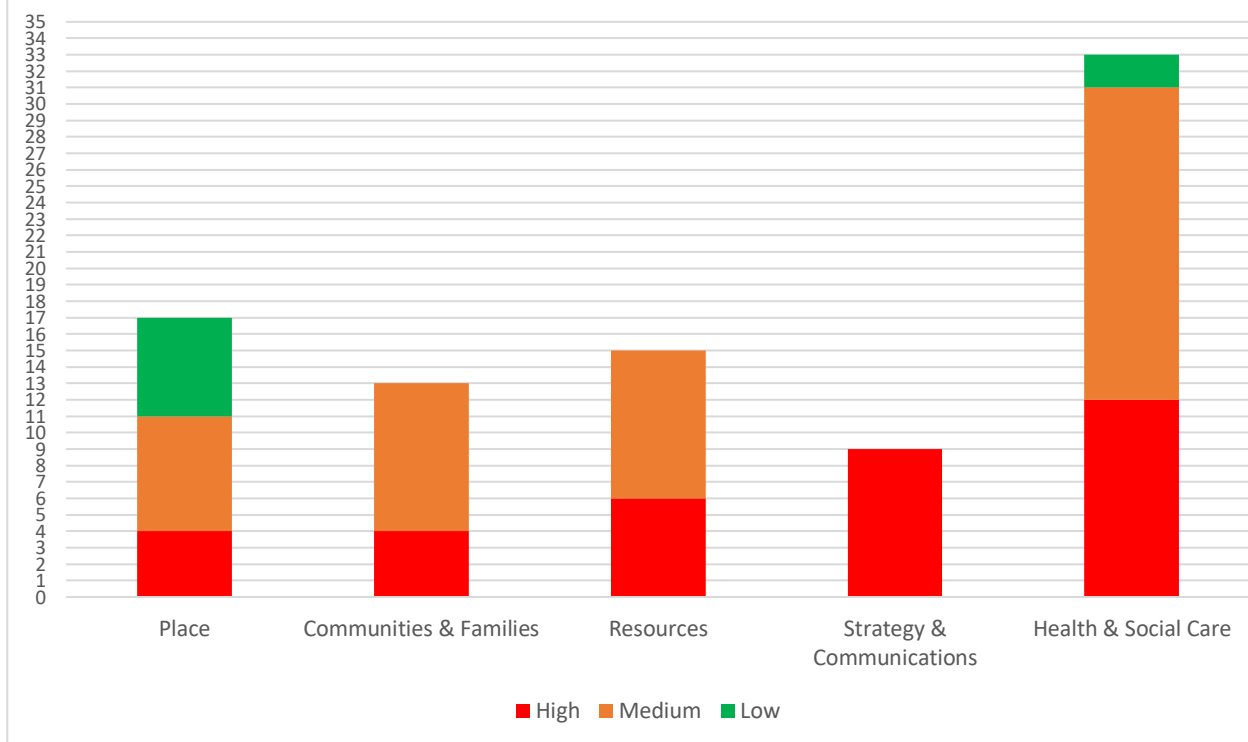
4.6 Following the Corporate Leadership Team decision to reallocate resources temporarily across Directorates to prioritise focus on closure of IA findings, IA has noted a significant increase in the number of management actions proposed for closure as at 7 December (39 implemented actions) in comparison to the 30th October position (20 implemented actions). The current open IA actions (123) are supported by a total of 364 agreed management actions, of which 189 (52%) are considered overdue as the originally agreed completion date has not been achieved

4.7 Figure 1 illustrates the allocation of the total of 189 overdue management actions between those where action is required at 150, and of 39 that have been passed to IA for review across the directorates/divisions. As members of the Committee will note, the Resources Directorate continues to make positive progress with closing overdue actions.



4.8 Of these 150 recorded as overdue as at the 7 December 2020, 33 sat with Resources. Of these 15 had their implementation date revised as illustrated by figure 2 on the following page; of these 6 were high rated.

Figure 2 - management actions with more than one revised completion date since July 2018



4.8 In addition to these actions, which are deemed to be both open and overdue, there are a range of management actions that are currently open but are not overdue. These continue to be tracked and managed by the Executive Director of Resources and the Resources Heads of Service.

5. Next Steps

5.1 The Resources Directorate is actively managing the response to the internal audit findings and progress against these is reviewed at the Corporate Leadership Team on a monthly basis. The Executive Director of Resources continues to hold Quarterly Performance and Assurance Meetings with the Resources Heads of Service and their direct reports to ensure that the timely completion, evidence and closure of internal audit actions remains a priority for all Divisions within the Directorate.

6. Stakeholder/Community Impact

6.1 As with all internal audit related findings, this report highlights that the Council is currently exposed to a level of risk that puts achievement of its objectives at risk and which could potentially impact services delivered and support provided to citizens, stakeholders, and community groups.

7. Background reading/external references

7.1 None.

8. Appendices

8.1 Appendix 1 - Audits Completed Between 1 April 2019 and 31 March 2020

8.2 Appendix 2 - Internal Audit Overdue Management Actions as at 7 December 2020

Appendix 1 – Audits completed between 1 April 2019 and 31 March 2020

Ref	Review Title	Report Outcome	No. of findings raised				GRBV Review Date
			High	Medium	Low	Totals	
	Council Wide						
1.	Brexit Impacts – supply chain management	Some Improvement Required	-	2	1	3	September 20
2.	Implementation of Assurance Actions and Annual Governance Statements	Significant Improvement Required	1	2	-	3	August 20
3.	Validation of Implemented Management Actions Supporting Closed Internal Audit Findings	Some Improvement Required	1	1	1	3	August 20
4.	Health and Safety – Life Safety	Significant Improvement Required	3	-	2	5	September 20
5.	Preparation of the Strategic Housing Investment Plan	Effective	-	-	-	-	Not requested
6.	Unsupported Technology (Shadow IT)	Significant Improvement Required	2	-	-	2	September 20
7.	Risk Management	Significant Improvement Required	2	3	-	5	September 20
8.	Retention of Social Work Case Records (Looked After and Accommodated Children)	Some Improvement Required	-	3	-	3	July 2020
	Totals		9	11	4	24	
	Resources						
9.	CGI sub contract management	Some Improvement Required	-	1	1	2	July 20
10.	CGI partnership management and governance	Some Improvement Required	-	1	-	1	September 20
11.	Digital Services - Change Initiation	Some Improvement Required	-	1	1	2	September 20
12.	Digital Services - Incident and Problem Management	Effective	-	-	1	1	Not requested
13.	Revenue budget setting and management	Some Improvement Required	-	4	-	4	July 20
14.	Model and Intelligent Automation Risk	Some Improvement Required	1	-	1	2	July 20
15.	Employee Lifecycle and Payroll for the 2018/19 Financial Year	Effective	-	1	-	1	September 20
	Totals		1	8	4	13	

Appendix 2 - Internal Audit Overdue Management Actions as at 7 December 2020

Glossary of terms

- Project – This is the name of the audit report.
- Issue Type – This is the priority of the audit finding, categorised as Critical, High, Medium, Low and Advisory.
- Issue – This is the name of the finding.
- Status – This is the current status of the management action. These are categorised as Pending (the action is open and there has been no progress towards implementation), Started (the action is open, and work is ongoing to implement the management action), Implemented (the service area believe the action has been implemented and this is with Internal Audit for validation).
- Agreed Management action – This is the action agreed between Internal Audit and Management to address the finding.
- Estimated date – the original agreed implementation date.
- Revised date – the current revised date. **Red** formatting in the dates field indicates the last revised date is overdue.
- Number of revisions – the number of times the date has been revised post implementation of TeamCentral. **Amber** formatting in the dates field indicates the date has been revised more than once.

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
6	Historic Unimplemented Findings MIS1601 - issue 1 Budgetary Impact	Medium	Recommendation 1 - Budgetary Impact Implemented	The R&M budget for 2016/17 will be closely monitored as services are now procured direct from suppliers and an imbedded due diligence process has been developed. This will inform the budget setting process but it should, however, be noted that this has historically been based on availability and not need.	Estimated Date:31/03/2017 Revised Date:29/06/2018 No of Revisions 0
17	Non Housing Invoices Schedule of Rates	Medium	New non-housing contractor framework Implemented	The non-Housing contractor framework will be re-rendered during 2017. The inclusion of detailed best-value and due-diligence options will be considered as part of the process. This may include schedule of rates, gain share, penalties etc or a combination.	Estimated Date: 31/08/2017 Revised Date: 31/03/2019 No of Revisions 2
18	Non Housing Invoices Availability of documentation	Medium	CAFM Implemented	It is anticipated that CAFM will be in operational use (services being implemented on a rolling programme thereafter) in early 2017 with a non-Housing R&M implementation process in place for FY 2017/18	Estimated Date: 01/04/2017 Revised Date: 31/08/2018 No of Revisions 1

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
31	Property Maintenance Monitoring of outstanding jobs	Medium	Monitoring of outstanding jobs Implemented	The AS400 system does not allow recoding or reporting on completion until invoice stage. Contractors are already confirming when jobs complete to agreed SLAs (M&E in particular). This includes outstanding jobs. New contracts being procured will require all contracts to report on performance but this is not anticipated to be complete until end 2017 by which time CAFM will also be in place. CAFM will support monitoring of outstanding works orders. In the meantime, as noted in Finding 2, an interim monitoring/tracking process has been developed for condition survey high risk/urgent items	Estimated Date: 31/12/2017 Revised Date: 31/05/2019 No of Revisions 3
36	Asset Management Strategy and CAFM system 18/19 RES1813 Asset Management Strategy and CAFM: Issue 1 - Council Property Strategy	High	RES1813 1.2 - Property Aspects of Major Projects Implemented	P&FM will recommunicate the requirement for business cases to be developed through the Asset Investment Groups; request that Strategy and Communications include it in the Strategic Change and Delivery project management toolkit; and have oversight of ensuring P&FM have input into any property changes at the Change Board. P&FM will comment on all known business cases and provide estimates of property whole life costs (not just R&M costs). For smaller projects, such as the siting of a portacabin on school grounds to accommodate increased pupil numbers, Properties and Facilities Management will design a process and supporting funding protocols to ensure that P&FM are consulted at an early stage to enable revenue costing to be prepared for the client service (for example, where additional	Estimated Date: 31/03/2020 Revised Date: 01/08/2020 No of Revisions 0

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
				janitorial and cleaning services are required) and for the source of funding to be established and agreed. The process and supporting funding protocols will be shared with all Directorates and Heads of Service for discussion and agreement.	
37	New Facilities Management Service Level Agreement RES1814 - Facilities Management SLA: Janitorial Services Governance Framework	High	Facilities Management SLA: Issue 1.3 Ongoing quality assurance reviews Implemented	Ongoing quality assurance reviews will be established as described above. In addition to using these to measure the efficacy of our SLA delivery, these are required as part of the ISO 9001/45001 certification process and designed to give us comfort over the robustness of our policies, procedures and supporting documentation.	Estimated Date: 31/03/2020 Revised Date: 01/08/2021 No of Revisions 1
39	Budget Setting and Management RES 1903 Issue 4: Training for budget managers	Medium	RES 1903 Issue 4.2: CECiL training module Implemented - Audit Approved	This is underway and will be completed by the end of May 2020.	Estimated Date: 31/05/2020 Revised Date: 04/12/2020 No of Revisions 2
79	School admissions, appeals and capacity planning CF1901: School admissions, appeals and capacity planning - Issue 2: Operational Processes - Admissions & Appeals	High	CF1901 Issue 2.3(d): Sharing Outcomes of Annual Checks Started	Outcomes of annual checks that highlight any significant and systemic weaknesses will be shared with Schools and Lifelong Learning with a request that findings identified from the review are addressed and processes updated to ensure that they do not recur in subsequent years.	Estimated Date: 30/11/2020 Revised Date: 01/04/2021 No of Revisions 0

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
88	Resilience BC Completion and adequacy of service area business impact assessments and resilience arrangements	High	Rec 3.1b Resources - Development of Resilience Plans/protocols for statutory and critical services Started	Rebased action October 2020 Following a refresh of Business Impact Assessments and the new organisational structure, resilience plans/protocols will be developed, with support and training from Resilience, for high-risk essential services. A list of these services is to be provided by Resilience for approval by CLT. Date revised to 31 December 2022.	Estimated Date: 19/06/2020 Revised Date: 31/12/2022 No of Revisions 1
93	Resilience BC Completion and adequacy of service area business impact assessments and resilience arrangements	High	Rec 6.1b Resources - Review of third party contracts to confirm appropriate resilience arrangements Started	Existing third party contracts supporting critical services should be reviewed by Directorates in consultation with contract managers / owners to confirm that they include appropriate resilience arrangements. Where gaps are identified, Procurement Services should be engaged to support discussions with suppliers regarding inclusion of appropriate resilience clauses requiring third parties to establish adequate resilience arrangements for both services and systems that are tested (at least annually) with the outcomes shared with / provided to the Council. Where these changes cannot be incorporated into existing contracts, they should be included when the contracts are re tendered.	Estimated Date: 20/12/2019 Revised Date: 31/03/2021 No of Revisions 2

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
	<p>Resilience BC</p> <p>Completion and adequacy of service area business impact assessments and resilience arrangements</p>	High	<p>Rec 6.2b Resources - Annual assurance from Third Party Providers</p> <p style="text-align: center;">Started</p>	<p>Following receipt of initial assurance from all third party providers for statutory and critical services (as per rec 6.1), annual assurance that provider resilience plans remain adequate and effective should be obtained. This should include confirmation from the provider that they have tested these plans and recovery time objectives for systems and recovery time and point objectives for technology systems agreed with the Council were achieved.</p> <p>It is recommended that contract managers include this requirement as part on ongoing contract management arrangements.</p> <p>Where this assurance cannot be provided, this should be recorded in Service Area and Directorate risk registers.</p> <p>Date revised to reflect that following receipt of initial assurance by 31 March 2021, annual assurance should be obtained by 31 March 2022.</p>	<p>Estimated Date: 28/06/2019</p> <p>Revised Date: 31/03/2022</p> <p>No of Revisions 2</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
113	Payments and Charges CW1803 Payments and Charges Issue 5: Processing and recording of Parking Permit fees	Medium	CW1803 Rec. 5.4 - NSL income reconciliation Started	The recommendation is accepted. Financial reconciliations between the systems have commenced reinstatement. Work is underway to build a management information suite which will augment the control attributes of the reconciliation as a standalone mechanism.	Estimated Date: 28/02/2020 Revised Date: 30/06/2021 No of Revisions 3

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
	ICT System Access Rights CW1809 Financial Systems Access Controls - Development of Overarching Action plan	High	CW1809 - Development of Overarching Action plan Started	Digital Services has confirmed that they will own the findings raised from this review and will work (in conjunction with other divisions such as information governance; finance; and human resources) to create an appropriate action plan to address the risks identified. The action plan will initially focus only on the Council's key financial systems and will consider all of the recommendations made by Internal Audit in this report. It is also acknowledged that the risks that have been highlighted are not exclusively limited to financial systems and could also extend to the Health and Social Care Partnership (the Partnership). Consequently, the action plan will include guidance to be applied by all system administrators across the Council. This will be communicated and shared with the expectation that it will be applied across all systems and divisions, including those that deliver services on behalf of and provide support to the Partnership. Following distribution of the guidance, discussions will be held with Internal Audit to determine whether the remaining systems used across the Council should be subject to a separate audit to confirm whether the user administration guidance is being consistently applied. Once the plan has been prepared and resources to support implementation identified and agreed with relevant divisions, timeframes for implementation of individual system plan actions will be discussed	Estimated Date: 28/02/2020 Revised Date: 01/07/2020 No of Revisions 0

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
				and agreed with Internal Audit. The plan will be prepared by March 2020.	

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
125	Brexit impacts - supply chain management CW1905 Issue 1: Divisional and Directorate Brexit supply chain management risks	Medium	CW1905 Rec. 1.1a: Resources - Divisional and directorate supply chain management Started	As discussed and agreed at the Corporate Leadership Team (CLT) on 29th July 2020, these findings will be implemented as recommended by Internal Audit and in line with an earlier CLT decision (8 July 2020) that the most significant corporate concurrent risks (including Brexit supply chain risks) that could potentially impact the Council will be identified by October 2020. It is acknowledged that divisional and directorate supply chain risks will need to be identified to support this process.	Estimated Date: 30/10/2020 Revised Date: 15/01/2021 No of Revisions 0
155	Planning and S75 Developer Contributions Backlog of Legacy Developer Contributions	High	PL 1802 Recommendation 1.1 Review of developer contributions held in the Finance database Started	A full review of all developer contributions held in the Finance database will be performed, and all entries reconciled to amounts held on deposit and/or in the general ledger.	Estimated Date: 31/01/2016 Revised Date: 01/02/2021 No of Revisions 1

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
158	Planning and S75 Developer Contributions Ongoing management of developer contributions	High	PL1802 Iss 3 Rec 3.2 Ongoing maintenance of developer contributions Started	All recommended actions will be implemented as set out above (in IA recommendations).	Estimated Date: 30/09/2020 Revised Date: 01/02/2021 No of Revisions 0
159	HMO Licensing PL1803 Issue 1 Licensing system - Data Integrity and Performance Issues	High	PL1803 Issue 1.1 Project Plan Started	Response from Digital Services Digital Services resources have now been allocated to work with both the Licencing team and CGI to progress the change request for the upgrade to APP Civica CX, and this will involve developing a plan to support implementation of the system upgrade that includes details of all relevant activities to be completed and implementation timeframes. Response from Licencing The Place Directorate and Digital Services have made change requests for CGI to provide analysis on the business benefits, costs and risks of moving to the APP. These change requests are outstanding from CGI from 2018. Upon receipt of this analysis the Directorate will agree with the Resource Directorate a project plan for approval by senior managers,	Estimated Date: 20/12/2019 Revised Date: 31/03/2021 No of Revisions 3
173	Asset Management Strategy Issue 1: Visibility and Security of Shared Council Property	Medium	Review of existing shared property Started	A review of the office estate is underway by the Operational Estates team to identify third party users and approach them to seek appropriate leases or licences to allow them to occupy the premises and ensure the Council is appropriately reimbursed.	Estimated Date: 31/10/2018 Revised Date: 01/03/2026 No of Revisions 3

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
174	<p>Certifications and Software Licenses</p> <p>RES1805 Licenses and Certificates: Issue 1 - Governance and Oversight</p>	Medium	<p>RES1805 CDS 1.1 Council - Governance and Oversight of Certificates and Licenses</p> <p>Started</p>	<p>Council: Both Digital Services Management and CGI agree that the issues relating to Certificates and Licenses must be addressed. Digital Services Management will: ensure improved Governance of the processes around this are undertaken, reporting any issues through the Executive Board; and ensure licenses are reduced/savings are realised where reduction or improved management of licenses is practicable. 2. Although not directly part of this action, more explicit requirements and governance around certificates and licenses will form part of any new or revised outsourcing contract.</p>	<p>Estimated Date: 31/01/2020 Revised Date: 01/11/2020 No of Revisions 2</p>
175	<p>Certifications and Software Licenses</p> <p>RES1805 Licenses and Certificates: Issue 1 - Governance and Oversight</p>	Medium	<p>RES1805 CDS 1.2 CGI - Reporting and monitoring - Licenses and Certificates</p> <p>Started</p>	<p>CGI will Provide improved reporting on licenses and usage to Council Asset meetings. This will start no later than October 2019; At these meetings, also provide updates on certificate management, highlighting any service impact/incident reports caused by certificate issue; and Work with Council to provide a relevant update for the Partnership Board/Executive meeting on certificate and license management.</p>	<p>Estimated Date: 31/01/2020 Revised Date: 01/11/2020 No of Revisions 2</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
176	Certifications and Software Licenses RES1805 Licenses and Certifications: Issue 2 - Ongoing management	High	RES1805 - CDS 2.1 Completeness and accuracy of license inventory reports Started	CGI will: Use the Microsoft SCCM Product to ensure that all software installed in appropriately licensed Ensure that the license report is reconciled back to source system data (where applicable) and gain Council confirmation that they are satisfied with the completeness and accuracy of the license inventory. Update the Council at the fortnightly asset meetings of any differences between installed and licensed software and agree a course of action e.g. removal, reduction in licenses, discussion with Services on usage This should start by the end of October 2019.	Estimated Date: 31/01/2020 Revised Date: 01/11/2020 No of Revisions 2
177	Certifications and Software Licenses RES1805 Licenses and Certifications: Issue 2 - Ongoing management	High	RES1805 CDS 2.2 Thematic certificates and licenses incidents Started	CGI will report to the Council on service incidents that have been caused by license or certificate issues where the root cause is non/late renewal or incorrect implementation. This should start no later than the end of October 2019 and will be discussed at the monthly Partnership Forum. CGI and Digital Services will then determine if the issues identified require a process review.	Estimated Date: 31/01/2020 Revised Date: 01/11/2020 No of Revisions 2

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
179	Cyber Security - Public Sector Action Plan RES1808: Issue 1: Critical Operational Cyber Security Controls	Medium	RES1808: Issue 1: Recommendation 1.2 - Cyber Essentials Accreditation Started	CGI completed a complete manual vulnerability scan of the estate in November 2018 Vulnerabilities identified from this scan are being resolved as part of the Public Services Network remediation action plan. CGI have been formally requested to implement automated vulnerability scanning as a service. To ensure this is in place in time for Cyber Essentials Plus accreditation this automated vulnerability scanning is targeted to be implemented by end of June 2019.	Estimated Date: 30/09/2019 Revised Date: 01/05/2021 No of Revisions 2
180	Cyber Security - Public Sector Action Plan RES1808: Issue 1: Critical Operational Cyber Security Controls	Medium	RES1808: Issue 1: Recommendation 4.1 - User access controls Started	CGI indicated that the full recommendations made by the external auditor could not be implemented without significant change to the contract and at a notable additional cost. CGI provided the Council and the External Auditors with details of the current oversight of the CGI Wintel and UNIX password policies. Current ongoing evidence of this oversight via the Security Working Group will be provided to external audit, a statement confirming the risk acceptance by the Executive Director of Resources will be prepared, approved, signed, and provided to Scott Moncrieff.	Estimated Date: 31/05/2019 Revised Date: 01/10/2019 No of Revisions 0

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
	<p>Asset Management Strategy and CAFM system 18/19</p> <p>RES1813 Asset Management Strategy and CAFM: Issue 3 - Property and Facilities Management Data Completeness; Accuracy; and Quality</p>	High	<p>3.1 Ensuring Data Completeness, Accuracy, and Quality</p> <p>Started</p>	<p>Current CAFM users have access to the operational data they need in the system to perform their roles and are also updating the CAFM system with new data. Whilst the vision is to have all property data in CAFM, the volume of property data that could be captured and recorded is near infinite, therefore property data that will retained in CAFM has to be focused on the effort and cost to collect versus the value it provides. The CAFM Business Case includes requirement for a Data Quality Manager, who will be the responsible data steward for Property and Facilities Management (P&FM) data. Their role is not necessarily to collect the data but to ensure rigor and control over it. This will involve ensuring regular reviews of data within the system and ensuring that data is managed and maintained in line with the established CAFM data hierarchy and agreed Council information management policies and procedures. Sharing data steward responsibilities across services is problematic, as they hold responsibility and accountability for the data under their remit. It would be highly unlikely that a data steward from another service would want to take on the additional accountability of data from P&FM. We recommend that P&FM establish their own data steward. The CAFM Business Case includes the delivery of a Data Quality Strategy for P&FM. The objective of the data quality strategy is to attribute risk and value to the data maintained in the system. Additionally:</p>	<p>Estimated Date: 31/03/2016 Revised Date: 01/08/2022 No of Revisions 1</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
				<p>data change processes and procedures that capture data processing and management in CAFM will be designed and implemented. processes for reviewing data quality, for example, review of condition survey data run in tandem with review of property data every five years, will be designed and implemented. data validation controls within CAFM will be applied; and data quality audit controls for individual data fields available in CAFM will be applied, and audit reports run at an appropriate frequency to identify any significant changes to key data.</p>	

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
185	<p>Asset Management Strategy and CAFM system 18/19</p> <p>RES1813 Asset Management Strategy and CAFM: Issue 3 - Property and Facilities Management Data Completeness; Accuracy; and Quality</p>	High	<p>3.2 Resolution of known data quality issues</p> <p>Started</p>	<p>A reconciliation of the two lists has been performed and there are no obvious discrepancies other than properties which are out with the scope of the survey team. The viability of establishing a referencing system for concessionary lets in the CAFM system will be explored. The volume and value of known concessionary lets across the Council Estate will form part of the Annual Investment Portfolio update which is reported to the Finance and Resources committee. There is an ongoing work stream looking at vacant and disposed properties and the systems updates required.</p>	<p>Estimated Date: 31/03/2016</p> <p>Revised Date: 01/08/2022</p> <p>No of Revisions 2</p>
186	<p>New Facilities Management Service Level Agreement</p> <p>RES1814 - Facilities Management SLA: Janitorial Services Governance Framework</p>	High	<p>RES1814 - Facilities Management SLA: Issue 1.1 Key Performance Indicators</p> <p>Started</p>	<p>A suite of KPI's is currently being developed in conjunction with the Communities & Families. While an element of these are service led, Facilities Management are keen to ensure a customer led component to these. These KPI's will be based on industry standards and will be linked to Facilities Management performance data and the outcomes of quality assurance reviews. Once agreed, KPI's will be communicated through training sessions, web updates and included in the SLA and janitorial handbook which is distributed both to staff and to our customers and key stakeholders. Monthly dashboards will be produced highlighting performance against indicators. These will be both for internal service use and for customer reporting.</p>	<p>Estimated Date: 31/03/2020</p> <p>Revised Date: 01/08/2020</p> <p>No of Revisions 0</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
	<p>CGI Subcontract Management C/f 2018/19</p> <p>1 Council oversight of CGI subcontract management</p>	<p>Medium</p>	<p>1.1 Assessment of the criticality of CGI sub-contractors</p> <p>Started</p>	<p>Digital Services will: Perform a review, with the assistance of CGI where appropriate, of the remaining population of 65 sub-contractors that are not currently classified as key sub-contractors to determine whether they should be reclassified as 'key sub-contractors' based on the criticality of their role in supporting delivery of Council services, or the value of their contracts in comparison to the aggregate charges forecast included in the CGI contract. This review will consider the criticality of Council applications and infrastructure supported by these sub-contractors in comparison to divisional application and system recovery requirements and will ensure that the gaps noted in the CNT spreadsheet in relation to missing contractors; expired purchase orders; and criticality of applications have been addressed. Where the review highlights any significant changes, the outcomes will be provided to the relevant Council and CGI partnership governance forums together with a request that CGI implements the supplier management arrangements specified in the contract to any new key sub-contractors. Review of CGI sub-contractors will be scheduled for completion annually, and the process outlined above applied.</p>	<p>Estimated Date: 30/04/2020</p> <p>Revised Date: 01/01/2021</p> <p>No of Revisions 1</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
188	Budget Setting and Management RES 1903 Issue 4: Training for budget managers	Medium	RES 1903 Issue 4.1: Training for budget managers Started	Finance is not currently responsible for providing training for budget managers as this was centralised into, Learning and Development in 2016. However, following discussions earlier this year, it has been agreed that responsibility for budget managers training will transfer back from Learning and Development to Finance. Once these responsibilities have been transferred, Finance will establish a process to ensure that all first line budget managers have completed the two training modules with supporting checks performed to ensure that the training has been completed. Please note that the 'Evidence required to close' listed above is for indicative purposes only. During Internal Audit's review of any evidence submitted, further supporting evidence may be required to close the action. Evidence should be uploaded to TeamCentral as actions progress and no later than 10 working days before agreed implementation date. This will allow Internal Audit sufficient time to review the evidence.	Estimated Date: 30/09/2020 Revised Date: 01/02/2021 No of Revisions 0

Finance and Resources Committee

10:00am, Thursday, 4 March 2021

Health and Safety Performance in 2020

Item number	
Executive/routine	Executive
Wards	All
Council Commitments	

1. Recommendations

- 1.1 The Committee is recommended to review and note health and safety progress and performance in 2020.

Stephen S. Moir

Executive Director of Resources

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Legal and Risk Division, Resources Directorate

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Health and Safety Performance in 2020

2. Executive Summary

- 2.1 The focus for 2020 was to consolidate and revitalise the Council's Corporate Health and Safety offering following the departure of the previous senior manager. The aim was to set new operational objectives to support directorate health and safety development - underpinning the successes in the reduction of adverse events in the previous two years. Policy development and recruiting for a permanent senior manager was originally the intended priority.
- 2.2 In early 2020, the emerging threat of Coronavirus became obvious and new Corporate Health and Safety approaches were deployed to respond to the unprecedented challenges to both the Council and the community.
- 2.3 In late March 2020 the Scottish Government, in tandem with the rest of the United Kingdom, ordered national movement restrictions of the population (lockdown) as a strategy to reduce Coronavirus transmission, except for essential services and activities. Whilst fully adhering to the order, the City of Edinburgh Council resilience arrangements were put in place, closing most community services except those deemed essential/critical.
- 2.4 The majority of the Corporate Health and Safety Team resource has been directed to supporting workplaces manage this new COVID 19 environment, as well as supporting the reduced 'business as usual' offering. Supplemented by, and in partnership with, Environmental Health Officers (City of Edinburgh Regulatory Services) a 'Safe Working Practices Helpline' was established, offering 24/7 COVID 19 support to all parts the organisation.
- 2.5 Directorates adapted their critical activities in a proportionate and safe manner – safe systems of work, suitable and sufficient risk assessments and exceptional levels of managerial and employee diligence have been deployed.
- 2.6 The Council Health and Safety Policy and the Council Health and Safety Strategy and Plan 2018 – 20 were both replaced by the newly designed versions which were both approved in December 2020. The new versions capture the aims and focus of the previous versions whilst setting new, realistic, but wholly practical challenges to go forward. Supplementary Health and Safety Policies are in draft and incorporate recent internal audit findings and Scottish Government guidance (Grenfell Tower Fire, etc.).

- 2.7 Health and safety metrics for 2020 reflect the level of operational activity within the Council. Valid 'year by year' statistical comparisons of the metrics are not possible due to the unprecedented circumstances.

3. Background

- 3.1 The Council has statutory duties under:

- the Health and Safety at Work etc. Act 1974, and subordinate legislation,
- the Fire Safety (Scotland) Regulations 2006
- the Housing (Scotland) Acts, and,
- the Health Protection (Coronavirus) (Restrictions) (Scotland) Regulations 2020 and associated Scottish Government and Health Protection Scotland guidance documents, [Link](#)

to ensure, as far as is reasonably practicable, the health, safety and welfare of its employees and others who could be affected by its undertaking.

- 3.2 The purpose of this report is to update on performance in relation to health and safety in 2020 during this unprecedented time.

4. Main report

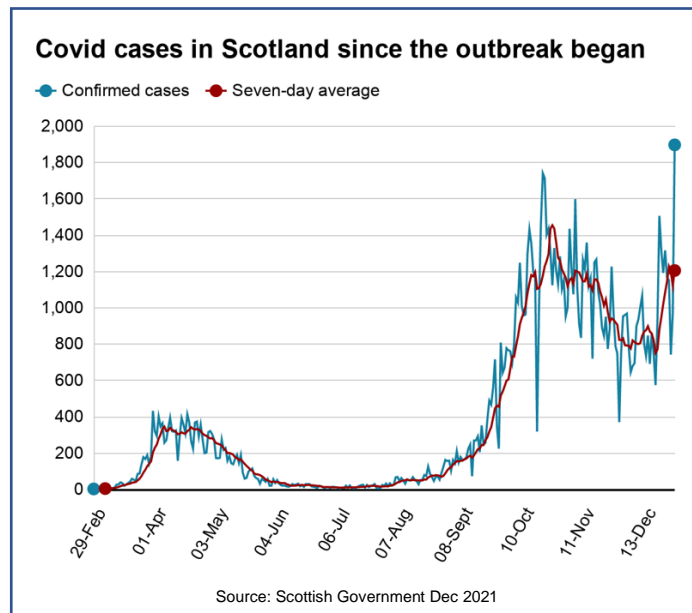
4.1 Coronavirus (SARS-Cov-2) – COVID 19

On 30 January 2020, the Director-General of the World Health Organisation (WHO) declared the outbreak of COVID-19 to be a 'Public Health Emergency of International Concern'; and issued a set of 'Temporary Recommendations'. This newly identified virus spread rapidly reaching the United Kingdom in January 2020 (possibly earlier).

- 4.2 In late March 2020 the Scottish Government, in tandem with the rest of the United Kingdom, ordered national movement restrictions of the population (lockdown) as a strategy to reduce Coronavirus transmission, except for essential services and activities. Whilst fully adhering to the order, the City of Edinburgh Council resilience arrangements were put in place, closing most community services except those deemed essential/critical to the community

- 4.3 Covid 19 spread rapidly throughout Scotland, the first wave peaking in April 2020. Over the Summer months in 2020 there appeared to be significant suppression of COVID 19, and lockdown measures were relaxed. A second, more pronounced wave, began in late August 2020 prompting additional mitigation measures until another national lockdown was put in place.

- 4.4 COVID 19 transmission rates (R) increased in the ‘first wave’ and were suppressed due to lockdown. Following several months of low transmission incidents, a second, more aggressive, second wave began mid-August 2020. During this second wave a newly mutational variant [VUI-202012/01], which increases transmissibility by approx., 70% was identified.



- 4.5 The virus affects all population groups, but principally the elderly and most vulnerable. One specific group – Black, Asian and minority ethnic citizens (BAME) have been particularly affected. The highest number of fatalities, however, in the early stages of the pandemic were elderly residents in residential care homes, despite the best efforts of staff employing COVID 19 infection control measures.

Test and Protect

- 4.6 Test and Protect is Scotland’s way of putting into practice the test, trace, isolate, support strategy. It is designed to prevent the spread of coronavirus in the community by:
- identifying cases of coronavirus through testing;
 - tracing the people who may have become infected by spending time in close contact with them; and,
 - supporting those close contacts to self-isolate, so that if they have the disease, they are less likely transmit it to others.
- 4.7 The most significant impact on Council services for supporting Test and Protect is within Communities and Families school settings which are considered complex environments. Essentially, schools assist with identifying ‘close contacts¹’ and making contact with staff, parents, carers and others. The management of this has been particularly successful and of great assistance to NHS Scotland and Public Health Scotland.

¹ Somebody who has been near someone with coronavirus and could have been infected. Close contacts may have been near the infected person at some point in the 48 hours before their symptoms appeared, or at any time since symptoms appeared. Being near someone means: - Within 1 metre (around 3 feet) of them for any length of time (face-to-face contact) - Within 2 metres (around 6 feet) of them for 15 minutes or more the closer and longer the contact, the higher the risk.

- 4.8 Additionally, Environmental Health Officers were seconded to Public Health Scotland to assist in all sectors (including the City of Edinburgh Council) where clusters are identified and require investigation.

Vaccine

- 4.9 On 2 December 2020 the Pfizer-BioNTech vaccine was approved for use in the United Kingdom, followed on the 30 December by the Oxford-AstraZeneca vaccine.
- *In Scotland (as at 18 Jan 2020), 224,840 people have received their first dose of the COVID-19 vaccination and 3,331 have received their second dose. This will be accelerated as systems are put in place and the vaccine becomes more available.*

City of Edinburgh Council's COVID 19 Response and Performance

- 4.10 As part of the Council's resilience arrangements, community resilience centres (to assist the most vulnerable in our communities), 'Hub' schools (for vulnerable children and children of key workers) and facilities for the homeless were opened. Key services such as residential care homes, care in the community, housing emergency repairs, road and recycling, etc. have continued to deliver services. Employees who could work at home did so and all non-critical services saw a move from workplace to home working.
- 4.11 The early challenge to most Council staffing groups was the correct application of and compliance with guidance issued by Health Protection Scotland (HPS). This, coupled with national supply issues with personal protective equipment, presented real difficulties. Continuing services had to immediately adapt to the new circumstances. New systems of work and risk assessments were put in place reflecting national advice. The outstanding and professional efforts of the City of Edinburgh Council procurement team ensured that throughout the pandemic the appropriate personal protective equipment was available at all times and delivered when required, an Internal Audit report - Procurement 2020 recently concluded.
- 4.12 **Edinburgh Health and Social Care Partnership** (EHSCP) services have continued throughout, delivering services to the most vulnerable in care homes, for the community in their own homes and for those shielding. The ATEK 24 service adapted to the new environment and maintained its position delivering essential goods and services to the communities.
- 4.13 **Communities and Families** services have continued throughout the pandemic. Social work teams and other community services have been working from the Council resilience centres for the benefit of the communities most vulnerable, with care and commitment. Schools, whilst closed during lockdowns, provided 'Hub' schools for vulnerable children and children of key workers. When directed to return to normal schooling, a strategy was employed that ensured both buildings were 'COVID 19 Secure', and effective safe systems to protect children and staff including a Schools Operational Risk Toolkit [SORT²] were in place.

² SORT: Schools Operational Risk Toolkit - a risk management control system that has seen the successful return of children to school and, when not at school, online learning.

Facilities for the community were opened (Libraries, etc.) after the first lockdown but have subsequently closed during the second lockdown.

- 4.14 **Resources Directorate and Chief Executive** services, which includes Property and Facilities Management, Legal and Risk, etc. have maintained their services, as appropriate, either from home or on site. The development and installation of new cleaning arrangements and techniques ('Fogging' etc.) has allowed all active services to function. Without the significant efforts of Property and Facilities Management staff, it is unlikely many of the Health Protection Scotland hygiene requirements during this pandemic would have been met.
- 4.15 'Triage', now a function of Resilience, is a system whereby essential services (including e.g. the opening of temporary polling stations) can apply to resume services following suitable and sufficient risk assessment and the implementation of strict infection control criteria. This system incorporates a unique partnership between Property and Facilities Management (Estates Optimisation Team and Facilities Managers), Corporate Health and Safety and Environmental Health Officers, ensuring fit for purpose work environments.
- 4.16 A 'Safe Working Practices' telephone helpline (24 hr) with email support was formed early in March 2020, comprising a partnership between Environmental Health Officers and Corporate Health and Safety advisers to address queries and concerns and to offer guidance and advice to all areas of the Council.
- 4.17 Support for all activities continued through the Council's business support teams working from home and Waverly Court.
- 4.18 Reacting very quickly to the announcement, in late June 2020 approval was given for the purchase of 20,000 'Snoods' for all employees when the Scottish Government introduced face coverings as a community hygiene control measure.
- 4.19 Employee guidance and advice was provided throughout by Human Resources, Wellbeing and all business streams including Finance and online training.
- 4.20 **Place Directorate** responded immediately to the new conditions by ensuring the huge portfolio of tenanted properties were protected for emergency repairs, etc. developing new systems of work and assessments for all their activity. Recycling and domestic waste services continued throughout, with an offering equal to pre COVID 19, which was a huge assurance to the community. Parks and Greenspaces adapted to meet the challenges the green estate requires, particularly important for the community when so many formal leisure activities were restricted.
- 4.21 Mortuary and Cemetery services prepared early for the pandemic by installing facilities to handle the numbers of the community who succumbed to COVID 19.
- 4.22 Recently, relevant Community Centres were expected to reopen under the control of Management Committees. Both Property and Facilities Management and Corporate Health and Safety (designing a bespoke health and safety manual) have engaged and will further support, as required.

- 4.23 **Employees** of the Council have largely adapted well - from those on the first line delivering face to face services to those who work at home. Many issues have been raised, particularly mental health and wellbeing during this year that have challenged staff. Council wellbeing and counselling services have been available throughout and strategies have been developed to support those working at home, those returning to work from shielding and support with mental health issues, to name a few.
- 4.24 The use of new technology, i.e. MS Teams etc. has kept colleagues/teams in touch and may prove useful in the future when considering return to offices and other adaption and renewal plans.
- 4.25 The **recognised Trade Unions** have supported their members and the Council in difficult circumstances and environments. Their significant contributions to Council services should be acknowledged for the collegiate and solution focussed approach that they have adopted.
- 4.26 **Leadership** at all levels within the Council from the Corporate Leadership Team to first line supervisors have responded with care and commitment ensuring what needs to be done is completed appropriately and future actions and plans reflect our current ability to respond.
- 4.27 As the Council engages with the impact of the second, more infectious, spike in the virus, it continues to fully comply with Scottish Government advice to ensure consistency and the safest possible environment. As the vaccine is distributed throughout the community there will be, most likely, an easing of the restrictions for economic and societal purposes. This may still be weeks or months away, but it is the Health and Safety Senior Manager's professional opinion that whatever arises, the City of Edinburgh Council is fit for purpose and will protect its community as it has done over the past year.

Council Health and Safety Policy Development

- 4.28 The Council Health and Safety Policy and the Council Health and Safety Strategy & Plan (2020 – 2022) were approved by the Policy and Sustainability Committee on 1 December 2020, alongside the Smoke Free Policy. These policies have been uploaded to the Orb and communicated to all staff. Three remaining Policies due for review (Water Safety, Fire Safety and Asbestos – see below) are currently in draft following the receipt of the Internal Audit on [Life Safety](#) reported to Governance, Risk and Best Value Committee in November 2020.
- 4.29 The Council Health and Safety Policy: The new Council Health and Safety Policy sets out a commitment to protecting the health, safety and welfare of employees and those persons who engage, interact with, or may be affected by Council services and/or property. Ensuring health and safety is the starting point to delivering a thriving, sustainable capital city. It recognises, and gives greater clarity to, the current health and safety governance and assurance arrangements within the Council and captures recommended actions stemming from the comprehensive external 'Life Safety' audit carried out in 2020 as part of the 19/20 Internal Audit plan.
- 4.30 **Council Health and Safety Strategy and Plan (2020 – 2022):** The Council has made positive progress with Health and Safety over the last few years, with a

significant reduction in RIDDORs having been achieved. 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. The focus of the new Health and Safety Strategy and Plan is both proportionate and realistic – it seeks to consolidate and re-align the current Corporate Health and Safety arrangements to reflect and support the challenges within the Council going forward, whilst maintaining the existing statutory health and safety offering.

- 4.31 **Council Smoke Free Policy:** This revised policy reconfirms the position of the City of Edinburgh Council with regards smoke free workplaces but also inserts updated guidance and resources for those employees who may be seeking to stop smoking.
- 4.32 **Council Fire Safety Policy (Draft):** This policy was delayed in develop awaiting the results of the Scottish Government’s Phase 1 Response to the Grenfell Tower Fire and the Chief Internal Auditor’s – Life Audit, featuring a range of audit subjects, including Fire Safety. Both documents will significantly influence the new Fire Safety Policy and will generate a more robust fire management system within the Council and its services. In tandem with this there will be a Council Fire Safety Strategy ensuring the lessons from the tragedy of Grenfell Tower and the Internal audit are appropriately captured operationally. This policy will be brought for approval by June 2021.
- 4.33 **Council Asbestos Policy:** The policy review will be complete by June 2021.
- 4.34 **Council Water Safety Policy:** The policy revision will be complete by June 2021.

Health and Safety Strategy and Plans

4.35 **Health and Safety Strategy and Plan 2018 - 20**

The Health and Safety Strategy and Plan 2018, approved by the Finance and Resources Committee (27 March 2018) proposed six key aims supported by a route map of objectives;

1. Promote a proportionate approach to risk management, ensuring health and safety risks across all our services are identified, evaluated and adequately controlled. We will also comply with our legal obligations.
[Explanatory note: This is now embedded within the Council and was embraced for the COVID 19 response. This would now be considered ‘normal business’ protocols. IJB – further development and implementation of joint CEC/NHS procedures delayed due to COVID 19 – Council & Partnership advised to restart objective, Feb 2021].
2. Provide clarity on health and safety roles and responsibilities so that our people know what’s expected from them and what they can expect from others, and lead by example.
[Explanatory note: This has been captured in the newly designed Council Health and Safety Policy, giving greater detail to the structure to principal and general roles, including Elected Members. Other policies, in draft, follow the same design criteria.]
3. Support our people to ensure they are competent and have the necessary skills to do their job in a safe and healthy way.
[Explanatory Note: Formal training needs matrices are under construction (delayed due to resource deficits in Corporate Health and Safety). These are at an advanced stage and will be completed when the Council returns to general normal working. Health and Safety Metrics show current training uptake in this restricted environment].

4. Engage with our people, colleagues, partners, contractors and Trade Unions to work collaboratively, ensuring that health and safety risks are managed.

[Explanatory Note: We have worked collaboratively with Trade Union colleagues to address any issues raised and to identify and discuss any further concerns. This collaborative approach has been very useful during the pandemic, with regular (often weekly) meetings.]

5. Provide the framework for setting the risk appetite and key performance indicators and measuring health and safety performance. We will also benchmark with other organisations and against industry standards.

[Explanatory Note: Work is currently underway by the Audit and Risk Senior Manager in relation to the Risk Appetite statement agreed by Policy and Sustainability Committee in October 2020. Health and Safety is a key strategic risk within the overall risk appetite strategy. Previously used, industry standard, key performance metrics indicate compare year by year progress except for the year 2020). The new Health and Safety Strategy and Plan 2020 – 2022 supports benchmarking and indicates a practical methodology to achieve this. SHE Assure (adverse event reporting system) contract extended].

6. Ensure the effectiveness of health and safety governance, assurance and oversight across the Council by robust design, including reporting arrangements.

[Explanatory note: Council health and safety governance and assurance arrangements contributed significantly in the recently redesigned Council Health and Safety Policy 2020 – 23. Greater detail and explanation of the model and how employee population work groups interact to ensure a robust system is now in place].

- 4.36 Considerable progress over all fields has been achieved allowing the setting of the newly approved Council Health and Safety Strategy 2020 – 22. The above items can now be considered ‘normal business’ and therefore discharged and/or further progressed and enhanced as part of the Council Health and Safety Strategy and Plan 2020 - 23.

The Council Health and Safety Strategy and Plan 2020 - 22

- 4.37 The Council Health and Safety Strategy and Plan 2020 – 22 was approved by the Finances and Resources Committee on 3 December 2020. The strategy, comprising three wholly practical and operationally valuable aims, was designed to be achievable within the constraints of the current pandemic and Corporate Health and Safety resources – essentially, proportionate to our current environment:

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. 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. 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.

4.38 The setting of these aims should have a positive effect upon the Council. They are designed to ensure the Council is a learning organisation, a leader sharing new ideas and information with our partner Councils.

Council 2020 Health and Safety Metrics

4.39 Due to the series of COVID 19 restrictions (Scottish Government; ‘*anyone who is able to work from home, must do so*’ national strategy) no meaningful comparative analysis between annual data sets is statistically possible.

4.40 2019 Statistics are supplied to show the approximate expected data over a ‘normal’ year. The Council utilises the ‘SHE Assure’ incident reporting system and other internal record management systems to provide this data.

Health and Safety Adverse Event Metrics	Full Year 2019	Full Year 2020	Comment
RIDDOR events	44	41	Reports made directly to the Health and Safety Executive.
Employee injuries	1483	1469*	*Includes employee COVID 19 submissions.
Dangerous occurrences (near miss)	1488	1555	Despite the reduction in Council services 2020 saw an increase in near miss events.
Employee events involving violence/aggression	1584	1244	Community & Families record the majority of violent events ranging from verbal to physical abuse.
COVID 19 SHE Assure Reports 2020			
Community and Families Place		456**	**includes 290 pupils
Health and Social Care Partnership Resources & CE		9	
		125***	*** includes 34 service users
		1	

Notified Liability Claims	Full Year 2019	Full Year 2020	Comment
Damage	347	462	This is the total of all notified claims against the council for periods 2019 & 2020. Employee injury claims for the periods are indicated in red.
Injury	278 (38)	184 (25)	
Total	625	646	

Health and Safety Training Metrics		Full Year 2019	Full Year 2020	Comment
CHS courses delivered		391	39	Face to face training was suspended early March 2020.
Employee attendance		3371	225	
CECil online	Unique access	5374	12844	There has been a significant uptake of online health and safety courses in 2020.
	Successful completion	4081	9699	

Health & Safety Audit Metrics		Full Year 2019	Full Year 2020	Comment
Corporate Health and Safety		48	4	Health and Safety Performance Audits
			9	Due to COVID19, all CEC 'face to face' second line performance audits were suspended, 16 March 2020. Notwithstanding, CHS undertook a series of telephone audits (similar to the HSE strategy) in schools to verify the C & F 'COVID Secure' approach to schools.
Building 'triage' operations		NA	56*	<p>'Triage' safe building strategy (managed by the Resilience function): CHS in association with Property & FM and Environmental Health Officers conducted 56 physical inspections of properties (including Waverly Court and City Chambers) – examining/determining the safe maximum capacities and bespoke mitigation actions required, as per HPS guidance.</p> <p>Ward 14 - Craigentiny/Duddingston by-election: The above 'triage' data includes 'COVID Secure' inspections/recommendations in 10 polling stations.</p> <p>*Corporate Health and Safety have made random follow up visits to these and other sites as normal business.</p>
Special Interventions		N/A	2	<p>Full health and safety, infection control and fire inspections were conducted for homeless accommodation:</p> <ul style="list-style-type: none"> • Old Waverly Hotel, Princes Street, Edinburgh • Haymarket Hub Hotel, Clifton Terrace, Edinburgh.

Fire Safety Metrics	Full Year 2019	Full Year 2020	Comment
Total number of fires	33	15	Main sources of ignition: Wilful fire raising and electrical.
Scottish Fire and Rescue Service audits	33	15	Thematic issues from SFRS audits: fire stopping, UFAS arrangements, evacuation procedures, fire risk assessments, condition of fire doors, information, instruction and training.
Unwanted Fire Alarm Signals			The various stages indicate action engagement levels (Level 4 being the most serious) by the Scottish Fire and Rescue Service. The greater number for 2020 may indicate maintenance issues during lockdown.
Stage 1	203	224	
Stage 2	1	9	
Stage 3	1	0	
Stage 4	0	0	

4.41 Training (face to face) also continued for essential operational activity (working at heights etc.) and clinical purposes (use of hoists in care homes, medicine/drug dispensing, etc.). These training events were fully risk assessed and mitigation controls indicated in HPS guidance were strictly enforced.

Leadership and Accountability

4.42 Corporate Health and Safety staffing.

An interim Health and Safety Senior Manager was appointed on 27 January 2020. In addition, the Council's Corporate Health and Safety team has successfully recruited two new advisers (a former HSE Inspector and the Senior HS Manager from a local University). Unfortunately, a Senior Health and Safety Advisor (Training) left the team recently.

4.43 The recruitment of a permanent Health and Safety Senior Manager is underway, and a new manager is expected to be in post in Spring 2021. The new Health and Safety Strategy and Plan 2020 - 2022 features consolidation as an aim and the new Senior Manager will be supported to recruit a further 3 members of staff to bring the team back up to full strength (11.5 FTE).

Competence

4.44 Due to COVID 19 all scheduled face to face training was suspended (see 4.24 - health and safety training metrics). Progress was being made by the Senior Health and Safety Adviser (Training) to complete a full organisational training needs analysis (role) for health and safety – in association with service areas. However, in the face of the pandemic the Senior Health and Safety Adviser resource was deployed to address 'COVID 19 Secure' issues and the analysis was temporarily suspended. This will restart as face to face training is re-introduced or resource becomes available. During this period there has been heavy reliance on online learning (CECIL, see 4.24 above).

Engagement and Collaboration

4.45 Corporate Health and Safety, together with the Head of Legal and Risk, Head of Human Resources and the Executive Director of Resources have been meeting

with recognised trade Unions³ on a weekly basis (reduced to fortnightly in December 2020). These meetings, were primarily set up to discuss Personal Protective Equipment supply issues, quickly developed in scope to raise operational issues important to trade union colleagues. This collegiate approach has been particularly useful in identifying COVID 19 issues in the first line and resolving them quickly and collaboratively.

Governance and Assurance

- 4.46 The health and safety audit programme was suspended in March 2020 due to lock down restrictions. Notwithstanding this, Corporate Health and Safety redesigned existing self-audit tools to include a 'COVID Secure' Field.
- 4.47 Additionally, from the beginning of lockdown Corporate Health and Safety, in partnership with Regulatory Services (Environmental Health), initiated a bespoke inspection and guidance provision for services essential to the community, i.e. community resilience centres, hub schools, certain health and social care activities, as well as telephone and email access to guidance. This formally developed into a 'Safe Working Practices Helpline' operating 24/7 to ensure that information was being consistently applied and updated throughout the Council.
- 4.48 This assurance provision was further developed by Property and Facilities Management, alongside Corporate Health and Safety and Environmental Health Officers, to provide a formal 'Triage' provision for services wishing to return or expand. The initiation of the Adaptation and Renewal programme and oversight of 'Triage' came within the scope of the Service Operations Officer Working Group and was then delegated to the resilience team within Strategy and Communications. The system now accepts applications for service restart following 'Triage' and is signed off/approved by the Council Incident Management Team.
- 4.49 Third Line audit/assurance continues through Internal Audit which has been focussed, among other things, on the performance of elements of COVID 19 compliance with HPS standards/guides. This has proved particularly valuable in assessing the Council's overall approach to this pandemic.

Enforcing Authority Engagement

- 4.50 Two Health and Safety Executive (HSE) Notices of contravention were issued in 2020:
- Asbestos matters in relation to the inspection of a primary school;
 - Asbestos issue regarding common areas in domestic property.
- 4.51 Both Property and Facilities Management and Place Management have responded appropriately to these notices and the HSE will respond in due course.
- 4.52 The HSE also contacted Corporate Health and Safety after receiving a complaint from a member of the public regarding Lauriston Castle, 2 Cramond Road South,

³ Unite the Union, Educational Institute for Scotland and UNISON.

Edinburgh EH4 6AD. The HSE fully accepted the response from the Council and the complaint was dismissed.

5. Next Steps

- 5.1 Delivery of the Health and Safety Strategy and Plan 2020 – 2022 will be the key area of focus in 2021, subject and in addition to the pressures and constraints of the current pandemic.

6. Financial impact

- 6.1 There is no direct financial impact arising from this report, although any failure to manage health and safety appropriately can have a potentially significant impact.

7. Stakeholder/Community Impact

- 7.1 There is ongoing consultation and engagement with Trades Unions and stakeholders.
- 7.2 The potential impact of failure to manage health and safety and welfare includes: death, injury, ill health, in addition to legal liabilities, regulatory censure, financial losses, business disruption and reputational damage.
- 7.3 There are no adverse equality impacts arising from this report.
- 7.4 There are no adverse sustainability impacts arising from this report.

8. Background reading/external references

- 8.1 [Council Health and Safety Strategy and Plan 2020 - 2022.](#)
- 8.2 [Council Health and Safety Policy](#)

9. Appendices

- 9.1 None.

Finance and Resources Committee

10.00am, Thursday, 4 March 2021

Contract Award Recommendations Report in respect of 'Granton Station refurbishment'

Executive/routine Wards Council Commitments	Executive Forth 2, 6, 7, 15
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1. Recommendations

- 1.1 It is recommended that Finance and Resources Committee approves the award of a contract in respect of the 'Granton Station refurbishment' for a cost of up to £4.75m to Kier Construction Limited utilising the SCAPE Minor Works Framework.

Paul Lawrence

Executive Director of Place

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Contract Award Recommendations Report in respect of 'Granton Station refurbishment'

2. Executive Summary

- 2.1 This report seeks approval to award the contract for 'Granton Station refurbishment' to Kier Construction Limited for a cost of up to £4.75m. The works will bring the historic former Granton Station building back into use as an enterprise hub and the derelict land in front of the building back into use as a high quality public square. It is anticipated that works will complete in late-2021/early-2022.

3. Background

- 3.1 Granton Station is a 1900s B-listed former railway station located at 10 Waterfront Broadway in the Granton neighbourhood of Edinburgh. The station closed in 1942; the building has been largely disused since then and is now in poor condition.
- 3.2 The City of Edinburgh Council acquired Granton Station in 2018 as part of its strategic acquisition of the Forthquarter portfolio from National Grid Property.
- 3.3 In [June 2019](#), the Housing and Economy Committee awarded £1.013m from the Town Centre Fund towards the first stage of a refurbishment of Granton Station. As a condition of the funding agreement with the Scottish Government, the Council was required to contractually commit the funds by 31 March 2020 (later extended to 31 March 2021). Due to the tight timescales, the Council proposed to directly appoint Kier Construction Limited using the Scape Minor Works Framework to carry out the refurbishment on a design and build basis. A project request form was signed on 19 November 2019 and a project order form was signed on 8 January 2020.
- 3.4 On [19 November 2020](#), the City of Edinburgh Council agreed to allocate £0.747m from the second round of the Town Centre Fund towards public realm works at Granton Station, representing a total of £1.760m from the Town Centre Fund. A further £0.250m of Town Centre Fund cash was allocated to the project in February 2021.
- 3.5 With other identified funding, the Council now has a budget of up to £4.75m to carry out the refurbishment of Granton Station, as well as to deliver an enhanced public realm outside the building. As the project budget now exceeds £2m, the authority of the Committee is required for the contract to be awarded.

4. Main report

- 4.1 As set out above, the Council has identified a budget of up to £4.75m to deliver the 'Granton Station refurbishment'.
- 4.2 Of the above sum, £2.010m must be contractually committed by 31 March 2021 or it will require to be returned to the Scottish Government under the terms of the funding offer.
- 4.3 As the initial budget for the project was under £2m, it was determined to directly appoint Kier Construction Limited given the timescales for contractual commitment.
- 4.4 The deadlines for expenditure of the remaining funding are less onerous, so in principle, the Council could phase the works and enter into a competitive tendering exercise to appoint a contractor to deliver the works concerned with this funding.
- 4.5 However, for the below reasons, it is considered that the best approach would be to directly award the full contract to Kier Construction Limited:
 - 4.5.1 They (and the design team they have subcontracted) have a strong understanding of the site given their work on it over the past year. An alternative supplier would require time to acquaint themselves to the same degree and would require greater support from Council officers; and
 - 4.5.2 Splitting the works across multiple suppliers would mean arbitrarily phasing the works, creating additional costs (such as requiring worker accommodation to be deployed and removed twice). Conversely, there are economies of scale associated with having one supplier carry out all works.
- 4.6 The cost plan for the project was being finalised as of February 2021 via further market testing. Should the final costs exceed the available budget, the Council will carry out value engineering to deliver the project within the available budget envelope.
- 4.7 The Council has appointed Robinson Low Francis as an independent cost consultant on the project. Robinson Low Francis is reviewing the costs quoted by Kier to ensure these are cost effective and represent best value for the Council and will have an ongoing role in the project reviewing costs and identifying opportunities for value engineering and other improvements.

5. Next Steps

- 5.1 Should the Committee approve the award of contract, the Council will negotiate and enact a contract with Kier prior to the deadline of 31 March 2021, with a maximum value of £4.75m.
- 5.2 Subject to approval, it is anticipated that work would commence on site in May 2021 and complete in late-2021/early-2022.

- 5.3 The Council has appointed Robinson Low Francis (via competitive tender) as an independent cost consultant and will appoint a clerk of works to ensure value for money and quality are delivered over the course of the contract.

6. Financial impact

- 6.1 The Council has identified a maximum budget of up to £4.75m to deliver the Granton Station refurbishment, made up of Town Centre Fund cash (£2.010m), Regeneration Capital Grant Fund cash (£1.236m), and capital funding from the Strategic Housing Investment Fund (£1.50m).
- 6.2 The costs of delivering the Granton Station refurbishment are being finalised in line with finalising the designs for the building and square but it is considered that the project can be delivered within the available funding, with value engineering to be carried out if necessary should final costs be higher than projected.
- 6.3 If the Council does not contractually commit the £2.010m of Town Centre Fund monies to the Granton Station refurbishment by 31 March 2021, it will require to be returned to the Scottish Government unless it is contractually committed to another project (which would be very challenging in this timescale).
- 6.4 A check on Kier's financial stability has been carried out as a matter of course. The check was passed.

7. Stakeholder/Community Impact

- 7.1 The project will deliver a new public square benefiting the community of Granton Waterfront.
- 7.2 As part of the agreement of a contract with Kier, they have committed to six work experience placements, college and school visits to a minimum of 45 pupils, a minimum creation of three new jobs for local people, three new apprenticeships and a number of CPD and training events for their employees and supply chain.
- 7.3 Should they be appointed, Kier will be asked to sign the Council's Construction Charter which obliges contractors to adhere to high standards in terms of fair work practices, health and safety, standards of work, and apprenticeship training.
- 7.4 It is anticipated that as many as 30 subcontractors will be involved in the project, creating opportunities for small and medium-sized enterprises (SMEs).

8. Background reading/external references

- 8.1 ["Town Centre Fund - Additional Allocations" – report to the City of Edinburgh Council, 19 November 2020](#)

9. Appendices

None.

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Finance and Resources Committee

10.00am, Thursday, 4 March 2021

Award of Contract for site re-development works at North Cairntow Traveller Site

Executive/routine Wards Council Commitments	Executive All
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1. Recommendations

- 1.1 It is recommended that Finance and Resources Committee:
 - 1.1.1 Approves the award of contract to George Sharkey & Sons Ltd for re-development works at the Traveller site at North Cairntow; and
 - 1.1.2 Notes that the contract will commence on 12 March 2021 for a period of up to 18 months with an estimated contract value of £3,844,733.04.

Paul Lawrence

Executive Director of Place

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Award of Contract for site re-development works at North Cairntow Traveller Site

2. Executive Summary

- 2.1 This report seeks approval to award a contract for re-development works at the North Cairntow Traveller site to the most economically advantageous organisation identified following a competitive tendering process.
- 2.2 The works are necessary to modernise the site and form part of the Housing Revenue Account (HRA) capital investment programme for existing homes and estates.
- 2.3 If the report recommendations are approved, an order for the new chalet units will be placed on or around 12 March 2021 however, due to an increase in demand due to COVID-19, the manufacturers have indicated that it will take approximately 12 months for the chalets to be received. The contract is therefore for up to 18 months to allow for the delivery, installation and other site works to be completed.

3. Background

- 3.1 The Traveller site at North Cairntow was built in 1984 and consists of 20 pitches, serviced by 10 semi-detached utility blocks which each contain a kitchen, shower and toilet.
- 3.2 The current accommodation on the site needs to be modernised to provide better accommodation and to improve the experience of living on site through the upgrade of utilities and services supplied (to help reduce fuel poverty) and to deal with on-going maintenance issues which cannot be resolved with normal day to day repairs and maintenance.
- 3.3 A Tenants' Survey in 2017 revealed increasing levels of dissatisfaction with the current facilities on the site and since then there has been an on-going programme of community engagement to understand the issues and to co-design site improvements.

- 3.4 The design phase was comprehensive and sought to ensure that the proposed design addresses fuel poverty, mainstreams equalities and opportunity for digital inclusion and ensures that tenants current issues are addressed.
- 3.5 Tenants have worked directly with the commissioned architect and Council officers, supported by the Minority Ethnic Carers for Older People Project (MECOP), and through working in partnership have developed and agreed a design that includes:
- 3.5.1 A reconfiguration of the overall footprint of the site through demolition of a disused play park and turning circle. This means that each individual bay will be increased in size to host a chalet unit, space for a trailer, two vehicle parking spaces and a small storage/utility unit;
- 3.5.2 Planned work for demolition and ground preparation is extensive with the installation of a gas mains, relocation of utility pipework, installation of a street water mains (to meet Scottish Fire and Rescue Service safety requirements) and cabling to provide improved online connectivity. Necessary forestry is underway to maximise public safety with a landscaping plan for replacement trees to retain screening and privacy for tenants. This work has been informed by conservation guidance; and
- 3.5.3 The works include provision of a new Community Hub to replace the existing portacabin and site office.
- 3.6 A Clear Site Action Plan has been agreed with residents and has been reviewed throughout COVID lockdown restrictions. The plan offers a suite of options that can be tailored to support the needs of each household, to assist with temporary accommodation and associated costs during the programme of demolition and construction.
- 3.7 Consultation with residents has continued through the current COVID-19 pandemic, in line with Scottish Government guidance with specific advice on contingency arrangements to support family members required to self-isolate or shield, to access Council services, to access financial assistance and mental health counselling.
- 3.8 The residents have been informed of the delay in the manufacturing of chalets and were consulted on the option to complete demolition in 2021, meaning a longer term period of relocation, or to delay site vacation until Spring 2022 in line with the off site build of the chalets. The majority of residents opted for the latter option of Spring 2022 site start. They remain reassured that the programme of work is being progressed, although they are disappointed at the delay.

4. Main report

- 4.1 All relevant permissions for the works are in place, including planning permission and building warrants.

- 4.2 The procurement process has been conducted, as required by the Procurement Reform Act (Scotland) 2014, by way of a mini competition utilising the Crown Commercial Services Framework RM6088, Lot 2.4: Construction Works and Associated Services – Scotland, the tender opportunity was published on Public Contracts Scotland (PCS) on 1 December 2020.
- 4.3 To identify the provider offering best value, the tender evaluation included an emphasis on quality as well as price and submissions were assessed to identify the most economically advantageous tender. A cost quality ratio of 40% price, 60% quality was applied to achieve a suitable balance between quality and the most economical price.
- 4.4 A total of four companies expressed an interest in submitting a tender in response to a request to participate.
- 4.5 Tender submissions have been evaluated, placing an emphasis on quality, as well as price.
- 4.6 The quality analysis was based on weighted award criteria questions, which were scored using a 0 to 10 matrix.
- 4.7 Following completion of the quality analysis, tenders that passed the minimum threshold of 50% were subject to a cost analysis.
- 4.8 All the bids submitted are based on a Bill of Quantities.
- 4.9 The competition outcome is as follows:

Supplier	Quality Score 60%	Price Score 40 %	Overall score 100%
George Sharkey & Sons Ltd	47.40	40.00	87.40
Supplier B	51.90	Non-Compliant	
Supplier C	42.00	Non-Compliant	
Supplier D	40.80	Non-Compliant	

- 4.10 All four bidders passed the quality threshold. However, three bidders qualified the commercial element of their bids. It was assessed that, by not removing the qualifications, their bids were deemed non-compliant.
- 4.11 The Summary of the Tendering and Tender Evaluation Process is in Appendix 1
- 4.12 The works were due to start in April 2021 however, due to COVID-19 there has been a surge in sales of chalet units. The manufacturers have confirmed that they expect they will be are not being able to fulfil the order of the new units for a period of at least 12 months.

5. Next Steps

- 5.1 If Committee approve the recommendations in this report, the contract will be managed by Housing Property.
- 5.2 The contract will commence on 12 March 2021 and the contractor will immediately place the order for the chalet units. Once received, the residents will be advised and relocation arrangements for them will be made to enable the re-development works on the site to commence.
- 5.3 Council officers will meet with the contractor regularly to review the programme of works, financials and to obtain updates on the manufacturing of the chalets. The residents will be kept updated on progress and arrangements made with them for relocation during the works.
- 5.4 The Contractor will meet the residents on site and talk through the programme of works, ensuring, Health and Safety and COVID-19 restrictions are adhered to.
- 5.5 The Council will provide storage for caravans and personal belongings during the works, through an existing framework for residents who wish to use them.

6. Financial impact

- 6.1 The cost of the re-development will be met from the HRA Capital Budget, along with £90,600 of Scottish Government funding to assist with Improving Gypsy/Travellers Sites.
- 6.2 The estimated contract value £3,844,733.04.
- 6.3 The costs associated with procuring this contract are estimated to be up to £35,000.

7. Stakeholder/Community Impact

- 7.1 The contract recommended for award is compliant with procurement regulations and the Council's Contract Standing Orders.
- 7.2 If these works are not undertaken, then it will have an impact on the residents of the North Cairntow Traveller site as their current accommodation requires to be improved.
- 7.3 Communication with residents has been maintained through provision of a site-based service provision through the patch Housing Officer, phone calls, text alerts and notice board posters to continue the flow of information and enable routes for tenants to raise questions and concerns. Through partnership with MECOP, progress is being made to re-establish site meetings on a virtual platform.
- 7.4 These improvements are in line with the Scottish Government [report](#) on Improving the Lives of Gypsy/Travellers and is supported by the community and Local Councillors. The co-design approach has been recognised by both the Scottish

Government and COSLA and is being used as a case study for other Scottish Local Authorities and development of a national Quality Design Standard Framework.

- 7.5 New units will bring the accommodation on site up to current standard in terms of lower energy use, improved heating, improvement in the health and well-being of the residents and will address all the resident's concerns about the current accommodation. The residents have been involved in the design of the new proposed accommodation and on completion of the refurbishment, tenants will have a Scottish Secure Tenancy Agreement.
- 7.6 George Sharkey & Sons Ltd are a local SME who pay above the living wage and are working towards being an accredited living wage employer.
- 7.7 This project will contribute considerable community benefits including local high school work experience, a work experience placement for long term unemployed person, education initiatives with the local primary schools and other relevant local groups. A comprehensive action plan has been provided and the Environment, Community Benefits and Fair Work Practices were part of the tender evaluation process.

8. Background reading/external references

None.

9. Appendices

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

Appendix 1

Summary of Tendering and Tender Evaluation Processes

Contract	Site Re Development Works, North Cairntow, Traveling Peoples Site																																					
Period	18 Months																																					
Estimated Contract Value (including extensions)	£3,000,000 to £4,000,000																																					
Procurement Route Chosen	mini competition from the Crown Commercial Services Framework RM6088, Lot 2.4 Construction Works and Associated Services – Scotland, using PCS-Tender portal.																																					
Name of invited Providers	Bowmer and Kirkland Limited George Sharkey & Sons Limited Interserve Construction Limited Morgan Sindall Construction & Infrastructure Ltd																																					
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 evaluated as below for each Lot;</p> <table border="1"> <thead> <tr> <th>PART B</th> <th>STAGE TWO – AWARD CRITERIA</th> <th>Weighting %</th> </tr> </thead> <tbody> <tr> <td>Q.1</td> <td>DELIVERY TEAM STRUCTURE</td> <td>20%</td> </tr> <tr> <td>Q.2</td> <td>PROJECT APPROACH AND LOGISTICS STRATEGY</td> <td>15%</td> </tr> <tr> <td>Q.3</td> <td>LOCALITY ENGAGEMENT</td> <td>10%</td> </tr> <tr> <td>Q.4</td> <td>RISK MANAGEMENT</td> <td>10%</td> </tr> <tr> <td>Q.5</td> <td>HEALTH AND SAFETY</td> <td>15%</td> </tr> <tr> <td>Q.6</td> <td>THE ENVIRONMENT</td> <td>10%</td> </tr> <tr> <td>Q.7</td> <td>FAIR WORK PRACTICES</td> <td>10%</td> </tr> <tr> <td>Q.8</td> <td>COMMUNITY BENEFITS</td> <td>10%</td> </tr> <tr> <td>Q.10</td> <td>COVID-19 METHOD STATEMENT</td> <td>PASS/FAIL</td> </tr> <tr> <td>Q.10</td> <td>ADDED VALUE/INNOVATION</td> <td>N/A</td> </tr> <tr> <td>Q.11</td> <td>ZERO HOURS CONTRACTS & THE LIVING WAGE</td> <td>N/A</td> </tr> </tbody> </table>		PART B	STAGE TWO – AWARD CRITERIA	Weighting %	Q.1	DELIVERY TEAM STRUCTURE	20%	Q.2	PROJECT APPROACH AND LOGISTICS STRATEGY	15%	Q.3	LOCALITY ENGAGEMENT	10%	Q.4	RISK MANAGEMENT	10%	Q.5	HEALTH AND SAFETY	15%	Q.6	THE ENVIRONMENT	10%	Q.7	FAIR WORK PRACTICES	10%	Q.8	COMMUNITY BENEFITS	10%	Q.10	COVID-19 METHOD STATEMENT	PASS/FAIL	Q.10	ADDED VALUE/INNOVATION	N/A	Q.11	ZERO HOURS CONTRACTS & THE LIVING WAGE	N/A
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Evaluation Team	Tenders were evaluated by Council Officers from Housing Property.																																					

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Finance and Resources Committee

10.00am, Thursday, 4 March 2021

Award of Contract for Domestic Repair and Maintenance works to Council Properties

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

- 1.1 It is recommended that Finance and Resources Committee:
- 1.1.1 approve the award of a Multi-Lot Framework Agreement for reactive and planned maintenance works to the Council's Domestic Estate to the suppliers set out in Appendix 1. The framework consists of seven Lots with an estimated value of between £20m and £24m over the maximum four-year term, as follows:
 - 1.1.2 Lot 1 Internal Multi-Trade Works at an estimated contract value of £3,637,000 per annum;
 - 1.1.3 Lot 2 External Multi-Trade Works at an estimated contract value of £420,000 per annum;
 - 1.1.4 Lot 3 Gas Engineering Services at an estimated contract value of £885,000 per annum;
 - 1.1.5 Lot 4 Preservation Works at an estimated contract value of £300,000 per annum;
 - 1.1.6 Lot 5 Mobile Access Equipment and Scaffolding at an estimated contract value of £150,000 per annum;
 - 1.1.7 Lot 6 Cosmetic Repair Works at an estimated contract value of £500,000 per annum; and
 - 1.1.8 Lot 7 Jetting and Drainage Works at an estimated contract value of £150,000 per annum;

- 1.2 Notes that an eighth Lot for Flooring works was also tendered, however is not considered for award at this time, as further feedback with the tenderers will be undertaken prior to deciding on the next steps for this requirement.
- 1.3 Notes the contract values above are reflective of estimated future pipeline of works and that the scope of works may fluctuate subject to demand, budget allocation and the availability of internal resources.

Paul Lawrence

Executive Director of Place

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Award of Contract for Domestic Repair and Maintenance works to Council Properties

2. Executive Summary

- 2.1 This report seeks Committee approval to award a Multi-Lot Framework Agreement to the most economically advantageous organisations identified following a competitive tendering process. The framework consists of 7 Lots for reactive and planned repair and maintenance works to Council domestic properties.
- 2.2 The estimated Framework value is between £20m and £24m over the four-year duration of the Framework.

3. Background

- 3.1 The Council has an operational estate of approximately 20,000 homes with a significant and diverse range of property types, usage and tenure. These include:
- low rise and high-rise flats;
 - bungalows and houses;
 - sheltered accommodation;
 - homes of multiple occupancy; and
 - wholly owned tenanted blocks and blocks of mixed tenure.
- 3.2 Each of these are constructed in a variety of traditional and non-traditional methods presenting their own unique repair and maintenance challenges.
- 3.3 The Repairs and Maintenance (R&M) requirements are three-fold:
- 3.3.1 Planned Preventative Maintenance (PPM)/Cyclical Maintenance – a programme to proactively inspect and maintain assets including clearing gutters and drainage systems, maintain windows, roofs, flooring, electrical and mechanical equipment etc. to prolong life-cycle, maintain best performance and mitigate risk.
- 3.3.2 Reactive Repairs - the repair or replacement of items when defective. Predominantly health and safety, wind and watertight or service provision requirements including structural concerns, leaking roofs, broken windows, defective heating etc.

- 3.3.3 Statutory inspections and certifications – the mandatory inspections and maintenance of equipment to ensure legal compliance without which these cannot be used. For example, gas-safe tests for boilers/fires/ cookers etc.
- 3.4 Housing Property carry a range of tradespersons to meet the above R&M requirements, however, to meet critical targets, the internal service often requires support from external contractors to support the delivery of services.
- 3.5 The current Domestic Repair and Maintenance Framework expires on the 31 March 2021. To ensure compliance with the Council’s regulatory obligations, the procurement of a replacement framework was necessary, however in doing so the Council capitalised on the opportunity to further develop the specification of requirements to increase flexibility, increase capacity, maximise economies of scale through amalgamation of the Lots, embed savings where practicable and deliver contract management efficiencies.

4. Main report

- 4.1 Commercial and Procurement Services (CPS) has been working with key officers within Housing Property on a procurement process for the re-tendering of the current Domestic Repair and Maintenance Framework.
- 4.2 CPS placed a Contract Notice in the Official Journal of the European Union (OJEU), via Public Contract Scotland (PCS) on 9 November 2020 inviting interested suppliers to submit a Tender. Tenderers were required to submit an European Single Procurement Document (ESPD) to assess the bidders’ financial capacity and business probity, a response to the Qualitative Award Criteria (see Appendix 1) and a cost to deliver a basket of Schedule of Rates (SOR) alongside hourly rates and a percentage mark up on materials and plant.
- 4.3 The Project Team held a Project Launch Event on 16 November aimed at supporting the market in understanding more about the opportunity and a step by step guide on accessing the tender documentation and instructions on how to prepare a bid. The aim of this event was to support Small and Medium sized enterprises (SMEs) who may find it more challenging taking part in a Regulated procurement exercise. The event was very well attended and the feedback from potential bidders was positive.
- 4.4 The Lots advertised were:
- 4.4.1 Lot 1 Internal Multi-Trade Works;
 - 4.4.2 Lot 2 External Multi-Trade Works
 - 4.4.3 Lot 3 Gas Engineering Services;
 - 4.4.4 Lot 4 Preservation Works;
 - 4.4.5 Lot 5 Mobile Access Equipment and Scaffolding;
 - 4.4.6 Lot 6 Cosmetic Repair Works;

4.4.7 Lot 7 Jetting and Drainage Works; and

4.4.8 Lot 8 Flooring Works.

- 4.5 There were 33 tenders returned across all eight Lots. The submissions were initially evaluated to ensure that they met the minimum compliance checks in terms of business probity, criminal history and legal requirements such as Health and Safety Policy. All tenders were then evaluated by a technical evaluation panel.
- 4.6 The technical evaluation panel for each Lot consisted of different officers who were identified as the best placed through their experience and skills for each of the individual Lots. This part of the tender evaluation focuses on evaluating a number of qualitative award criteria which is contained within Appendix 1.
- 4.7 Following the evaluation panels individually scoring exercise, the panel participated in a moderation meeting chaired by CPS to reach a consensus score for each element.
- 4.8 The quality analysis was based on weighted award criteria questions, which were scored using a 0 to 10 matrix. Following completion of the quality analysis, tenders that passed the minimum threshold of 50% of the available quality marks were then subject to cost analysis.
- 4.9 For the bidders who met the minimum threshold, their price bid was then considered, with the aim of selecting the most economically advantageous tenders for each of the 8 Lots based on organisations tendering on a quality/cost ratio of 60% quality and 40% price. The quality/cost ratio was determined due to a need for suppliers to provide quality service at the most economical price.
- 4.10 The 40% price was sub divided across the various disciplines within each Lot, to provide the Council with the most commercially competitive offer based on a range of Schedule of Rates and labour costs values.
- 4.11 As the 40% final price score is made up of several component parts (i.e. not a single price) it is unlikely that a single tenderer would achieve the lowest cost across all components , therefore as shown in the Appendix, there are limited tenderers obtaining the full 40% price score.
- 4.12 All evaluated elements were combined to provide the final tender offer. The tender results for each Lot are set out in Appendix 2.
- 4.13 Where organisations have a “0.0” score for price this is due to their quality bid failing to achieve the pre-set quality threshold of 50%. Organisations failing to achieve the 50% threshold were not considered further for appointment and their price proposal was not reviewed.
- 4.14 Lot 8 for Flooring Services is not being considered for award at this time as the tenders did not provide a best value outcome. A full review will include tenderer feedback to understand why tendered costs were higher than expected, prior to deciding next steps for this requirement. In the interim, the works will be delivered by internal resources and the Lot 1 successful contractors as flooring was also included in their Scope.

5. Next Steps

- 5.1 Subject to the Committee's approval, and completion of the required standstill period, the award of the framework will be completed.
- 5.2 To ensure the Council is able to maximise the financial and non-financial benefits of the framework, including the delivery of community benefits. A contract management plan is being put in place which will robustly manage the Contract and ensure the desired outcomes are achieved.

6. Financial impact

- 6.1 The estimated contract value of each of the seven Lots being taken forward is reflective of estimated spend through maximisation of internal resource and the scope of works may fluctuate subject to demand. Contract spend will be monitored on an ongoing basis.
- 6.2 The costs associated with procuring this framework are estimated to be between £20,000 and £35,000.

7. Stakeholder/Community Impact

- 7.1 The Framework mandates that the suppliers will provide a community benefit from the community benefit menu for every service order commissioned.
- 7.2 The framework utilises the Council's menu of community benefits which currently lists 66 available benefits each with a point value associated. Every supplier is committed to this system. The value of the call off pre-determines the amount of points that the supplier is required to spend, this will occur for every call off. Each community benefit offer will be monitored on the Council's community benefits platform by the Council's contract manager.
- 7.3 This framework provides a strong commitment to SME development with over 90% of those successful being an SME.
- 7.4 The Council requires every contractor to identify if they pay the real Living Wage, 90% identified they are committed to paying the real Living Wage.
- 7.5 All contractors have committed to signing the Council's Construction Charter.

8. Background reading/external references

- 8.1 N/A.

9. Appendices

- 9.1 Appendix 1 – Summary of Tendering and Tender Evaluation Processes.
- 9.2 Appendix 2 – Tender Evaluation Outcome.

Appendix 1 – Summary of Tendering and Tender Evaluation Processes

Contract	Lot 1 Internal Multi-Trade Works	
Contract period (including any extensions)	4 years	
Estimated Contract Value (including extensions)	£3,637,000	
Procurement Route Chosen	Open Procedure	
Tenders Returned	6	
Name of Recommended Supplier(s)	Saltire Roofing and Building Ltd Response Building Maintenance Services (Scotland) Ltd	
Price / Quality Split	Price 40%	Quality 60%
Evaluation criteria and weightings and reasons for this approach	Price	40%
	Schedule of Rates	90%
	Hourly Rates and Mark Up on Materials and Plant	10%
Evaluation criteria and weightings and reasons for this approach	Quality	60%
	Understanding and Capability	20%
	Framework Delivery Team	15%
	Delivery Approach and Methodology	20%
	Health and Safety	10%
	The Environment	10%
	Business Continuity and Resilience	5%
	Fair Work Practices	10%
Community Benefits	10%	
Evaluation Team	Evaluated by Technical officers from Housing Property	

Contract	Lot 2 External Multi-Trade Works	
Contract period (including any extensions)	4 years	
Estimated Contract Value (including extensions)	£420,000	
Procurement Route Chosen	Open Procedure	
Tenders Returned	7	
Name of Recommended Supplier(s)	James Breck Ltd Saltire Roofing and Building Ltd	
Price / Quality Split	Price 40%	Quality 60%
Evaluation criteria and weightings and reasons for this approach	Price	40%
	Schedule of Rates	90%
	Hourly Rates and Mark Up on Materials and Plant	10%
Evaluation criteria and weightings and reasons for this approach	Quality	60%
	Understanding and Capability	20%
	Framework Delivery Team	15%
	Delivery Approach and Methodology	20%
	Health and Safety	10%
	The Environment	10%
	Business Continuity and Resilience	5%
	Fair Work Practices	10%
Community Benefits	10%	
Evaluation Team	Evaluated by Technical officers from Housing Property	

Contract	Lot 3 Gas Engineering Services	
Contract period (including any extensions)	4 years	
Estimated Contract Value (including extensions)	£885,000	
Procurement Route Chosen	Open Procedure	
Tenders Returned	4	
Name of Recommended Supplier(s)	Saltire FM Services Gas Call Trade Services	
Price / Quality Split	Price 40%	Quality 60%
Evaluation criteria and weightings and reasons for this approach	Price	40%
	Schedule of Rates	90%
	Hourly Rates and Mark Up on Materials and Plant	10%
	Quality	60%
	Understanding and Capability	20%
	Framework Delivery Team	15%
	Delivery Approach and Methodology	20%
	Health and Safety	10%
	The Environment	10%
	Business Continuity and Resilience	5%
	Fair Work Practices	10%
Community Benefits	10%	
Evaluation Team	Evaluated by Technical officers from Housing Property	

Contract	Lot 4 Preservation Works	
Contract period (including any extensions)	4 years	
Estimated Contract Value (including extensions)	£300,000	
Procurement Route Chosen	Open Procedure	
Tenders Returned	4	
Name of Recommended Supplier(s)	First Call Trade Services Ltd Clark Contracts Ltd	
Price / Quality Split	Price 40%	Quality 60%
Evaluation criteria and weightings and reasons for this approach	Price	40%
	Schedule of Rates	90%
	Hourly Rates and Mark Up on Materials and Plant	10%
Evaluation criteria and weightings and reasons for this approach	Quality	60%
	Understanding and Capability	20%
	Framework Delivery Team	15%
	Delivery Approach and Methodology	20%
	Health and Safety	10%
	The Environment	10%
	Business Continuity and Resilience	5%
	Fair Work Practices	10%
Community Benefits	10%	
Evaluation Team	Evaluated by Technical officers from Housing Property	

Contract	Lot 5 – Mobile Access and Scaffolding	
Contract period (including any extensions)	4 years	
Estimated Contract Value (including extensions)	£150,000	
Procurement Route Chosen	Open Procedure	
Tenders Returned	3	
Name of Recommended Supplier(s)	Form Access Ltd Saltire Roofing and Building Ltd	
Price / Quality Split	Price 40%	Quality 60%
Evaluation criteria and weightings and reasons for this approach	Price	40%
	Schedule of Rates	90%
	Hourly Rates and Mark Up on Materials and Plant	10%
	Quality	60%
	Understanding and Capability	20%
	Framework Delivery Team	15%
	Delivery Approach and Methodology	20%
	Health and Safety	10%
	The Environment	10%
	Business Continuity and Resilience	5%
	Fair Work Practices	10%
Community Benefits	10%	
Evaluation Team	Evaluated by Technical officers from Housing Property	

Contract	Lot 6 – Cosmetic Repair and Maintenance Works	
Contract period (including any extensions)	4 years	
Estimated Contract Value (including extensions)	£500,000	
Procurement Route Chosen	Open Procedure	
Tenders Returned	2	
Name of Recommended Supplier(s)	First Call Trade Services Ltd	
Price / Quality Split	Price 40%	Quality 60%
Evaluation criteria and weightings and reasons for this approach	Price	40%
	Schedule of Rates	90%
	Hourly Rates and Mark Up on Materials and Plant	10%
	Quality	60%
	Understanding and Capability	20%
	Framework Delivery Team	15%
	Delivery Approach and Methodology	20%
	Health and Safety	10%
	The Environment	10%
	Business Continuity and Resilience	5%
	Fair Work Practices	10%
Community Benefits	10%	
Evaluation Team	Evaluated by Technical officers from Housing Property	

Contract	Lot 7 – Jetting and Drainage Works	
Contract period (including any extensions)	4 years	
Estimated Contract Value (including extensions)	£150,000	
Procurement Route Chosen	Open Procedure	
Tenders Returned	3	
Name of Recommended Supplier(s)	JB Bell and Co Lanes Group Plc	
Price / Quality Split	Price 40%	Quality 60%
Evaluation criteria and weightings and reasons for this approach	Price	40%
	Schedule of Rates	90%
	Hourly Rates and Mark Up on Materials and Plant	10%
	Quality	60%
	Understanding and Capability	20%
	Framework Delivery Team	15%
	Delivery Approach and Methodology	20%
	Health and Safety	10%
	The Environment	10%
	Business Continuity and Resilience	5%
	Fair Work Practices	10%
Community Benefits	10%	
Evaluation Team	Evaluated by Technical officers from Housing Property	

Appendix 2 – Tender Evaluation Outcome

Lot 1 Internal Multi Trade Works

Tenderer	Cost Score	Quality Score	Overall Tender Score	Overall Rank
Saltire Roofing and Building Ltd	37.17	49.20	86.37	1
Response Building Maintenance Services (Scotland) Ltd	35.04	48.90	83.94	2
Bidder 3	39.44	43.20	82.64	3
Bidder 4	34.55	41.40	75.95	4
Bidder 5	30.17	40.80	70.97	5
Bidder 6	30.16	38.40	68.56	6

Lot 2 External Multi Trade Works

Tenderer	Cost Score	Quality Score	Overall Tender Score	Overall Rank
Saltire Roofing and Building Ltd	39.78	49.20	88.98	1
James Breck Ltd	39.15	46.50	85.65	2
Bidder 3	39.59	39.90	79.49	3
Bidder 4	27.23	45.00	72.23	4
Bidder 5	32.13	38.40	70.53	5
Bidder 6	34.66	33.00	67.66	6
Bidder 7	0.00	20.40	20.40	Fail

Lot 3 Gas Engineering Services

Tenderer	Cost Score	Quality Score	Overall Tender Score	Overall Rank
Gas Call Services	39.89	44.40	84.29	1
Saltire FM Services	35.84	42.60	78.44	2
Bidder 3	38.99	36.60	75.59	3
Bidder 4	32.15	39.60	71.75	4

Lot 4 Preservation Works

Tenderer	Cost Score	Quality Score	Overall Tender Score	Overall Rank
First Call Trade Services Ltd	39.50	41.70	81.20	1
Clark Contracts Ltd	35.26	41.70	76.96	2
Bidder 3	36.36	33.90	70.26	3
Bidder 4	36.91	31.20	68.11	4

Lot 5 Mobile Access Equipment and Scaffolding

Tenderer	Cost Score	Quality Score	Overall Tender Score	Overall Rank
Saltire Roofing and Building Ltd	39.55	50.70	90.25	1
Form Access Ltd	33.03	47.10	80.13	2
Bidder 3	33.03	46.80	79.83	3

Lot 6 Cosmetic Repair and Maintenance Works

Tenderer	Cost Score	Quality Score	Overall Tender Score	Overall Rank
First Call Trade Services Ltd	40.00	41.70	81.70	1
Bidder 2	34.01	38.70	72.71	2

Lot 7 Jetting and Drainage

Tenderer	Cost Score	Quality Score	Overall Tender Score	Overall Rank
Lanes Group Plc	40.00	52.20	92.20	1
JB Bell and Co	32.34	44.70	77.04	2
Bidder 3	28.42	36.90	65.32	3

Finance and Resources Committee

10.00am, Thursday, 4 March 2021

Contract Award – Purchase and Refurbishment of Communal Bins

Executive/routine	Executive
Wards	All
Council Commitments:	18, 25

1. Recommendations

1.1 Finance and Resources Committee is asked to:

1.1.1 approve the award of contracts for:

1.1.1.1 the Supply of Communal Bins and Spare Parts (Lot 1) to Storm Environmental Ltd;

1.1.1.2 the Supply of Bin Housings & Spare Parts (Lot 2) to Wybone Ltd; and

1.1.1.3 the Provision of a Refurbishment Service for Existing Communal Bins (Lot 3) to Storm Environmental Ltd.

1.1.2 Note that the initial contract period (for all Lots) is two years, with the option to extend for two further 12-month periods, with a total maximum anticipated contract value (including extensions) of £3,000,000.

Paul Lawrence

Executive Director of Place

Contact: Murray Black, Waste and Cleansing Operational Manager

E-mail: Murray.Black@edinburgh.gov.uk | Tel: 0131 469 5232

Contract Award – Purchase and Refurbishment of Communal Bins

2. Executive Summary

- 2.1 Following a tendering exercise, this report seeks approval from the Finance and Resources Committee for the award of seven contracts for the provision, repair and refurbishment of communal bins. The total value of these contracts is expected to be £3,000,000 over the four-year duration of the contract (including extensions).

3. Background

- 3.1 The Communal Bin Review (CBR) is a city-wide project aiming to provide a fully integrated waste and recycling service, including access to mixed recycling and glass and food waste recycling, which is not currently widely available to flats and multi-occupancy properties.
- 3.2 As part of the CBR project, a review of the current communal bin stock is underway, inspecting and then (as required) relocating, refurbishing and replacing bins, with a view to providing fit for purpose and future proofed communal waste and recycling facilities. Where required additional communal bins and bin housings will be also be provided.
- 3.3 In order to provide the goods and services required for the project contracts for the supply of a range of items is required.
- 3.4 With a view to achieving value for money through economies of scale, it is intended that use of the contracts will extend beyond the CBR project for other Waste and Cleansing services (e.g. supply of spare parts, replacements for damaged bins, and provision of bins for new developments) throughout the contract period.

4. Main report

- 4.1 Commercial and Procurement Services (CPS) conducted a mini competition utilising the Scotland Excel (SXL) Framework for Recycle and Refuse Containers (Ref: 0117).

- 4.2 Prior to their appointment to the SXL framework, all suppliers were pre-vetted to ensure that they satisfied the requirements necessary for the delivery of the goods and services, including consideration of financial probity (relating to insurance and financial standing), health and safety and environmental management.
- 4.3 With a view to making the opportunity accessible to as many SXL framework suppliers as possible, the contract opportunity was split into Lots as shown in the following table:

Lot	Description
Lot 1	Sub-Lot 1A – Supply of 1280L and 1100L black metal wheeled bin with black lid, wider aperture & spare parts.
	Sub-Lot 1B – Supply of 1280L and 1100L black metal wheeled bin with green reverse lid with recycling aperture & spare parts.
	Sub-Lot 1C - Supply of 1280L green reverse lid with recycling aperture to fit any manufacturer's 1280L body bin.
	Sub-Lot 1D - Supply of 660L black metal wheeled bin with purple lid (for glass) with twin brush aperture and spare parts.
	Sub-Lot 1E – Supply of 500L black metal wheeled bin with food waste grey lid and spare parts.
Lot 2	Supply of bin housings and spare parts.
Lot 3	Provision of a refurbishment service for existing communal bins.

- 4.4 On 16 December 2020, the Mini Competition Invitation was issued through the Public Contracts Scotland (PCS) portal, to the suppliers named on the relevant Lots of the aforementioned SXL framework, with a tender submission deadline of 20 January 2021.
- 4.5 Tenderers were invited to bid for each Lot/Sub-Lot and were advised that one supplier may be awarded the contract for one or more.
- 4.6 In order to identify the most economically advantageous tender(s) submissions were assessed on the basis of 20% Quality and 80% Cost. This Quality/Cost ratio was applied because there was limited flexibility to alter the originally tendered Quality/Cost Ratio in the SXL Framework Agreement, under which the mini competition was conducted. Also, the service specification was detailed, referencing regulated industry standards that all suppliers were expected to meet, therefore a higher emphasis on quality was not considered necessary
- 4.7 A summary of the tender and evaluation process is attached in Appendix 1 and the table below shows the weighted scores awarded to each tender following evaluation:

Lot	Tenderer	Cost (Max. 80%)	Quality (Max.20%)	Total	Ranking
Lot 1A	Storm Environmental Ltd	80.00	16.00	96.00	1
	Tenderer 2	67.39	15.00	82.39	2
Lot 1B	Storm Environmental Ltd	80.00	17.75	97.75	1
	Tenderer 2	61.39	15.00	76.39	2
Lot 1C	Storm Environmental Ltd	80.00	17.75	97.75	n/a
Lot 1D	Storm Environmental Ltd	80.00	17.75	97.75	1
	Tenderer 2	63.23	15.00	78.23	2
Lot 1E	Storm Environmental Ltd	80.00	16.00	96.00	1
	Tenderer 2	76.43	15.00	91.43	2
Lot 2	Wybone Ltd	80.00	16.75	96.75	n/a
Lot 3	Storm Environmental Ltd	80.00	14.75	94.75	n/a

4.8 With regards to Lot 3 (Provision of a Refurbishment Service for Existing Communal Bins), Storm Environmental Ltd propose a sub-contract solution whereby they intend to sub-contract the refurbishment element of the service to UK Container Maintenance Ltd (UKCM) who have the largest container refurbishment plant of its kind in the United Kingdom. Storm Environmental Ltd will retain overall responsibility for management of the contract. This solution was deemed to be acceptable as it offers:

4.8.1 value for money (demonstrated by a comparison against informal pricing sought prior to commencement of the procurement process);

4.8.2 continuity in terms of contract management; and

4.8.3 continuity in terms of supply (Storm Environmental Ltd will supply lids and spare parts to UKCM for placement on refurbished bins and provide warranty cover on these part as a result).

4.9 In addition to the checks carried out for inclusion in the SXL framework, financial probity checks (relating to financial stability and insurance) have also been undertaken to confirm UKCM's suitability.

5. Next Steps

5.1 Subject to Committee approval, these contracts will commence on 22 March 2021. This will allow implementation of the CBR project to begin as well as assisting the

Council in meeting its statutory obligations with regards to the collection, treatment and disposal of waste and recycling materials.

- 5.2 The Contracts and Grants Management team (CAGM) and the Contract Manager will ensure that effective contract management is delivered throughout the contract lifecycle. A Contract Management and Handover Report, detailing the necessary steps and measures, will be produced and agreed. It is envisaged that proactive contract management (to include robust monitoring of all appropriate management information, key performance indicators and budget/savings tracking) will assist in the delivery of an effective and efficient service for the City of Edinburgh throughout the duration of the contact.

6. Financial impact

- 6.1 The maximum anticipated contract value (total for all Lots/Sub-Lots) is estimated to be £3,000,000 over the maximum contract period (including potential extensions). This total includes a 3.3% uplift to allow for the potential variation in contract usage which may occur during the contract period. The cost of this will be met from the Waste and Cleansing budget.
- 6.2 It should be noted that the spend will be significantly higher in the first two years of the contracts and will then decrease once the CBR project is complete.
- 6.3 To calculate the contract value and estimated savings, estimated volumes were provided within the tender documentation (taking into account both projected CBR and business as usual usage).
- 6.4 Tendered prices were applied to the estimate volumes to establish an estimated total cost for each tender.
- 6.5 Tenderers were advised that the volumes provided were anticipated estimates only and not a guarantee of actual volumes, which may vary.
- 6.6 Prices tendered by the recommended suppliers represent an estimated overall saving of £428,283 across all of the Lots assuming the contract runs for four years.
- 6.7 In addition to the aforementioned benefits, further savings may be achieved as:
- 6.9.1 Storm Environmental Ltd and Wybone Ltd have offered a blanket percentage discount against SXL dashboard pricing for spare parts of 10% and 25% respectively; and
 - 6.9.2 Storm Environmental Ltd are offering the opportunity to purchase refurbished bins (under Lots 1A, 1B and 1E) at a lower price (subject to availability)
- 6.8 During the contract period the Contract Manager will be responsible for the tracking “actual” savings, which will be dependent on contract usage.
- 6.9 The costs associated with procuring the proposed contract are estimated to be between £10,000 and £20,000.

7. Stakeholder / Community Impact

- 7.1 The citywide CBR project will affect around half of the city's residents and the following engagement was undertaken prior to commencement of the procurement process:
- 7.1.1 Elected Member and Internal Stakeholder Engagement - As reported to the Transport and Environment Committee on [5 December 2019](#), a 'Show Case' of communal bins was held at the Seafield Depot for Elected Members and Internal Stakeholders. The event included a presentation on the progress and next steps project and different types of communal bins, bin housings and screens were displayed. In total around 30 people attended. Feedback from this was collated and incorporated into the specification which was approved by Transport and Environment Committee on [27 February 2020](#); and
- 7.1.2 Community Engagement - As reported to the Transport and Environment Committee on [12 November 2020](#), Changeworks and the Council's Waste and Cleansing Team collaborated to deliver a series of on-street community engagement events across Edinburgh to inform the public about planned improvements to their waste and recycling service as part of the Council's CBR project. In addition, a "Residents' of Edinburgh" Communal Recycling Consultation was carried out by Changeworks in 2018 and reported to Transport and Environment Committee on [9 August 2018](#).
- 7.2 Concept Testing was also undertaken as detailed within the following two reports:
- 7.2.1 Albert Street – Concept Testing which was reported to Transport and Environment Committee on [20 June 2019](#) (Appendix 4); and
- 7.2.2 Concept testing monitoring summary which was included in the update report on 5 December 2019 (Appendix 1).
- 7.3 The award of these contracts will contribute to the realisation of Council Commitments numbers 18 (improve Edinburgh's air quality and reduce carbon emissions) and 25 (increase recycling to 60% from 46% during the lifetime of the administration).
- 7.4 Both of the recommended suppliers have committed to provide Community Benefits. Examples of community benefits offered include donations to a local food bank, community engagement events and working with schools to offer work experience. Community benefit delivery will be monitored throughout the life of the contract.
- 7.5 Both recommended suppliers have also confirmed that they intend to pay workers (including any agency or sub-contractor workers) the Real Living Wage (as has UKCM).
- 7.6 There are no negative impacts on carbon, adaption to climate change and sustainable development arising directly from this report. Improvement in the quality of the waste and cleansing services will contribute towards reducing the amount of

waste disposed of to landfill or energy recovery, increasing the amount of recycling and improving the quality of Edinburgh's local environment. In addition, increasing the amount of waste recycled is expected to support delivery of the Council's carbon reduction target.

- 7.7 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	Purchase and Refurbishment of Communal Bins ref: CT0858	
Contract period (including any extensions)	22 March 2021 to 21 March 2023 with two optional twelve-month extensions (2 + 1 + 1)	
Maximum Anticipated Contract Value (including any extensions)	£3,000,000	
Procurement Route Chosen	Mini Competition utilising the Scotland Excel Framework for Recycle and Refuse Containers (Ref: 0117)	
Tenders Returned	Lot 1A	2
	Lot 1B	2
	Lot 1C	1
	Lot 1D	2
	Lot 1E	2
	Lot 2	1
	Lot 3	1
Recommended Suppliers	Lot 1 A to E	Storm Environmental Ltd
	Lot 2	Wybone Ltd
	Lot 3	Storm Environmental Ltd
Price / Quality Ratio	Price 80%	Quality 20%
Price / Quality Ratio Rationale	Ratio established by Scotland Excel at framework level	
Evaluation Criteria and Weightings (Lots 1 & 2)	Quality Criteria	Weighting
	Product Offered	35%
	Product Quality & Warranty (including replacement policy)	25%
	Product Lead Time & Delivery (including potential Brexit Impact on delivery and related contingency)	25%

	Contract Management	10%
	Community Benefits	5%
Selection & Evaluation Criteria and Weightings (Lot 3)	Selection Criteria	Pass/Fail
	Ability & Capacity to Deliver the Specified Service (including experience of delivering similar contracts)	Pass
	Quality Criteria	Weighting
	Service Delivery Methodology	30%
	Process Timeframe (including potential Brexit Impact on delivery and related contingency)	30%
	Refurbished Product Quality & Warranty (including replacement policy)	25%
	Contract Management	10%
	Community Benefits	5%
Evaluation Team	Three officers from the Council's Waste and Cleansing Service	

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Finance and Resources Committee

10.00am, Thursday, 4 March 2021

Contracts for Provision of Engineering Services for Roads Design, Structures and Flood Prevention

Executive/routine	Executive
Wards	n/a
Council Commitments	16, 17, 27

1. Recommendations

- 1.1 It is recommended that the Finance and Resources Committee:
- 1.1.1 Approves the adoption of the new Scotland Excel Framework for Engineering and Technical Consultancy (0820) which replaces the previous Framework Agreement (0616) expiring 17 March 2021;
 - 1.1.2 Delegates authority to the Executive Director of Place to award Contracts for Provision of Engineering Services for Roads Design, Structures and Flood Prevention to the most economically advantageous organisation(s) identified following competitive tendering processes undertaken as mini-competitions through the Scotland Excel Framework for Engineering and Technical Consultancy - Lot 1 Roads and Structures and Lot 5 Drainage and Flooding;
 - 1.1.3 Notes that the contract values are estimated to be between £400k - £600k per annum for Roads Design, £100k – £150k per annum for Structures and £100 – £150k per annum for Flood Prevention for a period of up to four years; and
 - 1.1.4 Notes that the awards will be reported to the Finance and Resources Committee under the half yearly procurement report for Awards of Contracts.

Paul Lawrence

Executive Director of Place

Contact: Cliff Hutt, Roads & Transport Infrastructure Manager

E-mail: cliff.hutt@edinburgh.gov.uk | Tel: 0131 469 3751

Contracts for Provision of Engineering Services for Roads Design, Structures and Flood Prevention

2. Executive Summary

- 2.1 This report seeks approval from the Finance and Resources Committee to:
- 2.1.1 Adopt the Scotland Excel Framework for Engineering and Technical Consultancy (0820) which runs from 18 March 2021 until 17 March 2025; and
 - 2.1.2 Delegate authority to the Executive Director of Place to award Contracts for Provision of Engineering Services for Roads Design, Structures and Flood Prevention to the most economically advantageous organisation(s) identified following a competitive tendering process for each requirement. These Contracts will run for an initial period of two years with the option to extend for up to a further 12 months twice (undertaken at the sole discretion of the Council).

3. Background

Scotland Excel Framework for Engineering and Technical Consultancy (0820)

- 3.1 The Scotland Excel Framework Agreement for Engineering and Technical Consultancy (0820) replaces the previous Framework Agreement (0616) which expires on 17 March 2021.
- 3.2 The Framework Agreement will provide the Council with a mechanism to procure a wide range of civil engineering and associated technical consultancy services.

Contracts for Provision of Engineering Services for Roads Design, Structures and Flood Prevention

- 3.3 The Roads and Transport Improvement Action Plan has identified a need to augment current in-house design resources by means of consultancy support to increase capacity to facilitate delivery of a wider portfolio of projects types, such as Active Travel and Public Realm projects, alongside annual capital renewals programmes and maintenance requirements. To date, Transport have augmented the in-house design resource from time-to-time utilising Scotland Excel and other

internal and external professional services frameworks. The three new Contracts, for Roads Design, Structures and Flood Prevention, will each engender a collaborative working relationship with a single Consultant, working alongside in-house staff to increase the level of available design resource to deliver annual programmes of work and provide specialist advice to help alleviate some of the challenges that have been encountered in the past.

- 3.4 Mini-competition 1 – Roads Design: The condition of Edinburgh’s roads is assessed annually as part of the Scottish Roads Maintenance Condition Survey (SRMCS), an independent survey of road conditions in all 32 Scottish local authorities. The survey provides each local authority with a Road Condition Index (RCI) which identifies the percentage of roads in need of maintenance. The City of Edinburgh Council (the Council) does not have adequate internal resource available to design and deliver all the approved capital carriageway and footway schemes. To address this and maximise capital scheme delivery, it is proposed to appoint a Consultant to supplement the in-house resource. This Contract will provide the service area with external resource to undertake the design and delivery of road schemes.
- 3.5 Mini-competition 2 - Structures; This Contract will support the service area in the design and delivery of structures schemes. The construction of these will be subsequently procured through existing Council or National Frameworks, or through Public Contracts Scotland Quick Quote facility, where appropriate, depending on the scale and complexity of the project.
- 3.6 Mini-competition 3 – Flood Prevention: This Contract will provide technical support in relation to flood prevention. This includes infrastructure inspection, design and delivery, and managing flood risk through planning, modelling, and strategic initiatives with Scottish Water and SEPA.

4. Main report

Scotland Excel Framework for Engineering and Technical Consultancy (0820)

- 4.1 Scotland Excel published a Prior Information Notice (PIN) on 24 April 2020 which generated 200 notes of interest and was followed by a consultation exercise. The User Intelligence Group, consisting of procurement and technical representatives, met on several occasions between October 2019 and May 2020 and helped shape the Framework requirements and tender methodology.
- 4.2 The Framework Agreement covers the following Lots: Lot 1 Roads and Structures, Lot 2 Transportation and Traffic, Lot 3 Environmental Engineering, Lot 4 Land Surveying, Lot 5 Drainage and Flooding, Lot 6 Geoenvironmental and Geotechnical, Lot 7 Coastal and Maritime, Lot 8 Master Planning and Lot 9 Project and Commercial Management.
- 4.3 To ensure maximum competition, Scotland Excel followed an open tender process and advertised the tender on the Official Journal of the European Union and the Public Contracts Scotland portal on 9 September 2020 with a deadline of 16 October

2020. The tender process was conducted using the Public Contracts Scotland Tender system (PCS-T).

- 4.4 The offers were evaluated against the following criteria and weightings:
- 4.4.1 Qualification (pass/fail): Qualification was conducted using the European Single Procurement Document (ESPD). Within the ESPD tenderers are required to answer a number of questions, including insurance, financial standing and quality management.
 - 4.4.2 Technical (60%): Tenderers were required to evidence their knowledge and experience by responding to core technical questions. These included their management arrangements for delivering the services, compliance with the community benefits method and their approach to fair work practices. In addition, lot specific technical questions were also asked in relation to technical merit, levels of innovation and sustainability.
 - 4.4.3 Commercial (40%): Tenderers were invited to offer rates for three separate pricing mechanisms: 1) hourly rates for a range of clearly specified professional roles within each lot; 2) hourly rates for a range of salary bands; and 3) fee and overhead percentages for instances where pricing is agreed under a cost reimbursable model. These pricing mechanisms support a range of pricing models that the Council can adopt in alignment with the nature of requirements.
- 4.5 Following analysis of 66 tenders received, Scotland Excel appointed 31 suppliers across nine lots as outlined in Appendix 1. 11 of the recommended suppliers are classed as SMEs. 30 of the 31 recommended suppliers pay the real Living Wage and commit to maintaining that for the duration of the framework and the remaining one supplier has committed to pay the real Living Wage to all employees (except volunteers, apprentices and interns) within two years.

Contracts for Provision of Engineering Services for Roads Design, Structures and Flood Prevention

- 4.6 Commercial and Procurement Services (CPS) and Roads & Transport Infrastructure intend to undertake mini-competitions utilising Lot 1 (Roads and Structures) and Lot 5 (Drainage and Flooding) from Scotland Excel's Framework Agreement for Engineering and Technical Consultancy (0820).
- 4.7 The Council will conduct mini-competitions assessing cost, experience, resources and performance to award each Contract to a single Consultant.
- 4.8 Tenders will be evaluated by Council Officers from Roads & Transport Infrastructure.
- 4.9 To quickly progress services on completion of the Tender, delegated authority is requested to allow the Executive Director of Place to award the Contracts when the outcomes of the procurement processes are reached.

5. Next Steps

- 5.1 Subject to approval of delegation of authority by Finance and Resources Committee, approval to award to the most economically advantageous organisation will be requested from the Executive Director of Place when the outcome of the procurement process is reached.
- 5.2 Subject to approval of award by the Executive Director of Place, the Contract will commence on 1 May 2021 for an initial period of two years with the option to extend for up to a further 12 months twice (undertaken at the sole discretion of the Council).
- 5.3 The award will be reported to Finance and Resources Committee under the half yearly procurement report for Awards of Contracts.
- 5.4 Roads and Transport Infrastructure 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

Scotland Excel Framework for Engineering and Technical Consultancy (0820)

- 6.1 The value of the adoption will depend on individual call offs. Scotland Excel indicated that the estimated forecast savings for the City of Edinburgh Council will be approximately 3.8%.

Contracts for Provision of Engineering Services for Roads Design, Structures and Flood Prevention

- 6.2 The Contract value is estimated at between £400k - £600k per annum for Roads Design, £100k – £150k per annum for Structures and £100 – £150k per annum for Flood Prevention for a minimum of two and a maximum of four years.
- 6.3 Rates will be fixed, subject to indexation, for the duration of the Contract.
- 6.4 Savings will be calculated based on the percentage difference between the average total of the successful organisations and the average total of all tenderer submission.
- 6.5 The costs associated with procuring each Contract are estimated to be between £10,000 and £20,000.

7. Stakeholder/Community Impact

Scotland Excel Framework for Engineering and Technical Consultancy (0820)

- 7.1 All suppliers had the opportunity to input into the Framework and a survey was carried out with 103 suppliers providing responses, of which 15 follow up meetings were held. This consultation exercise provided insight into the overall supply base,

typical contracting practices between Councils and consultants as well as emerging new services that consultants are providing, all of which helped inform the procurement strategy.

- 7.2 The User Intelligence Group, consisting of procurement and technical representatives, met on several occasions between October 2019 and May 2020 and helped shape the Framework requirements and tender methodology. Through the User Intelligence Group, several improvements were developed as part of this renewal framework, including the clarity of services for both councils and suppliers and community benefits model.
- 7.3 The Framework Agreement includes a community benefit approach designed to deliver local community benefits based on individual member spend thresholds. All 31 recommended suppliers have confirmed their acceptance.

Contracts for Provision of Engineering Services for Roads Design, Structures and Flood Prevention

- 7.4 There is a risk of reputational damage to the Council if the Roads Capital Investment and Structures Programmes are not delivered, or if the Council's response to flood risk is not progressed.
- 7.5 Community Benefits, Sustainability and Fair Work Practices including Living Wage will be part of the mini-competition evaluations and the Council's requirements have been communicated to the invited Consultants in the Specification.
- 7.6 The Contract to be recommended for award will be compliant with procurement regulations and the Contract Standing Orders.

8. Background reading/external references

- 8.1 Scotland Excel (2021) Contract for Approval: Engineering and Technical Consultancy Framework. *Report by Chief Executive of Scotland Excel to Executive Sub-Committee on 29 January 2021*. Retrieved from:
<https://renfrewshire.cmis.uk.com/renfrewshire/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/4678/Committee/80/SelectedTab/Documents/Default.aspx>

9. Appendices

- 9.1 Appendix 1 – Overview Appointed Suppliers Scotland Excel Framework per Lot
- 9.2 Appendix 2 – Summary of Tendering and Tender Evaluation Process

Appendix 1 – Overview Appointed Suppliers Scotland Excel Framework per Lot

Lot 1 – Roads and Structures	
Tenderer	Score
Atkins Limited	89.6
Amey OW Limited	80.7
RPS Consulting Services Ltd	80.3
Gavin and Doherty Geosolutions (UK) Limited	77.8
Haskoningdhv UK Limited	77.4
WSP UK Limited	75.5
Mott MacDonald Limited	75.3
AECOM Limited	75.1
Sweco UK Limited	74.5
Stantec UK Limited	72.8
Jacobs U.K. Limited	72.7
Ironside Farrar Limited	72.6
RSK Environment Limited	72.1
Local Transport Projects Limited	71.6

Lot 2 – Transportation and Traffic	
Tenderer	Score
Atkins Limited	83.6
AECOM Limited	81.1
Stantec UK Limited	77.6
Amey OW Limited	75.4
Systra Limited	73.0
Arcadis Consulting (UK) Limited	71.5
Mott MacDonald Limited	71.0
WSP UK Limited	68.9
Jacobs U.K. Limited	68.6
RPS Consulting Services Ltd	67.9
Waterman Infrastructure & Environment Limited	67.5
Sweco UK Limited	66.8

Lot 3 – Environmental Engineering	
Tenderer	Score
Atkins Limited	91.7
Jeremy Benn Associates Limited	77.4
AECOM Limited	76.7
Sweco UK Limited	76.6
Mott MacDonald Limited	75.4
RPS Consulting Services Ltd	74.6
Amey OW Limited	73.5
Jacobs U.K. Limited	71.5
Stantec UK Limited	71.5

Lot 4 – Land Surveying	
Tenderer	Score
Atkins Limited	91.5
WSP UK Limited	85.5
Jeremy Benn Associates Limited	84.4
AECOM Limited	81.1
RSK Environment Limited	81.0

IKM Consulting Ltd	80.6
Systra Limited	78.7
Currie & Brown UK Limited	78.0
Capita Property and Infrastructure Limited	76.6
SAC Commercial Limited	75.1
MHB Consultants Ltd	73.8
RPS Consulting Services Ltd	72.2
Pell Frischmann Consultants Limited	71.8
Aird Geomatics Limited	60.6

Lot 5 – Drainage and Flooding

Tenderer	Score
Atkins Limited	91.6
Jeremy Benn Associates Limited	83.8
AECOM Limited	79.4
RPS Consulting Services Ltd	78.3
Haskoningdhv UK Limited	76.7
Mott MacDonald Limited	74.8
Sweco UK Limited	72.7
RSK Environment Limited	71.4
Stantec UK Limited	71.1
Amey OW Limited	71.0
Jacobs U.K. Limited	70.9

Lot 6 – Geoenvironmental and Geotechnical

Tenderer	Score
Atkins Limited	93.1
Sweco UK Limited	82.0
Waterman Infrastructure & Environment Limited	78.9
Jeremy Benn Associates Limited	78.2
RSK Environment Limited	78.2
WSP UK Limited	77.3
Mott MacDonald Limited	76.8
RPS Consulting Services Ltd	76.3
Fairhurst	75.0
Gavin and Doherty Geosolutions (UK) Limited	74.0
Stantec UK Limited	73.8
MHB Consultants Ltd	73.1
Jacobs U.K. Limited	72.6
AECOM Limited	72.3

Lot 7 – Coastal and Maritime

Tenderer	Score
Atkins Limited	84.4
Jeremy Benn Associates Limited	79.7
RPS Consulting Services Ltd	79.4
Arcadis Consulting (UK) Limited	77.9
Wallace Stone LLP	75.6
Haskoningdhv UK Limited	73.7
AECOM Limited	73.4
Gavin and Doherty Geosolutions (UK) Limited	71.7
WSP UK Limited	70.6

Lot 8 – Master Planning	
Tenderer	Score
Atkins Limited	84.1
RPS Consulting Services Ltd	73.1
Ironside Farrar Limited	71.5
AECOM Limited	71.5
Stantec UK Limited	71.0
Amey OW Limited	69.9
Arcadis Consulting (UK) Limited	68.1
Mott MacDonald Limited	66.6
RSK Environment Limited	64.3

Lot 9 – Project and Commercial Management	
Tenderer	Score
Atkins Limited	84.4
Amey OW Limited	80.8
Gardiner & Theobald LLP	72.6
Currie & Brown UK Limited	69.5
Turner & Townsend Project Management Limited	69.0
Capita Property and Infrastructure Limited	68.3
Pick Everard	67.6
IBI Group (UK) Limited	66.4
RPS Consulting Services Ltd	66.3
WSP UK Limited	64.9
Mott MacDonald Limited	64.9
Arcadis Consulting (UK) Limited	64.4

Appendix 2 – Summary of Tendering and Tender Evaluation Process

CT2669 – Contract for Provision of Engineering Services	
<u>Mini-competition 1 - Road Design</u>	
Contract Period	1 May 2021 for an initial period of two years with the option to extend for up to a further 12 months twice (undertaken at the sole discretion of the Council)
Estimated Contract Value (including extensions)	£1.6m - £2.4m (£400,000- £600,000 per annum)
Procurement Route Chosen	Mini-competition utilising Lot 1 (Roads and Structures) from Scotland Excel's Framework Agreement for Engineering and Technical Consultancy (0820).
Tenders Invited	Atkins Limited Amey OW Limited RPS Consulting Services Ltd Gavin and Doherty Geosolutions (UK) Limited Haskoningdhv UK Limited WSP UK Limited Mott MacDonald Limited AECOM Limited Sweco UK Limited Stantec UK Limited Jacobs U.K. Limited Ironside Farrar Limited RSK Environment Limited Local Transport Projects Limited
Evaluation Team	Council Officers from Roads & Transport Infrastructure

CT2669 – Contract for Provision of Engineering Services	
<u>Mini-competition 2 – Structures</u>	
Contract Period	1 May 2021 for an initial period of two years with the option to extend for up to a further 12 months twice (undertaken at the sole discretion of the Council)
Estimated Contract Value (including extensions)	£400k - £600k (£100,000- £150,000 per annum)
Procurement Route Chosen	Mini-competition utilising Lot 1 (Roads and Structures) from Scotland Excel's Framework Agreement for Engineering and Technical Consultancy (0820).
Tenders Invited	Atkins Limited Amey OW Limited RPS Consulting Services Ltd Gavin and Doherty Geosolutions (UK) Limited Haskoningdhv UK Limited WSP UK Limited Mott MacDonald Limited AECOM Limited Sweco UK Limited Stantec UK Limited Jacobs U.K. Limited Ironside Farrar Limited RSK Environment Limited Local Transport Projects Limited

Evaluation Team	Council Officers from Roads & Transport Infrastructure
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CT2669 – Contract for Provision of Engineering Services <u>Mini-competition 3 – Flood Prevention</u>	
Contract Period	1 May 2021 for an initial period of two years with the option to extend for up to a further 12 months twice (undertaken at the sole discretion of the Council)
Estimated Contract Value (including extensions)	£400k - £600k (£100,000- £150,000 per annum)
Procurement Route Chosen	Mini-competition utilising Lot 5 (Drainage and Flooding) from Scotland Excel's Framework Agreement for Engineering and Technical Consultancy (0820).
Tenders Invited	Atkins Limited Jeremy Benn Associates Limited AECOM Limited RPS Consulting Services Ltd Haskoningdhv UK Limited Mott MacDonald Limited Sweco UK Limited RSK Environment Limited Stantec UK Limited Amey OW Limited Jacobs U.K. Limited
Evaluation Team	Council Officers from Roads & Transport Infrastructure

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Finance and Resources Committee

10.00am, Thursday, 4 March 2021

Hire Car Fleet Review 2020-23 (CT0794)

Executive/routine	Executive
Wards	All
Council Commitments	

1. Recommendations

- 1.1 Finance and Resources Committee is asked to approve the award of a contract to Jacobs UK Limited, to provide a report on the findings of a full taxi demand survey and associated research on the licensed vehicle fleet in Edinburgh.

Paul Lawrence

Executive Director of Place

Contact: Andrew Mitchell, Regulatory Services Manager

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Hire Car Fleet Review 2020-23 (CT0794)

2. Executive Summary

- 2.1 This report seeks approval from the Finance and Resources Committee to award a contract to Jacobs UK Limited to provide a report on the findings of a full taxi demand survey and associated research on the licensed vehicle fleet in Edinburgh.

3. Background

- 3.1 The Council currently operates a limitation on the number of taxis licensed in the city using powers under the Civic Government (Scotland) Act 1982 ('the 1982 Act').
- 3.2 The limitation policy has been in place since the early 1990s and is generally reviewed every three years. The last review took place in 2017.
- 3.3 The three yearly reviews are underpinned by interim demand surveys to ensure that there is no significant unmet demand.
- 3.4 The current limit is 1,316 and this number has been stable since 2012.
- 3.5 The Council passed a motion in [October 2019](#) calling for an assessment of 'overprovision' of Private Hire Cars (PHCs) in the city following a change to the Act in March 2017 which allows the Council to limit the number of Private Hire Cars if it is satisfied that there is overprovision. Regulatory Committee approved the use of consultants and instructed that this work be undertaken as one project. Preparations for the tendering of this contract were delayed due to the public health emergency.

4. Main report

- 4.1 Commercial Procurement Services conducted a procurement process by way of a mini competition utilising the Scotland Excel Consultancy Framework for Engineering and Technical Consultancy Services Lot 2 Transportation and Traffic. The tender opportunity was published on Public Contracts Scotland (PCS) portal, on 18 November 2020.
- 4.2 To identify the provider offering best value, the tender evaluation included an emphasis on quality as well as price and submissions were assessed on the most

economically advantageous tender. A cost quality ratio of 40% price, 60% quality was applied to achieve a quality and the most economical price.

- 4.3 A single compliant bid was received from Jacobs UK Limited. A summary of the evaluation process is provided in Appendix 1.
- 4.4 The tender submission was evaluated by officers from Regulatory Services, placing an emphasis on quality, as well as price, with the aim of ensuring that the tender is the most economically advantageous. The quality analysis was based on weighted award criteria questions, which were scored using a 0 to 4 matrix.

5. Next Steps

- 5.1 Subject to Committee approval, the contract will commence on 5 March 2021. It is expected that the work will take no longer than nine months however this may be extended if the restrictions related to COVID-19 do not permit this work to be carried out.
- 5.2 The contract will be managed by Regulatory Services.

6. Financial impact

- 6.1 The prices will be fixed for the duration of this contract. This will make contract management easier and provide financial stability for the Council.
- 6.2 The estimated contract value is £34,240 and is contained within the revenue account for Licensing Fees. Further provision of £26,540 has been made should the survey need to be repeated.
- 6.3 The costs associated with procuring this Contract are estimated to be below £10,000.

7. Stakeholder/Community Impact

- 7.1 The contract recommended for award is compliant with procurement regulations and the Council's Contract Standing Orders.
- 7.2 In 2017 the Regulatory Committee agreed that the next full demand survey should take place in three years. The objective of this process is to provide an optimum balance between supply and demand for taxis in the city.
- 7.3 The Council's aim is to create a top-quality transport network that is green, healthy and accessible to all. This includes taxis and PHCs.
- 7.4 The contractor pays the Living Wage rate and intends to become a Living Wage accredited employer.
- 7.5 Community benefits constituted part of the quality assessment score involving the promotion of job opportunities via the Edinburgh Guarantee and Joined Up for Jobs and engagement with the third sector to ensure that they can contribute to the

study. The contractor will also promote through their STEM Ambassador programme Science, Technology, Engineering and Maths as a career route.

8. Background reading/external references

- 8.1 [Survey of Demand for Taxis Within the City of Edinburgh \(Regulatory Committee, 21 August 2017\)](#)
- 8.2 [Taxi and Private Hire Licensing: Best Practice for Licensing Authorities, Second Edition, April 2012 <https://www2.gov.scot/Publications/2012/04/3534>](#)

9. Appendices

- 9.1 Appendix 1 Summary of Tendering and Tender Evaluation Processes

Appendix 1 Summary of Tendering and Tender Evaluation Processes

Contract	CT0794: Hire Car Fleet Review 2020-23	
Contract Period	Nine months from 5 March 2021	
Estimated Total Contract Value (including extensions)	£34,240 to £60,780	
Procurement Route Chosen	Scotland Excel Framework Mini-Competition, Quick Quote.	
Quotations Returned	1	
Price / Quality Split	Quality 60	Price 40
	Criteria	Weighting (%)
Evaluation Criterion and Weightings	Contract Implementation & Delivery	25%
	Project Delivery Team	25%
	Added Value	10%
	Quality	10%
	Contract Management	10%
	Fair Work Practices	10%
	Community Benefits	10%
Evaluation Team	Officers from Regulatory Services.	

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Finance and Resource Committee

10.00am, Thursday, 4 March 2021

Award of Contracts for Day Opportunities Framework

Executive/routine
Wards
Council Commitments

1. Recommendations

It is recommended that the Committee:

- 1.1 Approves the award of this framework for Day Opportunities for Older People.
- 1.2 The framework duration will be for a maximum of 24 months, on an initial 12-month basis, with the possibility to extend for a further 12-month period thereafter. The anticipated contract start date is 1 April 2021.
- 1.3 The approximate total value of the framework is £4,934,000 including extensions.

Judith Proctor

Chief Officer Health and Social Care Partnership

Contact: Katie McWilliam, Strategic Planning & Quality Manager Older People and Carers

E-mail: Katie.Mcwilliam@nhslothian.scot.nhs.uk | Tel: 0131 553 8382

Report

Award of Contracts for Day Opportunities for Older People

2. Executive Summary

- 2.1 This report seeks the approval of the Finance and Resources Committee to award the framework for Day Opportunities for Older People.
- 2.2 The framework will commence for an initial period of 12 months, with the option to extend for an additional 12-month period.

3. Background

- 3.1 The current provision of Care Inspectorate Registered Day Services for Older People are of great value to the City of Edinburgh, this has been acknowledged by The Edinburgh Health and Social Care Partnership, the City of Edinburgh Council and NHS Lothian. People accessing these supports have been assessed as having a critical or substantial need in line with the Edinburgh Health and Social Care Partnership eligibility criteria. The service delivery has traditionally been exclusively building based group support.
- 3.2 Day Services for Older People are deemed to be an intervention to enable people to continue activities, be socially active and improve their quality of life, where possible. In turn this also supports unpaid carers to continue to in their caring role should they wish to do so.
- 3.3 The services have not been tendered before and the current landscape of all Day Opportunities for Older People encompasses a mix of grants and commissioned services. Procurement legislation states that spend above the light touch threshold of £663,540 per annum should be openly advertised and due to market interest is was decided to tender the requirement.

- 3.4 The desired outcomes for people accessing registered day opportunities are as follows:
- 3.4.1 People feel connected to their community,
 - 3.4.2 People have the opportunity to participate in meaningful activities that promote wellbeing,
 - 3.4.3 People experience improved wellbeing and quality of life,
 - 3.4.4 People are supported to remain living in their own home for as long as possible,
 - 3.3.5 Carers feel supported to maintain their caring relationship and sustain their caring role.

4. Main report

- 4.1 In July 2019 a Prior Information Notice (PIN) was published on Public Contracts Scotland (PCS) to invite providers with an interest in Day Services for Older People and those with Young Onset Dementia to attend a co-production event.
- 4.2 The event was attended by 17 organisations on 22nd July 2019, this was to discuss the upcoming requirement in full, advise organisations of the tendering process and gain invaluable market research from current / potential future providers regarding the challenges and key features of providing Day Services for Older People.
- 4.3 This meeting was largely used to shape the project in hand and gain an understanding of how the specification could be written in a way that is fair and equitable to the market whilst incorporating the needs of those who use the service. Throughout the process, monthly meetings were also undertaken with providers, with support from EVOC.
- 4.4 On 16th December 2019 an additional co-production event was held in order to share the component parts of the draft specifications and facilitate discussion with the market on their effectiveness and feasibility, before finalising the specifications.
- 4.5 Upon completion of co-production and development, a contract notice was published via PCS for a Framework Agreement, this allows the Council to appoint multiple providers in order to support the varying degrees of need of those who use the service, increase sustainability of the service and ensure appropriate capacity levels.
- 4.6 As this is a Social Care service the tender was published in accordance with the Public Contracts (Scotland) Regulations 2015 with the Light Touch Regime applied.

4.7 The framework was split into 6 lots, either by locality or specialist need;

Lot	Title	Explanation
1	North East Locality	Provides a service which knows the local area and the resources in the community, focuses on building connections between local people and organisations, and ensures staff and volunteers can spend as much time as possible engaging in face to face contact with the person.
2	South East Locality	
3	South West Locality	
4	North West Locality	
5	City wide day support for people from minority ethnic communities	Provides a service which aims to reduce the barriers to accessing support which are specific to those from minority ethnic communities.
6	People diagnosed with Young Onset Dementia	To support people with a diagnosis of young onset dementia and their unpaid carers to maintain quality of life and remain independent in their own homes and community for as long as possible.

- 4.8 Bids were received from 14 providers for lots one to five. No bids were received for lot six, and only one bid for lot 3. All tenders received were evaluated based on most economically advantageous tender (MEAT), weighted 70:30 for quality and price. Due to the nature of the tender and vulnerable group the service provides for, a 70% weighting was allocated to quality. The tender documentation also requires all providers to be registered with the Care Inspectorate, with a minimum grade of 4 - Good, as a secondary measure of quality assurance. Details of the Evaluation Criteria can be found in Appendix 1.
- 4.9 All providers were assessed as meeting the minimum quality criteria and the price was based on the proposed rate of a placement per week. A Scoring Breakdown on quality scores is detailed in Appendix 2.
- 4.10 This framework was expected to go to the Finance and Resources Committee in May 2020. However, building based adult day support services were suspended on 16 March 2020 as a result of the COVID-19 restrictions. The completion of contract awards was paused with the agreement of the intended providers. A contract extension until 31 March 2021 was approved at Policy and Sustainability Committee on 25 June 2020 to enable sufficient time to review and amend specifications in line with changing regulations resulting from the ongoing pandemic.

- 4.11 The Scottish Government published guidance for the provision of building based day support on 31 August 2020. The implications of the guidance mean that capacity to support people from a building base is greatly reduced in order to maintain physical distancing. Work has been ongoing with providers to undertake risk assessments and establish new outreach support models across the city whilst building based services remain suspended. Throughout this period providers have continued to be paid on a planned care approach in line with the COSLA provider sustainability principles for Care at Home and Community based services.
- 4.12 Since the pause of the contract award process, further work has been undertaken to review required capacity for 2021-22. In addition, providers have been asked to provide further financial checks for the past year along with how they plan to deliver the services during the on-going COVID-19 Pandemic.
- 4.13 Allocation on the call off contract to each provider will not be based solely on the quality ranking but also on the needs of the individual, existing provision and the capacity available from providers in line with current Scottish Government guidance for adult social care building based day services. The number of places to be delivered as part of the framework will be negotiated with each provider and within the agreed budget.
- 4.14 The original advertised contract term was for two years plus a potential extension period of a further 24 months. Due to the ever changing COVID-19 landscape for services, it would be difficult to justify awarding contracts for this full term, therefore it has been agreed to reduce the contract term to a maximum of a two-year term. This is considered a fair and pragmatic approach, allowing market stability to continue to provide appropriate supports for older people.
- 4.15 The designated Contract Manager from The Edinburgh Health and Social Care Partnership will be responsible for monitoring delivery and reporting of Community Benefits by individual providers.

5. Next Steps

- 5.1 Subject to approval, the services will commence from 1 April 2021 and allow the Council to meet its statutory obligations with regards to the provision of support services to Older People and those with Young Onset Dementia and their carers.
- 5.2 All providers have been kept up to date throughout this process and are aware that award of contract is dependent upon committee approval.

6. Financial impact

- 6.1 The overall value of the contract award delivers a 2% saving on current contract values.
- 6.2 The providers' pricing will be fixed for a minimum of 12 months with any potential contract uplifts being negotiated with providers on an open book process.

- 6.3 The allocation of the call off from the Framework are within the agreed budget.
- 6.4 Financial assessments will be completed for all providers based on their current financial positions and there will be close monitoring throughout the contract term. In addition, providers who are contracted for more than £50,000 per annum will be added onto the Financial Assessments Monitoring Log.
- 6.5 Providers have all committed to providing Community Benefits throughout the term of the contract, this was addressed through the Tender Submission Questions, with a 5% weighted question.
- 6.6 The costs associated with procuring this contract are estimated to be between £20,001 and £35,000.

7. Stakeholder/Community Impact

- 7.1 An Integrated Impact Assessment was completed in 2019 and recommendations addressed through the co-production and tender process. In light of ongoing Coronavirus restrictions, an updated integrated impact assessment was completed with a recommendation to further refine the service specification to ensure services are flexible enough to support the needs of older people and carers through the continued uncertainty expected over the coming 12 months.
- 7.2 The contracts ensuing from this procurement are with established providers, therefore there will be a reduced learning curve (reduced training requirements). For every supported person there will be a detailed personal plan which will link to the outcome stated in point 3.4 above.
- 7.3 No significant adverse environmental impacts are expected to arise from this contract.
- 7.4 This procurement has adhered to Sustainable Procurement and Implementing Community Benefits. Providers confirmed various community benefits which added value to their service and community; COVID measures allowing. These included student placements, local volunteering opportunities, increased community revenue through Project fundraising, shared training, and additional income from community café to support the service.
- 7.5 Thirteen providers confirmed that they pay the Scottish Living Wage and above. While three providers confirmed that they still require to use Zero Hour contracts, however this is as the request of their employees. Thirteen providers are Small to Medium sized enterprises (SME's).
- 7.6 Twelve providers provided evidence of Fair Work Practice in line with the Scottish Government Fair Work Practice Framework of effective voice, opportunity, security, fulfilment and respect. Two remaining providers stated that Fair work practice would be included within their strategic plan.
- 7.7 The success of these contracts will be measurable against Key Performance Indicators which are detailed in the Specification.

8. Background reading/external references

[National principles for sustainability payments to social care providers during COVID 19, COSLA](#)

[Coronavirus \(COVID-19\): Guidance on adult social care building-based day services](#)

9. Appendices

Appendix 1 Summary of Tendering and Tender Evaluation Process

Appendix 2 Scoring Breakdown

Appendix 1 - Summary of Tendering and Tender Evaluation Process

Contract	CT0559	
Contract Period	2 years	
Estimated Total Contract Value (including extensions)	£4,934,000	
Procurement Route Chosen	Open OJEU tender for a Framework Agreement	
Call off Contracts to be Awarded	14 Providers onto the Framework Agreement	
Price / Quality Split	Quality 70	Price 30
	Criteria	Weighting (%)
Evaluation Criterion and Weightings	Delivering Quality Care and Support	20%
	Involving People	15%
	Quality Environment	10%
	Management and Staffing	20%
	Service Levels	10%
	Partnership and Communication	10%
	Data Protection	5%
	Business Continuity	5%
	Community Benefits / Added Value	5%
		Zero Hours Contracts & The Living Wage
	Fair Work Practice	Standard Mandatory Question

Appendix 2 – Scoring Breakdown

Lot 1 – North East Locality

Provider	Quality Score / 70
Caring in Craigmillar	56.00
Lochend Neighbourhood Project	53.73
North Edinburgh Dementia Care	53.03
LifeCare Edinburgh	44.28

Lot 2 – South East Locality

Provider	Quality Score / 70
With YOU	47.25
Eric Liddell Centre	48.48
Prestonfield Neighbourhood Project	41.65
Libertus Services	43.05
The Open Door	47.25

Lot 3 – South West Locality

Provider	Quality Score / 70
Oxgangs Care	46.20

Lot 4 – North West Locality

Provider	Quality Score / 70
QCCC	58.28
Corstorphine Dementia Project	56.00
Drylaw Rainbow Club	47.08
LifeCare Edinburgh	44.28

Lot 5 – City Wide Day Support for people from Minority Ethnic Communities

Provider	Quality Score / 70
MILAN	52.85

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Finance and Resources Committee

10.00am, Thursday, 4 March 2021

Contract Extensions for Alcohol and Drugs Service Contracts

Executive/routine
Wards
Council Commitments

1. Recommendations

- 1.1 It is recommended that the Finance and Resource Committee:
 - 1.1.1 Approves the request to extend current Alcohol and Drug service contracts due to the impact of Covid19, from 1 April 2021 to up to 30th September 2022

Judith Proctor

Chief Officer, Edinburgh Integration Joint Board

Contact David Williams, Commissioning Manager, Edinburgh Alcohol and Drug Partnership

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Contract Extensions for Alcohol and Drug Contracts

2. Executive Summary

- 2.1 This report seeks approval to extend the current Alcohol and Drug Support contracts for up to 18 months from 1 April 2021 to up to 30th September 2022. These contracts have an annual value of £2.175m and are provided by five Service Providers: Turning Point Scotland (North East Hub); Change, Grow Live (North West, South West and South East hubs); and Edinburgh and Lothians Council on Alcohol, Simpson House and Crew (Counselling services across the city). normal procurement has been delayed by COVID related pressures and extension would allow full and effective co production of future services.

3. Background

- 3.1 These are the core voluntary sector services offering support to adults with problematic Drug and alcohol use. They were awarded following a competitive tendering process in April 2015. The contract duration was three years with a possible extension of two further years. This extension was exercised after a very positive review of delivery (based on widespread consultation, case file audit and review of performance data) in 2018.

Current provider	Brief Contract Description	Annual value
Turning point Scotland	Adult Community Treatment Service (NE hub)	£ 521,520
Change Grow Live	Adult Community Treatment Service (NW, SE and SW hubs)	£1,023,759
ELCA (lead contractor), Simpson house and Crew	Counselling and Psychological Therapies Service	£629,850

4. Main report

- 4.1 By the contracts' end, officers need to complete a review of the current specifications, decide on the future needs in the drug and alcohol treatment system and appraise the options for securing them, then produce specs and re-tender. The co-production process planned for this is consultation with:

- 4.1.1 Current service users and carers;

- 4.1.2 managers of connected statutory sector services (and their teams),
 - 4.1.3 other key referrers and stakeholders (primary care, police, prison, acute medicine etc)
 - 4.1.4 consultation with current providers
and
 - 4.1.5 review of performance measures and demand
 - 4.1.6 review of strategic fit with current priorities and guidance
 - 4.1.7 decisions on contract form and duration (with procurement, potential providers and strategy colleagues)
 - 4.1.8 Decisions on how to procure the future contract (competitive tendering or other means)
- 4.2 It had been intended to review the contracts over the course of 2020, coproduce specifications for the services and to recontract from April 2021. However, this has been delayed by the challenge of COVID which has
- 4.2.1 stretched officer resource,
 - 4.2.2 occupied many of the key consultees and precluded normal consultation processes attempts at co production in other areas of service delivery have been frustrated by the requirements of lockdown
 - 4.2.3 created a very risky environment in which to potentially disrupt the management of essential services.
- 4.3 There is a competitive market of providers in the UK and in Scotland for these services. However, a legal challenge is considered unlikely given the circumstances (COVID, finite extension, demonstrably effective delivery).
- 4.4 Granting an extension to all current service providers would ensure;
- 4.4.1 Stability for service users currently being supported
 - 4.4.2 Sufficient time to meaningfully coproduce new documentation for future contracts,
 - 4.4.3 Sufficient time for potential providers to submit high quality tenders.
- 4.5 The duration of the requested extension is up to eighteen months, though the anticipated time required for the co-production and the re procurement is only one year. The additional time is included for two reasons:
- 4.5.1 Contingency planning: in the event of further disruption to the process
 - 4.5.2 It is desirable desynchronise the two contracts (hubs and counselling/ Psychological therapy services) in order to a) minimise disruption to our system of care caused by simultaneous changes of multiple services b) manage pressure on officers and evaluators. To achieve this there needs to be sufficient time available for one contract to be completed six months

before the other. This intention was formed before COVID based on reflection on the previous tendering process.

5. Next Steps

- 5.1 Subject to approval, waivers will be granted, and contract extension documentation will be prepared and issued to all three current service providers to cover 1 April 2021 to 30th September 2022.
- 5.2 In line with the Procurement (Scotland) Regulations 2016, the Council will procure new contracts.
- 5.3 Current monitoring of all Alcohol and Drug Support contracts will continue in order to ensure best value and accountability of public funds, including achievement of key performance indicators.

6. Financial impact

- 6.1 The value of extending these contracts (as detailed above) is £3,782,307 over 18 months. The tendering process is not focussed on reducing costs, but on compliance with regulations and assuring that the maximum quality is maintained. Delay in the retendering does not, therefore, pose any direct financial threat.

7. Stakeholder/Community Impact

- 7.1 The outcome of awarding these contract extensions would be to ensure future contracts will be coproduced and procured during a timeframe that promotes meaningful engagement.

8. Background reading/external references

- 8.1 There is no background reading.

9. Appendices

- 9.1 None.

Finance and Resources Committee

10.00am, Thursday, 4 March 2021

Contract Extension for the Edinburgh Health and Social Care Partnership

Executive/routine
Wards
Council Commitments

1. Recommendations

- 1.1 To award a contract extension to Partners 4 Change to ensure continuity of support for the EHSCP Transformation Programme.

Judith Proctor

Chief Officer, Edinburgh Integration Joint Board

Contact: Rhiannon Virgo, Project Manager

E-mail: rhiannon.virgo@edinburgh.gov.uk | Tel: 0131 529 5444

Contract Extension for the Edinburgh Health and Social Care Partnership

2. Executive Summary

- 2.1 Partners 4 Change has been supporting the Edinburgh Health and Social Care Partnership since April 2019 with the implementation of the 3 Conversations approach, which is a key element of the Strategic Plan 2019 -2022.
- 2.2 The original contract with Partners 4 Change expired on 1 April 2020 and was extended to 2 April 2021 under urgency provisions, as described in section 4.1 of the Committee Terms of Reference and Delegated Functions, by the Chief Officer of the EIJB, in consultation with the Convenor of the Finance and Resources Committee, subject to the matter being reported to the next meeting of the Committee on 21 May 2020.
- 2.3 The value of the contract is £80,000 with up to a further £12,000 allowed for expenses. These fees will be contained within the Edinburgh Health and Social Care Partnership's existing revenue budget for the financial year 2021/2022.
- 2.4 The current contract expires on 2 April 2021. It is proposed that the contract be extended for a further year, with an additional 3 months offered free of charge to reflect the difficulties in delivering services between March and June 2020.

3. Background

- 3.1 In March 2019, the Finance and Resources Committee approved the direct award, via a 12-month contract to Partners 4 Change, to support the implementation of the 3 Conversations approach within the Edinburgh Health and Social Care Partnership (EHSCP).
- 3.2 3 Conversations is a key aspect of the Edinburgh Integration Joint Board's (EIJB) transformation agenda, as set out in the Strategic Plan 2019 -2022. The transformation programme seeks to respond to current areas of underperformance and build a sustainable, high quality health and social care system for the future within Edinburgh.

4. Main report

- 4.1 In February 2019, the EIJB approved ring-fenced funding to support the establishment of a transformation programme to effect significant and sustainable change across the health and social care system in Edinburgh. One of the key priorities of the programme is the embedding of widespread cultural change in the way that frontline teams practice and engage with people and families across the city.
- 4.2 The 3 Conversations approach is at the heart of the EIJB's transformation ambitions. Owned and trademarked by Partners 4 Change, 3 Conversations offers a unique model for the redesign of health and social care service delivery. It is based on the principle that the EHSCP should focus not on the function of care management and its processes, but rather on organising its resources around having "three conversations" effectively.
- 4.3 In March 2019, the Finance and Resources Committee agreed the direct award, via waiver, of a contract to Partners 4 Change to support transformational change within the EHSCP.
- 4.4 The 3C project has delivered 10 innovation sites including approximately 100 staff, with two more ready to go live shortly and more in the pipeline. Initial findings from the progress report commissioned in March 2020 were generally positive, with 71% of new people being supported at Conversation 1 without the need to progress to formal service provision. Only 14% of new people required paid-for services, compared to 24% previously. Staff were able to respond very quickly, with the average wait to see a worker reduced from 40 days to 3.8 days. Most teams managed to operate without a waiting list through the period under evaluation, and staff reported enjoying working in a more collaborative way, by eradicating formal referrals within teams, and through the use of huddles and reflective practice sessions.
- 4.5 The impact of Covid caused an initial period of uncertainty and slowed progress between March and June 2020, as the Partnership adjusted to pandemic restrictions and some staff were redeployed. However, the project team continued to plan for further implementation and supported innovation sites to resume normal activities. P4C switched to virtual support and this proved to work well, cutting out travel time and increasing the productive hours available for support.
- 4.6 In July 2020 a new site in the Community Rehabilitation Support Services went live, and a further two new sites followed in the North West and South East Localities in October and November. Staff in these areas have implemented the 3C approach extremely well despite the ongoing challenges they face with Covid.
- 4.7 In 2021, new sites in South West, South East and Mental Health have been scoped and will go live throughout January and February. There is a pipeline of a further 3 sites already identified and more to follow.
- 4.8 To ensure that 3C is tested fully across all areas of the Partnership, a key goal is to test and implement the approach within NHS teams. P4C is crucial to supporting

the development of NHS innovation sites, and early work has been undertaken with the Astley Ainslie Hospital to identify a site there. It is intended that an extension of the contract would allow the project to utilise P4C support to extend the roll out into further NHS areas.

5. Next Steps

- 5.1 The project will be extended into NHS areas of the Partnership throughout 2021/22, with the aim of proving the effectiveness of the approach across both health and social care services.
- 5.2 Work is underway to embed the 3C approach into the way we do business, including the appointment of a 3C Operations Manager post to ensure that further consultancy support is not required from 2022.

6. Financial impact

- 6.1 The value of the contract extension will be £80,000, plus up to a further £12,000 for expenses. The cumulative spend for the total contract over 3 years will be £276,000. This will be contained within the existing revenue budget for 2020/2021.
- 6.2 In previous years expenses of £12,000 per year have been paid, however, this year is proposed that these are paid only if used, given the restrictions on travel for the foreseeable future.
- 6.3 As the original contract was a direct award via waiver, there is some risk of challenge due to non-compliance with the Procurement Reform Act 2014.
- 6.4 Contract Standing Order 9 provides an option to waive standing orders where the requirement is in the Council best interest having regard for best value, risk, principles of procurement and the impact upon service users.

7. Stakeholder/Community Impact

- 7.1 The 3 Conversations model supports more person-centred and effective provision of support for individuals and their families across Edinburgh.
- 7.2 The award of this contract will ensure that the current governance of the EIJB is strengthened, helping to support delivery of the transformation programme and Strategic Plan.
- 7.3 There are no adverse impacts relating to carbon, climate change or sustainable development arising from the contents of this report.

8. Background reading/external references

- 8.1 Report to Finance and Resources Committee, 7 March 2019

9. Appendices

None.

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Finance and Resources Committee

10am, Thursday, 4 March 2021

Waiver for Gilmerton Road Short Break Service 2021-22

Executive/routine
Wards
Council Commitments

1. Recommendations

- 1.1 The Finance and Resources Committee is asked to:
- 1.1.1 Approve the payment of up to £304,679 to Action for Children as Edinburgh's contribution to the cost of overnight provision for disabled children and young people (Gilmerton Road Care Home) as part of a service level agreement with NHS Lothian, and the other Lothians councils
 - 1.1.2 Approve the payment of up to £76,858 to Action for Children to purchase additional outreach support for families should this be identified as part of their support plans. This would be funded from existing budgets within the Children with Disabilities service area and additional funding provided by the Scottish Government in response to the COVID-19 pandemic.

Bernadette Oxley

Head of Children's Services

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Waiver for Gilmerton Road Short Break service 2021-22

2. Executive Summary

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

3. Background

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

4. Main report

- 4.1 There has been a service level agreement in place with Action for Children led by City of Edinburgh Council until 31st March 2019 at which point NHS Lothian as the largest funder took on responsibility to manage and to lead on the future procurement of the service. The three Lothians councils (Midlothian, East Lothian and West Lothian) are also part of this arrangement. Each local authority has an

identified number of nights at the residential unit it can then allocate to families and a number of outreach hours that can be allocated to families.

- 4.2 Under the current agreement, children resident in Edinburgh are assigned 726 nights respite each year. In addition, an outreach service is also available up to a maximum of 3,554 hours.
- 4.3 The statutory partners agreed that it was necessary to test the market to ascertain if there were other organisations interested in and capable of delivering a short break service for disabled children and young people. The Public Contracts (Scotland) Regulations 2015 require that this service be subject to a competitive procurement process. A waiver to cover 2019-20 was agreed by Directors to enable a procurement process to go forward. NHS Lothian had advised that the process would take longer than initially expected and therefore a further year of operation for 2020-21 by Action for Children under the service level agreement was required. This was the subject of a [report](#) agreed by Committee in December 2019.
- 4.4 In February 2020, a Prior Information Notice was posted by NHS Lothian to alert the market to a future contract opportunity. At this point NHS Lothian also informed the local authorities that it no longer wished to lead the procurement process. Following negotiations with all partners, it was agreed that City of Edinburgh Council would lead the procurement process whilst NHS Lothian committed a base budget for the service to cover 2021-22 and the five years of a new contract. These negotiations have meant that it was not possible to procure the service via a tender process to start in April 2021. A long lead in time is required to enable the residential premises to be registered with the Care Inspectorate.
- 4.5 Should this waiver not be agreed for 2021-22, Communities and Families would then need to seek other short break provision at considerably higher cost and there may be a risk to children as they may not be able to remain at home.

5. Next Steps

- 5.1 Officers have been working with all partners to revise the service specification and prepare all the relevant paperwork. A Prior Information Notice with a Call to Competition was published in February 2021 and it is anticipated that a report seeking contract award will come before committee in August 2021 for a service start in April 2022.

6. Financial impact

- 6.1 The cost of the service for City of Edinburgh Council for 2021-22 is estimated to be £304,679 and this will be contained within the Children's Services budget. NHS Lothian will contribute approximately £443,948 to the total running costs of the service (£955,385) which helps to offset the costs to the local authorities.

- 6.2 The service may need to purchase additional outreach services as part of a support plan. The maximum required is estimated at £76,858 and this would be funded from existing budgets within the Children with Disabilities area and additional funding provided by the Scottish Government in response to the COVID-19 pandemic.

7. Stakeholder/Community Impact

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

8. Background reading/external references

- 8.1 [Waiver for Gilmerton Road Short Break Service](#)

9. Appendices

None

Finance and Resources Committee

10am, Thursday, 4 March 2021

Award of Contracts to the Edinburgh Fostering and Continuing Care Framework

Executive
Wards
Council Commitments

1. Recommendations

- 1.1 This report seeks the approval of the Finance and Resources Committee to appoint a maximum of 16 providers to the Edinburgh Fostering and Continuing Care Framework, as set out in the appendices to this report.
- 1.2 The Framework duration will be for 24 months with the possibility to extend for a further 24 months.
- 1.3 The maximum annual Framework value is estimated to be £8,900,000 (subject to yearly incremental rises of between 1-3%) with an estimated maximum value of £36,409,000.

Bernadette Oxley

Head of Children's Services

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Award of Contracts to the Edinburgh Fostering and Continuing Care Framework

2. Executive Summary

- 2.1 The City of Edinburgh Council currently purchases approximately 200 fostering placements from independent providers. Current annual expenditure on independent foster placements is estimated at £8.5m. The estimated impact of the new framework is an increase of £0.4m resulting in an annual cost of £8.9m. This can be contained within the budget available for independent foster care.
- 2.2 These placements are purchased in accordance with the requirements of the Looked After Children (Scotland) Regulations 2009 and the Children and Young People (Scotland) Act 2014.
- 2.3 As such it is recommended that the Finance and Resource Committee approves the award of 16 providers to the Edinburgh Fostering and Continuing Care Framework.

3. Background

- 3.1 The City of Edinburgh Council is committed to getting it right for every child whether they live at home or in an alternative placement. Our priorities include helping children to live in safe and supportive families, improving achievement, and closing any gaps in attainment.
- 3.2 The primary strategic objective for looked after & accommodated children (LAAC) continues to be, to deliver early intervention approaches so that fewer children and young people (C&YP) need to be accommodated and looked after away from home in the longer term.
- 3.3 For those children where this is not possible, the Council is committed to the provision of the highest quality foster care which meets the needs of the individual children.
- 3.4 The balance of care has resulted in a favourable improvement in the proportion of overall foster placements purchased from the private sector. In 2013 the proportion of overall foster placements purchased from the independent sector was 45% which was significantly higher than the national position of 25%. Investment in the in-house fostering service has seen this figure improve considerably and the percentage has

reduced to 31% which is in line with current national position. The overall number of placements purchased from independent providers has reduced each year since 2013. At March 2013 there were 271 placements and this has reduced to 171 as at December 2020. In the current financial year there has been a reduction of 11 placements to date delivering estimated annual savings of £0.47m. Family Based Care ongoing recruitment of foster and kinship carers is proving successful; however, it is not sufficient to meet demand. Independent providers of foster care are more cost-effective than providers of residential care and we need to secure availability and compliance to prevent escalation in this regard.

- 3.5 Historically, 78% of this expenditure is captured via the 1015 Scotland Excel National Fostering Framework, with the remaining being regulated by local agreements, individual contracts or waivers.
- 3.6 By establishing a City of Edinburgh Council's Framework for Fostering and Continuing Care Services, the Council will be able to achieve the following;
- 3.6.1 To capture bespoke requirements which Children's Services had identified as missing within the National Framework, covered by specific lotting criteria;
- Lot 1 Mainstream
 - Lot 2 Specialist
 - Lot 3 Short Breaks
 - Lot 4 Continuing Care
 - Lot 5 Permanent Placements
- 3.6.2 A specification which meets Edinburgh's requirement.
- 3.6.3 To build closer relationships with the Independent Fostering Care Providers.
- 3.6.4 This may help with the balance of care with less children and young people in Residential accommodation. Potential savings relating to a move from residential placement to independent foster provision are estimated at £0.1m per annum for each successful move.
- 3.6.5 To reduce Children's Services resource needing to be allocated to negotiations.
- 3.6.6 To have transparency of costs, tighter controls on yearly uplifts, and clear planning for the next 4 years of the Framework.

4. Main report

- 4.1 A Prior Information Notice (PIN) was issued on 19th August 2019 to engage the wider market in a set co-production event. This event took place on 4th September 2019 at Edinburgh City Chambers to have an open and transparent discussion with both established providers and any potential providers. There were 16 established foster care organisations who noted interest in the original PIN.
- 4.2 The co-production event was interactive and encouraged interested parties to discuss and generate ideas for improving services for C&YP.

- 4.3 As an outcome of the PIN, the co-production discussions focused on the following;
- 4.3.1 To capture ideas of best practice to improve Information Sharing, create efficiencies, Transport, Transition and Exit Planning, Training and Development, Absence from placement, Changes to Education, Notification of Child Protection issues;
 - 4.3.2 To develop a specification which encouraged providers to work in a strengths-based, solution focussed and restorative manner; To enable the voices of children and their families to inform the support provided and contribute to solutions; demonstrate efficiencies, innovation and added value; contribute to a wider learning culture within the partnership to improve outcomes; provide sustainable best-value approaches.
- 4.4 Feedback was provided in the form of a “You said, we did” whereby the Council confirmed where we would apply the comments and suggestions made at the co-production event (where appropriate). This was also published on the Public Contracts Scotland portal for all providers who noted interest to view.
- 4.5 As part of the process and due to COVID-19, Commercial and Procurement Services also requested feedback on the timing of the publication of the tender (to ensure that providers had capacity) and the draft specification. Most providers suggested that we hold the tender until May or June 2020 and 3 providers communicated improvements or changes which they would like to see in the specifications. The Council adjusted the timeline and the specification where it was possible to do so.
- 4.6 The Council undertook a Competitive Procedure with Negotiation in accordance with the Public Contracts (Scotland) 2015 Regulations with the Light Touch Regime applied.
- 4.7 The Competitive Procedure with Negotiations consisted of the following stages:
- 4.7.1 Stage One, First Tender Stage, commenced on 18th June 2020 with a closing date of 31st July 2020. Tender submissions from 16 providers over the 5 lots were evaluated on quality and price.
 - 4.7.2 Stage Two, Negotiation based on price only, commenced on 4th September 2020 for a period of one week. All 16 Service Providers attended individual negotiation meetings to discuss their pricing schedule and breakdown of costs.
 - 4.7.3 Stage Three, Final Tender Stage, all Service Providers were invited to re-submit a final Pricing Schedule by 30th September 2020. Final tenders included a mix of reduced rates and volume discounts.
- 4.8 A cost: quality ratio of 30:70 was applied as quality was considered to be of higher importance.
- 4.9 Following evaluation, all 16 Service Providers are recommended to be awarded a place on the Framework Agreement:
- 4.9.1 Lot 1 Mainstream will feature 12 Service Providers.

- 4.9.2 Lot 2 Specialist will feature 16 Service Providers.
 - 4.9.3 Lot 3a Short Breaks (Mainstream) will feature 12 Service Providers.
 - 4.9.4 Lot 3b Short Breaks (Specialist) will feature 9 Service Providers.
 - 4.9.5 Lot 4 Continuing Care will feature 14 Service Providers.
 - 4.9.6 Lot 5a Permanent Placements (Mainstream) will feature 13 Service Providers.
 - 4.9.7 Lot 5b Permanent Placements (Specialist) will feature 14 Service Providers.
- 4.10 It is anticipated that the Framework Agreement will commence in April 2021 for an initial period of two years, with the option for the Council to extend for a further period of up to two twelve months.
- 4.11 A summary of tendering and the tender evaluation process is attached at Appendix 1 and providers recommended for award is attached at Appendix 2.

5. Next Steps

- 5.1 Upon approval by the Finance and Resources Committee, call -off contracts will be awarded to the named service providers. Any new requirements will be allocated to providers based on ranking, capacity of the providers and foremost, the Child or Young Person's individual requirements.
- 5.2 This Framework Agreement will be managed by the Commissioning Officer within Communities and Families, who will monitor Outcomes for the Child or Young Person supported by the Service and further Key Performance Indicators and Community Benefits.
- 5.3 The Contracts and Grants Management team (CAGM) will engage with the Commissioning Officer, to ensure that effective contract management is delivered throughout the lifecycle of the Framework Agreement.

6. Financial impact

- 6.1 An Edinburgh Framework will have capacity to include all the providers of foster care which the Council currently uses, and the need for individual contracts and waivers will be negated through consistent use of the current Terms and Conditions. Major providers will be able to continue to offer best value and volume discounts.
- 6.2 Under the Scotland Excel Framework (which was extended due to COVID-19 and ends on 30th June 2020) there have been three price variances since the framework began – varying from 2% to 14% from 3 providers only. There has been little consideration to inflation throughout the 4-year term. The Council has received the benefit of the limited inflationary uplifts applied over this 4-year period.

- 6.3 Historically, legacy foster care placements have remained at the original agreed contract rate at time of placement. Service Providers have stated during negotiations that this is not sustainable and could be deemed as being unfair and detrimental to the foster carers as this causes a variance within their pool of carers. In the interests of transparency and equal terms and conditions for foster carers, it has been agreed to move all legacy placements to the new framework.
- 6.4 Inflationary rates on CPIH measure have increased by 8.2% in the previous four years.
- 6.5 The estimated impact of the new framework is £0.4m. Additional costs will be funded from inflationary provision which is provided within the revenue budget for third party providers and from expected savings due to a reduction in the number of independent placements being purchased, as detailed at 3.4 This is in line with the Balance of Care aims to reduce independent placements with a reduction in overall numbers of 20% having been achieved over the last 3 years.
- 6.6 Incremental inflation will be applied at an average of 1.5% from 2022/23 onwards.
- 6.7 Ranking will change on a year to year basis due to the specific changes in pricing per annum.
- 6.8 All providers have passed financial assessments, which minimises risk to the Council.

7. Stakeholder/Community Impact

- 7.1 We have consulted with relevant professionals from Practice Teams, Family Based Care, Legal Services, Procurement and Continuing Care Services, in the process of compiling the Fostering Specification that accompanies the process of going out to tender for the Fostering Framework.
- 7.2 Consultation and engagement were undertaken in the form of an Open Event in September 2019. Service Providers were able to ask questions and provide suggestions through a feedback form.
- 7.3 Throughout the process we have considered Carers and Children and Young People's rights and ensured that these are paramount to the functioning of the Framework.
- 7.4 All Service Providers on the Framework Agreement answered the questions on Community Benefits, Sustainability and Fair work Practice, with the majority of the providers responses being deemed excellent by the evaluation board; which means that they have provided evidence that their organisations go above and beyond compliance with their legal obligations.
- 7.5 All Service Providers pay the Scottish Real Living Wage and above, with six Service Providers being accredited. A few of the Service Providers confirmed that they are committed to the Scottish Business Pledge.

- 7.6 This Framework will support 12 Small to Medium Sized Enterprises (SME's).
- 7.7 An IIA and DPIA have been completed. The IIA has been signed off and sent to Head of Service. The DPIA has been sent to Information Compliance. Reference number is pending.

8. Background reading/external references

- 8.1 The Provider shall promote the principles behind the National Care Standards, which include dignity, privacy, choice, safety, realising potential and equality and diversity.
- 8.2 In delivering the Service, the Provider shall consider the following policies and Guidance where appropriate:
- Guidance on the Looked After Children (Scotland) Regulations 2009 (March 2011 (Web only publication, published 10 March 2011 <http://www.scotland.gov.uk/Publications/2011/03/10110037/0>)
 - Getting it right for Every Child (for information and guidance refer to: <http://www.scotland.gov.uk/Topics/People/Young-People/gettingitright/background>)
 - Looked After Children and Young People: We Must and Can Do better' (2007) (Published by the Scottish Executive, January 2007)
 - National Guidance for Child Protection in Scotland 2010 (Published by the Scottish Government in 2010)
 - The Council will share their internal process 'Achieving Permanence' https://orb.edinburgh.gov.uk/downloads/file/1358/looked_after_children_achieving_permanence-procedure and there will be an expectation for Providers to align with this.

9. Appendices

- 9.1 Appendix 1 Summary of Tendering and Tender Evaluation Process
- 9.2 Appendix 2 Tender Scoring and Ranking

Appendix 1

Contract	CT2722 Edinburgh Fostering and Continuing Care Framework	
Contract Period	48 months	
Estimated Total Contract Value (including extensions)	£36,409,000	
Procurement Route Chosen	Competitive Procedure with Negotiation	
Contracts to be Awarded	16 providers to 5 lots	
Price / Quality Split	Quality 70	Price 30
	Criteria	Weighting (%)
Evaluation Criterion and Weightings – LOT 1, 2, 3, 4 & 5	Q1. Case Study	30%
	Q2. Capability and Capacity	25%
	Q3. Training	15%
Common Question Weightings – ALL LOTS	Contract Management	10%
	Business Continuity	5%
	Community Benefits	5%
	Sustainability	5%
	Fair Works Practice	5%
	Zero Hours Contracts & the Living Wage	Standard Question

Appendix 2

Lot 1 Mainstream				
For all contract years		Year 1		
Supplier	Quality Tender Score 70/100	Cost score 30/100	100% of Tender to Final Score	Rank
National Fostering Agency (NFA)	67.4	29.0	96.4	1
Fostering People	63.9	30.0	93.9	2
Core Assets Scotland trading as Foster care Associates Scotland Ltd.	65.3	26.2	91.5	3
Carolina House Trust	65.3	24.9	90.2	4
Barnardo's	61.1	27.8	88.9	5
SWISS Foster Care Scotland	59.3	29.4	88.7	6
Fosterplus Scotland	62.7	25.9	88.6	7
TACT Fostering	55.0	28.3	83.3	8
Fostering Relations	57.4	23.9	81.3	9
Care Visions Fostering	47.6	29.2	76.8	10
FosterCare Connect	47.1	28.1	75.2	11
JMT Fostering	37.6	23.3	60.9	12

Lot 2 Specialist for all contract years		Year 1		
Supplier	Quality Tender Score 70/100	Cost score 30/100	100% of Tender to Final Score	Ranking
Barnardo's	63.9	23.1	87.0	1
Action for Children	67.9	17.3	85.2	2
Aberlour Childcare Trust	65.5	16.7	82.2	3
Carolina House Trust	58.3	23.3	81.6	4
SWISS Foster Care Scotland	59.5	20.8	80.3	5
Fostering People	61.3	18.3	79.6	6
National Fostering Agency (NFA)	59.5	19.4	78.9	7
Care Visions	48.3	30.0	78.3	8
Fostering Relations	56.2	19.2	75.4	9
Dean and Cauvin Young People's Trust	51.3	23.2	74.5	10
Quarriers	52.0	21.2	73.2	11
Fostercare Connect	52.3	19.6	71.9	12
Fosterplus Scotland	53.2	18.6	71.8	13
TACT Fostering	45.7	25.1	70.8	14
Core Assets Scotland Trading as Foster Care Associates Scotland Ltd.	50.9	17.6	68.5	15
JMT Fostering	28.4	15.2	43.6	16

Lot 3a Short breaks (Mainstream)		Year 1		
for all contract years		Year 1		
Supplier	Quality Tender Score 70/100	Cost score 30/100	100% of Tender to Final Score	Ranking
Fostering People	65.3	30.0	95.3	1
Barnardo's	63.9	27.8	91.7	2
Core Assets Scotland Trading as Foster Care Associates Scotland Ltd.	65.45	26.15	91.6	3
SWIIS Foster Care Scotland	58.1	29.4	87.5	4
Fosterplus Scotland	58.8	25.9	84.7	5
Carolina House Trust	57.2	24.9	82.1	6
Care Visions	52.7	29.2	81.9	7
TACT Fostering	50.9	28.3	79.2	8
The National Fostering Agency Scotland (NFA)	53.9	23.6	77.5	9
Fostercare Connect	47.3	28.2	75.5	10
Fostering Relations	52.0	20.9	72.9	11
JMT Fostering	48.3	23.3	71.6	12

Lot 3b Short Break (Specialist)		Year 1		
for all contract years		Year 1		
Supplier	Quality Tender Score 70/100	Cost score 30/100	100% of Tender to Final Score	ranking
Barnardo's	63.9	28.1	92	1
Fostering People	65.3	22.3	87.6	2
Core Assets Scotland Trading as Foster Care Associates Scotland Ltd.	65.5	21.4	86.9	3
Carolina House Trust	57.2	28.4	85.6	4
Quarriers	53.4	30.0	83.4	5
Fosterplus Scotland	58.8	22.7	81.5	6
The National Fostering Agency Scotland (NFA)	53.9	22.7	75.4	7
Fostering Relations	52.0	21.3	73.3	8
Fostercare Connect	47.3	24.0	71.3	9

Lot 4 Continuing Care full contract term		Year 1		
Supplier	Quality Tender Score 70/100	Cost score 30/100	100% of Tender to Final Score	ranking
The National Fostering Agency Scotland (NFA)	64.6	29.1	93.7	1
Foster Relations	62.8	27.8	90.6	2
Barnardo's	63.9	25.3	89.1	3
Carolina House	58.8	29.4	88.2	4
SWIS Foster Care Scotland	64.8	22.6	87.4	5
Action for Children	66.3	16.1	82.4	6
Fosterplus Scotland	52.3	30.0	82.3	7
Core Assets Scotland Trading as Foster Care Associates Scotland Ltd.	52.2	30.0	82.2	8
Dean and Cauvin Trust	55.0	26.6	81.6	9
Fostercare Connect	57.8	17.0	74.8	10
Care Visions	48.5	25.5	74.0	11
TACT Fostering	45.5	23.8	69.3	12
Quarriers	56.9	12.1	69.0	13
JMT Fostering	39.0	25.2	64.2	14

Lot 5a Permanency (Mainstream)				
for full contract term		Year 1		
Supplier	Quality Tender Score 70/100	Cost score 30/100	100% of Tender to Final Score	ranking
The National Fostering Agency Scotland (NFA)	67.4	29.1	96.5	1
Fostercare Connect	66.0	28.2	94.2	2
Core Assets Scotland Trading as Foster Care Associates Scotland Ltd.	68.3	25.5	93.8	3
SWISS Foster Care Scotland	64.8	28.0	92.8	4
Barnardo's	63.9	27.1	91.0	5
Fostering Relations	69.9	23.5	90.4	6
Fosterplus Scotland	61.8	26.1	87.9	7
TACT Fostering	55.7	26.9	82.6	8
Carolina House Trust	52.0	26.4	78.4	9
Dean and Cauvin Trust	52.5	24.5	77.0	10
Care Visions	44.5	28.1	72.6	11
JMT Fostering	47.3	22.2	69.4	12
St. Andrews	38.0	30.0	68	13

Lot 5b Permanency (Specialist)		Year 1		
for full contract term		Year 1		
Supplier	Quality Tender Score 70/100	Cost score 30/100	100% of Tender to Final Score	ranking
The National Fostering Agency Scotland (NFA)	67.4	20.8	88.2	1
Barnardo's	63.9	23.3	87.2	2
Core Assets Scotland Trading as Foster Care Associates Scotland Ltd.	68.3	18.3	86.5	3
Fostercare Connect	65.98	20.45	86.43	4
Fostering Relations	66.85	19.56	86.41	5
Action for Children	67.90	17.59	85.49	6
SWIIS Foster Care Scotland	64.75	20.56	85.31	7
Quarriers	64.23	20.94	85.17	8
Fosterplus Scotland	61.78	19.35	81.13	9
TACT Fostering	55.65	24.85	80.50	10
Dean and Cauvin Trust	52.5	26.1	78.6	11
Carolina House Trust	52.0	25.6	77.6	12
Care Visions	44.5	30.0	74.5	13
JMT Fostering	47.25	15.07	62.32	14

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Finance and Resource Committee

10.00am, Thursday, 4 March 2021

Homelessness Services – Use of Temporary Accommodation

Executive/routine
Wards
Council Commitments

1. Recommendations

- 1.1 This report seeks approval to enter into contracts for temporary accommodation comprised of flats, bed and breakfasts and tourist hotels on a spot purchase basis from the period 1 April 2021 to 31 March 2022, to supplement the current contracted provision of accommodation.
- 1.2 Committee is requested to approve waivers included in Appendix 1, to the value of £16,149,640, for the 2021/22 financial year to ensure temporary accommodation is available to meet demand and accommodation providers can be paid on time. This request can be contained within available budgets.
- 1.3 Committee is asked to note the increased use and cost of temporary accommodation during the pandemic.

Jackie Irvine

Head of Safer and Stronger Communities and Chief Social Work Officer

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Homelessness Services – Use of Temporary Accommodation

2. Executive Summary

- 2.1 During the Covid-19 pandemic, the Council has used significantly more temporary accommodation in order to support vulnerable people and ensure the spread of the virus is minimised amongst the homeless population.
- 2.2 This has meant securing a significant number of additional contracted and off contract temporary accommodation.
- 2.3 Additional funding of £10m has been provided through the 2021/22 budget process to recognise that increased demand will continue throughout this financial year.

3. Background

- 3.1 Since the beginning of lockdown restrictions, the Council has been required to secure additional temporary accommodation to meet public health objectives and manage a lack of throughput into all forms of settled accommodation, to fulfil its statutory duties to homeless people
- 3.2 Due to the ongoing restrictions, and the time it will take for services to return to normal when restrictions are eased, the service expects to continue to require additional temporary accommodation throughout 2021/22.

4. Main report

- 4.1 During the period of Covid-19 restrictions, the Council has secured access to a significant number of additional temporary accommodation from off contract suppliers.
- 4.2 In February 2020, pre Covid-19 restrictions, the average number of households in temporary accommodation, excluding Private Sector Leasing (PSL), was 2,032. At December 2020 this had increased to 2,902 households, an increase of 43%, and there continues to be month on month increases although the rate of increase has slowed in recent months. There is a projected increase of 215,456 bed nights in

bed and breakfast/ shared house and interim accommodation provision in 2020/21, compared with 2019/20, an increase of 58%.

- 4.3 The increase in temporary accommodation use is mainly a result of three factors: the provision of additional accommodation for those rough sleeping, the provision of temporary accommodation for people who may have no recourse to public funds and a lack of move on or settled accommodation.
- 4.4 When there is no longer a public health requirement to accommodate these people, the Council will need to decide how to manage these cases. A report on the Council's legal position was considered at the Housing, Homelessness and Fair Work Committee on 3 September 2020, with a further report highlighting the supports provided to date presented on 5 November 2020.
- 4.5 Full consideration of these options and the support that the Council will continue to provide will be progressed through the Council's adaptation and renewal programme, as agreed by committee.

5. Next Steps

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

6. Financial impact

- 6.1 Through the 2020/21 budget process additional funding of £2m was provided to address recurring homelessness pressures prior to the Covid-19 pandemic. However, the impact of the pandemic has led to further increases with costs increasing by £10.1m during 2020/21, partly offset by £0.8m of Scottish Government funding for food support to vulnerable clients, resulting in a net additional cost of £9.3m.
- 6.2 Additional funding of £10m has been provided through the 2021/22 budget process to address this increased cost.
- 6.3 The increased requirement for temporary accommodation requires the service to use a wide range of non-contracted providers. The waivers listed in Appendix 1, totalling £16,149,640, are projected accommodation costs for 1 April 2021 to 31 March 2022. The net cost to the Council following receipt of associated housing benefit is £9,274,438 and can be contained within the overall budget for temporary accommodation.

- 6.4 The total budget for temporary accommodation is £26,892,806 having incorporated the additional £10m provided through the 2021/22 budget process. The table below shows how this is split between the Private Sector Leasing Scheme, CEC provided units, contracted expenditure and the non-contracted expenditure covered by this waiver. All figures take account of associated housing benefit.

	Total Budget Available
BUDGETS AVAILABLE IN 2021-22	£26,892,806
HOMELESS ACCOMMODATION	Net Cost
Private Sector Leasing	£7,761,164
CEC Dispersed Flats and Managed Units	£-2,147,661
Contracted Temporary Accommodation	£12,004,865
Non-Contracted Temporary Expenditure	£9,274,438
Total	£26,892,806

7. Stakeholder/Community Impact

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

8. Background reading/external references

- 8.1 Not applicable.

9. Appendices

- 9.1 Appendix 1 – Projected non-contracted expenditure in temporary accommodation from 1 April 2021 to 31 March 2022.

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

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Finance and Resources Committee

10.00am, Thursday, 4 March 2021

Edinburgh Community Solar Co-operative – Battery Proposal

Executive/routine	Routine
Wards	
Council Commitments	

1. Recommendations

- 1.1 That Committee grant a 10-year Licence to Edinburgh Community Solar Co-operative to install batteries in 3 Council schools: Buckstone Primary School, Canal View Primary School and Oaklands School.

Stephen S. Moir

Executive Director of Resources

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Edinburgh Community Solar Co-operative – Battery Proposal

2. Executive Summary

- 2.1 In 2016, Edinburgh Community Solar Co-operative (ECSC) installed 1.4MW of solar PV panels in 24 Council buildings. ECSC are close to completing the installation of six additional solar installations on key Council and Edinburgh Leisure buildings. In 2018, ECSC received a grant from the Scottish Government's Community and Renewable Energy Scheme (CARES) to support the installation of batteries in Council owned properties. This report seeks approval to grant a licence to ECSC to install batteries in 3 Council buildings with ECSC owned solar panels. The batteries will increase the amount of locally generated solar electricity used in the schools.

3. Background

- 3.1 Edinburgh Community Solar Co-operative (ECSC) is one of the largest urban renewables projects in the UK. Three Elected Members sit on the [board of ECSC](#) (Cllrs Macinnes, Cameron and Corbett).
- 3.2 In August 2015, the Finance and Resources Committee provided approval to [grant a 21 year licence](#) to Edinburgh Community Solar Co-operative (ECSC) to install solar PV panels on the roofs of Council owned buildings. In September 2015, ECSC raised £1.4m through a community share offer and subsequently installed 1.4MWh solar PV across 24 Council owned buildings.
- 3.3 In August 2019, Finances and Resources Committee considered a proposal from ECSC to install solar panels on a further 11 Council buildings. Following approval, fund raising and further survey work, solar installations have been progressed in 6 buildings.
- 3.4 Historically, batteries have been used for off grid buildings and to provide backup power for emergency lighting and servers in the event of a power outage. Over the last decade, battery technology has improved significantly as applications, such as electric vehicles, drive the technology forward. There is potential for batteries to be used to maximise efficiencies of onsite generation in buildings and provide a route

to reducing electricity demand during times that incur peak electricity tariffs. ECSC wish to install batteries at some of their installations and require a 10-year licence to be able to do so, which is the purpose of this report.

4. Main report

- 4.1 In 2018, ECSC received a grant from the Scottish Government's Community and Renewable Energy Scheme (CARES) to support the installation of batteries in Council owned properties. Under the terms of the grant, CARES will fund 90% of the project, with the remaining funding to be provided from ECSC.
- 4.2 Following the award of funding, ECSC appointed [Changeworks](#) to support the development of the battery proposal. Changeworks carried out a review of Council buildings with ECSC owned solar panels installed. The main consideration was the amount of excess solar electricity generated on site but exported to the grid. This therefore provided the basis through which suitability for the installation of batteries could be considered as batteries offer the potential to store excess solar generation produced by the panels and release back to the building when required. Following this exercise and subsequent survey work, 3 schools were identified as having the best potential: Buckstone Primary School, Canal View Primary School and Oaklands School.
- 4.3 A tender was issued in late 2019 for the installation of batteries and Locogen were appointed to carry out design and installation work. The project has been delayed by COVID 19, but ECSC are now at a point whereby they need to progress with installations or risk losing CARES funding.
- 4.4 The batteries will be located in existing plantrooms, and whilst they will take up space, they have a low overall footprint. The total cost of the project is projected to be £94,588. 90% of the funding has been awarded by Local Energy Scotland via CARES (£85,129) and ECSCS will raise the additional 10% (£9,459) from reserves or borrow the capital from other co-ops.
- 4.5 Batteries are still relatively expensive, and the financial benefits of the proposed project are modest (under £1k/annum for each party). ECSC will receive an increased income as the rate paid for electricity exported to the grid is lower than grid supply costs. The Council will pay a fixed rate of 13.5p/kWh for electricity stored in the battery and subsequently used on site. This is in line with 2020/21 tariffs and therefore initial savings are negligible. However, as the 13.5p/kWh tariff is fixed, the Council will make a saving from any inflation in energy price.
- 4.6 The main benefit of the project is that it offers a low risk opportunity for both the Council and ECSC to trial and monitor the application of batteries in its buildings. This will help inform decision making for future new build projects and will help support the delivery of the Council's 2030 net zero carbon targets.

- 4.7 Under the present proposal, the battery will only be used to store excess solar generation. However, there is potential to charge the battery at times when electricity is cheaper, and release the electricity when costs are higher. The control systems required to cycle the battery in this way would require additional investment. The Council will work collaboratively with ECSC to investigate this option further.

5. Next Steps

- 5.1 Preparatory work has already been undertaken to draft the associated variation to the existing legal agreement with ECSC and this will be finalised if approval to grant a licence is received.
- 5.2 ECSC have also undertaken work to finalise design details, so if the licence is approved, works to install the batteries will be scheduled.

6. Financial impact

- 6.1 As detailed in the report, there is limited financial benefit from this proposal. ECSC will own the battery during the term of the lease and will therefore be responsible for the inspection and maintenance of the battery.

7. Stakeholder/Community Impact

- 7.1 Edinburgh Community Solar Cop-operative are a community benefit society with over 540 members. They aim to maximise the social, economic and environmental benefits of renewable energy.
- 7.2 The installation of batteries will help increase the use of renewable generation on the associated buildings. The knowledge gained from this project will contribute towards the reduction of building related carbon emissions and assist in the delivery of Council obligations under the [Climate Change Act \(Scotland\)](#).

8. Background reading/external references

- 8.1 [Finance and Resources Committee, August 2015, Approval to Grant a Licence to Edinburgh Community Solar Co-operative to Install Solar PV Panels on Council Owned Buildings](#)
- 8.2 [Finance and Resources Committee, August 2019, Edinburgh Community Solar Co-operative – Phase 2](#)

9. Appendices

9.1 Not applicable.

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Finance and Resources Committee

10.00am, Thursday 4 March 2021

Contract Awards and Procurement Programme (Period 1 July to 31 December 2020)

Item number	
Executive/Routine	Routine
Wards	All
Council Commitments	

1. Recommendations

- 1.1 It is recommended that the Committee notes the contents of this report and the contract awards made by officers under delegated authority, in accordance with the Contract Standing Orders. A further report will be submitted to the Committee in approximately six months' time.

Stephen S. Moir

Executive Director of Resources

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Contract Awards and Procurement Programme (Period 1 July to 31 December 2020)

2. Executive Summary

- 2.1 This report updates the Finance and Resources Committee on the scope of contracts awarded across the Council in the period 1 July to 31 December 2020. This provides visibility of contracts awarded by officers under delegated authority, including direct contract awards not openly tendered due to specific circumstances permitted in the relevant procurement regulations and those awarded following a waiver of the Council's Contract Standing Orders (CSOs). This report also seeks to provide the Committee with visibility of the forthcoming procurement programme in relation to expected higher value contracts across the Council.

3. Background

- 3.1 The Commercial and Procurement Services (CPS) team, within the Finance Division, is responsible for fostering commercial and procurement efficiency, enabling Best Value to be secured across the Council. In support of this approach CPS:
- supports Directorates to procure goods, works and services (with the focus primarily on contracts in the value of £25,000 and above); and,
 - provides governance, process and operational oversight for contracting and purchasing (including the Council's CSOs).
- 3.2 The commercial and procurement programme comprises significant volumes of both activities and stakeholders across the breadth of the Council. The scope of this function includes working with services in relation to:
- £684m of third party spend across the Council during 2019/20;
 - Management of the Council's Contract Register – 1,370 live contracts (at 11 January 2021); and
 - Approximately 6,190 suppliers, 1,100 requisitioners and 750 approvers on the Council's Oracle purchasing system (at 11 January 2021).
- 3.3 Directorates are responsible for ensuring that contract information is regularly updated on the Council's Contract Register (accessible through the Orb and

publicly). CPS regularly provides a list of expiring contracts and waivers to Directorates for their review, to enable Executive Directors and Heads of Service to fulfil their responsibilities for all contracts tendered and subsequently awarded by their Directorates/Divisions. Commercial Partners within CPS work alongside divisional management and procurement delivery teams, as business partners, to support the contract planning process and compliance with procurement regulations.

- 3.4 The Council's CSOs outline contract approval thresholds for goods, works and services, identifying both the level of award which can be undertaken and those with the authority to award. The current version of the CSOs were approved by Council on 4th February 2021.
- 3.5 In specific circumstances, direct awards can be undertaken, where it is not practically viable or in the Council's best interests to 'tender' the requirement.
- 3.6 A waiver of CSOs to allow a contract to be awarded or extended without competitive tendering may also be required in certain circumstances. Inevitably, there will always be a need for a select number of waivers, however each is evaluated on its own merits and approval given only if fully justifiable and in the best interests of the Council. Such circumstances continue to be tightly controlled and scrutinised and will continue to be reported to Committee through this report.
- 3.7 This report also provides insight into forthcoming procurement activity for expected higher value contracts across the Council.

4. Main report

- 4.1 This report updates the Finance and Resources Committee on the scope of contracts awarded by officers under delegated authority across the Council in the period 1 July to 31 December 2020 and provides visibility of the forthcoming procurement programme in relation to expected higher value contracts across the Council. Information is as recorded on the Council's Contract Register as at 11 January 2021.
- 4.2 It is noted that the COVID-19 pandemic has impacted on the Council's procurement activity during the period. In response to this, actions and control measures have been undertaken to support existing and new contracting requirements, and in turn mitigate the associated risks.
- 4.3 The pandemic is however continuing to present a number of challenges to the Council and its suppliers. CPS is working closely with directorates to support them through this next period. It is though noted that in some cases there has been a requirement to seek approval to waive CSOs in Committee or through delegated officer approval as a result of the pandemic. As ever, such approvals continue to be constructively challenged and subject to robust scrutiny, to ensure such actions are in the Council's best interests and secure Best Value.

4.4 The CSOs state that contracts above a threshold of £1m for supply of goods and services and £2m for works require approval from the Committee prior to award. A summary of contracts awarded by officers under delegated authority is presented in Table 1 below.

Table 1 Contracts Awarded under Delegated Authority

Directorate	Total Contract Value 1 July – 31 December 2020
Chief Executive's Service	£1,000,000
Communities and Families	£3,228,180
Health and Social Care	£319,611
Place	£17,591,501
Resources	£11,281,788
De Minimis Value Contracts (Under £25,000)	£764,775
	£34,185,855

4.5 A full breakdown of contracts awarded by officers under delegated authority in this period is provided in Appendix 1. It is noted that given their de minimis value, contracts under the value of £25,000 have not been listed. For information, there were a total of 70 contracts awarded with a value of less than £25,000.

4.6 National Framework awards under Standing Order 12 of the CSOs are also included in Appendix 1. The title or description identifies where such a Framework has been utilised.

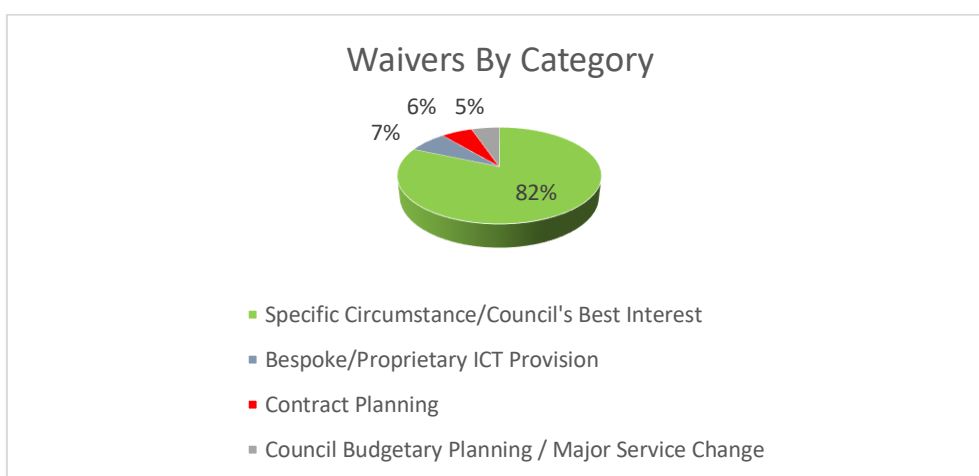
4.7 The report also offers insight in respect of those contracts awarded under waiver of the Council's CSOs, both under delegated authority and through Committee approval, these are summarised by Directorate in Table 2 on the following page:

Table 2 Contracts Awarded under the Waiver of Standing Orders

Directorate	Total Value of Waivers 1 July – 31 December 2020	
	Delegated Authority	Committee Approval
Chief Executive's Service	£276,018	-
Communities and Families	£2,732,658	£4,580,806
Health and Social Care	£817,261	-
Place	£1,926,696	£6,137,348
Resources	£1,214,162	£103,871,000
Total	£6,966,795	£114,589,154

4.8 Appendices 2 and 3 provide the detail and financial value of contracts awarded under waiver of Council CSOs.

4.9 To enable greater understanding of the background to waivers across the Council, CPS records relevant management information. The chart below details reasoning (based on the background and justification detail provided by the service area) for the waivers in period, noting that only a limited percentage (6%) primarily relate to contract planning, historically a concern of the Committee. The majority (82%) of waivers recorded relate to specific circumstances where services required at a certain point in time dictate that a direct award is in the Council's best interests. It is noted that a further 7% relate to bespoke/proprietary ICT, with the remainder (5%) relating to Council budgetary planning or major service change. These figures are consistent with previous reporting periods. Given the breadth of services delivered across the Council, the reasons for these are numerous and varied, with further detail of requirement for each waiver listed within Appendix 2.



- 4.10 With regard to the value of waivers, the majority continue to be of a relatively low to moderate value, with 17% of waivers £10,000 or less, 51% of waivers £25,000 or less and 70% below £50,000. This is largely consistent with previous reporting periods.
- 4.11 CPS continues to monitor and challenge submitted waivers to ensure continuing compliance with the CSOs. The Waivers and Contract Register provides the required visibility of spend enabling CPS to highlight to Directorates where plans for procurement require to be put in place without delay.
- 4.12 To enable greater insight into the forthcoming procurement programme in relation to higher value contracts across the Council, the top fourteen (by value) is detailed within Appendix 4. It should be noted this is based on current knowledge and is subject to change as each individual procurement strand progresses.

5. Next Steps

- 5.1 A further report will be submitted to the Committee in approximately six months' time.

6. Financial impact

- 6.1 Through a robust procurement approach, proactive management of contract cycles, aggregating spend and carrying out competitive procurement where appropriate, this should continue to support commercial efficiency and achieve Best Value for Council contracts.

7. Stakeholder/Community Impact

- 7.1 Directorates have been consulted in relation to their expiring contracts, waivers and suppliers in preparation for the collation of this report. On an ongoing basis, the CSOs outline the appropriate measures of consultation and approval that must be sought from officers or committee for each waiver, dependent on expected value.
- 7.2 Due to the significant volumes of activity and numbers of stakeholders involved in purchasing and procuring goods, services and works, CPS relies on services to provide accurate information through their Contract Register entries and timely requests for procurement support. To mitigate against any risks in this area, data is reviewed for accuracy and reliability in consultation with services.
- 7.3 A waiver denotes a departure from the CSOs. There may be an increased risk if the Council has departed from the procurement regulations. However, each waiver is scrutinised on its own merits in this context and requires appropriate checks and balances both within the Directorate concerned and corporately and is only approved if justifiable given the circumstances or permitted in accordance with the relevant legislative framework.

- 7.4 Co-production resource and timescales require to be fully considered in planning overall timescales for services to re-procure contracts to ensure early planning and avoidance of waiver requirements.
- 7.5 There are no equalities or sustainability impacts directly arising as a result of this report.

8. Background reading/external references

- 8.1 [Contract Awards and Procurement Programme \(Period 1 January - 30 June 2020\)](#)
– Report to Finance and Resources Committee, 24 September 2020.

9. Appendices

- 9.1 Appendix 1 - Contracts awarded under Delegated Authority
- 9.2 Appendix 2 - Contracts awarded under the Waiver of CSOs by Delegated Authority
- 9.2 Appendix 3 - Contracts awarded under the Waiver of CSOs by Committee approval
- 9.4 Appendix 4 - Procurement Programme – Anticipated Regulated Procurements Across the Council

Appendix 1 – Contracts awarded under Delegated Authority

The following relate to the period 1 July – 31 December 2020.

Supply of Goods and Service Contracts

Date	Directorate	Chief Executive's Service	
	Supplier	Contract Description	Value
08/10/20	TMP (UK) Ltd	Recruitment advertising and public information notices through Scottish Government Framework.	£1,000,000
			£1,000,000

Date	Directorate	Communities and Families	
	Supplier	Contract Description	Value
07/07/2020	Openview Security Solutions Limited	Provision of CCTV installation at Saughton Park.	£83,756
08/07/2020	MST UK	Multisystemic Therapy (MST), family and community based intervention for children and young people.	£56,150
19/07/2020	Waterlogic GB Limited	Supply, delivery, installation and maintenance of water coolers and associated consumables via SXL Framework.	£120,000
12/08/2020	Multi-supplier Framework.	Childminders in partnership with the Council.	£185,000
27/08/2020	Lion Safety Ltd	Supply of hand sanitiser for use in dispensers in schools, nurseries and corporate offices, via SXL Framework.	£450,000
30/09/2020	Lindsay Scaffolding Contracts Ltd	Provision of scaffolding for five Early Years work sites.	£65,510
14/10/2020	Love@care Ltd	Management and supply of residential care to a young person.	£520,000
14/10/2020	Love@care Ltd	Management and supply of residential care to a young person.	£416,000
16/10/2020	Primecare Health Ltd	Short breaks for children with autism and complex behaviours.	£310,000
09/11/2020	Allsports Construction and Maintenance Ltd	Design and installation of new artificial sports pitch at Wester Hailes Education Centre.	£780,100
10/11/2020	Victim Support Scotland	Provision of support to victims and witnesses of crime.	£27,000
30/11/2020	West Lothian College	Provision of SVQ3 Social Services to Early Years practitioner trainees.	£45,000
30/11/2020	West Lothian College	Assessor services for SVQ3 Social Services to Early Years practitioner trainees.	£27,600

15/12/2020	Cyrenians	Support to unaccompanied minors who require additional services.	£142,064
			£3,228,180

Date	Directorate	Health and Social Care Partnership	
	Supplier	Contract Description	Value
01/10/2020	Ark Housing Association Ltd	Two shared waking night services.	£133,444
01/10/2020	Autism Initiatives UK	Seafield, waking night services for four residents.	£65,481
01/10/2020	Penumbra	Gilmour Place, sleepover for six residents.	£32,659
01/10/2020	Carr Gomm Scotland Ltd	Drummond, sleepover for seven residents.	£31,447
01/12/2020	Homes Together Limited	Residential service.	£56,580
			£319,611

Date	Directorate	Place	Value
	Supplier	Contract Description	
01/07/2020	BHL Consultancy Ltd.	North Bridge refurbishment, structural engineering technical advisory services during works.	£163,680
02/07/2020	Serco Ltd	Subsidised access to cycle hire to provide greater access to Covid-19 safe transport.	£160,000
07/07/2020	Aecom Limited	'Spaces for People' programme, structural engineering services, via Professional Services Framework (PSF).	£36,271
07/07/2020	Multi-Supplier Framework	Adoption of Scotland Excel (SXL) Framework Agreement for street lighting materials.	£1,600,000
09/07/2020	Hawthorn Heights Ltd	Supply and Installation of play park equipment and surfacing, Towerbank Primary School.	£50,411
13/07/2020	Marshalls Mono Ltd	Safer Streets bus boarders.	£47,500
17/07/2020	Aecom Limited	Structural engineering services for the West Edinburgh Link active travel project, via PSF.	£591,705
17/07/2020	Anderson Bell Christie Limited	Architectural services for residential scheme at Cowan's Close, via PSF.	£97,675
17/07/2020	Blackwood Partnership Limited	Mechanical and electrical services for residential scheme at Cowan's Close, via PSF.	£37,440
17/07/2020	David Narro Associates Ltd	Structural engineering services for residential scheme at Cowan's Close, via PSF.	£64,420
27/07/2020	Utilita Energy Limited	Energy supplier for void housing.	£441,000
30/07/2020	Doig & Smith Limited	Project Management for major Active Travel projects via PSF.	£180,000
14/08/2020	Aecom Limited	Structural engineering services for Leith Connections: Low Traffic Neighbourhood, via PSF.	£26,241
14/08/2020	Aecom Limited	Structural engineering services for Leith Connections: Foot of the Walk to Ocean Terminal cycle way, via PSF.	£288,881
17/08/2020	Aecom Limited	Engineering support for capital bridge projects, via SXL Framework.	£26,588
17/08/2020	Progressive Partnership Ltd	Provision of public consultation on the future of Winter Festivals.	£39,025
18/08/2020	Stantec UK Limited	Provision of travel planning support for employers 2020-21, via SXL Framework.	£100,000
24/08/2020	Vennersys Ltd	Provision of Electronic Point of Sale (EPOS) system and maintenance for all museum and gallery venues.	£60,000
09/09/2020	Aecom Limited	Dowies Mill Weir feasibility study via SXL Framework.	£25,655

08/10/2020	Hamilton Waste and Recycling Ltd	Treatment and disposal of inert waste and rubble via SXL Dynamic Purchasing System.	£133,676
13/10/2020	Thomas Sherriff & Co Ltd	Supply of multiple ride on vehicles/equipment via SXL Framework.	£302,045
15/10/2020	Will Rudd Davidson Edinburgh Ltd	Structural engineering services for Liberton Hospital and Ellens Glen housing development, via PSF.	£127,500
16/10/2020	Swarco UK Ltd	Supply, commissioning, warranty and maintenance of electric vehicle charge points via ESPO Framework.	£108,445
19/10/2020	Henderson Grass Machinery Ltd	Supply of forty self-propelled mowers via SXL Framework.	£225,880
19/10/2020	Henderson Grass Machinery Ltd	Supply of four wide area mowers via SXL Framework.	£96,720
27/10/2020	Aecom Limited	Professional services for West Edinburgh Spatial Strategy for Inclusive Growth - Phase 2.	£57,381
28/10/2020	Anderson Bell Christie Limited	Architectural services for Liberton Hospital and Ellens Glen housing development, via PSF.	£156,028
30/10/2020	Multi-Supplier Framework	Lift service and maintenance contract for Council housing.	£710,806
02/11/2020	Anderson Bell Christie Limited	Architectural services for Off-Site Demonstrator Project, via PSF.	£91,750
05/11/2020	Atkins Limited	Professional services for Edinburgh Masterplanning and green / blue grid guidance, via SXL Framework.	£73,672
05/11/2020	Aecom Limited	Structural engineering services for Spaces for People - Cycle Improvements Programme, via PSF.	£85,000
06/11/2020	Collective Architecture Limited	Architectural services for Powderhall Bowling Green site, via PSF.	£58,334
06/11/2020	Collective Architecture Limited	Passivhaus design services for Powderhall Bowling Green site, via PSF.	£62,331
23/11/2020	VPS (UK) Limited	Provision of cleaning services related to trauma clean and final clean of empty homes.	£300,000
23/11/2020	Orbis Protect Ltd	Provision of cleaning services related to trauma clean and final clean of empty homes.	£300,000
21/12/2020	Car Hire (Day of Swansea) Limited	Purchase of two EVivaro Life Edition vehicles via Framework.	£34,786
21/12/2020	Athlon Mobility Services UK Limited	Purchase of three Zoe vans via Framework.	£44,240
21/12/2020	Athlon Mobility Services UK Limited	Purchase of ten Zoe vans via Framework.	£125,612
22/12/2020	Atkins Limited	Completion of Edinburgh Street Design Guidance factsheets.	£191,862
			£7,322,560

Date	Directorate	Resources	
	Supplier	Contract Description	Value
07/08/2020	Working Transitions Limited	Outplacement services for staff affected by organisational change and placed on the redeployment register.	£67,520
20/08/2020	Multi-Supplier Framework	Commercial and residential property advisory services for the Council's operational estate.	£500,000
24/09/2020	Pinsent Masons LLP	Specialist legal services.	£100,000
02/10/2020	VKY Intelligent Automation Limited	Robotic process automations in support of the Council's Intelligent Automation programme.	£49,000
23/10/2020	Metacompliance Ltd	Phishing and simulation awareness tool in support of the Council's cybersecurity arrangements.	£90,000
23/10/2020	Sharp Business Systems UK PLC	Fit out of educational and office furniture for St Crispin's School via SXL Framework.	£155,295
26/10/2020	Protective Wear Supplies Ltd	Supply of nitrile gloves via SXL PPE Framework.	£310,000
30/10/2020	SMI Int Group Limited	PPE equipment and clothing via ESPO Framework.	£200,000
16/11/2020	Holmes Miller Limited	Architectural Services for Sciennes Primary School extension, via PSF.	£111,017
16/11/2020	Doig & Smith Limited	Project management and principal designer services for Sciennes Primary School extension, via PSF.	£30,000
24/11/2020	Currie & Brown UK Limited	Project management services for Early Years 2020 Phase 2 - wind and watertight works, via PSF.	£27,482
			£1,640,314

Works Contracts

It is noted there were no works contracts awarded by the Chief Executive's Service, Health and Social Care Partnership or the Communities and Families Directorates.

Date	Directorate	Place	Value
	Supplier	Contract Description	
02/07/2020	P1 Solutions Ltd	Regeneration works at Westside Plaza.	£1,112,067
06/07/2020	J Sives Surfacing Ltd	Upgrade pedestrian refuge island on Lasswade Road at Little Learners nursery to comply with current standards.	£28,615
06/07/2020	J Sives Surfacing Ltd	Gilmerton Dykes Street - new pedestrian refuge island.	£29,978
06/07/2020	J Sives Surfacing Ltd	Fettes Avenue pedestrian island upgrade.	£37,331
06/07/2020	J Sives Surfacing Ltd	West Granton Road - new pedestrian refuge island.	£83,007
06/07/2020	J Sives Surfacing Ltd	Milton Link - high friction surfacing and signage.	£68,098
15/07/2020	Luddon Construction Limited	Gilmerton Road resurfacing via Transport & Infrastructure Framework (TIF).	£1,166,500
11/08/2020	Maclay (Civil Engineering) Limited	Quiet Route 6 Grange Road crossing improvements via TIF.	£400,842
14/08/2020	Balfour Beatty Civil Engineering Ltd	Enabling works contract - City Centre West East Link (CCWEL).	£398,010
20/08/2020	Cornhill Building Services Ltd	Structural repairs at Carnegie Court via Contractor Works Framework (CWF).	£469,555
31/08/2020	G Grigg and Sons Limited	Roofing works to residencies at Arneil Drive via CWF.	£220,000
01/09/2020	Kiely Bros Ltd	Carriageway surface dressing schemes, various sites across the City, via TIF.	£1,653,653
18/09/2020	Atalian Servest Security Limited	Installation of electric vehicle charging points.	£211,337
23/09/2020	Watson & Lyall Ltd	Glazed screen replacement to properties in Williamfield Square.	£56,938
02/10/2020	T. & N. Gilmartin (Contractors) Limited	Quiet Route 61 Gilmerton to Innocent Railway, via TIF.	£250,364
12/10/2020	Consult Lift Services Ltd	Lift upgrade programme FY 2020-21.	£676,616
12/10/2020	Boston Networks Ltd	CCTV upgrades to Inchmickery Court.	£26,567

28/10/2020	Everwarm Ltd	Installation of internal wall insulation to domestic properties citywide, via SXL Framework.	£303,000
04/11/2020	Everwarm Ltd	Installation of cavity wall insulation to domestic properties citywide, via SXL Framework.	£534,463
04/11/2020	GMG Contractors Ltd	Installation of external wall insulation to domestic properties in the Dumbryden area, via SXL Framework.	£615,000
25/11/2020	V.H.E. Construction PLC	Removal of waste material from gardens and woodland following landslide in Craiglockhart.	£155,000
25/11/2020	Sers Energy Solutions (Scotland) Limited	Installation of external wall insulation to domestic properties in the Oxfangs area, via SXL Framework.	£964,000
01/12/2020	MP Rendering Limited	Installation of external wall insulation to domestic properties in the Gracemount area, via SXL Framework.	£808,000
			£10,268,941

Date	Directorate	Resources	
	Supplier	Contract Description	Value
27/07/2020	Ideal Flooring Solutions Limited	Replacement floor tile coverings for Drumbrae Hub office via Domestic Repair & Maintenance (DRM) Framework.	£25,301
31/07/2020	Maxi Construction Ltd	Balerno High School, refurbishment works via CWF.	£3,377,585
13/08/2020	Apex Contracts Limited	Roof repairs, chimney render works and internal common repairs to properties in Clerk Street.	£46,562
19/08/2020	FES Ltd	Oxfangs Library, mechanical engineering services via CWF.	£402,515
11/09/2020	Clark Contracts Ltd	Multiple trade services to Mortonhall Crematorium via CWF.	£316,277
06/10/2020	FES Ltd	Mechanical engineering services for Blackhall Library, via CWF.	£326,301
13/10/2020	Dacoll Electrical Contracting Ltd	Electrical installation works for Benmore Outdoor Centre, via CWF.	£1,053,418
20/10/2020	James Breck Ltd	Repairs to mutual chimneys, various properties on South Bridge and Niddry Street.	£30,998
03/11/2020	Apex Developments Limited	Repairs to roofs, gutters, downpipes and all associated works, Ferry Road Drive.	£62,266
12/11/2020	Cornhill Building Services Ltd	Stonework and masonry works to City Chambers, via CWF.	£1,689,288
03/12/2020	Servest Arthur McKay Limited	Leith Academy electrical installation works.	£2,310,963
			£9,641,474

Appendix 2 – Contracts awarded under the Waiver of CSOs by Delegated Authority

The following relate to the period 1 July – 31 December 2020.

Waiver No.	Directorate	Chief Executive's Service	
	Supplier	Description / Justification for waiver	Value
Waiver 2275	Scottish Council Development & Industry	Annual subscription to Scottish Council for Development and Industry.	£20,681
Waiver 2287	Keirfield Ltd	Specialist support to the Electoral Management Board (EMB), third party funded, Council acting as administrator to EMB.	£20,000
Waiver 2364	Delib Limited	ICT software, promoting and recording Council consultations, service continuity.	£8,995
Waiver 2371	Idox Plc	E-count system for Council by-election, approved for use by Scottish Government, best interests.	£28,342
Waiver 2426	S L M Tanner QC	Supporting independent inquiry, best interests.	£150,000
Waiver 2436	Continuity2 Ltd	Resilience Management Information System, continuity of service.	£48,000
			£276,018

Waiver No.	Directorate	Communities and Families	
	Supplier	Description / Justification for waiver	Value
Waiver 2284	Port Edgar Watersports CIC	Facilitation of NAT 5 maritime course, best interests.	£10,948
Waiver 2285	Gold and Gray Soccer Academy Ltd	Football academies to support attainment, best interests.	£49,900
Waiver 2288	Edict Training Ltd	Attainment tracking system in schools, bespoke provision, consistent with existing and other local authorities.	£20,000
Waiver 2295	BT Redcare	Connectivity fibre lines between CCTV centres across the Council estate, proprietary.	£14,000
Waiver 2303	Muddy Faces Ltd	Protective clothing for outdoor all year learning activities, best interests.	£49,000
Waiver 2309	Scott Direct Ltd	Hand sanitiser and dispensers for schools and nurseries, due to Covid-19 pandemic, urgent need and shortage in suppliers.	£110,166
Waiver 2315	Bernard Hunter Limited	Two containers for Royal High School storage, best interests.	£7,380
Waiver 2318	MW Guest House	Homeless accommodation for those at increased risk during the Covid-19 pandemic.	£100,000

Waiver 2319	Canadale Guest House	Homeless accommodation for those at increased risk during the Covid-19 pandemic.	£100,000
Waiver 2320	Capability Scotland	Childcare support service for inclusion of children with additional support needs in mainstream childcare settings.	£199,051
Waiver 2322	Adapt Scotland Ltd	Intensive programme for a family for whom the Council is providing post adoption support.	£30,000
Waiver 2323	Mind of My Own Ltd	Specific ICT software which allows 'looked after young people' to source training and feedback opinions.	£32,853
Waiver 2333	Jack Kane Community Centre	Engagement support for St Francis Primary School pupils and families, best interests.	£14,000
Waiver 2335	The Skillzone (Scotland) Ltd	Accredited training provider to support those at risk of removal from mainstream education, PEF funded.	£25,000
Waiver 2336	Lion Safety Ltd	Face coverings for High Schools as a result of Covid-19 pandemic, urgent requirement.	£24,000
Waiver 2337	Playfair House Hotel	Exclusive use of this hotel as accommodation for homeless people at increased risk during the Covid-19 pandemic.	£135,000
Waiver 2338	M McHardy	Counselling and religious support within Holy Rood High School, continuity of service.	£10,800
Waiver 2339	CPP Trading Group T/A Clyde Paper & Print	Hand sanitiser and dispensers for schools and nurseries, due to Covid-19 pandemic, urgent need and shortage in suppliers.	£24,580
Waiver 2347	The Action Group	Specialist support programme, due to Covid-19, for children and young people with disabilities, over October holidays.	£7,000
Waiver 2347	Lothian Autistic Society	Specialist support programme, due to Covid-19, for children and young people with disabilities, over October holidays.	£12,912
Waiver 2348	Love@care Ltd	Emergency placement for young person after breakdown in arrangements, no availability from contracted supplier.	£49,000
Waiver 2349	Action For Children	Increased costs for outreach services with a short break respite provision, best interests.	£21,180
Waiver 2355	Edinburgh Living MMR LLP	Homeless accommodation during Covid-19 pandemic.	£200,000
Waiver 2356	Jack Kane Community Centre	Early intervention programme in the five local area primary schools, best interests.	£22,800
Waiver 2358	Intercultural Youth Scotland	Anti-racism education project, Royal High School, tailored programme to suit needs of pupils, best interests.	£5,760
Waiver 2362	Renaissance Learning UK Ltd	ICT related curriculum delivery support for primary schools, already in use by a number of schools, best interests.	£75,000
Waiver 2367	Basil Paterson Middle School	Specialist support for two children in mainstream education with additional needs.	£30,000
Waiver 2374	Intercultural Youth Scotland	Anti-racism education project, Liberton High School, tailored programme to suit needs of pupils, best interests.	£5,760

Waiver 2378	Calabar Education Consultants Ltd	Specialist equality related support to schools.	£9,500
Waiver 2379	Matta Products UK	Quality playground safety surface, sole supplier of specific requirements, not available through SXL Framework.	£49,999
Waiver 2380	Old Waverley Hotel Limited	Homeless accommodation during Covid-19 pandemic.	£100,000
Waiver 2388	U-Evolve	Therapeutic services for schools, continuity of service and support with pupils.	£22,000
Waiver 2389	Simon Community Scotland	Homelessness and Rough Sleeping Action Group, link officers for rapid access, third party funded.	£29,000
Waiver 2390	Premier Inn Business Account	Temporary accommodation for homeless during Covid-19, best interests.	£250,000
Waiver 2391	Ballantrae Hotel	Temporary accommodation for homeless during Covid-19, best interests.	£249,000
Waiver 2392	Ballantrae Hotel Group / Albany Hotel	Temporary accommodation for homeless during Covid-19, best interests.	£250,000
Waiver 2396	Action For Children	Specialist unit support for young people with complex education needs.	£40,000
Waiver 2400	Cameron Veitch	Temporary accommodation for homeless during Covid-19, best interests.	£20,000
Waiver 2401	G Menzies	PEF funded basketball sessions for schools.	£9,000
Waiver 2407	Dr S Rieuwertz	Trainee support for German attainment in schools, third party funded.	£16,800
Waiver 2411	Pentagull Ltd	Electronic booking system to allow the public to book visits to Council libraries as a result of Covid-19, best interests.	£8,700
Waiver 2413	Edinburgh Voluntary Organisation Council	Extension to enable development of Council wide approach to commissioning and support to voluntary organisations, best interests.	£59,170
Waiver 2422	Cameron Guest House Group	Temporary accommodation for homeless during Covid-19, best interests.	£150,000
Waiver 2428	Landcare Solutions (Scotland) Ltd	Specialist artificial play grass and safety surface, not available through SXL Framework.	£49,999
Waiver 2431	Gold and Gray Soccer Academy Ltd	PEF funded football coaching, best interests.	£25,000
Waiver 2433	Global MSC Security Limited	Data transmission survey as part of Public Realm CCTV scoping exercise.	£8,400
			£2,732,658

Waiver No.	Directorate	Health and Social Care Partnership	
	Supplier	Description / Justification for waiver	Value
Waiver 2297	Irwin Mitchell LLP	Legal services for care placements, new 'one off' requirement at short notice.	£45,000
Waiver 2302	Scottish Care Commercial	Essential care home support, sole provider across Scottish authorities, best interests.	£183,696
Waiver 2306	Scottish Huntington's Association	Specialist support for individuals with Huntington's Disease, funded by NHS Lothian.	£42,448
Waiver 2307	Multiple Sclerosis Therapy Centre Lothian	Specialist support for individuals with Multiple Sclerosis, funded by NHS Lothian.	£36,500
Waiver 2311	Spotlight Support C.I.C.	Support to individuals with learning disabilities for access to further education, best interests.	£35,000
Waiver 2312	Reed Specialist Recruitment	Temporary staff for kitchen and care staff across a number of care homes, best interests.	£160,000
Waiver 2316	Teal Furniture Ltd	Furniture for care homes from specialist provider in this field, best interests.	£45,000
Waiver 2344	Circle	Continuation of support for young people relating to drug and alcohol abuse, best interests.	£25,183
Waiver 2350	Edinburgh Voluntary Organisations Council	Continuity of service for delivery of community development intervention, procurement delayed due to Covid-19.	£200,000
Waiver 2360	Link Up Women's Support Centre	Mental health and wellbeing services, service continuity.	£21,764
Waiver 2369	TM&R Ltd	Subscription to The Addiction Recovery Companion application.	£22,670
			£817,261

Waiver No.	Directorate	Place	Value
	Supplier	Description / Justification for waiver	
Waiver 2278	Network Rail	Support and work on Powderhall Railway Path, Network Rail as asset owner, proprietary.	£10,000
Waiver 2279	North Edinburgh Arts Ltd	Community engagement to support design of Active Travel route, provider with knowledge of community, best interests.	£12,000
Waiver 2280	Reactec Limited	Extension to contract for Health & Safety related monitoring system, best interests.	£25,000
Waiver 2292	Edinburgh Chamber of Commerce	Business development function to support existing businesses on the new tram route, best interests.	£60,000
Waiver 2293	Parity Professionals Limited	Specialist consultancy and knowledge for Edinburgh and South East Scotland City Region Deal, best interests.	£6,000
Waiver 2300	Hako Machines Limited	Specific parts for existing compact road sweepers, sole supplier.	£15,000
Waiver 2305	D Stewart Fencing	Short term supply of street name-plates until new contract is tendered, best interests.	£10,000
Waiver 2310	ACS Physical Risk Control Ltd	Asbestos Management System implementation, best interests.	£29,400
Waiver 2325	Granart Limited	Bespoke memorialisation for the crematorium to a set design to match with others already in situ.	£25,000
Waiver 2326	Innovyze Limited	Specialist river modelling software for the development of Surface Water Management Plans (SWMP), sole supplier.	£16,100
Waiver 2327	Kerrs Removals	Storage for a tenant due to ongoing difficulties and delays with contractors carrying our adaptations, best interests.	£7,500
Waiver 2332	Indigo House Group Ltd	Specialist consultancy to help inform the City Plan 2030, urgent requirement.	£18,440
Waiver 2340	Hutton + Rostron Environmental Investigations Limited	Update to masonry and timber survey of Powderhall Stables, previously undertaken by supplier in 2018, best interests.	£5,805
Waiver 2341	Scottish Lime Centre Trust	Sole specialist supplier to test and sample rendering to allow repairs works to traditional and historic Council properties.	£10,000
Waiver 2342	The Whin Marketing Company Ltd	Urgent update and maintenance of Council www.edinburgh.org website, best interests.	£15,750
Waiver 2346	Under One Roof	Impartial advice on repairs and maintenance for flat owners and advisers working with owners in Scotland, sole supplier.	£20,808
Waiver 2352	Pump Action Limited	Urgent health and safety related repairs to Ross Fountain.	£12,164
Waiver 2353	Stage Electrics	Specialist repairs to ensure that lifting operations on stage are undertaken in accordance with health and safety legislation.	£10,243

Waiver 2357	SeatGeek Entertainment Ltd	Usher Hall, proprietary ticketing software.	£40,000
Waiver 2359	Powderhall Bronze Ltd	Replacement, by original supplier, of five bronze cast pigeons and repairs to three damaged bronze pigeons from Elm Row.	£12,000
Waiver 2361	Scotbark	Short term extension for play-grade wood chip until new contract tendered, best interests.	£49,999
Waiver 2363	Lookers Plc	Purchase of vehicles to support research project into emerging vehicle charging technology, third party funded.	£80,000
Waiver 2366	United Kingdom Accreditation Service	Annual quality assessment of scientific services, sole provider.	£18,000
Waiver 2368	Tradstocks Ltd	Short term extension to existing contract for natural stone whilst tendering is undertaken, best interests.	£200,000
Waiver 2370	CCG Scotland Ltd	Additional road works at Leith Fort project, by the original contractor who undertook remainder of the works.	£32,127
Waiver 2372	British Telecommunications PLC	Alterations to existing BT cabling, to enable repairs works to traditional and historic properties, proprietary.	£43,735
Waiver 2373	British Telecommunications PLC	Proprietary communications lines for traffic signals control, due to be replaced during 2021.	£58,475
Waiver 2375	TESGL Limited	Continuance of service for current metering system and associated billing for Council properties, best interests.	£15,342
Waiver 2376	Air Monitors Ltd	Air Monitors to monitor air quality in the city, sole supplier, third party funded.	£80,211
Waiver 2377	Penna PLC	Recruitment support to source suitably qualified Health and Safety Manager, best interests.	£49,000
Waiver 2381	British Telecommunications PLC	Communications lines to allow synchronised traffic signal control, supplier of existing telecoms lines, proprietary.	£182,000
Waiver 2385	RTEM Ltd	Classification system for traffic signal controller to support bus priority, sole supplier.	£6,418
Waiver 2397	Zetasafe Limited	Electronic asset management system for Legionella compliance, proprietary system.	£12,437
Waiver 2404	Groundwater Dynamics Ltd	Bespoke, sewage network drainage solution, third party funding.	£68,250
Waiver 2405	KC Scaffolding Ltd	Temporary scaffolding for Salvesen Steps and River Almond Walkway until permanent capital project can be undertaken.	£30,000
Waiver 2406	Br Hallworth Ltd	Continuance of support and maintenance of proprietary SPRUCE tram software system.	£22,500
Waiver 2409	Multi-Supplier Framework	Short term extension to winter contingency framework until new contract is in place.	£250,000

Waiver 2412	Rhinowash Ltd	Vehicle washers for Seafield depot to match existing across the Council estate until new tender undertaken.	£8,751
Waiver 2415	ESRI (UK) Ltd	Annual Maintenance of proprietary ICT web-mapping service.	£11,895
Waiver 2416	Insite Energy Ltd	Short term metering and billing services for direct heating at Greendykes properties until strategic solution identified.	£10,000
Waiver 2417	Prettybright Ltd	Urgent requirement to project manage the Shop Local campaign.	£24,288
Waiver 2418	Healthmatic Limited	Counter sensors for public conveniences, contract extension to continue monitoring during Covid-19 situation.	£10,000
Waiver 2419	Zipporah Ltd	Online booking system due to Covid-19 for taxi and private hire car driver licences to book compulsory training course.	£11,900
Waiver 2421	IOM Consulting Ltd	Urgent asbestos consultancy support, best interests.	£10,918
Waiver 2423	GB Fraud and Financial Risk Management	Specialist fraud and financial risk support for Housing Property.	£10,000
Waiver 2427	Fischer Panda UK Limited	Supply and installation of new generator for travelling gallery vehicle, limited supply market, part third party funded.	£7,935
Waiver 2432	Ross & Liddell Limited	Extension to factoring services for 21st Century Homes development, in agreement with residents association.	£100,000
Waiver 2434	WYG Environment Planning Transport Ltd	Continuity of service for structural survey of the gasholder at Granton, best interests.	£21,305
Waiver 2435	Lothian Buses PLC	Funding contribution to Lothian Bus service 400.	£100,000
Waiver 2437	Rozone Limited	Continuation of service for repair of fleet workshop equipment, whilst tender being developed.	£15,000
Waiver 2439	Now Wireless Limited	Proprietary communications equipment for traffic signals, compatible existing secure solution.	£25,000
			£1,926,696

Waiver No.	Directorate	Resources	
	Supplier	Description / Justification for waiver	Value
Waiver 2274	TESGL Limited	Continuity of service for Council's Building Energy Management System (BEMS) until new contract awarded.	£200,000
Waiver 2277	Shoosmiths LLP	Independent review of the Council's Planning Processes, best interests to utilise a supplier out-with current framework following Council Motion.	£45,000
Waiver 2283	XpertHR	Online system for reward and benefits benchmarking used by HR, best interests.	£10,135
Waiver 2286	Local Planet Solutions Ltd	ICT system for management of the interpretation and translation bookings for Council services, proprietary rights.	£5,400
Waiver 2290	RON Services Limited	Ongoing cleaning services for school buildings and lifelong learning estate, resulting from Covid-19, best interests.	£240,000
Waiver 2291	Vastint Hospitality BV	Secure timber hoarding for Fountainbridge utilising contractor already on site, best interests.	£30,083
Waiver 2296	Servest Arthur McKay Limited	Security services for Council buildings, contracted supplier unable to fulfil all security requirements due to Covid-19.	£119,579
Waiver 2308	CoStar UK Limited	Online subscription service for property valuations, and benchmarking, sole supplier of specific requirement.	£10,868
Waiver 2334	BLM	Legal fees relating to insurance claims and associate defence in line with terms of insurance policy.	£20,000
Waiver 2343	Tiny Tablet Ltd	Audio and visual equipment for a number of nurseries, direct sourcing due to main contractor going into liquidation.	£23,000
Waiver 2365	Team Netsol Ltd	Housing and tax benefit processing software, service continuance.	£22,464
Waiver 2382	Hays Specialist Recruitment Ltd	Sourcing of procurement specialist not available through contracted supplier, best interests.	£8,987
Waiver 2395	SystemsLink 2000 Limited	Energy management software, service continuance to allow time for evaluation of integration under CGI contract.	£20,000
Waiver 2399	Link Asset Services	Review of PPP Contracts in response to legislative change in policy, best interests.	£12,000
Waiver 2402	Pebble	Continued use of online software system for schools payment processes, service continuity.	£30,000
Waiver 2408	E.D.P. Health, Safety and Environment Consultants Limited	Urgent asbestos surveying related services to support in-house provision, best interests.	£150,000
Waiver 2410	PayPoint Collections Limited	Short term extension of electronic payments system for Scottish Welfare Fund until new contract in place, delayed due to Covid.	£40,000
Waiver 2414	MacRoberts LLP	To ensure continuity of legal advice in relation to ALEO, best interests.	£16,000

Waiver 2420	Symetri Limited	Autodesk based software, annual support and maintenance, ICT proprietary.	£24,254
Waiver 2425	Zurich Municipal	Continuity of service for compliance testing of equipment while procurement process is undertaken.	£171,392
Waiver 2438	Spaans Babcock	Maintenance of specialist equipment at Saughton Hydro Plant by the original equipment manufacturer, best interests.	£15,000
			£1,214,162

Appendix 3 – Contracts awarded under the Waiver of CSOs by Committee approval

The following relate to the period 1 July – 31 December 2020, it is noted there were no awards via waiver of CSOs by Committee approval for the Chief Executive’s Service or Health and Social Care Partnership.

Waiver No.	Directorate	Communities and Families	
	Supplier	Description / Justification for waiver	Value
Waiver 2324	Edinburgh Women’s Aid Four Square Scotland Shakti Women’s Aid	Extension to current domestic abuse contracts to permit service continuity and allow time to complete the procurement with suitable co-production of a redesigned service delivery model delayed due to impact of Covid-19.	£1,076,806
Waiver 2383	Multiple Providers of Properties	Contracts for temporary accommodation on a spot purchase basis for the period to 31 March 2021, to supplement the current contracted provision of accommodation.	£3,504,000
			£4,580,806

Waiver No.	Directorate	Place	Value
	Supplier	Description / Justification for waiver	
Waiver 2317	Changeworks Resources for Life Ltd	Short term extension to enable current supplier to continue to progress delivery programme of housing energy projects on behalf of the Council to ensure compliance with Scottish Government’s Energy Efficiency Standards for Social Housing (ESSH).	£407,000
Waiver 2329	ISS Facility Services Limited	Business continuity for stair cleaning services, allowing time for the procurement process to be finalised and a new contract put in place.	£500,000
Waiver 2331	Multiple Supplier Framework	Urgent purchase and hire of traffic management materials to support the second phase of the Spaces for People programme where it is not possible to utilise existing procurement frameworks to meet the critical timeline.	£2,600,000
Waiver 2384	Hamilton Waste & Recycling Ltd	Short term extension for the treatment and disposal of bulky waste from Household Waste and Recycling Centres (HWRC’s), special uplifts and street cleansing whilst the replacement contract procurement exercise is completed.	£403,600
Waiver 2429	All in Edinburgh / EnCompass / Next Step	Extension to current Supported Employment and Complex Needs Employability Services contracts, to allow sufficient time to consult with clients and providers to perform a	£1,846,748

		review of service delivery and to procure replacement services as required.	
Waiver 2430	Neil Williams Haulage (NWH) and Enva	Short term extension for the haulage of waste to disposal outlets to allow the procurement process to be concluded and for the appropriate handover of activities to new suppliers as applicable.	£380,000
			£6,137,348

Waiver No.	Directorate	Resources	
	Supplier	Description / Justification for waiver	Value
Waiver 2330	Northumbria Healthcare NHS Foundation Trust	Service continuity to allow Northumbria Healthcare NHS Foundation Trust to continue to support the Salary Sacrifice Car Benefit Scheme until a new contract is in place.	£450,000
Waiver 2403	Multi-supplier Framework	Extension to Contractor Works framework as service continuity, to permit further time to determine the most appropriate approach to the new procurement exercise to replace the current framework impacted as a result of the Covid-19 pandemic and current uncertainty in the contractor market.	£103,421,000
			£103,871,000

Appendix 4 – Procurement Programme – Anticipated Regulated Procurements Across the Council

Note: the names of the projects are working titles only. The projects are at different stages of development and therefore subject to change.

Project / Requirement	Services/ Goods/ Works S/G/W	Directorate	Anticipated Value (Range)	Estimated Award Date
Council Records Management	S	Resources	Below £5m	May 2021
BEMS Maintenance, Installation and Support	S	Resources	Below £5m	May 2021
Supply and Recycling of Natural Stone Products	G	Place	Below £5m	May 2021
Recovery Support from Drug and Alcohol Addiction	S	HSC	Below £5m	May 2021
Edinburgh Shared Repairs Service	W	Resources	Below £5m	Jun 2021
Early Years Expansion Programme	W	C&F	Below £5m	Aug 2021
Learning Disabilities Housing Support with Care at Home	S	HSC	£10m and above	Oct 2021
Supported Accommodation and Visiting Support for People with Complex Needs	S	HSC	£10m and above	Oct 2021
Blended Employment Services	S	Place	£5m and above	Oct 2021
Shared Overnight Support – Responder Service	S	HSC	Below £5m	Oct 2021
Home Based Support	S	HSC	£10m and above	Dec 2021
Construction Works Framework	W	Resources	£10m and above	Dec 2021
Trade Materials and Associated Services	G/S	Place	£10m and above	Dec 2021
Meadowbank Housing Development	W	Place	£10m and above	Jan 2022
Over 120 Additional Projects at Early Engagement Stage	S/G/W	Various	From £25k and above	2021/22

Finance and Resources Committee

10.00am, Thursday, 4 March 2021

Contract Award Recommendation Report in respect of Supply and Distribution of Janitorial Products

Executive/routine Wards Council Commitments	Routine All
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1. Recommendations

- 1.1 The Finance and Resources Committee is recommended to:
- 1.2 Approve the award of the contract in respect of the Supply and Distribution of Janitorial Products to Instock Limited; and,
- 1.3 Approve the commencement of the contract, on 22 March 2021, for a period of three years with the option to extend for a further 12-month period, at a total estimated cost of £3.6m.

Stephen S. Moir

Executive Director of Resources

Contact: David Latimer, Operations Manager, Facilities Management
Property and Facilities Management Division, Resources Directorate

E-mail: david.latimer@edinburgh.gov.uk | Tel: 07845 015814

Contract Award Recommendation of the Supply and Distribution of Janitorial Products

2. Executive Summary

- 2.1 This report seeks approval to award the contract for the Supply and Distribution of Janitorial Products to Instock Limited to commence on 22 March 2021 for an initial period of three years with the option to extend for a further 12-month period.

3. Background

- 3.1 The Council has a requirement for a wide range of janitorial products for use throughout the operational estate with the largest demand being across the education estate.
- 3.2 Current arrangements for janitorial products are from a range of suppliers and therefore the decision was taken to consolidate and undertake a mini competition on the Scotland Excel (SXL) Framework Agreement 12-18 for the Supply and Delivery of Janitorial Products. This SXL framework includes the option to utilise the lot for a one-stop shop which provides the option of contracting with a sole supplier to meet the Council's janitorial requirements.
- 3.3 The contract will provide the Council with a mechanism to procure a range of janitorial products, including but not limited to, paper-towels, toilet rolls, cleaning chemicals, hand-soap, refuse sacks and cleaning equipment such as mops and buckets.
- 3.4 The purpose of this report to confirm the outcome of the mini tender and seek authority to award the contract to the successful bidder.

4. Main report

- 4.1 Due to the requirement to appoint a suitably qualified and experienced supplier for the supply and delivery of janitorial products, Commercial and Procurement Services conducted a mini competition on the SXL Framework Agreement 12-18 for the Supply and Delivery of Janitorial Products.

4.2 The SXL framework was split into four lots as shown in Figure 1 below:

Figure 1: Lotting Structure

Lot No	Description
1	Paper Products
2	Janitorial Products
3	Chemical Products
4	One-Stop-Shop-Lot

4.3 After considering all options, the mini competition was published to all seven suppliers on Lot 4 One-Stop-Shop as this was deemed to provide the additional benefit of reducing carbon emissions across the City by having one delivery of all products ordered as opposed to a number of deliveries by multiple suppliers. In turn this provides the supplier with scale as well as helping reduce costs which will also reduce the internal resource on contract administration and management.

4.4 Extensive work was carried out by Commercial and Procurement Services and Property and Facilities Management to reduce and consolidate the catalogue and define the Council's core list. This strategy was developed to drive savings from using less non-core purchases and the contract manager will oversee any requests for items to be added to the core list.

4.5 In line with the framework requirements, all seven suppliers were invited to tender on the Public Contracts Scotland portal. Prior to their appointment on the SXL framework, all suppliers were pre-vetted to ensure that they satisfied the requirements necessary for the delivery of these goods, including questions on insurance, financial standing, quality management, health and safety and environmental management.

4.6 Tenders were evaluated based on the Most Economically Advantageous Tender (MEAT). The weightings applied were as per the terms of the framework:

Technical 18%

The Technical award Criteria measured aspects, defined by the Council, which are detailed in Figure two:

Figure 2: Technical Scoring

Criteria	Weighting %
Delivery of the Contract	35
Performance Management	15
Complaints Procedure	5
The Environment	15
Community Benefits	10
Business Continuity	10
Fair Work Practices	10
TOTAL	100%

Commercial 82%

- 4.7 Bidders were invited to offer a net delivered price for each of the products in a basket of goods for all categories (janitorial, chemicals and paper) which would be multiplied by the total estimated volumes to provide the overall bid total offer price.
- 4.8 The recommendation for award of this contract is based on the completed evaluation scores in the following table:

TENDERER	Price (max 82%)	Technical (max 18%)	TOTAL
Instock Limited	81.72	16.43	98.14
Tenderer 2	82.00	13.95	95.95
Tenderer 3	78.55	12.83	91.37
Tenderer 4	71.52	12.60	84.12

5. Next Steps

- 5.1 Subject to approval, the contract will be awarded, implemented and mobilised. The contract manager will liaise with the supplier to create a bespoke catalogue for the contracted items to be purchased via Oracle.

- 5.2 The Contracts and Grants Management team (CAGM) will engage with the contract manager to ensure that effective contract management is delivered throughout the contract lifecycle as detailed in the Contract Management and Handover Report. All efficiencies identified in the procurement process should be delivered by the service area through proactive supplier engagement and monitoring of management information.

6. Financial impact

- 6.1 A benchmarking exercise was conducted on the basket of goods, that the tenderers submitted pricing for, comparing current prices against the new contract pricing submitted by Instock Limited. The result of this benchmarking demonstrated savings of 18.1%. Actual costs/savings are largely dependent on the order quantities and type of product ordered which will be monitored by the contract manager.
- 6.2 The prices are fixed for the first 24 months of the contract as part of the tender. Pricing will be renegotiated with the supplier thereafter for any subsequent years
- 6.3 The costs associated with procuring this contract are estimated at up to £10,000.

7. Stakeholder/Community Impact

- 7.1 This requirement is necessary to fulfil services and provide a consistent level of professionalism by ensuring that identified Janitorial products outlined in the scope are delivered consistently across all Council Services. This is of significant importance during the current pandemic.
- 7.2 Following consideration of the Integrated impact Assessment (IIA), it was agreed that there is no impact to the Council's specific public sector equality duties as none have been identified.
- 7.3 During the term of this contract the contract manager will work with Instock Limited to reduce the amount of non-recyclable packaging and promote re-usable versus single use packaging. Additionally, delivery routes and volume of stock transfer will be mutually agreed to minimise distances travelled.
- 7.4 The supplier has confirmed their commitment to offer community benefits from the community benefits menu within the tender document. Community benefits points will be accrued dependent on the level of spend. The Council will have the option to request that specific community benefits are delivered by Instock Limited such as:
- Community Projects, Social Inclusion and Wellbeing Activity: such as donation of goods, equipment or time and expertise including support for local recreation, arts and sports events and improvements to local environment or local facilities; and,

- Mentoring and educational support: such as school visits, careers events, mentoring a young person, awareness days or workshops, sponsoring local events.

7.5 Instock Limited, whilst not presently accredited, have demonstrated an understanding of fair pay and have a policy in place to ensure fair working practices throughout their supply chain. They have stated that they do not use zero-hour contracts.

8. Background reading/external references

8.1 Not applicable.

9. Appendices

9.1 Appendix 1 – Summary of Tendering and Tender Evaluation Processes

Appendix 1 – Summary of Tendering and Tender Evaluation Processes

Contract	Supply and Delivery of Janitorial Products		
Contract Period	Three years with the option to extend for a further 12 months.		
Estimated Aggregate Contract Value (including extensions)	£3.6m		
Procurement Route Chosen	Mini Competition utilising Lot 4 One-Stop-Shop of the Scotland Excel 12-18 Supply and Delivery of Janitorial Products		
Tenders Returned	4		
Recommended supplier	Instock Limited		
Price / Quality Split	Price 82	Quality 18	
Cost/Quality Rationale	<p>The weightings were agreed within the SXL strategy and meetings with the User Intelligence Group (UIG).</p> <p>There was a set of Qualification Questions to ensure the suppliers appointed to the framework were suitably qualified. On that basis the weightings were set at the cost: quality ratio of 82:18.</p>		
Quality Split Breakdown (18%)	Criteria		Weighting
	M1	Business Continuity – COVID 19 Supplementary Information	For Information Only
	M2	Zero Hours Contracts and the Living Wage	For Information Only
	M3	Resource Efficient Scotland Pledge	For Information Only
	M4	Ability to Transact	For Information Only
	Q1	Delivery of the Contract	35

	Q2	Performance Management	15
	Q3	Complaints Procedure	5
	Q4	The Environment	15
	Q5	Community Benefits	10
	Q6	Business Continuity	10
	Q7	Fair Work Practices	10
Evaluation Team	Representatives from Property and Facilities Management.		
Procurement Costs	Up to £10,000		

Finance and Resources Committee

10.00am, Thursday, 4 March 2021

St Crispin’s School, Watertoun Road, Edinburgh – Proposed Disposal

Executive/routine	Routine
Wards	Ward 15 Southside/Newington
Council Commitments	2, 10, 28

1. Recommendations

- 1.1 That Committee approves the appointment of Cala Homes as preferred bidder for the disposal of the St Crispin’s School site on Watertoun Road on the terms and conditions 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: Craig Dalgliesh, Development and Disposals Manager,

Property and Facilities Management Division, Resources Directorate

E-mail: craig.dalgliesh@edinburgh.gov.uk | Tel: 0131 529 3173

St Crispin's School, Watertoun Road, Edinburgh – Proposed Disposal

2. Executive Summary

- 2.1 St Crispin's school is currently being replaced as part of the "Wave 3 Schools" programme as approved by Council on 18 December 2008. Part of the capital receipt achieved from the sale of the existing school is allocated to the funding package for the new facility. To avoid holding costs for the existing school when vacated, and to coincide with completion of the new school, marketing commenced in October 2019. At the closing date, on 29 January 2020, 26 bids were received.
- 2.2 This report seeks approval to select Cala Homes as preferred bidder for the site, on the terms and conditions outlined in the report.

3. Background

- 3.1 On 18 December 2008, the Council approved, as part of the "Wave 3 Schools" programme, a new St Crispin's School. To contribute to the funding of the new facility, £4.5m was allocated from the capital receipt from the sale of the existing school.
- 3.2 The existing school was built in the 1960s and was considered beyond its economic life. It is located on Watertoun Road, within the Blackford area of the city, as shown outlined in red on the attached plan.
- 3.3 To minimise future vacant property holding costs when the new school is completed, marketing commenced in the autumn of 2019.
- 3.4 The marketing exercise produced 23 notes of interest, the majority from residential developers and a number from care home developers.
- 3.5 At the closing date, on 29 January 2020, 26 bids were received. Bids were submitted by 21 different parties with some electing to submit multiple offers depending on density or conditionality on receiving planning permission.

4. Main report

- 4.1 All bids were analysed against criteria including the level of receipt, density, design and deliverability. This exercise produced a shortlist of 13 bids, which were considered to merit further consideration to be taken forward for community consultation.
- 4.2 The factors considered in the Best Value analysis depend on the nature of each disposal. In this instance, apart from the calculation and timing of the net capital receipt and purchaser's ability to fund the transaction, other factors considered included previous track record of the developer, planning risk, proposed timescale and confirmation that the developer had full understanding of the likely Section 75 planning agreement obligations.
- 4.3 Using these factors the bids were reduced to a net price basis. The shortlist of 13 bids scored against net price and allocated a descending score from 13 to 1.
- 4.4 A consultation session was held in the City Chambers with representatives of the local resident's association, and local elected members, where the shortlisted developer layouts and proposals were anonymously discussed. To evaluate the community engagement session, the representatives of the association each scored the thirteen bids against the following 3 themes:
- Design Layout
 - Development Mix
 - Community Impact
- 4.5 The scores were aggregated, and the bids given a descending score from 13 to 1.
- 4.6 A two third weighting was applied to the score from the Council scoring process and one third to the scores from the community representatives.
- 4.7 By combining the two weighted figures, Cala Homes has emerged as the preferred bidder. Cala came out top of the evaluation of the adjusted net price and second in the community evaluation. The scoring is summarised in the table below:

Developer	Net price ranking	2/3 weighting	Community ranking	1/3 weighting	Total
Cala (Offer 3)	13	4.329	12	8.004	12.333
Offer 8	8	2.664	13	8.671	11.335
Offer 4	9	2.997	10	6.67	9.667
Offer 1	11	3.663	8	5.336	8.999
Offer 13	1	0.333	11	7.337	7.67
Offer 2	12	3.996	5	3.335	7.331
Offer 12	2	0.666	9	6.003	6.669
Offer 6	6	1.998	7	4.669	6.667
Offer 10	5	1.665	6	4.002	5.667
Offer 5	10	3.33	2	1.334	4.664
Offer 7	7	2.331	3	2.001	4.332
Offer 11	4	1.332	4	2.668	4
Offer 9	3	0.999	1	0.667	1.666

- 4.8 A follow-up session was arranged with residents and ward members were the feedback and scoring results were discussed.
- 4.9 The principal terms of the offer from Cala Homes are as follows:
- Price: £7,063,078 subject to a minimum guaranteed net price of £5,454,681 payable in three tranches, at completion, 12- and 18-months post completion;
 - Overage: Will be payable to the Council where average sales exceed a rate specified in the contract or if planning is secured for an increased density;
 - Development: 64 residential units including 16 onsite affordable homes;
 - Conditions: Planning permission, satisfactory Title and site investigations, Cala to undertake community consultation (to the satisfaction of the Council); and,
 - Costs: Developer to meet Council legal and property costs.
- 4.10 It is expected that the current proposal by Cala Homes will not be exactly what is ultimately developed on the site. The final proposal design may change to reflect any site constraints revealed from intrusive site investigations and/or detailed planning requirements that are unknown at this stage. Consequently, the gross price offered by Cala Homes may alter from the initial bid submitted. This is to be expected in disposals of this nature and would be the same for any party who had submitted a bid.
- 4.11 The development density classifies this site as a “major application” and as such Cala Homes are required to undertake statutory community engagement and reflect the outcomes in their proposal. In addition, it has separately been made clear to Cala that it is expected that community consultation will be undertaken in advance of any planning submission.

5. Next Steps

- 5.1 Following Committee approval, Legal Services will be instructed to conclude the conditional sale contract with Cala Homes. Cala will then proceed their due diligence including with further community consultation prior to submitting a planning application for the proposed development

6. Financial impact

- 6.1 A guaranteed minimum capital receipt of £5,454,681 will be received and paid in three equal tranches commencing in financial year 2021/22 and a further two payments in financial years 2022/23 and 2023/24.

- 6.2 From the receipt, £4.5m has been approved as a contribution towards the construction of the new school facility. The remaining receipt will be considered as a general fund capital receipt and go towards the annual £3m target for capital receipts as set out in the 2021-2031 Sustainable Capital Budget Strategy.

7. Stakeholder/Community Impact

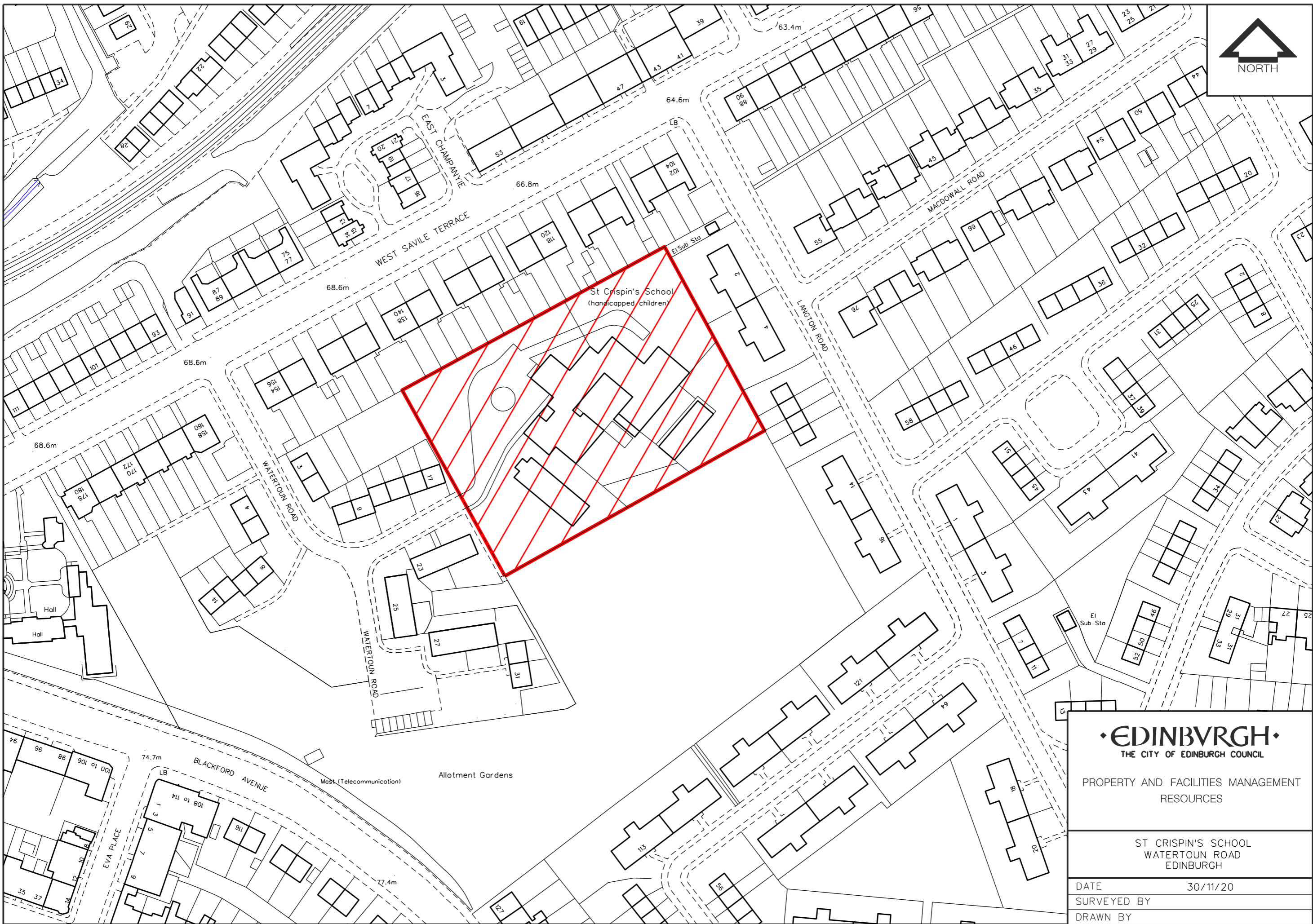
- 7.1 Ward members and representatives of the local community have been made aware of the recommendations of the report.

8. Background reading/external references

- 8.1 [Wave 3 Schools - Report to Council 18 December 2008](#)

9. Appendices

- 9.1 Appendix 1 – Location Plan



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EDINBURGH
THE CITY OF EDINBURGH COUNCIL

PROPERTY AND FACILITIES MANAGEMENT
RESOURCES

ST CRISPIN'S SCHOOL
WATERTOUN ROAD
EDINBURGH

DATE 30/11/20

SURVEYED BY

DRAWN BY

SCALE 1:1250 @ A3 SIZE

NEG. NO. A3/1974

SITE PLAN

SCALE 1:1250

Finance and Resources Committee

10.00am, Thursday, 4 March 2021

Unit 3, Phase 1, Clocktower Industrial Estate, South Gyle Crescent, Edinburgh – Proposed Lease Extension

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

1. Recommendations

- 1.1 That Committee approves a 20-year lease extension to NTL National Networks Limited of premises at Unit 3 Clocktower Industrial Estate, 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: iain.lamont@edinburgh.gov.uk | Tel: 0131 529 6693

Report

Unit 3, Phase 1, Clocktower Industrial Estate, South Gyle Crescent, Edinburgh – Proposed Lease Extension

2. Executive Summary

- 2.1 Unit 3 Clocktower Industrial Estate is currently let to NTL National Networks Limited on a lease which expires on 29 February 2024. The tenant has requested a 20-year lease extension to commence from 1 March 2024. This report seeks approval to grant a 20-year lease extension to NTL National Networks Limited for the property detailed on the terms and conditions outlined in the report.

3. Background

- 3.1 The property known as Unit 3 Clocktower Industrial Estate extends to 698.61m² (7,520sq ft) as shown outlined in red on the attached plan.
- 3.2 Since March 1999, NTL National Networks Limited have been the tenants operating a data and telecommunications centre. The current rent is £58,850 per annum.
- 3.3 The existing lease expires on 29 February 2024 and the tenant has requested that the Council grant a 20-year lease extension, from 1 March 2024, to provide enhanced security of tenure and facilitate longer term financial planning.

4. Main report

- 4.1 The following terms have been provisionally agreed:
- Subjects Unit 3 Clocktower Industrial Estate, Edinburgh;
 - Lease: 20-year extension from 1 March 2024 until 28 February 2044;
 - Rent: £58,850 per annum; (current passing rent);
 - Rent Review: 1 March 2024 and 5 yearly thereafter (at the March 2024 review the rent will increase to the higher of £67,680 or Market Rental Value);
 - Use: Data and Telecommunication Centre;

- Repairs: Tenant full repairing and insuring obligation;
- Costs: Tenant responsible for all the Councils legal costs; and,
- 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 lease.

5. Next Steps

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

6. Financial impact

6.1 The current passing is considered to be at market rental value. Effective from 1 March 2024 the rent will be increased to the greater of £67,680 per annum or the Market Rental Value of the subject. The increase in rent will go to the General Fund.

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

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Finance and Resources Committee

10.00am, Thursday, 4 March 2021

Longstone Depot, Murrayburn – Proposed Transfer to Housing Revenue Account

Executive/routine	Routine
Wards	Ward 2– Pentland Hills
Council Commitments	1 , 2 , 10 , 11

1. Recommendations

- 1.1 That Committee approves the transfer of Longstone Depot, Murrayburn, Edinburgh to the Housing Revenue Account on the terms and conditions as outlined in the report and on other terms and conditions to be agreed by the Executive Director of Resources.

Stephen S. Moir

Executive Director of Resources

Contact: Graeme McGartland, Investments Senior Manager,

Property and Facilities Management, Resources Directorate

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

Longstone Depot, Murrayburn – Proposed Transfer to Housing Revenue Account

2. Executive Summary

- 2.1 The Council's depot strategy to reduce the number of operational buildings will release the depot at Longstone. The depot has been identified as an opportunity to assist with the delivery of the Council's housing programme and the wider regeneration of the Wester Hailes area. This report seeks approval to transfer the depot from the General Fund to the Housing Revenue Account (HRA).

3. Background

- 3.1 On 2 February 2016, the Finance and Resources Committee approved a report setting out the investment strategy for the Council's depots estate. This was reviewed at the Finance and Resources Committee on 4 December 2018, with the Depots Gateway Review going much further than previously proposed, consolidating from 16 to 6 depot sites. This included a link to addressing the Council's ambition to expand and increase its housing supply by disposing of sites such as Longstone Depot, and other sites, for mixed tenure housing. An update on the Depots Strategy is the subject of a separate report to this Committee.
- 3.2 The Longstone depot site extends to approximately 0.379 hectares (0.936 acres) as shown outlined and hatched in red on the attached plan. The depot closed in 2017 and is currently in temporary use for salt storage.
- 3.3 The [Strategic Housing Investment Plan \(SHIP\) 2021-2026](#) sets out the Council's commitment to deliver 20,000 affordable homes over the next 10 years alongside its housing association partners.

4. Main report

- 4.1 The Council's house building programme continues to make good progress with over 1,300 homes completed, around 700 under construction and a further 4,400 at varying stages of design development. The programme does however need to bring in additional sites to meet the existing commitment.
- 4.2 An initial feasibility study by the HRA suggests the site is viable for a mixed tenure housing development of approximately 25 units.

- 4.3 Transferring the site to the HRA will enable the drawdown of allocated Affordable Housing Supply Programme (AHSP) funding from the Scottish Government for new affordable homes.
- 4.4 A transfer figure of £450,000 has been agreed with the HRA. The site value is based on the assessment by Property and Facilities Management of the value of the site for an affordable led housing development.
- 4.5 Whilst it is possible that a higher gross land value could be achieved should the site be placed on the market, a transfer to the HRA gives certainty over the level of receipt which would be payable within a shorter timescale as it is not conditional on detailed planning consent being in place.
- 4.6 Retaining the site in Council ownership also provides future place making and regeneration opportunities of the wider Murrayburn area. On 5 March 2020, Finance and Resources Committee approved the transfer of Murrayburn depot, situated nearby, to the Housing Revenue Account. The transfer of Longstone allows for a further land assembly within this area.

5. Next Steps

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

6. Financial impact

- 6.1 A capital receipt of £450,000 (inclusive of fees) will be received by the General Fund.

7. Stakeholder/Community Impact

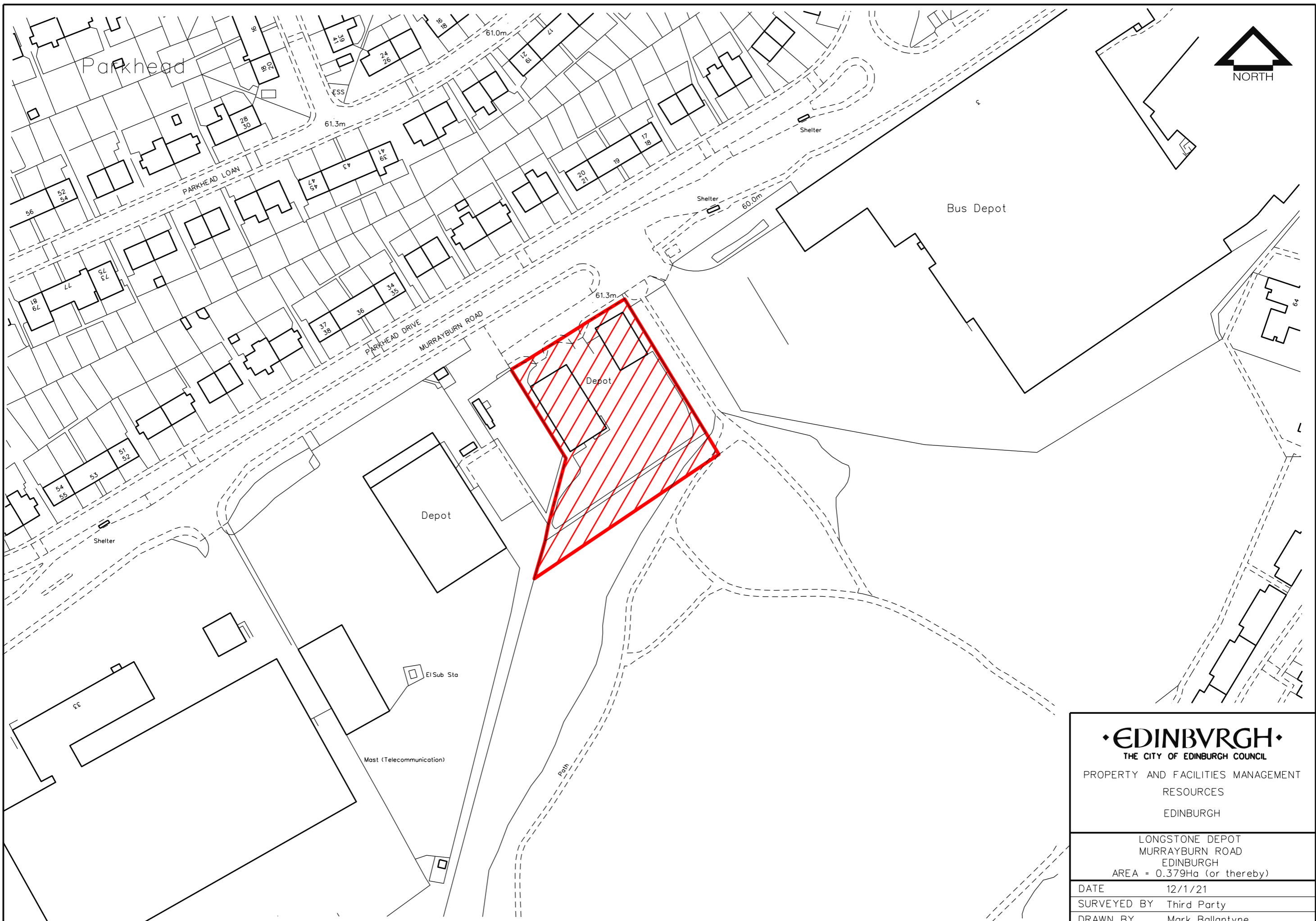
- 7.1 Ward members have been made aware of the recommendations of the report.

8. Background reading/external references

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

9. Appendices

- 9.1 Appendix 1 – Location Plan



• EDINBURGH • THE CITY OF EDINBURGH COUNCIL	
PROPERTY AND FACILITIES MANAGEMENT RESOURCES EDINBURGH	
LONGSTONE DEPOT MURRAYBURN ROAD EDINBURGH AREA = 0.379Ha (or thereby)	
DATE	12/1/21
SURVEYED BY	Third Party
DRAWN BY	Mark Ballantyne
SCALE	1:1250 @ A3 SIZE
NEG. NO.	A3/2287a

LOCATION PLAN

SCALE 1:1250

Finance and Resources Committee

10.00am, Thursday, 4 March 2021

65 Niddrie Mains Terrace – Proposed Lease

Executive/routine	Routine
Wards	Ward 17– Portobello/Craigmillar
Council Commitments	1 , 2 , 10 , 11

1. Recommendations

- 1.1 That Committee approves the lease of six flatted units at 65 Niddrie Mains Terrace on the terms and conditions as outlined in the report and on other terms and conditions to be agreed by the Executive Director of Resources.

Stephen S. Moir

Executive Director of Resources

Contact: Graeme McGartland, Investments Senior Manager,

Property and Facilities Management Division, Resources Directorate

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

65 Niddrie Mains Terrace – Proposed Lease

2. Executive Summary

- 2.1 The Council completed the sale of the property at 65 Niddrie Mains Terrace to LAR Housing Trust. The Council has agreed to lease the renovated flats for a 10-year term through the Health and Social Care Partnership to provide accommodation for adults with learning disabilities. This report seeks approval to lease the property from LAR Housing Trust, on the terms and conditions outlined in the report.

3. Background

- 3.1 The property at 65 Niddrie Mains Terrace is a detached block consisting of 5 flats and an office, formally used as a Day Service Hub. It was vacated several years ago and needs complete renovation to bring it back into use.
- 3.2 LAR housing Trust (LAR) has been in discussion with Council officers to identify projects which would provide the charity with additional homes in Edinburgh. Working with officers in Housing and Health and Social Care Partnership, the opportunity for the purchase of the property at Niddrie Mains Terrace was identified.
- 3.3 On 5 March 2020, the Finance and Resources Committee approved the disposal of 65 Niddrie Mains Terrace to LAR Housing Trust for £144,000 noting that almost £0.5m was required to bring the properties back into beneficial use.
- 3.4 The report noted the intention for the Council, through the Health and Social Care Partnership (H&SCP), to take a 10-year lease of the flats once the renovation works are complete. The renovation works are expected to complete during April and the purpose of this report is to approve the terms and conditions for the 10-year lease to H&SCP.

4. Main report

- 4.1 The following terms have been provisionally agreed:
- Subjects 6 x 2-bedroom flats at 65 Niddrie Mains Terrace;
 - Tenant: City of Edinburgh Council (Health & Social Care Partnership);

- Lease: 10 years from date of entry;
- Break Option: The Council, as tenant, will have the right to terminate the lease at any time during the term on serving 3 months' notice;
- Rent: £46,800 per annum;
- Rent Review: Annual rent increase in line with RPI;
- Repair: LAR responsible for all repairs to the building (other than damage caused by CEC tenants);
- Repairs: Tenant full repairing and insuring obligation;
- Costs: Each party liable for their own costs;

4.2 The lease will complete when officers in the H&SCP ensure that the specification meets the needs of adults with learning disabilities. Thereafter, occupiers for the property will be identified.

4.3 Should the break option be implemented by the Council the flats will revert to mid-market rent.

5. Next Steps

5.1 Following approval of the terms, the lease will be agreed to commence when the works have been completed to the satisfaction of the Council.

6. Financial impact

6.1 A rent of £46,800 per annum, rising annually in line with RPI, will be funded by the Health and Social Care Partnership

7. Stakeholder/Community Impact

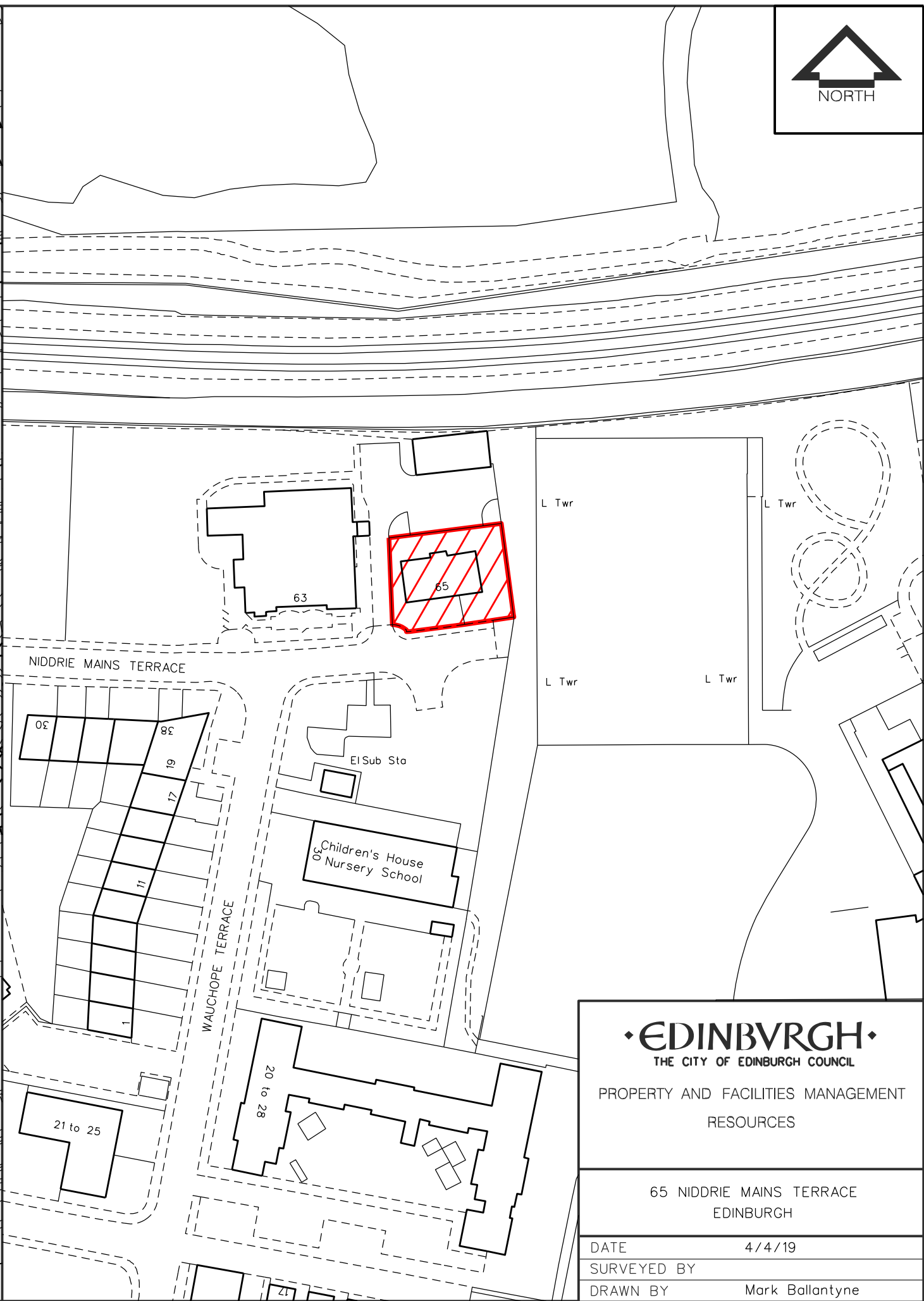
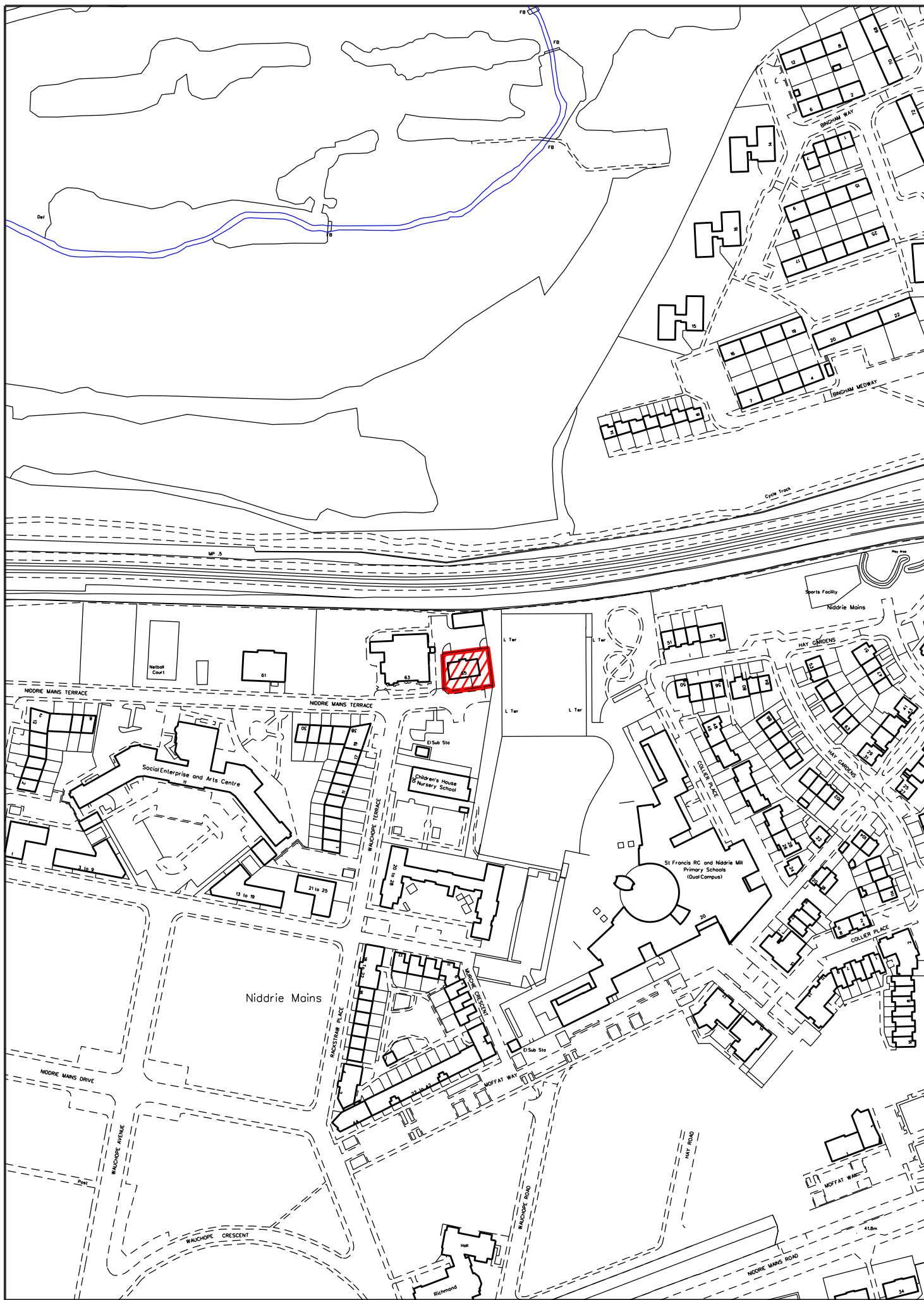
7.1 Ward members have been made aware of the recommendations of the report.

8. Background reading/external references

8.1 Report to Finance and Resources Committee - 5 March 2020 – [65 Niddrie Mains Terrace – Proposed Disposal](#)

9. Appendices

9.1 Appendix 1 – Location Plan



LOCATION PLAN

SCALE 1:2500

SITE PLAN

SCALE 1:500

• EDINBURGH • THE CITY OF EDINBURGH COUNCIL	
PROPERTY AND FACILITIES MANAGEMENT RESOURCES	
65 NIDDRIE MAINS TERRACE EDINBURGH	
DATE	4/4/19
SURVEYED BY	
DRAWN BY	Mark Ballantyne
SCALE	1:500 @ A3 SIZE
NEG. NO.	A3/2104

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Finance and Resources Committee

10.00am, Thursday, 4 March 2021

16 Canning Street Lane, Edinburgh – Proposed Lease Extension

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

1. Recommendations

- 1.1 That Committee approves a 15-year lease extension to Telewest Communications (Scotland) Limited of premises at 16 Canning Street Lane, 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: iain.lamont@edinburgh.gov.uk | Tel: 0131 529 6693

16 Canning Street Lane, Edinburgh – Proposed Lease Extension

2. Executive Summary

- 2.1 The property at 16 Canning Street Lane is currently let to Telewest Communications (Scotland) Limited on a lease which expires on 16 August 2024. The tenant has requested a 15-year lease extension to commence from 17 August 2024. This report seeks approval to grant a 15-year lease extension to Telewest Communications (Scotland) Limited on the terms and conditions outlined in the report.

3. Background

- 3.1 The property known as 16 Canning Street Lane extends to 72.62 sq m (782 sq ft) as shown outlined in red on the attached plan.
- 3.2 Since August 1999, Telewest Communications (Scotland) Limited has been the tenant operating a data and telecommunications facility. The current rent is £13,500 per annum.
- 3.3 The existing lease expires on 16 August 2024 and the tenant has requested that the Council grants a 15-year lease extension from 17 August 2024 to provide enhanced security of tenure and facilitate longer term financial planning.

4. Main report

- 4.1 The following terms have been provisionally agreed:
- Subjects 16 Canning Street Lane, Edinburgh;
 - Lease: 15-year extension from 17 August 2024 until 16 August 2039;
 - Rent: £13,500 per annum; (current passing rent);
 - Rent Review: 17 August 2024 and 5 yearly thereafter;
 - Use: Data and Telecommunication facility;

- Repairs: Tenant full repairing and insuring obligation;
- Costs: Tenant responsible for all the Councils legal costs; and,
- 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 lease

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 The current rent is considered to be at market rental value. Effective from 17 August 2024, and five yearly thereafter, the rent will be reviewed in an upwards only direction. Any increases in rent will go to the General Fund.

7. Stakeholder/Community Impact

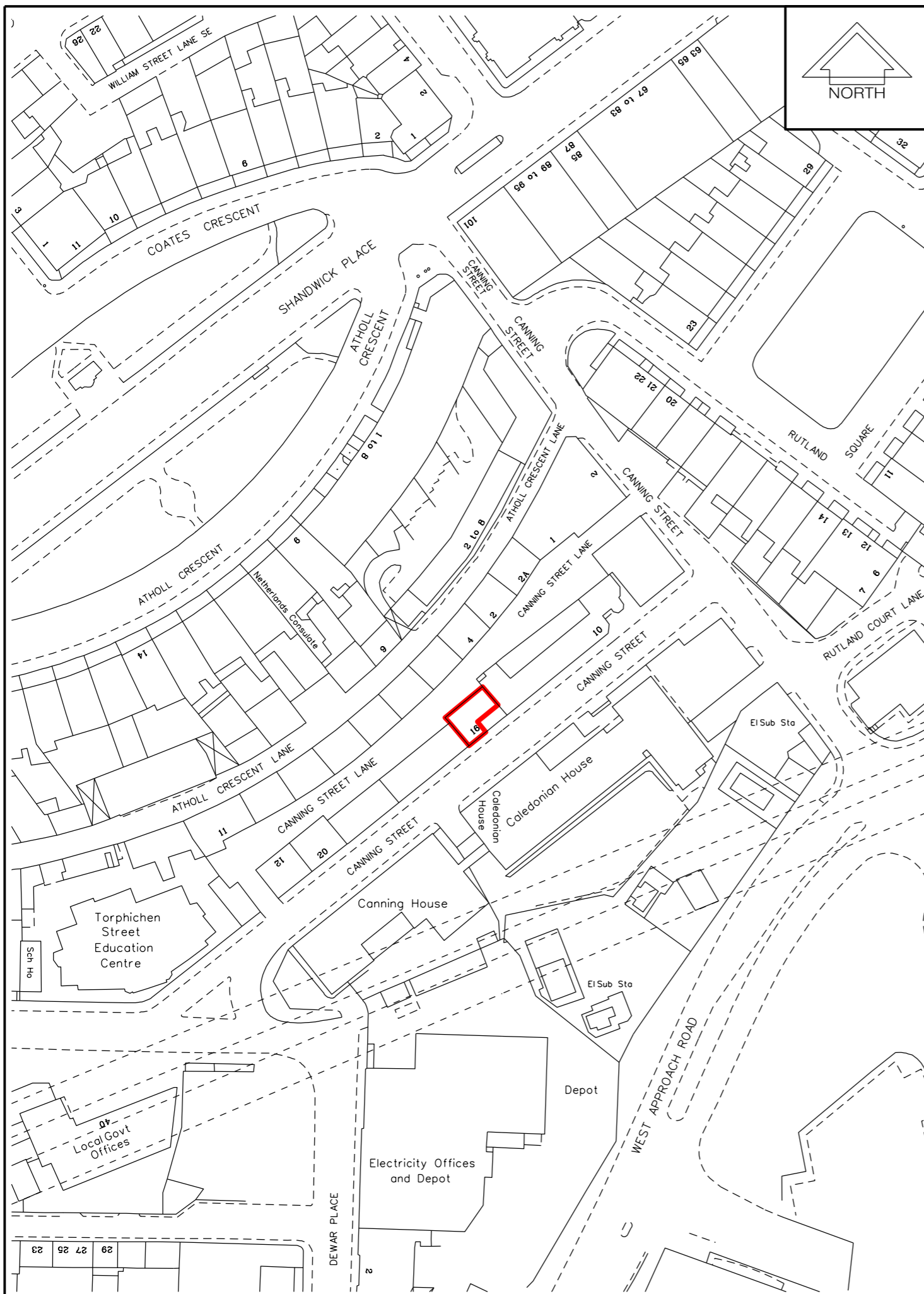
7.1 Ward members have been made aware of the recommendations of the report.

8. Background reading/external references

8.1 The existing lease on the property was entered into in 1999. This predates online records to provide a hyperlink to the relevant report to be provided.

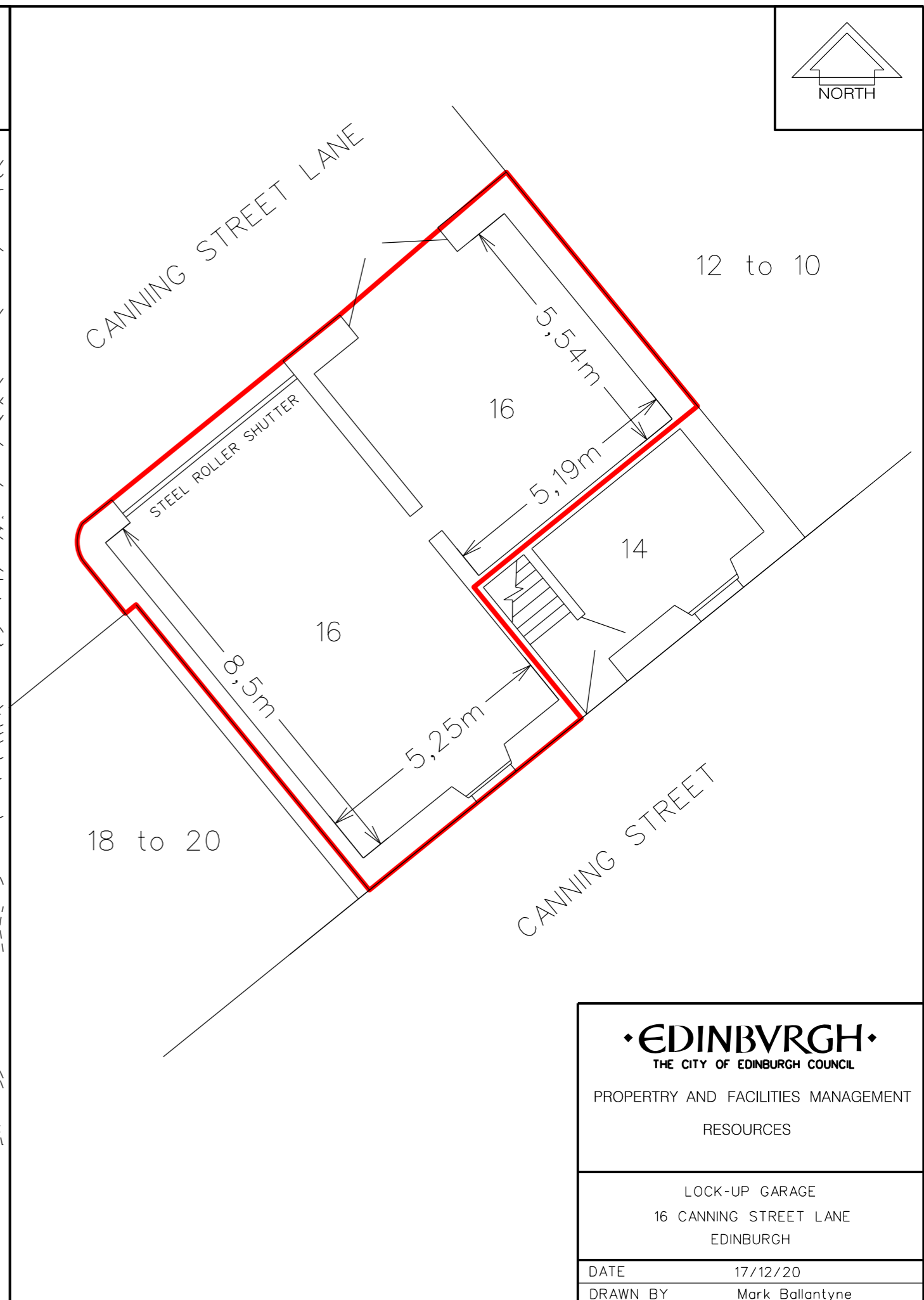
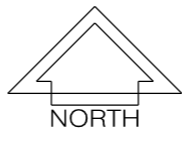
9. Appendices

9.1 Appendix 1 – Location Plan



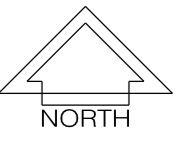
LOCATION PLAN

SCALE 1:1250



SITE PLAN

SCALE 1:100



• EDINBURGH •
THE CITY OF EDINBURGH COUNCIL

PROPERTY AND FACILITIES MANAGEMENT
RESOURCES

LOCK-UP GARAGE
16 CANNING STREET LANE
EDINBURGH

DATE	17/12/20
DRAWN BY	Mark Ballantyne
SCALE	1:100 @ A3 SIZE
NEG. NO.	A3/172a

Finance and Resources Committee

10.00am, Thursday, 4 March 2021

141 Lauriston Place – Proposed Lease

Executive/routine	Routine
Wards	11 – City Centre
Council Commitments	2.18

1. Recommendations

- 1.1 That Committee approves a 1-year lease of the property at 141 Lauriston Place 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

141 Lauriston Place – Proposed Lease

2. Executive Summary

- 2.1 The property at 141 Lauriston Place was vacated in September 2020. Cargo Bike Movement, an organisation set up to promote a sustainable food delivery model for the city, have approached the Council to take an initial one-year lease of the unit. This report seeks approval to let the unit to Cargo Bike Movement on the terms and conditions outlined in the report.

3. Background

- 3.1 141 Lauriston Place comprises the ground floor of a four-storey modern tenement block that forms part of a parade of retail units in the Tollcross area, as shown outlined in red on the attached plan. The unit extends to approximately 154.04 sq. m (1,663 sq. ft) over ground and basement floors.
- 3.2 Until recently the property was occupied by Forest Café who vacated the property with an agreed termination of their lease effective from 30 September 2020.
- 3.3 The intention was for the property to be placed on the market for let in early 2021 but this has been delayed due to current lockdown restrictions. Notwithstanding this, a number of parties had expressed an interest.
- 3.4 Cargo Bike Movement CIC (CBM) approached the Council to seek a lease in order to secure a property for this new initiative. CBM was established, in April 2020, in response to the first national Covid-19 lockdown. The aim of the organisation is to bring together cargo bikes and willing volunteers to respond to the concern of food insecurity. It is a Community Interest Company, which exists to benefit communities rather than private shareholders.
- 3.5 The operational model of CBM is to (1) Promote the use of cargo bikes to limit the number of regular journeys made by motorised vehicles; and (2) Using cargo bikes to support the redistribution of surplus food from supermarkets to local charities working to support vulnerable members of society through several foodbanks and charities combating food poverty.
- 3.6 CBM has identified several wellbeing benefits to Edinburgh's in numerous ways:
- Removing fossil-fuelled vehicles improves air quality;

- Limiting the number of motorised vehicles increases the safety and equality on roads.
- Using bikes to travel around the city is a highly efficient way to travel, reducing congestion;
- Increase the wellbeing for a variety of stakeholders.

3.7 Lauriston Place has been identified by CBM as being a suitable base from which to establish the project. The project has received funding from Paths for All, Sustrans and Transport Scotland which includes monies to cover premises occupation costs.

4. Main report

4.1 The following terms have been provisionally agreed:

- Subjects: 141 Lauriston Place, Edinburgh;
- Tenant: Cargo Bike Movement CIC (SC680328)
- Lease: 1 year lease from 1 April 2021;
- Rent: £18,500 per annum plus VAT;
- Use: Class 1 retail use;
- Repairs: Tenant full repairing and insuring obligation;
- Costs: Tenant responsible for all the Councils legal costs; and,
- Other Terms: As contained in the standard Council missive of let.

4.2 The rent under the proposed missive is reflective of the current market rent of the property.

4.3 By agreeing a direct lease to CBM, other interested parties will be prevented from making a bid to occupy the property. However a direct transfer of an asset is justified when additional benefits empower communities and align with local and national priorities to enable the delivery of Best Value across the public sector as a whole. The benefits should also contribute to the authority's policy objectives and local priorities.

5. Next Steps

5.1 Following Committee approval, the missive of let will be agreed with the tenant.

6. Financial impact

6.1 Effective from 1 April 2021, a rent of £18,500 will be payable to the General Fund.

7. Stakeholder/Community Impact

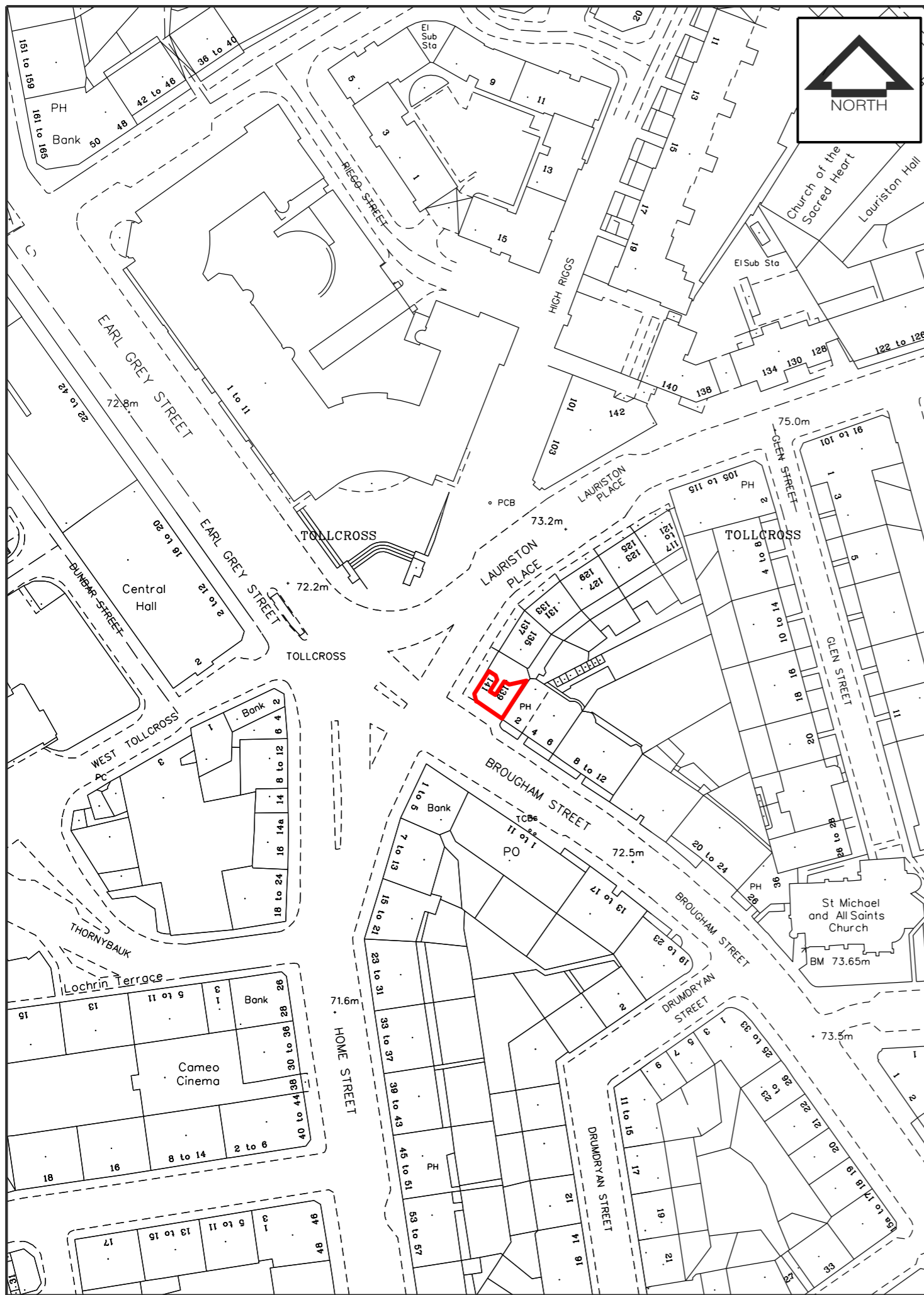
7.1 Ward members have been made aware of the recommendations of the report.

8. Background reading/external references

8.1 Not applicable.

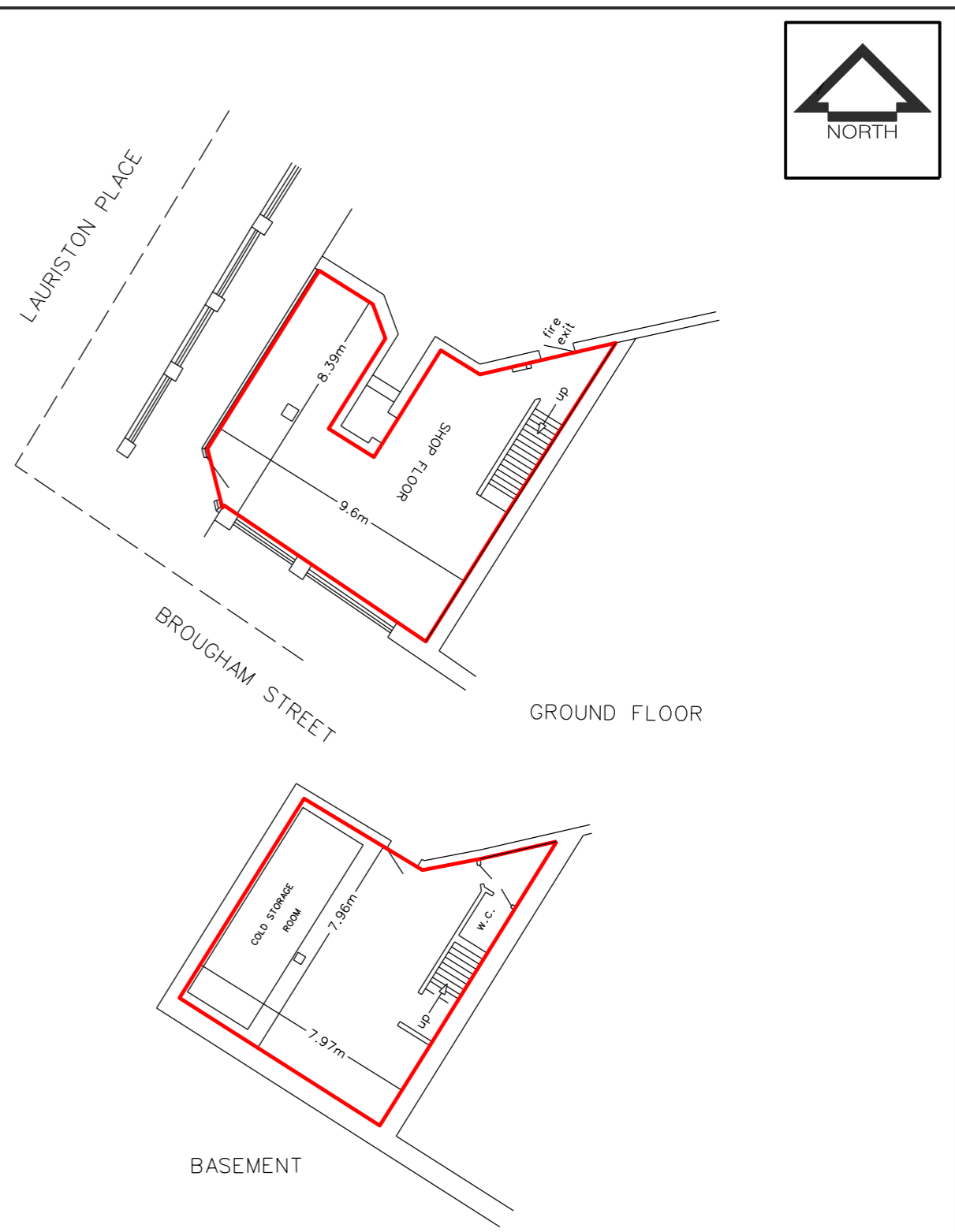
9. Appendices

9.1 Appendix 1 – Location Plan



LOCATION PLAN

SCALE 1:1250



SITE PLAN

SCALE 1:200

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PROPERTY AND FACILITIES MANAGEMENT
RESOURCES

SHOP AT
141 LAURISTON PLACE
EDINBURGH

DATE	4/12/20
SURVEYED BY	MB,FM
DRAWN BY	Mark Ballantyne
SCALE	1:1250 @ A3 SIZE
NEG. NO.	A3/1165

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